



DLR Kredit A/S

(incorporated as a public limited company in Denmark with CVR no. 25781309)

DKK5,000,000,000

Senior Resolution Note Programme

Under the Senior Resolution Note Programme described in this Base Prospectus (the “**Programme**”) and subject to compliance with all relevant laws, regulations and directives, DLR Kredit A/S (the “**Issuer**”) may from time to time issue senior resolution notes (the “**Notes**”), which will rank as described in Condition 4 (*Status of the Notes*) in “Terms and Conditions of the Notes”. The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed DKK5,000,000,000 (or the equivalent in other currencies at the date of issue).

An application may be made to Nasdaq Copenhagen A/S for Notes issued under the Programme to be listed on the official list of Nasdaq Copenhagen A/S and to be admitted to trading on Nasdaq Copenhagen A/S’s regulated market. Nasdaq Copenhagen A/S’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“**MiFID**”). The relevant Final Terms, in respect of the issue of any Notes will specify whether or not such Notes will be listed on Nasdaq Copenhagen A/S’s regulated market.

This Base Prospectus has been prepared by the Issuer with a view to having the Notes admitted to trading on Nasdaq Copenhagen A/S’s regulated market. This Base Prospectus has been prepared as a prospectus in compliance with the Prospectus Directive (as defined below) for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes. This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Notes issued under the Programme will be issued in dematerialised book entry form and settled through VP Securities A/S or another securities depository specified in the relevant Final Terms.

The Issuer has been rated BBB+/Stable/A-2 (counterparty credit rating) by Standard and Poor’s Credit Market Services Europe Limited (“**S&P**”). S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009 (the “**CRA Regulation**”) and is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu) in accordance with the CRA Regulation. Notes to be issued under the Programme will be rated or unrated. Where Notes issued under the Programme are to be rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under CRA Regulation will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Base Prospectus.

In the case of any Notes either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note shall be €100,000 (or, in each case its equivalent in any other currency as at the date of issue of the Notes).

The expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA

This Base Prospectus should be read and construed together with any supplement hereto and with any documents incorporated by reference herein and, in relation to any Tranche (as defined in “Terms and Conditions of the Notes” below) of Notes, should be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers (as defined in “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Base Prospectus or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date of this Base Prospectus or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus, see “Subscription and Sale”. This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement. No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers and any of their respective affiliates (other than the Issuer) makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of any of the Issuer during the life of the arrangements contemplated by this Base Prospectus

nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

In connection with the issue of any Tranche of Notes, one or more relevant Dealers named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms, may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. 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 cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted in accordance with all applicable laws and rules.

If the relevant Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (“Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) no. 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “Sterling” are to the lawful currency of the United Kingdom, those to “Danish kroner”, “Kr” and “DKK” are to the lawful currency of the Kingdom of Denmark, those to “euro”, “EUR” or “€” 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 from time to time), those to “Norwegian kroner” are to the lawful currency of the Kingdom of Norway and those to “Swedish kronor” are to the lawful currency of the Kingdom of Sweden.

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RESPONSIBILITY STATEMENT

The Issuer's responsibility

The Issuer is responsible for this Base Prospectus in accordance with Danish law.

Responsible persons

The Board of Directors and the Executive Board are responsible for this Base Prospectus on behalf of the Issuer.

Board of Directors of the Issuer

Vagn Hansen
(Chairman, Managing director and CEO)

Lars Møller
(Deputy Chairman, Managing Director)

Claus Andersen
(CEO)

Peter Gæmelke
(Farmer)

Karen Frøsig
(CEO)

Gert R. Jonassen
(CEO)

Torben Nielsen
(Professional director and former Central Bank Governor)

Jan Pedersen
(Managing director and CEO)

Lars Peterson
(Managing director and CEO)

Randi Holm Franke
(Elected by the employees, Program Manager)

Søren Jensen
(Elected by the employees, Legal Consultant)

Jakob G. Hald
(Elected by the employees, Chief Agricultural Client Manager)

Agnete Kjærsgaard
(Elected by the employees, Administrative Officer)

Kim Hansen
(Elected by the employees, Office Messenger)

who have pursuant to a board resolution passed on 27 April 2017 authorised that the Executive Board may jointly sign this Base Prospectus and any future supplement. The members of the Executive Board of the Issuer are:

Jens Kr. A. Møller
(Managing Director and CEO)

Michael Jensen
(Managing Director)

The Board of Directors and the Executive Board are responsible for this Base Prospectus on behalf of the Issuer.

The Issuer's statement

We, the Board of Directors and the Executive Board of the Issuer, hereby declare that we, as the persons responsible for this Base Prospectus on behalf of the Issuer, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of its contents.

Copenhagen, 15 May 2017

For and on behalf of DLR Kredit A/S

Jens Kr. A. Møller
(Managing Director and CEO)

Michael Jensen
(Managing Director)

RISK FACTORS

The Issuer believes that the following factors, as applicable, may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies, which 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 Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons. Additional risks not currently known to the Issuer or that it now deems immaterial may also adversely affect the Issuer or affect an investment in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Word and expressions defined in the "Terms and Conditions of the Notes" below have the same meanings in this section, unless otherwise stated. Reference to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Notes.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

General

The Issuer's business is to grant mortgage credit loans secured against properties within agriculture, office and retail, trade and industry and collective energy supply, land etc. and residential properties in Denmark. In addition, the Issuer to a limited extent grants mortgage loans in the Faroe Islands and Greenland. These business activities involve a number of risks, of which the most important are described below. Should these risks materialise, it may have a material adverse effect on the Issuer's financial position, business and results of operations.

In the course of its lending business, the Issuer applies the specific balance principle laid down in the Executive Order no. 1425 of 16 December 2014 on the Issuance of Bonds, Balance Principle and Risk Management (the "**Executive Order on Bonds**"). This principle dictates full consistency between interest and instalments received by the Issuer from borrowers and the Issuer's payments to bondholders. The balance principle also implies that the Issuer does not assume any actual interest risk, currency risk or liquidity risk on its lending operations, including risks associated with prepayment of loans.

Non-compliance with the balance principle may cause the Issuer to lose its authorisation to issue bonds, which may affect the prices of the Notes to the detriment of investors and the Issuer's capacity to fulfil its obligations under the Notes.

For a description of the Issuer's risk management, see the section headed "Business Description" in this Base Prospectus.

The Issuer defines and manages exposure to the following main types of risk:

Credit risk

The Issuer's most significant risk is credit risk, defined as the risk of loss caused by the failure of any borrower to honour its payment obligations. This risk should be seen in light of the fact that the Issuer, as a mortgage bank, only grants loans secured against real property. Moreover, these loans are typically partially guaranteed by the financial institutions providing the loans under one of the Issuer's guarantee concepts, and the Issuer can under certain circumstances set-off losses against payments of commission to the financial institutions. A deterioration of the credit quality of the Issuer's borrowers may affect the value of the Issuer's assets and entail higher provisions for losses.

The Issuer's Board of Directors has laid down a credit policy defining the Issuer's credit profile and risk targets. The Issuer uses internal rating-based models for purposes of calculating the risk exposure amounts of the full-time farm portfolio, which constitutes around half of the mortgage lending portfolio. For the remaining part of the portfolio, the standard method is applied.

Market risk

Market risk is the risk of loss caused by movements in the financial markets, i.e. interest, share price and foreign exchange risks.

The Issuer's Board of Directors has also laid down principles for the management of and limits for market risks. As the Issuer has decided to comply with the specific balance principle as set out in the Executive Order on Bonds, the market risk associated with the issuance of covered bonds (SDOs) for purposes of financing mortgage loans will reflect the loan terms of the mortgagors. The market risks assumed by the Issuer arise solely as a consequence of a natural need to invest the Issuer's own funds, senior debt and profits/results of operations (the securities portfolio) and prepaid funds.

The Issuer basically targets a low market risk, and the Issuer's policies and guidelines lay down detailed market risk targets as regards placement, amount of interest risk, currency risk, etc. The Issuer has also laid down a policy for the placement of the securities portfolio and specific limits for the amount and volatility of each type of risk.

On this basis, the Issuer has placed the main part of its securities portfolio in AAA-rated Danish mortgage bonds (ROs), SDOs and mortgage-covered bonds (SDRO), typically short-term papers, and a minor portion in AAA-rated government bonds.

Fluctuations in interest rate, foreign exchange and share markets may result in losses and have an adverse impact on the income derived from the Issuer's primary activities.

Liquidity risk

Liquidity risks arise when a lack of funding in the form of bond sales prevents the Issuer from pursuing its business model or from fulfilling its payment obligations. Failure to address the liquidity risk may prevent the Issuer from continuing its operations at their current scope and/or meeting its payment obligations on a timely basis.

Currently, the Issuer's loans are fully match-funded by the issue of covered bonds. The loan rate equals the yield-to-maturity of the bonds sold. Fixed-rate loans have fixed funding throughout the loan term. Adjustable-rate mortgage loans have no fixed funding but are funded by bonds with maturities between one and five years. On refinancing, the loan rate is adjusted to the yield-to-maturity of the bonds sold for the purpose of refinancing. The liquidity risk is therefore primarily related to the risk that borrowers do not make timely interest or principal payments on the loans.

Operational risk

The Issuer is exposed to potential operational risks, defined as the risk of loss resulting from inadequate procedures, human or system errors or from external events. The Issuer's Board of Directors has laid down policies and guidelines for operational risks and risk insurance with a view to minimising the Issuer's risks. IT contingency plans are part of the Issuer's measures to counter operational risks. If any of these procedures or guidelines fail, the Issuer may incur additional costs or liabilities.

Risks relating to the Issuer's business model

In addition to the mortgage collateral provided for the mortgaged properties and thorough credit assessments, the Issuer has reduced the credit risk relating to individual loans and portfolio risks by requiring the financial institutions (the Issuer's shareholders) to provide guarantees for the loans provided as part of the Issuer's business model. In consideration of the provision of loan guarantees and of making their distribution network available for the provision of the Issuer loans, customer services, etc., the Issuer pays commission to the financial institutions.

For a number of years, the Issuer has had separate loss-mitigating agreements for lending in the commercial and agricultural areas. For loans offered from the beginning of 2015, a new guarantee agreement has been set up with the financial institutions providing the loans, covering all property categories except government-guaranteed loans and loans secured against properties in the Faroe Islands and Greenland.

The guarantee under the new, shared guarantee concept is structured in such a way that the financial institution providing the loan provides an individual guarantee when disbursing the loan, covering the individual loan throughout the term of the loan. The guarantee generally covers 6 per cent of the debt outstanding. Additional guarantee is required in connection with special mortgages etc. The guarantee is reduced as the loan is repaid at a proportionate share of the instalments, to the effect that the ratio of the guarantee to the residual debt remains unchanged throughout the term of the loan. The guarantee covers the outermost portion of the total mortgage loan in the individual property.

In addition, a loss set-off scheme has been established, under which the Issuer sets off all losses incurred by the Issuer in respect of loans provided by the financial institution in question beyond what is covered by the 6 per cent guarantee provided at loan level. Losses are set-off against the relevant financial institution's total commission relating to the total lending portfolio, except for agency commission and reimbursement of brokerage, and may be set-off against commission accrued over a number of years in accordance with specific terms and conditions. To the extent that losses eligible for set-off exceed the expected set-off basis, the Issuer may require that such losses are covered through drawings on direct guarantees provided by the financial institution in question.

Loans offered before 1 January 2015 are still subject to the separate loss-mitigating agreements for lending in the commercial and agricultural areas, respectively.

At 31 December 2016, 93.4 per cent, of the Issuer's lending portfolio was covered by the above-mentioned guarantee arrangements. In addition, a minor portion of the portfolio, totalling about DKK 0.4 billion, was covered by government guarantees.

Changes to the loss-mitigating agreements made with financial institutions or failure on the part of the financial institutions to comply with these agreements may result in increased losses and thus lower earnings for the Issuer. Similarly, changes in the Issuer's current distribution collaboration with shareholder banks could affect the Issuer's future lending and earnings.

Transfer of funds between capital centres

The Issuer may transfer funds (excess cover) between its capital centres with a view to satisfying solvency requirements, requirements for supplementary collateral or additional overcapitalisation out of consideration for, for example, the rating of the capital centre. The transfer of funds presupposes that the capital centre in question still meets its solvency requirements.

In the event of a decline in the value of the assets of a capital centre, e.g. due to falling property valuations, the Issuer will have less capital with which to cover the SDOs or ROs of the capital centre in question. A decline in the value of the assets of a capital centre may also affect payments to the Noteholders, who rank after holders of SDOs and ROs for purposes of the order of priority of creditors.

Risks relating to deposit guarantee schemes and resolution fund

In Denmark and other jurisdictions, deposit and covered cash funds guarantee schemes and similar funds (each, a “**Deposit Guarantee Scheme**”) have been implemented from which compensation for deposits and covered cash funds may become payable to customers of financial services firms in the event that such financial services firm is unable to pay, or unlikely to pay, claims against it.

The Danish Deposit Guarantee Scheme fund’s capital must amount to at least 0.8 per cent of the covered deposits of Danish banks and 0.8 per cent of the covered cash funds for Danish mortgage banks. In addition, the Issuer contributes to the Danish resolution fund established as the Danish resolution financing arrangement under the BRRD, which fund’s capital must amount to 1.0 per cent of the covered deposits of Danish banks and 1.0 per cent of the covered cash funds for Danish mortgage banks by 31 December 2024.

It is still unclear whether Denmark, despite being outside the Eurozone, will join the European Banking Union and therefore be part of the Single Resolution Mechanism. It therefore remains unclear which costs the Issuer will incur in the coming years in relation to payments to deposit guarantee funds and/or resolution funds on a national or European level.

Risk pertaining to implementation of new regulation

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.

Various aspects of banking regulation are still under debate internationally, including *inter alia*, proposals to review standardised approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised approaches for banks using internal models).

In December 2010, the Basel Committee on Banking Supervision adopted proposals imposing, among other things, stricter capital and liquidity requirements on banks (“**Basel III**”). On 20 July 2011, the European Commission presented a proposal to review the Capital Requirements Directives (2006/48/EC and 2006/49/EC), including implementation of Basel III in the European Union.

The final versions of the CRR and the CRD IV Directive were adopted in June 2013. The CRR entered into force on 1 January 2014, whereas the CRD IV Directive was implemented in Denmark in March 2014. The framework implemented, among other things, Basel III in the European Union.

The European Banking Authority (“**EBA**”) will continue to propose detailed rules through binding technical standards, guidelines, recommendations and/or opinions in respect of many areas, including liquidity requirements and certain aspects of capital requirements. As a consequence, the Issuer is subject to the risk of

possible interpretational changes. Given the uncertainty of the exact wording of the technical standards, they could potentially lead to a reduction in the regulatory capital or an increase in the risk exposure amounts of the Issuer. Furthermore, the CRD IV Directive contains rules which enable the competent authorities to increase capital requirements to previously unforeseen levels which potentially could limit the Issuer's ability to fulfil its present strategy, leading to lower than expected earnings and/or higher than expected risk exposure amounts.

Under the CRR, credit institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent of risk exposure amounts (of which at least 4.5 per cent must be Common Equity Tier 1 capital, and at least 6 per cent must be Tier 1 capital). In addition to these so-called minimum own funds Pillar 1 requirements (the "**minimum own funds requirement**"), the CRD IV Directive (including, but not limited to, Article 128) also introduces capital buffer requirements in addition to the minimum own funds requirements, which must be met with Common Equity Tier 1 capital. For the Issuer, the capital buffer is comprised of three elements (referred to collectively as the "**combined buffer**"): (i) the capital conservation buffer; (ii) the institution-specific countercyclical buffer; and (iii) the systemic risk buffer. Subject to applicable transitional provisions, some or all of these capital buffers apply to the Issuer.

In June 2014, the Danish Financial Supervisory Authority appointed the Issuer to be a systemically important financial institution ("**SIFI**"). In June 2015 and in June 2016, the Issuer was re-appointed as a SIFI. The systemic risk buffer will be gradually implemented in the period 2015 to 2019. The Issuer will be subject to a further buffer requirement of 0.6 per cent as regards Common Equity Tier 1 capital as of 2017. The requirement will gradually rise to 1.0 per cent in 2019. The intention is to bring Danish SIFI capital requirements on a par with the requirements in other comparable Member States. The level of the Danish SIFI capital requirements will be finally determined in 2017, at the latest, on the basis of a comparison with the final requirements in the other Member States. It is still unknown how this in practice will affect the willingness of the Kingdom of Denmark to support its banking sector and in particular the SIFI's.

In addition to the minimum own funds requirements described above, the CRD IV Directive (including, but not limited to, Article 104(1)(a)) contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by a credit institution relating to elements of risks which are not fully captured by the minimum own funds requirements (the "**additional own funds requirements**") or to address macro-prudential requirements.

EBA's guidelines of 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process was implemented in Denmark with effect as of 1 January 2016 by Executive Order no. 1587 of 3 December 2015 on Capital to Fulfil the Individual Solvency Requirement of Credit Institutions. According to Executive Order no. 1587 of 3 December 2015, which entered into force and implemented institutions' additional own funds requirement shall be met with at least 56 per cent Common Equity Tier 1 capital and at least 75 per cent Tier 1 capital. The remaining 25 per cent of the additional own funds requirement may be fulfilled with Common Equity Tier 1 capital, Additional Tier 1 capital or Tier 2 capital. Additional Tier 1 capital or Tier 2 capital instruments issued prior to 31 December 2015 that until 31 December 2015 were eligible to cover institutions' additional own funds requirements will be grandfathered until 31 December 2021.

The capital requirements applicable to the Issuer is, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors.

In addition, the CRR and the CRD IV Directive includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their Tier 1 capital, as a percentage of their total exposure measure. The leverage ratio is expected to be maintained at a level of at least 3 per cent This

requirement will be harmonised at European Union level from 1 January 2018, until which date regulators may apply such measures as they consider appropriate.

On 23 November 2016 the European Commission proposed a reform of the CRR and the CRD IV Directive by way of a proposal (COM (2016) 850) to amend the CRR and by way of a proposal (COM(2016) 852) to amend the CRD IV Directive (together the “**CRD IV Amendment Proposal**”). The CRD IV Amendment Proposal introduces, among other things, a leverage ratio requirement of 3 per cent Common Equity Tier 1 capital, harmonised binding requirement for stable funding (the Net Stable Funding Ratio or NSFR), strengthening of the conditions for use of internal models and changes to the relevant regulator’s application of the institution specific Pillar 2 capital add-ons (referred to above as the additional own funds requirement). At the date of this Base Prospectus it is still uncertain whether and if so, to what extent, the CRD IV Amendment Proposal will impose additional capital and/or liquidity requirements on the Issuer, which in turn may affect the Issuer’s capacity to fulfil its obligations under the Notes.

Risk pertaining to regulatory capital

Any failure by the Issuer to satisfy its regulatory capital requirements, liquidity requirements and other requirements, and any further increases in such requirements, could result in regulatory intervention or sanctions or significant reputation harm, which may have a material adverse effect on the Issuer’s financial condition, results of operations and prospects, which may affect the Issuer’s ability to fulfil its obligations under the Notes.

Risk pertaining to the use of risk models

The Danish Financial Supervisory Authority has approved the Issuer’s use of internal rating-based models for the calculation of risk exposure amounts of the full-time farm portfolio as from the first quarter of 2016. Changes to these models due to, for example, amendments to national or international legislation and changes in supervisory procedures may result in higher capital adequacy requirements for the Issuer and thus a lower capital ratio.

Limitations to the liability of the Issuer

The Issuer shall be liable for damages resulting from any delay or default in performing its obligations if such delay or default is due to errors or negligence. Even in areas where a stricter statutory liability applies, the Issuer shall not be liable for losses due to: (i) the breakdown of/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below regardless of whether the Issuer itself or an external supplier is responsible for the operation of the systems; (ii) failures in the Issuer’s power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrections, civil riots, sabotage, terror or vandalism (including computer viruses and hacking); (iii) strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by the Issuer itself or its organisation and regardless of the reason for the conflict. This shall also apply where the conflict only affects part of the Issuer; (iv) other circumstances beyond the Issuer’s control. The Issuer’s exemption from liability shall not apply if: (a) the Issuer should have anticipated the factor causing the loss when the agreement or contract was concluded or (b) should have avoided or overcome the reason for the loss; or (iii) the Issuer is liable for the factor which caused the loss pursuant to current legislation.

Resolution tools and powers under the BRRD

On 15 May 2014, the European Parliament and the Council of the European Union adopted the BRRD. The BRRD, including the general bail-in tool and MREL has been implemented into Danish law with effect as of 1 June 2015 by the Danish Recovery and Resolution Act and by amendments to the Danish Financial Business Act.

The BRRD is designed to provide authorities designated by Member States with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institutions or investment firms (each, an “**institution**”) to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system.

The BRRD contains four resolution powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution’s creditors: (i) sale of business; (ii) bridge institution; (iii) asset separation; and (iv) bail-in relating to eligible liabilities (the “**general bail-in tool**”). The general bail-in tool does not apply to mortgage banks such as the Issuer.

An institution will be considered as failing or likely to fail when either: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; (ii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iii) it requires extraordinary public financial support (except in limited circumstances).

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

With the implementation in Denmark of the BRRD, Danish banks, but not mortgage banks such as the Issuer, are required to have bail in-able resources in order to fulfil the Minimum Requirement for own funds and Eligible Liabilities (“**MREL**”). In connection with the Danish implementation of BRRD, it was adopted that all Danish mortgage banks, such as the Issuer, must have a debt buffer calculated on the basis of the total unweighted lending of the individual mortgage bank. The implementation of the debt buffer is a political agreement, and the debt buffer requirement must be evaluated until 2018. If such evaluation results in a higher requirement than the agreed 2.0 per cent, it may have an impact on the Issuer’s financial position.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors.

The exercise of any power under the Danish Recovery and Resolution Act or any suggestion of such exercise could, materially adversely affect the rights of Noteholders, as applicable, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

On 23 November 2016, the European Commission, together with the CRD IV Amendment Proposal, proposed a reform of the BRRD by way of two proposals (COM(2016) 852 and COM(2016) 853) to amend the BRRD (together the “**BRRD Amendment Proposal**”). The BRRD Amendment Proposal includes, among other things, the introduction of a higher MREL requirement to take form as MREL guidance and that any shortfall of complying with the MREL requirement will automatically be filled up with Common Equity Tier 1 Capital. At the date of this Base Prospectus it is still uncertain whether and if so, to what extent, the proposed amendments will impose additional capital requirements on the Issuer, which in turn may affect the Issuer’s capacity to fulfil its obligations under the Notes. According to the BRRD Amendment Proposal, mortgage banks, such as the Issuer, are still exempt from the application of the MREL requirement.

Other risks

The Issuer is subject to extensive legal regulation in respect of its conduct as mortgage bank, and any amendments hereto may have an adverse effect on the Issuer's potential for continuing its business scope and therefore its financial position and the results of its operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of the Notes

The Notes have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Notes rank junior to unsubordinated creditors

Subject to Condition 6 (*Loss absorption following a Resolution Event*) the Notes will constitute direct and unsecured debt obligations of the Issuer, which rank as described in Condition 4 (*Status of the Notes*) and, in particular, the Notes will rank junior to present or future claims of unsubordinated creditors of the Issuer.

The Issuer may issue other unsubordinated obligations or capital instruments that rank or are expressed to rank senior 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 and its unsubordinated creditors in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes.

The BRRD Amendment Proposal contains a proposal for the introduction of non-preferred senior debt, which may affect the relative ranking of the Notes

According to the proposed changes to Article 108 as contained in the BRRD Amendment Proposal a new class of "non-preferred" senior debt ("**non-preferred senior debt**") is created for credit institutions subject to the MREL requirement. The non-preferred senior debt will, according to the BRRD Amendment Proposal, rank junior to a credit institution's most senior (preferred) ranking unsecured debt, but senior to Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital and other unsecured senior debt, which is expressed to rank junior to the non-preferred senior debt. If Article 108 is implemented in Denmark as set out in the BRRD Amendment Proposal and also made applicable for mortgage banks such as the Issuer, then obligations under any future issuance by the Issuer of such non-preferred senior debt would rank senior to the Notes and could therefore affect the relative ranking of the Notes.

Loss absorption following a Resolution Event

The Notes include a principal loss absorption feature that means that the proceeds of their issue will be available to absorb any losses of the Issuer upon the occurrence of a Resolution Event. The principal loss absorption feature is included as a contractual provision of the Notes as a result of the fact that the general bail-in tool under the BRRD as implemented in Denmark does not apply to Danish mortgage banks such as the Issuer. The principal loss absorption feature applicable to the Notes is (A) intended to have the same effect as the general bail-in tool would have to an institution to which the general bail-in tool applies and (B) included as a contractual provision in the Conditions as the Notes are intended to be (i) used to fulfil the debt buffer requirement of the Issuer pursuant to section 125i of the Danish Financial Business Act and (ii) eligible for inclusion in the Additional Loss-Absorbing Capacity of the Issuer as described by Standard & Poor's Rating Services.

Upon the occurrence of a Resolution Event, the Outstanding Principal Amounts of the Notes may be written-down permanently (in whole or in part) or the Notes may be converted (in whole or in part) into a subordinated instrument of the Issuer, all as determined by the Relevant Regulator and/or the Danish Resolution Authority, provided that all other debt instruments and other obligations of the Issuer which are expressed to rank or which rank junior to the Notes in the case of bankruptcy or liquidation of the Issuer have already fully absorbed losses of the Issuer to the extent required by the Danish Resolution Authority before any write-down or conversion of the Notes pursuant to the application of Condition 6 (*Loss absorption following a Resolution Event*)

Holders of Notes will lose all or a part of their investment as a result of (i) such a write-down to the Outstanding Principal Amounts of the Notes or (ii) such a conversion of the Notes to a subordinated instrument. Any such write-down or conversion is not a default in payment pursuant to the Conditions.

Following (i) a write-down of the Outstanding Principal Amounts of the Notes or (ii) a conversion of the Notes into a subordinated instrument of the Issuer, in either case as described above, the holders of Notes will be automatically deemed to waive irrevocably their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes so written down or converted (such amount, the “**Written Down Amount**” or the “**Converted Amount**”) or any accrued but unpaid interest on the Written Down Amount or Converted Amount.

Investors should note that any such write-down or conversion as a result of the occurrence of a Resolution Event will be irrevocable and that the holders of Notes will, following any such write-down or conversion, not be entitled (A) to any subsequent reinstatement of any Written Down Amount or any Converted Amount or (B) to receive any additional subordinated instruments or any other compensation in the event of a potential recovery of the Issuer.

The market price of the Notes is expected to be affected by the financial viability of the Issuer. Any indication that the Issuer is failing or likely to fail may have an adverse effect on the market price of the Notes.

Investors should note that, while neither a write-down of the Outstanding Principal Amounts of the Notes nor a conversion of the Notes into a subordinated instrument of the Issuer is common, the occurrence of either such event is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer.

Uncertainty in respect of the enforceability relating to the principal loss absorption feature of the Notes

The principal loss absorption feature for the Notes included in the Conditions grants broad powers and a wide discretion to the Relevant Regulator and/or the Danish Resolution Authority as to the precise scope and manner in which the loss absorption should be effected if a Resolution Event were to occur. Certain provisions of the BRRD as implemented into Danish law would apply to an application of the principal loss absorption feature. For example, according to section 49 of the Danish Recovery and Resolution Act, the Danish Resolution Authority can only exercise its powers to write-down or convert the Notes as described in Condition 6 (*Loss absorption following a Resolution Event*) to the extent that the holders of Notes do not incur greater losses than they would have incurred had the Issuer been wound up under normal insolvency proceedings. Moreover, section 125i, subsection 6 of the Danish Financial Business Act stipulates that the Danish Financial Supervisory Authority may require that the debt buffer requirement for a Danish mortgage bank be met in whole or in part with capital or debt instruments which contain a contractual provision providing for write-down or conversion. However, unlike the general bail-in tool which applies to Danish banks, but not to Danish mortgage banks such as the Issuer, there is no explicit statutory basis for the principal loss absorption feature. The broad powers and large discretion granted to the Relevant Regulator and/or the Danish Resolution Authority and the lack of statutory basis for the principal loss absorption feature mean that there is some uncertainty in respect of (i) the enforceability of the principal loss absorption feature and (ii) the precise scope and manner in which it may be effected if a Resolution Event were to occur.

The Notes are new types of instruments for which there is a limited trading history

Prior to the issue by Nykredit Realkredit A/S of senior resolution notes in June 2016 Danish issuers had not issued securities with a ranking senior to Tier 2 capital and junior to unsubordinated creditors. Accordingly, there is limited trading history for securities of Danish credit institutions with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with obligations which rank as senior resolution securities such as the Notes. The credit ratings assigned to senior resolution securities such as the Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior resolution securities such as the Notes will be lower than those expected by investors at the time of issuance of the Notes. If so, investors may incur losses in respect of their investments in the Notes.

Notes subject to redemption by the Issuer upon the occurrence of a Tax Event

Subject as provided in the Conditions, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at their Early Redemption Amount plus accrued interest thereon upon the occurrence of a Tax Event.

An early 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.

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.

Notes may be subject to redemption by the Issuer upon the occurrence of an Eligibility Event

Subject as provided in the Conditions, and if so specified in the relevant Final Terms, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at their Early Redemption Amount plus accrued interest thereon upon the occurrence of an Eligibility Event.

An early 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.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Substitution and variation of the Notes without consent from the Noteholders

If an Alignment Event, and/or an Eligibility Event and/or a Rating Methodology Event and/or a Tax Event has/have occurred and is/are continuing, the Issuer may, at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes.

Qualifying Notes are securities issued or guaranteed by the Issuer that have, *inter alia*, terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer (provided that the Issuer shall have delivered a certificate to that effect signed by two members of its

Executive Board to the Fiscal Agent). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Notes are not materially less favourable to Noteholders than the terms of the Notes.

It is expected that the credit rating of Notes by one or more credit rating agencies will be lower than the Issuer's credit rating reflecting the increased risk of loss in the event of the the Issuer's insolvency

The Notes upon issue, are expected to be rated by one or more credit rating agencies lower than the Issuer's credit rating, reflecting the increased risk of loss in the event of the Issuer's insolvency.

In addition, the rating may change in the future depending on the assessment, by one or more credit rating agencies, of the impact on the different instrument classes resulting from the changed liability structure following the issuance of the Notes.

There are no events of default and limited enforcement events

Each Series of Notes will not contain any events of default and will only contain limited enforcement events relating to:

- (i) non-payment by the Issuer of any amounts due under the relevant Series of Notes. In such circumstances, as described in more detail in Condition 11 (*Enforcement Events*) and subject as provided below, a Noteholder may institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder; and
- (ii) the liquidation or bankruptcy of the Issuer. In such circumstances, as described in more detail in Condition 11 (*Enforcement Events*), the relevant Series of Notes will become due and payable at their outstanding principal amount, together with accrued interest thereon.

Accordingly, a Noteholder under such Series of Notes may not itself file for the liquidation or bankruptcy of the Issuer.

Notes subject to optional redemption by the Issuer

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 those 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.

No right of set-off or counterclaim

Subject as provided in the Conditions and as a general principle of Danish law, no Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing

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

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

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

The Issuer may also, subject to the provisions of Condition 17 (*Modification of Notes*), make any modification to the Notes, which is not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

Because the Notes are dematerialised securities, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme will not be evidenced by any physical note or document of title other than statements of account made by VP or other securities depository through which the Notes are issued and settled. Ownership of the Notes will be recorded and transfer effected only through the book entry system and register maintained by VP or other securities depository through which the Notes are issued and settled.

Minimum trading amount of Notes

All trades in Notes shall either be in a minimum amount of EUR 100,000 or the minimum specified denomination of each Note shall be a minimum EUR 100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency). In such a case a Noteholder 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 would not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes at or in excess of EUR 100,000 such that its holding amounts to EUR 100,000 or above (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency).

Change of law

The Conditions are based on Danish law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Danish law or administrative practice after the date of issue of the Notes.

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

Notes may have no established trading market when issued, and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid and any liquidity in such market could be significantly affected by any purchase and cancellation of the Notes by the Issuer, as provided in Condition 7 (*Redemption, purchase and options*). 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market

risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) 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.

Interest rate risks

Investment in Notes with a fixed rate of interest for all or part of their tenor involves the risk that subsequent changes in market interest rates may adversely affect the value of such Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The 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. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended, reduced or withdrawn by the rating agency at any time.

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 Base Prospectus. If any rating assigned to a Series of Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of such Notes may be reduced. Furthermore, any reduction in the credit rating of the Issuer could cause a deterioration in the market's perception of the Issuer's financial resilience, which could significantly increase its borrowing costs and/or limit the Issuer's access to liquidity, thus adversely affecting the Issuer's competitive position, increase its funding costs and, hence, have an adverse effect on the Issuer's business, results, financial position of prospects.

Finally, the Issuer's credit ratings may decline if the rating of the Kingdom of Denmark declines irrespective that there is no direct connection with the Issuer's activities.

The Issuer is exposed to changing methodology by rating agencies

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing.

The Issuer may decline ratings and the Notes may be rated on a non-solicited basis

To the extent permitted by a rating agency hired by the Issuer, the Issuer may decline a rating (which may include a non-investment grade rating) assigned by the hired rating agency to the Notes, which would

typically delay the publication of that rating by such rating agency. In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the Issuer to rate the Notes may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to the Notes, there can be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The decision to decline a rating assigned by a hired rating agency, the delayed publication of such rating or the assignment of a non-solicited rating by a rating agency not hired by the Issuer could adversely affect the market value and liquidity of the Notes.

IMPORTANT INFORMATION

Notes may not be a suitable investment for all investors

Each potential investor in any 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 Base Prospectus or any applicable supplement to this Base Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 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 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.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this general description of the Programme.

Issuer:	DLR Kredit A/S
Description:	Senior Resolution Note Programme
Size:	DKK5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time
Dealers:	The Issuer may from time to time appoint dealers in respect of one or more Tranches. References in this Base Prospectus to “ Dealers ” are to all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent and Paying Agent:	DLR Kredit A/S
Issuing Agent:	DLR Kredit A/S (being authorised by VP to process and register issues in the system operated by VP).
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes	The Notes will be issued in dematerialised book entry form.
Clearing System:	VP Securities A/S or another securities depository specified in the relevant Final Terms.
Status of Notes:	Subject to Condition 6 (<i>Loss absorption following a Resolution Event</i>), the Notes will constitute direct and unsecured debt obligations of the Issuer, and shall at all times rank: <ul style="list-style-type: none">(i) <i>pari passu</i> without any preference among themselves;(ii) <i>pari passu</i> with any other obligations or instruments of the Issuer 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 of the Issuer that rank or are expressed to rank junior to the Notes, including any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital or Tier 2 Capital or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital, 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 unsubordinated creditors of the Issuer.

The Issuer reserves the right in the future to issue other notes or capital instruments which rank identical to, or different to, the Notes.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).

Maturities:

Notes may be issued having any maturity, subject to such minimum or maximum maturity as may be allowed or required from time to time by the Relevant Regulator or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

As at the date of this Base Prospectus, the Danish Financial Business Act provides that, to be eligible to fulfil the Debt Buffer Requirement, each Tranche of Notes must have an original maturity of at least two years.

Redemption:

Subject to any purchase and cancellation or early redemption the Notes will be redeemed at their Final Redemption Amount on the Maturity Date.

Specified Denomination:

Notes will be issued in such denominations as may be specified in the relevant Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that in respect of Notes either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency).

Fixed Rate Notes:

Fixed Rate Notes will bear interest at a fixed rate of interest specified in the relevant Final Terms and will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each

Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to CIBOR, EURIBOR, LIBOR, NIBOR or STIBOR as adjusted for any applicable margin,

in each case, all as specified in the relevant Final Terms.

Interest periods will be specified in the relevant Final Terms and interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Optional redemption:

The relevant Final Terms will state whether the Notes may be redeemed prior to their stated maturity at the option of the Issuer and, if so, the terms applicable to such redemption. Any such redemption shall be subject to the provisions of Condition 7(i) (*Conditions to redemption etc.*) to the extent it is applicable.

Redemption upon the occurrence of a Tax Event

Early redemption will be permitted at the option of the Issuer upon the occurrence of a Tax Event as described in Condition 7(c) (*Redemption for tax reasons*) and subject to the provisions of Condition 7(i) (*Conditions to redemption etc.*).

Redemption upon the occurrence of an Eligibility Event

If so specified in the relevant Final Terms early redemption will be permitted at the option of the Issuer upon the occurrence of an Eligibility Event as described in Condition 7(d) (*Redemption upon the occurrence of an Eligibility Event*) and subject to the provisions of Condition 7(i) (*Conditions to redemption etc.*).

Substitution and variation:

If an Alignment Event and/or an Eligibility Event and/or a Rating Methodology Event and/or a Tax Event has/have occurred and is/are continuing, the Issuer may subject to the provisions of Condition 7(i) (*Conditions to redemption etc.*), at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes.

Loss absorption following a Resolution Event

Upon the occurrence of a Resolution Event, the Outstanding Principal Amounts of the Notes may be written-down permanently (in whole or in part) or the Notes may be converted (in whole or in part) into a subordinated instrument of the Issuer, all as determined by the Relevant Regulator and/or the Danish Resolution Authority as described, and subject as provided for in Condition 6 (*Loss absorption following a*

Resolution Event).

Negative pledge

None.

Enforcement Events

There will be enforcement events relating only to non-payment (allowing a Noteholder to institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder) and the liquidation or bankruptcy of the Issuer, provided that a Noteholder may not itself file for the liquidation or bankruptcy of the Issuer.

Meetings of Noteholders and modifications:

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

The Issuer may also, subject to Condition 7(i) (*Conditions to redemption*) make any modification to the relevant Series of Notes which is not prejudicial to the interests of the holders of such Series without the consent of the holders of such Series. Any such modification shall be binding on the holders of such Series.

Ratings:

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is to be rated, the applicable rating(s) will be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Taxation:

All payments of interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall, save in certain limited circumstances provided in Condition 9 (*Taxation*), be required to pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required.

Governing law and jurisdiction:

The Conditions and the Notes shall be governed by, and construed in accordance with, Danish law and the courts of Denmark shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Conditions and the Notes.

Listing and admission to trading:

Application may be made to Nasdaq Copenhagen A/S for Notes issued under the Programme to be admitted to the official list of Nasdaq Copenhagen A/S and trading on its regulated market. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on Nasdaq Copenhagen A/S.

Selling restrictions:

For a description of restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom and Denmark, see “*Subscription and Sale*” below.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the Prospectus Directive as implemented in Denmark, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on Nasdaq Copenhagen A/S, shall constitute a supplement to this Base Prospectus as required by the Prospectus Directive as implemented in Denmark.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

- (i) the audited annual financial statements of the Issuer for the financial years ended 31 December 2015 and 31 December 2016 together, in each case, with the audit report thereon; and
- (ii) the unaudited interim financial statements of the Issuer for the first quarter ended 31 March 2017,

each of which has been previously published or is published simultaneously with this Base Prospectus. Such documents shall be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The audited annual financial statement of the Issuer for the two financial years ended 31 December 2015 and 31 December 2016, respectively, incorporated by reference herein have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and Danish disclosure requirements for issuers of listed bonds.

The audited annual financial statements of the Issuer for the financial year ended 31 December 2016 is presented and prepared in a form consistent with that which will be adopted in the Issuer's next published annual financial statements.

The table below sets out the relevant page references for (i) the audited annual financial statements of the Issuer for the financial years ended 31 December 2015 and 31 December 2016 as set out in the relevant annual report of the Issuer for such periods (respectively, the "**2015 Annual Report of the Issuer**", the "**2016 Annual Report of the Issuer**" and together, the "**Annual Reports of the Issuer**") and (ii) the unaudited interim financial statements of the Issuer for the first quarter ended 31 March 2017 as set out in the interim report of the Issuer for such period (the "**Interim Report of the Issuer**"). Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only and does not form part of this Base Prospectus.

Audited annual financial statements of the Issuer for the financial year ended 31 December 2016

2016 Annual Report of the Issuer

Management Statement	Page 77
Income Statement	Page 76
Statement of Comprehensive Income.....	Page 40
Balance Sheet.....	Page 41
Accounting Policies	Page 70
Notes	Pages 44-69
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Audited annual financial statements of the Issuer for the financial year ended 31 December 2015

2015 Annual Report of the Issuer

Management Statement	Page 71
Income Statements	Page 70
Statement of Comprehensive Income.....	Page 40
Balance Sheet.....	Page 41
Accounting Policies	Pages 43
Notes	Pages 43-66
Independent Auditor's Report	Page 73-74

Unaudited interim financial statements of the Issuer for the first quarter ended 31 March 2017

Interim Report of the Issuer

Management statement	Page 23
Income Statement.....	Page 5
Statements of Comprehensive Income	Page 10
Balance Sheet.....	Page 11
Accounting Policies	Pages 8
Notes	Pages 14-22

The 2016 Annual Report of the Issuer incorporated by reference herein can be viewed online at http://www.dlr.dk/docs/DLR_annual%20report_2016.pdf

The 2015 Annual Report of the Issuer incorporated by reference herein can be viewed online at http://www.dlr.dk/docs/DLR_aarsrapport_2015_UK.pdf

The Interim Report of the Issuer for the first quarter ended 31 March 2017 incorporated by reference herein can be viewed online at <http://dlr.dk/docs/Interim%20Report%20Q1%202017.pdf>

The Annual Reports of the Issuer and the Interim Report of the Issuer are English translations of the original reports in the Danish language. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms shall be applicable to the Notes. All capitalised terms that are not defined in the Conditions will have the meanings given to them in Part A of the relevant Final Terms. Unless the context otherwise requires, references in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

1 Introduction

- (a) **Programme:** DLR Kredit A/S, CVR no. 25781309 (the “**Issuer**”) has established a Senior Resolution Note Programme (the “**Programme**”) for the issuance of senior resolution notes (the “**Notes**”).
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche of Notes is the subject of a final terms document (the “**Final Terms**”) which completes these Terms and Conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are the Conditions as completed by the relevant Final Terms. In the event of any inconsistency between the Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. Where a particular Condition is applicable only to certain classes or to a particular Tranche or Series of Notes, “Notes” shall be construed in accordance with the relevant Condition.
- (c) **Recording of Notes in dematerialised form:** Notes issued under the Programme will be recorded electronically in dematerialised book entry form with VP Securities A/S (“**VP**” or the “**Securities Depository**” with such terms deemed to include any successor or replacement thereto), Weidekampsgade 14, DK-2300 Copenhagen S, CVR no. 21599336 in accordance with an agreement between the Issuer and VP (effective date 18 October 2005) (the Issuer in this capacity, the “**Issuing Agent**”). References herein to VP or the Securities Depository shall, wherever the context so permits, be deemed to include a reference to any additional or alternative securities depository specified in the relevant Final Terms. Settlement of the Notes may take place on the VP settlement platform, or on the TARGET2-Securities (T2S) platform, if the required conditions for T2S settlement as set out in VP’s settlement rules are fulfilled. The T2S platform provides harmonised and commoditised delivery-versus-payment settlement and corporate actions processing in central bank money.

2 Definitions

In the Conditions, in addition to the expressions defined in Condition 1 above, the following expressions have the following meanings:

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

“**Aggregate Nominal Amount**” has the meaning given in the relevant Final Terms;

“**ALAC**” means Additional Loss-Absorbing Capacity (or such similar nomenclature used by S&P from time to time);

“**Alignment Event**” means, in respect of a Series of Notes, as a result of the implementation of the Senior Ranking Amendment Legislation and/or any change in, or amendment to, the Senior Ranking Amendment Legislation and/or CRD IV and/or BRRD (including any provision of Danish law transposing or implementing BRRD) and/or the legislation relating to the Debt Buffer Requirement (as applicable), at any time after the date of issue of the last Tranche of Notes, the Issuer would be able to issue an Eligible Liability

that contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those in the Conditions;

“**Broken Amount**” has the meaning given in the relevant Final Terms;

“**BRRD**” means the Directive (2014/59/EU) of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014, as amended or replaced from time to time;

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

“**Business Centre(s)**” has the meaning given in the relevant Final Terms;

“**Calculation Agent**” means the Fiscal Agent or such other person specified in the relevant Final Terms, as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**CIBOR**” means the Copenhagen interbank offered rate;

“**Code**” has the meaning given in Condition 9(c);

“**Converted Amount**” shall have the meaning given in Condition 6(a);

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

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

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

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

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

“**Danish Companies Act**” means the Danish Companies Act (Consolidated Act no. 1089 of 14 September 2015, as amended);

“**Danish Financial Business Act**” means the Danish Financial Business Act (Consolidated Act no. 174 of 31 January 2017, as amended);

“**Danish Limitation Act**” means the Danish Limitations Act (Consolidated Act no. 1238 of 9 November 2015, as amended);

“**Danish Recovery and Resolution Act**” means the Danish Act on Restructuring and Resolution of Certain Financial Undertakings (Consolidated Act no. 333 of 31 March 2015, as amended);

“**Danish Resolution Authority**” means Finansiell Stabilitet and any successor or replacement thereto, or other authority having primary responsibility for the restructuring and resolution of the Issuer, as determined by the Issuer;

“**Danish Securities Trading Act**” means the Danish Securities Trading Act (Consolidated Act no. 251 of 21 March 2017, as amended)

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual – ISDA**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/Actual – ICMA**” is specified in the relevant Final Terms,
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date specified as such in the relevant Final Terms, or, if none is so specified, the Interest Payment Date

- (iii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365
- (iv) if “**Actual/365 (Sterling)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (v) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360
- (vi) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30

- (vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30

(viii) if “**30E/360 (ISDA)**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date (if any) or (ii) such number would be 31, in which case D₂ will be 30;

“**Debt Buffer Requirement**” means the debt buffer requirement referred to in section 125i of the Danish Financial Business Act;

“**Eligibility Event**” means, at any time, on or after the date of issue of the last Tranche of the Notes, there is a change in the regulatory treatment of the Notes (as a result of (i) a change of laws, (ii) new laws or regulations coming into effect or (iii) a change in the interpretation or administrative practice by the Relevant Regulator) that results, or will result in, their exclusion in full from eligibility for the purposes of the Debt Buffer Requirement of the Issuer and/or the MREL Requirement (if applicable) of the Issuer, provided that the Issuer satisfies the Relevant Regulator that the change in regulatory treatment of such Notes was not reasonably foreseeable at the time of their issuance;

“**Eligible Liability**” means a security that, if issued, would be eligible for the purposes of (i) the Debt Buffer Requirement of the Issuer and (ii) the MREL Requirement (if applicable) of the Issuer;

“**Enforcement Events**” has the meaning given in Condition 11;

“**EURIBOR**” means the Euro-zone interbank offered rate;

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“**Final Redemption Amount**” means, in respect of any Note, its Outstanding Principal Amount or such other amount as may be specified in, or determined in accordance with, the Conditions or the relevant Final Terms;

“**Fiscal Agent**” has the meaning given in Condition 12(a);

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Final Terms, shall mean the Fixed Coupon Amount or Broken Amount as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“**Interest Basis**” has the meaning given in the relevant Final Terms;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms;

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms, or, if none is so specified:

- (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; or
- (ii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or
- (iii) the day falling two Business Days in Copenhagen prior to the first day of such Interest Accrual Period if the Specified Currency is Danish Kroner; or
- (iv) the day falling two Business Days in Oslo prior to the first day of such Interest Accrual Period if the Specified Currency is Norwegian Kroner; or
- (v) the day falling two Business Days in Stockholm prior to the first day of such Interest Accrual Period if the Specified Currency is Swedish Kronor; or
- (vi) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling, euro, Danish Kroner, Norwegian Kroner or Swedish Kronor;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms;

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms;

“**ISDA Definitions**” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms;

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**LIBOR**” means the London interbank offered rate;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**MREL Requirement**” means the minimum requirement of eligible liabilities referred to in the BRRD and relevant implementing legislation in Denmark;

“**NIBOR**” means the Norwegian interbank offered rate;

“**Noteholder**” means the person evidenced as the owner of a Note by a book entry in the records of VP;

“**Noteholders’ Meeting**” means a Noteholders’ meeting held pursuant to Condition 14;

“**Optional Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Optional Redemption Date**” has the meaning given in the relevant Final Terms;

“**outstanding**” means, of any Series, all the Notes issued other than:

- (i) those that have been redeemed in accordance with the Conditions;
- (ii) those that have been written down permanently (in whole or in part) pursuant to Condition 6(a);
- (iii) those which have become void or in respect of which claims have become prescribed;
- (iv) those which have been purchased and cancelled as provided in the Conditions;

provided that, for the purposes of:

- (i) ascertaining the right to attend and vote at any meeting of Noteholders; and
- (ii) the determination of how many Notes are outstanding for the purposes of Conditions 13 and 15, as applicable,

those Notes that are held by, or are held on behalf of the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding;

“**Outstanding Principal Amount**” means, in respect of a Note, the outstanding principal amount of such Note as adjusted from time to time for any reduction of the principal amount of the Notes in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer,

and “**Outstanding Principal Amounts**” means the sum of the Outstanding Principal Amount of each Note;

“**Paying Agent**” has the meaning given in Condition 12(a);

“**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in a relevant Member State of the European Economic Area;

“**Qualifying Notes**” means, at any time, any securities issued or guaranteed by the Issuer that:

- (i) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Debt Buffer Requirement of the Issuer, the MREL Requirement (if applicable) of the Issuer and the

ALAC of the Issuer, in each case, to at least the same extent as the Notes prior to the relevant substitution or variation pursuant to Condition 7(h); and

- (ii) carry the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation pursuant to Condition 7(h); and
- (iii) have the same currency of payment, denomination, original principal amount and Outstanding Principal Amounts as the Notes prior to the relevant substitution or variation pursuant to Condition 7(h); and
- (iv) rank senior to, or *pari passu* with the Notes prior to the relevant substitution or variation pursuant to Condition 7(h); and
- (v) shall not at such time, following the substitution or variation pursuant to Condition 7(h), be subject to an Eligibility Event, a Rating Methodology Event and/or a Tax Event; and
- (vi) have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two members of its Executive Board to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent's specified office during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Notes pursuant to Condition 7(h), the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to Condition 7(h), the date such variation becomes effective; and
- (vii) if (A) the Notes were listed or admitted to trading on a regulated market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a regulated market or (B) the Notes were listed or admitted to trading on a recognised stock exchange other than a regulated market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a regulated market), in either case as selected by the Issuer; and
- (viii) have a solicited published rating ascribed to them or expected to be ascribed to them if the Notes had a solicited published rating from a rating agency immediately prior to such substitution or variation;

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms and subject, at all times, if any such rate is below zero, that such rate will be deemed to be zero, unless otherwise stated in the relevant Final Terms;

"Rating Methodology Event" means there is a change in, clarification to or amendment of any relevant methodology of S&P (or in the interpretation of such methodology) after the date of issue of the last Tranche of the Notes as a result of which the ALAC assigned to the Notes by S&P is, in the reasonable opinion of the Issuer, reduced in full;

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of CIBOR, the principal Danish office of four major banks in the Copenhagen inter-bank market and, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms;

"Reference Rate" means the rate specified as such in the relevant Final Terms. The Reference Rate shall be any one of LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR;

“Regulated Entity” means any entity to which BRRD, as implemented in the Kingdom of Denmark (including but not limited to the Danish Recovery and Resolution Act) and as amended or superseded from time to time, applies, which includes certain credit institutions, investment firms, and certain of their parent or holding companies;

“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 Noteholders in accordance with Condition 19;

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

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms;

“Resolution Event” means that a determination has been made by the Danish Resolution Authority that the conditions for resolution in accordance with section 4 of the Danish Recovery and Resolution Act have been satisfied;

“Senior Ranking Amendment Legislation” means a Danish piece of legislation expressly contemplating the possibility that upon the insolvency of a Regulated Entity issuer of debt securities (i) the obligations under certain unsubordinated and unsecured liabilities may rank below other unsubordinated and unsecured liabilities with higher priority ranking, or (ii) different sub-classes within the unsubordinated and unsecured liabilities class are contractually agreed;

“Specified Currency” means the currency specified as such in the relevant Final Terms, or, if none is specified, the currency in which the Notes are denominated;

“Specified Denomination(s)” has the meaning given in the relevant Final Terms;

“S&P” means Standard & Poor’s Credit Market Services Europe Limited (or any successor therefor);

“STIBOR” means the Stockholm interbank offered rate;

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“Tax Event” means:

- (i) as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of the last Tranche of the Notes, the Issuer receives an opinion of external counsel in the Kingdom of Denmark that (A) it would be required to pay additional amounts as provided in Condition 9 or (B) it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes; and
- (ii) (in the case of (i)(A) only) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

“Tier 2 Capital” means capital which is treated as Tier 2 capital (or any equivalent or successor term) under the CRD IV requirements by the Relevant Regulator for the purposes of the Issuer;

“**Written Down Amount**” shall have the meaning given in Condition 6(a); and

“**Written Procedure**” means a written procedure held pursuant to Condition 15.

3 Form, Issue Date, denomination, currency, nominal amount, trades, transferability and title

(a) **Form, Issue Date, currency, denomination, nominal amount and trades:**

- (i) The Notes are in bearer form (in Danish: *ihændelever*) and issued in uncertificated and dematerialised book entry form through the Securities Depository.
- (ii) The Issue Date for each Tranche of Notes is specified in the relevant Final Terms.
- (iii) The Notes are denominated in the Specified Currency. The Aggregate Nominal Amount for each Tranche of Notes is specified in the relevant Final Terms, as applicable. The Notes shall be registered in the Securities Depository in multiples corresponding to the Specified Denomination. The minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. It may be specified in Specified Denominations in the relevant Final Terms, that all trades in Notes as well as the initial subscription for Notes shall be in a certain minimum amount. Either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency).
- (iv) The Notes are Fixed Rate Notes, Floating Rate Notes, or a combination of any of the foregoing, depending upon the Interest Basis specified in the relevant Final Terms.

(b) **Transferability and title:**

- (i) The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes specified under “Specified Denomination(s)” in the relevant Final Terms or under laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- (ii) Legal title to the Notes will pass by electronic registration in the book entry system and register maintained by the Securities Depository in accordance with the rules and procedures of the Securities Depository from time to time. A Noteholder shall (except as otherwise required by law) be treated as the absolute owner of the Notes for all purposes and no person shall be liable for so treating such Noteholder.
- (iii) The Issuer shall, if so specified in the relevant Final Terms, to the extent permitted under applicable regulations, including section 36(3) of the Danish Executive Order no. 819 of 26 June 2013 on Book-Entry etc. of Investment Securities with a Central Securities Depository, have access on demand to static data and ownership of the Noteholders registered in the securities register as regulated in section 36(3) of said executive order.
- (iv) The Issuer may use the information referred to in Condition 3(b)(iii) only for the purposes of carrying out its duties and exercising its rights in accordance with the Conditions and shall not disclose such information to any Noteholder.

4 Status of the Notes

- (a) **Status of the Notes:** Subject to Condition 6, the Notes constitute direct and unsecured debt obligations of the Issuer, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
 - (ii) *pari passu* with any other obligations or instruments of the Issuer 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 of the Issuer that rank or are expressed to rank junior to the Notes, including any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital or Tier 2 Capital or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital, 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 unsubordinated creditors of the Issuer.
- (b) **No right of set-off or counterclaim:** No Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

The Issuer reserves the right in the future to issue other notes or capital instruments, with identical or other ranking than the Notes.

5 Interest and other calculations

(a) **Interest on Fixed Rate Notes:**

- (i) *Application:* The provisions in this Condition 5(a) on Fixed Rate Notes shall only apply if the Fixed Rate Note Provisions are specified in the relevant Final Terms, as being applicable to one or more Interest Period(s).
- (ii) *Interest on Fixed Rate Notes:* Each Fixed Rate Note bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(e).

(b) **Interest on Floating Rate Notes:**

- (i) *Application:* The provisions in this Condition 5(b) on Floating Rate Notes shall only apply if the Floating Rate Note Provisions are specified in the relevant Final Terms, as being applicable to one or more Interest Period(s).
- (ii) *Interest Payment Dates and Rate of Interest:* Each Floating Rate Note bears interest on its Outstanding Principal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(e). Such Interest Payment Date(s) is/are either specified in the relevant Final Terms, as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Final Terms, as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (iii) *Business Day Convention*: If any date referred to in the Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iv) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms, and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms, as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms;
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms or Pricing Supplement, as applicable.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified in the relevant Final Terms, as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) in the case of LIBOR, 11.00 a.m. (Brussels time) in the case of EURIBOR, 11.00 a.m. (Copenhagen time) in the case of CIBOR, 12.00 noon

(Oslo time) in the case of NIBOR or 11.00 a.m. (Stockholm time) in the case of STIBOR on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is CIBOR, the principal Danish office of each of the Reference Banks or, if the Reference Rate is NIBOR, the principal Oslo office of each of the Reference Banks or, if the Reference Rate is STIBOR, the principal Stockholm office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is CIBOR, at approximately 11.00 a.m. (Copenhagen time) or, if the Reference Rate is NIBOR, at approximately 12.00 noon (Oslo time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is CIBOR, at approximately 11.00 a.m. (Copenhagen time) or, if the Reference Rate is NIBOR, at approximately 12.00 noon (Oslo time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm time), on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is CIBOR, the Copenhagen inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market or, if the Reference Rate is STIBOR, the Stockholm inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the

offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is CIBOR, at approximately 11.00 a.m. (Copenhagen time) or, if the Reference Rate is NIBOR, at approximately 12.00 noon (Oslo time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is CIBOR, the Copenhagen inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market or, if the Reference Rate is STIBOR, the Stockholm inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (c) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (d) **Margin:**
- (i) If any Margin is specified in the relevant Final Terms, (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.
 - (ii) For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (e) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the relevant Rate of Interest, the Calculation Amount and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of

each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (f) **Determination and publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount (if any), Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the relevant Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount (if any), Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent (where the Calculation Agent is not the Fiscal Agent), the Issuer, the Paying Agent (where the Paying Agent is not the Issuer), the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information, the Issuing Agent (where the Issuing Agent is not the Issuer), and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (g) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Conditions and/or relevant Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in the Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the relevant Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount (if any), Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Copenhagen or London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Loss absorption following a Resolution Event

- (a) **Write-down or conversion:** Upon the occurrence of a Resolution Event, the Outstanding Principal Amounts of the Notes may be written down permanently (in whole or in part) or the Notes may be converted (in whole or in part) into a subordinated instrument of the Issuer, all as determined by the Relevant Regulator and/or the Danish Resolution Authority, provided that all other debt instruments and other obligations of the Issuer which are expressed to rank or which rank junior to the Notes in the case of bankruptcy or liquidation of the Issuer have already fully absorbed losses of the Issuer to the extent required by the Danish Resolution Authority before any write-down or conversion of the Notes pursuant to the application of this provision.

Following a write-down of the Outstanding Principal Amounts of the Notes or a conversion of the Notes into a subordinated instrument of the Issuer, in either case as a result of the application of this Condition 6(a) the Noteholders will be automatically deemed to waive irrevocably their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes so written down or converted (such amount, the “**Written Down Amount**” or the “**Converted Amount**”) or any accrued but unpaid interest on the Written Down Amount or Converted Amount.

The application of this Condition 6(a) is not a default in payment pursuant to the Conditions.

(b) **Effect:** A write-down or conversion as described in Condition 6(a) will take effect on the date and in the manner determined by the Relevant Regulator and/or the Danish Resolution Authority.

(c) **Notice:**

(i) Upon the occurrence of a Resolution Event or as soon as the Issuer becomes aware that a Resolution Event may or will occur; and

(ii) upon any write-down or conversion of the Notes as a result of the application of Condition 6(a) or as soon as the Issuer becomes aware that any such write-down or conversion may or will occur,

the Issuer shall promptly give notice to the Noteholders in accordance with Condition 19. Such notice will include: (A) in the case of a notice pursuant to (i) above, details of the relevant Resolution Event and (B) in the case of a notice pursuant to (ii) above, details of the relevant write-down or conversion.

7 Redemption, purchase and options

(a) **Final redemption:** Unless previously redeemed, or purchased and cancelled the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 8.

(b) **Early Redemption Amount:** The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 7(c), Condition 7(d), Condition 7(e) or Condition 7(f) shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) **Redemption for tax reasons:** Subject to the provisions of Condition 7(i), upon the occurrence of a Tax Event in relation to any Series of Notes, the Issuer may, at its option, having given no less than 30 nor more than 60 days’ notice in accordance with Condition 19 (which notice shall be irrevocable), redeem all (but not some only) of such Notes at their Early Redemption Amount, together with accrued interest (if any) thereon at any time or, if the Note is a Floating Rate Note, on an Interest Payment Date provided, however, that in the case (i)(A) of the definition of Tax Event, no such notice of redemption may be given earlier than 90 days (or, if the Note is a Floating Rate Note, a number of days which is equal to the aggregate of the number of days falling within the then current Interest Period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay the relevant additional amounts were a payment in respect of the Notes then due.

(d) **Redemption upon the occurrence of an Eligibility Event:** Subject to the provisions of Condition 7(i), and if the relevant Final Terms, specifies that this Condition 7(d) applies, then upon the occurrence of an Eligibility Event, the Issuer may, at its option, having given no less than 30 nor more than 60 days’ notice in accordance with Condition 19 (which notice shall be irrevocable), redeem all (but not some only) of the Notes at their Early Redemption Amount, together with accrued interest (if any) thereon at any time or, if this Note is a Floating Rate Note, on an Interest Payment Date.

(e) **Redemption at the option of the Issuer:** If Call Option is specified as applicable in the relevant Final Terms, the Issuer may (subject to Condition 7(i)), on giving not less than 15 nor more than 30 days’ notice in accordance with Condition 19 (which notice shall be irrevocable) (or such other notice period

as may be specified in the relevant Final Terms) redeem the Notes in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the relevant Final Terms, (which may be their Early Redemption Amount (as described in Condition 7(b) above)) together with interest accrued to the date fixed for redemption.

All Notes shall be redeemed on the date specified in such notice in accordance with this Condition.

If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount shall in no event be greater than the maximum or be less than the minimum so specified.

- (f) **Purchases:** The Issuer may at any time (but subject to Condition 7(i)) purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the Noteholder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of determining a quorum at any meeting of Noteholders or for the purposes of Condition 13 and Condition 15.
- (g) **Cancellation:** All Notes purchased by or on behalf of the Issuer may (but subject to Condition 7(i)) be cancelled by the Issuer when the Issuer holds the title to them. The Notes are cancelled in the records of the Securities Depository so that the cancelled Notes cannot be reissued or resold, and subsequently the Issuer has no obligations pertaining to the cancelled Notes. The outstanding amount of Notes will be updated in the records of the Securities Depository.
- (h) **Substitution and variation:**
 - (i) Subject to having given no less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 19) and the Fiscal Agent, if an Alignment Event and/or an Eligibility Event and/or a Rating Methodology Event and/or a Tax Event has/have occurred and is/are continuing, the Issuer may (subject to Condition 7(i)) at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes.
 - (ii) Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.
- (i) **Conditions to redemption etc. prior to the Maturity Date:** The Notes may only be redeemed, purchased, cancelled, modified, substituted or varied (as applicable) pursuant to Condition 7(c), Condition 7(d), Condition 7(e), Condition 7(f), Condition 7(g), Condition 7(h) or paragraph (ii) of Condition 17 if:
 - (i) in the case of any such variation or modification, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has, if required by applicable law at the time of such variation or modification, not objected to such variation or modification;
 - (ii) in the case of any such redemption, substitution, purchase or cancellation, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has, if required by applicable law at the time of such redemption, substitution, purchase or cancellation, consented to such redemption, substitution, purchase or cancellation (as applicable);

- (iii) in relation to redemption as a result of a Tax Event, the Issuer has notified the Noteholders in accordance with Condition 19 within the notice period specified in Condition 7(c) that such Tax Event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may; and
- (iv) in relation to redemption as a result of a Tax Event, the Issuer has delivered a certificate signed by two members of its Executive Board 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 Tax Event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may be.

8 Payments

- (a) **Principal and interest:** Payments of principal and interest in respect of the Notes will be made by transfer to an account denominated in the Specified Currency with a custody bank to the Noteholders shown in the relevant records of the Securities Depository, in accordance with and subject to the rules and regulations from time to time governing the Securities Depository.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any fiscal or other laws, regulations and directives which are applicable to such payments in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by any such laws, regulations or directives, but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment on Business Days:** If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

9 Taxation

- (a) **Gross up:** All payments of interest by or on behalf of the Issuer in respect of the Notes 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 the Kingdom of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless such 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 shall result in receipt by the Noteholders 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 with respect to any Note:
 - (i) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Denmark other than the mere holding of the Note or the receipt of interest in respect of such Note; or
 - (ii) **Claim more than 30 days after the Relevant Date:** where a claim for payment is made by the Noteholder more than 30 days after the Relevant Date, except to the extent that the relevant Noteholder would have been entitled to such additional amounts on claiming payment on or before the expiry of such period of 30 days.

- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than Denmark, references in the Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.
- (c) **FATCA:** Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereunder.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be subject to limitation under the Danish Limitation Act and shall become void unless proceedings have been commenced or the limitation period has otherwise been suspended or interrupted pursuant to the rules of the Danish Limitation Act within 10 years (in the case of principal) or three years (in the case of interest) from the date when the creditor was entitled to claim payment within the meaning of section 2 of the Danish Limitation Act.

11 Enforcement Events

The following events or circumstances (each an “**Enforcement Event**”) shall be enforcement events in relation to any Series of Notes:

- (i) Subject to Condition 6, 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 Noteholder 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 Noteholder, provided that a Noteholder may not at any time file for liquidation or bankruptcy of the Issuer. Any Noteholder 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 Amount together with interest (if any) accrued to such date.

12 Agents

- (a) **Appointment of Agents:** The Issuer will perform the tasks of the Issuing Agent, the fiscal agent (“**Fiscal Agent**”) as they are described in the Conditions and the tasks of the paying agent (“**Paying Agent**”), which is paying any amount due under the Notes in accordance with the Conditions. Unless the Calculation Agent is the Fiscal Agent, the Calculation Agent in respect of any Notes shall be specified in the relevant Final Terms.

The Issuing Agent, the Fiscal Agent, the Paying Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder

- (b) **Replacement of Agents:** The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent or the Calculation Agent and to appoint additional or other paying agents provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent (which may be the Fiscal Agent), which

is authorised to act as an account holding institution with the relevant Securities Depository and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change shall promptly be given to the Noteholders.

13 Decisions by Noteholders

(a) Powers of meetings:

- (i) A Noteholders' Meeting or a Written Procedure shall, subject to the Conditions, have power:
 - (A) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether or not those rights arise under the Notes;
 - (B) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, notes or other obligations or securities of the Issuer or any other entity;
 - (C) to assent to any modification of the Notes or the Conditions proposed by the Issuer;
 - (D) to appoint and elect a representative on behalf of the Noteholders pursuant to the Danish Securities Trading Act;
 - (E) to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise; and
 - (F) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes or the Conditions.
- (ii) the Issuer or the Fiscal Agent shall upon request provide the convening Noteholder(s) with the information available in the securities register kept by the Securities Depository in respect of the Notes in order to convene and hold the Noteholders' Meeting or a Written Procedure, as the case may be.
- (iii) Decisions to be taken by the Noteholders may be dealt with, at the option of the Issuer, at a Noteholders' Meeting or by way of a Written Procedure.
- (iv) A Noteholders' Meeting will be held in accordance with the procedure pursuant to Condition 14.
- (v) A Written Procedure will be held in accordance with the procedure pursuant to Condition 15.

(b) Attendance:

- (i) At the Noteholders' Meeting, each Noteholder must document its holdings of Notes by presenting a custody account statement from the Securities Depository or an authorised account institution evidencing that such Noteholder was registered as a Noteholder on the Business Day specified in the notice pursuant to Condition 14(a)(ii). The following may attend and speak at a Noteholders Meeting:
 - (A) Noteholders and proxies;
 - (B) any representative of the Noteholders appointed pursuant to the Danish Securities Trading Act;
 - (C) the chairman; and
 - (D) the Issuer, the Issuing Agent, the Fiscal Agent (through their respective representatives) and their respective financial and legal advisers.

- (ii) No one else may attend or speak.
- (c) **Chairman:** The chairman of the Noteholders' Meeting shall be such person as the Issuer may nominate or, if no nomination is made, the person elected by the Noteholders present at such meeting.
- (d) **Voting rights:**
 - (i) Each Noteholder holds one vote for each Note. The Issuer has no voting rights in respect of Notes held by the Issuer.
 - (ii) Only a person who is, or who has been provided with a power of attorney from a person who is, recorded as a Noteholder:
 - (A) on the date falling on the immediately preceding Business Day to the date of the Noteholders' Meeting being held, in respect of a Noteholders' Meeting; or
 - (B) on the Business Day specified in the communication pursuant to Condition 15(a), in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure.
- (e) **Percentage of Noteholders required to consent:**
 - (i) The following matters shall require the consent of Noteholders representing at least 75 per cent of the nominal amount of the Notes for the time being outstanding for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Condition 15(a):
 - (A) a change to the terms of any provision of Condition 4 and/or Condition 6;
 - (B) a reduction of the amount payable upon the redemption or repurchase of any Note pursuant to Condition 7 other than as permitted or required by the Conditions;
 - (C) a change to the interest rate or the nominal amount of the Notes (other than as permitted or required by the Conditions);
 - (D) a change to the terms dealing with the requirements for Noteholders' consent set out in this Condition 13(e)(i);
 - (E) a change of Issuer (other than as permitted or required by the Conditions), an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
 - (F) a mandatory exchange of the Notes for other securities (other than as permitted by the Conditions); and
 - (G) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Condition 11, or as otherwise permitted or required by the Conditions.
 - (ii) Any matter not covered by Condition 13(e)(i) above shall require the consent of Noteholders representing more than 50 per cent in nominal amount of the Notes for the time being outstanding for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure.
- (f) **Quorum:**

- (i) A quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50 per cent in nominal amount of the Notes for the time being outstanding in case of a matter pursuant to Condition 13(e)(i), and otherwise 20 per cent in nominal amount of the Notes for the time being outstanding:
 - (A) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (B) if in respect of a Written Procedure, reply to the request.
 - (ii) No resolution may be passed if it is clear that that resolution is likely to give certain Noteholders or others an undue advantage over other Noteholders.
- (g) Issuer's, Paying Agent's, Issuing Agent's, the Fiscal Agent's or the Calculation Agent's consent required:** Any decision which extends or increases the obligations of the Issuer, the Paying Agent, the Issuing Agent, the Fiscal Agent or the Calculation Agent or limits, reduces or extinguishes the rights or benefits of the Issuer, the Paying Agent, the Issuing Agent, the Fiscal Agent or the Calculation Agent under the Notes shall be subject to the Issuer's, the Paying Agent's, the Issuing Agent's, the Fiscal Agent's or the Calculation Agent's consent, as the case may be.
- (h) Decisions binding on all Noteholders and information to Noteholders:**
- (i) A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
 - (ii) Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be notified to the Noteholders, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer.
- (i) Minutes:** Minutes shall be made of all resolutions and proceedings at every Noteholders' Meeting or Written Procedure and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

14 Noteholders' Meeting

(a) Convening a Noteholders' Meeting:

- (i) The Issuer may at any time, and shall, if so requested by a Noteholder (or Noteholders) representing at least 10 per cent of the Outstanding Principal Amounts of the Notes convene a Noteholders' Meeting or initiate a Written Procedure. The Issuer may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Issuer that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (ii) The Issuer shall call the Noteholders by notice to each Noteholders' Meeting no later than 14 days after having received request to convene such Noteholders' Meeting from the Noteholders

containing the subject of such meeting. If the Issuer does not call the Noteholders' Meeting within the deadline, the Noteholders shall be entitled to call the Noteholders' Meeting.

(b) Notice to convene a Noteholders' Meeting: The notice pursuant to Condition 14(a) shall include the following:

- (i) time for the Noteholders' Meeting;
- (ii) place for the Noteholders' Meeting;
- (iii) agenda for the meeting (including each request for a decision by the Noteholders); and
- (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting.

Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.

(c) Venue for Noteholders' Meetings: All Noteholders' Meetings shall be held in the Copenhagen area and the Issuer shall pay expenses associated with the meeting other than travel and other expenses incurred by the Noteholders which shall be borne by each individual Noteholder.

15 Written Procedure

(a) Instigating a Written Procedure:

- (i) The Issuer may instigate a Written Procedure at any time by sending a communication to each such Person who is registered as a Noteholder on the third Business Day prior to the date on which the communication is sent.
- (ii) A communication pursuant to Condition 15(a)(i) shall include the following:
 - (A) each request for a decision by the Noteholders;
 - (B) a description of the reasons for each request;
 - (C) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (D) instructions and directions on replying to the request (including a form for such reply containing an option to vote yes or no for each request) as well as a form of power of attorney; and
 - (E) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Condition 15(a)(i)).

If the voting shall be made electronically, instructions for such voting shall be included in the communication.

(b) Decisions: When the requisite majority consents of the principal amount of the Notes outstanding pursuant to Condition 13(e) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Condition 13(e) even if the time period for replies in the Written Procedure has not yet expired.

16 Representative

No trustee, agent or representative of the Noteholders will be appointed.

17 Modification of Notes

The Issuer may make, without the consent of the Noteholders:

- (i) any modification to the Notes or the Conditions to correct a manifest error; or
- (ii) subject to Condition 7(i), any modification to the Notes or the Conditions which is not prejudicial to the interests of the Noteholders.

Subject as provided in the Conditions, no other modification may be made to the Notes or the Conditions except with the sanction of a Noteholders' Meeting or a Written Procedure or as may be required by applicable laws or a court ruling or decision by a relevant authority.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 19 as soon as practicable thereafter.

18 Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

19 Notices

Notices to the Noteholders shall be given in accordance with the procedures of the Securities Depository in force from time to time and in a manner which complies with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date it is published in accordance with the procedure of the Securities Depository.

20 Force majeure

Even in areas where a stricter statutory liability applies, neither the Issuer nor the Issuing Agent, the Paying Agent or the Calculation Agent shall be liable for losses due to:

- (i) the breakdown of or lack of access to IT systems or damage to the data of these systems which can be attributed to paragraphs (ii) to (iv) below regardless of whether the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant) itself or themselves or an external supplier is responsible for the operation of the systems;
- (ii) failures in the Issuer's, the Issuing Agent's, the Paying Agent's or the Calculation Agent's (as relevant) power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrections, civil riots, sabotage, terror or vandalism (including computer viruses and backing);
- (iii) strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant) itself or themselves or its or their organisation and regardless of the reason for the conflict and whether the conflict affects all or part of the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant); or
- (iv) other circumstances beyond the Issuer's, the Issuing Agent's, the Paying Agent's or the Calculation Agent's (as relevant) control.

If circumstances mentioned in paragraphs (i) to (iv) above occur, which make it impossible for the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent to comply with their obligations under these Conditions (to the extent they have any obligations under the Conditions), including (but not limited to) the Issuer's obligations to make payments under the Notes, these obligations will be suspended until the circumstances in question cease.

The Issuer's, the Issuing Agent's, the Paying Agent's or the Calculation Agent's exemption from liability pursuant to this Condition 20 will not apply if:

- (i) the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant) should have anticipated the factor causing the loss when the agreement was entered into or should have avoided or overcome the reason for the loss; or
- (ii) the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant) is liable for the factor causing the loss pursuant to applicable legislation.

21 Waiver and remedies

No failure to exercise, and no delay in exercising, on the part of a Noteholder, any right in the 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.

22 Governing law and jurisdiction

- (a) **Governing law:** The Conditions and the Notes are governed by, and shall be construed in accordance with, Danish law.
- (b) **Jurisdiction:** The courts of Denmark shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Conditions and the Notes.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general financing requirements including, *inter alia*, supplementary collateral requirements and to fulfil the debt buffer requirement of the Issuer pursuant to section 125i of the Danish Financial Business Act. The Issuer is, at the date of this Base Prospectus, not subject to the MREL Requirement. If and to the extent that the Issuer becomes subject to the MREL Requirement, the net proceeds from the issue of each Tranche of Notes by the Issuer will, if eligible, be used to fulfil the MREL Requirement of the Issuer.

The net proceeds from the issue of each Tranche of Notes are expected to be eligible for inclusion in the Additional Loss-Absorbing Capacity of the Issuer as described by Standard & Poor's Ratings Services.

The Notes will not qualify as regulatory capital according to CRD IV.

BUSINESS DESCRIPTION OF THE ISSUER

Background

The Issuer is a Danish mortgage bank established in 1960. The Issuer grants loans against mortgages on real property within the agricultural (including residential farms), commercial, and private cooperative housing sectors.

The Issuer established a mortgage credit business on 12 October 1960 under the name of Dansk Landbrugs Realkreditfond. The Issuer was founded by Danmarks Nationalbank (the central bank of Denmark) and the then Associations of Danish Banks and of Danish Savings banks as a result of several years of deliberations on the availability and terms of credit in the Danish agricultural sector.

The Issuer was organised as an independent foundation with an assembly of representatives as the governing body. The Issuer had its own statutory basis (Act no. 278 of 7 July 1960 on a Financing Institute for Farming and Agriculture, etc.) which limited the lending to agricultural, forestry and market garden property, etc. The Issuer had the exclusive right to provide mortgage-credit loans to agriculture in the range from 45 per cent to 70 per cent of the value of the property, based on the issuance of bonds.

This exclusivity ended 1 January 1999. As at 1 July 2000, the Issuer's statutory basis was changed to the legal framework of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, and, at the same time, the Issuer acquired a status equal to that of the other Danish mortgage banks. From then on, the Issuer's lending was no longer limited to agricultural, forestry and market garden property, etc.

Effective 1 January 2001, the Issuer was converted into a limited liability company under its present name (DLR Kredit A/S), a company founded on 1 December 2000.

After the conversion, the Issuer expanded from solely offering loans to agriculture to including also private residential rental properties, private cooperative housing properties, office and retail properties, public housing properties, manufacturing and workshop properties, community power plants and "other properties" (mainly unbuilt land). Since 2002, the Issuer has also, albeit to a limited extent, been granting loans in Greenland and, since 2009, the Faroe Islands.

Ownership and legal structure

The Issuer's registered office is situated in the City of Copenhagen, at Nyropsgade 21, DK-1780 Copenhagen V, Denmark. The legal and commercial name of the Issuer is DLR Kredit A/S. The Issuer carries on business under the secondary name, Dansk Landbrugs Realkreditfond A/S.

The Issuer is incorporated in Denmark as a limited liability company under the laws of Denmark and is registered in Denmark with the Danish Business Authority under company registration (CVR) number 25 78 13 09.

Pursuant to article 2 of the Issuer's Articles of Associations, the Issuer's object is to carry on business as a mortgage bank and other business deemed to be related to this object.

The Issuer's share capital amounts to DKK 569,964,023 divided into shares of DKK 1 each. The share capital is not divided into classes. At the date of preparation of the Base Prospectus, the Issuer holds 21,400,781 shares itself, representing 3.75 per cent of the share capital. The remaining share capital consisting of 548,563,242 shares has been fully paid up.

The Issuer's shares are primarily owned by domestic financial institutions. No shareholder holds a controlling interest. At the date of preparation of this Base Prospectus, the following shareholders have an ownership

interest of more than 5 per cent: Jyske Bank A/S, Nykredit Realkredit A/S, Sydbank A/S, Spar Nord Bank A/S and PRAS A/S.

The Issuer is not part of a group. The Issuer's shares are not admitted to trading on a regulated market, and any share transaction, that is, transfer of ownership and/or voting rights, is subject to approval by the the Issuer's Board of Directors. The Issuer primarily distributes its products (loans) through its shareholding banks, but also through other financial institutions.

The Issuer is licenced by the Danish Financial Supervisory Authority ("DFSA") to operate its business, and the DFSA supervises the Issuer on an ongoing basis.

The Issuer had total assets of DKK 155.7bn (approx. EUR 21bn) as at 31 December 2016, and the Issuer's total equity amounted to DKK 12.3bn (approx. EUR 1.6bn) as at 31 December 2016. Profit before tax for the financial year 2016 ending 31 December 2016 was DKK 1,039m (approx. EUR 140m). The Issuer had 165 full-time equivalent employees on average in 2016. The Issuer has no branch offices, as loans are distributed through the branch networks of the Issuer's owner banks.

Financial highlights

DKK millions	2016	2015
Income statement:		
Core income (mortgage credit income)	1,261	1,239
Staff costs and administrative expenses, etc.	-233	-219
Other operating costs (contribution to Resolution Fund)	-15	-6
Provision for impairments on loans and receivables, etc.	-110	-94
Core earnings	903	921
Earnings from investment portfolios (sub-funds)	136	-45
Profit before tax	1,039	875
Profit after tax	811	670
Balance sheet:		
Loans and advances	139,053	133,038
Issued bonds at fair value	142,074	134,342
Equity	12,259	12,503
Total assets	155.737	148.442
Financial ratios:		
Total capital ratio (per cent)	14.3	12.9
Tier 1 capital ratio (per cent)	14.3	12.9
Common Equity Tier 1 capital ratio (per cent)	12.7	11.5
Profit before tax as a percentage of equity	8.4	7.2

The Issuer's business activities

The Issuer is a mortgage bank operating in Denmark. In addition, the Issuer operates a mortgage lending business in Greenland and the Faeroe Islands of very limited significance.

The Issuer carries on mortgage credit business, including any kind of activities permitted pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act and other applicable legislation on mortgage banks in force at any given time.

The Issuer primarily offers mortgage financing of agricultural, forestry and market garden property, private residential rental property, private cooperative property, office and retail property and manufacturing and workshop property.

At 31 December 2016 the Issuer's loan portfolio in terms of outstanding bond debt amounted to DKK 137.7bn, of which loans to Greenland and the Faroe Islands amounted to DKK 1.8bn or 1.3 per cent of the loan portfolio. Total lending to agriculture including residential farms represented 69 per cent of the outstanding bond debt, and lending to commercial and private cooperative properties represented 31 per cent (as set out below):

The Issuer's mortgage loans at nominal value by property category as at 31 December 2016	Proportion (per cent)
Agricultural properties, incl. market garden property	62.8
Owner-occupied dwellings, incl. residential farms	5.7
Office and retail properties	15.7
Private residential rental properties	11.7
Private cooperative properties	2.1
Other properties	2.0

Capital structure

The Issuer's capital structure should provide an adequate capital surplus and thus create the foundation for running a sound mortgage-credit business that can sell bonds on competitive terms. Moreover, the capital structure should be based on having the largest possible equity given the cost of other capital components, including Additional Tier 1 capital and Tier 2 capital. The Issuer must also have sufficient surplus to ensure continual loan-to-value (LTV) compliance with respect to covered bond (SDO) loans and to meet over collateral (OC) requirements from the rating agencies and also requirements concerning the accumulation of debt buffers.

The Issuer's capital structure at 31 December 2016 is shown below:

DLR's own funds at 31 December 2016	2016 (DKKm)	2015 (DKKm)
Tier 1 capital	10,959	11,203
Share capital	570	570
Issuance premium	0	0
Non-distributable reserves	2,338	2,338
Retained earnings	7,325	7,711
Profit for the year	726	584
Tier 1 capital primary deductions:	-699	-18
Tier 1 capital after primary deductions	10,260	11,185
Additional Tier 1 capital	1,300	1,300
Tier 1 capital incl. Additional Tier 1 capital after deductions	11,560	12,485
Other deductions	0	0

Tier 1 capital incl. hybrid core capital	11,560	12,485
Tier 2 capital	0	0
Included Tier 2 capital	0	0
Own funds before deductions	11,560	12,485
Deductions in own funds	0	0
Own funds after deductions	11,560	12,485

Ratings

The Issuer is rated by the credit rating agency S&P. S&P has been established in the European Community and is registered pursuant to European Parliament and Council Regulation 1060/2009 on credit rating agencies (CRA regulation).

DLR ratings

Counterparty Credit Rating

S&P

BBB+/Stable/A-2

A rating of a security may at any time be revised, suspended, reduced or withdrawn by the assigning credit rating agency. Further, the Issuer may terminate the relationship with the credit rating agency.

Risk management

As a mortgage credit bank, the Issuer is exposed to various types of risk, such as credit risk, market risk, liquidity risk and operational risk, etc., of which credit risk is the most significant. However, the Issuer's risk of loss is contained by the Issuer's relatively simple business model and fully match-funded lending operations, guarantee and loss-mitigating concepts, limited market risk, etc.

The Issuer has elected to operate with capital resources that exceed the regulatory minimum requirement. The Issuer's capital resources combined with its annual profit, which constitute a front-line buffer against loss, should therefore be able to absorb losses on a substantial scale.

Risk management is a key feature of the Issuer's day-to-day operations. Like other mortgage banks, the Issuer is subject to the Danish Mortgage Credit Loans and Mortgage Credit Bonds, etc. Act, the Danish Financial Business Act, the Executive Order on Bonds and other Executive Orders issued pursuant to the above legislation.

The Issuer applies the specific balance principle as defined in Executive Order on Bonds to its lending activities. Applying the principle means there is a full funding match between the interest and principal payments received by the Issuer from borrowers and the Issuer's payments to bondholders.

In reality, the balance principle means the Issuer's credit business does not assume interest rate, exchange rate or liquidity risk – including prepayment risk. The Issuer's main risk is credit risk, i.e. the risk that a borrower is unable to repay a loan.

The Issuer's Board of Directors has overall responsibility for monitoring and mitigating the risk incurred by the Issuer. Based on the Issuer's business model and risk assessments, etc. the Board of Directors has determined policies and guidelines and hence limits for the risk that the Issuer may assume. Delegation of responsibility throughout the organisation is based on these policies, guidelines and limits.

The Board of Directors is regularly updated on and addresses general risk issues at Board meetings and on an ad hoc basis as the situation requires. Furthermore, a comprehensive assessment of the Issuer's risk situation is prepared and presented at least annually to the Board of Directors, who determines whether risk levels are

acceptable. The Issuer's Executive Board is regularly updated at meetings or in writing about the Issuer's risk profile and is also involved in the ongoing monitoring and management of risks more general or principle in nature within individual risk areas.

The Issuer's Board of Directors has also established a Risk Committee and an Audit Committee to address risk issues. The Audit Committee is tasked with reviewing accounting, auditing and security practices and monitoring the Issuer's internal control and risk management systems. The Risk Committee's duties include advising the Board of Directors on the Issuer's overall current and future risk profile and strategy and helping the Board of Directors ensure its risk strategy is implemented. The Risk Committee also undertakes preparatory work on key materials associated with, for example, risk assessments and with determining the Issuer's adequate own funds and solvency requirement prior to the Board of Directors undertaking its deliberations.

Credit risk

As a mortgage bank, the Issuer only grants loans against a registered mortgage on real property subject to statutory limits on loan-to-value (LTV), etc. This activity means that credit risk, arising from the risk of loss due to a borrower defaulting on payment obligations to the Issuer, constitutes the most significant share of the Issuer's aggregate risk.

Due to the chosen business model, the Issuer's credit risk is limited to and concentrated around agriculture, etc., together with commercial properties (office and retail properties, private residential rental properties, manufacturing and workshop properties, and community power plants) and cooperative housing properties, and – to a limited extent – owner-occupied dwellings in the form of residential farms and also properties on Greenland and the Faroe Isles.

The Issuer's Board of Directors has determined the Issuer's credit policies and guidelines for the granting of credit – including limits for the Executive Board's lending authorities – in order to achieve the desired level of risk. Within the set limits, internal business procedures and instructions further delegate lending authorities to the various sections/persons in the Issuer's organisation.

To identify credit risk, a detailed assessment is made of the mortgageable property and the borrower's finances. The starting point for assessing the mortgageable property is determining its market value. This is done by the Issuer's own valuation experts, who have significant local knowledge. The condition and marketability of the property, etc. are also taken into account in the valuation.

Assessing the customer's finances normally involves several years of financial statements. The assessment process takes into account both general economic factors and individual factors that may affect the loan applicant's score. Budgets are important in connection with purchases and substantial investments, including whether a reasonable financial balance can be achieved based on realistic expectations.

Credit scoring models are used for certain customer segments. Whether additional or more detailed information about the borrower is required varies from case to case and depends on the borrower's financial circumstances. The more complex and risky the case, the more detailed the investigations to ensure an adequate basis for decision-making. The Issuer's organisational set-up ensures a separation of functions between the property valuation and the credit assessment.

As well as cover in the mortgaged property and a detailed credit assessment, the Issuer has further reduced its credit risk on individual loans and its risk at portfolio level via various guarantee scheme provided by the Issuer's loan-distributing banks (the Issuer's shareholders).

At year-end 2016 just over 93 per cent of the Issuer's loan portfolio was covered by guarantee schemes. In addition, a minor share of the portfolio amounting to around DKK 0.4bn was covered by a government

guarantee. The bulk of the exposures not covered by guarantees generally have a low loan-to-value (LTV) value.

1. Risk cover – 6 per cent guarantee provision (Universal guarantee concept)

The loan-distributing bank generally provides an individual guarantee on disbursement that covers the individual loan for its entire term and covers the least secure part of the loan. The guarantee covers the outermost 6 per cent of the loan's outstanding debt. In some cases, for example when certain loans that have an extended business guarantee are remortgaged, the Issuer will require a supplementary guarantee to be posted; cf. below. The guarantee is reduced proportionally as the loan is paid down.

2. Risk cover – Loss off-set scheme

The Issuer's universal guarantee concept also encompasses an additional loss off-setting scheme in the commission payments made to the bank where each bank offsets all losses incurred by the Issuer beyond that covered by the 6 per cent guarantee provided at the loan level. Only losses on loans distributed by the particular bank are off-set in commission payments. As from 1 January 2017, the loss off-setting scheme has been expanded so losses can be off-set in commissions for up to 10 years compared to up to five years previously.

3. Risk cover – Portfolio guarantee

If losses to be offset exceed the current year's and the following nine years' commissions, the Issuer can demand that such losses be covered by drawing on the portfolio guarantee based on the 6 per cent guarantee provision on individual loans.

At year-end 2016 DKK 39.5bn, or 29 per cent, of the Issuer's loan portfolio was covered by the universal guarantee concept.

Loans granted up to 31 December 2014

Until 2014 the Issuer's portfolio was covered by two different guarantee concepts that remain active but which will be reduced as the loans are redeemed or paid down, etc.

For loans on commercial property, in other words, private residential rental property, private cooperative housing, office and retail property plus manufacturing and workshop property, the loan-distributing banks have previously provided an individual loan-loss guarantee covering the outermost and most risky part of the loan. The guarantee covered as a minimum that part of the loan that exceeded 60 per cent of the value of residential rental housing and cooperative housing property without a municipal guarantee plus that part of the loan that exceeded 35 per cent of the value of office and retail property.

For manufacturing and workshop property/other property and loans issued on the Faroe Islands and Greenland, more comprehensive guarantees were required. The guarantee amount is reduced proportionally as principal payments are made and the guarantee period generally runs for up to 16 years (potentially longer for loans with interest-only payments).

Loan-loss agreements in the commercial area for loans offered up until the end of 2014 comprise at year-end 2016 guarantees of DKK 12.3bn provided for a portfolio of DKK 29bn.

Loans on the Faroe Islands and Greenland are not covered by the universal guarantee concept and therefore still require more comprehensive guarantees.

Loans on agricultural and market garden property granted prior to 2015 were also covered by a guarantee agreement between the Issuer and its partner banks under the "cooperative agreement". This is a collective guarantee scheme for loans granted under the cooperative agreement between the Issuer and the loan-distributing banks that is invoked if the Issuer's aggregate losses on agricultural loans provided by

distributing banks exceed a pre-determined amount (the Issuer's excess) within a single calendar year. The excess is defined as 1.5 times the unweighted average of the losses in the preceding five years, though not less than 0.25 per cent of the loan portfolio covered by the agreement. The agreement covered around DKK 60bn of the loan portfolio at year-end 2016. Hence, the Issuer could potentially have to bear losses of up to roughly DKK 150m (the Issuer's excess) in 2017 (0.25 per cent of DKK 60bn).

Each bank's share of the guarantee is proportional to the share of loans it has distributed on behalf of the Issuer, with the banks' total loss limit potentially up to DKK 750m (5 x the Issuer's excess) in 2016. Losses above the Issuer's excess and the banks' total loss limit are borne solely by the Issuer.

The Issuer has, furthermore, an agreement ("cooperative agreement") allowing it to offset losses in commission payments to individual banks if loans granted for agricultural or horticultural properties via the bank result in a loss for the Issuer. Losses realised after 1 January 2017 that cannot be fully offset in commissions for a single year are carried forward and offset in commissions for the following up to nine years compared to previously up to a further four years.

Finally, loans for public housing construction are generally partly guaranteed by the Danish government or Danish municipalities.

Given both the previous guarantee schemes and the ongoing implementation of the universal guarantee concept, the Issuer's risk of loss in the above-mentioned lending areas may be characterised as manageable and limited.

Credit risk models

The Danish Financial Supervisory Authority has approved the Issuer's transition to the advanced IRB approach for its full-time agriculture portfolio as from Q1 2016. According to the provisions governing the transition to the IRB approach, the own funds should always constitute at least 80 per cent of the total minimum capital requirement as calculated in accordance with the Basel I rules.

Advanced models that can be applied to a significant share of the commercial property portfolio are currently under development.

The Issuer's IRB models are based on a statistical approach augmented with 'expert' mathematical corrections. Furthermore, a macroeconomic stress model based on the various rating models has also been developed.

The credit risk models cover the full-time agriculture loan portfolio, which accounts for around half of the Issuer's total lending. The agriculture portfolio is divided into retail (residential, hobby and part-time farms), market garden and full-time farms. Categorisation as full-time farm assumes, among other things, that one or more of the following criteria are met: (i) total agricultural holding of more than 40 ha; (ii) total livestock value of more than DKK 200,000; (3) production type fish farming; or (iv) exposure of more than DKK 2.5m.

The models the Issuer uses to estimate portfolio risk (behavioural score) comprise PD (Probability of Default) and LGD (Loss Given Default). The same structure is involved in a loan application situation, though additional components relevant to the application situation are also included. These factors are combined with the current exposure to calculate risk exposure. PD is defined as the probability of a customer defaulting on payments and being more than 45 days in arrears within the next 12 months or of an impairment provision being made against the customer's exposure. A high PD reflects a high risk on a customer, whereas a low PD reflects a low risk on a customer.

LGD indicates the Issuer's financial loss relative to exposure when a customer defaults. The model is based on the Issuer's experience of impairments and distressed properties.

The Issuer regularly monitors portfolio ratings, as credit scores are re-calculated every month. Both the Board of Directors and the Executive Board receive periodical reports on the rating systems and portfolio developments.

The Board of Directors and the Executive Board have to approve any significant changes deemed necessary to the rating systems before they are presented to the Danish Financial Supervisory Authority for approval. The Board of Directors receives a semi-annual, abridged and annotated validation report that shows how all the models have performed.

The Executive Secretariat prepares all validation reports, while Risk Management develops the models. Both report to the Executive Board and are independent of the rest of the organisation.

Liquidity risk

The risk of loss due to current liquid assets being insufficient to cover current payment obligations is limited for the Issuer. This is because the Issuer adheres to the specific balance principle whereby loan payments match the payments on issued bonds (match funding). Hence, there is a 1:1 correlation between the loan granted to the borrower and the bonds issued by the Issuer to fund the loan.

There are many advantages to this model, which ensures a funding match in terms of maturity, interest rate, currency and loan repayment. Hence, payments received by the Issuer from borrowers less an administration margin to the Issuer (risk and administration fee) perfectly match the amounts the Issuer has to pay bondholders. In general, the balance principle means the Issuer essentially only assumes a credit risk in connection with its lending activities.

As the individual borrower's dates for making interest and principal payments are pre-determined, the Issuer will – assuming due payment – receive the funds prior to or no later than concurrently with the equivalent payments falling due to bondholders. A mismatch will only occur when the frequency of the borrower's payments is higher than the Issuer's payments on the underlying bonds (for example, ARM loans). For the Issuer, this will result in a regular liquidity surplus (prepaid funds).

Loan prepayments (immediate redemptions) also give the Issuer additional liquidity, which is then invested until the amount has to be paid out to bondholders as extraordinary drawings. Like the liquidity from immediate redemptions, excess liquidity from prepaid funds is placed in secure, liquid bonds or as term deposits with banks and ring-fenced from the rest of the securities portfolio.

The Issuer's Board of Directors has determined that liquid funds must be placed in financial institutions that are subject to Danish law. The maximum deposit at any one bank may be 25 per cent of the Issuer's capital base, cf. Article 395 of the CRR, though deposits must not exceed 35 per cent of the bank's eligible capital.

Operational risk

Operational risk reflects the risk of loss resulting from unsuitable or deficient internal procedures, human error or actions, system errors, or from external events. Legal risk and model risk are also operational risks.

The Issuer's Board of Directors has therefore set policies and guidelines for operational risk and insurance coverage with the aim of reducing the Issuer's risk as much as possible.

IT constitutes a key operational risk area. The Issuer's management therefore regularly addresses IT security, including contingency planning and emergency plans, etc.

The Issuer constantly strives to minimise operational risk by, for example, establishing control procedures, authorisations, emergency procedures, back-ups, business procedures, automatic updates, contingency plans, etc. The Issuer's Compliance function also helps minimise operational risk. Moreover, various process descriptions have been produced to provide instructions for pertinent procedures and to define an area's

allocated responsibilities. These measures help ensure the Issuer complies with both external and internal requirements.

The Issuer also registers losses or potential losses attributable to operational risk. The Issuer's Executive Board is regularly updated on operational incidents, while the Issuer's Risk Committee is updated quarterly. The Issuer's Board of Directors is regularly updated on operational events that exceed a pre-determined limit and at least annually on all operational incidents that have occurred.

As the Issuer is considered a relatively "simple" business with few products and business areas, the Issuer's operational risk is estimated to be limited overall.

Board of Directors, Executive Board and other bodies

Board of Directors

Vagn Hansen (Chairman), *Managing director and CEO of Sparekassen Vendsyssel*

Chairman of the Board of Directors of Egnsinvest Holding A/S and two subsidiaries

Chairman of the Board of Directors of HN Invest Tyskland 1 A/S

Director of SparInvest Holding SE

Director of SDC A/S

Director of Spar Pantebrevsinvest A/S

Director of the Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)

Director of the Trust Corporation for the Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Forvaltningsinstituttet for Lokale Pengeinstitutter)

Lars Møller (Deputy Chairman), *Managing director of Spar Nord Bank A/S*

Chairman of the Board of Directors of BI Holding A/S (Bankinvest Group)

Chairman of the Board of Directors of BI Asset Management Fondsmæglerselskab A/S

Chairman of the Board of Directors of BI Management A/S

Director of Aktieselskabet Skelagervej 15

Claus Andersen, *Managing director and CEO of Nordjyske Bank A/S*

Chairman of the board of directors of Sæbygaard Skov A/S

Director of Bankdata

Director of the Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)

Director of Finance Denmark

Director of BI Holding A/S (Bankinvest Group)

Peter Gæmelke, *Farmer*

Chairman of Danske Spil A/S

Chairman of the foundation Løvenholmfonden (Commercial Foundation)

Chairman of NGF Nature Energy Biogas A/S

Chairman of foreningen NLP fmba

Chairman of Det Grønne Museum

Director of Kirkbi A/S

Director of Fællesfonden

Director of Nordea Liv og Pension

Director and member of the Committee of Representatives of Tryghedsgruppen smba

Director and member of the Committee of Representatives of Askov Højskole

Member of the Committee of Representatives of the Danish Central Bank (Danmarks Nationalbank)

Member of the Committee of Representatives of Sydbank A/S

Member of the Committee of Representatives of Hedeselskabet

Karen Frøsig, *Managing Director and CEO of Sydbank A/S*

Chairman of the Board of Directors of Ejendomsselskabet af 1. juni 1986 A/S

Chairman of the Board of Directors of DIBA A/S

Chairman of the Board of Directors of Bankdata

Director and Deputy Chairman of Landsdækkende Banker

Director of PRAS A/S

Director of Finance Denmark

Director of Totalkredit A/S

Director of BI Holding A/S (Bankinvest Group)

Director of Musikhuset Esbjerg, private foundation

Director of FR I af 16. september 2015 A/S

Director of Sydbank Sønderjyllands Fond

Director of Sydbank Fonden

Member of Komitéen for god Selskabsledelse

Gert R. Jonassen, *CEO of Arbejdernes Landsbank*

Chairman of the Board of Directors of AL Finans A/S

Chairman of the Board of Directors of Foreningen Bankernes EDB Central

Director and Deputy Chairman of Finanssektorens Uddannelsescenter

Director and Deputy Chairman of LR Realkredit A/S

Director of Pension Danmark Holding A/S

Director of Pension Danmark A/S

Director of PRAS A/S

Director of Landsdækkende Banker

Director of Totalkredit A/S

Managing director of Handels ApS Panoptikon

Torben Nielsen, *former Governor of Danmarks Nationalbank*

Chairman of the Board of Directors of Investeringsforeningen Sparinvest

Chairman of the Board of Directors of Eik Banki p/f

Chairman of the Board of Directors of Museum Sydøstdanmark

Chairman of the Board of Directors of Sydbank A/S

Director and Deputy Chairman of Tryg A/S

Director and Deputy Chairman of Tryg Forsikring A/S

Director of Sompension KP Livsforsikring A/S

Jan Pedersen, *Managing director and CEO of Danske Andelskassers Bank A/S*

Chairman of the board of directors of DAB Invest A/S

Chairman of the board of directors of DAB Invest 2 A/S

Director and Deputy Chairman of Sparinvest Holding SE

Director of Bankernes EDB-Central (BEC)

Director of Andelskassen Fyns Fond

Director of Andelskassen Himmerlands Fond

Director of Andelskassen Norddjurs' Fond

Director of Andelskassen Oure-Vejstrups Fond

Director of Andelskassen Sønderjyllands Fond

Director of Andelskassen Østjyllands Fond

Chairman and managing director of Villa Prisme Komplementaranpartsselskab

Lars Petersson, *Managing director and CEO of Sparekassen Sjælland-Fyn A/S*

Chairman of the Board of Directors of Spar Fyns Ejendomsselskab A/S

Chairman of the Board of Directors of Ejendomsselskabet Faaborg A/S

Chairman of the Board of Directors of Holbæk Kommunes Talentråd

Chairman of the Board of Directors of Museum Vestsjælland

Director and Deputy Chairman of Nærpension

Director and Deputy Chairman of Lokal Puljepension

Director and CEO of Sjælland Ejendomme A/S and three subsidiaries

Director of Investeringselskabet Sjælland-Fyn A/S
Director of BI Holding A/S (Bankinvest Group)
Director of Tilskudsfondens for pensionister i DLR Kredit A/S

Director of Copenhagen FinTech

Randi Holm Franke, *Program Manager*

Staff-elected director of DLR Kredit A/S

Jakob G. Hald, *Chief Agricultural Client Manager*

Staff-elected director of DKR Kredit A/S

Søren Jensen, *Legal Consultant*

Staff-elected director of DLR Kredit A/S

Own agricultural business

Agnete Kjærsgaard, *Administrative Officer*

Staff-elected director of DLR Kredit A/S

Kim Hansen, *Office Messenger*

Staff-elected director of DLR Kredit A/S

The business address of all the members of the Issuer's Board of Directors is:

DLR Kredit A/S

Nyropsgade 21

DK-1780 Copenhagen V

Denmark

Tel +45 70 10 00 00

Executive Board

Jens Kr. A. Møller, *Managing Director and CEO*

Director of Finance Denmark and the Association of Danish Mortgage Banks

Director of VP Securities A/S

Director of e-nettet A/S

Director of SEGES' Sector Board for Business Finance & Management

Director of FR I af 16. september 2015 A/S

Michael Jensen, *Managing Director*

The business address of the Executive Board is:

DLR Kredit A/S

Nyropsgade 21

DK-1780 Copenhagen V

Denmark

Tel +45 70 10 00 00

There are no potential conflicting interests between the the Issuer Board of Directors and Executive Board, between the obligations of the members of the the Issuer Board of Directors and Executive Board vis-à-vis the Issuer, and their private interests and/or other obligations.

Audit Committee

Torben Nielsen (Chairman), *professional director and former Central Bank Governor*

Claus Andersen, *Managing director and CEO*

Søren Jensen, *Legal Consultant*

Risk Committee

Lars Møller (Chairman), *Managing director*

Torben Nielsen, *professional director and former Central Bank Governor*

Jakob G. Hald, *Chief Agricultural Client Manager*

Nomination Committee

Vagn Hansen (Chairman), *Managing director and CEO*

Lars Møller (Deputy Chairman), *Managing director*

All other members of the Issuer's Board of Directors

Remuneration Committee

Vagn Hansen (Chairman), *Managing director and CEO*

Lars Møller (Deputy Chairman), *Managing director*

Søren Jensen, *Legal Consultant*

Board Practices

A series of committees have been established under the Issuer's Board of Directors. These are the:

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Committee .

Committee members are drawn from the Issuer's Board of Directors.

TAXATION

Persons considering the purchase, ownership or disposition of the Notes should consult their own tax advisers concerning the tax consequences in the light of their particular situations. No representations with respect to the tax consequences of any particular Noteholder are made hereby.

Kingdom of Denmark

The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force at the date hereof and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.

Taxation at source

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in Consolidated Act no.1164 of 6 September 2016, as amended. This will not have any impact on Noteholders who are not in a relationship whereby they control, or are controlled by, the Issuer or where the Noteholders and the Issuer is not controlled by the same group of persons.

Resident Noteholders

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains are taxable to individuals and corporate entities in accordance with the Consolidated Act no. 1283 of 25 October 2016 (as amended) on taxation of debt, debt claims and financial contracts (in Danish “*Kursgevinstloven*”) (the “**Act**”). Gains and losses on Notes issued to corporate entities are generally included in the taxable income in accordance with a mark-to-market principle (in Danish “*lagerprincippet*”), i.e. on an unrealised basis. Gains and losses on Notes issued to individuals are generally included in the taxable income on a realised basis and if the annual gains or losses do not exceed DKK2,000, the gains or losses will be exempt from taxation.

Gains and losses on Notes, which are subject to adjustments on principal or interest as set out in section 29(3) of the Act will be taxable on an annual basis in accordance with a mark-to-market principle (in Danish “*lagerprincippet*”) as further specified in the Act.

A variety of features regarding interest and principal may apply to the Notes. The applicable taxation of capital gains to corporate entities or individuals will depend on the features applicable to the Notes in question.

Pension funds and other entities governed by the Danish act on taxation of pension yield (in Danish “*Pensionsafkastbeskatningsloven*”) would, irrespective of realisation, be taxed on annual value increase or decrease of the Notes according to a mark-to-market principle (in Danish “*lagerprincippet*”) as specifically laid down in the act.

Non-Resident Noteholders

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholders are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under “Taxation at source” above. Thus, no Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under “Taxation at source” above.

This tax treatment applies solely to Noteholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a “**Participating Member State**”). However Estonia has ceased to participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation. Additional European Union Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Placing and underwriting

The Issuer has not entered into any dealer or underwriting agreement under which a third party undertakes to place Notes. In connection with an offer and placement of Notes through one or more Dealers, including where Notes are to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers, the Issuer may enter into a subscription agreement with the relevant Dealer(s) concerning that offer of Notes (a “**Subscription Agreement**”). If entered into, such Subscription Agreement is expected to provide that the Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer.

If entered into, the Subscription Agreement will provide that the Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer may agree in the Subscription Agreement to reimburse the Dealers for certain of its expenses incurred in connection with the offer of the Notes.

The Issuer may agree in the Subscription Agreement to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. If entered into, the Subscription Agreement is expected to entitle the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling restrictions

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the relevant Final Terms, in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms, in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the relevant Final Terms, in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, then in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not

made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold, and will not offer or sell, any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (ii) in relation to any Notes issued by the Issuer, it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Kingdom of Denmark

Each Dealer will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in

compliance with the Danish Securities Trading Act, Consolidation Act no. 251 of 21 March 2017 as amended and Executive Orders issued thereunder and in compliance with Executive Order no. 623 of 24 April 2015 issued pursuant to the Danish Financial Business Act to the extent applicable.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any relevant Final Terms in any country or jurisdiction where action for that purpose is required.

Each Dealer is expected to agree in the Subscription Agreement that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any relevant Final Terms and neither the Issuers nor any other Dealer shall have responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose hands this Base Prospectus or any Final Terms come are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Base Prospectus or any Final Terms or any related offering material, in each case at their own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche of Notes, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

DLR Kredit A/S

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the
DKK5,000,000,000 Senior Resolution Note Programme**

PART A – CONTRACTUAL TERMS

[Prohibition of sales to EEA retail investors

The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) no. 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. *[Include unless the Final Terms specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] (the “**Base Prospectus**”) [and the supplement[s] to the Base Prospectus dated [●][and [●]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing at, and copies may be obtained from, the Danish Financial Supervisory Authority’s website at www.finanstilsynet.dk.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

- | | | | |
|---|--------|-------------------------|---|
| 1 | [i)] | Series Number: | [●] |
| | [ii)] | Tranche Number: | [●] |
| | [iii)] | Date on which the Notes | [Not Applicable/The Notes shall be consolidated and |

	become fungible:	form a single Series with the <i>[insert amount, interest rate, maturity date and issue date of the Series]</i>
2	Specified Currency:	[●]
3	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
4	Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
5	(i) Specified Denomination(s):	[●] <p>[All trades in Notes as well as the initial subscription shall be in a minimum amount of [currency][amount]. A Noteholder who, as a result of trading such amounts, holds an amount which is less than [currency][amount] in its account with the relevant clearing system will not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes at or in excess of [currency][amount] such that its holding amounts to [currency][amount] or above.]</p> <p><i>(N.B Either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency.)</i></p>
	(ii) Calculation Amount:	[●]
6	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	<i>[Specify/Issue Date/Not Applicable]</i>
7	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
8	Interest Basis:	[[●] per cent Fixed Rate] [[specify reference rate] +/- [●] per cent Floating Rate] [●] (further particulars specified below)
9	Redemption Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at their Final Redemption Amount]
10	Change of Interest Basis:	[Not Applicable/cross refer to paragraph [14] if details are included there]
11	Call Option:	[Call Option/Not Applicable] [(see paragraph [15] below)]

- 12 [Date [Board of Directors] approval for issuance of Notes obtained: [●]
(N.B. Only relevant where Board of Directors (or similar) authorisation is required for the particular tranche of Notes)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[s] of Interest: [●] per cent per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] [and [●]] in each year, commencing on [●], up to and including the Maturity Date
- (iii) Fixed Coupon Amount: [[●] per Calculation Amount/Not Applicable]
- (iv) Broken Amount: [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (v) Day Count Fraction: [Actual/Actual – ISDA]
[Actual/Actual – ICMA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
- (vi) Determination Date: [[●] in each year/Not Applicable]
- 14 **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
(Not applicable unless different from Interest Payment Date)
- (v) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be [Screen Rate Determination/ISDA Determination]

- determined:
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
 - (ix) Screen Rate Determination:
 - Reference Rate: [[●] month] [LIBOR/EURIBOR/CIBOR/NIBOR/STIBOR]
(N.B. *The Reference Rate shall be any one of LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR*)
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
 - Reference Banks: [●]
 - (x) ISDA Definition: [●]/[2006 ISDA Definitions]
 - (xi) ISDA Determination:
 - Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - (xii) Margin(s): [+/-][●] per cent per annum
 - (xiii) Minimum Rate of Interest: [●] per cent per annum
 - (xiv) Maximum Rate of Interest: [●] per cent per annum
 - (xv) Day Count Fraction: [Actual/Actual – ISDA]
[Actual/Actual – ICMA]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

- 15 **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption [●]/[Early Redemption Amount]

	Amount:	
(iii)	If redeemable in part:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraph)</i>
a)	Maximum Redemption Amount:	[●]
b)	Minimum Redemption Amount:	[●]
(iv)	Notice period:	Minimum period: [15]/[●] days Maximum period: [30]/[●] days
16	Final Redemption Amount	[●]/[The Outstanding Principal Amount]
17	Early Redemption Amount	[●]/[The Final Redemption Amount]
18	Redemption for Eligibility Event	[Applicable/Not Applicable]
19	Substitution and variation	[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20	Form of Notes:	Uncertificated and dematerialised book entry form through [[VP]/[●]].
21	Financial centre(s) or other special provisions relating to payment dates:	[Not Applicable/[●]] <i>(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 14(vi) relates)</i>

[THIRD PARTY INFORMATION]

[●] has been extracted from [●]. the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of DLR Kredit A/S:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Nasdaq Copenhagen A/S's regulated market with effect from [●].] / [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Nasdaq Copenhagen A/S's regulated market with effect from, or from around, [●].]
- (ii) Estimate of total expenses related to admission to trading: [●]

2 RATINGS

- Ratings: [The Notes to be issued have been rated:]
[The Notes to be issued are expected to be rated:]
[Standard & Poor's Credit Market Services Europe Limited: [●]]
- Insert one (or more) of the following options, as applicable:*
- [Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").*
- [Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation"), although notification of the registration decision has not yet been provided.*
- [Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] not established in the EU and [is/are] not certified under Regulation (EC) No 1060/2009 (the "CRA Regulation") and the rating[s] [it has/they have] given to the Notes [is/are] not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.*

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below)

"Save for any fees payable to [●] (the "[Managers/Dealers]"), so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the

ordinary course of business.” *(Amend as appropriate if there are other interests)*

(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

4 **[YIELD]**

(Include for Fixed Rate Notes only)

Indication of yield: [●]

5 **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Securities depository [VP SECURITIES A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark (“VP”)/[●]

[The Issuer shall be entitled to obtain certain information from the registers maintained by VP for the purpose of performing its obligations under the issue of the Notes.]

6 **DISTRIBUTION**

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated, names of Managers: [Not Applicable/[●]]

(iii) Date of Subscription Agreement: [●]

(iv) Stabilising Manager(s) (if any): [Not Applicable/[●]]

(v) If non-syndicated, name of relevant Dealer: [Not Applicable/[●]]

(vi) U.S. Selling Restriction: Reg. S Compliance Category 2

(vii) Prohibition of sales to EEA Retail Investors: [Applicable/Not Applicable]

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark in connection with the establishment of the Programme. The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 27 April 2017. The relevant Final Terms will, if required for the issuance of the particular tranche of Notes, specify the date for approval for the relevant issuance of the particular tranche of Notes.
- (2) The relevant Final Terms will specify the estimate of total expenses related to the trading on the regulated market for the relevant Tranche of Notes.
- (3) The Issuer is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer.
- (4) There has been no significant change in the financial or trading position of the Issuer since 31 March 2017 and no material adverse change in the prospects of the Issuer since 31 December 2016.
- (5) The Issuer is unaware of any trends, uncertainties, demands, commitments or events which may reasonably be expected to significantly affect the future outlook for the Issuer for the current financial year. No events have occurred since the publication of the latest Annual Report that have a significant effect on the assessment of the Issuer's capital adequacy. This Base Prospectus does not include a separate earnings forecast.
- (6) Profit expectations or forecasts for the Issuer have not been included in this Base Prospectus due to the fact that such expectations or forecasts are not considered material to the listing of the Notes.
- (7) No material contracts have been entered into other than in the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes.
- (8) Where information in this Base Prospectus has been sourced from third parties this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (9) Each Tranche of Notes will be issued in uncertificated and dematerialised book entry form cleared through VP. The Common Code, the International Securities Identification Number (“**ISIN**”) and (where applicable) the identification number for any other relevant clearing system for each Tranche and Series of Notes will be set out in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the relevant Final Terms or in a supplement to the Base Prospectus.

The address of VP is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark. The address of any alternative clearing system will be specified in the relevant Final Terms or supplement as applicable.

- (10) The method of, and deadline for, payment and delivery of the Notes may be agreed between the Issuer and the investors in the Notes. Legal title to the Notes will exclusively be evidenced by book entries in the register of VP Securities A/S. The Notes will not be exchangeable for physical notes. Registration

and settlement of transactions in respect of the Notes will take place in accordance with the rules and procedures for the time being of VP Securities A/S.

- (11) A bridge currently exists between on the one hand each of VP, Clearstream Banking S.A. (“**Clearstream**”) and Euroclear Bank, SA / NV (“**Euroclear**”, and together with Clearstream and VP Securities A/S and referred to as the “**Securities Depositories**” and each referred to as a “**Securities Depository**”). Holders of accounts with Clearstream and/or Euroclear will be able to purchase Notes without holding an account with VP. Holders of accounts with any Securities Depository will be able to transfer Notes to account holders with any other Securities Depository in accordance with the rules and procedures for the time being of the relevant Securities Depository.
- (12) In relation to any Tranche of Fixed Rate Notes an indication of yield in respect of such Notes will be specified in the relevant Final Terms. The yield will be calculated at the issue date of the relevant Tranche on the basis of the issue price. It will not be an indication of future yield.
- (13) The issue price and the amount of the Notes will be determined, before filing of the relevant Final Terms, of each Tranche, based on the prevailing market conditions.
- (14) For so long as Notes may be issued pursuant to this Base Prospectus, physical copies and, where appropriate English translations of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer in Denmark:
 - (i) the Articles of Association of the Issuer;
 - (ii) the Articles of Incorporation of the Issuer;
 - (iii) the Annual Reports of the Issuer and the Interim Report of the Issuer;
 - (iv) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer;
 - (v) each relevant Final Terms; and
 - (vi) a copy of this Base Prospectus together with any supplements to this Base Prospectus.

The Annual Reports of the Issuer and the Interim Report of the Issuer can be viewed online at www.dlr.dk. Information contained in the above documents, other than information listed in the table on pages 29-30 in “*Documents Incorporated by Reference*”, is for information purposes only and does not form part of this Base Prospectus. This Base Prospectus is published on the website of Nasdaq Copenhagen A/S (<http://www.nasdaqomxnordic.com>).

- (15) Copies of the latest annual report of the Issuer and the latest interim financial statements (if any) of the Issuer may be obtained, at the office of the Issuer in Denmark during normal business hours, so long as any of the Notes is outstanding.
- (16) Deloitte Statsautoriseret Revisionspartnerselskab, Weidekampsgade 6, DK-2300 Copenhagen S, represented by Danish State-Authorised Public accountants Henrik Wellejus and Hans Trærup (for the financial year ended 31 December 2015) and Henrik Wellejus and Thomas Hjortkjær Petersen (for the financial year ended 31 December 2016) have audited the Issuer’s financial statements, without qualification, in accordance with International Financial Reporting Standards as adopted by the European Union for each of the financial years ended 31 December 2015 and 2016. The change in accountants was due to internal rotation in Deloitte Statsautoriseret Revisionspartnerselskab. The Issuer’s external auditor is a member of FSR – Danish Auditors.

- (17) This Base Prospectus does not refer to audited information other than that contained in the Annual Reports of the Issuer. As the Issuer publishes an audited annual report every February, the most recently audited financial information will never be more than fourteen months old.
- (18) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
- (19) The language of this Base 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.
- (20) In this Base Prospectus, references to websites are inactive textual references and are included for information purposes only. The contents of any such website shall not form part of, or be deemed to be incorporated into, this Base Prospectus.

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