

BASE PROSPECTUS



**BRFkredit a/s**

*(incorporated with limited liability in The Kingdom of Denmark)*

**EUR4,000,000,000**

**Programme for the Issuance of  
Euro Medium Term Notes and Senior Secured Notes**

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC, as amended, (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of unsecured euro medium term notes ("**EMTN Notes**") and senior secured notes ("**Senior Secured Notes**", and together with the EMTN Notes, the "**Notes**") issued under the EUR4,000,000,000 Programme for the Issuance of Euro Medium Term Notes and Senior Secured Notes (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. Applications may also be made to NASDAQ OMX Copenhagen A/S for Notes issued under the Programme to be admitted to trading and official listing on the main market of NASDAQ OMX Copenhagen A/S. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Standard and Poor's Credit Market Services Europe Limited ("**S&P**") has assigned a long-term debt rating of A- to BRFkredit a/s, with EMTN Notes and Senior Secured Notes to be issued under the Programme expected to be rated A- by S&P. S&P is established in the European Economic Area ("**EEA**") and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**") and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) 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 suspension, reduction or withdrawal at any time by the assigning rating agency.**

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and 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 liabilities, financial position, profit and losses and prospects of the Issuer. This Base Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The CSSF gives no undertaking as to the economic and financial opportuneness of the transaction contemplated by this Base Prospectus or the quality or solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg Prospectus Law.

***Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.***

**Arranger**

**NORDEA**

**Dealers**

**BAYERN LB**

**BRFKREDIT**

**DZ BANK AG**

**SEB**

**BNP PARIBAS**

**CRÉDIT AGRICOLE CIB**

**NORDEA**

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## IMPORTANT NOTICES

BRFkredit a/s (the "**Issuer**" or the "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus and any applicable Final Terms and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and any applicable Final Terms is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Information contained in this Base Prospectus under the heading "*Description of the Issuer – Business Units*" relating to the Issuer's market share was derived from statistics from the National Bank of Denmark. The Issuer does not accept any responsibility for the accuracy of such information, nor has the Issuer independently verified any such information. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the EMTN Notes*" (the "**EMTN Note Conditions**") or "*Terms and Conditions of the Senior Secured Notes*" (the "**Senior Secured Note Conditions**", together with the EMTN Note Conditions, the "**Conditions**"), as the case may be, as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers (other than BRFkredit a/s) nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base

Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

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:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement or any applicable Final Terms;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; 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.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR4,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "**DKK**", "**Kroner**" or "**kroner**" are to the lawful currency for the time being of the Kingdom of Denmark.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

**In connection with the issue of any Tranche of Notes, any Dealer or Dealers acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) 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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any**

**stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## GENERAL DESCRIPTION OF THE PROGRAMME

*This overview, which is a general description of the Programme, must be read as an introduction to this Base Prospectus and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference.*

*Words and expressions defined in the "Terms and Conditions of the EMTN Notes" (the "**EMTN Note Conditions**") and the "Terms and Conditions of the Senior Secured Notes" (the "**Senior Secured Note Conditions**") below or elsewhere in this Base Prospectus have the same meanings in this overview unless otherwise defined herein.*

<b>Issuer:</b>	BRFkredit a/s
<b>Risk Factors:</b>	<p>There are certain factors that may affect the Issuer's ability to fulfil the obligations under the Notes issued under the Programme. These are set out under "<i>Risk Factors</i>" below and include certain market risks, operations risks and financial risks.</p> <p>There are certain additional factors which are material for the purposes of assessing the market risks associated with the Notes issued under the Programme. These are set out under "<i>Risk Factors</i>" and include certain risks relating to the Notes generally such as secondary market limited liquidity, no active trading market for the Notes.</p>
<b>Arranger:</b>	Nordea Bank Danmark A/S
<b>Dealers:</b>	<p>Bayerische Landesbank BNP Paribas BRFkredit a/s Crédit Agricole Corporate and Investment Bank DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Nordea Bank Danmark A/S Skandinaviska Enskilda Banken AB (publ) and any other Dealers appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.</p>
<b>Fiscal Agent and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>VP Agent:</b>	BRFkredit a/s (being authorised by VP and VP Lux (each as defined below) to process and register issues in the system operated by VP or VP Lux, respectively)
<b>Luxembourg Listing Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the EMTN Note Conditions or the Senior Secured Note Conditions, as the case may be, as completed to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Prospectus.
<b>Listing and Admission to Trading:</b>	Application has been made for Notes issued under the Programme to be admitted to the official list of the

Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange and applications may also be made to NASDAQ OMX Copenhagen A/S for Notes issued under the Programme to be admitted to trading and official listing on the main market of NASDAQ OMX Copenhagen A/S. The Notes may also be listed by such other listing authority or on such other stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued.

The Final Terms relating to each issue will state whether or not, and if so, on what stock exchange(s), the Notes are to be listed.

Each Series may be admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or the main market of NASDAQ OMX Copenhagen A/S and/or admitted to trading by any other stock exchange as may be agreed between the Issuer and the relevant Dealer(s) and specified in the Final Terms or may be issued on the basis that they will not be admitted to trading by any stock exchange.

**Clearing Systems:**

Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") in the case of Bearer EMTN Notes and Bearer Secured Notes (each as defined below), or in the case of VP Notes (as defined below), VP SECURITIES A/S ("**VP**") and/or VP LUX S.à.r.l., a Luxembourg central securities depository ("**VP Lux**") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the Final Terms.

**Initial Programme Amount:**

Up to EUR4,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding.

**Issuance in Series:**

Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Types of Notes:**

Notes ("**Notes**") issued under the Programme may be unsecured euro medium term notes in bearer form cleared through Euroclear, Clearstream, Luxembourg or any other relevant clearing system ("**Bearer EMTN Notes**"), unsecured euro medium term notes in uncertificated book entry form cleared through VP or VP Lux ("**VP EMTN Notes**", and together with the Bearer EMTN Notes, the "**EMTN Notes**"), senior secured notes in bearer form cleared through Euroclear, Clearstream, Luxembourg or any other relevant clearing system ("**Bearer Secured Notes**") or senior secured notes in uncertificated book entry form cleared through VP or VP Lux ("**VP Secured Notes**", and together with the Bearer Secured Notes, the "**Senior Secured Notes**").

**Forms of Notes:**

***Bearer EMTN Notes and Bearer Secured Notes ("Bearer Notes")***

Bearer EMTN Notes and Bearer Secured Notes may only be

issued in bearer form. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note (together with the Temporary Global Notes, the "**Global Notes**"), in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

#### ***VP EMTN Notes and VP Secured Notes ("VP Notes")***

VP Notes will be issued in uncertificated book entry form cleared through VP or VP Lux. VP Notes cleared through VP or VP Lux, as the case may be, will be in dematerialised form and will not be evidenced by any physical note, certificate or document of title. Ownership of VP Notes will be recorded, and transfers effected, only through the book entry system and register maintained by VP or VP Lux, as the case may be.

#### **Currencies:**

Notes may be denominated in any currency or currencies agreed between the Issuer and the relevant Dealer(s), subject to any applicable legal or regulatory restrictions.

#### **Status of the Notes:**

##### ***EMTN Notes***

EMTN Notes will constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, and will at all times rank *pari passu* amongst themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

##### ***Senior Secured Notes***

The Senior Secured Notes, which are issued out of one or more of the BRFKredit Capital Centres (together, the "**BRFKredit Capital Centres**"), will constitute bonds issued pursuant to Section 33e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (*lov om realkreditlån og realkreditobligationer m.v.*) (the "**Danish Mortgage-Credit Act**") or as that Section may be amended or replaced from time to time, and each of the Issuer and the relevant BRFKredit



Capital Centre will be liable for obligations under such Senior Secured Notes pursuant to the rules set out in the Danish Mortgage-Credit Act. Holders of Senior Secured Notes issued out of a BRFkredit Capital Centre will have a secondary secured right to all assets in such BRFkredit Capital Centre. The Senior Secured Notes will constitute secondary priority obligations of the relevant BRFkredit Capital Centre pursuant to Sections 27 and 27b of the Danish Mortgage-Credit Act or as those Sections may be amended or replaced from time to time, and will rank *pari passu* among themselves. The Senior Secured Notes will rank *pari passu* with all other present and future bonds issued out of the same BRFkredit Capital Centre pursuant to Section 33e of the Danish Mortgage-Credit Act or as that Section may be amended or replaced from time to time.

If the Issuer is declared bankrupt, the costs of the processing of the insolvent estate, including, *inter alia*, the costs for the appointment of the liquidator, as well as claims of holders of all present and future covered bonds and covered mortgage bonds within the meaning of Section 33b of the Danish Mortgage-Credit Act issued out of the relevant BRFkredit Capital Centre (the "**Covered Bonds**") (and any refinancing bonds issued to refinance such Covered Bonds) and the obligations to counterparties under derivative financial instruments entered into to hedge risks in relation to all such Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds), in each case including claims submitted for interest accrued from the time of pronouncement of bankruptcy on said claims, will rank ahead of claims for payment of the Senior Secured Notes.

To the extent the claims in relation to the Senior Secured Notes are not met out of the assets of the relevant BRFkredit Capital Centre (or out of proceeds from the issue of Senior Secured Notes not yet allocated to a BRFkredit Capital Centre in accordance with Section 27b of the Danish Mortgage-Credit Act or as that Section may be amended or replaced from time to time), the residual claims will constitute unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* with the claims of all other unsubordinated and unsecured creditors of the Issuer according to Section 97 of the Danish Bankruptcy Act (other than those preferred by law). To the extent the claims in relation to Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) and the derivative financial instruments entered into to hedge risks in relation to Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) are not met out of the assets of the relevant BRFkredit Capital Centre (or out of proceeds from the issue of Senior Secured Notes not yet allocated to the relevant BRFkredit Capital Centre), the residual claims will, on a *pari passu* basis with residual claims in relation to mortgage bonds, covered mortgage bonds, other covered bonds and any refinancing bonds issued to refinance such mortgage bonds, covered mortgage bonds and other covered bonds issued out of BRFkredit Capital Centres or out of the Issuer in general, rank senior to the claims of the holders of the Senior Secured Notes.

Payment of any amount otherwise due in respect of any Series of Senior Secured Notes will be deferred in certain circumstances if the Issuer is, or would be, as a result of

making the relevant payment, in breach of a balance principle required by the Danish Mortgage-Credit Act and the Executive Order issued thereunder to be observed in relation to covered bonds issued out of, and obligations owed to counterparties in respect of derivative financial instruments in respect of the relevant BRFkredit Capital Centre. In addition such payment will be deferred if an order has been made or an effective resolution passed for the bankruptcy, liquidation or reconstruction of the Issuer.

**Issue Price:**

Notes may be issued at any price on a fully paid basis. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:**

Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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 agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer.

**Redemption of EMTN Notes:**

The applicable Final Terms will indicate either that the relevant EMTN Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such EMTN Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity. EMTN Notes will be redeemable at par.

**Put event in relation to EMTN Notes:**

EMTN Notes may be redeemed before their stated maturity at the option of the Noteholders on the occurrence of a "Put Event" as described in Condition 8(e) (*Redemption and Purchase - Redemption at the option of Noteholders*) of the EMTN Note Conditions and to the extent (if at all) specified in the Final Terms.

**Tax Redemption in relation to EMTN Notes:**

Except as described above, early redemption of EMTN Notes will only be permitted for tax reasons as described in Condition 8(b) (*Redemption and Purchase - Redemption for tax reasons*) of the EMTN Note Conditions.

<b>Redemption of Senior Secured Notes:</b>	The applicable Final Terms will indicate either that the relevant Senior Secured Notes cannot be redeemed prior to their stated maturity or that such Senior Secured Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity. Senior Secured Notes will be redeemed at par.
<b>Put event in relation to Senior Secured Notes:</b>	Senior Secured Notes may be redeemed before their stated maturity at the option of the Noteholders on the occurrence of a "Put Event" as described in Condition 8(d) ( <i>Redemption and Purchase - Redemption at the option of Noteholders</i> ) of the Senior Secured Note Conditions and to the extent (if at all) specified in the Final Terms.
<b>Tax Redemption in relation to Senior Secured Notes:</b>	Senior Secured Notes may not be redeemed early for tax reasons.
<b>Interest:</b>	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate based upon LIBOR, EURIBOR, STIBOR, NIBOR or CIBOR and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Notes which do not bear any interest (zero-coupon Notes) may be offered and sold at a discount to their nominal amount.
<b>Denominations:</b>	Notes issued under the Programme which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to trading on the main market of NASDAQ OMX Copenhagen A/S and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a Member State and/or offered to the public in any Member State, in each case in circumstances which require the publication of a prospectus under the Prospectus Directive and the implementing measures in the relevant Member State, may not have a minimum denomination of less than EUR100,000 (or its equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Negative Pledge:</b>	Neither the EMTN Notes nor the Senior Secured Notes will have the benefit of a negative pledge.
<b>Cross Default:</b>	<p><b><i>EMTN Notes</i></b></p> <p>The EMTN Notes will have the benefit of a cross default as described in Condition 11 (<i>Events of Default</i>) of the EMTN Note Conditions.</p> <p><b><i>Senior Secured Notes</i></b></p> <p>The Senior Secured Notes will not have the benefit of a cross-default provision or any other events of default.</p>
<b>Taxation:</b>	<p><b><i>EMTN Notes</i></b></p> <p>All payments in respect of EMTN Notes will be made free and clear of withholding taxes imposed by any tax jurisdiction as provided in Condition 10 (<i>Taxation</i>) of the EMTN Note Conditions unless the withholding is required by law. In that</p>

event, the Issuer will (subject as provided in Condition 10 (*Taxation*) of the EMTN Note Conditions) pay such additional amounts as will result in the Holders of EMTN Notes receiving such amounts as they would have received in respect of such EMTN Notes had no such withholding been required.

#### ***Senior Secured Notes***

All payments in respect of Senior Secured Notes will be made free and clear of withholding taxes imposed by any tax jurisdiction as provided in Condition 10 (*Taxation*) of the Senior Secured Note Conditions unless the withholding is required by law. In that event, such withholding shall be made.

#### **Governing Law:**

#### ***EMTN Notes***

Subject to the subparagraph entitled "*VP Notes*" below, the EMTN Notes and any non-contractual obligations arising out of or in connection with the EMTN Notes will be governed by, and construed in accordance with, English law.

#### ***Senior Secured Notes***

Subject to the subparagraph entitled "*VP Notes*" below, the Senior Secured Notes and any non-contractual obligations arising out of or in connection with the Senior Secured Notes will be governed by, and construed in accordance with, English law, except that the provisions under Conditions 4 (*Status*) and 9(1) (*Payments – Deferral of payments in respect of Senior Secured Notes*) of the Senior Secured Note Conditions are governed by, and shall be construed in accordance with, Danish law and regulations.

#### ***VP Notes***

VP Notes must comply with the relevant regulations of VP or VP Lux, as the case may be, and the Holders of VP Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Danish or Luxembourg regulations and legislation.

Registration of the VP Notes in VP and the dematerialisation of VP Notes in VP Lux are governed by, and shall be construed in accordance with, Danish law and regulations. In the case of registration of VP Notes in VP Lux, such registration shall be governed by, and construed in accordance with, Luxembourg law.

#### **Enforcement of Notes in Global Form:**

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 4 December 2012, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

#### **Selling Restrictions:**

For a description of certain 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, Japan and the Kingdom of Denmark see "*Subscription and Sale*" below.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under 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 any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors in the Notes should consider carefully, among other things and in light of their financial circumstances and investment objectives, all of the information in this Base Prospectus (including the information that has been incorporated by reference herein) and, in particular, the risk factors set forth below which the Issuer believes represent, or may represent, the factors known to it which may affect its ability to fulfil its obligations under the Notes. Words and expressions defined in the "Terms and Conditions of the EMTN Notes" and "Terms and Conditions of the Senior Secured Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.*

*Investing in the Notes issued under the Programme involves certain risks. Prospective investors should consider, among other things, the following:*

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

#### *General*

As a result of the Issuer's mortgage activities, the Issuer is exposed to a variety of risks, the most significant of which are described below. Failure to monitor and address these risks could result in adverse effects on the Issuer's financial position and/or results of operations and its ability to pay interest or to repay the Notes at maturity.

The Issuer is exposed to the general economic conditions and the volatility in the financial markets as are all financial institutions. The financial position and/or results of operations of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates, which could affect its ability to fulfil its obligations under the Notes issued under the Programme.

#### *Credit risk*

Credit risk is the risk of loss due to borrowers and other counterparties failing to meet all or part of their obligations towards the Issuer. Credit risk arises primarily from the Issuer's loan portfolio, credit lines, guarantees, and trading and hedging activities.

Given that the loans in the BRFkredit Capital Centres are secured by mortgages over real property, the credit risk depends on the performance of the real estate and housing market in Denmark. Should the prices of real property and the housing market substantially decline, this could adversely affect the Issuer's financial position and/or results of operations and, in turn, its ability to service the Notes.

In the event of a borrower being unable to repay a loan, the Issuer's security rests ultimately with the value of the mortgaged property. However, there can be no guarantees regarding the future development of the value of the collateral and the Issuer may have to realise the value of the security at a time when the value of such security is less than the amount outstanding under a mortgaged loan, resulting in a loss on the loan granted. Further, if the real estate markets experience an overall decline in property values, the value of the assets of the BRFkredit Capital Centres could be significantly reduced. These factors could have an adverse effect on the financial position and/or results of operations of the Issuer, which may affect its ability to fulfil its obligations under the Notes issued under the Programme.

Further, there are other circumstances that affect the level of credit loss and the ability of borrowers to service their loans, such as changes in the economic climate, both nationally and internationally, and

changes regarding taxation, interest rate developments, inflation and/or the political environment. Borrowers may default on their loans as a result of interest rate increases or as a result of adverse developments in their circumstances, such as a redundancy, divorce or the expiry of loans that borrowers may have taken out to refinance their loans with BRFKredit. For example, some borrowers have Adjustable Rate Mortgage (ARM) loans where the interest rate is adjusted at certain intervals and it is the borrower who carries the full interest rate risk on the loans. Similarly borrowers may be exposed to increases in the Issuer's loan margin. In case of an increase in the interest rates, a borrower's ability to pay interest and principal may be negatively affected, which may in turn result in impairment charges and losses and could affect the Issuer's ability to pay Noteholders in full. An increase in defaults by borrowers in general could adversely affect the financial position and/or results of operations of the Issuer, which may in turn jeopardise the Issuer's ability to make payments in full or on a timely basis on the Notes.

#### *Liquidity risk*

Under the "balance principle" under the Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management, the Issuer is subject to limits on its exposure to liquidity risk. The Issuer's mortgage borrowers shall make their mortgage payments no later than the day before the date on which coupon payments on the mortgage bonds are due. Liquidity risk relating to mortgage bonds is therefore only incurred on late payments.

Liquidity risk associated with mortgage lending thus consists of the risk that borrowers and counterparties default on their obligations. In case of considerable non-payment by borrowers, the Issuer may not be able to pay holders of mortgage bonds in full, and as a consequence this could adversely affect the Issuer's ability to make payments to Noteholders in full.

#### *Market risk*

Market risk means the risk of losses due to the market value of the Issuer's assets and liabilities varying as a result of changes in market conditions, such as changes in interest rates, foreign exchange rates or securities prices.

A significant part of the Issuer's market risk derives from changes in the value of the Issuer's securities portfolio. In order to decrease such risk and in accordance with statutory requirements, the Board of Directors of the Issuer has issued a securities investment policy, and within the framework of this policy, the Issuer's Executive Board determines the investment strategy on a current basis. Nevertheless, changes in the value of the securities portfolio have been and may continue to be significant, which can have an adverse effect on the financial position and/or results of operations of the Issuer.

Legislation and market risk policy limits are in place to ensure that the Issuer's market risks are at a moderate level, and the ongoing close monitoring of these risks, combined with a short decision-making path at BRFKredit, means that a strategy to reduce market risks can be implemented quickly.

However, there can be no assurance that the Issuer's policies would be effective in reducing market risks. Further, changes in investment markets in general, including changes in interest rates, exchange rates and returns from equity, property and other investments, may adversely affect the financial performance and/or results of operations of the Issuer.

#### *Operational risk*

Operational risk means the risk of losses due to a number of factors such as system errors, computer breakdowns, procedural mistakes, fraud and wrong advice. The Issuer is subject to statutory regulation of its operations and supervision by the Danish Financial Supervisory Authority (*Finanstilsynet*, the "DFSA").

The Issuer has adopted various guidelines and procedures for internal controls and measures in order to monitor and decrease operational risk. Accordingly, all working procedures and routines are updated and evaluated on a regular basis by the internal audit division of the company. The Issuer is aware of the risk of losses in connection with systems and computer errors, procedural or advisory errors and fraud, and has established emergency plans and safety procedures to ensure swift resumption of operations in case of errors and computer breakdowns.

Although the Issuer has guidelines for preventing such operational risks, the Issuer cannot fully prevent these operational risks which, if significant, may adversely affect the financial performance and/or results of operations of the Issuer.

#### *Competition in the mortgaged loan business*

The mortgaged loan business in Denmark is very competitive. Both traditional and new lenders advertise extensively and use targeted marketing and loyalty schemes in an effort to expand their presence in, or to facilitate their entry into, the market and compete for customers. Increased competition may adversely impact the Issuer's position in the market for mortgage business, which could adversely affect the Issuer's financial position and/or results of operations, and in turn, its ability to service the Notes.

#### *Risks relating to the suspension of payments and compulsory liquidation*

The capital base requirement of Section 124 of the Danish Financial Business Act (*lov om finansiel virksomhed*) (the "DFBA") applies to mortgage-credit institutions at capital centre levels and at the level of the institution in general. The capital centre must therefore at all times fulfil that statutory capital base requirement, which is 8 per cent. of the risk-weighted assets of the relevant BRFkredit Capital Centre. In the event that a capital centre fails to meet the capital adequacy requirement set out by the Danish legislation, funds must be transferred from the institution in general to the capital centre, except if this means that the institution in general would fail to meet its capital adequacy requirement. In case of capital adequacy problems in capital centres less assets may be available for the fulfilment of obligations *vis-a-vis* unsecured creditors (such as holders of the EMTN Notes). If a capital centre of the Issuer fails to meet its capital adequacy requirement and it results in a winding-up, liquidation or similar action being taken, the Issuer will also have to be liquidated. Problems in one capital centre thus pose risks to the viability of the Issuer as such, which may adversely affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

#### *Risks relating to the sensitivity of the capital base*

The capital base of the Issuer is entirely comprised of equity (tier 1 capital). The Issuer may supplement its capital base at any time with additional equity and hybrid core capital (tier 1 capital) and/or with supplementary (subordinated tier 2) capital. Tier 1 and tier 2 debt capital is legally subordinated to the Notes issued under the Programme but may be repaid prior to maturity of such Notes in accordance with the terms thereof and within the statutory limits on repayment of such debts, including in certain instances approval of the DFSA.

The capital base of the Issuer is at all times dependent on the Issuer's financial position and results of operations, including losses and impairment charges to loans and mortgages, operating profit, profit from affiliated companies and associated companies, the value of the securities portfolio of the company, new regulatory requirements, the distribution of dividend and repurchase of own shares, possible increase or reduction of its share capital, possible raising or repayment of hybrid core capital or subordinated loan capital, as well as any losses incurred due to operational mistakes of the Issuer. Any significant decrease in the capital base caused by one or more of the abovementioned factors, and hence the failure of the Issuer to meet the regulatory capital requirements, could materially and adversely affect the Issuer's business, which may adversely affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.

#### *Reallocation of funds*

If the value of the assets of a BRFkredit Capital Centre exceeds the value of the covered bonds (SDOs and SDROs) issued by it some of the assets may be reallocated from the relevant BRFkredit Capital Centre to another BRFkredit Capital Centre or the institution in general, provided that following the reallocation the relevant BRFkredit Capital Centre shall still meet the capital base requirements of Sections 124 of the DFBA and the value of the assets of the relevant BRFkredit Capital Centre shall still as a minimum correspond to the value of the covered bonds issued by it. If at a later point in time the assets of such BRFkredit Capital Centre become insufficient however, due to reasons such as deteriorating property values, to cover the Senior Secured Notes then outstanding, the holders of Senior Secured Notes will be left with only unsecured and unsubordinated claim against the Issuer in respect of such shortfall in case of bankruptcy and may as a result suffer losses that would not have been suffered if

the funds had not been reallocated to the institution in general or to another BRFcredit Capital Centre in the first place.

*Risk in connection with the use of risk models*

The Issuer uses internal credit risk models to calculate the risk-weighted assets. The models have been approved by the DFSA and are in line with the principles laid down by the European Union and the Basel Committee. However, these models may change due to a number of factors including international or national changes in regulation, changes in the DFSA's interpretation of the national regulation regarding internal models and remodelling of the models. Any changes to the models could raise (or lower) the capital requirement and adequate own funds of the Issuer, and thereby reduce (or improve) the size of the excess cover available to meet the regulatory capital requirements.

*Payments made on or with respect to the Notes may be subject to U.S. withholding tax*

Under recent guidance, starting no earlier than 2017, a portion of payments on or made with respect to Notes issued after the date that is six months after the date on which final regulations that define "foreign passthru payments" are published (the "**end of the grandfathering period**") or any Notes that are classified as equity for U.S. federal income tax purposes, whenever issued, may be subject to U.S. withholding tax pursuant to U.S. legislation ("**FATCA**"). Under FATCA, new information reporting and other requirements will be imposed with respect to certain holders of "financial accounts", as such term is defined in the FATCA rules. In order to avoid being subject to withholding under FATCA, non-U.S. financial institutions generally will be required to enter into agreements with the U.S. Internal Revenue Service ("**IRS**") to identify financial accounts held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other "financial institutions" that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. For these purposes, the term "financial institution" includes, among others, banks, insurance companies and funds that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests.

If a participating non-U.S. financial institution makes a covered payment to an accountholder that (i) has not provided information requested to enable the institution to comply with its FATCA reporting obligations, (ii) has prevented the financial institution from reporting the information or (iii) is a non-participating non-U.S. financial institution (that is not otherwise exempt), the payor will be required to withhold 30 per cent. on all or a portion of the payment. The withholding tax on payments to a non-participating non-U.S. financial institution generally will apply whether the financial institution is receiving payments for its own account or on behalf of another person. The IRS has issued proposed regulations under FATCA, but it is not entirely clear how FATCA will apply to Notes issued after the end of the grandfathering period (or any Notes that are classified as equity for U.S. federal income tax purposes, whenever issued) under these proposed regulations. It is possible that a portion of any interest on and proceeds from the disposition or retirement of the Notes may be subject to this withholding based on the percentage of the Issuer's total assets that are U.S. assets.

If the Issuer were to enter into a reporting agreement with the IRS under the FATCA rules, an investor in Notes that is not a financial institution may be required to provide information to establish whether it is a U.S. person or is substantially owned by U.S. persons in order to establish an exemption from this withholding tax. An investor in Notes that is a financial institution may be required to establish whether it is a U.S. financial institution or a participating non-U.S. financial institution in order to establish such an exemption.

If a series of Notes is issued before the end of the grandfathering period and the Issuer issues additional Notes of such series pursuant to Condition 16 (*Further Issues*) of the EMTN Note Conditions or Condition 15 (*Further Issues*) of the Senior Secured Note Conditions after the end of the grandfathering period, the new Notes may not be treated as exempt from FATCA withholding. Because the new Notes generally will be indistinguishable from the original Notes, this may have a negative impact on the market price of the Notes after the new issuance. Furthermore, if financial intermediaries between a Paying Agent and the investors in the Notes are unable to determine whether they are making payments on new or old Notes, they may treat the old Notes as being subject to FATCA withholding even though the old Notes may have been acquired by an investor before the issuance of the additional Notes.

An investor may be able to obtain a credit for or refund of any amounts withheld under these rules, provided the required information is timely furnished to the IRS. An investor that is a non-U.S. financial



institution generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles such institution to a reduced rate of tax on the payment that was subject to withholding under these rules. Investors generally will not be entitled to interest from the IRS for the period prior to the refund. It is not entirely clear how income tax treaty exemptions apply to withholding on payments of principal or gross proceeds recognised on the sale or other disposition of Notes.

Investors will not be entitled to receive additional amounts or otherwise be compensated by the Issuer with respect to taxes withheld pursuant to FATCA.

This description of the FATCA rules is based on preliminary guidance. Further guidance is anticipated, which may significantly modify these rules as they apply to the Issuer and to investors.

Investors should consult their own advisors about the application of FATCA to the Notes, in particular if they may be classified as financial institutions under these rules.

#### *No due diligence*

Neither the Arranger nor the Dealers (other than BRFkredit a/s) have undertaken, nor will they undertake, any investigations, searches or other actions in respect of the loans and other assets contained or to be contained in any of the BRFkredit Capital Centres, but will instead rely on the obligations of the Issuer under the Danish legislation governing mortgage lending.

#### *Limited information provided to holders of the Senior Secured Notes*

Holders of the Senior Secured Notes will not receive detailed statistics or information in relation to the loans, the location of the mortgaged real estate or other assets of the relevant BRFkredit Capital Centre, which may change from time to time. Notwithstanding the foregoing, information relating to the type of assets (and, where relevant, their location) will be provided in an Investor Report (cover pool report) available on the Issuer's website (<http://www.brf.dk/investors>) on a quarterly basis.

#### *Impact of regulatory changes*

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

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

#### ***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 a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. 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 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 Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

#### *Credit ratings may not reflect all risks*

Notes issued under the Programme may be rated by Standard & Poor's Credit Market Services Europe Limited or unrated. 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 or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the Issuer's ratings and the credit rating agencies which have assigned such ratings is set out on the front page of this Base Prospectus. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Issuer.

#### *A credit rating reduction may result in a reduction in the trading value of the Notes*

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer. Such perceptions are generally influenced by the ratings accorded to the outstanding Notes of the Issuer by standard statistical rating services. A reduction in, or a placing on credit watch of the rating, if any, accorded to outstanding Notes of the Issuer by a rating agency could result in a reduction in the trading value of the Notes.

#### *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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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.

#### *Risks related to Notes generally*

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

#### *Modification and Waivers*

The EMTN Note Conditions and Senior Secured Note 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.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made by or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is, however, required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### *European Monetary Union*

It is possible that prior to the maturity of any series of Notes the euro may become the lawful currency of the Kingdom of Denmark or may replace other currencies under which the Notes has been issued. In that event: (1) all amounts payable in respect of any Notes denominated in Danish Kroner or in the said currency may become payable in euro; (2) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (3) there may no longer be available published or displayed rates for deposits in Danish Kroner or the said currency used to determine the rates of interest on such Notes or there may be changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro in the Kingdom of Denmark or any such jurisdiction could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the relevant Notes.

#### *Change of law*

The EMTN Notes are based on English law in effect as at the date of issue of the relevant Notes. The Senior Secured Notes (other than the provisions under Conditions 4 (*Status*) and 9(1) (*Payments – Deferral of payments in respect of Senior Secured Notes*) of the Senior Secured Note Conditions, which are governed by Danish legislation and based on Danish law in effect as at the date of issue of the relevant Senior Secured Notes) are governed by English law and are based on English law in effect as at the date of issue of the relevant Senior Secured Notes. In the case of registration of the VP Notes in the VP (and the dematerialisation of VP Notes in the VP Lux) or VP Lux, these will be governed by Danish law or Luxembourg law respectively, in each case in effect as at the date of issue of the relevant VP Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law, Luxembourg law or Danish law, as the case may be, or administrative practice after the date of issue of the relevant Notes.

### *VP Notes*

VP Notes issued under the Programme are dematerialised and will not be evidenced by any physical note or document other than statements of account, made by VP or VP Lux, as the case may be. Ownership of VP Notes will be recorded and transfers effected only through the book entry system and register maintained by VP or VP Lux, as the case may be. Therefore, investors will have to rely on the VP or VP Lux procedures for transfer, payment and communication with the Issuer.

### *Denominations*

In relation to any issue of Bearer Notes which have a denomination consisting of the minimum Specified Denomination plus an integral multiple of another smaller amount in excess thereof, it is possible that the Bearer Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in its account with the clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum Specified Denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

#### *Investors to bear risk of withholding tax*

All payments of principal and interest by or on behalf of the Issuer in respect of the Senior Secured Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is so required, the Issuer shall not be obliged to pay any additional amounts and will make such deduction or withholding from the payment of principal or interest and investors shall therefore receive a reduced payment.

#### *No events of default*

The Senior Secured Note Conditions do not include any events of default relating to the Issuer and/or the BRFkredit Capital Centres in connection with Senior Secured Notes. However, this does not affect any rights that holders of the Senior Secured Notes may have to accelerate payments due on the Senior Secured Notes under general principles of Danish law.

#### *Conflicting interests of other creditors*

The rights of the holders of Senior Secured Notes will be subordinated to the claims of holders of Covered Bonds issued out of the relevant BRFkredit Capital Centre pursuant to Section 33b of the Danish Mortgage-Credit Act and the obligations to counterparties under derivative financial instruments entered into to hedge risks in relation to Covered Bonds issued out of the relevant BRFkredit Capital Centres, as the case may be. To the extent the claims in relation to the Senior Secured Notes are not met out of the assets of the relevant BRFkredit Capital Centre (in accordance with Section 27 of the Danish Mortgage-Credit Act) or out of the proceeds from the issue of Senior Secured Notes not yet allocated to a BRFkredit Capital Centre (in accordance with Section 27b of the Danish Mortgage-Credit Act), the residual claims will rank *pari passu* with the claims of all other unsecured and unsubordinated creditors of the Issuer according to Section 97 of the Danish Bankruptcy Act (other than those preferred by law), including the EMTN Notes issued under the Programme.

#### *Applicable law*

Although the Senior Secured Notes are governed by English law (other than Conditions 4 (*Status*) and 9(l) (*Payments – Deferral of payments in respect of Senior Secured Notes*) of the Senior Secured Note

Conditions, which are governed by Danish legislation), the loans and mortgages that form part of the assets of the BRFkredit Capital Centres may be governed by laws from a number of different countries, including laws relating to local mandatory consumer protection, the right to enforce mortgages and the right to repossess and dispose of the relevant property. To the extent that such laws may restrict, limit, hinder or even prohibit certain actions in respect of the enforcement of the loans and mortgages in the BRFkredit Capital Centres, there is a risk that the ability of a liquidator to realise the assets in the relevant BRFkredit Capital Centres may be delayed or may result in an increase in the costs of enforcement that may ultimately lead to a reduced return to the relevant holders of the Senior Secured Notes.

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

##### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem 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 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 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.

##### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of such Notes are typically more volatile than the market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

##### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Risks related to the structure of a particular issue of Senior Secured Notes***

##### ***General right of clawback***

The Issuer may in certain circumstances add additional assets into a relevant BRFkredit Capital Centre, including for the purposes of maintaining compliance with the capital base requirement of the DFBA or as a result of the requirement for posting of supplementary security pursuant to Section 33d of the Danish Mortgage-Credit Act. Should the Issuer enter into bankruptcy before the expiry of a statutory determined

period calculated from the date such assets have been added into the relevant BRFkredit Capital Centre, there is a risk that other creditors of the Issuer will seek to challenge such addition of assets on the basis that the holders of the Senior Secured Notes issued out of the relevant BRFkredit Capital Centre have been preferred over the Issuer's ordinary creditors.

Should any challenge referred to above be successful, there will be less assets available for the holders of Senior Secured Notes issued out of the BRFkredit Capital Centres.

#### *Deferral of Payments on Senior Secured Notes*

Payment of any amount otherwise due in respect of any Series of Senior Secured Notes will be deferred in certain circumstances as set out in the Senior Secured Note Conditions if the Issuer is, or would be, as a result of making the relevant payment, in breach of a balance principle required by the Danish Mortgage-Credit Act and the Executive Order issued thereunder to be observed in relation to covered bonds (SDOs) issued out of, and obligations owed to counterparties in respect of derivative financial instruments in respect of the BRFkredit Capital Centres. In addition such payment will be deferred if an order has been made or an effective resolution passed for the bankruptcy, liquidation or reconstruction of the Issuer. See "*Overview of Danish Legislation relating to Senior Secured Notes - Section 3*" and "*Terms and Conditions of the Senior Secured Notes - Condition 9(1) (Payments – Deferral of payments in respect of Senior Secured Notes)*". The Senior Secured Note Conditions do not provide for interest to continue to accrue in respect of the amount of any payment deferred pursuant to Condition 9(1) (*Payments – Deferral of payments in respect of Senior Secured Notes*) of the Senior Secured Note Conditions.

#### *Interest on delayed payments*

If any payment of interest and/or principal due in respect of the Senior Secured Notes is not made on the relevant due date, the Senior Secured Note Conditions do not provide for interest to continue to accrue in respect of the amount of any payment during the period of such delay. This does not affect any rights that holders of Senior Secured Notes may have in respect of interest on the amount of such payment under general principles of Danish law.

## INFORMATION INCORPORATED BY REFERENCE

The following documents, which have been or are published simultaneously with this Base Prospectus and have been submitted to and filed with the CSSF, contain the following information that shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

1. **the unaudited consolidated interim financial statements of the Issuer in respect of the nine months ended 30 September 2012 (set out on pages 12 to 18 and pages 20 to 25 of the Interim Report for the BRFkredit Group Q3 2012);**
  1. Income Statement p. 12
  2. Comprehensive Income p. 12
  3. Balance Sheet p. 13-14
  4. Statement of Changes in Equity p. 15-17
  5. Cash Flow Statement p. 18
  6. Notes to the Financial Statements p. 20-25
2. **the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2011 (set out on pages 37 to 43 and pages 46 to 77 of the 2011 annual report of the Issuer);**
  1. Income Statement p. 38
  2. Comprehensive Income p. 38
  3. Balance Sheet p. 39
  4. Statement of Changes in Equity p. 40-42
  5. Cash Flow Statement p. 43
  6. Notes to the Financial Statements p. 46-77
  7. Auditor's Report p. 37
3. **the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2010 (set out on pages 42 to 47 and pages 50 to 82 of the 2010 annual report of the Issuer)**
  1. Income Statement p. 43
  2. Comprehensive Income p. 43
  3. Balance Sheet p. 44
  4. Statement of Changes in Equity p. 45-46
  5. Cash Flow Statement p. 47
  6. Notes to the Financial Statements p. 50-82
  7. Auditor's Report p. 42

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London, and will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any information contained in any of the documents

specified above which is not incorporated by reference in this Base Prospectus is given for information purposes only and is either not relevant to investors or is covered elsewhere in this Base Prospectus.



## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the EMTN Note Conditions or the Senior Secured Note Conditions, as the case may be, described in the relevant Final Terms as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the EMTN Note Conditions or the Senior Secured Note Conditions, as the case may be, as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note.

## FORMS OF THE NOTES

### 1. Bearer Notes

Each Tranche of Bearer EMTN Notes and Bearer Secured Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

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

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

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

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the EMTN Note Conditions or Senior Secured Note Conditions, as the case may be, or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**") in the limited circumstances described in the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) (in the case of Bearer EMTN Notes only) any of the circumstances described in Condition 11 (*Events of Default*) of the EMTN Note Conditions occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the EMTN Note Conditions or Senior Secured Note Conditions, as the case may be, or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

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

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for

Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the EMTN Note Conditions or Senior Secured Note Conditions, as the case may be, or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

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

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes in the limited circumstances described in the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) (in the case of Bearer EMTN Notes only) any of the circumstances described in Condition 11 (*Events of Default*) of the EMTN Note Conditions occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the EMTN Note Conditions or Senior Secured Note Conditions, as the case may be, or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights

thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

### **Rights under Deed of Covenant**

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the Holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### **Terms and Conditions applicable to the Notes (other than VP Notes)**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the EMTN Notes*" or "*Terms and Conditions of the Senior Secured Notes*" below, as the case may be, and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Overview of Provisions Relating to the Bearer Notes while in Global Form*" below.

### **Legend concerning United States persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

### **2. VP Notes**

VP Notes cleared through VP or VP Lux, as the case may be, will be in dematerialised form and will not be evidenced by any physical note, certificate or document of title. Ownership of VP Notes will be recorded, and transfers effected, only through the book entry system and register maintained by VP or VP Lux, as the case may be.

## TERMS AND CONDITIONS OF THE EMTN NOTES (THE "EMTN NOTE CONDITIONS")

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Bearer EMTN Note in definitive form issued under the Programme.*

*The terms and conditions applicable to any Bearer EMTN Note in global form will differ from those terms and conditions which would apply to the Bearer EMTN Note were it in definitive form to the extent described under "Overview of Provisions Relating to the Bearer Notes while in Global Form" below.*

*The following is also the text of the Terms and Conditions of the VP EMTN Notes which, as completed by the relevant Final Terms, will be applicable to each VP EMTN Note. VP EMTN Notes will not be evidenced by any physical note or document of title other than statements of account made by the VP or VP Lux, as the case may be. Ownership of VP EMTN Notes will be recorded and transfer effected only through the book entry system and register maintained by the VP or VP Lux, as the case may be.*

### 1. **Introduction**

- (a) *Programme:* BRFkredit a/s (the "**Issuer**") has established a Programme (the "**Programme**") for the issuance of up to EUR4,000,000,000 in aggregate principal amount of notes (the "**Notes**"). Notes to be issued under the Programme include unsecured euro medium term notes in bearer form ("**Bearer EMTN Notes**") and unsecured euro medium term notes in uncertificated book entry form ("**VP EMTN Notes**", and together with the Bearer EMTN Notes, the "**EMTN Notes**").
- (b) *Final Terms:* EMTN 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 EMTN Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of EMTN Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The EMTN Notes are the subject of an issue and paying agency agreement dated 4 December 2012 (the "**Agency Agreement**") between, *inter alia*, the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), BRFkredit a/s as VP issuing agent (the "**VP Agent**", which expression includes any successor VP issuing agent appointed from time to time in connection with the VP EMTN Notes) and the paying agents named therein (together with the Fiscal Agent and the VP Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the EMTN Notes).
- (d) *Deed of Covenant:* The EMTN Notes are the subject of a deed of covenant dated 4 December 2012 (the "**Deed of Covenant**") entered into by the Issuer.
- (e) *The EMTN Notes:* All subsequent references in these Conditions to "**EMTN Notes**" are to the EMTN Notes which are the subject of the relevant Final Terms. In the case of EMTN Notes which are admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, copies of the relevant Final Terms are available for viewing at the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Copies may also be obtained from specified offices of the Paying Agents.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the EMTN Notes (the "**Noteholders**" or "**Holders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"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, in respect of Danish Kroner and for any specified period, the interest rate benchmark known as the Copenhagen interbank offered rate which is calculated and published by a designated distributor (currently NASDAQ OMX Copenhagen) in accordance with the requirements from time to time of the Danish Bankers' Association based on estimated interbank borrowing rates for Danish Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic CIBOR rates can be obtained from the designated distributor);

**"Coupon Sheet"** means, in respect of a Bearer EMTN Note, a coupon sheet relating to the Bearer EMTN Note;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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);
- (c) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:



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

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

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

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- (f) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (g) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"**D<sub>1</sub>**" 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 D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" has the meaning given in the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any EMTN Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

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

"**Final Redemption Amount**" has the meaning given in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

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

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;

- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"Interest Amount"** means, in relation to an EMTN Note and an Interest Period, the amount of interest payable in respect of that EMTN Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the EMTN Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

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

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the EMTN Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

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

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**"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;

**"NIBOR"** means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Norwegian association for banks, insurance companies and financial

institutions, Finance Norway – FNO based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor);

**"Optional Redemption Amount (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Amount (Put)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Bearer EMTN Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Bearer EMTN Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Bearer EMTN Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the EMTN Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**"Reference Banks"** means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR, LIBOR, CIBOR, NIBOR or STIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

**"Regular Period"** means:

- (a) in the case of EMTN Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of EMTN Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of EMTN Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment 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;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Thomson Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the EMTN Notes, to reduce the amount of principal or interest payable on any date in respect of the EMTN Notes, to alter the method of calculating the amount of any payment in respect of the EMTN Notes or the date for any such payment, to change the currency of any payment under the EMTN Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"STIBOR"** means, in respect of Swedish Kronor and for any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently NASDAQ OMX Stockholm) based on estimated interbank borrowing rates for Swedish Kronor for a number of designated maturities which are provided by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

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

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

**"Talon"** means a talon for further Coupons;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Treaty"** means the Treaty establishing the European Communities, as amended;

**"Zero Coupon Note"** means an EMTN Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the EMTN Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Bearer EMTN Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the EMTN Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 10 (*Taxation*), any premium payable in respect of an EMTN Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to EMTN Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) VP EMTN Notes are in dematerialised form, and any reference in these Conditions to Coupons and Talons shall not apply to VP EMTN Notes, and no global or definitive Notes will be issued in respect thereof;
- (viii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies

that such expression is "not applicable" then such expression is not applicable to the EMTN Notes; and

- (ix) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the EMTN Notes.

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

#### (a) *Bearer EMTN Notes*

The Bearer EMTN Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer EMTN Notes with more than one Specified Denomination, Bearer EMTN Notes of one Specified Denomination will not be exchangeable for Bearer EMTN Notes of another Specified Denomination. Title to the Bearer EMTN Notes and the Coupons will pass by delivery. The Holder of any Bearer EMTN Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

#### (b) *VP EMTN Notes*

VP EMTN Notes are issued in the Specified Denominations. VP EMTN Notes will not be evidenced by any physical security or other document of title. An entitlement to one or more VP EMTN Notes will be evidenced by the VP Agent crediting the relevant VP EMTN Note(s) to the relevant account with VP SECURITIES A/S ("VP") or VP Lux S.à.r.l., a Luxembourg Central Securities Depository ("VP Lux"), as the case may be. The Holder of each VP EMTN Note will be the person evidenced as such by a book entry in the records of the VP or VP Lux, as the case may be. VP EMTN Notes will not be exchangeable for Bearer EMTN Notes.

#### (c) *Third parties*

No person shall have any right to enforce any term or condition of any EMTN Note under the Contracts (Rights of Third Parties) Act 1999.

### 4. **Status**

The EMTN Notes constitute direct, general, unconditional and unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 5. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 5 is applicable to the EMTN Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The EMTN Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each EMTN Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such EMTN Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the EMTN Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each EMTN Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the EMTN Notes are in more

than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

- (d) *Calculation of interest amount:* The amount of interest payable in respect of each EMTN Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such EMTN Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 6 is applicable to the EMTN Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The EMTN Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each EMTN Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such EMTN Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the EMTN Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the EMTN Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading



European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the EMTN Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the EMTN Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the EMTN Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each EMTN Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant EMTN Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the EMTN Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of an EMTN Note having the minimum Specified Denomination.

- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**7. Zero Coupon Note Provisions**

- (a) *Application:* This Condition 7 is applicable to the EMTN Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such EMTN Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the EMTN Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

**8. Redemption and Purchase**

- (a) *Scheduled redemption:*

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

- (b) *Redemption for tax reasons:*

The EMTN Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Denmark or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the EMTN Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) where the EMTN Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the EMTN Notes were then due; or
- (2) where the EMTN Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the EMTN Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 8(b), the Issuer shall be bound to redeem the EMTN Notes in accordance with this Condition 8(b).

(c) *Redemption at the option of the Issuer:*

If the Call Option is specified in the relevant Final Terms as being applicable, the EMTN Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the EMTN Notes or, as the case may be, the EMTN Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) *Partial redemption:*

If the EMTN Notes are to be redeemed in part only on any date in accordance with Condition 8(c) (*Redemption at the option of the Issuer*), in the case of Bearer EMTN Notes, the Bearer EMTN Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the EMTN Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 8(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Bearer EMTN Notes so to be redeemed, and in the case of VP EMTN Notes, each VP EMTN Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding VP EMTN Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of the outstanding VP EMTN Notes on such date.

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

(e) *Redemption at the option of Noteholders:*

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any EMTN Note redeem such EMTN Note on the Optional

Redemption Date (Put) specified in the relevant Put Option Notice (in the case of Bearer EMTN Notes) or in the relevant notice given to the VP Agent (in the case of VP EMTN Notes) at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 8(e), the Holder of a Bearer EMTN Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Bearer EMTN Note (together with, in the case of an interest-bearing Definitive Note, all unmatured Coupons relating thereto) and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Bearer EMTN Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. In order to exercise the option contained in this Condition 8(e), the Holder of a VP EMTN Note must not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), give notice to the VP Agent of such exercise in accordance with the standard procedures of VP or VP Lux, as the case may be, from time to time. No EMTN Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 8(e), or in respect of which notice has been given to the VP Agent in accordance with the standard procedures of VP or VP Lux, may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such EMTN Note becomes immediately due and payable or, upon due presentation of any such Bearer EMTN Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice (in the case of Bearer EMTN Notes) or in the notice delivered to the VP Agent (in the case of VP EMTN Notes) and (in the case of Bearer EMTN Notes only) shall hold such Bearer EMTN Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Bearer EMTN Note is held by a Paying Agent in accordance with this Condition 8(e), the depositor of such Bearer EMTN Note and not such Paying Agent shall be deemed to be the Holder of such Bearer EMTN Note for all purposes.

(f) *No other redemption:*

The Issuer shall not be entitled to redeem the EMTN Notes otherwise than as provided in paragraphs (a) to (e) above.

(g) *Early redemption of Zero Coupon Notes:*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the EMTN Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 8(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase EMTN Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

(i) *Cancellation:* All EMTN Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

9. **Payments**

- (a) *Principal:* Payments of principal in respect of Bearer EMTN Notes shall be made only against presentation and (**provided that** payment is made in full) surrender of the Bearer EMTN Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest in respect of Bearer EMTN Notes shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *VP EMTN Notes:* Payments of principal and interest in respect of the VP EMTN Notes will be made to the Holders of the VP EMTN Notes shown in the relevant records of VP or VP Lux, as the case may be, in accordance with and subject to the rules and regulations from time to time governing VP or VP Lux, as the case may be. Payments will be made by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (d) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the EMTN Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (e) *Payments subject to fiscal laws:* All payments in respect of the EMTN Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*) and (ii) notwithstanding the provisions of Condition 10 (*Taxation*) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer EMTN Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph

would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (g) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 9(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Bearer EMTN Note or early redemption in whole of such Bearer EMTN Note pursuant to Condition 8(b) (*Redemption and Purchase - Redemption for tax reasons*), Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*), Condition 8(e) (*Redemption and Purchase - Redemption at the option of Noteholders*) or Condition 11 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) *Payments on business days:* If the due date for payment of any amount in respect of any EMTN Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (i) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant EMTN Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (d) (*Payments in New York City*) above).
- (j) *Partial payments:* If a Paying Agent makes a partial payment in respect of any EMTN Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer EMTN Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Bearer EMTN Note, any unexchanged Talon relating to such Bearer EMTN Note shall become void and no Coupon will be delivered in respect of such Talon.

## 10. **Taxation**

- (a) *Gross up:*

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

been required, except that no such additional amounts shall be payable in respect of any EMTN Note or Coupon presented or due for payment:

- (i) by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such EMTN Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the EMTN Note or Coupon; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
  - (iii) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Bearer EMTN Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the Holder of such Bearer EMTN Note or Coupon would have been entitled to such additional amounts on presenting such Bearer EMTN Note or Coupon for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Denmark, references in these Conditions to the Kingdom of Denmark shall be construed as references to the Kingdom of Denmark and/or such other jurisdiction.

#### 11. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the EMTN Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the EMTN Notes within five days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the EMTN Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Material Subsidiary:*
  - (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness;
  - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness; or

**provided that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR20,000,000 (or its equivalent in any other currency or currencies); or

For the purposes of this Condition 11(c) only,

- (A) "**Material Subsidiary**" means any Subsidiary of the Issuer as to which either or both of the following conditions is satisfied:

- (1) its net profits attributable to the Issuer (before taxation and extraordinary items) for its last completed financial year are not less than 5 per cent. of the consolidated net profits (before taxation and extraordinary items but after deducting minority interests in Subsidiaries) (or, where the interest in the share capital of such Subsidiary is less than 100 per cent., a proportion thereof equal to the proportion of the share capital owned, directly or indirectly, by the Issuer) of the Issuer and its Subsidiaries (taken as a whole) for its last completed financial year; or
- (2) its gross assets attributable to the Issuer for its last completed financial year represent 5 per cent. or more of the consolidated gross assets (after deducting minority interests in Subsidiaries) (or, where the interest in the share capital of such Subsidiary is less than 100 per cent., a proportion thereof equal to the proportion of the share capital owned, directly or indirectly, by the Issuer) of the Issuer and its Subsidiaries (taken as a whole) for its last completed financial year.

A certificate by the Issuer's auditors as to whether a Subsidiary of the Issuer is or is not, or was or was not, at any particular time, a Material Subsidiary shall be conclusive; and

- (B) "**Subsidiary**" has the meaning given to that term in Sections 6 and 7 of the Danish Companies Act.
- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an aggregate amount in excess of EUR20,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
  - (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries; or
  - (f) *Seizure of assets etc.*: a distress, execution, seizure before judgment or other legal process is levied or enforced or sued out upon or against any part of the property, assets or revenues of the Issuer which is material in its effect upon the operation of the Issuer and is not discharged or stayed within 30 days of having been so levied, enforced or sued out;
  - (g) *Bankruptcy*: (A) an application for the commencement of bankruptcy against the assets of the Issuer is filed and the application has been filed by or on behalf of the Issuer, or (B) a third party has filed an application for the commencement of bankruptcy against the assets of the Issuer and (the earlier of) either (1) the Danish Financial Supervisory Authority (*Finanstilsynet*, the "**DFSA**") advises the competent court to open up bankruptcy proceedings, or (2) the competent court opens bankruptcy proceedings against the assets of the Issuer, or (C) under Section 233 of the Danish Financial Business Act, the DFSA permits liquidators of the Issuer appointed pursuant to Section 227 or 228 of the Danish Financial Business Act to file a petition for bankruptcy under and pursuant to Section 17 of the Bankruptcy Act in relation to the Issuer, or (D) under Section 223 or 234 of the Danish Financial Business Act, the DFSA files a petition for bankruptcy under and pursuant to Section 17 of the Bankruptcy Act in relation to the Issuer;
  - (h) *Suspension of payments*: under Section 238 of the Danish Financial Business Act, the DFSA files a petition for the suspension of payments of the Issuer;
  - (i) *Analogous event*: any event occurs which under the laws of the Kingdom of Denmark has an analogous effect to any of the events referred to in paragraphs (d) to (h) above; or
  - (j) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the EMTN Notes and the Deed



of Covenant, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the EMTN Notes, the Coupons and the Deed of Covenant admissible in evidence in the courts of the Kingdom of Denmark is not taken, fulfilled or done; or

- (k) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the EMTN Notes or the Deed of Covenant.

then any EMTN Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to all other Holders of EMTN Notes by the Issuer.

## 12. **Prescription**

Claims for principal in respect of Bearer EMTN Notes shall become void unless the relevant Bearer EMTN Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer EMTN Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

Claims for principal in respect of VP EMTN Notes shall become void unless made within ten years of the appropriate Relevant Date. Claims for interest in respect of VP EMTN Notes shall become void unless made within five years of the appropriate Relevant Date.

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

If any EMTN Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the EMTN Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced EMTN Notes or Coupons must be surrendered before replacements will be issued.

## 14. **Agents**

In acting under the Agency Agreement and in connection with the EMTN Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent, VP agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (d) if and for so long as the EMTN Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying

Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and

- (e) in the case of VP EMTN Notes, the Issuer shall at all times maintain a VP Agent authorised to act as an account holding institution with the VP or VP Lux, as the case may be, and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VP EMTN Notes so require.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 15. Meetings of Noteholders; Modification and Waiver

### 15.1 Bearer EMTN Notes

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Bearer EMTN Notes including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bearer EMTN Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Bearer EMTN Notes, or at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Bearer EMTN Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bearer EMTN Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

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

- (b) *Modification:* The Bearer EMTN Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

### 15.2 VP EMTN Notes

- (a) *Meetings of Noteholders:* Meetings of Holders of VP EMTN Notes shall be held in accordance with the Agency Agreement and in compliance with the relevant regulations of VP or VP Lux, as the case may be. The person named in a certificate issued by VP or VP Lux, as the case may be, for the purposes of such meeting shall be treated as the Holder of the VP EMTN Notes specified in such certificate provided that such Holder has undertaken to VP or VP Lux, as the case may be, not to transfer such VP EMTN Notes prior to the close of the meeting, and the VP Agent shall be entitled to assume that any such undertaking has been validly given, shall not enquire as to its enforceability and validity, shall not be obliged to enforce such undertaking and shall be entitled to rely on the same. For the avoidance of doubt, no modification of these Conditions may be made without the written consent of the Issuer.

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

- (b) *Modification:* The VP EMTN Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the EMTN Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the EMTN Notes.

17. **Notices**

(a) *Bearer EMTN Notes*

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the EMTN Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

(b) *VP EMTN Notes*

Notices to the Holders of VP EMTN Notes shall be given in accordance with the procedures of VP or VP Lux, as the case may be, and in a manner which complies with the rules of any stock exchange or other relevant authority on or by which the VP EMTN Notes are for the time being listed or admitted to trading.

18. **Currency Indemnity**

If any sum due from the Issuer in respect of the EMTN Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the EMTN Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. **Rounding**

- (a) For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts

used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. **Governing Law and Jurisdiction**

- (a) *Governing law:* The EMTN Notes and any non-contractual obligations arising out of or in connection with the EMTN Notes are governed by English law, except that registration of the VP EMTN Notes in VP and the dematerialisation of VP EMTN Notes in VP Lux are governed by, and shall be construed in accordance with, Danish law and regulations. In the case of registration of VP EMTN Notes in VP Lux, such registration shall be governed by, and construed in accordance with, Luxembourg law..
- (b) *Jurisdiction:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the EMTN Notes (including any non-contractual obligation arising out of or in connection with the EMTN Notes) and the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (c) *Rights of the Noteholders to take proceedings outside of England:* Condition 20(b) (*Jurisdiction*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 20 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (d) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Kromann Reumert at 42 New Bond Street, London EC2M 1JD or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## **TERMS AND CONDITIONS OF THE SENIOR SECURED NOTES (THE "SENIOR SECURED NOTE CONDITIONS")**

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Bearer Secured Note in definitive form issued under the Programme.*

*The terms and conditions applicable to any Bearer Secured Note in global form will differ from those terms and conditions which would apply to the Bearer Secured Note were it in definitive form to the extent described under "Overview of Provisions Relating to the Bearer Notes while in Global Form" below.*

*The following is also the text of the Terms and Conditions of the Senior Secured Notes which, as completed by the relevant Final Terms, will be applicable to each VP Secured Note. VP Secured Notes will not be evidenced by any physical note or document of title other than statements of account made by the VP or VP Lux, as the case may be. Ownership of VP Secured Notes will be recorded and transfer effected only through the book entry system and register maintained by the VP or VP Lux, as the case may be.*

### **1. Introduction**

- (a) *Programme:* BRFkredit a/s (the "**Issuer**") has established a Programme (the "**Programme**") for the issuance of up to EUR4,000,000,000 in aggregate principal amount of notes (the "**Notes**"). Notes to be issued under the Programme include senior secured notes issued out of a BRFkredit Capital Centre (the "**Senior Secured Notes**", including Senior Secured Notes in bearer form ("**Bearer Secured Notes**") and Senior Secured Notes in uncertificated book entry form ("**VP Secured Notes**")).
- (b) *Final Terms:* Senior Secured 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 Senior Secured Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Senior Secured Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Senior Secured Notes are the subject of an issue and paying agency agreement dated 4 December 2012 (the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), BRFkredit a/s as VP issuing agent (the "**VP Agent**", which expression includes any successor VP issuing agent appointed from time to time in connection with the VP Secured Notes) and the paying agents named therein (together with the Fiscal Agent and the VP Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Senior Secured Notes).
- (d) *Deed of Covenant:* The Senior Secured Notes are the subject of a deed of covenant dated 4 December 2012 (the "**Deed of Covenant**") entered into by the Issuer.
- (e) *The Senior Secured Notes:* All subsequent references in these Conditions to "**Senior Secured Notes**" are to the Senior Secured Notes which are the subject of the relevant Final Terms. In the case of Senior Secured Notes which are admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, copies of the relevant Final Terms are available for viewing at the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Copies may also be obtained from specified offices of the Paying Agents.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Senior Secured Notes (the "**Noteholders**" or "**Holders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable

to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 2. **Interpretation**

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"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, in respect of Danish Kroner and for any specified period, the interest rate benchmark known as the Copenhagen interbank offered rate which is calculated and published by a designated distributor (currently NASDAQ OMX Copenhagen) in accordance with the requirements from time to time of the Danish Bankers' Association based on estimated interbank borrowing rates for Danish Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic CIBOR rates can be obtained from the designated distributor);

**"Coupon Sheet"** means, in respect of a Bearer Secured Note, a coupon sheet relating to the Bearer Secured Note;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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);
- (c) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

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

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

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

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- (f) if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (g) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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



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

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

"**D<sub>1</sub>**" 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 D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

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

"**Final Redemption Amount**" has the meaning given in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

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

"**Interest Amount**" means, in relation to a Senior Secured Note and an Interest Period, the amount of interest payable in respect of that Senior Secured Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Senior Secured Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

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

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Senior Secured Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

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

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**"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;

**"NIBOR"** means, in respect of Norwegian Kroner and for any specified period, the interest rate benchmark known as the Norwegian interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Norwegian association for banks, insurance companies and financial institutions, Finance Norway - FNO based on estimated interbank borrowing rates for Norwegian Kroner for a number of designated maturities which are provided by a panel of contributor banks (details of historic NIBOR rates can be obtained from the designated distributor);

**"Optional Redemption Amount (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Amount (Put)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Participating Member State"** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Bearer Secured Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Bearer Secured Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Bearer Secured Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Senior Secured Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**"Reference Banks"** means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR, LIBOR CIBOR, NIBOR or STIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

**"Regular Period"** means:

- (a) in the case of Senior Secured Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Senior Secured Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Senior Secured Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been

received in the Principal Financial Centre of the currency of payment 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;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Thomson Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Senior Secured Notes, to reduce the amount of principal or interest payable on any date in respect of the Senior Secured Notes, to alter the method of calculating the amount of any payment in respect of the Senior Secured Notes or the date for any such payment, to change the currency of any payment under the Senior Secured Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"SDOs"** means covered bonds (*særligt dækkede obligationer*) as defined by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (*lov om realkreditlån og realkreditobligationer m.v.*);

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"STIBOR"** means, in respect of Swedish Kronor and for any specified period, the interest rate benchmark known as the Stockholm interbank offered rate which is calculated and published by a designated distributor (currently NASDAQ OMX Stockholm) based on estimated interbank borrowing rates for Swedish Kronor for a number of designated maturities which are provided by a panel of contributor banks (details of historic STIBOR rates can be obtained from the designated distributor);

**"Talon"** means a talon for further Coupons;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Treaty"** means the Treaty establishing the European Communities, as amended;

**"Zero Coupon Note"** means a Senior Secured Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Senior Secured Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Bearer Secured Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Bearer Secured Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any premium payable in respect of a Senior Secured Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Senior Secured Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) VP Secured Notes are in dematerialised form, and any reference in these Conditions to Coupons and Talons shall not apply to VP Secured Notes, and no global or definitive Notes will be issued in respect thereof;
- (viii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Senior Secured Notes; and
- (ix) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Senior Secured Notes.

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

#### (a) *Bearer Secured Notes*

The Bearer Secured Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Secured Notes with more than one Specified Denomination, Bearer Secured Notes of one Specified Denomination will not be exchangeable for Bearer Secured Notes of another Specified Denomination. Title to the Bearer Secured Notes and the Coupons will pass by delivery. The Holder of any Bearer Secured Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

#### (b) *VP Secured Notes*

VP Secured Notes are issued in the Specified Denominations. VP Secured Notes will not be evidenced by any physical security or other document of title. An entitlement to one or more VP Secured Notes will be evidenced by the VP Agent crediting the relevant VP Secured Note(s) to the relevant account with VP SECURITIES A/S ("**VP**") or VP Lux S.à.r.l., a Luxembourg Central Securities Depository ("**VP Lux**"), as the case may be. The Holder of each VP Secured Note will be the person evidenced as such by a book entry in the records of the VP or VP Lux, as the case may be. VP Secured Notes will not be exchangeable for Bearer Secured Notes.

#### (c) *Third parties*

No person shall have any right to enforce any term or condition of any Senior Secured Note under the Contracts (Rights of Third Parties) Act 1999.

### 4. **Status**

- (a) Senior Secured Notes will be issued by the Issuer out of one of the BRFKredit Capital Centres. The Senior Secured Notes will constitute bonds issued pursuant to Section 33e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (*lov om realkreditlån og*

*realkreditobligationer m.v.*) (the "**Act**"). Each of the Issuer and the relevant BRFkredit Capital Centre will be liable for obligations under such Senior Secured Notes pursuant to the rules set out in the Act. Holders of Senior Secured Notes issued out of the relevant BRFkredit Capital Centre will have a secondary secured right to all assets in such BRFkredit Capital Centre.

- (b) The Senior Secured Notes will constitute secondary priority obligations of the relevant BRFkredit Capital Centre pursuant to Sections 27 and 27b of the Act or as those Sections may be amended or replaced from time to time, and will rank *pari passu* among themselves. The Senior Secured Notes will rank *pari passu* with all other present and future bonds issued out of the same BRFkredit Capital Centre pursuant to Section 33e of the Act or as that Section may be amended or replaced from time to time.
- (c) If the Issuer is declared bankrupt, the costs of the processing of the insolvent estate, including, *inter alia*, the costs of the appointment of the liquidator, as well as the claims of holders of all present and future covered bonds and covered mortgage bonds within the meaning of Section 33b of the Act issued out of a BRFkredit Capital Centre (the "**Covered Bonds**") (and, in each case, any refinancing bonds issued to refinance such covered bonds) and the obligations to counterparties under derivative financial instruments entered into to hedge risks in relation to such Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) issued out of such BRFkredit Capital Centre, in each case including claims submitted for interest accrued from the time of pronouncement of bankruptcy on said claims will rank ahead of claims for payment of Senior Secured Notes.
- (d) To the extent the claims in relation to Senior Secured Notes are not met out of the assets of the relevant BRFkredit Capital Centre (or out of proceeds from the issue of Senior Secured Notes not yet allocated to a BRFkredit Capital Centre in accordance with Section 27b of the Act or as that Section may be amended or replaced from time to time), the residual claims will constitute unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* with the claims of all other unsubordinated and unsecured creditors of the Issuer according to Section 97 of the Danish Bankruptcy Act (other than those preferred by law). To the extent the claims in relation to Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) and the derivative financial instruments entered into to hedge risks in relation to Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) issued out of a BRFkredit Capital Centre are not met out of the assets of such BRFkredit Capital Centre (or out of proceeds from the issue of Senior Secured Notes not yet allocated to the relevant BRFkredit Capital Centre), the residual claims will, on a *pari passu* basis with residual claims in relation to mortgage bonds, covered mortgage bonds, other covered bonds and any refinancing bonds issued to refinance such mortgage bonds, covered mortgage bonds and other covered bonds issued out of BRFkredit Capital Centres or out of the Issuer in general, rank senior to the claims of the Holders of the Senior Secured Notes.

## 5. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 5 is applicable to the Senior Secured Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Senior Secured Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Senior Secured Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Senior Secured Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Senior Secured Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Senior Secured Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Senior Secured Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Senior Secured Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Senior Secured Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 6 is applicable to the Senior Secured Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Senior Secured Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Senior Secured Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Senior Secured Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Senior Secured Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Senior Secured Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation

Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Senior Secured Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Senior Secured Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Senior Secured Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Senior Secured Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Senior Secured Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Senior Secured Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Senior Secured Note having the minimum Specified Denomination.
- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to



any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**7. Zero Coupon Note Provisions**

- (a) *Application:* This Condition 7 is applicable to the Senior Secured Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Senior Secured Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Senior Secured Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

**8. Redemption and Purchase**

- (a) *Scheduled redemption:*

Unless previously redeemed, or purchased and cancelled, the Senior Secured Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9 (*Payments*).

- (b) *Redemption at the option of the Issuer:*

If the Call Option is specified in the relevant Final Terms as being applicable, the Senior Secured Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Senior Secured Notes or, as the case may be, the Senior Secured Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

- (c) *Partial redemption:*

If the Senior Secured Notes are to be redeemed in part only on any date in accordance with Condition 8(b) (*Redemption at the option of the Issuer*), in the case of Bearer Secured Notes, the Bearer Secured Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Senior Secured Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 8(b) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Bearer Secured Notes so to be redeemed, and in the case of VP Secured Notes, each VP Secured Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding VP Secured Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of the outstanding VP Secured Notes on such date.

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

(d) *Redemption at the option of Noteholders:*

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Senior Secured Note redeem such Senior Secured Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice (in the case of Bearer Secured Notes) or in the relevant notice given to the VP Agent (in the case of VP Secured Notes) at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 8(d), the Holder of a Bearer Secured Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Bearer Secured Note (together with, in the case of an interest-bearing Definitive Note, all unmatured Coupons relating thereto) and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Bearer Secured Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. In order to exercise the option contained in this Condition 8(d), the Holder of a VP Secured Note must not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), give notice to the VP Agent of such exercise in accordance with the standard procedures of VP or VP Lux, as the case may be, from time to time. No Senior Secured Note, so deposited with a duly completed Put Option Notice in accordance with this Condition 8(d), or in respect of which notice has been given to the VP Agent in accordance with the standard procedures of VP or VP Lux, may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Senior Secured Note becomes immediately due and payable or, upon due presentation of any such Bearer Secured Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice (in the case of Bearer Secured Notes) or in the notice delivered to the VP Agent (in the case of VP Secured Notes) and (in the case of Bearer Secured Notes only) shall hold such Bearer Secured Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Bearer Secured Note is held by a Paying Agent in accordance with this Condition 8(d), the depositor of such Bearer Secured Note and not such Paying Agent shall be deemed to be the Holder of such Bearer Secured Note for all purposes.

(e) *No other redemption:*

The Issuer shall not be entitled to redeem the Senior Secured Notes otherwise than as provided in paragraphs (a) to (d) above.

(f) *Early redemption of Zero Coupon Notes:*

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Senior Secured Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 8(f) or, if none is so specified, a Day Count Fraction of 30E/360.

(g) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Senior Secured Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

- (h) *Cancellation:* All Senior Secured Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

9. **Payments**

- (a) *Principal:* Payments of principal in respect of Bearer Secured Notes shall be made only against presentation and (**provided that** payment is made in full) surrender of the Bearer Secured Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest in respect of Bearer Secured Notes shall, subject to paragraph (i) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *VP Secured Notes:* Payments of principal and interest in respect of the VP Secured Notes will be made to the Holders of the VP Secured Notes shown in the relevant records of VP or VP Lux, as the case may be, in accordance with and subject to the rules and regulations from time to time governing VP or VP Lux, as the case may be. Payments will be made by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (d) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Senior Secured Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (e) *Payments subject to fiscal laws:* All payments in respect of the Senior Secured Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment and (ii) notwithstanding the provisions of Condition 10 (*Taxation*) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Secured Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (g) *Unmatured Coupons void:* if the relevant Final Terms specifies that this Condition 9(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Bearer Secured Note or early redemption in whole of such Bearer Secured Note pursuant to Condition 8(b) (*Redemption and Purchase - Redemption at the option of the Issuer*) or Condition 8(d) (*Redemption and Purchase - Redemption at the option of the Noteholders*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) *Payments on business days:* If the due date for payment of any amount in respect of any Senior Secured Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (i) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Senior Secured Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (d) (*Payments in New York City*) above).
- (j) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Senior Secured Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Secured Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 11 (*Prescription*)). Upon the due date for redemption of any Bearer Secured Note, any unexchanged Talon relating to such Bearer Secured Note shall become void and no Coupon will be delivered in respect of such Talon.
- (l) *Deferral of payments in respect of Senior Secured Notes:*

Notwithstanding any other provision in these Conditions, if, on any date (a "**Deferred Payment Date**") on which any payment would otherwise fall due in respect of a Series of Senior Secured Notes (i) a breach of the relevant Balance Principle applying on or prior to such Deferred Payment Date has occurred and is continuing on such Deferred Payment Date or (ii) the payment of the relevant amount (the "**Deferred Amount**") which would otherwise be due on such Deferred Payment Date would result in a breach of the relevant Balance Principle applying on such Deferred Payment Date or (iii) an order has been made or an effective resolution passed for

the bankruptcy, liquidation or reconstruction of the Issuer, then payment of the relevant Deferred Amount will be deferred. No such deferral of payments in respect of any Series of Senior Secured Notes shall affect the ranking of such Senior Secured Notes as set out in Condition 4 (*Status*).

In the case of a deferral as a result of sub-paragraph (i) or (ii), the payment will fall due on such date (if any) as the relevant Balance Principle would again be complied with, after taking into account the payment of the relevant Deferred Amount. No extra amount shall be payable to Holders of the Senior Secured Notes in respect of such deferral. In the case of a deferral as a result of sub-paragraph (iii), the Holders of the relevant Senior Secured Notes shall be entitled to claim such Deferred Amount in the bankruptcy or liquidation of the Issuer or, as the case may be, in any proceedings they are entitled to take against the Issuer following the commencement of reconstruction.

For this purpose, "**relevant Balance Principle**" means, at anytime, a balance principle required to be observed by the Issuer pursuant to the Danish Mortgage-Credit Act and the Executive Order issued pursuant thereto, as in force at the relevant time and as applied to the covered bonds (SDOs) issued out of, and obligations owed to counterparties in respect of derivative financial instruments in respect of, the BRFKredit Capital Centres.

#### 10. **Taxation**

(a) *No gross up in relation to Senior Secured Notes:*

All payments of principal and interest in respect of the Senior Secured Notes and any Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Denmark or any political subdivision therein or any authority 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 which case such withholding or deduction shall be made.

(b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Denmark, references in these Conditions to the Kingdom of Denmark shall be construed as references to the Kingdom of Denmark and/or such other jurisdiction.

#### 11. **Prescription**

Claims for principal in respect of Bearer Secured Notes shall become void unless the relevant Bearer Secured Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Secured Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

Claims for principal in respect of VP Secured Notes shall become void unless made within ten years of the appropriate Relevant Date. Claims for interest in respect of VP Secured Notes shall become void unless made within five years of the appropriate Relevant Date.

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

If any Senior Secured Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Senior Secured Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Senior Secured Notes or Coupons must be surrendered before replacements will be issued.

13. **Agents**

In acting under the Agency Agreement and in connection with the Senior Secured Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or VP agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (d) if and for so long as the Senior Secured Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and
- (e) in the case of VP Secured Notes, the Issuer shall at all times maintain a VP Agent authorised to act as an account holding institution with the VP or VP Lux, as the case may be, and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VP Secured Notes so require.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

14. **Meetings of Noteholders; Modification and Waiver**

14.1 **Bearer Secured Notes**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Bearer Secured Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bearer Secured Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Bearer Secured Notes, as the case may be, or at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Bearer Secured Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bearer Secured Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

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

- (b) *Modification:* The Bearer Secured Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

#### 14.2 **VP Secured Notes**

- (a) *Meetings of Noteholders:* Meetings of Holders of VP Secured Notes shall be held in accordance with the Agency Agreement and in compliance with the relevant regulations of VP or VP Lux, as the case may be. The person named in a certificate issued by VP or VP Lux, as the case may be, for the purposes of such meeting shall be treated as the Holder of the VP Secured Notes specified in such certificate provided that such Holder has undertaken to VP or VP Lux, as the case may be, not to transfer such VP Secured Notes prior to the close of the meeting, and the VP Agent shall be entitled to assume that any such undertaking has been validly given, shall not enquire as to its enforceability and validity, shall not be obliged to enforce such undertaking and shall be entitled to rely on the same. For the avoidance of doubt, no modification of these Conditions may be made without the written consent of the Issuer.

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

- (b) *Modification:* The VP Secured Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

#### 15. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Senior Secured Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Senior Secured Notes.

#### 16. **Notices**

- (a) *Bearer Secured Notes*

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Secured Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

- (b) *VP Secured Notes*

Notices to the Holders of VP Secured Notes shall be given in accordance with the procedures of VP or VP Lux, as the case may be, and in a manner which complies with the rules of any stock exchange or other relevant authority on or by which the VP Secured Notes are for the time being listed or admitted to trading.

17. **Currency Indemnity**

If any sum due from the Issuer in respect of the Senior Secured Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Senior Secured Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. **Rounding**

- (a) For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

19. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Senior Secured Notes and any non-contractual obligations arising out of or in connection with the Senior Secured Notes are governed by English law, except that the provisions under Conditions 4 (*Status*) and 9(l) (*Payments – Deferral of payments in respect of Senior Secured Notes*) as well as registration of the VP Secured Notes in VP and the dematerialisation of VP Secured Notes in VP Lux are governed by, and shall be construed in accordance with, Danish law and regulations. In the case of registration of VP Secured Notes in VP Lux, such registration shall be governed by, and construed in accordance with, Luxembourg law.
- (b) *Jurisdiction:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Senior Secured Notes (including any non-contractual obligation arising out of or in connection with the Senior Secured Notes) and the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (c) *Rights of the Noteholders to take proceedings outside of England:* Condition 19(b) (*Jurisdiction*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 19 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (d) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Kromann Reumert at 42 New Bond Street, London EC2M 1JD or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the



Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS

Final Terms dated [•]

**BRFKREDIT A/S**  
**[BRFkredit Capital Centre [•]]**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the EUR4,000,000,000 Programme for the Issuance of**  
**Euro Medium Term Notes and Senior Secured Notes**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 4 December 2012 [and the supplemental Base Prospectus dated [•] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of 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 the Base Prospectus.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.*

Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the Notes which are the subject of the Final Terms are not being (a) offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a member state. If the Notes are to be issued in other circumstances the Issuer will need to consider effecting the issue by means of a supplement to the Base Prospectus or a stand alone prospectus rather than by Final Terms.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the base prospectus dated [original date] and are attached hereto. This document constitutes the Final Terms relating to the issue of Notes described herein.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is, and the Final Terms (in respect of Notes which are admitted to trading on the regulated market of the Luxembourg Stock Exchange only) will be, available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Base Prospectus is, and the Final Terms will, also be available for viewing on the website of the Issuer at <http://www.brf.dk/investors> and during normal business hours at BRFkredit a/s' registered office at Klampenborgvej 205, 2800 Kgs. Lyngby.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in

relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

*[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 (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). 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 prospectus under Article 16 of the Prospectus Directive].*

1.
  - (i) Series Number: [•]
  - (ii) Tranche Number: [•]
  - [(iii) Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below [which is expected to occur on or about [•]].]
2. Specified Currency or Currencies: [•]
3. Aggregate Nominal Amount: [•]
  - [(i)] [Series]: [•]
  - [(ii)] Tranche: [•]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•] (*in the case of fungible issues only, if applicable*)]
5. (i) Specified Denominations: [•]

*(N.B. Where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

*"€100,000 and integral multiples of €1,000 in excess thereof up to €199,000. No Notes in definitive form will be issued with a denomination above €199,000.")<sup>1</sup>*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not*

<sup>1</sup> Note that the Specified Denomination plus integral multiples option should not be utilised in respect of Bearer Notes where item 20 specifies "Temporary Global Note exchangeable for Definitive Notes".

required.)

- (ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
7. Maturity Date: [•]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
8. Interest Basis: [[•] per cent. Fixed Rate]
- [•][•] [EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR]]+/- [•] per cent. Floating Rate]
- [Zero Coupon]
- (further particulars specified below)
9. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the] [The] Notes will be redeemed on the Maturity Date at par.
10. Change of Interest or Redemption/Payment Basis: [Applicable/Not Applicable]
11. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(further particulars specified below)]
- [Not Applicable]
12. [Date [Board] approval for issuance of Notes] obtained: [•]
- (N.B. Only relevant where Board (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): [•] in each year
  - (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
  - (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] / Not Applicable
  - (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Actual/365 (Fixed) / Actual/360 / [include any other option from the Conditions]]
14. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): [•]
  - (ii) Specified Period: Not Applicable/[•]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (iii) Specified Interest Payment Dates: [Not Applicable/[•], subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iv) [First Interest Payment Date]: [•]
  - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
  - (vi) Additional Business Centre(s): [Not Applicable/[•]]
  - (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest: [[•] shall be the Calculation Agent] / [The Fiscal Agent]

- Amount(s) (if not the Fiscal Agent):
- (ix) Screen Rate Determination:
- Reference Rate: [•][•] [EURIBOR/LIBOR/CIBOR/NIBOR/STIBOR]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•] [*For example, Reuters LIBOR 01/EURIBOR 01*]
  - Relevant Time: [•] [*For example, 11.00 a.m. London time/Brussels time*]
  - Relevant Financial Centre: [•] [*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
- (x) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (xi) Margin(s): [•][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiv) Maximum Rate of Interest: [•] per cent. per annum
- (xv) Day Count Fraction: [30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / [*include any other option from the Conditions*]]
15. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / [*include any other option from the Conditions*]]

## PROVISIONS RELATING TO REDEMPTION

16. Call Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-*

*paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [•] per Calculation Amount
    - (b) Maximum Redemption Amount: [•] per Calculation Amount
  - (iv) Notice period: [•]
17. Put Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
  - (iii) Notice period: [•]
18. Final Redemption Amount of each Note At par
19. Early Redemption Amount
- (i) Early Redemption Amount (Tax) [At par/Not Applicable]
  - (ii) Early Redemption Amount(s) per Calculation Amount payable on redemption on event of default or other early redemption: [At par/Not Applicable]

*[N.B. Item 19 (Early Redemption Amount) is only applicable in the case of EMTN Notes]*

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: **Bearer EMTN Notes/Bearer Secured Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

**VP EMTN Notes/VP Secured Notes:**

Dematerialised book entry form

[The EMTN Note Conditions apply/The Senior Secured Note Conditions apply].

21. New Global Note: [Yes] [No]

22. Additional Financial Centre(s): [Not Applicable/[•].]

*[Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 13(ii) and 14(iv) relate.]*

23. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.] [Not Applicable]

*[N.B. Only relevant to Bearer EMTN Notes and Bearer Secured Notes]*

**[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 inaccurate or misleading.].

Signed on behalf of BRFkredit a/s:

By: .....  
Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) [[Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and the official list of the Luxembourg Stock Exchange]/[Application has been made for the Notes to be admitted to trading and official listing on the main market of NASDAQ OMX Copenhagen A/S]/[other] with effect from [•].] [Application is expected to be made for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [•].] [Not Applicable.]

(ii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

[Not Applicable]/[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings: [Standard & Poor's Credit Market Services Europe Limited: [•]]

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

"Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."/[•]/[Not Applicable]

### 4. [Fixed Rate Notes only – YIELD

Indication of yield: [•]]

### 5. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]/[VP SECURITIES A/S, identification number (CVR) 21599336, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark]/[VP LUX S.à.r.l., 32 Boulevard Royal, L-2449 Luxembourg.]

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

Names and addresses of additional Paying Agent(s) (if any) [•]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Yes. Note that the designation “yes” means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

6. **DISTRIBUTION**

U.S. Selling Restrictions:

[Reg. S Compliance Category 2]; [TEFRA C/TEFRA D/TEFRA not applicable (*in the case of VP Notes*)]

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

*This overview relates to Notes other than VP Notes.*

### Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Bearer EMTN Notes or Bearer Secured Notes represented by a Global Note, references in the EMTN Note Conditions or Senior Secured Note Conditions, as the case may be, to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the EMTN Note Conditions or Senior Secured Note Conditions, as the case may be, as they apply to the Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bearer EMTN Notes or Bearer Secured Notes, as the case may be. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Payment Business Day :* In the case of a Global Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Exercise of put option:* In order to exercise the option contained in Condition 8(e) (*Redemption and Purchase - Redemption at the option of Noteholders*) of the EMTN Note Conditions or in Condition 8(d) (*Redemption and Purchase - Redemption at the option of Noteholders*) of the Senior Secured Note Conditions, the bearer of the Permanent Global Note must, within the period specified in the EMTN Note Conditions or the Senior Secured Note Conditions (as the case may be) for the deposit of the relevant Bearer EMTN Note or Bearer Secured Note, as the case may be, and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Bearer EMTN Notes or Bearer Secured Notes, as the case may be, in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Issuer*) of the EMTN Note Conditions in relation to some only of the Bearer EMTN Notes or Condition 8(b) (*Redemption and Purchase - Redemption at the option of the Issuer*) of the Senior Secured Note Conditions in relation to

some only of the Bearer Secured Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the EMTN Note Conditions or the Senior Secured Note Conditions (as the case may be) and the Bearer EMTN Notes or Bearer Secured Notes (as the case may be) to be redeemed will not be selected as provided in the EMTN Note Conditions or the Senior Secured Note Conditions (as the case may be) but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 17 (*Notices*) of the EMTN Note Conditions and Condition 16 (*Notices*) of the Senior Secured Note Conditions, while all the Bearer EMTN Notes or Bearer Secured Notes, as the case may be, are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices*) of the EMTN Note Conditions or Condition 16 (*Notices*) of the Senior Secured Note Conditions, as the case may be, on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## OVERVIEW OF PROVISIONS RELATING TO VP NOTES

*This overview relates to VP Notes only.*

### **Initial issue of VP Notes**

Each Tranche of VP EMTN Notes or VP Secured Notes cleared through VP or VP Lux will be issued in uncertificated and dematerialised book entry form. Legal title to the VP EMTN Notes and VP Secured Notes will be evidenced by book entries in the records of VP or VP Lux, as the case may be. On the issue of such VP EMTN Notes or VP Secured Notes, the Issuer will send a copy of the applicable Final Terms to the Fiscal Agent, with a copy sent to VP or VP Lux, as the case may be. On delivery of the applicable Final Terms to VP or VP Lux, as the case may be, and notification to VP or VP Lux, as the case may be, of the relevant subscribers and their respective VP or VP Lux account details by the relevant Dealer(s), each subscribing account holder with VP or VP Lux, as the case may be, will be credited with a nominal amount of VP EMTN Notes or VP Secured Notes (as the case may be) equal to the nominal amount thereof for which it has subscribed and paid.

### **Sale and transfer of VP Notes**

Settlement of sale and purchase transactions in respect of VP EMTN Notes and VP Secured Notes in VP or VP Lux, as the case may be, will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VP EMTN Notes or VP Secured Notes will take place in accordance with the rules and procedures for the time being of VP or VP Lux, as the case may be.

No VP Notes will be exchangeable for Definitive Notes.

The terms and conditions applicable to any VP Notes will consist of the terms and conditions set out under "*Terms and Conditions of the EMTN Notes*" or "*Terms and Conditions of the Senior Secured Notes*" above, as the case may be, and the provisions of the relevant Final Terms which complete, amend and/or replace those Conditions.

### **Accountholders with VP and VP Lux**

Each person shown in the book entry records of VP or VP Lux, as the case may be, as the Holder of one or more VP EMTN Notes or VP Secured Notes, must look solely to VP or VP Lux, as the case may be, for payments made by the Issuer in respect of such VP EMTN Note(s) or VP Secured Note(s). No such person shall have any claim directly against the Issuer in respect of payments due in respect of such VP EMTN Note(s) or VP Secured Note(s), and the relevant obligation of the Issuer will be discharged by payment to VP or VP Lux, as the case may be, in accordance with the rules and procedures for the time being of VP or VP Lux, as the case may be.

## **USE OF PROCEEDS**

### **EMTN Notes**

The net proceeds from each issue of EMTN Notes will be applied by the Issuer for its general corporate purposes.

### **Senior Secured Notes**

The net proceeds from each issue of Senior Secured Notes will be applied by the Issuer in accordance with the Danish Mortgage-Credit Act (as amended from time to time), primarily as additional security for covered bonds ("**SDOs**") and covered mortgage bonds ("**SDROs**") issued by a BRFkredit Capital Centre as set forth in Section 33e of the Danish Mortgage-Credit Act. To the extent allowed under the Danish Mortgage-Credit Act (as amended from time to time) the net proceeds may also be applied for other purposes, including as over-collateralisation in support of ratings of issued SDOs and SDROs for general corporate purposes.

To the extent required by the Danish Mortgage-Credit Act, the relevant BRFkredit Capital Centre to which the Senior Secured Notes and the net proceeds from issuance thereof are allocated will be stated in the applicable Final Terms. Such allocation shall not hinder the Issuer from applying the net proceeds for its general corporate purposes, including through reallocation of funds to the institution in general and to other BRFkredit Capital Centres, to the extent allowed under the Danish Mortgage-Credit Act (as amended from time to time).

## OVERVIEW OF DANISH LEGISLATION RELATING TO SENIOR SECURED NOTES

The Issuer is licensed under the DFBA to issue covered bonds. The following is a summary of certain features of Danish law governing the issuance of covered bonds and Senior Secured Notes in Denmark as at the date of this Base Prospectus, which laws may be supplemented, amended, modified or varied whether by legislative enactment or by way of judicial decisions and administrative pronouncements including, possibly, with retrospective effect. The summary does not purport to be, and is not, a complete description of all aspects of the Danish legislation and regulatory framework pertaining to covered bonds and Senior Secured Notes. The original language of the Danish legislation on covered bonds is in Danish. The following summary is provided in English only for the sake of convenience. In the event of any doubt, the original Danish language version of the relevant legislation, executive orders and/or regulations should be consulted. This description of the legal framework is a description of the Danish legislation as at the date of this Base Prospectus. Material changes in the legislation and the interpretation of such legislation by the Danish authorities may subsequently occur, in which case a supplement to this Base Prospectus will be published which describes such material change(s).

### 1. BASIC MORTGAGE BANKING FRAMEWORK

Mortgage banks are licensed by the DFSA to carry on mortgage banking, which essentially is to:

- grant loans against registered mortgages on real property, unsecured loans to public authorities or loans guaranteed by public authorities, funded by the issue of mortgage bonds (*realkreditobligationer* or "**ROs**"), or
- grant loans against registered mortgages on real property, unsecured loans to public authorities or loans guaranteed by public authorities, funded by the issue of covered mortgage bonds (*særligt dækkede realkreditobligationer* or "**SDROs**"), or
- grant loans against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or other unsubordinated claims against and guarantees issued by credit institutions, funded by the issue of covered bonds (*særligt dækkede obligationer* or "**SDOs**").

As credit institutions, mortgage banks are governed by the DFBA and the Danish Mortgage-Credit Act and related Executive Orders.

The Danish Mortgage-Credit Act prescribes rules governing, *inter alia*, mortgage banks' lending, limits on loan-to-value ("**LTV**") ratios, disbursement against guarantees, valuation of properties, granting of loans, supplementary security, lending outside of Denmark and issuance of ROs, SDROs and SDOs.

ROs, SDOs and SDROs are together referred to in this section as the "**bonds**".

#### The Capital Centres

Danish mortgage credit legislation makes it possible for mortgage banks to establish capital centres. A capital centre is a bond series or a group of bond series that share the same cover pool and reserve fund. Capital centres are statutory ring fenced units with their own profit and loss account, balance sheet, capital base (series reserve fund), and capital adequacy requirements. Each capital centre must comply with the statutory capital adequacy requirements applicable from time to time.

#### Assets to be included in a Capital Centre

Assets which may be included in a capital centre as eligible assets against issuance of covered bonds and the Senior Secured Notes include certain loans secured by registered mortgages on real estate together with those mortgages, public credits and other assets which meet the requirements from time to time set out under the Danish Mortgage-Credit Act and Executive Orders. Included in this group of assets are derivative contracts which have been entered into for the purpose of hedging risks between the assets in a given capital centre and the covered bonds and where the agreement specifies that the suspension of payments or bankruptcy of the issuing

bank does not constitute a breach. Over-collateralisation of the capital centre may include other types of assets.

#### *Debt financing*

If a mortgage bank is required to post supplementary security, it may satisfy this requirement by taking out other loans, for example, by issuing Senior Secured Notes and purchasing assets which in turn are added to the capital centre subject to certain qualifications. The agreement by which the mortgage bank obtain such funding shall specify the capital centre for which the funds are to be used for supplementary security.

#### *Other assets*

The DFSA has the discretion to authorise the use of additional assets for the issue of covered bonds other than those referred to above and/or to set additional limits for the proportion of the security for the issue of covered bonds which the relevant types of assets may account for.

## 2. **RULES GOVERNING LENDING AGAINST MORTGAGES ON REAL PROPERTY**

Mortgage banks are required to carry out valuations and grant loans in connection with lending against mortgages on real property funded through the issuance of SDOs pursuant to the provisions of the Danish Mortgage-Credit Act and the Executive Order issued pursuant thereto on the valuation of security and loans granted against mortgages on real property by credit institutions through SDROs and SDOs (the "**Mortgage-Credit Executive Order**").

Generally, mortgage lending against mortgages on real property may not exceed the value of such property subject to the statutory maximum LTV ratios.

<b>Statutory Maximum LTV Ratios by property category</b>	<b>%</b>
Owner-occupied dwelling for all-year habitation .....	80*
Private housing society dwellings .....	
Private rental housing properties .....	
Subsidised housing*** .....	
Youth dwellings .....	
<b>Senior dwellings</b> .....	
Properties used for social, cultural and educational purposes** .....	60
Holiday homes .....	
Agricultural and forestry properties, market gardens, etc** .....	
Office and retail properties** .....	
Industrial and trade properties** .....	
Utilities** .....	
Other properties - including undeveloped land .....	40

\*Some loan types offered for residential housing are subject to a lower LTV ratio than 80 per cent., but no supplementary security is required unless the LTV ratio exceeds 80 per cent..

\*\*The LTV ratio may be extended up to 70 per cent, against supplementary security, which shall constitute at least 10 per cent., of the part of the loan which exceeds the LTV ratio of 60 per cent..

\*\*\*The LTV ratio may be extended up to 84 per cent., of the acquisition cost against guarantees by public authorities.

Mortgage banks shall provide supplementary security in the form of eligible assets, if the fixed LTV ratios of loans granted against mortgages on real property funded through the issuance of SDOs have been exceeded during the term of the loan.

#### **Restriction on maturity and amortisation**

The term of a loan based on SDO funding is generally subject to a limit of 30 years.

Loans granted for owner-occupied dwellings, for all-year habitation and holiday homes may not be amortised slower than a 30-year loan amortised over its loan term with repayments constituting a fixed percentage of the principal (annuity loan). Within the term of the loan, this requirement may be derogated from for a period of up to 10 years.



The 30-year limit does not apply in the following situations:

- (a) If lending is granted on the basis of public subsidy commitments made in accordance with the Danish act governing subsidised housing and subsidised private housing society dwellings, loans for subsidised housing, youth dwellings and private housing society dwellings are subject to a maximum term of 40 years.
- (b) If LTV ratios do not exceed 75 per cent., the above requirements relating to maximum term, amortisation and maximum interest-only periods do not apply to loans granted for owner-occupied dwellings for all-year habitation, private housing society dwellings, private rental housing properties, subsidised housing, youth and senior dwellings, and properties used for social, cultural and educational purposes. The term of these loans may be markedly longer and these loans may even be granted with an indefinite term.

3. **SENIOR SECURED NOTES - BONDS ISSUED PURSUANT TO SECTION 33E OF THE DANISH MORTGAGE-CREDIT ACT**

When issuing SDROs or SDOs, mortgage banks are obliged to ensure that the value of the assets eligible as cover for the SDROs or SDOs at least exceeds the value of the SDROs or SDOs on a loan-by-loan basis. Otherwise the mortgage bank must add supplementary security to the capital centre. The mortgage bank shall also provide supplementary security to the capital centre if the LTV ratio in force at the time the loan was granted is no longer observed.

In order to fund supplementary assets eligible as cover for the SDROs or SDOs, mortgage banks are allowed to issue bonds pursuant to Section 33e of the Danish Mortgage-Credit Act. The Final Terms or Drawdown Prospectus in relation to the Senior Secured Notes must specify to which capital centre the Senior Secured Notes relate.

The proceeds from the issue of Senior Secured Notes must be placed in certain specified eligible assets according to Section 33e(3) of the Danish Mortgage-Credit Act such as mortgages on real property, government bonds and claims against credit institutions, and in separate cash accounts, in separate custody accounts dedicated to the capital centre or otherwise marked as deriving from the loan in question until the assets are to serve as supplementary security, if necessary.

**The preferential status of holders of Senior Secured Notes**

As mentioned, the Danish Mortgage-Credit Act confers a primary preferential right to all assets in the relevant BRFkredit Capital Centre on the holders of Covered Bonds issued out of such BRFkredit Capital Centre, and certain counterparties of derivative financial instruments in the event of insolvency. Holders of Senior Secured Notes have a secondary preferential right. The exact priority of payments in a BRFkredit Capital Centre is as follows:

The Senior Secured Notes will constitute secondary priority obligations of the relevant BRFkredit Capital Centre pursuant to Sections 27 and 27b of the Danish Mortgage-Credit Act or as those Sections may be amended or replaced from time to time, and will rank *pari passu* among themselves. The Senior Secured Notes will rank *pari passu* with all other present and future bonds issued out of the same BRFkredit Capital Centre pursuant to Section 33e of the Danish Mortgage-Credit Act or as that Section may be amended or replaced from time to time.

If the Issuer is declared bankrupt,

- the costs of the processing the insolvent estate, including, *inter alia*, the costs for the appointment of the liquidator, as well as claims of holders of all present and future Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds); and
- the obligations to counterparties under derivative financial instruments entered into to hedge risks in relation to all such Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds),

in each case including claims submitted for interest accrued from the time of pronouncement of bankruptcy on said claims, will rank ahead of claims for payment of the Senior Secured Notes against assets allocated to a BRFkredit Capital Centre.

If an insolvency order is issued for the Issuer, and the funds from the issuance of Senior Secured Notes are not allocated to a BRFkredit Capital Centre, the holders of Covered Bonds issued by the relevant BRFkredit Capital Centre and counterparties under derivative financial instruments entered into to hedge risks in relation to all such Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) have a preferential right to these funds. Any excess funds must be disbursed to the holders of Senior Secured Notes.

If holders of Senior Secured Notes are not covered by the assets of the relevant BRFkredit Capital Centre (or by proceeds from the issue of Senior Secured Notes not yet allocated to a BRFkredit Capital Centre), their residual subordinated and unsecured claim against the institution in general is subject to the following priority of payments.

The residual claims will constitute unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* with the claims of all other unsubordinated and unsecured creditors of the Issuer according to Section 97 of the Danish Bankruptcy Act (other than those preferred by law). To the extent the claims in relation to Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) and the derivative financial instruments entered into to hedge risks in relation to Covered Bonds (and any refinancing bonds issued to refinance such Covered Bonds) are not met out of the assets of the relevant BRFkredit Capital Centre, the residual claims will, on a *pari passu* basis with residual claims in relation to mortgage bonds, covered mortgage bonds, other covered bonds and any refinancing bonds issued to refinance such mortgage bonds, covered mortgage bonds and other covered bonds issued out of BRFkredit Capital Centres or out of the institution in general, rank senior to the claims of the holders of the Senior Secured Notes.

Payment of any amount otherwise due in respect of any Series of Senior Secured Notes will be deferred in certain circumstances as set out in the Senior Secured Note Conditions (i) if the Issuer is, or would be, as a result of making the relevant payment, in breach of a balance principle required by the Danish Mortgage-Credit Act and the Executive Order issued thereunder to be observed in relation to Covered Bonds issued out of, and obligations owed to counterparties in respect of derivative financial instruments in respect of, the BRFkredit Capital Centres. In addition such payment will be deferred if an order has been made or an effective resolution passed for the bankruptcy, liquidation or reconstruction of the Issuer. See "*Terms and Conditions of the Senior Secured Notes - Condition 9(l) (Payments – Deferral of payments in respect of Senior Secured Notes)*".

#### **Failure to provide additional collateral**

Where the Issuer does not provide the required supplementary security, the Issuer's Covered Bonds may lose eligibility as Covered Bonds, as defined in the Capital Requirements Directive. The holders of the Issuer's Covered Bonds which are no longer eligible as Covered Bonds will, however, maintain their primary preferential status. Correspondingly, the holders of Senior Secured Notes will remain as secondary secured creditors.

#### **4. ASSET LIABILITY MANAGEMENT**

The Danish Mortgage-Credit Act and the Executive Order on bond issuance, balance principle and risk management issued pursuant thereto require that mortgage banks observe a balance principle and a set of risk management rules in connection with the issuance of ROs, SDROs or SDOs as specified in the said Executive Order.

The Executive Order on bond issuance, balance principle and risk management provides limits to the scope of differences allowed between the payments from borrowers (interest and principal payments) against mortgages on real property, unsecured loans to public authorities or secured by public authority guarantees, other investments in eligible assets (for example, other unsubordinated claims against, and guarantees issued by, credit institutions), derivative financial instruments to hedge cash flow differences and investments pursuant to section 4(5) of the said Executive Order on the one hand, and payments of interest and principal to the holders of the

issued ROs, SDROs, SDOs, other securities issued by mortgage banks conferring a preferential right on the holder and financial derivative instruments to hedge cash flow differences on the other hand. A balance is deemed to exist when the present value of the assets eligible to cover for the ROs, SDROs and SDOs exceeds the present value of the liabilities relating to the issued ROs, SDROs and SDOs at all times. Off-balance instruments may be used to hedge the risks arising due to imbalances between the loans and the bonds. For mortgage banks, the balance principle is applicable at the level of each individual capital centre and the mortgage bank in general.

The Executive Order sets forth limits on the interest rate, foreign exchange, option and liquidity risk that follow from cash flow differences in the balance sheet. The Executive Order also contains a number of other provisions limiting financial risk.

#### **Issuer's compliance with the balance principle**

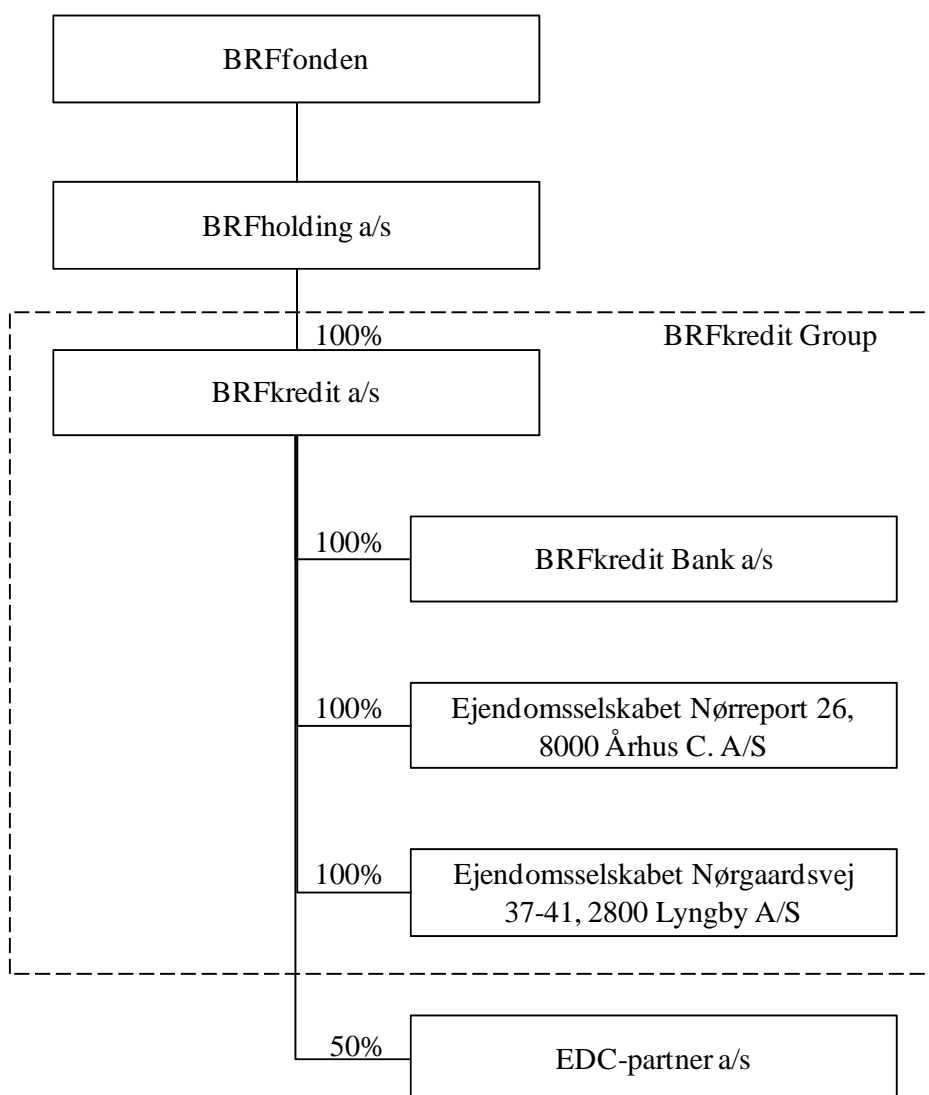
It should be noted that the balance principle regulates the issue of mortgage bonds, SDROs, SDOs and other securities issued by mortgage banks (such as the Issuer) conferring a preferential right on the holder. The liabilities incurred as a result of the relevant issues do not appear directly in the key figures and financial ratios in the Issuer's annual and interim reports presented in accordance with IFRS because under IAS 39, the amount of "issued bonds" shown as liabilities and equity are required to be reduced by the amount of any holdings the Issuer may have of its own mortgage bonds, SDROs, SDOs and other securities issued by mortgage banks conferring a preferential right on the holder. Correspondingly, the amount of any investments in secure liquid securities in accordance with the Executive Order no. 945 of 31 August 2011 on bond issuance, balance principle and risk management will not appear directly as assets because any holdings the Issuer may have of its own mortgage bonds, SDROs, SDOs and other securities issued by mortgage banks conferring a preferential right on the holder are required to be netted against the amount of "issued bonds" as described in the previous sentence.

## DESCRIPTION OF THE ISSUER

### Description of the BRFkredit Group

The overall corporate structure of the BRFkredit group companies (the "**BRFkredit Group**" or the "**Group**") is illustrated below:

#### GROUPDIAGRAM



The BRFkredit Group or the Group comprises the parent company BRFkredit a/s ("**BRFkredit**" or the "**Issuer**") and the wholly owned subsidiaries BRFkredit Bank a/s ("**BRFkredit Bank**" or the "**Bank**"), Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, and Ejendomsselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S. The latter two companies own the buildings of the Group but are not otherwise involved in the Group's core business activities. EDC-partner a/s is a joint venture with the real estate broker group EDC, with whom the Group had a loan origination co-operation that expired in 2011. As a result, the joint venture is in the process of being terminated through BRFkredit's sale of its shares or otherwise.

The core lending and funding activities of the BRFkredit Group are carried out by BRFkredit. According to section 2 of the Articles of Association of BRFkredit, the purpose of BRFkredit is to carry out mortgage banking and any accessory activities that are permitted in compliance with the Danish credit mortgage legislation in force from time to time. Mortgage banking activities consist primarily of granting loans against security in a mortgage on real property funded by issuance of mortgage bonds (which may or may not be covered bonds).

The other significant company in the Group is BRFkredit Bank, a private limited company with authorisation from the DFSA to carry out activities as a credit institution (*pengeinstitut*). The primary purpose of the Bank at its foundation in 1995 was to support the mortgage credit lending by BRFkredit by offering products related to mortgage funding. Since then the Bank has developed into an institution that also offers ordinary banking products with no relation to mortgage funding.

At 30 September 2012, the Group had an overall balance sheet total of DKK 227 billion, an equity capital of DKK 10 billion, and a solvency ratio of 19.0 per cent. After repayment of loan in the form of hybrid core capital from the Kingdom of Denmark in the amount of DKK 2.2 billion on 13 November 2012, the Group's solvency ratio is 15.3 based on the unaudited consolidated interim financial statements of the Issuer in respect of the nine months ended 30 September 2012. Pre-tax profit for the nine months ended 30 September 2012 amounted to DKK 224 million. The Group had an average of 805 full-time employees as at 30 September 2012.

The registered office of BRFkredit is Klampenborgvej 205, DK-2800 Kgs. Lyngby, Denmark, Telephone (+45) 45 93 45 93. BRFkredit is registered with the Danish Business Authority (*Erhvervsstyrelsen*) under company registration (CVR) number 13 40 98 38.

The Group has its head office at Kongens Lyngby and a regional office in Aarhus. It also operates through a team of advisors, who will advise clients in their homes or in regional meeting centres in Ringsted, Kolding and Aalborg.

## Background

The activities of BRFkredit dates back to 1959 when Byggeriets Realkreditfond (BRF) was established as an institution providing mortgage credit activities. As a consequence of structural changes to the Danish mortgage credit business introduced by the Danish Mortgage Credit Act in 1989, all mortgage credit activities undertaken by Byggeriets Realkreditfond (BRF) were transferred to a newly founded private limited company (*aktieselskab*), BRFkredit a/s. At the same time, Byggeriets Realkreditfond (BRF) changed its name to BRFfonden, a Danish commercial foundation (*erhvervsdrivende fond*) and a holding company, BRFholding a/s, was established. BRFkredit is a wholly owned subsidiary of BRFholding a/s, which is in turn wholly owned by BRFfonden.

## Licensed business areas

BRFkredit has authorisation from the DFSA to carry out activities as a mortgage credit institution (*realkreditinstitut*) pursuant to section 8(1) and Annex 3 in the Danish Financial Business Act (*lov om finansiel virksomhed*, the "DFBA") and to carry out activities as a securities trader in connection with its mortgage credit activities in pursuance of section 9(1) and Annex 4, paragraph A, of the DFBA.

Through BRFkredit Bank, the Group may carry out activities as a credit institution (*pengeinstitut*) pursuant to section 7 and Annex 1 of the DFBA.

BRFkredit and BRFkredit Bank may also carry out related activities in accordance with sections 24 to 26 of the DFBA.

## Business activities

The main activity of the Issuer is mortgage lending within the Danish market (less than 1 per cent. of the loan portfolio is granted outside Denmark). BRFkredit's total loans and other receivables measured at fair value amounted to DKK 200 billion as at 30 September 2012.

The Issuer focuses on granting loans for residential properties and for office and business premises. Loans for residential properties (including owner-occupied homes, cooperative housing, private rental housing, and subsidised housing) constitute the largest portion of the Issuer's total loan portfolio, 83.8 per cent. of its total mortgage lending, whereas loans for office and business premises account for 13.6 per cent..

30 September 2012	% of total mortgage lending
Owner-occupied and vacation homes.....	45.7
Subsidised housing .....	18.0

<b>30 September 2012</b>	<b>% of total mortgage lending</b>
Private rental housing .....	12.9
Cooperative housing .....	7.2
Office and business .....	13.6
Manufacturing and manual industries .....	1.4
Other .....	1.3

## **Business units**

BRFkredit is organised into three business units – private customers, corporate customers and subsidised housing.

### *Private customers*

The private customer area comprises lending for owner-occupied homes and vacation homes and is BRFkredit's largest business area. According to the National Bank of Denmark (*Danmarks Nationalbank*), BRFkredit's private customer area accounted for 6.5 per cent. of Denmark's total market for lending from Danish mortgage credit institutions to private homeowners in 2011. BRFkredit's private customer area issued loan offers in 2011 for an aggregate value of approximately DKK 13 billion, distributed over approximately 13,000 offers.

### *Corporate customers*

BRFkredit's corporate mortgage lending is concentrated around lending to office and business premises, private rental housing and cooperative housing societies. According to the National Bank of Denmark, BRFkredit's corporate customer area accounted for 8.5 per cent. of Denmark's total market for corporate lending from mortgage credit institutions in 2011. The corporate customer area issued loan offers in 2011 for an aggregate value of approximately DKK 8 billion, distributed over approximately 650 offers.

BRFkredit's corporate customers unit also has a relatively large loan portfolio in cooperative housing properties. Lending for this segment has notably been provided to cooperative housing societies. Most of these loans are fixed-rate loans or have a long fixed-rate period.

### *Subsidised housing*

According to the National Bank of Denmark, BRFkredit's subsidised housing portfolio accounted for 20.7 per cent. of Denmark's total market for lending to subsidised housing from mortgage credit institutions in 2011. The subsidised housing area issued loan offers in 2011 for an aggregate value of approximately DKK 15.2 billion, distributed over approximately 510 offers.

## **Geographical distribution of loans**

Almost half of the loans provided by BRFkredit are made against a mortgage on real property situated in the Capital Region of Denmark. The table below illustrates the geographical distribution by location of the property of the total loan book of BRFkredit:

<b>30 September 2012</b>	<b>% of Issuer's total mortgage lending</b>
Capital Region of Denmark .....	47.7
Region Zealand .....	14.9
Region of Southern Denmark .....	16.1
Central Denmark Region .....	15.3
North Denmark Region .....	5.2
Outside Denmark .....	0.9

## **Origination of loans**

The Issuer's mortgage loans are provided via a number of sales channels and partnerships, and it is the strategy of the Issuer to expand these partnerships on a current basis.

BRFkredit's strategy for its origination of loans in the private customer area has consisted of combining regional meeting centres with BRFkredit's own national network of advisers and supplemented by various referral agreements regarding arrangement of loans. The Issuer also co-operates with a number of banks

in Denmark regarding arrangement of loans. Loans are also originated via other advisers, via the Issuer's website and via direct sale by the Issuer.

Lending to the corporate segment and to subsidised housing is primarily originated by BRFkredit directly. Furthermore, BRFkredit has arrangement agreements with FIH Erhvervsbank and Skandinaviska Enskilda Banken AB (publ) ("**SEB**") for loans to corporate customers in Denmark. According to the arrangement agreements FIH Erhvervsbank and SEB can pass on corporate customers to BRFkredit in preparation for mortgage lending, if the customers fulfil certain criteria regarding creditworthiness. The passed on loans will become part of BRFkredit's loan portfolio and BRFkredit will receive interest and fees paid by the customer.

### Joint funding

In 2012, BRFkredit also entered into strategic cooperation agreements with some of the largest regional banks in Denmark; Jyske Bank A/S, Sydbank A/S, Arbejdernes Landsbank A/S and Ringkjøbing Landbobank A/S with regard to joint funding under sections 16b to 16g of the DFBA, which allows a bank or mortgage credit institution to provide loans to its customers financed by covered bonds issued by another mortgage credit institution, provided, *inter alia*, that the loan mortgage on the customer's real property is assigned to the covered bond issuing entity. The customers can continue servicing their loans through payments to their own bank and the bank is under an obligation to keep all funds received separate from its own funds in order to secure the covered bond issuing entity's secured right to the funds in case of the bank's bankruptcy.

The arrangements with the above mentioned banks are approved by the DFSA. The agreements give the banks in question the possibility to fund their own real estate loans through BRFkredit Capital Centre E (covered bonds) against payment to BRFkredit of a margin in addition to the interest payable by BRFkredit on the underlying covered bonds. Under the agreements, the loans shall be assigned to BRFkredit and a number of requirements must be fulfilled, e.g., that the loans are granted in observance of BRFkredit's own credit policy, and that the loans are secured against a registered mortgage on the property. The loan mortgages are assigned to BRFkredit and become assets of BRFkredit Capital Centre E. The joint funding agreements expand and diversify the portfolio of loans which are funded by covered bonds issued by BRFkredit. The banks participating in the joint funding arrangements also offer a loan loss guarantee to BRFkredit for loans which exceed an agreed loan-to-value level at the time of transfer.

### Capital structure

The table below shows the capital structure, the core capital rate and the solvency rate of BRFkredit.

DKK million	2008	2009	2010	2011	30 September 2012
Actual core capital.....	10,293	9,622	9,665	9,828	10,003
Deductions from core capital.....	-117	-240	-257	-206	-243
Hybrid core capital .....	0	2,215	2,217	2,219	2,221
Core capital including hybrid core capital .....	10,176	11,598	11,625	11,841	11,981
Supplementary capital .....	50	9	9	12	12
Deductions from supplementary capital.....	-50	-9	-9	-12	-12
Additional deductions from core capital .....	-67	-231	-248	-194	-231
Core capital incl. hybrid core capital after deduct. ....	10,109	11,367	11,377	11,647	11,749
Capital base.....	10,109	11,367	11,377	11,647	11,749
Risk-weighted items .....	76,675	81,158	78,145	67,018	57,782
Core capital ratio.....	13.2	14.0	14.6	17.4	20.3
Solvency ratio .....	13.2	14.0	14.6	17.4	20.3

As at 30 September 2012, the Issuer had a capital base of DKK 11.7 billion and risk-weighted assets of DKK 57.8 billion. The Issuer's solvency ratio was 20.3 against the statutory base requirement of 8.0, corresponding to an excess cover of DKK 5.2 billion to the statutory base solvency requirement (including transitional provisions for institutions with an IRB licence) and DKK 7.1 billion to the statutory base solvency requirement (excluding transitional provisions for institutions with an IRB licence). The core capital ratio of the Issuer was also 20.3. After repayment of loan in the form of hybrid core capital from the Kingdom of Denmark in the amount of DKK 2.2 billion on 13 November 2012, the Issuer's solvency ratio is 16.5 based on the unaudited consolidated interim financial statements of the Issuer in respect of the nine months ended 30 September 2012. In accordance with the DFBA the

management and the Board of Directors have assessed the adequate own funds of the Issuer to DKK 6.1 billion, equivalent to a solvency requirement of 10.6 per cent..

#### *BRFkredit Capital Centres and the Institution in general*

Danish mortgage credit legislation makes it possible for mortgage credit institutions to establish capital centres. A capital centre is a bond series or a group of bond series that share the same cover pool and reserve fund. Capital centres are statutory ring fenced units with their own profit and loss account, balance sheet, capital base (series reserves fund), and capital adequacy requirements. Each capital centre must comply with the statutory capital adequacy requirements applicable from time to time.

The Issuer's assets and liabilities are divided into 11 individual BRFkredit Capital Centres and the institution in general (*instituttet i øvrigt*) which comprises the Issuer's remaining assets and liabilities.

#### *The institution in general*

Until 31 December 2002, the Issuer granted mortgage loans out of the institution in general, and as at 31 December 2011 and 30 September 2012, these loans totalled DKK 8.5 billion at fair value and DKK 8.0 billion at fair value respectively.

It is still possible to grant mortgage loans from the institution in general, but since the establishment of BRFkredit Capital Centre B (see further below) the institution in general has not been used for this purpose.

The institution in general does not have a separate reserve fund. According to the Danish Mortgage-Credit Act, mortgage bonds (*realkreditobligationer*, "**ROs**") issued by the institution in general are secured by an amount that cannot exceed the nominal value of the mortgages plus an amount corresponding to 8 per cent. of the risk-weighted value of said mortgages.

The institution in general is under an obligation to contribute capital to BRFkredit Capital Centres if they are otherwise unable to meet the statutory capital adequacy requirement of at least 8 per cent.. This obligation will cease, when the institution in general itself is not able to meet its statutory capital adequacy requirement.

#### *BRFkredit Capital Centre B*

On 1 January 2003, the Issuer opened a new BRFkredit Capital Centre B, and all new issues of ROs have since then been made from BRFkredit Capital Centre B. As at 31 December 2011 and 30 September 2012, the total loan portfolio in BRFkredit Capital Centre B was DKK 72.2 billion at fair value and DKK 59.2 billion at fair value respectively.

#### *BRFkredit Capital Centre E*

On 13 December 2007, the Issuer opened a new BRFkredit Capital Centre E, and all new issues of covered bonds (*særligt dækkede obligationer*, "**SDOs**") are made from BRFkredit Capital Centre E. As at 31 December 2011 and 30 September 2012, the total loan portfolio in BRFkredit Capital Centre E was DKK 109.7 billion at fair value and DKK 122.5 billion at fair value respectively.

### **Rating**

All issues of ROs and SDOs made from BRFkredit Capital Centres E and B and the institution in general are rated by Standard & Poor's Credit Market Services Europe Limited. Set out below are the long-term ratings assigned by Standard & Poor's Credit Market Services Europe Limited:

BRFkredit a/s (Issuer rating) .....	A-
BRFkredit Capital Centre E, covered bonds (SDO) .....	AAA
BRFkredit Capital Centre B, mortgage credit bonds (RO) .....	AAA
The institution in general, mortgage credit bonds (RO) .....	AA-

BRFkredit Bank, BRFfonden and BRFholding a/s are not rated.



## **Risk Management**

The risks involved in BRFkredit's activities are mainly associated with credit risks on loans granted and risks inherent in BRFkredit's securities portfolio in the form of interest rate risk and market risk.

The DFBA and the Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management provide the overall framework for managing credit risk, market risk, liquidity risk and operational risks. The Board of Directors and the Executive Board has overall responsibility for establishing the Group's risk profile, including the type and size of the risks which the Group is willing to accept exposure to. The Board of Directors and the Executive Board have established a risk organisation and adopted a number of policies, guidelines and procedures in order to ensure that:

- the financial resources are adequate at all times and that BRFkredit has sufficient liquidity compared to legal requirements;
- BRFkredit has an adequate base capital compared to legal requirements;
- BRFkredit has adequate risk management and internal control procedures for assessing and maintaining a base capital, the size, type and allocation of which is adequate as cover to the risks of BRFkredit.

The risk profiles of BRFkredit comprise various quantitative measures of solvency requirement, earnings and selected risk targets. Through a broad range of policies, including credit policy and market risk policy, the Board of Directors expresses the desired risk exposure, for instance by considering the size of the risks. Together with the Executive Board, the Board of Directors approves all significant aspects of the rating and estimation processes used for determining the Group's capital requirements.

## **Risk organisation**

The Board of Directors is responsible for ensuring, together with the Executive Board, that the Group has an organisation structure that complies with statutory requirements, secures a clear division of responsibilities and contains an appropriate separation of functions between developing, operating and monitoring units in the daily monitoring and management of Group risks.

The Board of Directors has set up a joint Audit Committee for BRFkredit and BRFkredit Bank, one of whose responsibilities is to monitor the effectiveness of the Group's internal control system and risk management systems.

Compliance with these policies has been delegated to the Executive Board, which is in charge of the day-to-day management of BRFkredit. The Executive Board is responsible for ensuring that the Board of Directors' adopted policies and guidelines, for the Group's capital and risk management are put into operation and followed.

The Executive Board has designated a risk manager to assume responsibility for adequate risk management in the Group, for instance to provide an overview of the Group's risks and the complete risk landscape.

The ongoing monitoring and control of risk in the Group is handled by committees and subcommittees.

BRFkredit's All Risk Committee has the responsibility to monitor and control Group risk and capital requirements on an ongoing basis. Under the guidance of the Executive Board, the All Risk Committee discusses policies, instructions, Group risk, and capital requirements prior to these issues being discussed by the Board of Directors. Furthermore it is the task of the All Risk Committee to approve general principles and processes for the measuring, control and reporting of risk and capital requirements as well as to monitor and control that the rating system functions as intended, including the approval of major changes to the system.

BRFkredit's Credit Committee serves as a decision making forum operating within the authority area delegated to the Committee by the Board of Directors. The Credit Committee is led by the Executive Board and aims to ensure that the credit policies agreed by the Board of Directors are observed. The Credit Committee will monitor the credit risk incurred by BRFkredit on an ongoing basis, and the Committee will make recommendations to the Executive Board and the Board of Directors of possible

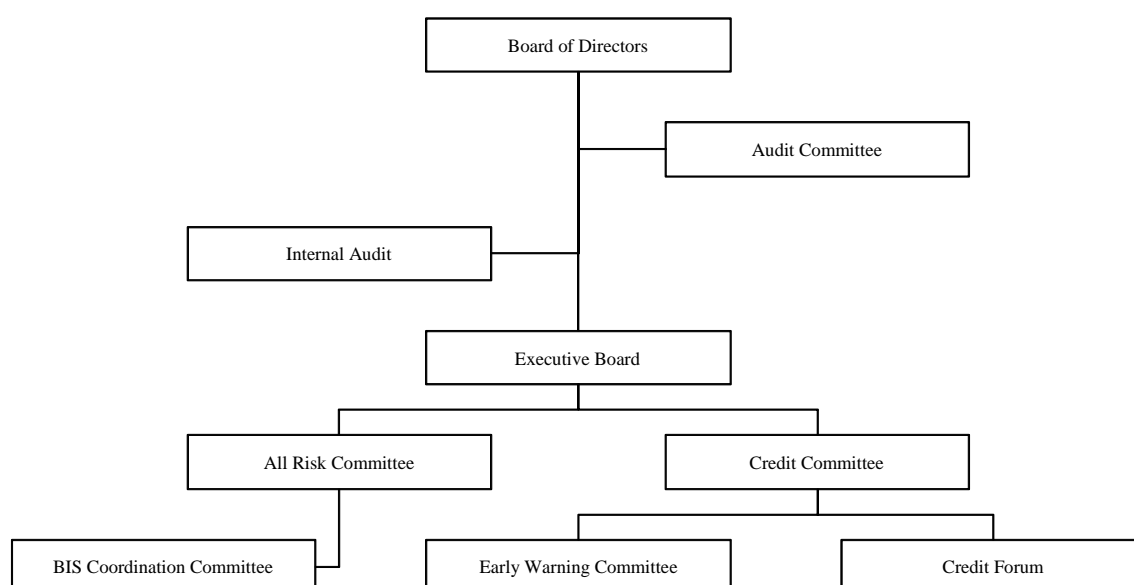
amendments to guidelines, policies and instructions to handle credit risk. Commitments recommended for approval by the Board of Directors must be discussed in the Credit Committee first. In addition, the Credit Committee also deals with provisions, quality and control reports and valuation models.

The BIS Coordination Committee has the task of ensuring the continuous prudent application and coordination of BRFkredit's internal rating system (IRB-models) used to rank BRFkredit's customers on a scale from 1 (most creditworthy customers) to 8 (less creditworthy customers). The BIS Coordination Committee functions as a forum where various aspects of the rating system will be discussed before they may be referred to the All Risk Committee for discussion.

The Early Warning Committee has the task of monitoring the property market with a view to identifying areas or properties that require particular monitoring.

The Credit Forum is a committee that focuses on credit decisions within the private customer area.

#### ORGANISATION CHART FOR RISK MANAGEMENT



#### Credit risk

Credit risks on mortgage lending are subject to statutory restrictions and are managed in accordance with instructions by the Board of Directors of the Issuer which determines the overall limits for lending, approves the Issuer's credit policies and decides on certain larger loan commitments. The responsibility for the ongoing control and monitoring of the Issuer's credit risks is vested in the Executive Board and handled by a central credit and quality division which reports directly to the Executive Board.

The granting structure in BRFkredit follows a hierarchy, which indicates clearly for each level the circumstances under which – and within what amounts and segments – the levels in question have granting competence.

In connection with the granting of credit, the Group has established a series of credit processes aimed at ensuring that the granting of credit is based on responsible risk-taking in regard to each individual case. Also, the credit processes have been established to make sure that any loss is minimised.

The starting point for any granting of credit in BRFkredit is the customer's expected ability to repay the loan, the value of the real property in question and the loan to value ("LTV").

The assessment of a credit application from a customer is carried out on the basis of the financial strength of the applicant and the value of the property. The analyses will vary from case to case. The basic principle is that the higher the potential complexity and risk in the case, the more detailed analyses and investigations are required to ensure a sufficient basis for a decision.

Models are used in the credit granting process to risk classify customers and properties in connection with credit to business properties and subsidised properties. Important parameters of these models are information about financial statements, financial ratios, property information as well as historical behaviour (payment history, arrears history, loan history etc.). In connection with the credit granting process, BRFkredit uses an internal rating system.

The correct valuation of the property is a significant factor to safeguard BRFkredit from future losses. For the individual property, the value is determined on the basis of location, marketability, condition and a number of other, property-specific factors. Apart from the valuation of the properties when a loan is allocated, BRFkredit closely monitors the value of the mortgaged properties.

BRFkredit has established a special monitoring forum – the Early Warning Committee – which consists of experienced staff. This forum monitors market conditions and will point out areas and properties that require separate monitoring, and will also propose adjustments to the statistical models and policies and initiate the updating of valuations.

Apart from the mortgage itself, a number of loans are also secured (in part) by guarantees from public authorities or financial institutions and in certain instances by other forms of security. The public authority guarantees are made in connection with the payment of loans granted under the Danish Act on Subsidised Housing and Subsidised Private Housing Societies etc. or the Danish Act on Urban Development. As a main rule, subsidised housing will usually be comprised by a guarantee for that part of the loan which exceeds 60 per cent. of the value of the property if the loan is funded with covered bonds. The credit risk for this property category is thus further limited. Loans covered by a public authority guarantee account for 15 per cent. of the total loan portfolio. In addition, in connection with loan-origination financial institutions' granting of loans, BRFkredit receives a guarantee, which will – typically – cover loss up to 20 per cent. of the remaining debt. These guarantees thus cover the lowest-ranking and most risky part of the lending. The guarantees will typically run for eight years but may be prolonged. Also loans financed under joint funding arrangements may be backed by a guarantee if the LTV exceeds a certain level. Measured as a share of the total loan portfolio, loans backed by guarantees account for around 7 per cent. of the total loan portfolio.

#### *Credit risk models*

Since 1 January 2008, Danish legislation permits the use of statistical models in the calculation of the capital requirement for credit risk. Since December 2008, BRFkredit has used the Internal Ratings Based (IRB) method to calculate the capital requirement for credit risk, except for government bond exposure, institute exposure and exposure in BRFkredit Bank. The portfolios of the latter two are still calculated by means of the standard method.

The use of the IRB method means that BRFkredit calculates credit risk for each individual customer based on internally developed credit models. These models estimate the customer's probability of default ("PD"), the anticipated loss rate given payment default ("LGD"), as well as the anticipated exposure of the customer in the event of default ("EAD"). The product of the risk parameters PD, LGD and EAD express the anticipated loss on a given customer. The estimation of the risk parameters is made for both private and corporate customers. For private customers, the statistically calculated PD is used, but for corporate customers the business situation, including financial ratios, management and line of business will also be taken into consideration. The PD estimates calculated are used for business dispositions, including loan granting process. It is a condition for the calculation of the capital requirement that the PD estimates reflect a full business cycle, and so the statistically calculated PD estimates are adjusted with a supplement.

For both private and corporate customers, the calculation of the LGD takes place via an estimate of the likelihood of realisation and the loss rate in the event of realisation. The product of these two estimates expresses the anticipated loss rate in the event of customer default. For private customers, the statistically calculated LGD is used, while BRFkredit's experts confirm the LGD of its corporate customers based on the use of the property and its location. These LGD estimates are used in the loan granting process and the monitoring of risk. Still, in the calculation of the capital requirement, the LGD must describe the situation in the recession period in the early 1990s. Therefore, the statistically calculated LGD estimates are adjusted to reflect an LGD level in a recession period.

The customers are ranked according to their estimated PD in rating classes defined on fixed intervals. BRFkredit operates with nine rating classes, where rating class 1 contains the most creditworthy customers and rating class 8 contains the least creditworthy customers. Rating class 9 contains all customers with a history of default, i.e. commitments where it is either considered unlikely that the customer will fully meet all debt obligations or where the customer has been in arrears with a significant amount for a period exceeding 90 days. In addition, rating class 8 contains customers with a fragile financial position, but who have so far been able to meet their obligations towards BRFkredit. Correspondingly, properties are divided into 10 different rating classes based on their estimated LGD. Properties with the lowest loss rates are placed in rating class 1, whereas rating class 10 contains the properties with the highest loss rates.

Each rating class is defined as an interval, and so the shifts between rating classes express whether the trend in the loan portfolio is moving towards increasing or decreasing risk. When the business cycle improves, the trend will be that an increasing number of customers will be moving towards the best rating classes.

### **Market risk**

The primary market risks are associated with BRFkredit's securities portfolio where interest rate and price risks on the bond portfolio are significant risks. BRFkredit has insignificant exposure to foreign exchange risk. Market risks associated with other balance sheet items are moderate as a result of the balance principle and the close link between lending and funding. Legislation and market risk policy limits ensure that BRFkredit's market risks are at a moderate level, and the ongoing close monitoring of these risks, combined with short decision-making paths at BRFkredit, means that a reduction of market risks can be implemented quickly.

The DFBA and the Danish Executive Order on Bond Issuance, Balance Principle and Risk Management determine the general framework for the interest rate, volatility and currency risk of BRFkredit's securities portfolio. BRFkredit's Board of Directors uses the market risk policy and the Executive Board instructions to determine a series of frameworks and limitations, which are typically stricter than the statutory framework. Within the framework determined by the Board of Directors, the Executive Board will specify the further framework within which the Securities Division may operate; the framework relates to interest rate risk within specific maturities, limits to spread risk and convexity. The purpose of the BRFkredit framework is to limit absolute risk and to ensure a sufficient degree of diversification on asset types and counterparties.

The Executive Board receives a daily update on the observance of the most significant risk frames and a more detailed report is prepared for the Executive Board each month and for the Board of Directors each quarter. The observance of the framework is monitored independently of the divisions that carry out securities investments. Any overstepping of the limits is reported to the Executive Board, and for overstepping of the framework laid down by the Board of Directors, a report is sent to the Board of Directors.

### **Liquidity risk**

Liquidity risk in BRFkredit is highly limited, since the Group's primary lending activities – mortgage credit lending – is match funded. Match funding means that the characteristics of the lending provided is matched by the characteristics of the underlying bonds, and this principle as a main rule has the following characteristics:

- The bonds that fund the lending are issued on a daily basis;
- Fixed-interest bonds have fixed funding throughout the maturity of the loan, i.e. a 30-year loan is funded by means of a 30-year bond;
- Adjustable rate mortgage ("ARM") loans without fixed funding are funded by means of bonds with maturities up to 10 years. The repayment terms of the customer will change upon refinancing, corresponding to the price of the bonds sold in connection with the refinancing;
- Repayment of loans takes place through repurchases or drawing by bonds matching the loan. Non-callable ARM loans are repaid through purchases of the bonds in the market or by the

borrower giving notice of prepayment at the expiry date. Callable loans as well as a few CIBOR-based loans are repayable at a maximum price, e.g. 100 or 105 per cent.. Alternatively, these loans may be (p)repaid through purchases of the underlying bonds in the market;

- Payment dates for interest and repayment amounts by the borrower are fixed so that upon timely payment, BRFkredit receives the funds at the same time as or prior to the time when the matching payments to the bond holders fall due.

### **Operational risk**

As a natural part of its business procedures, BRFkredit has focus on identifying and controlling operational risk, including the risk of loss due to system failure, a break-down in IT systems, procedural error, fraud and human error. BRFkredit updates its business and work processes on an ongoing basis and emergency plans and safety procedures have been established to ensure rapid resumption of operations in the event of failure, break-down in IT systems or the like.

In order to counter operational risk, BRFkredit's Executive Board has approved guidelines for the drawing-up of process descriptions. The purpose of the process descriptions is to make sure that the Group will at all times have written work instructions for all significant procedures, and the process descriptions must at all times indicate the allocation of responsibility in the work assignments in regard to departments, department heads and employees. The responsibility for the preparation and professional content of the individual process descriptions lies with the persons responsible for the individual areas, who will give a semi-annual status report to the central control unit.

The Risk Management Function of BRFkredit reviews the Group on an annual basis with a view to identifying operational risk; this is done in collaboration with the individual departments in the Group. BRFkredit only considers uniform groups of operational risk material, if the quantification of risk amounts to more than DKK 25 million per year. In the assessment of materiality, uniform groups of operational risk will be grouped in such a way that types of operational risk, which occurs with high probability or high correlation but small losses, are taken into account. BRFkredit's Board of Directors receives an annual report of significant operational risk.

### **Management**

#### *Board of Directors*

##### **Oluf Engell**

Chairman of the Board of Directors of BRFkredit a/s

Chairman of the Board of Directors of BRFHolding a/s

Partner at Bruun & Hjejle

Chairman of the Board of Directors of DADES A/S

Chairman of Fabrikant Einar Willumsens Mindelegat

Chairman of Aase og Ejnar Danielsens Fond

Chairman of Helga Anchers Fond

Deputy chairman of Fonden af 28. maj 1948

Member of the Board of Directors of Haldor Topsøe Holding A/S and Haldor Topsøe A/S

Member of the Board of Directors of Kong Frederik den syvendes stiftelse for hjælpeløse og forladte pgebørn, især af almuen, oprettet af Louise Christine Lehmsgrevinde af Danner

##### **Kurt Bligaard Pedersen**

Deputy chairman of the Board of Directors of BRFkredit a/s

Deputy chairman of the Board of Directors of BRFHolding a/s

Member of the Board of Directors of BRFfonden

Deputy chairman of Copenhagen Zoo

Member of the Board of Directors of NKT Holding A/S

##### **Lars Henrik Munch**

Member of the Board of Directors of BRFHolding a/s

Member of the Board of Directors of BRFfonden

CEO JP/Politikens Hus A/S

Chairman of the Board of Directors of JP/Politikens Forlagshus A/S

Chairman of the Louisiana-Fonden (Louisiana Museum of Modern Art)  
Chairman of Museumsfonden af 7. december 1966  
Deputy chairman of the Danish Newspaper Publishers' Association

**Kristian May**

Director  
Member of the Board of Directors of A/S Boligselskabet INI  
Member of the Board of Directors of INI Byggeteknik A/S  
Member of the Board of Directors of DI – Organisation for erhvervslivet

**Troels Behr**

Member of the Board of Directors of BRFfonden  
Special Consultant at Københavns Almindelige Boligselskab (KAB)  
Member of the Board of Directors and CEO of Boligselskabet 2001 ApS  
Chairman of the Board of Directors of Virumgård Arkitekter A/S  
Chairman of Foreningen Hjemløses Boligselskab  
Member of the Board of Directors of A/S Matr. Nr. 432 af Amagerbro

**Aksel Nissen**

Member of the Board of Directors of Aktieselskabet Einar Willumsen  
Member of the Board of Directors of Dalhoff Larsen & Horneman A/S

**Laila Busted,**

Chairman of the BRFkredit staff association  
Member of the Board of Directors of BRFkredit a/s, appointed by the employees  
Member of the Board of Directors of BRFfonden, appointed by the employees  
Chairman of Kreds Øst of the Financial Services Union Denmark  
Member of the Executive Committee of the Financial Services Union Denmark

**Jan Frederiksen**

Employee of BRFkredit a/s, SAS programming specialist  
Member of the Board of Directors of BRFkredit a/s, appointed by the employees

**Anette Lykke Poulsen**

Financial advisor  
Member of the Board of Directors of BRFkredit a/s, appointed by the employees

*Executive Board*

**Sven A. Blomberg**

CEO of BRFkredit a/s and BRFholding a/s  
Chairman of the Board of Directors of BRFkredit Bank a/s  
Member of the Board of Directors of VP Securities A/S  
Member of the Board of Directors of the Association of Danish Mortgage Banks  
Chairman of the Governing Board of Foreningen Folk og Forsvar  
Member of the Governing Board of Foreningen Mars & Merkur  
Member of the Board of Directors of Danmark-Amerika Fondet  
Member of the Board of Directors of Soldaterlegatet and chairman of the award committee of the foundation

**Carsten Tirsbæk Madsen**

Executive Vice President of BRFkredit a/s  
Deputy Chairman of the Board of Directors of BRFkredit Bank a/s  
Member of the Board of Directors of the Association of Danish Mortgage Banks  
Member of the Board of Directors of E-Nettet Holding A/S and E-Nettet A/S  
Deputy Chairman of the European Covered Bond Council

**Lars Waalen Sandberg**

Executive Vice President of BRFkredit a/s  
Member of the Danish Securities Council

The address of the members of the Board of Directors and Executive Board is Klampenborgvej 205, DK-2800 Kgs. Lyngby, Denmark.

There are no potential conflicts of interests between the duties to the Issuer of the members of the Board of Directors and the Executive Board and their private interests listed above.

### **Auditors**

The Issuer's external auditor elected at the annual general meeting:

PricewaterhouseCoopers, Statsautoriseret Revisionsaktieselskab ("**PwC**")  
Strandvejen 44, DK-2900 Hellerup, telephone (+45) 39 45 39 45, telefax (+45) 39 45 39 87  
Partner and State-Authorised Public Accountant Lars Holtug.

PwC is a member of the Association of State Authorised Public Accountants in Denmark (FSR – Danish Auditors).

PwC audited the financial statements for 2010 and 2011.

The Issuer has an internal audit department reporting directly to the Board of Directors of the Issuer. This department is headed by Arne List.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the previous twelve months which may have or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability.

## TAXATION

The following is a general description of certain Danish, EU and Luxembourg tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### 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. 1376 of 7 December 2010 as amended. This will not have any impact on Holders of Notes who are not in a relationship whereby they control, or are controlled by, the Issuer or where the holders of Notes and shares of the Issuer are not controlled by the same group of persons.

#### *Resident holders of Notes*

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 Danish Consolidation Act no. 916 of 19 August 2011 (as amended) on taxation of debt, debt claims and financial contracts (in Danish: *Kursgevinstloven*) (the "Act"). Gains and losses on Notes held by corporate entities are generally included in the taxable income in accordance with a mark-to-market principle (in Danish: *lagerprincippet*), i.e. on a yearly accrual basis. Gains and losses on Notes held by individuals are generally included in the taxable income on a realised basis. In respect of individuals a loss on Notes is only deductible if the ownership of the Notes has been reported to the Danish tax authorities within certain deadlines.

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*) as well as individuals with pension funds governed by the same act 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 said act.



### *Non-resident holders of Notes*

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident holders of Notes are not subject to taxation in Denmark. Thus, no 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 holders of Notes who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

### **EU Savings Tax Directive**

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **Luxembourg Taxation**

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes, payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

#### *Withholding Tax*

##### *(i) Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes, which are not profit sharing. Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**EU Savings Directive**") and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the

"Territories"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by Article 4(2) of the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent. (unless the beneficiary has opted for the disclosure of information described above). Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

(ii) *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes. Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent.. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent..

In addition, pursuant to the Law as amended by the law of 17 July 2008, Luxembourg resident individuals who are the beneficial owners of savings income paid by a paying agent within the meaning of the EU Savings Directive established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive, can opt to self declare and pay a 10 per cent. tax on these savings income. This 10 per cent. tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Bayerische Landesbank, BNP Paribas, BRFKredit a/s, Crédit Agricole Corporate and Investment Bank, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Nordea Bank Danmark A/S and Skandinaviska Enskilda Banken AB (publ) (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 4 December 2012 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) 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:

- (a) *Approved prospectus*: if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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
- (d) *Other exempt offers*: 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 (b) to (d) 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, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking**: in relation to any Notes having a maturity of less than one year:
  - (i) 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:
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the 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
- (c) **General compliance:** 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 has represented and agreed that it has not offered or sold, and will not offer, sell or deliver any Notes directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act, Consolidated No. 855 of 17, August 2012, as amended and any Executive Orders issued thereunder and in compliance with the Executive Order No. 768 of 27 June 2011 to the DFBA to the extent applicable.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### **General**

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes 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 possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer.

## **GENERAL INFORMATION**

### **1. Listing and Admission to Trading**

Application has been made for Notes issued under the Programme to be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange.

Applications may also be made to NASDAQ OMX Copenhagen A/S for Notes issued under the Programme to be admitted to trading and official listing on the main market of NASDAQ OMX Copenhagen A/S.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the Luxembourg Stock Exchange or NASDAQ OMX Copenhagen A/S or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### **2. Authorisation**

The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 21 May 2012, and by resolutions of the Executive Board of the Issuer passed on 11 September 2012 and 22 November 2012. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

### **3. Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

### **4. Significant/Material Change**

Since 31 December 2011 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries and since 30 September 2012, there has been no significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries.

### **5. Auditors**

The consolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2011 and 31 December 2010 by PricewaterhouseCoopers, Statsautoriseret Revisionsaktieselskab, member of the Association of State Authorised Public Accountants in Denmark.

### **6. Documents on Display**

Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London for 12 months from the date of this Base Prospectus:

- (a) the Memorandum of Association and Articles of Association of the Issuer;
- (b) the audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2010 and the unaudited consolidated financial statements of the Issuer for the nine months ended 30 September 2012;
- (c) the Agency Agreement;
- (d) the Deed of Covenant;
- (e) the Dealer Agreement;

- (f) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- (g) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

#### 7. **Clearing of the Notes**

The Bearer Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The VP Notes have been accepted for clearance through VP and VP Lux systems (which are the entities in charge of keeping the records). The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, the address of VP is Weidekampsgade 14, DK-2300 Copenhagen S, Denmark and the address of VP Lux is 32 Boulevard Royal, L-2449 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

#### 8. **Notes Having a Maturity of Less Than One Year**

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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 agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

#### 9. **Issue Price and Yield**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

#### 10. **Post-issuance information**

The Issuer does not intend to provide post-issuance information, if not otherwise required by any applicable laws and regulations.

## REGISTERED OFFICE OF THE ISSUER

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## **LUXEMBOURG LISTING AGENT**

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*as to Danish law:*

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