

## TERMS AND CONDITIONS OF THE NOTES

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### SUMMARY OF TERMS:

Issuer: Danske Bank A/S

Total issue: DKK 23,991,500,000

Issue Date: 11 May 2009

Annual Yield: 9.265 per cent p.a.

ACPE Conversion Fee: 0.100 per cent p.a.

Issuer's Conversion Option Fee: 0.400 per cent p.a.

Conversion: Conversion Option and Obligation



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## TERMS AND CONDITIONS OF THE NOTES

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### 1. DEFINITIONS

#### 1.1 For the purpose of these Conditions, the terms below shall be defined as follows:

"ACPE Announcement Date" shall have the meaning ascribed to it in paragraph 5.5.

"ACPE Conversion Date" shall have the meaning ascribed to it in paragraph 5.1.

"ACPE Conversion Fee" shall mean a fee of 0.100 per cent p.a.

"ACPE Notice" shall have the meaning ascribed to it in paragraph 5.5.

"ACPE Reference Price" shall have the meaning ascribed to it in paragraph 5.4.

"ACPE Shares" shall have the meaning ascribed to it in paragraph 5.1.

"Actual/Actual (ICMA)" shall mean (a) where the relevant period is equal to or shorter than the Interest Period during which it falls, the actual number of days in the period divided by the product of (A) the actual number of days in such Interest Period and (B) the number of Interest Periods in any year; and (b) where the period is longer than the Interest Period, the sum of (i) the actual number of days in the period falling in the Interest Period in which it begins divided by the product of (A) the actual number of days in such Interest Period and (B) the number of Interest Periods in any year; and (ii) the actual number of days in the period falling in the next Interest Period divided by the product of (A) the actual number of days in such Interest Period and (B) the number of Interest Periods in any year.

"Alternative Coupon Payment Event" shall have the meaning ascribed to it in paragraph 5.1.

"Annual Fixed Coupon Amount" shall mean the Fixed Coupon Amount accrued on a Note in a period starting on 1 May of any year and ending on 30 April of the following year.

"Annual Yield" shall mean 9.265 per cent p.a.

"Available Free Reserves" means the amount of free reserves (consisting of the retained profit brought forward from prior fiscal years, the retained profit for the most recent fiscal year and other reserves available for distribution of dividends) as disclosed in the Issuer's most recent audited annual financial accounts approved by the general meeting of shareholders of the Issuer as reduced by any payments on the Notes or any subordinated loan capital of the Issuer ranking *pari passu* with the Notes made since the date of such accounts by reference to free reserves disclosed therein.

"Banking Day" shall mean a weekday when banks are generally open for business in Denmark.

"Capital Requirement" shall mean the higher of the Solvency Requirement and the minimum capital requirement, see section 127 of the Danish Financial Business Act.

"Conditions" shall mean these Terms and Conditions of the Notes.

"Conversion Announcement Date" shall have the meaning ascribed to it in paragraph 11.12.

"Conversion Date" shall mean the date on which Notes are converted into New Shares by registration of the resulting capital increase with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*).

"Corporate Action" shall mean distribution of dividend and any other distribution of cash or assets to shareholders of the Issuer, increase or decrease of share capital, issue of warrants on the Shares, options on the Shares, convertible bonds or other convertible instruments or other rights to subscribe or purchase Shares, split or consolidation of Shares, merger, demerger and any other corporate action involving the capital structure.

"Coupon" shall mean the Fixed Coupon Amount plus the Variable Dividend Coupon Charge.

"Danish Financial Business Act" shall mean Consolidated Act No. 897 of 4 September 2008 and any executive order issued thereunder, all as amended from time to time.



"Danish Act on State-Funded Capital Injections" shall mean Act No. 67 of 3 February 2009 and any executive order issued thereunder, all as amended from time to time.

"Denomination" shall mean DKK 0.01.

"Dividend Declared" shall mean the sum of (a) any dividend declared by the general meeting or the board of directors of the Issuer and distributed by the Issuer and (b) any dividend declared by the general meeting or the board of directors of the Issuer but scheduled to be distributed by the Issuer after the relevant VD Calculation Date, in the 12-month period preceding the relevant VD Calculation Date or, with regard to the first payment of Variable Dividend Coupon Charge, since 1 October 2010, in DKK or, if in another currency, the DKK equivalent of such dividend calculated on the date the dividend was declared.

"DKK" shall mean Danish kroner.

"Early Redemption Amount" shall equal the product of the following formula:

$$\text{Denomination} + \sum CF_{nEx} \times (1 + \text{Effective Annual Yield})^{(T^r - T^n)} - \sum CF_n \times (1 + \text{Effective Annual Yield})^{(T^r - T^n)} + \text{Accrued Interest}$$

Where

Accrued Interest = Fixed Coupon accrued on a Note from the latest Fixed Coupon Payment Date until  $T^r$

$T^r$  = the Redemption Date

$T^0$  = the Issue Date

$T^n$  = the date of relevant  $CF_n$  or  $CF_{nEx}$

$CF_{nEx}$  = Fixed Coupon Amounts the Noteholder would have expected to receive since the Issue Date on a Note assuming all Fixed Coupon Amounts had been paid in full on each Fixed Coupon Payment Date with  $CF_{1Ex}$  being the first such payment,  $CF_{2Ex}$  being the second and so forth.

$CF_n$  = Actual payments of Coupon which have been received since the Issue Date on a Note with  $CF_1$  being the first such payment,  $CF_2$  being the second and so forth.

Periods between dates (such as  $T^r - T^0$  or  $T^r - T^n$ ) expressed in the formula above shall be calculated based on Actual/Actual (ICMA).

"Effective Annual Yield" means the sum of the Annual Yield, ACPE Conversion Fee and Issuer's Conversion Option Fee (if applicable).

"Fixed Coupon" means  $\left(\left(\sqrt{1 + \text{Effective Annual Yield}}\right) - 1\right) \times 2 \times 100$  per cent p.a.

"Fixed Coupon Amount" shall have the meaning ascribed to it in paragraph 4.1.

"Fixed Coupon Payment Date" means 1 May or 1 November of any year.

"Group" shall have the meaning ascribed to it in section 5(1)(9) of the Danish Financial Business Act.

"Hybrid Tier 1 Capital" shall mean subordinated loan capital that meets the requirements in section 132 of the Danish Financial Business Act.

"Hybrid Tier 1 Capital Ratio" shall mean the Issuer's Hybrid Tier 1 Capital at any time relative to the Issuer's Tier 1 Capital (as calculated in accordance with Section 129(2) of the Danish Financial Business Act) at any time.

"Initial Hybrid Tier 1 Capital Ratio" shall mean the Issuer's Initial Hybrid Tier 1 Capital relative to the Issuer's Tier 1 Capital (as calculated in accordance with Section 129(2) of the Danish Financial Business Act) at any time.

"Initial Hybrid Tier 1 Capital" shall mean the Issuer's Hybrid Tier 1 Capital on the Issue Date (immediately post issue of the Notes) as subsequently redeemed or otherwise decreased unless replaced by new Hybrid Tier 1 Capital; provided, however, that the amount of the Issuer's Hybrid Tier 1 Capital for the purpose of calculating the Issuer's Initial Hybrid Tier 1 Capital cannot exceed the amount of the Issuer's Hybrid Tier 1 Capital on the Issue Date using prevailing currency rates (immediately post issue of the Notes). Issuer's Initial Hybrid Tier 1 Capital shall for all calculation purposes be determined using prevailing currency rates as of the relevant date for the calculation of the Initial Hybrid Tier 1 Capital. A list of the Issuer's Hybrid Tier 1 Capital in place at the Issue Date is attached as Appendix 1.

"Interest Period" means each period beginning on (and including) the Issue Date or any Fixed Coupon Payment Date and ending on (but excluding) the next Fixed Coupon Payment Date.

"Issue Date" shall mean 11 May 2009.

"Issuer" shall mean Danske Bank A/S, Central Business Register (CVR) no. 61126228, Holmens Kanal 2, DK-1092 Copenhagen K, Denmark.

"Issuer's Conversion Option" shall have the meaning ascribed to it in paragraph 11.1.

"Issuer's Conversion Option Fee" shall mean a fee of 0.400 per cent p.a. payable for the duration of the Issuer's Conversion Option Period.

"Issuer's Conversion Option Period" shall have the meaning ascribed to it in paragraph 11.1.

"Loan above Market Capitalisation" shall mean the product of the Number of Notes multiplied by the Denomination divided by the Market Capitalisation.

"Market Capitalisation" shall mean DKK 43,305,000,000 adjusted for any net cash proceeds from the subscription of new Shares in the Issuer made since the Issue Date.

"New Shares" shall have the meaning ascribed to it in paragraph 11.4.

"Note" and "Notes" shall have the meaning ascribed to such terms in paragraph 2.1.

"Noteholder" shall mean any person registered as holder of Note(s) evidenced as such by book entry in the records of VP.

"Notice of Conversion" shall have the meaning ascribed to it in paragraph 11.12.

"Number of Notes" shall mean the number of Notes outstanding at any given time.

"Optional Redemption Date" shall mean 11 April 2014.

"Original Number of Notes" means 2,399,150,000,000 Notes of DKK 0.01 each.

"Price Sensitive Information" shall mean information about (i) the Issuer, including the Issuer's and the Issuer's Group's business, assets, liabilities, condition (financial or otherwise), results and operations, (ii) the Shares, or (iii) market conditions relating to the Shares, which information ((i)-(iii)), alone or in combination with other information, has or would reasonably be expected to have, alone or in the aggregate, an influence on the price of the Shares or which a rational investor would reasonably



be expected to take into consideration when assessing the value of the Shares, provided, however, that information about the mere intention to and the mere decision to exercise the Issuer's Conversion Option shall not constitute Price Sensitive Information for the purposes of these Conditions, but that, for the avoidance of doubt, any matter (including the incurrence of a loss) giving rise to the exercise of the Issuer's Conversion Option may be deemed Price Sensitive Information. The Issuer is in possession of Price Sensitive Information if any member of the board of directors, any executive officer or any other key employee is in possession of such Price Sensitive Information.

"Redemption Date" means the date on which a Note(s) is/are redeemed in accordance with paragraph 8.

"Reference Price" shall have the meaning ascribed to it in paragraph 11.6.

"Settlement Date" shall mean the date on which (as the case may be) Notes or Coupon are converted into New Shares or ACPE Shares in the register of VP and New Shares or ACPE Shares (as the case may be) are deposited on VP accounts of the Noteholder(s) against deletion of the Notes converted or cancelling of Coupon.

"Shares" shall mean shares issued by the Issuer.

"Solvency Requirement" shall mean the higher of (i) the solvency requirement, see section 124(2) of the Financial Business Act and (ii) an individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124(5) of the Danish Financial Business Act.

"Stock Exchange" shall mean Nasdaq OMX Copenhagen A/S, Central Business Register (CVR) no. 19042677, or another regulated market within the European Union or the European Economic Area.

"Subordinated Loan Capital" shall mean capital that meets the requirements in section 136 of the Danish Financial Business Act and any other loan capital designated as subordinated to all other non-subordinated loan capital.

"Taxes" shall mean all existing and future Danish direct and indirect taxes, duties, charges, withholdings, etc. and all types of restrictions or conditions resulting in taxes in Denmark.



"Term of the Loan" shall mean the period from the Issue Date until the time when all amounts due under the Notes, including Coupon and costs, are fully repaid or no longer due.

"Tier 1 Capital" shall mean tier 1 capital (*kernekapital*) as defined in section 5(7)(4) of the Danish Financial Business Act.

"Tier 1 Capital Ratio" shall mean Tier 1 Capital as a percentage of risk-weighted assets calculated according to the principles specified in the Danish Financial Supervisory Authority's reporting form for assessment of capital adequacy, CS01, item 4 (*Kernekapital (inkl. hybrid kernekapital) efter fradrag i procent af vægtede poster*).

"Trading Day" means a day where the Stock Exchange is open for trading.

"Variable Dividend Coupon Charge" shall have the meaning ascribed to it in paragraph 4.3.

"VD Calculation Date" shall have the meaning ascribed to it in paragraph 4.4.

"Volume Weighted Average Price" shall mean in respect of the Shares the volume-weighted average price published by or derived from the price displayed under the heading "Bloomberg VWAP" on Bloomberg page DANSKE DC <equity> VAP (or any successor page) in respect of the period from 9 a.m. CET on the first day of the relevant calculation period to 5 p.m. CET on the last day of the relevant calculation period.

"VP" shall mean VP Securities A/S (Værdipapircentralen A/S), Central Business Register (CVR) no. 21599336.

- 1.2 For the purpose of these Conditions, all terms defined in the singular shall have the same meaning in the plural and vice-versa. All indefinite nouns shall have the same meaning in the definite form, and all references to paragraphs and appendices shall be references to paragraphs and appendices of these Conditions.

## 2. FORM, DENOMINATION AND TITLE

- 2.1 The Notes. The Issuer shall issue 2,399,150,000,000 notes (*kapitalbeviser*) (each a "Note" and collectively the "Notes") of nominal DKK 0.01 each, in total DKK 23,991,500,000 under these Conditions.

2.2 Registration in VP. The Notes shall be in dematerialised form and issued through VP. Title to the Notes will pass by registration in the VP register between the direct or indirect account holders at VP in accordance with the rules and procedures of VP from time to time. The Noteholder will be the person evidenced as such by a book entry in the records of the VP register. Where a nominee is so evidenced, it shall be treated by the Issuer as the Noteholder of the relevant Note. The person or nominee evidenced as a Noteholder shall be treated as such for the purposes of payment of principal or Coupon on such Note.

2.3 Negotiability. The Notes shall be freely transferable.

### 3. STATUS

3.1 Ranking. The Notes shall constitute Hybrid Tier 1 Capital of the Issuer. The Notes shall rank *pari passu* with any other Hybrid Tier 1 Capital of the Issuer and with any capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital of the Issuer. The Notes shall rank senior to the Issuer's share capital and debt expressed to be subordinate to Hybrid Tier 1 Capital, including in relation to the right to receive periodic payments and the right to receive dividend in case of the Issuer's bankruptcy or liquidation.

3.2 Subordination. The Notes shall be subordinate to all non-subordinated debt of the Issuer and all debt ranking as Subordinated Loan Capital of the Issuer.

### 4. INTEREST PROVISIONS

4.1 Fixed Coupon Amount. The Issuer shall pay a fixed coupon amount per Note ("Fixed Coupon Amount") as follows:

- (a) DKK 0.000450961952751925 per Note on 1 November 2009 (short first coupon);
- (b) With regard to the period from 1 November 2009, Fixed Coupon shall be payable semi-annually on each of the Fixed Coupon Payment Dates, the first time being on 1 May 2010.

4.2 Calculation of Fixed Coupon. The Fixed Coupon Amount for any period for which a Fixed Coupon Amount is not specified shall be calculated based on Actual/Actual (ICMA) by multiplying the Fixed Coupon by the Denomination.



4.3 Variable Dividend Coupon Charge. In addition to the Fixed Coupon Amount, the Issuer shall pay a variable dividend coupon charge per Note ("Variable Dividend Coupon Charge") calculated as the higher of:

- (i) DKK 0, and
- (ii)  $((\text{Dividend Declared} \times 1.25 \times \text{Loan above Market Capitalisation}) / \text{Number of Notes}) - \text{Annual Fixed Coupon Amount}.$

4.4 Calculation of the Variable Dividend Coupon Charge. The Variable Dividend Coupon Charge shall be calculated five Banking Days prior to 1 May of every year ("VD Calculation Date"). In the event that the Issuer shall declare a dividend at a later date in April of that year such date shall be deemed to be the VD Calculation Date. The Variable Dividend Coupon Charge shall become payable on 1 May of every year, the first time being 1 May 2012 on the basis of the period starting on 1 October 2010 and ending on the VD Calculation Date in 2012.

## 5. ALTERNATIVE COUPON PAYMENT

5.1 Alternative Coupon Payment Event. If, following the making of any Coupon payment or part thereof the Issuer would have a solvency (*solvens*) of less than 110% of the Solvency Requirement ("Alternative Coupon Payment Event") on any Fixed Coupon Payment Date the payment of the relevant Coupon or part thereof shall be settled by way of issue of new Shares or delivery of existing own Shares ("ACPE Shares") to the Noteholder(s) pro rata with their holding of Notes on the relevant Fixed Coupon Payment Date or such later date as may be required in accordance with paragraph 11.6.2 ("ACPE Conversion Date"). The Coupon shall be converted into ACPE Shares on the ACPE Conversion Date by registration of the resulting capital increase with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*).

5.2 Pari Passu Shares. The ACPE Shares shall carry the same rights as the Issuer's existing Shares on the ACPE Conversion Date and shall be listed on the Stock Exchange. The ACPE Shares shall be negotiable instruments and shall be freely transferable. The ACPE Shares shall carry dividend as from the time of registration with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) as the Issuer's Shares on the ACPE Conversion Date.

5.3 Implementation of issue of ACPE Shares. The issue of ACPE Shares shall be implemented by way of an issue of ACPE Shares pro rata to the Noteholder(s)' holding



of Notes on all accounts with VP in accordance with the from time to time standard procedures of VP. In exchange for the valid issue of ACPE Shares the Noteholder(s) will after the ACPE Conversion Date cease to have any claim in respect of the Coupon converted into ACPE Shares. The Noteholder(s) shall be obliged to subscribe for the ACPE Shares if and to the extent required under applicable law.

- 5.4 Number of ACPE Shares. The Coupon to be converted due to an Alternative Coupon Payment Event shall be converted into a number of ACPE Shares in accordance with the following formula:

ACPE Shares = Coupon (on all of the Notes) to be converted at the ACPE Conversion Date divided by the ACPE Reference Price.

"ACPE Reference Price" is defined as the price calculated in accordance with paragraph 11.6.2 and 11.6.3 (if applicable). Paragraph 11.5, 11.7, 11.9, 11.10, 11.13 and 11.14 shall apply *mutatis mutandis* with regard to an Alternative Coupon Payment Event and the issue of the ACPE Shares.

- 5.5 Notice of Alternative Coupon Payment Event. In the event of an Alternative Coupon Payment Event as set out in paragraph 5.1 the Issuer shall give a notice (the "ACPE Notice") to the Noteholder(s) and the public to this effect, in accordance with the rules of VP, the rules of the Stock Exchange and applicable law, no less than 3 Trading Days and no more than 5 Trading Days prior to the ACPE Conversion Date subject always to the application of paragraph 11.6.2 (the "ACPE Announcement Date"). The ACPE Notice shall be unconditional and irrevocable and shall be in the form attached as Appendix 2. The ACPE Notice shall be given prior to the opening of the Stock Exchange on the ACPE Announcement Date. No later than on the ACPE Conversion Date and prior to conversion of the Coupon, the Issuer shall give a notice to the Noteholder(s) and the public of the ACPE Reference Price in accordance with the rules of VP, the rules of the Stock Exchange and applicable law.

## 6. COUPON CANCELLATION

- 6.1 Non-payment of Coupon (cancellation event). In the event that the Issuer on any Fixed Coupon Payment Date:

- (i) Does not have Available Free Reserves; or
- (ii) Does not satisfy the Capital Requirement;

the Coupon shall be cancelled and shall not fall due.

The Danish Financial Supervisory Authority may require that a Coupon be cancelled and not fall due, when the Danish Financial Supervisory Authority in its sole discretion assesses that the Issuer does not satisfy the Capital Requirement before or following the payment of such Coupon, or assesses that the payment of the Coupon would have an adverse effect on the Issuer's financial position which would result in the Issuer being unlikely to meet its Capital Requirement.

6.2 Non-payment of Coupon (reduction event). Subject to paragraph 6.1, if the Coupon payable on the Notes on any Fixed Coupon Payment Date either:

- (i) Exceeds the amount of Available Free Reserves; or
- (ii) The Issuer prior to or following payment of such Coupon will not satisfy the Capital Requirement;

the Coupon on the Notes on the relevant date will be reduced to an amount equal to with regard to (i) the Available Free Reserves or with regard to (ii) the greatest amount following the payment of which the Issuer will continue to satisfy the Capital Requirement.

In the event that less than the full payment of a Coupon is to be made, the amount to be paid on any Note shall represent a pro rata share of the full amount available for payment calculated by reference to the Denomination as a proportion of the sum of the Denomination multiplied by the Number of Notes and the total outstanding principal amount of any *pari passu* ranking capital instruments.

6.3 Cancellation of non-paid Coupon. Any Coupon payment which has not been made (in whole or in part) with reference to paragraph 6.1 and 6.2 shall be cancelled and no request for payment may subsequently be made.

6.4 Accrual of Coupon. Accrual of Coupon will cease with effect from in respect of paragraph 6.1(i) or 6.2(i) the date of approval by the general meeting of shareholders of the Issuer of the relevant annual audited accounts disclosing that the Issuer does not have sufficient Available Free Reserves or in respect of paragraph 6.1(ii) or 6.2(ii) the date on which the Issuer fails to satisfy the Capital Requirement. Where Coupon has ceased to accrue accrual of Coupon will recommence in respect of paragraph 6.1(i) or 6.2(i) from the date of the general meeting of shareholders' approval of audited annual accounts disclosing that the Issuer has Available Free Reserves or in respect of paragraph 6.1(ii) or 6.2(ii) the date on which the Issuer next satisfies the Capital Requirement.



- 6.5 Notice. The Issuer shall give notice to the Noteholder(s) as soon as possible following the occurrence of an event implying that non-payment, in whole or in part, of Coupon under this paragraph 6 may arise.

7. REDUCTION OF PRINCIPAL AND UNPAID COUPON

- 7.1 Reduction of Outstanding Principal and Coupon. The Issuer may in accordance with section 132 of the Danish Financial Business Act, by a resolution passed at a general meeting of its shareholders duly convened in accordance with Danish law and the Issuer's Articles of Association, resolve to reduce and cancel (in whole or in part) the Notes, any due but unpaid Coupon and any Coupon accrued on the Notes since the last Fixed Coupon Payment Date or VD Calculation Date, on a pro rata basis with any *pari passu* ranking capital instruments outstanding, upon the occurrence of all of the following circumstances:

- (a) The equity capital of the Issuer has been lost;
- (b) A general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's Articles of Association to reduce the share capital of the Issuer to zero; and
- (c) Following the resolution referred to in (b) above either: (A) sufficient new share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction and cancellation of the Notes, to comply with the Capital Requirement, or (B) the Issuer discontinues its business without a loss to its non-subordinated creditors.

- 7.2 Prior Approvals and Notice. The amount of any reduction pursuant to paragraph 7.1 shall be subject to the prior approval of the Issuer's elected external auditors and the Danish Financial Supervisory Authority. The Issuer shall give notice to the Noteholder(s) of the reduction and cancellation immediately following the passing of the resolution, cf. paragraph 7.1 above.

- 7.3 Effect. The Notes to be reduced and cancelled pursuant to paragraph 7.1 shall be selected in accordance with the from time to time standard procedures of VP and will take effect on the date specified in the resolution approving any such reduction and cancellation. The Noteholder(s) will thereafter cease to have any claim in respect of any Notes to be reduced and cancelled. To the extent that only part of the Notes has been reduced and cancelled, Coupon will continue to accrue in accordance with the terms hereof on the remaining Notes.



8. REDEMPTION OF NOTES

8.1 No maturity. The Notes are perpetual and shall not fall due, neither in whole nor in part, at any fixed date. No demand may be made for redemption, in whole or in part, of the Notes, unless expressly specified in these Conditions.

8.2 Non-redemption. The Notes shall be non-callable until the Optional Redemption Date.

8.3 Redemption at the option of the Issuer. The Issuer may, subject to the written consent of the Danish Financial Supervisory Authority, redeem all or part of the Notes, with the addition of accrued and due but unpaid Coupon, on or after the Optional Redemption Date. If the Notes are redeemed before the first day of the sixth year from the Issue Date, redemption shall, however, be subject to the following conditions being met on the Redemption Date:

- (a) The Issuer's Tier 1 Capital Ratio shall be at least 12 per cent following such redemption; or
- (b) The total sum of the Denomination of the Notes to be redeemed has been replaced by other Tier 1 Capital of at least the same quality as the Notes.

8.4 Redemption price in the fifth year from the Issue Date. The Issuer may redeem all or part of the Notes, with the addition of any accrued and due but unpaid Coupon, on or after the Optional Redemption Date but prior to the first day of the sixth year from the Issue Date, at a price per Note which is the higher of:

- (a) The Denomination; or
- (b) The Early Redemption Amount;

plus

- (i) In respect of (a) above, Fixed Coupon accrued on the Denomination from the latest Fixed Coupon Payment Date until the Redemption Date; plus
- (ii) In respect of both (a) and (b) above, Variable Dividend Coupon Charge accrued from the latest VD Calculation Date until the Redemption Date.

8.5 Redemption price in the sixth year from the Issue Date. The Issuer may redeem all or part of the Notes, with the addition of any accrued and due but unpaid Coupon on the

Denomination, on or after the first day of the sixth year from the Issue Date but prior to the first day of the seventh year from the Issue Date, at a price per Note of:

- (a) 105 per cent of the Denomination; plus
- (b) In the event of a cancellation pursuant to paragraph 6.3 has occurred at any time since the Issue Date up and until the Redemption Date, 5 per cent of the Denomination; plus
- (c) Fixed Coupon accrued on the Denomination from the latest Fixed Coupon Payment Date until the Redemption Date; plus
- (d) Variable Dividend Coupon Charge accrued on the Denomination from the latest VD Calculation Date until the Redemption Date.

8.6 Redemption price in or after the seventh year from Issue Date. The Issuer may redeem all or part of the Notes, with the addition of any accrued and due but unpaid Coupon on the Denomination, on or after the first day of the seventh year from the Issue Date, at a price per Note of:

- (a) 110 per cent of the Denomination; plus
- (b) Fixed Coupon accrued on the Denomination from the latest Fixed Coupon Payment Date until the Redemption Date; plus
- (c) Variable Dividend Coupon Charge accrued on the Denomination from the latest VD Calculation Date until the Redemption Date.

8.7 Partial redemption. The Issuer may only redeem the Notes in part subject to the following conditions:

- (a) The Issuer may redeem the Notes by no more than three redemption calls before the Notes are redeemed in full (with the addition of accrued and due but unpaid Coupon).
- (b) Any partial redemption shall comprise at least 20 per cent of the Original Number of Notes per call.

- (c) At least 30 per cent of the Original Number of Notes shall remain outstanding following a partial redemption.
- (d) The Notes to be redeemed shall be selected in accordance with the from time to time standard procedures of VP.
- (e) Any redemption shall be subject to the prior written consent of the Danish Financial Supervisory Authority.

8.8 Redemption (capital and tax event). Notwithstanding paragraph 8.2 and 8.7, if on or after the first day of the fourth year from the Issue Date the Notes (a) due to statutory amendments no longer fully can be included in the Issuer's Hybrid Tier 1 Capital or (b) if the Issuer no longer will be entitled to deduct Coupon (in whole or in part) for tax purposes, the Issuer may, subject to the prior written consent of the Danish Financial Supervisory Authority, redeem such part of the Notes, with the addition of any accrued and due but unpaid Coupon, which (as the case may be) fail to qualify as Hybrid Tier 1 Capital or for which Coupon no longer can be deducted for tax purposes. The price payable in respect of such redemption shall be the price determined in accordance with paragraph 8.4 to 8.6, paragraph 8.4 applying as from the first day of the fourth year from the Issue Date.

8.9 Notice. The Issuer shall give notice to the Noteholder(s) of its intent to exercise its rights under this paragraph 8 no later than 15 days and no more than 60 days before redemption may take place.

## 9. PAYMENTS

9.1 Currency. All payments under these Conditions shall be made in DKK.

9.2 Time. Payments of the Fixed Coupon shall be made semi-annually on each of the Fixed Coupon Payment Dates of each year. Payments of the Variable Dividend Coupon Charge shall be made annually on 1 May of each year starting on 1 May 2012. Any payment by the Issuer under these Conditions shall be made not later than on the due date of the relevant payment through VP, and shall be available to the Noteholder(s) on such date.

9.3 Principal and Coupon. Payments of principal and Coupon in respect of Notes shall be made to the Noteholder(s) shown in the relevant records of VP in accordance with and



subject to the rules and regulations from time to time governing VP and as set out in paragraph 2.2.

- 9.4 Non-Banking Day. If a Fixed Coupon Payment Date falls on a day which is not a Banking Day, payment of Coupon shall be postponed to the following Banking Day without the Noteholder(s) being entitled to any further interest or other payment in respect of any such delay.
- 9.5 No withholding. All the Issuer's payments under these Conditions shall be made without any right of set-off and without any right to deduct Taxes. If the Issuer pays an amount from which Taxes are to be deducted, such amount shall be increased to ensure that the Noteholder(s) receive a net amount corresponding to the amount they would have received had such Taxes not been deducted.
- 9.6 Expenses. The Issuer shall pay all expenses incurred by the Noteholder(s) in connection with any breach of these Conditions.
10. OBLIGATIONS OF THE ISSUER
- 10.1 Obligations of the Issuer. The Issuer shall fulfil all obligations stipulated in this paragraph 10.1 as from the Issue Date and throughout the Term of the Loan; provided, however, that paragraphs 10.1.2, 10.1.5, 10.1.6 and 10.1.7 shall terminate upon the expiry of the Issuer's Conversion Option Period.
- 10.1.1 Capital reductions and own Shares. The Issuer shall not (i) effect any capital reductions except to cover losses or to carry out reductions pursuant to paragraph 7.1, or (ii) purchase own Shares, including initiating new share buy back programs, if such purchase will constitute a violation of the Act on State-funded Capital Injections. The Issuer may not sell own Shares on terms and conditions that are more burdensome for the Issuer than market terms unless it is necessary to do so in order to honour the Issuer's employee stock option programs.
- 10.1.2 Issue of share options etc. The Issuer may not issue share options, warrants, convertible debt instruments or similar instruments on terms that are less favourable to the Issuer than market terms, unless such issue is part of a general employee scheme.
- 10.1.3 Dividends and redemption of subordinated debt. The Issuer may not at any time pay dividend, repay or buy back any debt that is subordinated to the Notes or purports to

rank *pari passu* with the Notes or other Hybrid Tier 1 Capital where (i) any Coupon that is past due remains unpaid or (ii), if relevant, Coupon has not been paid in full on two consecutive Fixed Coupon Payment Dates following an Alternative Coupon Payment Event or the date on which a cancellation of Coupon, see paragraph 6, has occurred. Notwithstanding the aforementioned, the Issuer may purchase debt that is subordinated to the Notes or purports to rank *pari passu* with the Notes or other Hybrid Tier 1 Capital to its trading portfolio (*handelsbeholdning*) in order to meet purchase orders from the Issuer's customers in respect of the Issuer operating as a "market maker".

10.1.4 Liquidation. The shareholders of the Issuer may not approve any resolution to liquidate the Issuer unless where such liquidation is required by law.

10.1.5 Merger and demerger. The Issuer may not enter into a (i) merger agreement (*fusionsplan*), and the shareholders of the Issuer may not approve such merger agreement, if the valuers declare pursuant to section 134(c) of the Danish Companies Act (*aktieselskabsloven*) that the consideration paid for the Shares is not fair and reasonable, or (ii) demerger agreement (*spaltningsplan*) if such agreement may have a material adverse effect on the Danish State's interests.

10.1.6 Delisting. The Issuer may not request for a delisting of the Shares from the Stock Exchange.

10.1.7 Other. The Issuer may not carry out any transaction or take any other action which would imply that in the event of a conversion of Coupon or Notes pursuant to paragraph 5 or 11 the economic value of the ACPE Shares or the New Shares to be received following the determination of the ACPE Reference Price or Reference Price is less than the value of such ACPE Shares or New Shares (respectively) had such transaction or action not been executed or carried out.

## 11. ISSUER'S CONVERSION OPTION AND OBLIGATION

11.1 Issuer's Conversion Option. For a period of up to and not including the first day of the sixth year from the Issue Date (the "Issuer's Conversion Option Period"), the Issuer may at its discretion and at any time require that Notes be converted at the Denomination of the Notes, with the addition of any accrued and due but unpaid Coupon on the Denomination, in individual tranches of 20 per cent of the Original Number of Notes into New Shares of the Issuer, if the Issuer's Hybrid Tier 1 Capital Ratio exceeds 35 per cent (the "Issuer's Conversion Option").



- 11.2 Tranches. The Issuer's Conversion Option may only be exercised in individual tranches of 20 per cent of the Original Number of Notes at a time, unless a conversion of more than one tranche of 20 per cent is necessary to bring the Issuer's Hybrid Tier 1 Capital Ratio (including with the effect of the conversion) to a level at or below 35 per cent, in which case the Issuer may exercise the Issuer's Conversion Option in two or more tranches of 20 per cent of the Original Number of Notes as is necessary to bring the Issuer's Hybrid Tier 1 Capital Ratio (including with the effect of the conversion) to a level at or below 35 per cent.
- 11.3 Implementation of Conversion. The Issuer's Conversion Option shall be implemented by way of a proportionate reduction and cancellation of the holding of Notes on all accounts with VP in accordance with the from time to time procedures of VP. In exchange for a valid issue of New Shares, the Noteholder(s) will after the Settlement Date cease to have any claim in respect of any Notes converted. To the extent only part of the Notes has been converted, Coupon will continue to accrue in accordance with the terms hereof on the Denomination of the remaining outstanding Notes. The Noteholder(s) shall be obliged to subscribe for the New Shares in the form and manner and to the extent required under applicable law.
- 11.4 Number of New Shares. The Notes to be converted pursuant to the Issuer's Conversion Option shall be converted into a number of new Shares ("New Shares") in accordance with the following formula:
- New Shares = The sum total of the Denomination of all of the Notes to be converted with the addition of any accrued and due but unpaid Coupon on such Notes divided by the Reference Price.
- 11.5 Rounding. If the Denomination of the Notes which are converted does not correspond to a whole number of New Shares in respect of any account with VP, the number of New Shares shall be rounded downwards to the nearest whole number. No fractions of New Shares will be delivered on conversion. Any balance on the Notes which may thus not be converted into New Shares, shall be paid in cash at par value of the Notes in connection with the conversion in accordance with the from time to time standard procedures of VP.
- 11.6 Reference Price. The reference price ("Reference Price") expressed in DKK per Share shall be calculated as set out in paragraphs 11.6.1 - 11.6.3:
- 11.6.1 No Price Sensitive Information. If the Issuer (i) is not in possession of Price Sensitive Information on the Conversion Announcement Date, (ii) has not been in possession of Price Sensitive Information within the last 5 consecutive Trading Days (and any other day within that period) prior to the Conversion Announcement Date, and (iii) do not believe or foresee, after having made due enquiry into the business, assets, liabilities, condition (financial or otherwise), results, and operations of the Issuer and the Issuer's



Group, that it will become in possession of Price Sensitive Information within the first 10 consecutive Trading Days (and any other day within that period) after the Conversion Announcement Date, the Reference Price shall be calculated in accordance with the following formula:

The Volume Weighted Average Price of the Shares calculated over a period of three (3) consecutive Trading Days before the Conversion Announcement Date (excluding the Conversion Announcement Date) minus 5 per cent.

- 11.6.2 Price Sensitive Information. If paragraph 11.6.1 does not apply, the Reference Price shall be calculated in accordance with the following formula (subject to paragraph 11.6.3):

The average of (i) the Volume Weighted Average Price of the Shares calculated over a period of three (3) consecutive Trading Days before the Conversion Announcement Date (excluding the Conversion Announcement Date) and (ii) the Volume Weighted Average Price of the Shares calculated over a period starting on and including the Conversion Announcement Date and the two (2) consecutive Trading Days after the Conversion Announcement Date.

For the avoidance of doubt, in the event that the Issuer is in possession of Price Sensitive Information, such Price Sensitive Information shall be disclosed to the public in accordance with applicable law no later than on the Conversion Announcement Date. If the Issuer believes or foresees, after having made due enquiry into the business, assets, liabilities, condition (financial or otherwise), results, and operations of the Issuer and the Issuer's Group, that it will become in possession of Price Sensitive Information within the next 10 consecutive Trading Days, the Conversion Announcement shall be made no earlier than on the date of disclosure of such Price Sensitive Information.

- 11.6.3 Expert. If the Shares are not actually traded on the Stock Exchange on any Trading Day within the last three (3) consecutive Trading Days prior to the Conversion Announcement Date (excluding the Conversion Announcement Date) or, if paragraph 11.6.2 applies, the Shares are not actually traded on the Stock Exchange on the Conversion Announcement Date or on any Trading Day within the first two (2) Trading Days after the Conversion Announcement Date, the Reference Price shall, after consultation with the Issuer and the Danish State, be fixed by an independent investment bank of repute, appointed by the Danish State after agreeing with the Issuer, whose written opinion shall be conclusive and binding on the Issuer and the Danish State, save to the extent of manifest error. If the Reference Price is to be determined by an investment bank, the conversion of the relevant Notes shall

notwithstanding paragraph 11.12 take place as soon as possible after the investment bank has informed the Issuer and the Noteholder(s) of the Reference Price. The Issuer shall bear all costs to the investment bank. This provision shall cease to apply as and when the Danish State no longer is a Noteholder.

- 11.7 Delivery. The New Shares shall be delivered on the Settlement Date in dematerialised form through VP to the account of the Noteholder(s) in which the Notes converted were kept and otherwise in accordance with the from time to time standard procedures of VP.
- 11.8 Pari Passu Shares. The New Shares shall carry the same rights as the Issuer's existing Shares on the Conversion Date and shall be listed on the Stock Exchange. The New Shares shall be negotiable instruments and shall be freely transferable. The New Shares shall carry the same right to dividend as from the time of registration with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) as the Issuer's Shares on the Conversion Date.
- 11.9 Conditions. The Issuer's Conversion Option can only be exercised (including pursuant to paragraph 11.11) and a Notice of Conversion can only be delivered if each and every of the following conditions are met:
- (a) the Issuer has obtained the necessary corporate authorisation by a general meeting of the Issuer to issue the New Shares to the Noteholder(s) in exchange for Notes as set out in this paragraph 11;
  - (b) the Issuer has on or before the Conversion Date presented a legal opinion from the Issuer's external legal counsel to the Noteholder(s) in a form and with a content satisfactory to the Danish State confirming that the Issuer has the necessary corporate authorisation to issue the New Shares as set out in this paragraph 11, and that the New Shares are duly authorised and will be validly issued and, when issued, will rank *pari passu* with the Issuer's Shares on the Conversion Date;
  - (c) the Issuer's articles of association contain no restrictions on negotiability, ownership, voting rights, etc.;
  - (d) the Issuer has not entered into liquidation or suspended payments and no petition for bankruptcy has been filed against the Issuer; and
  - (e) no Corporate Action which may have an influence on the price of the Shares is pending or announced within the period of 5 consecutive Trading Days before and 10 consecutive Trading Days after the Conversion Announcement Date, or, if the Reference Price is determined in accordance with paragraph 11.6.3, within the period relevant for the investment bank's determination of the Reference Price.



- 11.10 No adjustment. The Reference Price shall not be subject to adjustment as a result of the Issuer's increase or decrease of share capital, issuance of warrants on the Shares or convertible instruments, merger or demerger.
- 11.11 Issuer's conversion obligation. If the Issuer's Initial Hybrid Tier 1 Capital Ratio exceeds 50 per cent, the Issuer is obliged to exercise the Issuer's Conversion Option in individual tranches of 20 per cent of the Original Number of Notes to the extent (and only to the extent) necessary to bring the Issuer's Initial Hybrid Tier 1 Capital Ratio (including with the effect of the conversion) to a level at or below 35 per cent.
- 11.12 Exercise of Issuer's Conversion Option. If the Issuer wishes or is obliged to exercise the Issuer's Conversion Option as set out in paragraphs 11.1 and 11.11, respectively, the Issuer shall give a notice ("Notice of Conversion") to the Noteholder(s) and the public to this effect, in accordance with the rules of VP, the rules of the Stock Exchange and applicable law, no less than 3 Trading Days and no more than 5 Trading Days prior to the Conversion Date ("Conversion Announcement Date"). The Notice of Conversion shall be unconditional and irrevocable and shall be in the form attached as Appendix 3. The Notice of Conversion shall be given prior to the opening of the Stock Exchange on the Conversion Announcement Date. No later than on the Conversion Date and prior to conversion of the relevant Notes, the Issuer shall give a notice to the Noteholder(s) and the public of the Reference Price in accordance with the rules of VP, the rules of the Stock Exchange and applicable law.
- 11.13 Tax. The Issuer shall pay any and all Taxes of the Noteholder(s) arising on exercise of the Issuer's Conversion Option.
- 11.14 Costs. The Issuer shall bear any and all costs to VP and the Noteholder(s)' depositaries arising on exercise of the Issuer's Conversion Option.
12. BREACH OF CONDITIONS
- 12.1 Breach of Conditions and Remedies. In case of Issuer's breach or anticipatory breach (*anteciperet misligholdelse*) of its obligations under these Conditions, each Noteholder is entitled to exercise any remedies in accordance with Danish law, including to institute legal proceedings to enforce its rights. For the avoidance of doubt, the remedies of the Noteholder(s) may not result in the Issuer having to pay any amount under these Conditions at an earlier time than when the amount would otherwise have been due and payable hereunder, except as set out in paragraph 12.2.
- 12.2 Cessation of Business. It shall (without limitation) be considered a breach of these Conditions if (a) Issuer has entered into liquidation, (b) a bankruptcy order is issued against the Issuer, or (c) the Issuer's authorisation as a credit institution is cancelled and the Danish Financial Supervisory Authority has approved a winding-up of the Issuer



through other means than liquidation, bankruptcy or merger in accordance with Section 227 of the Financial Business Act. If an event as set out in this paragraph occurs in respect of the Issuer, any Noteholder(s) may notify the Issuer that the Notes are due and payable at the amounts set out in paragraphs 8.4 to 8.6 (paragraph 8.4 applying as from the first day of the fourth year from the Issue Date) or, if the Notes were to become payable before the first day of the fourth year, at par value.

### 13. AMENDMENTS AND NO CONSENT

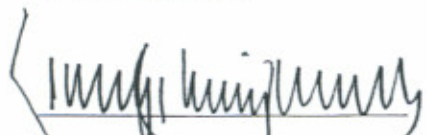
13.1 Amendments. Any amendment to these Conditions which entails that the Notes do not constitute Hybrid Tier 1 Capital shall be subject to the prior written approval of the Danish Financial Supervisory Authority.


13.2 No Consent. Notwithstanding the provisions of these Conditions, the consent of the Danish Financial Supervisory Authority shall not be required under these Conditions, and the Danish Financial Supervisory Authority has no powers vis-à-vis the Issuer, if the Issuer no longer is subject to supervision from the Danish Financial Supervisory Authority in accordance with the Danish Financial Business Act.

### 14. GOVERNING LAW AND JURISDICTION

14.1 Governing law and jurisdiction. These Conditions shall be governed by Danish law. Any dispute arising out of or in connection with these Conditions shall be brought before the Copenhagen City Court. The Issuer or any Noteholder may, however, request that the case be sent for trial in the Danish Eastern High Court.

The Issuer,  
Danske Bank A/S:

  
Name: Tonny Thierry Andersen  
Title: Chief Financial Officer

  
Name: Peter Straarup  
Title: Chairman of Executive Board