

INFORMATION MEMORANDUM



*(An association established pursuant to Act No. 35 of 19<sup>th</sup> March, 1898 of The Kingdom of Denmark succeeded as of 1<sup>st</sup> January, 2007 by Act no. 383 of 3<sup>rd</sup> May, 2006 of The Kingdom of Denmark)*

**EUR15,000,000,000**  
**Euro Medium Term Note Programme**

for the issue of Notes  
due from one month to 30 years from the date of issue

KommuneKredit (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes") denominated in such currencies as may be agreed with the Purchaser(s) (as defined below). The Notes will have maturities from one month to 30 years from the date of issue (except as set out herein) and, subject as set out herein, the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed EUR15,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out herein).

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 7 (each, a "Dealer" and together, the "Dealers", which expressions shall include any additional Dealer appointed under this EUR15,000,000,000 Euro Medium Term Note Programme (the "Programme") from time to time). Notes may also be issued directly by the Issuer to persons other than Dealers. Dealers and such other persons are referred to as "Purchasers".

This Information Memorandum and any supplement hereto does not comprise a Prospectus for the purposes of Directive 2003/71/EC of the European Parliament and Council of 4th November, 2003, as amended (including amendments thereto by the Directive 2010/73/EU to the extent such amendments have been implemented in a Member State of the European Economic Area) (the "Prospectus Directive").

The Notes are securities which are in the manner set forth in the Articles of Association of KommuneKredit unconditionally and irrevocably guaranteed by the members of KommuneKredit which comprise of *kommuner* (municipalities) and *regioner* (regions) of the EU Member State Denmark and thus remain unaffected by the Prospectus Directive.

Application has been made to the Luxembourg Stock Exchange for the Notes to be issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange for the period of 12 months from the date of this Information Memorandum. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Market and Financial Instruments Directive (Directive 2004/39/EC). This Information Memorandum constitutes a prospectus for the purposes of Chapter 2, Part III of the Luxembourg Law dated 10<sup>th</sup> July, 2005 on Prospectuses for Securities. Unlisted Notes and Notes listed on other or additional stock exchanges may also be issued under the Programme.

The Programme has been rated Aaa/P-1 by Moody's Investors Service, Inc. ("Moody's") and AAA/A-1+ by Standard & Poor's, Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"). Notes issued under the Programme may be rated or unrated. When a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, cancellation, reduction or withdrawal at any time by the assigning rating agency.

**Arranger**  
**Deutsche Bank**  
**Dealers**

**BNP PARIBAS**  
**Deutsche Bank**  
**Morgan Stanley**

**Citigroup**  
**KommuneKredit**  
**Nomura**

**UBS Investment Bank**

**31<sup>st</sup> May, 2012**

(This Information Memorandum replaces the Information Memorandum dated 8 June, 2011)

The purpose of this Information Memorandum is to give information with regard to the Issuer and the Notes. The Issuer has warranted to the Dealers that, inter alia, this Information Memorandum is true and accurate in all material respects, does not contain any untrue statement of a material fact nor omit to state any material fact known to the Issuer necessary to make the statements herein not misleading and all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements. The Issuer accepts responsibility accordingly.

This Information Memorandum is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” on page 5). This Information Memorandum shall be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the financial information contained in this Information Memorandum, or any other financial statements or any further information supplied in connection with the Programme or the Notes. The Dealers accept no liability in relation to the financial or other information contained in this Information Memorandum or any other financial statements or any further information supplied in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other financial statements or further information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or by any of the Dealers.

Neither this Information Memorandum nor any other financial statements nor any further information supplied in connection with the Programme or the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Information Memorandum or any other financial statements or any further information supplied in connection with the Programme or the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of this Information Memorandum, any other financial statements or any further information supplied in connection with the Programme or the Notes constitute an offer or invitation by or on behalf of the Issuer, the Dealers or any of them to any person to subscribe for or to purchase any of the Notes.

The delivery of this Information Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or any of its subsidiaries during the life of the Programme.

Investors should review, inter alia, the most recent financial statements of the Issuer when deciding whether or not to purchase any of the Notes.

The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and/or the offer or sale of the Notes in the United States, France, the United Kingdom, Japan and Hong Kong (see “Subscription and Sale” on page 68).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and include Notes in bearer form that 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 (see “Subscription and Sale” on page 68).

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

In this Information Memorandum, references to “DKK” and “Kroner” are to Danish kroner, references to “€” or “EUR” are to euro, references to “\$”, “U. S.\$” and “U. S. dollars” are to United States dollars, references to “£” and “Sterling” are to pounds Sterling and references to “yen” are to Japanese yen.

In connection with the issue of any Tranche (as defined on page 18) of Notes, the Dealer or Dealers (if any) named as stabilising dealer(s) (or persons acting on behalf of any stabilising dealer(s)) in the relevant Final Terms (as defined on page 6) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a higher level than that which might otherwise prevail. However, there is no assurance that the stabilising dealer(s) (or persons acting on behalf of any stabilising dealer(s)) will undertake stabilisation action. Any stabilising action may begin on or after the date on which adequate public disclosure of the final 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 shall be conducted by the stabilising dealer(s) (or persons acting on behalf of any stabilising dealer(s)) in accordance with all applicable laws and rules.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (1) the published annual report for 2011 (which includes audited financial statements) and, if published, the interim consolidated statement (which shall not be audited) of the Issuer from time to time; and
- (2) all supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the undertaking described below given by it in the Programme Agreement (as defined in "Subscription and Sale" on page 68);

save that any statement contained herein or in a document all or the relative portion of which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the oral or written request of any such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its registered office set out at the end of this Information Memorandum. In addition, such documents will be available, free of charge, from the principal office in Luxembourg of KBL European Private Bankers S. A. in its capacity as listing agent (the "Listing Agent") for the Listed Notes (as defined below).

The Issuer has given an undertaking in connection with the listing of the Notes on the Luxembourg Stock Exchange to the effect that after the submission of this Information Memorandum to the Luxembourg Stock Exchange and during the duration of the Programme it shall publish an amendment, supplement or a new Information Memorandum as may be required by the rules of the Luxembourg Stock Exchange in the event of any material adverse changes in the business, financial condition or otherwise, of the Issuer and its subsidiaries set out in this Information Memorandum and shall promptly supply to each Dealer and the Luxembourg Stock Exchange such number of copies of the amendment, supplement or new Information Memorandum (as the case may be) as such Dealer or the Luxembourg Stock Exchange may reasonably request.

The documents incorporated by reference are available for viewing at [www.bourse.lu](http://www.bourse.lu).

## DESCRIPTION OF THE PROGRAMME

The Issuer, subject to compliance with all relevant laws, regulations and directives, may, from time to time, issue Notes denominated in such currencies as may be agreed with the relevant Purchaser(s).

The issue price, issue date, maturity date, nominal amount, interest rate (if any) applicable to a Note and any other relevant provisions of such Note will be agreed between the Issuer and the relevant Purchaser(s) at the time of agreement to issue and will be specified in the Final Terms (the "Final Terms"), as more fully described under "Form of the Notes" which, with respect to each Tranche (as defined on page 18) of Notes which is to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange (the "Listed Notes"), will be delivered to the EU regulated market of the Luxembourg Stock Exchange on or before the date of issue of such Tranche.

Subject as set out herein, this Information Memorandum and any supplement hereto will only be valid for listing Notes if the aggregate of the principal amount of those Notes and all Notes outstanding as at the date of issue of those Notes did not exceed EUR15,000,000,000 (or its equivalent in the other currencies specified herein) outstanding at any one time, calculated by reference to the Exchange Rate prevailing at the Agreement Date (each as defined below) and otherwise on the basis specified in "Form of the Notes". For the purpose of calculating the euro equivalent of the nominal amount of Notes outstanding under the Programme from time to time, the euro equivalent of Notes denominated in another Specified Currency (as defined under "Form of the Notes") shall be determined as of the date of agreement to issue such Notes (the "Agreement Date") on the basis of the Exchange Rate on such date. As used herein, the "Exchange Rate" against the euro for any currency means the spot rate for the sale of the euro against the purchase of such currency in the London foreign exchange market as quoted by any leading bank selected by the Issuer on the Agreement Date.

The euro equivalent of Dual Currency Notes, Indexed Notes, Zero Coupon Notes or other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the original nominal amount of any particular issue. The nominal amount of Partly Paid Notes will be taken into account regardless of the amount of the subscription price paid.

## SUMMARY OF TERMS AND CONDITIONS OF THE PROGRAMME AND THE NOTES

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined or used in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meaning in this summary:*

<b>Issuer:</b>	KommuneKredit
<b>Arranger:</b>	Deutsche Bank AG, London Branch
<b>Dealers:</b>	BNP Paribas  Citigroup Global Markets Limited  Deutsche Bank AG, London Branch  KommuneKredit  Morgan Stanley & Co. International plc  Nomura International plc  UBS Limited
<b>Issuing and Principal Paying Agent and Agent Bank:</b>	Citibank, N. A., London Branch.
<b>VP LUX Agent:</b>	KommuneKredit
<b>Amount:</b>	Up to EUR15,000,000,000 (or its equivalent in other currencies calculated on the Agreement Date) outstanding at any one time. Under the Programme the nominal amount of Notes outstanding may be increased, subject to the satisfaction of certain conditions.
<b>Description:</b>	Continuously offered Euro Medium Term Note Programme.
<b>Currencies:</b>	Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Sterling, Swedish kronor, Swiss francs and U. S. dollars and such other currency or currencies, subject to compliance with all relevant laws, regulations and directives, as may be agreed between the Issuer and the relevant Purchaser(s).
<b>Maturities:</b>	Any maturity between one month and 30 years. Notes issued under the Programme will not have a minimum maturity which is less than the minimum maturity, or a maximum maturity which is more than the maximum maturity which may be allowed or required from time to time by the relevant central bank (or equivalent body (however called)) or any laws or regulations applicable to the relevant currency or currencies.

<b>Redenomination:</b>	If the Specified Currency of an issue of Notes is a currency of one of the member states of the European Union which has not adopted the euro, the Issuer may specify in the applicable Final Terms that such Notes will include redenomination provisions for the redenomination of the Specified Currency to euro, and if so specified, the wording of the redenomination provisions will be set out in full in the applicable Final Terms.
<b>Issue Price:</b>	Notes may be issued at par or at a discount to, or premium over, par and either on a fully paid or partly paid basis.
<b>Form of Notes:</b>	<p>The Notes will be issued (i) in bearer form, which may be in new global note ("NGN") form or (ii) in uncertificated and dematerialised book-entry form (the "VP LUX Notes") cleared through VP LUX, the Luxembourg central securities depository ("VP LUX"), as described in "Form of the Notes" below.</p> <p>VP LUX Notes will not be evidenced by any physical note or document of title. Entitlements to VP LUX Notes will be evidenced by the crediting of VP LUX Notes to accounts with VP LUX.</p>
<b>Fixed Rate Notes:</b>	<p>Fixed rate interest will be payable in arrear (unless otherwise specified in the applicable Final Terms) on such day(s) as agreed between the Issuer and the relevant Purchaser(s).</p> <p>Interest will be calculated on the basis of such Fixed Day Count Fraction as may be specified in the applicable Final Terms.</p>
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p> <p>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</p> <p>(iii) on such other basis as may be agreed between the Issuer and the relevant Purchaser.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Purchaser for each Series of Floating Rate Notes.</p>
<b>Change of Interest Basis:</b>	Notes may be converted from one Interest Basis to another if so provided in the applicable Final Terms.
<b>Interest Periods for Floating Rate Notes:</b>	One, two, three, six or twelve months or such other period(s) as the Issuer and the relevant Purchaser(s) may agree (as indicated in the applicable Final Terms).
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based upon such rates of exchange, as the Issuer and the relevant Purchaser(s) may agree (as indicated in the

applicable Final Terms).

***Indexed Notes:***

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Indexed Notes will be calculated by reference to such Index and/or Formula as the Issuer and the relevant Purchaser(s) may agree (as indicated in the applicable Final Terms). Indexed Notes which are (i) listed on the Eurolist of Euronext Paris or (ii) placed in France must be issued in compliance with the “Principes généraux concernant les communications à caractère promotionnel relatives aux opérations d’appel public à l’épargne sur des instruments financiers indexés ou ayant une composante optionnelle” from time to time set by the Autorité des marchés financiers.

***Zero Coupon Notes:***

Zero Coupon Notes may be offered and sold at a discount to their nominal amount and will not bear interest other than in relation to interest due after the Maturity Date.

***Equity-Linked Redemption Notes and Commodity-Linked Redemption Notes:***

Equity-Linked Redemption Notes and Commodity-Linked Redemption Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of the Conditions as amended or varied by the information specified in the applicable Final Terms.

***Redemption:***

The Final Terms applicable to each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or for taxation reasons or following an Event of Default), or that such Notes will be redeemable prior to such stated maturity at the option of the Issuer and/or the holder(s) of such Notes upon giving not less than 30 nor more than 60 days’ irrevocable notice, or such other period as may be indicated in the applicable Final Terms, to the relevant Noteholders or the Issuer, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Final Terms.

The applicable Final Terms may provide that the Notes may be redeemed in two or more instalments of such amounts and on such dates and on such other terms as may be indicated in such Final Terms. Any Notes in respect of which the issue proceeds are received by the Issuer in the United Kingdom and which must be redeemed before the first anniversary of their date of issue must (a) 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 business; 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 (b) 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.

***Denominations of Definitive Notes:***

Such denominations as may be agreed between the relevant Issuer and the relevant Purchaser(s) and as indicated in the applicable Final Terms (provided that the minimum denomination for all Notes will be that as may be allowed or required from time to time by the relevant central bank (or equivalent body (however called)) or any laws or regulations applicable to the relevant Specified Currency).

***Variation of Terms and Conditions:***

The Issuer may agree with any Dealer(s) that Notes may be issued in a form not contemplated under "Terms and Conditions of the Notes". The relevant Final Terms will describe the effect of the agreement reached in relation to such Notes.

***Taxation:***

All payments by the Issuer in respect of the Notes will be made without withholding or deduction (a) for or on account of Danish taxes, (b) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or, official interpretations thereof, or law implementing an intergovernmental approach thereto ("FATCA"), or (c) where such withholding or deduction is payable with respect to any Indexed Notes and Equity-Linked Redemption Notes, and is imposed on or with respect to the "dividend equivalent" payment pursuant to section 871 or 881 of the Code, subject in each case to exceptions and limitations provided in Condition 6 of the Terms and Conditions of the Notes.

***Status:***

The Notes will be direct, unconditional and general obligations of the Issuer and shall rank pari passu without any preference among themselves and at least equally with all other unsecured indebtedness, including guarantees and other obligations of a similar nature of the Issuer (save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding-up may give preference to any of such other unsecured obligations).

***Negative Pledge:***

The Issuer will not create or permit to subsist any mortgage, charge pledge, lien or other form of encumbrance or security interest upon the whole or any part of its property to secure any quoted debt, or any guarantee of or indemnity in respect of any quoted debt and the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of its quoted debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Noteholders. The Issuer is not prevented from creating or having outstanding any Security (i) on property purchased by the Issuer as security for all or any part of the purchase price thereof, (ii) incurred in the ordinary course of financial business or (iii) imposed by law and/or by requirements from governmental authorities, the Central Bank of Denmark or any other public authority provided that the borrowings (if any) secured by such Security are not quoted debt.

***Cross Default:***

The Notes will contain a cross default in relation to the due payment of any loan indebtedness in excess of US\$25,000,000 or its equivalent of, or assumed or guaranteed by, the Issuer, if any such event has not been cured within any applicable period of grace.

***Rating:***

The Programme has been rated Aaa/P-1 by Moody's Investors Service, Inc. ("Moody's") and AAA/A-1+ by Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"). Notes issued under the Programme may be rated or unrated. When a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to

suspension cancellation, reduction or withdrawal at any time by the assigning rating agency.

***Listing:***

Application has been made to the Luxembourg Stock Exchange for the Notes to be issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange for the period of 12 months from the date of this Information Memorandum. Unlisted Notes and Notes listed on other or additional stock exchanges may also be issued under the Programme. The Final Terms for each issue will state whether or not the Notes are to be listed.

***Governing Law:***

English, except for the dematerialisation of the Notes in VP LUX which is governed by Danish law and the registration of Notes in VP LUX which is governed by Luxembourg law.

VP LUX Notes must comply with the relevant regulations of VP LUX, and the holders of VP LUX Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Danish or Luxembourg laws and regulations.

***Selling Restrictions:***

There are restrictions on the sale of Notes and the distribution of offering material – see “Subscription and Sale” on page 68.

## INVESTOR CONSIDERATIONS

*The following description does not purport to be a complete description of the risks associated with the Notes issued under the Programme. In addition to the risks mentioned below, the investor should also carefully consider in its entirety the remainder of this Information Memorandum and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement and the risks in relation to any particular Tranche of the Notes.*

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

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

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

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **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 the most common such features:

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

An optional redemption feature of Notes is likely to limit their market value. 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.

#### *Indexed Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Indexed Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Indexed Notes and the suitability of such Notes in light of its particular circumstances.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Floating Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *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 LIBOR. The market values of those Notes typically are more volatile than 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 converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the 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 in such circumstances, 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 in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal 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.

#### *U.S. Foreign Account Tax Compliance Act withholding may be imposed on "passthru payments"*

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31<sup>st</sup> December, 2016 in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31<sup>st</sup> December, 2012 or are materially modified from that date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to FATCA or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a "foreign financial institution" ("FFI"), as defined in FATCA, that enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes then, except where such withholding or deduction resulted from the Issuer or any agent or paying agent's failure to become or remain a Participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under their Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued after 31<sup>st</sup> December, 2012 (or whenever issued, in the case of Notes or Capital Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to this Information Memorandum, as applicable.

*Payments under Indexed Notes and Equity-Linked Redemption Notes may be subject to U.S. withholding tax*

Under the United States Internal Revenue Code of 1986, as amended, (the "Code") a "dividend equivalent" payment is treated as a dividend from sources within the United States and is subject to withholding at the rate of 30% unless reduced by an applicable tax treaty with the United States ("Dividend Equivalent Withholding"). A "dividend equivalent" payment includes (i) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (ii) any other payment determined by the IRS be substantially similar to a payment described in the preceding clause (i). In the case of payments made after 18<sup>th</sup> March, 2012, a dividend equivalent payment includes a payment made pursuant to any notional principal contract unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent guidance from the IRS, it is uncertain whether the IRS would determine that payments under the index-linked Securities and equity-linked Securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty.

If applicable, Dividend Equivalent Withholding will be addressed in the Final Terms. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on index-linked Securities or equity-linked Securities, none of the Issuers, any paying agent or any other person would pursuant to the conditions of the Securities be required to pay additional amounts as a result of the deduction or withholding of such tax.

### **Risks related to Notes generally**

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

#### *Modification, waivers and substitution*

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

#### *EU Savings Directive*

Under European Council Directive 2003/48/EC (the "Savings Directive") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to or for an individual resident in that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The transitional period will end after agreement on exchange of information is reached between the European Union and certain non-European Union States. No withholding will be required where the Noteholder authorises the person making the payment to report the payment or presents a certificate from the relevant tax authority establishing exemption therefrom. A number of third countries (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland) and certain British and Dutch dependent or associated territories have adopted the same measures with effect from the same date.

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

If a payment were to be made or collected through a Member State which has opted for a withholding system, or through any non-EU country which has adopted similar measures and has opted for a withholding system, or through certain dependent or associated territories which have adopted similar measures and which have opted for a withholding system, and an amount of, or in respect of, tax were to be withheld from that payment, 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 required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

#### *Reliance on procedures of VP LUX for transfer, payment and communication with the Issuer*

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

#### *Change of law*

The conditions of the Notes are based on English law, except for certain provisions set out in Condition 14, which will be governed by Danish or Luxembourg law, as the case may be, in effect as of the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law, Danish law or Luxembourg law or, in each such jurisdiction, administrative practice after the date of this Information Memorandum.

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

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

If definitive Notes are issued, holders 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 market generally**

Set out below is a brief description of the principal 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 very 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 the Fixed Rate Notes.

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## FORM OF THE NOTES

The Notes of each Series will be in bearer form or, in the case of VP LUX Notes, uncertificated and dematerialised book-entry form.

### Form of bearer Notes

Each Tranche of bearer Notes (which means all Notes of the same Series (as defined in “Terms and Conditions of the Notes” on page 33) with the same issue date), will initially be represented by a temporary global Note without Coupons, Receipts or Talons (each as defined in the “Terms and Conditions of the Notes”) which will:

- (i) if the global Notes are intended to be issued in new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Clearstream, Luxembourg and Euroclear; and
- (ii) if the global Notes are not intended to be issued in NGN form, be delivered on the issue date to a common depositary for Euroclear and Clearstream, Luxembourg (each as defined in “Terms and Conditions of the Notes” on page 33).

Whilst any Note is represented by a temporary global Note, payment of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary global Note if the temporary global Note is not intended to be issued in NGN form) only to the extent that certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations (in the form set out in the temporary global Note) has been received by Euroclear and/or Clearstream, Luxembourg. On and after the date (the “Exchange Date”) which is 40 days after the date on which the temporary global Note is issued, interests in the temporary global Note will be exchangeable (provided that if it is a Partly Paid Note (as described on page 41) all instalments of the subscription monies due before the date of such exchange have been paid) upon request, for interests in a permanent global Note against certification of non-U.S. beneficial ownership as required by U. S. Treasury regulations in accordance with the terms of the temporary global Note unless certification has already been given pursuant to the first sentence of this paragraph. On and after the Exchange Date the holder of a temporary global Note will not be entitled to receive any payment of interest or principal thereon. Pursuant to the Agency Agreement (as defined in “Terms and Conditions of the Notes” on page 33) the Agent (as defined in “Terms and Conditions of the Notes” on page 33) shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a Common Code and an ISIN which are different from the Common Code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche as certified by the Agent to the relevant Purchaser(s).

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the permanent global Note if the permanent global Note is not intended to be issued in NGN form) without any requirement for certification. Where the Notes are represented by the permanent global Note have been issued in a single specified denomination, unless otherwise provided in the applicable Final Terms, a permanent global Note will be exchangeable (provided that if it is a Partly Paid Note all instalments of the subscription moneys due before the date of such exchange have been paid) in whole or (subject to the Notes which continue to be represented by the permanent global Note being regarded by Euroclear and Clearstream, Luxembourg as fungible with the definitive Notes issued in partial exchange for such permanent global Note) in part, on 60 days’ written notice expiring at least 90 days after the Exchange Date from the Noteholder to the Agent, for security printed definitive Notes with, where applicable, Coupons, Receipts and Talons attached. Temporary and permanent global Notes and definitive Notes will be authenticated and delivered by the Agent on behalf of the Issuer. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in permanent global form as fungible with Notes in definitive form. Accordingly under the current regulations of Euroclear and Clearstream, Luxembourg a permanent global Note will not

be exchangeable in part for definitive Notes for so long as such permanent global Note is held for Euroclear and Clearstream, Luxembourg.

The following legend will appear on all bearer Notes which have an original maturity of 365 days or more and on all Coupons, Receipts and Talons relating to such Notes:

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

The sections referred to provide that United States Noteholders, with certain exceptions, will not be entitled to deduct any loss on Notes, Coupons, Receipts or Talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, Coupons, Receipts or Talons.

Notes may be accelerated by the holder thereof in certain circumstances described in “Terms and Conditions of the Notes – Events of Default”. In such circumstances, where such Notes are still represented by a global Note and a holder with an interest in such Note credited to its securities account with Euroclear or Clearstream, Luxembourg gives notice to the Agent that it wishes to accelerate such Notes, then unless within a period of 15 days from the giving of such notice payment has been made in full in accordance with the terms of the global Note, the global Note will become void. At the same time, holders of interests in such Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, under the terms of an amended and restated deed of covenant as the same may be amended and restated from time to time (the “Deed of Covenant”) dated 31<sup>st</sup> May, 2012 executed by the Issuer.

### **Form of VP LUX Notes**

Each Tranche of VP LUX Notes will be issued in uncertificated and dematerialised book-entry form. Legal title to the VP LUX Notes will be evidenced by book entries in the records of VP LUX. Issues of VP LUX Notes are the subject of the VP LUX Agency Agreement (as defined in “Terms and Conditions of the Notes” on page 33). On the issue of such VP LUX Notes, the Issuer will send a copy of the relevant Final Terms to the Agent, with a copy to the VP LUX Agent. On delivery of the relevant Final Terms by the VP LUX Agent to VP LUX, and notification to VP LUX of the subscribers and their VP LUX account details by the relevant Dealer(s), the VP LUX Agent, acting on behalf of the Issuer, will give instructions to VP LUX, to credit each subscribing account holder with VP LUX, with a nominal amount of VP LUX Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VP LUX Notes in VP LUX will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VP LUX Notes will take place in accordance with the rules and procedures for the time being of VP LUX.

### **Clearing Systems**

Any reference herein to Euroclear and/or Clearstream, Luxembourg, SIS and/or VP LUX shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms and approved by the Issuer and the Agent.

## Form of Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

Final Terms dated [date]

### KommuneKredit

#### EUR15,000,000,000 Euro Medium Term Note Programme

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 31<sup>st</sup> May, 2012. These Final Terms must be read in conjunction with such Information Memorandum.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs.]*

1. Issuer: KommuneKredit
2. 

[(i)]	Series Number:	[ ]
[(ii)]	Tranche Number:	[ ]
<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i>		
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:

[(i)]	Series:	[ ]
[(ii)]	Tranche:	[ ]
5. 

[(i)]	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] <i>(in the case of fungible issues only, if applicable)</i> ]
[(ii)]	Net proceeds:	[•] <i>(Required only for listed issues)</i>
6. 

(i)	Specified Denominations:	[ ] <sup>1</sup>
(ii)	Calculation Amount:	[ ]

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<sup>1</sup> Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom (or whose issue otherwise constitutes a contravention of section 19 of the FSMA) and which must be redeemed before the first anniversary of the date of their issue must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. Note: there must a common factor in the case of two or more Specified Denominations.)*

- |     |        |   |  |
|-----|--------|---|--|
| 7.  | [(i)]  | Issue Date:                                     | [ ]  |
|     | [(ii)] | Interest Commencement Date:                     | <i>[specify/Issue Date/Not Applicable]</i>   |
|     |        |   | <i>(N. B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)</i>   |
| 8.  |        | Maturity Date:                                  | <i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]</i>  |
| 9.  |        | Interest Basis:                                 | <p>[[●] per cent. Fixed Rate]</p> <p>[[specify reference rate] +/- [ ] per cent. Floating Rate]</p> <p>[Zero Coupon]</p> <p>[Index Linked Interest]</p> <p>[Other (<i>specify</i>)]</p> <p>(further particulars specified below)</p> |
| 10. |        | Redemption/Payment Basis:                       | <p>[Redemption at par]</p> <p>[Index Linked Redemption]</p> <p>[Dual Currency]</p> <p>[Partly Paid]</p> <p>[Instalment]</p> <p>[Other (<i>specify</i>)]</p>  |
| 11. |        | Change of Interest or Redemption/Payment Basis: | <i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>  |
| 12. |        | Put/Call Options:                               | <p>[Investor Put]</p> <p>[Issuer Call]</p> <p>[(further particulars specified below)]</p>  |
| 13. |        | Status of Notes:                                | [Senior/[Dated/Perpetual]/Subordinated]  |
| 14. |        | Listing:  | [Luxembourg regulated market/ SIX Swiss Exchange/other ( <i>specify</i> )/None]  |
| 15. |        | Method of distribution:                         | [Syndicated/Non-syndicated]  |

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable] *(if not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
  - (ii) [Specified Period(s)]/[Specified] Interest Payment Date(s): [ ] in each year commencing [ ] up to and including the Maturity Date
  - (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*] [Not Applicable]
  - (iv) Additional Business Centre(s): [ ]
  - (v) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
  - (vi) Broken Amount(s): [per Calculation Amount, payable on the Interest Payment Date falling [in/on]]
  - (vii) Day Count Fraction: [ ]
  - (viii) Determination Date(s): [ ] in each year  
  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.]*  
  
*(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
  - (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
17. Floating Rate Note Provisions: [Applicable/Not Applicable]  
  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
  - (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]

- (iii) Additional Business Centre(s): [ ]
  - (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
  - (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [ ]
  - (vi) Screen Rate Determination:
    - Reference Rate: [ ]
    - Interest Determination Date(s): [ ]
    - Relevant Screen Page: (*In the case of EURIBOR, if not EURIBOR01 ensure it is a page which shows a composite rate*)
  - (vii) ISDA Determination:
    - Floating Rate Option: [ ]
    - Designated Maturity: [ ]
    - Reset Date: [ ]
  - (viii) Margin(s): [+/-] [•] per cent. per annum
  - (ix) Minimum Rate of Interest: [•] per cent. per annum
  - (x) Maximum Rate of Interest: [•] per cent. per annum
  - (xi) Day Count Fraction: [ ]
  - (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
18. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) [Amortisation Yield/Accrual Yield]: [ ] per cent. per annum

- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 4(f) applies/specify others]
19. Index-Linked Interest Note Provisions: Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or - impracticable: [ ]
- (iv) Specified Period(s)/Specified Interest - Payment Dates: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [●] per cent. per annum
- (viii) Maximum Rate of Interest: [●] per cent. per annum
- (ix) Day Count Fraction: [ ]
20. Dual Currency Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
21. Equity-Linked Interest Note Provisions: [Applicable/Not Applicable]
- (if applicable, details to be inserted here and/or in an annex to these Final Terms)*
22. Commodity-Linked Interest Note Provisions: [Applicable/Not Applicable]
- (if applicable, details to be inserted here and/or in an annex to these Final Terms)*

#### PROVISIONS RELATING TO REDEMPTION

23. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining - subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]
24. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining -*

*subparagraphs of this paragraph)*

- |       |   |     |
|-------|---|-----|
| (i)   | Optional Redemption Date(s):  | [ ] |
| (ii)  | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | [ ] |
| (iii) | Notice period ( <i>if other than as set out in the Conditions</i> ):                | [ ] |
- 
- |     |   |   |
|-----|---|---|
| 25. | Final Redemption Amount:  | [Par/other/see Appendix]  |
| 26. | Equity-Linked Redemption Note Provisions:   | [Applicable/Not Applicable]   |
|     |   | <i>(if applicable, details to be inserted here and/or in an annex to these Final Terms)</i> |
| 27. | Commodity-Linked Redemption:  | Note Provisions   |
|     |   | [Applicable/Not Applicable]   |
|     |   | <i>(if applicable, details to be inserted here and/or in an annex to these Final Terms)</i> |
| 28. | Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [ ]   |

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |     |                |  |
|-----|----------------|--|
| 29. | Form of Notes: | [Bearer Notes:]  |
|     |                | [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.] |
|     |                | [Temporary Global Note exchangeable for Definitive Notes on [ ] day's notice.]   |
|     |                | [Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/ in the limited circumstances specified in the Permanent Global Note.]  |
|     |                | [Permanent Global SIS Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global SIS Note.]   |

[Swiss Franc Notes will be in bearer form and will be represented by a Permanent Global SIS Note (the "Permanent Global SIS Note") in substantially the form set forth in the schedule to the Swiss Agency Agreement dated [date] between, *inter alia*, the Issuer and the Swiss Paying Agent. The Permanent Global SIS Note will be deposited with SIX SIS Ltd, the Swiss Securities Services Corporation in Olten, Switzerland ("SIS") or, as the case may be, with any other intermediary in Switzerland recognized for such purposes by SIX Swiss Exchange Ltd (SIS or any such other intermediary, the "Intermediary"). Once the Permanent Global SIS Note is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("Intermediated Securities") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as defined below) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global SIS Note to the extent of his claim against the Issuer, provided that for so long as the Permanent Global SIS Note remains deposited with the Intermediary the co-ownership interest shall be suspended and the Notes may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Notes in a securities account of the transferee.

The records of the Intermediary will determine the number of Notes held through each participant in that Intermediary. In respect of the Notes held in the form of Intermediated Securities, the holders of the Notes (the "Holders") will be the persons holding the Notes in a securities account in their own name or in case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Notes for their own account in a securities account (*Effektenkonto*) which is in their name.

Neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Permanent Global SIS Note (*Globalurkunde*) into, or the delivery of, uncertificated securities (*Wertrechte*) or Definitive Notes (*Wertpapiere*).

No physical delivery of the Notes shall be made unless and until Definitive Notes (*Wertpapiere*) are printed. Definitive Notes may only be printed, in whole, but not in part, if the principal Swiss Paying

Agent determines, in its sole discretion, that the printing of the Definitive Notes (*Wertpapiere*) is necessary or useful. Should the Swiss Paying Agent so determine, it shall provide for the printing of Definitive Notes (*Wertpapiere*) without cost to the Holders. Upon delivery of the Definitive Notes (*Wertpapiere*), the Permanent Global SIS Note will be cancelled and the Definitive Notes (*Wertpapiere*) shall be delivered to the Holders against cancellation of the Notes in the Holders' securities accounts.]

[VP LUX Notes:

VP LUX Notes issued in uncertificated and dematerialized book entry form. See *further subparagraph 43 below*.]

- |     |  |   |
|-----|--|---|
| 30. | New Global Note:   | [Yes] [No]  |
| 31. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:  | <i>[Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which subparagraphs 16(iv), 17(iii) and 19(vi) relates. See definition of Payment Business Day or business day, as applicable, in the conditions]</i> |
| 32. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):  | [Yes/No. <i>If yes, give details</i> ]  |
| 33. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/give details]   |
| 34. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:   | [Not Applicable/give details]   |
| 35. | Redenomination, renominatisation and reconventioning provisions:   | [Not Applicable/The provisions [annexed to these Final Terms] apply]  |
| 36. | Consolidation provisions:  | [Not Applicable/The provisions [annexed to these Final Terms] apply]  |
| 37. | Other terms or special conditions:   | [Not Applicable/give details]   |

*[In the case of Swiss Franc Notes insert;*

1. For the purpose of the Notes, the following

shall be inserted at the end of Condition 5:

"Transfer Restrictions:

Payments on the Notes will, except to the extent required by law, be made irrespective of any present or future transfer restrictions and regardless of any bilateral or multilateral payment or clearing agreement which may be applicable at any time to such payments.

Discharge of the Issuer:

The receipt by the Swiss Paying Agent (or any successor Swiss Paying Agent) of the due and punctual payment in Swiss Francs in Zurich, of all amounts due in respect of the Notes shall, to the extent of such payments, be deemed to have satisfied the obligation of the Issuer to make relevant payments to the holders of the Notes.

Except to the extent required by law, payments of principal and interest in respect of the Notes shall be made in freely disposable Swiss Francs without collection costs and whatever the circumstances may be, irrespective of the nationality, domicile or residence of the holder of the Notes and without requiring any certification, affidavit or the fulfilment of any other formality."

2. For the purpose of the Notes Condition 11 shall be replaced by the following text:

"So long as the Notes are listed on the SIX Swiss Exchange Ltd and so long as the rules of the SIX Swiss Exchange Ltd so require, all notices in respect of the Notes will be validly given without costs to the Holders through the Swiss Paying Agent either (i) by means of electronic publication on the internet website of the SIX Swiss Exchange Ltd ([www.six-exchange.com](http://www.six-exchange.com)), where Notices are currently published under the address [www.six-swiss-exchange.com/information/official\\_notices/search\\_en.html](http://www.six-swiss-exchange.com/information/official_notices/search_en.html).) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange Ltd. Any Notices be given will be deemed to have been validly given on the date of such publication or if published more than once, on the first date."

3. For the purpose of the Notes, the following shall be inserted at the end of Condition 12:

"In respect of the Notes, the Issuer will at all times maintain an a paying agent having a

specified office in Switzerland and will at no time maintain a paying agent having a specified office outside of Switzerland, unless permitted by applicable law."

In addition, all references in the Conditions of the Notes to the "Agent", the "Principal Paying Agent" and "Paying Agents" shall, so far as the context permits, be construed as references to the "Swiss Paying Agent" and "Swiss Paying Agents" respectively.

4. All references to "Euroclear and/or Clearstream, Luxembourg" shall be deemed to be a reference to the SIS.]

## DISTRIBUTION

- |     |                                       |                               |
|-----|---------------------------------------|-------------------------------|
| 38. | (i) If syndicated, names of Managers: | [Not Applicable/give names]   |
|     | (ii) Stabilising Manager (if any):    | [Not Applicable/give name]    |
| 39. | If non-syndicated, name of Dealer:    | [Not Applicable/give name]    |
| 40. | Additional selling restrictions:      | [Not Applicable/give details] |

## OPERATIONAL INFORMATION

- |     |  |  |
|-----|--|--|
| 41. | (i) ISIN Code:   | [ ]  |
|     | [(ii) Valoren Number (Swiss Securities Number) (if applicable):  | [ ]  |
| 42. | Common Code:   | [ ]  |
| 43. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)/ SIS, Switzerland, identification number: [ ]/ VP LUX, Luxembourg, VP LUX identification number: [ ]. |

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

- |     |                                       |                                    |
|-----|---------------------------------------|------------------------------------|
| 44. | Delivery:                             | Delivery [against/free of] payment |
| 45. | Additional Paying Agent(s):           |                                    |
|     | (i) Additional Paying Agent (if any): | [ ]                                |
|     | (ii) Swiss Paying Agent:              | [ ]                                |

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

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of Euroclear Bank SA/NV or Clearstream Banking SA 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 satisfaction of the Eurosystem eligibility criteria.] *(Include this text in relation to Notes other than VP LUX Notes if “yes” selected in which case the Notes must be issued in NGN form)*

[Note that the designation “yes” simply means that the Notes will be cleared through VP LUX 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 satisfaction of the Eurosystem eligibility criteria] *(Include this text in relation to VP LUX Notes if “yes” selected.)*

*As of the date of this Information Memorandum, VP LUX is an eligible securities settlement system (SSS) for the purposes of Eurosystem credit operations).*

- [47. Duration of Trading: *(only to include for Swiss Franc Notes)*
- [48. Trading volume: *(only to include for Swiss Franc Notes)*

## **[LISTING APPLICATION]**

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the listing of the [insert Programme Amount] Euro Medium Term Note Programme of KommuneKredit.]

### **[REPRESENTATIVE]** *(For Swiss Franc Notes only)*

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, [insert name Swiss Listing Agent] has been appointed by the Issuer as representative to lodge the listing application with the SIX Swiss Exchange.]

### **[STATEMENT OF NO MATERIAL ADVERSE CHANGE SINCE THE MOST RECENT ANNUAL OR INTERIM FINANCIAL STATEMENTS]** *(For Swiss Franc Notes only)*

Except as disclosed in the Programme, there has been no material adverse change in the financial condition or operations of the Issuer since [insert date], which would materially affect its ability to carry out its obligations under the Notes.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....

Duly authorised

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which (subject to completion and amendment) will be attached to or incorporated by reference into each global Note and which will be attached to or endorsed upon each definitive Note, provided that the relevant Final Terms in relation to any Series of Notes may specify other Terms and Conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of such Series of Notes.*

*The following are also the Terms and Conditions of the Notes which (subject to completion and amendment) will be applicable to each VP LUX Note. VP LUX Notes will not be evidenced by any physical note or document of title other than statements of account made by VP LUX. Ownership of VP LUX Notes will be recorded and transfer effected only through the book-entry system and register maintained by VP LUX.*

This Note is one of a Series of Euro Medium Term Notes (the "Notes" which expression shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination (as defined in the applicable Final Terms) in the Specified Currency (as defined in the applicable Final Terms) of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a permanent global Note, (iii) any global Note and (iv) any VP LUX Notes, issued by KommuneKredit (the "Issuer") pursuant to an amended and restated Agency Agreement dated 31<sup>st</sup> May, 2012 as the same may be amended and restated from time to time (the "Agency Agreement") and made between the Issuer, Citibank, N. A., London Branch as issuing agent, principal paying agent and agent bank (the "Agent" which expression shall include any successor as agent) and the other paying agent named therein (together with the Agent, the "Paying Agents" which expression shall include any additional or successor paying agents) and in case of the VP LUX Notes, (i) an amended and restated VP LUX Agency Agreement dated 31<sup>st</sup> May, 2012 as the same may be amended and restated from time to time (the "VP LUX Agency Agreement") between the Issuer, Citibank, N.A., London Branch as Agent and KommuneKredit as VP LUX Agent (the "VP LUX Agent", which expression shall include any successor as agent appointed from time to time in connection with the VP LUX Notes) of the Issuer in respect of all VP LUX Notes, and (ii) the Agency Agreement to the extent specified therein.

For the purposes of the Notes denominated in Swiss Francs (the "Swiss Franc Notes"), the Issuer will, together with the Agent, the Principal Paying Agent, the Paying Agent and the Swiss paying agent specified in the Final Terms relating to the relevant issue of Notes as principal paying agent (the "Swiss Paying Agent") enter into a supplemental issuing and paying agency agreement (the "Swiss Agency Agreement").

All of the Notes from time to time issued by the Issuer which are for the time being outstanding are hereinafter referred to as the "Notes" and the term "Note" is to be construed accordingly. As used herein, "Tranche" means Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Notes together with any further Tranche(s) expressed to be consolidated and form a single series and whose terms are (save for the Issue Date, Interest Commencement Date and the Issue Price) otherwise identical (including as to listing and admission to trading) and shall be deemed to include the temporary and permanent global Notes and the definitive Notes of such Series and the expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly.

The Final Terms in relation to this Note are attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other Terms and Conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace these Terms and Conditions for the purposes of this Note. References herein to the "applicable Final Terms" are to the Final Terms attached hereto or endorsed hereon.

The holders for the time being of the Notes ("Noteholders"), which expression shall, in relation to any Notes represented by a global Note or the VP LUX Notes, be construed as provided in Condition 1, the holders of the Coupons (as defined below) appertaining to interest-bearing definitive Notes (the

“Couponholders”), the holders of the Talons (as defined below) (the “Talonholders”) and the holders of the Receipts (as defined below) (the “Receiptholders”) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and in case of the VP LUX Notes, also the VP LUX Agency Agreement, which are binding on them. Words and expressions defined in the Agency Agreement, the VP LUX Agency Agreement or defined or set out in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Copies of the Agency Agreement (which contains the form of Final Terms) and the Final Terms for the Notes of this Series are available from the specified office of each of the Paying Agents set out at the end of these Terms and Conditions. Copies of the VP LUX Agency Agreement and the Final Terms for VP LUX Notes are available from the specified office of the VP LUX Agent.

The holders of Notes, other than VP LUX Notes, are entitled to the benefit of an amended and restated deed of covenant as the same may be amended and restated from time to time (the “Deed of Covenant”) dated 31<sup>st</sup> May, 2012 made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear or Clearstream, Luxembourg (each as defined below). Copies of the Deed of Covenant may be obtained upon request during normal business hours from the specified offices of each of the Paying Agents.

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

The Notes of this Series are in bearer form (“Bearer Notes”) or in uncertificated and dematerialised book-entry form cleared through the Luxembourg central securities depository operated by VP LUX S.à.r.l. (“VP LUX”, and such notes, “VP LUX Notes” and together with the Bearer Notes, “Notes”), in each case in the Specified Currency and Specified Denomination(s) and definitive Notes of this Series will be serially numbered. This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or any appropriate combination thereof depending upon the Interest Basis specified in the applicable Final Terms. It is also a Dual Currency Note and/or a Partly Paid Note or an Indexed Note (where payment in respect of principal is linked to an Index and/or Formula) depending in each case on the Redemption/Payment Basis shown in the applicable Final Terms and the appropriate provisions of these Terms and Conditions will apply accordingly. If it is a definitive Note, it is issued with interest coupons for the payment of interest (“Coupons”) attached and, if applicable, talons for further Coupons (“Talons”) attached, unless it is a Zero Coupon Note, in which case references to the interest (other than in relation to interest due after the Maturity Date) and Coupons in these Terms and Conditions are not applicable. If it is a definitive Note redeemable in instalments it is issued with receipts (“Receipts”) for the payment of instalments of principal prior to the stated maturity attached. Wherever Dual Currency Notes, Partly Paid Notes or Indexed Notes are issued to bear interest on a fixed or floating rate basis or on a non interest-bearing basis, the provisions in these Terms and Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes respectively shall, where the context so admits, apply to such Dual Currency Notes, Partly Paid Notes or Indexed Notes. Any reference in these Terms and Conditions to Coupon(s), Couponholder(s) or coupon(s) shall, unless the context otherwise requires, be deemed to include a reference to Talon(s), Talonholder(s) or talon(s).

Subject as set out below, title to the Bearer Notes, the Coupons and Receipts will pass by delivery. The holder of each Coupon or Receipt, whether or not such Coupon or Receipt is attached to a Bearer Note, in its capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. The Issuer and any Paying Agents may, to the fullest extent permitted by applicable law, deem and treat the bearer of any Bearer Note, Coupon or Receipt as the absolute owner thereof (whether or not such Note, Coupon or Receipt shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out below. Bearer Notes will not be exchangeable for VP LUX Notes.

The holder of a VP LUX Note will be the person evidenced as such by a book entry in the book-entry system and register maintained by VP LUX. Ownership of VP LUX Notes will be transferred by registration in the register between the direct or nominee accountholders at VP LUX, in accordance with the rules and procedures of VP LUX from time to time. Where a nominee is so evidenced, it

shall be treated by the Issuer as the holder of the relevant VP LUX Note. For so long as any Note is a VP LUX Note, each person who is for the time being shown in the book-entry system and register maintained by VP LUX, as the holder of a Note shall be treated by the Issuer, the VP LUX Agent, the Agent and any other Paying Agent as the holder of such Note for all purposes; and, in respect of any VP LUX Notes, the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly. VP LUX Notes will not be exchangeable for Bearer Notes. VP LUX Notes will be issued in uncertificated and dematerialised book-entry form and no global or definitive Notes will be issued in respect thereof and the Conditions shall be construed accordingly. Any reference in these Conditions to Coupons, Receipts and/or Talons shall not apply to VP LUX Notes.

For so long as any of the Notes of this Series are represented by a global Note held on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), each person who is for the time being shown in the records of Euroclear and/or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as a holder of such nominal amount of such Notes for all purposes other than for the payment of principal (including premium (if any)) and interest on such Notes, the right to which shall be vested, as against the Issuer and any of the Paying Agents, solely in the bearer of the global Note in accordance with and subject to its terms (and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to Notes issued in NGN form, be deemed to include a reference to any additional clearance system approved by the Issuer, the Agent and, where the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange.

Interests in a permanent global Note will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the holder of such global Note, for definitive Notes (a) if 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) if the Issuer or any person acting on its behalf is obliged to pay additional amounts as provided in Condition 6 which would not be required were the Notes in definitive bearer form or, (c) where the Notes represented by the permanent global Note have been issued in a single specified denomination, if so specified in the Final Terms, at any time on the request of the bearer (each an "Exchange Event"). Whenever a permanent global Note is to be exchanged for definitive Notes the Issuer shall procure the prompt delivery of such definitive Notes, duly authenticated and where and to the extent applicable, with Receipts, Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of such permanent global Note to the holder of the permanent global Note against its surrender at the specified office of the Agent within 30 days of the holder requesting such exchange.

Furthermore, if,

- (i) definitive Notes have not been delivered in accordance with the foregoing by 5.00 p. m. (London time) on the thirtieth day after the holder has requested exchange, or
- (ii) the permanent global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the permanent global Note has occurred and, in either case, payment in full of the principal and interest due together with all accrued interest thereon has not been made to the holder in accordance with the Conditions on the due date for payment,

then such 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 (i) above) or at 5.00 p. m. (London time) on such due date (in the case of (ii) above) and the holder of the permanent global Note will have no further rights thereunder (but without prejudice to the rights which such holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or, except in relation to Notes in NGN Form, any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the 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 or, except in relation to Notes in NGN form, other relevant clearing system (as the case may be).

## **2. Status and Negative pledge**

- (a) The Notes and Coupons constitute direct, unconditional and general obligations of the Issuer and shall rank *pari passu* without any preference among themselves and at least equally with all other unsecured indebtedness, including guarantees and other obligations of a similar nature of the Issuer (save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding-up may give preference to any of such other unsecured obligations).
- (b) So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt, and the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of its Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Coupons (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders. This Condition shall not prevent the Issuer creating or having outstanding any Security (i) on property purchased by the Issuer as security for all or any part of the purchase price thereof, (ii) incurred in the ordinary course of financial business or (iii) imposed by law and/or by requirements from governmental authorities, the Central Bank of Denmark or any other public authority provided that the borrowings (if any) secured by such Security are not Relevant Debt.
- (c) For the purposes of this Condition:  
  
"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market.

## **3. Interest**

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

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount.

Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a global Note or are VP LUX Notes, the aggregate outstanding nominal amount of such Fixed Rate Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

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

**(i) *Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an "Interest Payment Date") in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date).

**(ii) *Interest Payments***

Interest will be paid subject to and in accordance with the provisions of Condition 5. Interest will cease to accrue on each Floating Rate Note (or, in the case of the redemption of part of a Note, only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event interest will continue to accrue (as well after as before any judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Agent or the

VP LUX Agent, as applicable, has notified the holder thereof (either in accordance with Condition 11 or individually) of receipt of all sums due in respect thereof up to that date.

(iii) *Rate of Interest*

The rate of interest (the “Rate of Interest”) payable from time to time in respect of this Note if it is a Floating Rate Note will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc. (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions, (ii) the definition of “Banking Day” in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line the word “general” and (iii) “Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

(B) Screen Rate Determination for Floating Rate Notes

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

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a. m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the

purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 3(b)(iii)(B)(1), no offered quotation appears or, in the case of Condition 3(b)(iii)(B)(2), fewer than three offered quotations appear, in each case as at the Specified Time (as defined below), the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

For the purposes of this sub-paragraph (B), (i) "Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms and (ii) "Specified Time" means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(iv) *Determination of Rate of Interest and Calculation of Interest Amount*

The Agent will, as soon as practicable after the customary time on each Interest Determination Date (being, if the Rate of Interest is being determined in accordance with Condition 3(b)(iii)(B), the day or date as set out in the appropriate floating rate option set out in the ISDA Definitions upon which it is customary, in accordance with the terms of the

appropriate floating rate option which is being used to determine the Rate of Interest, to determine the Rate of Interest), determine the Rate of Interest and calculate the amount of interest payable in respect of each Specified Denomination (each, an "Interest Amount") for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to a Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest cent (or its approximate equivalent in the relevant other Specified Currency), half a cent (or its approximate equivalent in the relevant other Specified Currency) being rounded upwards. The determination of the Rate of Interest and calculation of each Interest Amount by the Agent shall (in the absence of manifest error) be final and binding upon all parties. Reference in this sub-paragraph to the "customary time" is to the time of day when, in accordance with the terms of the appropriate floating rate option, it is customary to determine the basis for the calculation of the Rate of Interest as set out in the appropriate floating rate option. If the Rate of Interest is being determined in accordance with Condition 3(b)(iii)(A), the Interest Determination Date shall be set out in the applicable Final Terms.

(v) *Notification of Rate of Interest and Interest Amount*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date after such determination to be notified to the Issuer and (in the case of Floating Rate Notes which are to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange), the EU regulated market of the Luxembourg Stock Exchange or (if applicable) any other stock exchange on which the relevant Floating Rate Notes are for the time being listed and, in case of the VP LUX Notes, VP LUX and the VP LUX Agent in any event not later than the first business day (being a day on which commercial banks and foreign exchange markets settle payments in the city where the Agent is located) after such determination, and to be published in accordance with the provisions of Condition 11 as soon as possible but in any event not later than the fourth business day (being a day on which commercial banks and foreign exchange markets settle payments in the city where the Agent is located) after their determination. Each Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which this Note, if it is a Floating Rate Note, is for the time being listed.

If the applicable Final Terms specify a Minimum Rate of Interest, then the Rate of Interest shall in no event be less than such minimum, and if there is so shown a Maximum Rate of Interest then the Rate of Interest shall in no event exceed such maximum.

(c) **Zero Coupon Notes**

Where a Zero Coupon Note becomes due and payable prior to the Maturity Date and is not paid when due, the amount due and payable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 4(f)(iii). As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Amortisation Yield (as defined in the applicable Final Terms). Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Agent, or the VP LUX Agent, as applicable, has notified the holder thereof (either in accordance with Condition 11 or individually) of receipt of all sums due in respect thereof up to that date. Such interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed.

**(d) Indexed Notes**

In the case of Indexed Notes where the rate of interest (whether on any Interest Payment Date, Fixed Interest Date, early redemption, maturity or otherwise) falls to be determined by reference to the Index and/or the Formula, the rate of interest shall be determined in accordance with the Index and/or the Formula in the manner specified in the applicable Final Terms and payment shall otherwise be made in accordance with Condition 5.

**(e) Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**(f) Equity-Linked Interest Notes and Commodity-Linked Interest Notes**

In the case of Equity-Linked Interest Notes and Commodity-Linked Interest Notes, interest will accrue on the basis specified in the applicable Final Terms.

**(g) Definitions**

(i) "Day Count Fraction" means:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (c) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

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

- (g) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

- (h) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 D2 will be 30.

- (ii) If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
  - (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
  - (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.
- (iii) In these Terms and Conditions, "Business Day" means:
- (A) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the Target2 System) is open 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 Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) and any Additional Business Centre specified in the applicable Final Terms.
- (iv) "Determination Period" means, the period from (and including) a Determination Date to but excluding the next Determination Date including, where either the Interest Commencement Date or the Final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date following after, such date; and
- (v) "sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and means, with respect to euro, one cent.

#### **4. Redemption and Purchase**

##### **(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its nominal amount in the Specified Currency on the Maturity Date.

##### **(b) Redemption for Tax Reasons**

The Notes of this Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 11 (which notice shall be irrevocable), in accordance with paragraph (g) or (h) (as applicable) below if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 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, which change or amendment becomes effective on or after the Issue Date of the first issue of Notes of this Series and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes of this Series then due. Prior to the publication of any notice of redemption pursuant to this paragraph (b), the Issuer shall deliver to the Agent 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 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.

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, at any time (if this Note is not a Floating Rate Note) or only on any Interest Payment Date (if this Note is a Floating Rate Note) at its option, on giving not less than 30 nor more than 60 days' notice to the holders of Notes of this Series (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 11, redeem all or some only of the Notes of this Series then outstanding on any Optional Redemption Date (subject as provided above) specified prior to the stated maturity of such Notes and at the Optional Redemption Amount specified in the applicable Final Terms. In the event of a redemption of some only of such Notes, such redemption must be for an amount being not less than EUR1,000,000 in nominal amount or a higher integral multiple of EUR1,000,000 (or their respective equivalents in other Specified Currencies as determined by the Issuer). In the case of a partial redemption of such Notes in definitive form, Notes to be redeemed will be selected individually by lot in such place as the Agent or in case of the VP LUX Notes, the VP LUX Agent may approve and in such manner as the Agent shall deem to be appropriate and fair (without involving any part only of a Note) not more than 60 days prior to the date fixed for redemption and a list of such Notes called for redemption will be published in accordance with Condition 11 not less than 15 nor more than 30 days prior to such date. In the case of a partial redemption of such Notes represented by a permanent global Note, the relevant Notes will be redeemed in accordance with the rules 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 nominal amount, at their discretion) and, in the case of a partial redemption of VP LUX Notes, the relevant Notes will be redeemed in accordance with the rules and procedures of VP LUX.

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

If Investor Put is specified in the applicable Final Terms, upon the holder of this Note giving to the Issuer in accordance with Condition 11 not less than 30 nor more than 60 days' notice, or as otherwise specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem in whole (but not in part) this Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms.

If such Notes are in definitive form, to exercise the right to require redemption of his Notes the holder of the Notes must deliver such Notes, in each case on any business day (as defined in Condition 5) falling within the notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If such Note is a VP LUX Note, in order to exercise the option contained in this Condition, the holder of the VP LUX Note must, within the notice period set out above, give notice to the VP LUX Agent of such exercise in accordance with the standard procedures of VP LUX from time to time.

**(e) Purchase**

The Issuer or any of its Subsidiaries (if any) (as defined in Condition 7) may at any time purchase or otherwise acquire Notes of this Series in the open market or otherwise. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to the Agent for cancellation (together with (in the case of definitive Notes of this Series) any unmatured Coupons or Receipts attached thereto or purchased therewith). If purchases are made by tender, tenders must be made available to all holders of Notes of this Series alike.

**(f) Zero Coupon Notes**

- (i) The amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to paragraph (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 7, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any Zero Coupon Note shall be the sum of the figure 1 and the Accrual Yield, raised to the power of  $x$ , where " $x$ " is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360. Where such calculation is to be made for a period other than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed.
- (iii) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to paragraph (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 7 is not paid when due, the amount due and repayable in respect of such Note shall be the Amortised Face Amount of such Note calculated pursuant to sub-paragraph (ii) above, except that that subparagraph shall have effect as though the reference therein to the date on which such Note becomes due and repayable were replaced by a reference to the date (the "Reference Date") which is the earlier of (a) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the holder thereof, and (b) the date on which the Agent or the VP LUX Agent, as applicable, has notified the holder thereof (either in accordance with Condition 11 or individually) of receipt of all sums due in respect thereof up to that date. The calculation of the Amortised Face Amount in accordance with this subparagraph will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with any interest which may accrue in accordance with Condition 3(c).

**(g) Early Redemption Prices**

For the purposes of paragraph (b) above and Condition 7, Notes will be redeemed (i) in the case of Notes (other than Indexed Notes and Dual Currency Notes) at their nominal amount in the relevant Specified Currency together with interest accrued to the date of payment, or (ii) in the case of Zero Coupon Notes, at the Amortised Face Amount of such Notes determined in accordance with paragraph (f) above, or (iii) in the case of Indexed Notes and Dual Currency Notes, in accordance with Condition 4(h) below.

**(h) Indexed Notes and Dual Currency Notes**

In respect of an Indexed Note the amount payable in respect of principal at maturity (the "Redemption Amount") shall be determined in accordance with the applicable Final Terms and each such Indexed Note shall, unless previously redeemed or purchased and cancelled as provided below, be redeemed at the applicable Redemption Amount on the Maturity Date. In respect of an Indexed Note where the amount payable on an early redemption in respect of principal only, principal and interest or interest only shall be determined in accordance with the applicable Final Terms. Dual Currency Notes where the amount payable upon redemption (whether at maturity or upon early redemption pursuant to Condition 7 or otherwise) falls to be determined by reference to the Rate of Exchange will be redeemed at the amount calculated by reference to such Rate of Exchange together (if appropriate) with interest accrued to the date fixed for redemption.

**(i) Cancellation**

All Notes redeemed, and all Notes purchased or otherwise acquired as aforesaid and surrendered to the Agent for cancellation or in the case of VP LUX Notes, identified to the VP LUX Agent for cancellation, shall be cancelled (together, in the case of definitive Notes, with all unmatured Coupons and Receipts presented therewith) and in the case of VP LUX Notes, deleted from the records of VP LUX, and thereafter may not be reissued or resold.

**(j) Instalments**

Each Note in definitive form which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates, in the case of all instalments (other than the final instalment) by surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment by surrender of the relevant Note, all as more fully described in Condition 5.

**(k) Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition as amended or varied by the information specified in the applicable Final Terms.

**(l) Equity-Linked Redemption Notes and Commodity-Linked Interest Redemption Notes**

Equity-Linked Redemption Notes and Commodity-Linked Redemption Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition as amended or varied by the information specified in the applicable Final Terms.

**5. Payments and Exchange of Talons**

Payments of principal and interest (if any) in respect of the definitive Notes (if issued) will (subject as provided below) be made against presentation or surrender of such Notes or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States. Payments of principal in respect of instalments (if any), other than the last instalment, will (subject as provided below) be made against surrender of the relevant Receipt. Payment of the last instalment will be made against surrender of the relevant Note. Each Receipt must be presented for payment of such instalment together with the relevant definitive Note against which the amount will be payable in respect of that instalment. If any definitive Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Receipts appertaining thereto. Upon such due date for redemption unmatured Receipts will become void and no payment will be made in respect of them. Unmatured Receipts and Receipts presented without the definitive Notes to which they appertain do not constitute obligations of

the Issuer. All payments of interest and principal with respect to Notes will be made outside the United States except as otherwise provided below.

In respect of definitive Notes:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States. A record of each payment made on such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by the Paying Agent to which such global Note is presented for the purpose of making such payment, and such record shall be prima facie evidence that the payment in question has been made.

Notwithstanding the foregoing, payments due to be made in U. S. dollars in respect of Bearer Notes will be made at the specified office of any Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)): (i) if (1) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount due on the Notes in the manner provided above when due, (2) payment of the full amount due at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (3) such payment is then permitted under United States law, and (ii) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Payments of principal and interest in respect of VP LUX Notes shall be made to the holders shown in the relevant records of VP LUX in accordance with and subject to the rules and regulations from time to time governing VP LUX by transfer to an account denominated in the currency in which the payment is due (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 such Specified Currency. Payments in respect of the VP LUX Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6. No commissions or expenses shall be charged to the holders in respect of such payments.

The holder of the relevant global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or of Clearstream, Luxembourg

as the holder of a particular nominal amount of Notes must look solely to Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of the relevant global Note. No person other than the holder of the relevant global Note shall have any claim against the Issuer in respect of any payments due on that global Note.

Fixed Rate Notes in definitive form, other than those whose nominal amount is less than the aggregate interest payable thereon on the relevant dates for the payment of interest under Condition 3 (a "Long Maturity Note") and Indexed Notes, should be presented for payment with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupon which the sum so paid bears to the total amount due) will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time thereafter but before the expiry of a period of ten years from the Relevant Date (as defined in Condition 6) for the payment of such sum due for payment, whether or not such Coupon has become void pursuant to Condition 8 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all Talons (if any) appertaining thereto and maturing on or after such due date will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Note, Long Maturity Note, Dual Currency Note, Indexed Note, Equity-Linked Interest Notes and Commodity-Linked Interest Notes in definitive form, all unmatured Coupons relating to such Bearer Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (1) in case of the Bearer Notes, the relevant place of presentation and (2) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

If the due date for redemption of any interest bearing Note is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of interest (or from the Interest Commencement Date, as the case may be) will be paid only against surrender of the Bearer Note.

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Bearer Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the interest payment date on which the final Coupon comprised in the relative Coupon sheet matures.

The names of the initial Agent, the other initial Paying Agents and the VP LUX Agent and their initial specified offices in respect of this Series of Notes are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agents or the VP LUX Agent and to appoint additional or other Paying Agents or the VP LUX Agent and/or to approve any change in the specified office of any Paying Agent or the VP LUX Agent, provided that it will, so long as any of the Notes of this Series is outstanding, maintain (i) an Agent, and (ii) if and so long as any Notes of this Series are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange, a Paying Agent (which may be the Agent) having a specified office in Luxembourg, (iii) (to the extent not already provided for pursuant to another subparagraph hereof) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and (iv) in case of the VP LUX Notes, (y) a VP LUX Agent duly authorised under the procedures applicable to and/or issued by VP LUX from time to time and acting as an account holding institution with VP LUX and (z) one or more Calculation Agent(s) where the Terms and Conditions of the VP LUX Notes so require. Any such variation, termination or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days' prior notice thereof shall have been given to the Noteholders of this Series in accordance with Condition 11 and provided further that neither the resignation nor removal of the Agent shall take effect, except in the case of insolvency as aforesaid, until a new Agent has been appointed. In addition, if payments are due to be made in U. S. dollars in respect of the Notes the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in (i)(2) and (3) of the fourth paragraph of this Condition (being the paragraph starting "Notwithstanding the foregoing, payments due...").

Payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

## **6. Taxation**

All payments of principal and/or interest by the Issuer in respect of the Notes, Receipts and Coupons of this Series shall be made without withholding or deduction (a) for or on account of any present or future tax, duty or charge of whatever nature imposed or levied by or on behalf of The Kingdom of Denmark, or any political subdivision or any authority thereof or therein having power to tax; (b) imposed by the United States of America on a "dividend equivalent" as defined in Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "Code"); or (c) imposed pursuant to 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulation or agreements thereunder or, official interpretations thereof, or law implementing an intergovernmental approach thereto or otherwise imposed pursuant to FATCA ("FATCA"), in each case unless the withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA). In the event that the Issuer or any person acting on its behalf is required by law to make such withholding or deduction, the Issuer shall pay such additional amounts as will result (after such withholding or deduction) in the receipt by the holders of the Notes, Receipts or Coupons of this Series of the sums which would have been receivable (in the absence of such withholding or

deduction) from it in respect of their Notes, Receipts and Coupons; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon of this Series:

- (i) presented for payment in The Kingdom of Denmark; and/or
- (ii) presented for payment by or on behalf of a person liable to such tax, duty or charge in respect of such Note, Receipt or Coupon by reason of his having some connection with The Kingdom of Denmark other than the mere holding or ownership of such Note, Receipt or Coupon; and/or
- (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts if it had presented such Note on expiry of such 30 days; and/or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or, introduced in order to conform to, such European Council Directive 2003/48/EC; and/or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or
- (vi) where such withholding or deduction is required by reason of any person other than the Issuer or any Agent or Paying Agent (i) failing to enter into an agreement described in Section 1471(b) of the Code; (ii) being a "recalcitrant account holder" as defined in Section 1471(d)(6) of the Code; (iii) electing to be withheld against pursuant to Section 1471(c) of the Code; (iv) failing to satisfy the requirements of Section 1472(b) of the Code; or (v) otherwise failing to claim or perfect an exemption or comply with requirements under FATCA; and/or
- (vii) where such withholding or deduction is payable with respect to any Indexed Notes and Equity-Linked Redemption Notes, and is imposed on or with respect to the "dividend equivalent" payment, as defined in Section 871(m) of the Code, pursuant to Sections 871 or 881 of the Code.

The "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been received by the Agent or in the case of VP LUX Notes, the VP LUX Agent, on or prior to such due date) the date on which notice is given to the Noteholders that such moneys have been so received.

Any reference in these Terms and Conditions to principal or interest or both in respect of the Notes shall be deemed to include (i) a reference to any additional amounts which may be payable under this Condition, (ii) in relation to Zero Coupon Notes, the Amortised Face Amount, (iii) in relation to Indexed Notes, Equity-Linked Interest Notes and Commodity-Linked Interest Notes the Redemption or Early Redemption Amount, (iv) in relation to Dual Currency Notes, the principal or interest in the relevant Specified Currency, (v) in relation to Notes redeemable in instalments, the Instalment Amount and (vi) any premium and any other amounts which may be payable under the Notes.

## **7. Repayment upon event of default**

If any of the following events (hereinafter called an "Event of Default") shall occur and shall be continuing:

- (a) *Non-Payment*: in the event of default by the Issuer in any payment of principal or interest on any Note when and as the same shall become due and payable and such default continues for a period of 14 days after written notice has been given by any Noteholder to the Issuer; or
- (b) *Breach of Other Obligations*: in the event of default by the Issuer in the due performance of any other provision of the Notes, if such default is not cured within 30 days after receipt by the Agent of written notice of default given by any Noteholder; or
- (c) *Cross-Default*: in the event of default by the Issuer in the due and punctual payment of the principal of, or premium or prepayment charge (if any) or interest on, any loan indebtedness, in excess of US\$25,000,000 or its equivalent, of or assumed or guaranteed by the Issuer when and as the same shall become due and payable, if such default shall continue for more than the period of grace, if any, applicable thereto or three days, whichever is later, and the time for payment of such interest, principal, premium or prepayment charge has not been effectively extended, or such indebtedness shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default (however described) thereunder; or
- (d) *Insolvency etc*: the Issuer makes a conveyance or assignment for the benefit of, or enters into composition or other arrangements with, its creditors generally, files a petition for opening of reconstruction proceedings, admits in writing that it cannot pay its debts generally as they become due, initiates a proceeding in bankruptcy, insolvency or other similar laws, is adjudicated bankrupt or insolvent, a receiver or similar official is appointed over the whole or any part of the assets or undertaking of the Issuer, proceedings shall be initiated with respect to the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or the Issuer is wound up, liquidated or dissolved, an encumbrancer takes possession of the whole or any substantial part of the assets or undertaking of the Issuer or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the assets of the Issuer and any such distress, execution or other process is not discharged within 60 days; or
- (e) *Illegality*: it becomes unlawful for the Issuer to perform any of its obligations under the Notes or any of its obligations thereunder ceases to be valid and binding; or
- (f) *Membership*: "kommuner" and "regioner" (or any similar local governments under the laws of The Kingdom of Denmark) cease to be the only members of the Issuer, or the members of the Issuer cease to be directly, jointly and severally liable for all its obligations including its borrowings; or
- (g) *Changes in business*: the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, or sells, transfers, lends or otherwise disposes of, directly or indirectly, all or a material part of its undertaking or assets otherwise than as a result of, or such sale, transfer, loan or other disposition is, a bona fide sale, transfer, loan or other disposition made for full value to a wholly-owned subsidiary of the Issuer, then any Note may, by notice in writing given to the Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality unless such Event of Default shall have been remedied prior to the receipt of such notice by the Agent.

## 8. Prescription

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of ten years, and claims for payment of interest (if any) in respect of the Notes shall be

prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 6) thereof, subject to the provisions of Condition 5. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5.

#### **9. Replacement of Notes, Receipts and Coupons**

If any Note (including any global Note), Receipt or Coupon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts or Coupons must be surrendered before replacements will be issued.

#### **10. Meetings of Noteholders and Modification**

The Agency Agreement contains provisions for convening meetings of the holders of the Notes of this Series to consider matters affecting their interests, including modifications by Extraordinary Resolution of the terms and conditions of such Notes. The quorum for any meeting convened to consider a resolution proposed as an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of such Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing holders of Notes whatever the nominal amount of such Notes for the time being outstanding so held or represented, except that at any meeting, the business of which includes, inter alia, (i) modification of the Maturity Date or, as the case may be, Redemption Month of such Notes or reduction or cancellation of the nominal amount payable upon maturity or otherwise, or variation of the method of calculating the amount of principal payable on maturity or otherwise, (ii) reduction of the amount payable or modification of the payment date in respect of any interest in respect of such Notes or variation of the method of calculating the rate of interest in respect of such Notes, (iii) reduction of any Minimum Interest Rate and/or Maximum Interest Rate, (iv) modification of the currency in which payments under such Notes and/or the Coupons appertaining thereto are to be made, (v) modification of the majority required to pass an Extraordinary Resolution or (vi) modification of the provisions of the Agency Agreement concerning this exception, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the nominal amount of such Notes for the time being outstanding. Any Extraordinary Resolution duly passed at any such meeting will be binding on all such holders of Notes (whether or not they are present at such meeting) and on all Receiptholders and Couponholders relating to such Notes.

The Agent may agree, without the consent of the holders of Notes, Receipts or Coupons of this Series, to any modification to any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error. The VP LUX Agent may agree, without the consent of the holders of VP LUX Notes to any modification to any of the provisions of the VP LUX Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on all such holders of Notes, Receiptholders and Couponholders and, if the Agent or the VP LUX Agent so requires, shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 11.

Meetings of holders of VP LUX Notes shall be held in accordance with the Agency Agreement and/or the VP LUX Agency Agreement and in compliance with the relevant regulations of VP LUX. Any person requesting the convening of any such meeting or attending or voting at any such meeting shall be required to provide proof of their appointment as proxy, attorney or representative and/or ownership of Notes satisfactory to the Issuer in the form specified by Issuer in the notice in respect of the relevant meeting given to holders in accordance with Condition 11.

## **11. Notices**

- (a) All notices regarding Bearer Notes of this Series shall be published in one leading London daily newspaper (which is expected to be the Financial Times) and, so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in one leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or, if this is not practicable, one other English language daily newspaper with general circulation in Europe as the Issuer may decide. Any notice published as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Notes of this Series in accordance with this Condition.
- (b) Until such time as any definitive Notes are issued, there may, so long as all the global Notes for this Series are held in their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted, in relation only to this Series, for such publication as aforesaid, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes of this Series except that if the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange notice will in any event be published in the Luxemburger Wort (or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) in accordance with paragraph (a) above. Any such notice shall be deemed to have been given to the holders of the Notes of this Series either (i) on the date of publication in the Luxemburger Wort or on the Website of the Luxembourg Stock Exchange (or such other newspaper as may be permitted by the Luxembourg Stock Exchange) or, if published more than once, on the date of the first such publication or (ii) (if the Notes of this Series are not admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange) on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.
- (c) Notices to holders of VP LUX Notes shall be given (i) in accordance with the procedures of VP LUX and (ii) in a manner which complies with the rules of any stock exchange or other relevant authority on which the VP LUX Notes are for the time being listed or by which they have been admitted to trading.
- (d) Notices or demands to be given or made by any holder of any Notes, other than VP LUX Notes, shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes is represented by a global Note, such notice or demand may be given or made by a holder of any of the Notes so represented to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg may approve for this purpose. Notices or demands to be given or made by any holder of any VP LUX Notes shall be in writing and given by lodging with the VP LUX Agent in such manner as the VP LUX Agent and VP LUX may approve for this purpose.

## **12. Paying Agents and VP LUX Agent**

In acting under the Agency Agreement and the VP LUX Agency Agreement, the Paying Agents and the VP LUX Agent will act solely as agents of the Issuer and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except (without affecting the obligations of the Issuer to the Noteholders,

Receiptholders and Couponholders to repay Notes and pay interest thereon) funds received by such agent for the payment of any sums due in respect of the Notes shall be held by it in trust for the Noteholders and/or Receiptholders and Couponholders until the expiration of the relevant period of prescription under Condition 8. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of their Subsidiaries or associated companies without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit. The Issuer will ensure that it maintains a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform, to such Directive.

### **13. Further Issues**

The Issuer may from time to time without the consent of the relevant Noteholders, Receiptholders or Couponholders create and issue further Notes, having terms and conditions the same as the Notes of any Series, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes of any Series.

### **14. Governing Law and Jurisdiction**

- (a) The Notes, the Receipts, the Coupons and the Agency Agreement and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of England, the dematerialization of Notes in VP LUX which are governed by, and shall be construed in accordance with, the laws of Denmark and except as to the registration of Notes in VP LUX which is governed by, and shall be construed in accordance with, the laws of Luxembourg.
- (b) The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts or the Coupons (the "Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the exclusive benefit of each of the Noteholders, Receiptholders and Couponholders and shall not limit the right of any of them to take Proceedings in any Danish court of competent jurisdiction or to take steps anywhere relating to the conservation of assets or the enforcement or execution of a judgment in connection with Proceedings in England or The Kingdom of Denmark.
- (c) The Issuer irrevocably appoints Clifford Chance Secretaries Limited, currently at 10 Upper Bank Street London E14 5JJ, England as its agent for service of process in any Proceedings before the English courts on its behalf in connection with the Notes. The Issuer further irrevocably agrees that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of it or with respect to its assets, any such immunity being irrevocably waived by the Issuer, and the Issuer irrevocably consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with any Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in connection with any Proceedings.

## **15. Enforcement**

A person who is not a Noteholder has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from such Act.

## **USE OF PROCEEDS**

The net proceeds from the sale of the Notes will be used for the general financing purposes of the Issuer.

## KOMMUNEKREDIT

### Introduction

The establishment of KommuneKredit was authorised under Danish Parliamentary Act No. 35 of 19<sup>th</sup> March, 1898 succeeded as of 1<sup>st</sup> January, 2007 by Act No. 383 of 3<sup>rd</sup> May, 2006 (the "Act"). Its purpose is to provide loans to Danish local governments and to Danish semi-municipal institutions, which are fully guaranteed by local governments. KommuneKredit borrows funds in its own name and then on-lends the funds for capital investment purposes.

The members of KommuneKredit comprise kommuner (municipalities) and regioner (regions) which have loans outstanding from KommuneKredit or which have outstanding guarantees of loans made by KommuneKredit to semi-municipal institutions. Municipalities are the lowest tier of local government in Denmark in geographic terms and encompass the whole country. Regions are the second tier and comprise the territory of a number of municipalities. At 1<sup>st</sup> January, 2012 the members of KommuneKredit comprised all municipalities and regions in Denmark. The members of KommuneKredit thereby represent 100 per cent of the Danish population.

The members of KommuneKredit are directly, jointly and severally liable for all of KommuneKredit's obligations including its borrowings.

The Notes are securities which are in the manner set forth in the articles of association of KommuneKredit unconditionally and irrevocably guaranteed by the members of KommuneKredit and thus remain unaffected by the Prospectus Directive.

### Danish Local Government

Denmark is divided into 98 municipalities and 5 regions, each covering several municipalities.

The main duties of the local governments are set out in statutory provisions. The most important duties include the provision of social security, schools, hospitals, healthcare, medical services, day care for children, housing for the elderly and infrastructure projects. The planning of the provision and in many cases the supply of water, gas, electricity, district heating and sewage and refuse disposal is also usually a local government responsibility. In addition, local governments provide public facilities such as parks, playgrounds and sporting and cultural centres. Local governments also provide services for unemployed. The level of spending by local government amounts to approximately 30 per cent of the total gross domestic product of Denmark.

Some services are subcontracted or are provided indirectly by local governments. In the latter case the budgets for these services lie outside those of the local governments and the services in question are often managed as semi-municipal institutions on a non-profit making basis. Local governments may, within control of borrowing limits set by central government, guarantee capital investment loans raised by semi-municipal institutions. District heating, refuse incineration and water supply are examples of the services provided by semi-municipal institutions.

The cost of providing local government services, including investments and debt service, must generally be met out of current revenues from local taxes, user fees from certain services provided and grants from central government. Municipalities are empowered to levy taxes on personal income and property and have an obligation to levy sufficient taxes to balance their annual budgets, taking into account other income such as fees for services and grants from central government. Furthermore an equalisation system has been established which enables local governments with a lower income base to provide adequate services. Regions are financed through grants from central government.

However, certain categories of capital investment by local governments, both directly and through semi-municipal institutions, may be financed with borrowed funds. This borrowing is subject to the control of central government, the current rules being set out in Executive Orders No. 1299 of 15<sup>th</sup> December, 2011 and No. 1238 of 15<sup>th</sup> December, 2011. These Executive Orders restrict local

government borrowing to the funding of approved categories of capital expenditure and set out requirements as to certain terms of the borrowings such as maximum maturities. The main types of capital expenditure which may at present be funded with borrowed funds are those for the purposes of the provision of power plants, water supply, the purchase of land, urban renewal, environmental improvement and housing for the elderly. Both above mentioned Executive Orders also allow local governments to enter into foreign exchange, as well as currency and interest rate swap agreements within the general borrowing guidelines.

Local governments deliver their audited accounts to central government thereby providing an opportunity for checking that capital expenditure funded by loans falls within permitted categories. In addition, the overall level of local government expenditure for both capital and current purposes is set pursuant to informal guidelines agreed with central government, although no formal approval procedure exists.

## Lending

KommuneKredit provides financing according to article 2 of its articles of association to local governments and semi-municipal institutions guaranteed by local governments in order to fund capital expenditure falling within Executive Orders No. 1299 and No. 1238 as mentioned above. At 31<sup>st</sup> December, 2011 its total loan portfolio amounted to DKK 128.9 billion of which DKK 74.7 billion was lent to municipalities, DKK 18.7 billion to regions, DKK 32 billion to semi-municipal institutions and lease receivables constitutes DKK 3.5 billion.

The loans made available by KommuneKredit are unsecured and have maturities depending on the type of financing involved but ranging up to 30 years. Loans are either repaid by instalments or at the maturity of the loans. Interest is payable on the basis of fixed or floating rates, at the option of the relevant borrower. As KommuneKredit does not carry on business primarily in order to make a profit it does not charge a margin over its cost of funds but instead obtains contributions from its borrowers towards its administrative expenses.

The following table gives certain information with regard to KommuneKredit's activities during the five years ended 31<sup>st</sup> December, 2011.

<b>Year ended/as of 31<sup>st</sup> December</b>	<b>New Lending</b>	<b>Outstanding Loans</b>	<b>Profit before tax</b>	<b>Equity</b>
			<i>(DKK millions)</i>	
2007	27,774	90,703	209	3,929
2008	40,454	105,213	338	4,183
2009	30,820	111,538	255	4,375
2010	34,851	125,136	411	4,684
2011	25,799	128,979	691	5,200

The annual report for the year 2007, 2008, 2009, 2010 and 2011 have been prepared in accordance with new accounting policies: IFRS (International Financial Reporting Standards) as adopted by the European Union.

KommuneKredit is the largest single lender to local governments in The Kingdom of Denmark. KommuneKredit's level of lending depends on the capital expenditure requirements of its customers which may vary considerably from year to year and on competitive factors, the major source of competition being commercial banks.

KommuneKredit has never suffered a loss on any of its loans.

## **Funding**

One of KommuneKredit's sources of funding in Denmark consists of bonds issued in the Danish capital markets and listed on the NASDAQ OMX Copenhagen A/S. A range of such issues will normally be available of which further tranches can be issued in order to supply funding which matches the requirements of KommuneKredit's clients. The various series of bonds cover a range of maturities and interest rates.

Since 1987 KommuneKredit has been allowed to fund itself outside Denmark and has since developed and strengthened its position in the international capital market.

In February 1990 an ECP-programme was established. The maximum outstanding amount under the programme is EUR 5 billion. In February 1993 the Euro Medium Term Note (EMTN) Programme was established. Since KommuneKredit's first appearance in the international capital market a number of EMTN issues, private placements and bank loans have been effected.

KommuneKredit has obtained the same credit rating from Moody's and S&P as The Kingdom of Denmark, i. e. KommuneKredit's long term ratings in both foreign currencies and DKK are Aaa/AAA and short term P-1/A-1+.

KommuneKredit does not assume any currency risk if the on-lending takes place in foreign currency; hence it is the borrower who takes the currency risk. If the borrower wishes to receive a currency other than the funding currency, KommuneKredit will use swaps to provide the borrower with the funds needed. KommuneKredit has strict guidelines as to which swap counterparties can be accepted.

In its funding operations KommuneKredit was until April 1992 subject to restrictions according to which funds borrowed in the international capital market had to be matched by corresponding on-lending to local governments. KommuneKredit obtained in April 1992 the sanction of the Ministry of Economic Affairs and the Interior for borrowing without the requirement of simultaneous and matched on-lending to local governments for a maximum amount of DKK 350 million.

KommuneKredit is permitted to raise funding without immediate relending (mismatch). The mismatch limit is calculated as 25 per cent. of total lending at nominal value for the latest quarter.

## **Group Structure**

KommuneKredit has one wholly owned subsidiary, "KommuneLeasing A/S".

KommuneLeasing A/S provides financial leasing services to municipalities and regions and semi-municipal institutions for which local governments grant a 100 per cent. guarantee. The activities are financed through KommuneKredit. In 2011 KommuneLeasing A/S had a gross lending totalling DKK 1.539 billion. The profit before tax on the activities of KommuneLeasing A/S for 2011 was DKK 15.7 million.

The contracts entered into by KommuneLeasing A/S are primarily designed to finance operating equipment, first of all computer equipment. Other contracts are for motor vehicles, technical acquisitions, hospital equipment and ferryboats.

## **Articles of Association**

The Board of Directors decided to amend the Issuer's articles of association on 1<sup>st</sup> December, 2006. The articles of association of the Issuer were approved subsequently by The Minister of the Interior and Health on 22<sup>nd</sup> December, 2006. The Issuer's articles of association then came into force on 1<sup>st</sup> January, 2007.

## Notices to Members

The Issuer communicates with its members by direct mail, e-mail, the issuance of newsletters and news on the Issuer's website.

## Capital Structure

### Share capital, voting rights and dividends

KommuneKredit is organized as an association under the Act; no share capital, no authorized or conditional capital and no profit sharing certificates is or are outstanding. According to Section 8 of the Act, the equity capital of the association shall always be at least 1 per cent. of the association's total liabilities.

The Board of Directors shall be elected by the members of the association. For the elections, kommuner (Danish municipalities) shall hold one vote each, having the right to nominate four candidates, whereas regioner (Danish regions) (formerly amtskommuner (Danish counties)) shall hold one vote each, having the right to nominate one candidate. As to a description of the Danish Local Government please refer to the information set forth on pages 58 and 59 of this Programme. The security for KommuneKredit's obligations consists of (a) the direct, joint and several liability of the members, and (b) the reserve funds of KommuneKredit, excluding its pension fund.

The Issuer does not pay any dividends to its members of association.

## Organisation, Management and Audit

KommuneKredit is organised as an association whose members, the local governments which have loans or guarantees outstanding to it, have direct, joint and several liability for all of its obligations including borrowings. Members are not permitted to withdraw from the association while any loan made to, or guaranteed by them, remains outstanding.

The members elect a Board of Directors to determine general policy and to approve major decisions. The Board of Directors has ten members of whom two are elected by regions and eight by municipalities. The normal term of office for the directors is six years with half of the Board of Directors being elected every three years. The Board of Directors normally meets four times a year.

The following are members of the current Board of Directors:

Erik Fabrin	Mayor	Rudersdal	Chairman
Henning G. Jensen	Mayor	Aalborg	Vice Chairman
Kaj Petersen	Council Member	Guldborgsund	
Vibeke Storm Rasmussen	Region Council Chairman		Capital Region of Denmark
Hans Toft	Mayor		Gentofte
Henrik Zimino	Mayor		Tårnby
Anker Boye	Mayor		Odense
Lars Krarup	Mayor		Herning
Mariann Nørgaard	Alderman		Aalborg
Aleksander Aagaard	Region Council Member		Central Denmark Region

KommuneKredit's management is headed by two managing directors, both of whom are appointed by the Board of Directors and one of whom is also chief executive. The management is authorised to take all decisions relating to daily business.

The following are senior members of management:

Søren Høgenhaven	Managing Director, Chief Executive Officer
Johnny Munk	Managing Director
Jens Bloch Behrendt	Chief Financial Officer
Eske Hansen	Senior Vice President, Head of Funding and Treasury
Jette Moldrup	Senior Vice President, Head of Lending
Morten Søtofte	Senior Vice President, Head of Risk Management and Support
Frank Hammer	Director, KommuneLeasing A/S

As at 31<sup>st</sup> December, 2011, KommuneKredit had 60 full time employees including the members of the management.

The business address of the Board of Directors and the management is Kultorvet 16, DK-1175 Copenhagen K, Denmark.

The Board of Directors appoints one or two auditors approved by the Ministry of Economic Affairs and the Interior, at least one of whom must be a state authorised public accountant. A further auditor is appointed by the Ministry of Economic Affairs and the Interior and is in particular responsible for checking that KommuneKredit operates within all relevant legal and regulatory constraints applicable to KommuneKredit which include the requirement that quarterly summary management accounts be submitted to the Ministry of Economic Affairs and the Interior. The auditors for 2010 and 2011 were KPMG Statsautoriseret Revisionspartnerselskab represented by Torben Bender and Anders Duedahl-Olesen (state authorised public accountants) and Emil le Maire, former Prefect, appointed by the Ministry of Economic Affairs and the Interior.

## CAPITALISATION

### Consolidated capitalisation of KommuneKredit Group<sup>(1)(2)(3)</sup>

**31 December 2011**

(DKK million)

**Public domestic bond issues:**

Convertible bonds	6,124
Index-linked bonds	6,812
Rate adjustable bonds	16,900
Inconvertible bonds	11,210
Structured bonds	6,003

**Total nominal**

47,049

Fair value adjustment

3,934

**Total public domestic bond issues:**

**50,983**

**Foreign debt<sup>(3)</sup>**

Private placements	4,640
Bank loans abroad	2,444
EMTN-Notes	96,892
ECP-Notes	9,682
Total nominal	113,658
Fair value adjustment	110

**Total foreign debt<sup>(3)</sup>**

**113,768**

**Fair value of derivatives**

6,389

**Total liabilities excl. other liabilities, pension and tax**

**171,140**

Other liabilities	381
Pension obligations	65
Current tax liabilities	52
Deferred tax liabilities	275

**Total other liabilities, pensions and tax**

**773**

**Total liabilities**

**171,913**

**Equity**

Equity at January 1, 2011	4,684
Profit for the period after tax	516

**Equity at December 31, 2011**

**5,200**

**Total Capitalisation<sup>(4)</sup>**

**177,113**

Notes:

(1) For the purpose of the above table, long-term debt exclude long-term debt due within one year.

(2) Index-linked bonds, the outstanding amounts shown here being inclusive of indexation adjustments.

- (3) Foreign currency loans have been translated into DKK at the rates prevailing on December 31, 2011 or the rates on drawdown date for loans in 2011.
- (4) There has been no material change in the capitalisation of the Issuer since December 31, 2011.

**Liquidity risk – distribution of maturity according to remaining term – nominal values:**

	December 31, 2011 (DKK million)	December 31, 2010 (DKK million)
<b>Bonds issued on OMX</b>		
On demand	0	0
Up to and including 3 months	3,568	8,406
Over 3 months and up to and including 1 year	2,768	6,676
Over 1 year and up to and including 5 years	29,466	26,180
Over 5 years	11,247	11,018
<b>Total</b>	<b>47,049</b>	<b>52,280</b>

**International securities etc.**

On demand	0	0
Up to and including 3 months	21,511	9,327
Over 3 months and up to and including 1 year	25,460	24,415
Over 1 year and up to and including 5 years	46,749	46,658
Over 5 years	19,938	22,345
<b>Total</b>	<b>113,658</b>	<b>102,745</b>

**STATEMENT OF COMPREHENSIVE INCOME OF THE ISSUER FOR 2010  
and 2011**

**Comprehensive Income**

	<b>Group</b>		<b>Parent company</b>	
<b>(DKK m)</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Interest income	4,540	3,695	4,509	3,672
Interest expense	3,842	3,242	3,842	3,242
<b>Net interest income</b>	<b>698</b>	<b>453</b>	<b>667</b>	<b>430</b>
Other operating income	3	3	13	12
Value adjustments of financial instruments	85	47	88	48
Staff costs and administrative expenses	85	83	82	80
Amortisation of intangible assets and depreciation on property, plant and equipment	10	7	10	7
Adjustment of pension obligations	0	-2	0	-2
<b>Profit before tax</b>	<b>691</b>	<b>411</b>	<b>676</b>	<b>401</b>
Tax on profit for the year	175	102	171	100
<b>Profit for the year</b>	<b>516</b>	<b>309</b>	<b>505</b>	<b>301</b>
Comprehensive income after tax	0	0	0	0
<b>Comprehensive income for the year</b>	<b>516</b>	<b>309</b>	<b>505</b>	<b>301</b>
Appropriation				
Transferred to equity	516	309	505	301
<b>Total</b>	<b>516</b>	<b>309</b>	<b>505</b>	<b>301</b>

The notes form an integral part of the financial statements. They are contained in the 2011 Annual Report of the Issuer.

Profit for the year is transferred to equity in accordance with KommuneKredit's articles of association.

## BALANCE SHEET AT 31<sup>st</sup> DECEMBER, 2010 and 2011

### Assets

(DKK m)	Group 2011	2010	Parent company 2011	2010
Receivables from credit institutions	1,775	1,439	1,775	1,439
Lending	125,441	122,290	125,441	122,290
Lease receivables	3,538	2,846	0	0
Portfolio of securities at amortised cost	404	637	404	637
Portfolio of securities at fair value	28,443	24,248	28,192	24,000
Receivables from subsidiary	0	0	2,892	2,222
Investment in subsidiary	0	0	148	148
Shares	3	3	3	3
Derivative financial instruments	17,358	14,612	17,358	14,612
Intangible assets	6	11	6	11
Properties	80	80	80	80
Other property, plant and equipment	6	7	6	7
Other assets	59	19	55	22
Current tax assets	0	15	0	11
Deferred tax assets	0	0	7	6
<b>Total assets</b>	<b>177,113</b>	<b>166,207</b>	<b>176,367</b>	<b>165,488</b>

### Liabilities and equity

(DKK m)	Group 2011	2010	Parent company 2011	2010
<b>Liabilities</b>				
Debt securities issued	164,751	156,235	164,751	156,235
Derivative financial instruments	6,389	4,586	6,389	4,586
Other liabilities	381	339	42	13
Pension obligations	65	68	65	68
Current tax liabilities	52	0	29	0
Deferred tax liabilities	275	295	0	0
<b>Total liabilities</b>	<b>171,913</b>	<b>161,523</b>	<b>171,276</b>	<b>160,902</b>
<b>Equity</b>	<b>5,200</b>	<b>4,684</b>	<b>5,091</b>	<b>4,586</b>
<b>Total liabilities and equity</b>	<b>177,113</b>	<b>166,207</b>	<b>176,367</b>	<b>165,488</b>

The notes form an integral part of the financial statements. They are contained in the 2011 Annual Report of the Issuer.

## SUBSCRIPTION AND SALE

The Dealers have in a Programme Agreement dated 28<sup>th</sup> June, 2002, as amended and restated on 31<sup>st</sup> May, 2012 ("Programme Agreement") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement the Issuer agreed to reimburse Deutsche Bank AG, London Branch as arranger for certain of its expenses in connection with the establishment of the Programme and the issue of the Notes.

### United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (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 under the Securities Act.

The Notes are in bearer form and 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 U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes of any Series (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering or the closing date, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

Until 40 days after the commencement of the offering of any Notes, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issue of Dual Currency Notes or Indexed Notes will be subject to such additional United States selling restrictions as the Issuer and the relevant Purchaser or Purchasers may agree, as indicated in the applicable Final Terms. Each Dealer has agreed that it will offer, sell or deliver such Notes only in compliance with such additional United States selling restrictions.

### United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have 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 whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) 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.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”) and disclosure under the Financial Instruments and Exchange Act has not been and will not be made with respect to the Notes. Neither the Notes nor any interest therein may be offered, sold, resold or otherwise transferred, directly or indirectly, in Japan to or for the account of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, resident of Japan means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## France

Neither this Information Memorandum nor any other material prepared in connection with Notes to be issued under the Programme has been prepared in the context of a public offer of securities (*offre au public*) in the Republic of France within the meaning of Article L.411-1 of the French Monetary and Financial (Code *monétaire et financier*) and Articles 211-1 et seq. of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* and has therefore not been and will not be submitted to the clearance procedures of the *Autorité des marchés financiers* for prior approval or otherwise or notified to the *Autorité des marchés financiers* after clearance of the competent authority of another member State of the European Economic Area.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise transferred and will not offer, sell or otherwise transfer, directly, or indirectly, the Notes to the public in the Republic of France and that any offers, sales or other transfers of the Notes in the Republic of France will only be

made in accordance with Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) only:

(a) to:

- (i) qualified investors (*investisseurs qualifiés*) and/or a restricted group of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in Articles L. 411-2, D. 411-1 to D. 411-4 of the French Monetary and Financial Code (*Code monétaire et financier*), and Article 211-2-1 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers*; and/or
  - (ii) investment services providers authorized to engage in portfolio management on a discretionary basis on behalf of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and
- (b) in a transaction that, in accordance with Article L. 411-2-I-1° or -2° or -3° of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 211-2 of the General Regulations of the *Autorité des marchés financiers* does not constitute a public offer (*offre au public*), and is in compliance with Articles L. 341-1 to L. 341-17 of the French Monetary and Financial Code (*Code monétaire et financier*).

Neither this Information Memorandum nor any other offering material relating to the Notes has been or will be (i) released, issued, distributed or caused to be released, issued or distributed to the public in the Republic of France or (ii) used in connection with any offer for subscription or sale of the Notes in the Republic of France.

## **General**

Each Dealer has agreed that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Dealer shall have responsibility therefore.

## **GENERAL INFORMATION**

### **1. Listing**

For the purpose of listing Notes on the EU regulated market of the Luxembourg Stock Exchange, this Information Memorandum has been registered by the Luxembourg Stock Exchange under no. 2394.

### **2. No Material Adverse Change**

Save as disclosed herein, there has been no significant or material adverse change, nor any event involving a prospective material adverse change, in the assets and liabilities, in the financial position or prospects of the Issuer since 31<sup>st</sup> December, 2011.

### **3. Documents and Agreements**

So long as any of the Notes remains outstanding, copies of the articles of association and financial statements of the Issuer in respect of the financial years ended 31<sup>st</sup> December, 2009, 2010 and 2011 all future published annual and interim financial statements of the Issuer for the period ending 30<sup>th</sup> June in each year and any supplements (including the Final Terms) to the Information Memorandum and the documents incorporated herein by reference will be available for collection from, and copies of the Agency Agreement (incorporating the forms of the temporary global Note, permanent global Note and definitive Notes), the VP LUX Agency Agreement, the Programme Agreement and the Deed of Covenant will be available for inspection at, the principal office of the Listing Agent in Luxembourg.

### **4. Auditors**

KPMG Statsautoriseret Revisionspartnerselskab, state authorised public accountants and Emil le Maire, former Prefect, appointed by the Ministry of Economic Affairs and the Interior, have audited the accounts of the Issuer in accordance with the laws of Denmark for the financial years ended 31<sup>st</sup> December, 2007, 31<sup>st</sup> December, 2008, 31<sup>st</sup> December, 2009, 31<sup>st</sup> December, 2010 and 31<sup>st</sup> December 2011.

### **5. Authorisation**

The Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 27<sup>th</sup> November, 1992 and 10<sup>th</sup> March, 1995. The increase of the Programme from U. S.\$2,000,000,000 to U. S.\$5,000,000,000 was authorised by resolution of the Board of Directors on 7<sup>th</sup> June, 2002. The increase of the Programme from U. S.\$5,000,000,000 to U. S.\$10,000,000,000 was authorised by resolution of the Board of Directors on 3<sup>rd</sup> September, 2004. The change of currency of the Programme from U. S.\$ to EUR was authorised by a resolution of the Board of Directors on 31<sup>st</sup> August, 2007. The increase of the Programme from EUR10,000,000,000 to EUR15,000,000,000 was authorised by resolution of the Board of Directors on 5<sup>th</sup> March, 2010.

### **6. Litigation**

The Issuer is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.

### **7. Euroclear, Clearstream, Luxembourg, SIX and VP LUX**

The Notes, other than the VP LUX Notes, have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Codes and International Securities Identification Number in relation to the Notes of each Series will be contained in the relevant Final Terms. If the Notes are to clear through SIS, VP LUX or any other additional or alternative clearing system, the appropriate information will be specified in the relevant Final Terms. Euroclear,

Clearstream, Luxembourg, SIS or VP LUX, as the case may be, are the entities in charge of keeping the records.

## **8. European Union Directive on the Taxation of Savings Income**

Under European Council Directive 2003/48/EC on the taxation of savings income Member States are required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to or for an individual resident in that other Member State. However, for a transitional period Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payments or certain limited types of entities established in that other Member State. The transitional period will end after agreement on exchange of information is reached between the European Union and certain non-European Union states. No withholding will be required where the Noteholder authorises the person making the payment to report the payment or presents a certificate from the relevant tax authority establishing exemption therefrom. A number of third countries (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland) and certain British and Dutch dependent or associated territories have adopted the same measures with effect from the same date.

## **9. Copies of the Information Memorandum**

Copies of this Information Memorandum, the “Documents Incorporated by Reference” on page 5 and the Final Terms shall be available in a printed form to the public free of charge at the registered office of the Issuer and at the principal office of the Paying Agent in Luxembourg, and in an electronic form on the Issuer’s website at [www.kommunekredit.dk](http://www.kommunekredit.dk) and the Luxembourg Stock Exchange’s website.

## **10. Responsibility**

The Issuer accepts responsibility for all information contained in this Programme and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion.

## REGISTERED AND PRINCIPAL OFFICE OF KOMMUNEKREDIT

Kultorvet 16  
DK-1175 Copenhagen K

### DEALERS

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

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**KommuneKredit**

Kultorvet 16  
DK-1175 Copenhagen

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP

### AGENT AND PRINCIPAL PAYING AGENT

**Citibank, N. A., London Branch**

*Registered Office*  
Citigroup Centre  
Canada Square  
Canary Wharf  
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