



## **EUR 1,000,000,000 Subordinated Fixed Rate Resettable Tier 2 Notes due 2023**

**Issue price: 99.964 per cent.**

The EUR 1,000,000,000 Subordinated Fixed Rate Resettable Tier 2 Notes due 2023 (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 4 October 2023 (the "**Maturity Date**").

The Notes will bear interest on their Outstanding Principal Amounts (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"), payable annually in arrear on 4 October in each year (each an "**Interest Payment Date**"), from (and including) 4 October 2013 (the "**Issue Date**") to (but excluding) 4 October 2018 (the "**Call Date**") at the rate of 3.875 per cent. per annum. The first payment of interest will be made on 4 October 2014 in respect of the period from (and including) the Issue Date to (but excluding) 4 October 2014. The rate of interest will reset on the Call Date. See Condition 5 (Interest) in "Terms and Conditions of the Notes".

The Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the Call Date at their Outstanding Principal Amounts, together with accrued interest thereon. 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") the Issuer may, at its option, at any time redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon. Any such redemption is subject to certain conditions. See Condition 7 (Redemption and Purchase) in "Terms and Conditions of the Notes".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive (as defined below). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive.

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

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

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

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

The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons ("**Coupons**"), which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**") and, together with the Temporary Global Note, the "**Global Notes**", without Coupons, on or after 13 November 2013 (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 - 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**

**Barclays**

**HSBC**

**Credit Suisse**

**Danske Bank**

**Société Générale  
Corporate & Investment  
Banking**

The date of this Prospectus is 1 October 2013

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 Barclays Bank PLC, HSBC Bank plc, Credit Suisse Securities (Europe) Limited, Danske Bank A/S (in its capacity as a joint-lead manager) and Société Générale (the “**Joint-Lead Managers**”) that this Prospectus is true, accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; that there are no other facts in relation to the information contained or incorporated by reference in this Prospectus the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

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

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

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

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

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

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

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

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

### **RESPONSIBILITY STATEMENT**

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

**IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

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## OVERVIEW OF THE NOTES

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

Issuer:	Danske Bank A/S.
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under “Risk Factors”.
Notes:	EUR 1,000,000,000 Subordinated Fixed Rate Resettable Tier 2 Notes due 2023.
Joint-Lead Managers:	Barclays Bank PLC, HSBC Bank plc, Credit Suisse Securities (Europe) Limited, Danske Bank A/S and Société Générale.
Fiscal Agent:	Citibank, N.A., London Branch.
Issue Date:	4 October 2013.
Call Date:	4 October 2018.
Maturity Date:	4 October 2023.
Issue Price:	99.964 per cent.
Status of the Notes:	<p>The Notes (in Danish: “<i>kapitalbeviser</i>”) on issue will constitute Tier 2 Capital of the Issuer.</p> <p>The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, and shall at all times rank:</p> <ul style="list-style-type: none"> <li>(i) <i>pari passu</i> without any preference among themselves;</li> <li>(ii) <i>pari passu</i> with (a) the Existing Tier 2 Capital Notes, (b) any obligations or capital instruments of the Issuer which constitute Tier 2 Capital and (c) any other obligations or capital instruments that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;</li> <li>(iii) senior to holders of the Issuer’s ordinary shares and any other obligations or capital instruments that rank or are expressed to rank junior to the Notes including any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and</li> <li>(iv) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank <i>pari passu</i> with or junior</li> </ul>

to the Notes.

**Interest and Interest Payment Dates:** The Notes will bear interest on their Outstanding Principal Amounts, payable annually in arrear on 4 October in each year at the relevant Rate of Interest. The first payment of interest will be made on 4 October 2014 in respect of the period from (and including) the Issue Date to (but excluding) 4 October 2014.

The Rate of Interest will reset on the Call Date. See Condition 5 (*Interest*).

**Redemption at Maturity:** Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their Outstanding Principal Amounts, together with accrued interest thereon, on the Maturity Date.

**Optional Redemption by the Issuer on the Call Date:** Subject to Condition 7.7 (*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 Call Date at their Outstanding Principal Amounts, together with accrued interest thereon.

**Optional Redemption by the Issuer upon the Occurrence of a Special Event:** Subject to Condition 7.7 (*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 Amounts, together with accrued interest thereon.

**Reduction of Amounts of Principal and Unpaid Interest:** Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*) shall only apply until (but excluding) 1 January 2014 or, if later, the date on which none of the Existing Tier 2 Capital Notes is outstanding. Accordingly, on 1 January 2014 or, if later, on the date on which none of the Existing Tier 2 Capital Notes is outstanding, Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*) shall automatically cease to apply and have no effect.

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) on a *pro rata* basis all or part of any of the Issuer's 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 all or part of any accrued but unpaid interest under the Notes and its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith and issued on or after the Issue Date; 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, all as described in more detail in Condition 6 (*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:	<p>The Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.</p> <p>The Issuer may also, subject to Condition 7.7 (<i>Conditions to redemption etc. prior to Maturity Date</i>), make any modification to the Notes which is not prejudicial to the interests of the Holders without the consent of the Holders. Any such modification shall be binding on the Holders.</p>
Taxation:	All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall, save in certain limited circumstances provided in Condition 9 ( <i>Taxation</i> ), be required to pay such additional amounts as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.
Form of the Notes:	The Notes will be issued in bearer form and will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream Banking, <i>société anonyme</i> . Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note. See “Overview of Provisions relating to the Notes while in Global Form” below.
Denominations:	The Notes will be issued in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to (and including) EUR 199,000.
Listing and Admission to Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from the Issue Date.
Irish Listing Agent:	Arthur Cox Listing Services Limited.
Governing Law:	The Notes will be governed by, and construed in accordance with, English law, except for Condition 4 ( <i>Status of the Notes</i> ), Condition 6 ( <i>Reduction of Amounts of Principal and Unpaid Interest</i> ), Condition 7.2 ( <i>Early redemption upon the occurrence of a Tax Event</i> ), Condition 7.3 ( <i>Early redemption upon the occurrence of a Capital Event</i> ) and Condition 10 ( <i>Enforcement Events</i> )

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 4 October 2013, 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 S&P and A- by Fitch.

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

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

Each of Moody's, S&P and Fitch is established in the EU and is registered under the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Prospectus. This list is available on the ESMA website at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (list last updated on 3 June 2013).

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

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

## RISK FACTORS

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

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

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

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

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

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

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

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

- **Credit risk:** Credit risk is the risk of losses arising because counterparties or debtors fail to meet all or part of their payment obligations. Credit risk includes the risk of losses if a sovereign state encounters financial difficulties, or losses because of political decisions on nationalisation and expropriation, for example.
- **Market risk:** The risk of loss because the fair value of the Group's assets, liabilities and off balance sheet items varies with changes in market conditions.
- **Liquidity risk:** The risk of loss because the Group's funding costs 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.
- **Insurance risk:** All types of risk in the Danica group (which consists of the Issuer's subsidiary, Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, which is the parent company of Danica Pension Livsforsikringsaktieselskab and its respective subsidiaries), including market risk, 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.

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

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

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

The final versions of CRR and the CRD IV Directive (for the purposes of this "Risk Factors" section, in each case as defined in the risk factor headed "Loss absorption at the point of non-viability of the Issuer and resolution") adopted in June 2013 will enter into force by 1 January 2014. The framework implements among other things the Basel Committee on Banking Supervision's proposals imposing stricter capital and liquidity requirements upon banks ("**Basel III**") in the EU. Each of CRR and the CRD IV Directive covers a wide range of prudent requirements for banks across EU member states, including capital requirements, stricter and aligned definitions of capital, risk-weighted assets ("**RWA**"), leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, SIFI definition, governance and remuneration requirements.

The CRD IV Directive comes into force through implementation in the Danish Financial Business Act, whereas CRR applies directly without implementation in national law. The European Banking Authority ("**EBA**") will propose detailed rules through binding technical standards during the second-half of 2013 and 2014 for many areas including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

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

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

### *The Group may have to pay additional amounts under deposit guarantee schemes or resolution funds*

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds ("**Deposit Guarantee Schemes**") have been implemented from which compensation for deposits may become payable to customers of financial services firms in the event a financial services firm is unable to pay, or unlikely to pay, claims against it. In most jurisdictions in which the Group operates, these Deposit Guarantee Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. Revised legislation regarding the Danish Deposit Guarantee Scheme (Bank Package IV (as defined below) and the Deposit Guarantee Scheme Directive) redefines the Danish scheme as a premium based scheme such that the participating banks' payments to the scheme will be more stable every year in profit and loss terms. The premium payments will stop when a target level of 1 per cent. of covered deposits has been reached. The future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries is still under consideration in the political negotiations regarding the RRD (for the purposes of this "Risk Factors" section, as defined in the risk factor headed "Loss absorption at the point of non-viability of the Issuer and resolution") and in discussions on a single resolution fund according to the proposal for a regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund published by the European Commission on 10 July 2013 (the "**SRM**"). The final political agreement of RRD and SRM is anticipated during 2013 or 2014, to be followed by the entry into force of both proposals and the transposition into national legislation of RRD.

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

The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant, and positive investor sentiment. Each of the

Group's operating segments is affected by general economic and geopolitical conditions, which can cause the Group's results of operations and financial position to fluctuate from year to year as well as on a long-term basis.

The general economic environment for the financial sector in Europe was difficult in 2012. The economic headwinds continued with increased uncertainty surrounding the euro and the ability of some European nations to repay their debts. Policy measures and intervention from the ECB and other central banks gradually eased the situation, however. Although many issues remain to be resolved, there is growing confidence that the economic situation in Europe will eventually normalise. Low growth and interest rate levels are still to be expected for some time to come, also in our home markets.

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

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

#### *The secondary market generally*

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

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

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

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

#### *Interest rate risks*

Notwithstanding that the rate of interest applicable to the Notes will be reset on the Call Date, 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 the Reset Interest Period may adversely affect the value of the Notes.

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

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

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments, i.e. euro, is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer as described in Condition 4 (*Status of the Notes*).

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

*Reduction and cancellation of the Notes*

Until 1 January 2014 or, if later, the date on which none of the Existing Tier 2 Capital Notes is outstanding, the shareholders of the Issuer may, upon the occurrence of a Reduction Event and pursuant to Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*), reduce and cancel (*inter alia*):

- (A) on a *pro rata* basis all or part of any of its 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 all or part of any accrued but unpaid interest under the Notes and its other Tier 2 Capital and any of its other instruments expressed to be ranking *pari passu* therewith and issued on or after the Issue Date; and
- (B) all or part of the Outstanding Principal Amounts of the Notes on a *pro rata* basis with the outstanding nominal amount of all of its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith,

provided that the requirements set out in Condition 6 (*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 after the initial haircut, if applicable, from failing banks, excluding the failing bank's equity and subordinated capital (such as the Notes), before initiating bankruptcy proceedings against the failing bank. If the Issuer were to become subject to a resolution regime pursuant to such schemes, the Holders may lose some or all of their investment in the Notes. See "Bank Packages" in "Description of the Danske Bank Group" below for a further description of these schemes. It should also be noted that it is currently unclear whether one or more of these schemes will be replaced (in whole or in part) by the proposals outlined in the draft RRD (as defined below) and SRM.

#### *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 "**RRD**"). The stated aim of the draft RRD is to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers provided to "resolution authorities" in the draft RRD include write down/conversion powers to ensure capital instruments (including Tier 2 capital instruments such as the Notes) fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the draft RRD 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 ("**RRD Non-Viability Loss Absorption**"), before any resolution action is taken (see below). The draft RRD currently provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of other capital instruments (including Tier 2 capital instruments such as the Notes) being reduced on a permanent basis. Common equity tier 1 instruments may be issued to holders of other capital instruments that are written down.

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

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

The draft RRD contemplates that it will be implemented in Member States by 31 December 2014, with the RRD Non-Viability Loss Absorption provisions (*inter alia*) 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/or to convert unsecured debt claims into equity, is expected to be implemented under the RRD as of 1 January 2018.

The draft RRD currently provides that a write down/conversion 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 RRD 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 Danske Bank Group” below) intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions.

The Basel Committee contemplated implementation of the Basel III reforms as of 1 January 2013. However, implementation of these reforms in the European Economic Area has been delayed but will be by way of the Directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (“**CRD IV Directive**”) and the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (“**CRR**”). These texts were published in the Official Journal of the European Union on 27 June 2013. They must be applied from 1 January 2014. CRR contemplates that the Basel III Non-Viability Requirements will be implemented in the European Economic Area by way of the RRD and the RRD Non-Viability Loss Absorption. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015 then CRR indicates that the European Commission shall review and report on whether a provision should be included in CRR and, in light of that review, come forward with appropriate legislative proposals.

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

In addition to RRD Non-Viability Loss Absorption, the draft RRD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which 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 RRD is not in final form and changes may be made to it in the course of the legislative process. In addition, as noted above, it is unclear whether the Basel III Non-Viability Requirements could be applied in respect of the Notes ahead of implementation of the RRD. Accordingly, it is not yet possible to assess the full impact of the relevant loss absorption provisions. There can be no assurance that, once implemented, the 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.

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

Subject as provided herein, in particular to Condition 7.7 (*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 Call Date at their Outstanding Principal Amounts, together with accrued interest thereon. Subject as aforesaid, the Issuer may also,

at its option, at any time redeem all, but not some only, of the Notes at their Outstanding Principal Amounts, together with accrued interest thereon, upon the occurrence of a Tax Event or a Capital 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.

#### *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 10 (*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 10 (*Enforcement Events*), the Notes will become due and payable at their Outstanding Principal Amounts, 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 depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

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

#### *Meetings of Holders and modification*

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

In addition, the Issuer may, subject to Condition 7.7 (*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.

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

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

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

#### *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 (*Reduction of Amounts of Principal and Unpaid Interest*), Condition 7.2 (*Early redemption upon the occurrence of a Tax Event*), Condition 7.3 (*Early redemption upon the occurrence of a Capital Event*) and Condition 10 (*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.

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

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

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

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

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

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

Certain of the Joint-Lead Managers and their affiliates have engaged, and may in the future, engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

## DOCUMENTS INCORPORATED BY REFERENCE

The Annual Reports of the Group for the financial years ended 31 December 2012 and 31 December 2011 (respectively, the “**2012 Annual Report**” and the “**2011 Annual Report**”, and 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 Group as at and for the first half year ended 30 June 2013 (the “**Interim Report – First Half 2013**”) 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 2013 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 2013	Interim Report – First Half 2013 pg. 44
Statement of Comprehensive Income for the Group for the first half year ended 30 June 2013	Interim Report – First Half 2013 pg. 45
Balance Sheet for the Group for the first half year ended 30 June 2013	Interim Report – First Half 2013 pg. 46
Statement of Capital for the Group for the first half year ended 30 June 2013	Interim Report – First Half 2013 pgs. 47-48
Cash Flow Statement for the Group for the first half year ended 30 June 2013	Interim Report – First Half 2013 pg. 49
Notes to the Financial Statements for the first half year ended 30 June 2013	Interim Report – First Half 2013 pgs. 50-72
Auditors’ Review Reports for the Group for the first half year ended 30 June 2013	Interim Report – First Half 2013 pgs. 85-86
Income Statement for the Group for the year ended 31 December 2012	2012 Annual Report pg. 50
Statement of Comprehensive Income for the Group for the year ended 31 December 2012	2012 Annual Report pg. 51
Balance Sheet for the Group for the year ended 31 December 2012	2012 Annual Report pg. 52
Statement of Capital for the Group for the year ended 31 December 2012	2012 Annual Report pgs. 53-55
Cash Flow Statement for the Group for the year ended 31 December 2012	2012 Annual Report pg. 56
Notes to the Financial Statements for the year ended 31 December 2012	2012 Annual Report pgs. 57-160
Auditors’ Reports for the Group for the year ended 31 December 2012	2012 Annual Report pgs. 183-184
Income Statement for the Group	2011 Annual Report pg. 60

for the year ended 31 December 2011	
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

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

The 2011 Annual Report incorporated by reference herein can be viewed online at <http://www.danskebank.com/en-uk/ir/Documents/2011/Q4/Annualreport-2011.pdf>.

The Interim Report – First Half 2013 incorporated by reference herein can be viewed online at <http://www.danskebank.com/en-uk/ir/Documents/2013/Q2/InterimreportQ22013.pdf>.

The Interim Report – First Half 2013 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 2013 and the Annual Reports. This Prospectus is available for viewing at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx>.

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

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

### **Temporary Global Note exchangeable for Permanent Global Note**

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common 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.

The Outstanding Principal Amounts of the Notes represented by the Permanent Global Note shall be equal to the aggregate of the original principal amounts specified in the certificates of non-U.S. beneficial ownership as adjusted to reflect any reduction pursuant to Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*) and/or any reduction as otherwise required by then current legislation and/or regulations applicable to the Issuer; provided, however, that in no circumstances shall the Outstanding Principal Amounts of the Notes represented by the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

### **Permanent Global Note exchangeable for Definitive Notes**

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

- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or
- (ii) any of the circumstances described in Condition 10 (*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.

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 attached, in an aggregate principal amount equal to the Outstanding Principal Amounts of the Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within thirty days of the bearer requesting such exchange.

Each Definitive Note shall state that its Outstanding Principal Amount may, subject to Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*), be reduced pursuant to Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*) or reduced as otherwise required by then current legislation and/or regulations applicable to the Issuer and that details thereof may be obtained during normal business hours at the Specified Office of the Fiscal Agent.

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

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

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

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

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

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

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

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

**Notices:** Notwithstanding Condition 15 (*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 15 (*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 15 (*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 appertaining thereto will bear a legend to the following effect:

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

**Clearing Systems**

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

## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

- 1.1 *Notes:* The EUR 1,000,000,000 Subordinated Fixed Rate Resetable Tier 2 Notes due 2023 (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 4 October 2013 (as supplemented, amended and/or replaced from time to time, the “**Agency Agreement**”) between the Issuer, Citibank, N.A., London Branch as fiscal agent and paying agent (the “**Fiscal Agent**”, which expression shall include any successor to Citibank N.A., London Branch in its capacity as such and together with any additional or successor paying agents appointed from time to time in accordance with the Agency Agreement, the “**Paying Agents**”).
- 1.3 *Deed of Covenant:* The Notes have the benefit of a deed of covenant dated 4 October 2013 (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 the Reset Interest Period:

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

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

- (i) has a term of 5 years commencing on the Call Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg based on 6-month EURIBOR (calculated on an Actual/360 day count basis);

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

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

“**Calculation Amount**” means EUR 1,000 (the “**Original Calculation Amount**”), provided that if the Outstanding Principal Amount of each Note is reduced in accordance with Condition 6 (*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 15 (*Notices*) of the details of such adjustment;

“**Call Date**” means 4 October 2018;

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

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

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

“**Contractual Currency**” has the meaning given to such term in Condition 16 (*Currency Indemnity*);

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

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

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

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

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

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

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), “Actual/Actual (ICMA)”, which means the actual number of days in the Calculation Period divided by the actual number of days in the Regular Period during which such Calculation Period falls;

“**Effective Date**” has the meaning given to such term in Condition 6.3 (*Effect*);

“**Enforcement Events**” has the meaning given to such term in Condition 10 (*Enforcement Events*);

“**EUR**” means euro;

“**Existing Tier 2 Capital Notes**” means obligations or capital instruments issued by the Issuer prior to the Issue Date constituting subordinated loan capital (in Danish: “*ansvarlig lånekapital*”) within the

meaning of the Base Capital Executive Order, including the Issuer's GBP 350,000,000 Callable Subordinated Fixed to Floating Rate Instruments due 2021 (ISIN: XS0176929684), EUR 700,000,000 Callable Subordinated Fixed/Floating Rate Instruments due 2018 (ISIN: XS0214318007) and USD 1,000,000,000 Subordinated Fixed Rate Resetable Notes due 2037 (ISIN: XS0831342679);

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

**"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 Call Date;

**"Initial Rate of Interest"** means 3.875 per cent. per annum;

**"Interest Payment Date"** means 4 October in each year from (and including) 4 October 2014 to (and including) the Maturity Date;

**"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 4 October 2013;

**"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 2.625 per cent.;

**"Maturity Date"** means 4 October 2023;

**"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 adjusted from time to time for any reduction of the principal amount of the Notes in accordance with Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*);

**"Payment Business Day"** means a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation;

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

**"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 5-year Mid-Swap Rate and (B) the Margin,

all as determined by the Fiscal Agent in accordance with Condition 5 (*Interest*);

**"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 6.3 (*Effect*), the Outstanding Principal Amounts and any accrued but unpaid interest 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 accrued but unpaid interest pursuant to Condition 6 (*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;

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

**“Regular Period”** means each period from (and including) the Issue Date to but excluding the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;

**“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 15 (*Notices*);

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

**“Relevant Rules”** means the regulatory capital rules from time to time as applied by the Relevant Regulator and as amended from time to time (including CRD IV and/or the RRD, as applicable). 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 Interest Amount”** has the meaning given to such term in Condition 5.5 (*Determination of 5-year Mid-Swap Rate in relation to the Reset Interest Period*);

**“Reset Interest Period”** means the period from (and including) the Call Date and ending on (but excluding) the Maturity Date;

**“Reset Reference Bank Rate”** means, in relation to the 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. (Brussels time) on the Reference Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be 1.258 per cent. per annum;

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

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

“**Screen Page**” means Reuters Screen “ISDAFIX2” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

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

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

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

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

“**Tax Event**” has the meaning given to such term in Condition 7.2 (*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; and

“**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.

## 2.2 *Interpretation:* In these Conditions:

- (i) Notes and Holders shall respectively be deemed to include references to Coupons and Couponholders, if relevant;
- (ii) any reference to principal shall be deemed to include the Outstanding Principal Amounts, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (iii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iv) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement; and
- (v) any reference to a numbered “Condition” shall be to the relevant Condition in these Conditions.

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

- 3.1 *Form of Notes and denominations:* The Notes are in bearer form, serially numbered, in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to (and including) EUR 199,000, each with Coupons 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*”) on issue constitute Tier 2 Capital of the Issuer.

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 (a) the Existing Tier 2 Capital Notes, (b) any obligations or capital instruments of the Issuer which constitute Tier 2 Capital and (c) any other obligations or capital instruments that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to holders of the Issuer’s ordinary shares and any other obligations or capital instruments that rank or are expressed to rank junior to the Notes including any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

#### 5. Interest

- 5.1 *Interest rate:* The Notes bear interest on their Outstanding Principal Amounts at the applicable Rate of Interest from (and including) the Issue Date to (but excluding) the Maturity Date. Interest shall be payable annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 8 (*Payments*). The first payment of interest will be made on 4 October 2014 in respect of the period from (and including) the Issue Date to (but excluding) 4 October 2014.

- 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 Outstanding Principal 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 15 (*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 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 EUR 38.75.

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 Call Date*: The rate of interest for each Interest Period from (and including) the Call Date will be equal to the sum of (i) the 5-year Mid-Swap Rate and (ii) the Margin, all as determined by the Fiscal Agent.
- 5.5 *Determination of 5-year Mid-Swap Rate in relation to the Reset Interest Period*: The Fiscal Agent will, as soon as practicable after 11:00 a.m. (Brussels time) on the Reference Rate Determination Date, determine the 5-year Mid-Swap Rate and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period falling in the Reset Interest Period (each a “**Reset Interest Amount**”).
- 5.6 *Publication of 5-year Mid-Swap Rate and Reset Interest Amount*: With respect to the Reset Interest Period, the Fiscal Agent will cause the 5-year Mid-Swap Rate and the Reset Interest Amount determined by it, together with the relevant Interest Payment Dates in relation to each Interest Period falling in the 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 Call Date. Notice thereof shall also promptly be given to the Holders in accordance with Condition 15 (*Notices*).
- 5.7 *Calculation of amount of interest per Calculation Amount*: Save as specified in Condition 5.3 (*Interest to (but excluding) the 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. **Reduction of Amounts of Principal and Unpaid Interest**

This Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*) shall only apply until (but excluding) 1 January 2014 or, if later, the date on which none of the Existing Tier 2 Capital Notes is outstanding. Accordingly, on 1 January 2014 or, if later, on the date on which none of the Existing Tier 2 Capital Notes is outstanding, this Condition 6 shall automatically cease to apply and have no effect.

- 6.1 *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) on a *pro rata* basis all or part of the Issuer’s 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 all or part of any accrued but unpaid interest under the Notes and its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith and, in each case, issued on or after the Issue Date; 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.

6.2 *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 15 (*Notices*).

6.3 *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 the Issuer's arrears of interest (howsoever defined) (together with any additional interest amounts (howsoever defined)) under the Issuer's other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith and all or part of any accrued but unpaid interest under the Notes and its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith and, in each case, issued on or after the Issue Date will be available to be reduced and cancelled on a *pro rata* basis; and
- (iv) fourth, provided all (and not part only) of the arrears of interest, additional interest amounts (if any) and accrued but unpaid interest 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 has been so reduced, interest will continue to accrue in accordance with the terms hereof on the Outstanding Principal Amounts.

Any reduction of accrued but unpaid interest and/or the Outstanding Principal Amounts pursuant to the above provisions shall not constitute an Enforcement Event.

*The Notes may be subject to statutory provisions as applicable from time to time that could lead to the write down and/or conversion to ordinary shares of the Issuer of the Outstanding Principal Amounts of the Notes, as further described in the "Risk Factors."*

## 7. Redemption and Purchase

7.1 *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Outstanding Principal Amounts together with accrued interest thereon on the Maturity Date, subject as provided in Condition 8 (*Payments*).

7.2 *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 9 (*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, in each case provided, to the extent required by the Relevant Rules, that the Issuer satisfies the Relevant Regulator that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance; and
- (ii) (in the case of (i)(A) 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 Condition 7.7 (*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 15 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest (if any) thereon, 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.

7.3 *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 Condition 7.7 (*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 15 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest (if any) thereon.

7.4 *Redemption at the option of the Issuer*: The Issuer may, at its option (but subject to Condition 7.7 (*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 15 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on the Call Date at their Outstanding Principal Amounts, together with accrued interest (if any) thereon.

7.5 *Purchase*: The Issuer or any of its Subsidiaries may at any time (but subject to Condition 7.7 (*Conditions to redemption etc. prior to Maturity Date*)) purchase Notes in the open market or otherwise and at any price, provided that all unmaturing Coupons are purchased therewith. Such Notes may be held, reissued, resold or surrendered to any Paying Agent for cancellation.

7.6 *Cancellation*: All Notes which are redeemed will forthwith (but subject to Condition 7.7 (*Conditions to redemption etc. prior to Maturity Date*)) be cancelled (together with all unmaturing Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.5 (*Purchase*) above (together with all unmaturing Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

7.7 *Conditions to redemption etc. prior to Maturity Date*: The Notes may only be redeemed, purchased, cancelled or modified (as applicable) pursuant to Condition 7.2 (*Early Redemption upon the occurrence*

of a Tax Event), Condition 7.3 (*Early Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption at the option of the Issuer*) or paragraph (ii) of Condition 14.2 (*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, or, as the case may be, not objected to, such redemption, purchase, cancellation or modification (as applicable) (in any case, only if and to the extent such a notification, consent or non-objection 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.

## **8. Payments**

- 8.1 *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of the Note at the Specified Office of any Paying Agent outside the United States. Subject as provided in these Conditions, payments will be in euro made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.
- 8.2 *Interest*: Payments of interest shall, subject to Condition 8.6 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 8.1 (*Principal*) above.
- 8.3 *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 9 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.
- 8.4 *Unmatured Coupons void*: On the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 7.2 (*Early redemption upon the occurrence of a Tax Event*), Condition 7.3 (*Early redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption at the option of the Issuer*) or Condition 10 (*Enforcement Events*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 8.5 *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the Holder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.
- 8.6 *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- 8.7 *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

## 9. Taxation

9.1 *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.

9.2 *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.

## 10. Enforcement Events

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

- (i) subject to Condition 6 (*Reduction of Amounts of Principal and Unpaid Interest*), if the Issuer shall fail to meet its payment obligations under the Notes and such payment obligations are not met within seven Business Days after the Issuer has received notice thereof, any Holder may, at its own discretion and without further notice, institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder, provided that a Holder may not at any time file for liquidation or bankruptcy of the Issuer. Any Holder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and
- (ii) if an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their Outstanding Principal Amounts together with interest (if any) accrued to such date.

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

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

## **11. 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.

## **12. 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.

## **13. Agents**

13.1 *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.

13.2 *Termination of Appointments:* The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) and to appoint an additional or successor fiscal agent or paying agent; provided, however, that:

- (i) the Issuer shall at all times maintain a Fiscal Agent;
- (ii) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;
- (iii) if and for so long as the Notes are admitted to listing and/or to trading and/or quotation on any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) each with a Specified Office in the place required by such listing authority, stock exchange and/or quotation system; and
- (iv) the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive

2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

- 13.3 *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 15 (*Notices*).

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

- 14.1 *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.

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

- (i) any modification to the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant to correct a manifest error; or
- (ii) subject to Condition 7.7 (*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.

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

Any such modification shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

#### **15. Notices**

Notices to Holders will be deemed to be validly given if published in a leading English language daily newspaper having general circulation in Europe or, if the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Regulated Market of the Irish Stock Exchange (so long as the Notes are listed on the Official List of the Irish Stock Exchange and the rules of that exchange so permit), if published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

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

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

*Notwithstanding Condition 15 (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 15 (Notices) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.*

## **16. Currency Indemnity**

The currency in which the Notes are denominated is euro (the “**Contractual Currency**”), which is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount of the Contractual Currency expressed to be due to any Holder in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss as aforesaid shall be deemed to constitute a loss suffered by the relevant Holder and no proof or evidence of any actual loss will be required by the Issuer.

## **17. 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.

## **18. Governing Law and Jurisdiction**

- 18.1 *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 (*Reduction of Amounts of Principal and Unpaid Interest*), Condition 7.2 (*Early Redemption upon the occurrence of a Tax Event*), Condition 7.3 (*Early Redemption upon the occurrence of a Capital Event*) and Condition 10 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law.
- 18.2 *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).
- 18.3 *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.
- 18.4 *Rights of the Holders to take proceedings outside England:* Condition 18.2 (*English courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 18 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.

- 18.5 *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.

**19. Rights of Third Parties**

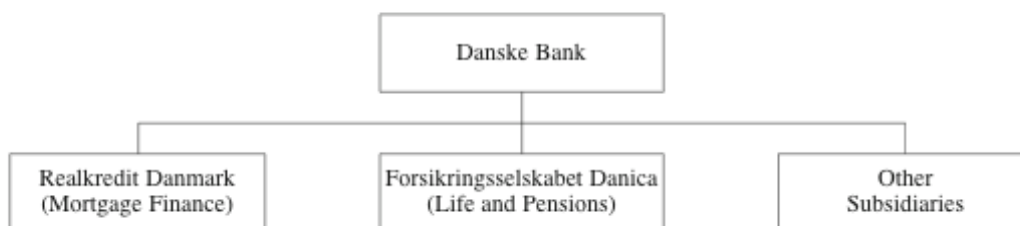
No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999.

## **USE OF PROCEEDS**

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

## DESCRIPTION OF THE DANSKE BANK GROUP

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



### Overview

The Group is the leading financial service provider in Denmark – and one of the largest in the Nordic region – measured by total assets as at 31 December 2012<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 2.2 million customers use the Group’s online services. As at 31 December 2012, the Group’s total assets amounted to DKK 3,485 billion (EUR 467.1 billion)<sup>2</sup> and the Group employed approximately 20,300 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 registered on 5 October 1871 and has, through the years, merged with a number of financial institutions. The Issuer is a commercial bank with limited liability and carries on business under the Danish Financial Business Act. The Issuer is registered with the Danish Commerce and Companies Agency.

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

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

<sup>2</sup> Unless specified, DKK amounts are converted into EUR at 7.4604 DKK per 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. In November 2012, the Group rebranded its banking units and now markets all its banking operations under the Danske Bank brand name.

## Financial highlights

Danske Bank Group	(DKKm)				(EURm)			
	First half 2013	First half 2012	2012	2011	First half 2013	First half 2012	2012	2011
Total income	20,003	23,450	45,662	43,377	2,682	3,155	6,121	5,835
Expenses	11,918	12,371	24,642	25,987	1,598	1,664	3,303	3,496
Profit before loan impairment charges	8,085	11,079	21,020	17,390	1,084	1,490	2,818	2,339
Loan impairment charges	2,383	4,598	7,680	13,185	319	619	1,029	1,774
Profit before tax. Core	5,702	6,481	13,340		764	872	1,788	
Profit before tax. Non-core	(809)	(2,406)	(4,801)		(108)	(324)	(644)	
Profit before tax	4,893	4,075	8,539	4,205	656	548	1,145	566
Total assets	3,317,104	3,480,348	3,484,949	3,424,403	444,724	468,204	467,126	460,628
Loans and advances	1,152,056	1,242,280	1,161,816	1,126,482	154,456	167,121	155,731	151,527
Loans and advances at fair value	726,433	721,637	732,762	720,741	97,393	97,080	98,220	96,949
Trading portfolio assets	721,484	862,961	812,966	909,755	96,729	116,092	108,971	122,374
Deposits	900,358	854,036	929,092	848,994	120,711	114,892	124,536	114,201
Earnings per share	3.7	2.5	5.1	1.9	0.5	0.3	0.7	0.3
Total capital ratio (%)	21.8	17.7	21.3	17.9	-	-	—	—
Core tier 1 capital ratio (%)	15.6	12.1	14.5	11.8	-	-	—	—
Exchange rate (DKK/EUR) (End of period)					7.4588	7.4334	7.4604	7.4342

Source: Interim Report - First Half 2013, pgs. 4 and 46; Annual Report 2011, pgs. 6 and 62.

2012 figures have been restated due to adoption of the amended IAS 19, Employee Benefits, from 1 January 2013. Further, changes have been made to the selected historical key financial information as presented in note 1 to the interim financial report for first half year 2013.

Share ratios for 2011 have been divided by an adjustment factor 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 are described below. The new organisation was the first step in a new strategy for the Danske Bank Group. The new strategy "New Standards" was launched on 30 October 2012. Since 1 January 2013 the new structure has been reflected in the Group's financial reporting.

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

(DKK million)	Personal Banking	Business Banking	C&I	Danske Capital	Danica Pension	Other Activities	Non-core
Total income	8,233	5,983	4,513	929	416	1,066	86
Expenses	6,035	2,732	2,240	491	421	1,125	129
Profit before loan impairment charges	2,198	3,251	2,273	438	(5)	(59)	(43)
Loan impairment charges	1,098	974	311				766
Profit before tax, core	1,100	2,277	1,962	438	(5)	(59)	
Profit before tax, Non-core	-	-	-	-	-	-	(809)
Profit before tax	1,100	2,277	1,962	438	(5)	(59)	(809)
Cost/income ratio (%)	73.3	45.7	49.6	52.9	101.2	105.5	150.0
Full-time-equivalent staff (end of period)	7,575	3,761	1,554	492	789	5,719	91
Loans and advances (end of period)	834,129	606,926	152,380	237		24,369	30,341
Deposits (end of period)	364,886	269,343	162,694	200		10,961	5,134

Source: Interim Report - First Half 2013, pg 53.

## ***Organisational structure***

### ***Personal Banking***

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

### ***Business Banking***

Business Banking serves business customers through a network of finance centres, business centres, contact centres and online channels. Business Banking offers leading solutions in such fields as online banking, financing, cash management and risk management. The unit is 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***

Corporates & Institutions ("C&I") is a leading provider of wholesale banking services for the largest institutional and corporate clients in the Nordic region. Products and services include cash management, trade finance and custody services; equity, bond, foreign exchange and derivatives products; and corporate and acquisition finance. Wholesale banking services are provided to the largest institutional and corporate customers in the Nordic region. Institutional Banking includes services provided to international financial institutions outside the Nordic region.

### ***Danske Capital***

Danske Capital develops and sells asset management solutions and wealth management products and services that are marketed through Personal Banking and directly to businesses, institutional clients and external distributors. Danske Capital also supports the advisory and asset management activities of Personal Banking. As at 31 December 2012, Danske Capital had 569 employees and is represented in Denmark, Sweden, Norway, Finland, Estonia, Lithuania and Luxembourg. As at 31 December 2012, the assets managed by Danske Capital amounted to DKK 687 billion (EUR 92.1 billion).

### ***Danica Pension***

The Group's insurance activities comprise conventional life insurance, unit-linked insurance and personal accident insurance. Danica Pension targets both personal and business customers. Its products are marketed through a range of distribution channels within the Group, primarily Personal Banking and Danica Pension's own agents and advisers. Danica Pension sells two market-based product groups: Danica Balance and Danica Link. Products in these groups allow customers to select their own investment profiles, and the return on savings depends on market trends. Danica Pension also sells Danica Traditionel, a product that does not offer individual investment profiles and for which Danica Pension sets the rate of interest on policyholders' savings. As at 31 December 2012, Danica Pension had 799 employees.

As at 31 December 2012, Danica Pension's total investment assets (customer funds) amounted to DKK 291 billion (EUR 38.9 billion), with unit-linked assets (assets managed on behalf of policy holders) amounting to DKK 29 billion (EUR 3.9 billion).

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

The Non-core business unit is responsible for the controlled winding-up of the loan portfolio that is no longer considered part of the Group's core activities. The portfolio consists mainly of loans to customers in Ireland, and the Group aims to wind up or divest these exposures.

### ***Other Activities***

Other Activities consists of the following Group resource and service functions: Group Risk Management; Group Finance & Legal (including Group Treasury); Group HR; Group Communications; Group IT; and Group Services. These service areas support the main business units, performing tasks that span various customer groups and markets.

### ***Funding structure***

The Group continues to ensure that it has a prudent ratio between lending and long-term funding. In addition, the Group has comprehensive and well-established funding programmes, including covered bonds. The existing CP, CD and EMTN programmes are used for short- and medium-term funding, while covered bond issues are used mainly for longer-term funding. Covered bonds thus help diversify the Group's funding across investors and maturities.

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

(%)

2012

2011

Central banks, Credit institutions and repo transactions	30	24
Short-term bonds	2	4
Long-term bonds	6	9
Total covered bonds	11	8
Deposits	41	45
Subordinated debt	3	3
Shareholders' equity	7	7
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Annual Report 2012, pg. 153.

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

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

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

### Shareholders' equity

The Issuer's shareholders' equity was DKK 138 billion (EUR 18.5 billion) as at the end of 2012 against DKK 126 billion (EUR 16.9 billion) at the end of 2011.<sup>3</sup>

At year-end 2012, the Issuer's authorised and issued share capital totalled DKK 10,086,200,000 (EUR 1,352 million) based on 1,008,620,000 shares of DKK 10 (EUR 1.34) each. The Issuer's shares are listed on the NASDAQ OMX, Copenhagen.

On 30 October 2012 the Issuer announced that its Board of Directors had resolved to launch an offering of new shares in order to raise approximately DKK 7 billion (EUR 938 million)<sup>4</sup> in new equity through an accelerated book building process. The offering of 76,880,966 new shares of DKK 10 (EUR 1.34) each represented approximately 8.3 per cent. of the Issuer's registered share capital before the capital increase and accounts for approximately 7.6 per cent. of the Issuer's registered share capital following completion of the capital increase. The final subscription price was DKK 93 (EUR 12.47) per new share, raising gross proceeds of DKK 7,149,929,838 (EUR 958,461,331) for the Issuer, and thus increasing the Issuer's share capital of nominal DKK 768,809,660 (EUR 103,060,358). Following the capital increase, the share capital of the Issuer consists of 1,008,620,000 shares of nominal value DKK 10 (EUR 1.34) each, equal to a nominal value of DKK 10,086,200,000 (EUR 1,352,073,782).

At year-end 2012, the Issuer had approximately 327,000 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 at the end of 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.;

<sup>3</sup> FX rate at 31 December 2011 = 7.4342 DKK per EUR.

<sup>4</sup> Unless specified, DKK amounts in this paragraph are converted into EUR at 7.4598 DKK per EUR.

- 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.

In addition, on 27 February 2013 Cevian Capital II Master Fund LP announced that it had increased its holding of shares in the Issuer whereby its holding of shares amounts to 51,174,252 shares in the Issuer of a nominal value of DKK 511,742,520, equivalent to 5.07 per cent. of the Issuer's share capital. The aforementioned holding and major shareholder announcement related only to Cevian Capital II Master Fund LP and did not include any holding of shares by Cevian Capital II Co-Investment Fund LP, Cevian Capital II Co-Investment No. 3 LP, Icahn Partners L.P., Icahn Partners Master Fund L.P., Icahn Partners Master Fund II L.P., Icahn Partners Master Fund III, L.P. and High River Limited Partnership.

On 6 March 2013 Realdania announced that it had sold 52,000,000 shares in the Issuer and thus now owned less than 5 per cent. of the share capital and voting rights of the Issuer. After the sale, Realdania owns 49,582,485 shares, equivalent to 4.91 per cent. of the Issuer's share capital.

Accordingly, the Issuer currently has two shareholder groups that hold more than 5 per cent. of its share capital:

- A.P. Møller and Chastine Mc-Kinney Møller Foundation, Copenhagen, hold 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.; and
- Cevian Capital II Master Fund LP holds 5.07 per cent. of the share capital.

The Issuer estimates that more than 45 per cent. of its share capital is held by investors outside of Denmark. Most foreign investors are based in the United States and the United Kingdom.

## Capital and Solvency

Pursuant to the Danish Act No. 67 of 3 February 2009 on State Capital Injections in Credit Institutions etc., as amended by the Consolidated Act. No. 876 of 15 September 2009, Act No. 516 of 12 June 2009, Act No. 1273 of 16 December 2009 and Act No. 556 of 21 December 2010, (the “**Credit Act**”), a scheme 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>5</sup> and approximately DKK 2 billion (EUR 269 million)<sup>6</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) 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 total capital ratio, tier 1 capital ratio and core tier 1 capital ratio excluding hybrid capital. The second table shows the risk-weighted assets, subordinated debt and hybrid capital. The interest rate (defined as “annual yield”) on the loans from the Danish state is 9.265 per cent. per annum, with an annual premium of 0.5 of

<sup>5</sup> FX rate at 29 May 2009 = 7.4453 DKK per EUR.

<sup>6</sup> FX rate at 11 May 2012 = 7.4334 DKK per EUR.

a percentage point per annum for the conversion option. The interest rate will increase if the Issuer pays dividends in excess of DKK 5.5 billion (EUR 0.74 billion) per annum.

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

### Danske Bank Group

(%)	31 Dec. 2012	31 Dec. 2011
Total capital ratio .....	21.3	17.9
Tier 1 capital ratio .....	18.9	16.0
Core tier 1 capital ratio, excluding hybrid core capital .....	14.5	11.8

Note: The ratios are calculated in accordance with the Danish Financial Business Act.  
Source: Annual Report 2012, pg. 55.

Danske Bank Group	(DKKm)		(EURm)	
	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
Risk-weighted assets .....	819,436	905,979	109,838	121,866
Subordinated debt, excluding hybrid capital .....	23,009	20,480	3,084	2,755
Hybrid capital .....	43,003	44,850	5,764	6,033
Hybrid capital included in tier 1 capital .....	40,248	42,366	5,395	5,699
Exchange Rate (DKK/EUR) .....			7.4604	7.4342

Source: (DKK amounts) Annual Report 2012, pgs. 55 and 96.

At 31 December 2012, the total capital ratio was 21.3 per cent., with a core tier 1 capital ratio of 14.5 per cent. and a tier 1 capital ratio of 18.9 per cent.

At the end of 2012, the Group’s risk-weighted assets (“**RWA**”) amounted to DKK 819 billion (EUR 109.8 billion), against DKK 906.0 billion (EUR 121.9 billion)<sup>7</sup> at the end of 2011. The decline in RWA of DKK 87 billion (EUR 12 billion)<sup>8</sup> from 2011 was caused primarily by the disposal of conduit loans and other portfolio changes.

The Group’s capital base consists of tier 1 capital (equity capital and hybrid capital after deductions) and tier 2 capital. At 31 December 2012, the capital base amounted to DKK 174 billion (EUR 23.3 billion)<sup>8</sup>, and the total capital ratio was 21.3 per cent. The core tier 1 capital ratio stood at 14.5 per cent.

The Group’s strong financial position was confirmed by the EBA’s capitalisation test of European banks, which was published in December 2011 and again in a final report in October 2012. This test was conducted to assess European banks’ need for recapitalisation. As expected, the Group passed the test with a capital level substantially above the EBA’s requirement.

<sup>7</sup> FX rate at 31 December 2011 = 7.4342 DKK per EUR.

<sup>8</sup> FX rate at 31 December 2012 = 7.4604 DKK per EUR.

In March 2013, the Issuer redeemed one subordinated loan of EUR 500 million (DKK 3,727 million)<sup>9</sup>. In June 2013, the Issuer redeemed one subordinated loan of EUR 500 million (DKK 3,729 million)<sup>10</sup>. In September 2012, the Issuer issued subordinated debt, comprising tier 2 capital (the “**RAC Tier 2 Notes**”), of USD 1 billion (DKK 5.7 billion)<sup>11</sup> to improve its risk adjusted capital (“**RAC**”) in accordance with S&P’s rating methodology criteria. In July 2013, S&P revised its bank hybrid methodology, which resulted in the reclassification of the equity content assigned by S&P to the RAC Tier 2 Notes to “minimal” from “intermediate”, therefore implying that the RAC Tier 2 Notes can no longer be included in the Issuer’s RAC ratio. Accordingly, on 18 September 2013 the Issuer launched a cash tender offer in relation to the RAC Tier 2 Notes. The Issuer also announced a variation of the terms and conditions of the RAC Tier 2 Notes to permit an early redemption of the RAC Tier 2 Notes, at the option of the Issuer, at any time prior to the fifth anniversary of the date of issuance, as a result of the occurrence of a “Rating Methodology Event”. Due to the above change of equity content assigned by S&P to the RAC Tier 2 Notes, once such variation becomes effective, the Issuer currently intends to redeem the RAC Tier 2 Notes pursuant to such early redemption right.

## **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 5.5 billion (EUR 0.74 billion).

The Group aims to resume dividend payments of 40 per cent. of net profit as soon as it is prudent.

## **Risk Management**

### ***Introduction***

The Issuer’s Rules of Procedure for the Board of Directors and the Executive Board (the “**Rules of Procedure**”) specify the responsibilities of the two boards and the division of responsibilities between them. The Rules of Procedure and the two-tier management structure, which were developed in accordance with Danish legislation, are central to the organisation of risk management and the policy on lending authority limits in the Group.

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

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

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

Group Risk Management is headed by the Group’s chief risk officer (“**CRO**”), who is member of the Executive Board.

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

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<sup>9</sup> FX rate at 20 March 2013 = 7.4532 DKK per EUR.

<sup>10</sup> FX rate at 20 June 2013 = 7.4588 DKK per EUR.

<sup>11</sup> FX rate at 31 December 2012 = 5.6591 DKK per USD.

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

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

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

A unit within the department is responsible for developing credit rating and valuation models and for ensuring that they are available for day-to-day credit processing at the business units and that they meet statutory requirements. A separate unit is responsible for backtesting and validating credit risk parameters in collaboration with the business units.

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

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

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

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

Within Group Finance & Legal, Group Treasury is responsible for monitoring liquidity risk and funding needs. Group Treasury also ensures that the Group's structural liquidity profile enables the Group to comply with the limits and meet the targets set by the Board of Directors and the All Risk Committee as well as regulatory and prudential requirements.

Furthermore, Group Treasury is responsible for asset liability management, private equity activities and long-term funding activities.

### ***Business units***

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

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

The business units carry out all the fundamental tasks required for sound risk management and controls. These tasks include updating the information about customers that is used in risk management tools and models as well as maintaining and following up on customer relationships.

Each business unit is responsible for preparing documentation before undertaking business transactions and for recording the transactions properly. Each unit is also required to update information on customer relationships and other issues as necessary.

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

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

Increased attention from local regulators - especially where activities are organised in local legal entities - led the Group to strengthen governance structures for risk management from a local perspective. In the new organisation, country managers and local risk officers are responsible for ensuring compliance with local rules and regulations. Local risk committees as well as asset and liability management committees have also been set up where they are relevant.

### ***Legal Proceedings***

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

### ***Bank Packages***

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

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

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

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

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

## *European implementation of the Basel III Framework*

The final versions of CRR and the CRD IV Directive (for the purposes of this “Description of the Danske Bank Group” section, in each case as defined in the risk factor on page 16 of this Prospectus headed “Loss absorption at the point of non-viability of the Issuer and resolution”) adopted in June 2013 will enter into force by 1 January 2014. The framework implements among other things the Basel Committee on Banking Supervision’s proposals imposing stricter capital and liquidity requirements upon banks (“**Basel III**”) in the EU. Each of CRR and the CRD IV Directive covers a wide range of prudent requirements for banks across EU member states, including capital requirements, stricter and aligned definitions of capital, risk-weighted assets (“**RWA**”), leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, SIFI definition (as defined below), governance and remuneration requirements.

The CRD IV Directive comes into force through implementation in the Danish Financial Business Act, whereas CRR applies immediately without implementation in national law. The European Banking Authority (“**EBA**”) will propose detailed rules through binding technical standards during the second-half of 2013 and 2014 for many areas including, inter alia, liquidity requirements and certain aspects of capital requirements.

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

For each systemically important financial institution (“**SIFI**”) there will be additional capital requirements on top of the minimum requirements. In Denmark a SIFI expert committee has been established by the minister for business and growth. In its report, the committee recommended that the Issuer should be considered a Danish SIFI and that, among other things, an additional CET1 capital requirement of 3.5 per cent. on top of the CRD IV requirements should be applied. Political negotiations have not been finalised yet.

The framework also contains stricter requirements for the quality of capital that may count as CET1 capital and for the calculation of RWA. The Group estimates that the effect of CRR and the CRD IV Directive on its core tier 1 capital ratio at 30 June 2013 (after having taken the recent DFSA orders on RWA into account) will be a reduction of about 1.8 percentage points when the rules are fully phased in in 2018. The reduction entails changes in various elements. The Group assumes that the deduction requirement for Danica Pension under the EU Financial Conglomerates Directive will continue. The Group expects clarification in Danish legislation in the second half of 2013. See Interim Report – First Half 2013 for further detail.

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

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

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

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

It is unclear how the EU authorities will choose to incorporate or modify the Basel Committee's revisions to the LCR in any future revisions to CRR. The Basel Committee's revisions are therefore not incorporated in the Group's reported LCR. If the Basel Committee's revisions are to be incorporated in CRR, and if the EBA still enables most of the Group's holdings of covered bonds, including Danish mortgage bonds, to be classified as level 1 liquid assets, these revisions are expected to have a positive effect on the Group's LCR.

With an LCR of 132 per cent. at the end of June 2013, the Group complied with the LCR requirement. The Group also complied with all other liquidity requirements. Stress tests show that the Group has sufficient liquidity buffer for the coming 12 months.

#### *Solvency II (insurance)*

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

Solvency II was previously set to take effect at 1 January 2014. However, in the autumn of 2012 the European Insurance and Occupational Pensions Authority ("**EIOPA**") announced that this is no longer realistic. Instead, EIOPA expects the new rules to take effect at 1 January 2016. The postponement is due to the many remaining unresolved issues that are holding up the legislative process. A central unresolved issue is the treatment of long-term guarantees. Despite the lingering uncertainty as to the effective date of Solvency II, in 2012 Danica continued preparing for the transition to Solvency II. It is not yet possible to predict what Danica's capital requirements will be under Solvency II as the amounts of long-term guarantees, among other factors, are of great significance to the coming capital requirements. However, Danica Pension does not expect the company's excess core capital to change significantly under the new rules once implemented.

## **Recent Developments**

### **Danske Bank has received orders from the DFSA**

On 17 June 2013, the DFSA issued orders to Danske Bank concerning its use of the internal ratings-based approach in capital adequacy calculations (the IRB approach) and solvency need calculations.

Apart from the order in relation to exposures on other institutions, Danske Bank does not agree with the orders and has appealed to the Company Appeals Board.

#### ***The DFSA's orders***

The DFSA has given Danske Bank four orders that can be summed up as follows:

- With effect from 31 December 2013, increase Corporate Risk Weight excluding counterparty risk by 10 percentage points compared to Q4 2012. In this connection, Danske Bank can reduce Pillar II add-ons.
- With effect from 30 June 2014, ensure that Through The Cycle Probability of Default (TTC PD) values for exposures with counterparty risk reflect the increase for the remaining corporate portfolio. In the meantime, Danske Bank must include an add-on in the solvency requirement.
- With effect from 30 June 2013, an order to set aside additional capital in its solvency need calculations to cover risks deriving from exposures to other institutions.
- With effect from 30 June 2013, an order to remove a deduction from the solvency need.

#### ***Consequences of the orders***

Without prejudice to the appeal referred to above, Danske Bank has begun implementing the new requirements.

Over time, the net effect of the orders would be a rise in risk-weighted assets of around DKK 100 billion relative to the figure for Q2 2013 DKK 779 billion (EUR 104 billion)<sup>12</sup>.

Another consequence of the orders would be an increase in Danske Bank's capital requirement (Pillar I requirement) of DKK 8 billion (EUR 1.1 billion), from DKK 62 billion (EUR 8.3 billion) to DKK 70 billion (EUR 9.4 billion) calculated at 30 June 2013. There will be a corresponding reduction in Pillar II add-ons.

Calculated at 30 June 2013, the total capital ratio would be around 19.2 per cent. (the actual reported figure at 30 June 2013 was 21.8 per cent.), and the solvency need ratio under the Basel I transitional rules would be 10.0 per cent. (the actual reported figure at 30 June 2013 was 11.3 per cent.).

The DFSA's decision is available at [www.danskebank.com/ir](http://www.danskebank.com/ir).

### **Management changes – New Chief Executive Officer**

On 16 September 2013, the Board of Directors appointed Thomas F. Borgen as new Chief Executive Officer. Thomas F. Borgen replaced Eivind Kolding who resigned with effect as of 16 September 2013. Thomas F. Borgen has been employed with the Danske Bank Group since 1997 and comes from the position as member of Danske Bank's Executive Board responsible for Corporate & Institutional Banking. These areas will for the time being continue to be a part of Thomas F. Borgen's field of responsibility.

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<sup>12</sup> FX rate at 30 June 2013 = 7.4588 DKK per EUR.

## 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 and the Executive Board is 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

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

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

Ole Andersen, Chairman

Directorships and other offices:

Bang & Olufsen A/S (Chairman)

Chr. Hansen Holding A/S (Chairman)

EQT Partners (Senior Advisor)

NASDAQ OMX Nordic (Member of the Nomination Committee)

Zebra A/S (Chairman).

Niels B. Christiansen, Vice Chairman

Directorships and other offices:

Chief Executive Officer of Danfoss A/S

Axcel Industriinvestor A/S (Chairman)

Danfoss Group – Chairman or board member in the subsidiaries

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

Denmark-America Foundation

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

Provinsindustriens Arbejdsgiverforening (Federation of Regional Industries) (member)

William Demant Holding A/S.

Urban Bäckström

Directorships and other offices:

Director General of the Confederation of Swedish Enterprise

Exportrådet (Swedish Trade Council) (member of the Board of Directors)

Institutet för Näringslivsforskning (Research Institute of Industrial Economics).

Lars Förberg

Directorships and other offices:

Managing Partner, Cevian Capital

Jørn P. Jensen

Directorships and other offices:

Alent Plc

Metso Oyj (Member of the Nomination Committee)

Tieto Oyj (Member of the Nomination Committee)

AB Volvo (Member of the Nomination Committee).

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

Carlsberg Group - Chairman or board member in the subsidiaries

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

Directorships and other offices outside Carlsberg Group

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

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

Committee on Corporate Governance

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

Ekeløf Invest ApS (CEO).

Carol Sergeant

Directorships and other offices:

*Private sector directorships*

Secure Trust Bank plc

Martin Currie Holdings Limited

*Public policy positions*

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

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

Member UK Steering Committee on Internal Audit guidance for financial services

*Charity and academic positions*

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

Cass Business School (Advisory Board member)

Newnham College, Cambridge (Board member)

St. Paul's Cathedral Foundation (Trustee)

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

Jim Hagemann Snabe

Directorships and other offices:

Co-Chief Executive Officer of SAP AG

Bang & Olufsen A/S (Vice Chairman)

Snabe ApS (CEO).

Trond Ø. Westlie

Directorships and other offices:

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

A.P. Møller-Mærsk Group - Chairman or board member in the subsidiaries

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

Danmarks Skibskredit (member of the board and of the audit committee)

Pepita AS

Shama AS (member of Executive Board)

Tønsberg Delikatesse AS.

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

Susanne Arboe

Adviser

Directorships and other offices:

Danske Kreds.

Helle Brøndum

Bank Clerk

Directorships and other offices:

None.

Carsten Eilertsen

Senior Personal Customer Adviser

Directorships and other offices:

Apostelgaardens Fond (Vice Chairman)

Danske Kreds (Vice Chairman)

Danske Unions

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

The Næstved Cemeteries.

Charlotte Hoffmann

Personal Customer Adviser

Directorships and other offices:

None.

Per Alling Toubro

HR Specialist

Directorships and other offices:

None.

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

Thomas F. Borgen

Chairman of the Executive Board and Head of Corporates & Institutions

Directorships and other offices:

Danmarks Skibskredit A/S (Vice Chairman)

VP Securities A/S

Kong Olav V's Fond.

Tonny Thierry Andersen

Head of Personal Banking

Directorships and other offices:

Danish Bankers Association (Chairman)

Bankernes Kontantservice A/S

Danske Bank International S.A. (Chairman)

Danske Bank Oyj (Chairman)

Forsikringsselskabet Danica,  
Skadeforsikringsaktieselskab af 1999 (Vice chairman)  
and the subsidiary

- Danica Pension, Livsforsikringsaktieselskab (Vice chairman)

Nets Holding A/S

Realkredit Danmark A/S (Chairman)

The Private Contingency Association for the Winding up of Distressed Banks, Savings Banks and Cooperative Banks (Chairman)

Olga og Esper Boels Fond

Realkredit Danmark A/S (Chairman)

Ejendomsaktieselskabet Boels Gård

	YPO, Young Presidents Organization, Treasurer
	Værdiansættelsesrådet
	ICC Danmark
	Danish Economic Council.
Robert Endersby	Head of Group Risk Management
Directorships and other offices:	Danske Bank Oyj
	Northern Bank Limited.
Lars Mørch	Head of Business Banking
Directorships and other offices:	Northern Bank Limited (Chairman)
	Realkredit Danmark A/S (Vice Chairman).
Henrik Ramlau-Hansen	Head of Group Finance & Legal
Directorships and other offices:	Bluegarden Holding A/S
	Bluegarden A/S
	LR Realkredit A/S
	The Danish Financial Council
	Kreditforeningen Danmarks Pensionsafviklingskasse (Chairman)
	Realkredit Danmark A/S
	Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and the subsidiary
	<ul style="list-style-type: none"> <li>• Danica Pension, Livsforsikringsaktieselskab.</li> </ul>

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

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

## SUBSCRIPTION AND SALE

The Joint-Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 1 October 2013, jointly and severally agreed to subscribe and pay for the Notes at the issue price of 99.964 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint-Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint-Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint-Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

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

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

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

Each Joint-Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the “**distribution compliance period**”) within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the respective meanings given to them by Regulation S under the Securities Act.

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

### **United Kingdom**

Each Joint-Lead Manager has represented and agreed that:

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

### **Denmark**

Each Joint-Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 982 of 6 August 2013 on Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order No. 984 of 6 August 2013 to the Danish Financial Business Act.

## **General**

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

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

## TAXATION

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

### Denmark Taxation

According to the Danish tax laws in effect as of the date of this Prospectus, (i) 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 or do not carry on business in Denmark through a permanent establishment.

### EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

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

### Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a “**Recalcitrant Holder**”). The Issuer will be classified as an FFI.

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

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

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

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

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

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

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

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

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

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of

circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

## GENERAL INFORMATION

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

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 5,190.

2. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 8 August 2013.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN in respect of the Notes is XS0974372467 and the Common Code in respect of the Notes is 097437246. 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 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 2013, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and
  - (ii) save as disclosed on page 7 of the Interim Report – First Half 2013, there has been no material adverse change in the prospects of the Issuer since 31 December 2012, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.
6. There are no governmental, legal or arbitration proceedings against or affecting the Issuer or any of its Subsidiaries (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering at least the previous twelve months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer or of the Issuer and its Subsidiaries taken as a whole.
7. The annual financial statements of the Issuer have been audited:
  - (i) in the case of the financial year ended 31 December 2012, by KPMG Statsautoriseret Revisionspartnerselskab (“**KPMG**”) of Osvald Helmuths Vej 4, Postboks 250, DK-2000 Frederiksberg; and
  - (ii) in the case of the financial year ended 31 December 2011, by PricewaterhouseCoopers Danmark Statsautoriseret Revisionsaktieselskab (“**PwC**”) (formerly operating as Grant Thornton Danmark) of Strandvejen 44, DK-2900 Hellerup and KPMG,

in each case being the relevant independent public auditors of the Issuer for the relevant period. Unqualified opinions have been reported on such financial statements and each of KPMG and PwC is a member of “FSR - Danske 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 18 March 2013 approved that KPMG will be the sole state-authorised public accountants for the Issuer for 2013.

8. The Irish Listing Agent is Arthur Cox Listing Services Limited and the address of its registered office is Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the regulated market of the Irish Stock Exchange.
9. For the period of 12 months following the date of this Prospectus, hard copies of the following documents will be available, upon request, free of charge, from the registered office of the Issuer and from the Specified Offices of the Paying Agent for the time being in London (where applicable, with an English translation thereof):
  - (i) the Articles of Association of the Issuer;
  - (ii) the Agency Agreement; and
  - (iii) the Deed of Covenant.
10. For a period of 12 months following the date of this Prospectus, electronic copies of the following documents will be available on the website of the Central Bank at <http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx>:
  - (i) a copy of this Prospectus; and
  - (ii) any supplements to this Prospectus.
11. For a period of 12 months following the date of this Prospectus, electronic copies of the following documents will be available on the website of the Issuer at [www.danskebank.com](http://www.danskebank.com) (see “Documents Incorporated by Reference” for more details):
  - (i) the Annual Reports (as defined in “Documents Incorporated by Reference”); and
  - (ii) the Interim Report – First Half 2013 (as defined in “Documents Incorporated by Reference”).
12. Certain of the Joint-Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint-Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Joint-Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint-Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint-Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
13. The indication of the yield of the Notes is 3.883 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.

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

**REGISTERED OFFICE OF THE ISSUER**

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DK-1092 Copenhagen K

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