

# Jyske Bank A/S

(incorporated as a public limited company in Denmark)

## SEK1,000,000,000 Floating Rate Perpetual Non-cumulative Additional Tier 1 Capital Notes

**Issue price: 100.00 per cent.**

The SEK1,000,000,000 Floating Rate Perpetual Non-cumulative Additional Tier 1 Capital Notes (in Danish: “*kapitalbeviser*”) (the “**Notes**”) will be issued by Jyske Bank A/S (the “**Issuer**”, “**Jyske Bank**” or the “**Bank**”). Subject to Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes) in “*Terms and Conditions of the Notes*”, the Notes will constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer, as described in Condition 4 (Status of the Notes) in “*Terms and Conditions of the Notes*”.

The Notes will bear interest on their Outstanding Principal Amounts (as defined in Condition 2 (Interpretation) in “*Terms and Conditions of the Notes*”) from (and including) 9 April 2019 (the “**Issue Date**”), payable quarterly in arrear on 9 January, 9 April, 9 July and 9 October in each year (each such date an “**Interest Payment Date**”) as any such Interest Payment Date may be adjusted in accordance with the modified following business day convention, at a floating rate of interest equal to 3-month STIBOR plus a margin of 5.00 per cent. per annum. The first payment of interest will be made on 9 July 2019 in respect of the period from (and including) the Issue Date to (but excluding) 9 July 2019. See Condition 5 (Interest and other Calculations) in “*Terms and Conditions of the Notes*”.

The Issuer may elect in its sole discretion to cancel any payment of interest in respect of the Notes at any time, in whole or in part. In addition, a payment of interest in respect of the Notes will be mandatorily cancelled in certain circumstances. Following any such cancellation of interest in respect of an Interest Period (as defined in Condition 2 (Definitions and Interpretation) in “*Terms and Conditions of the Notes*”), the right of the holders of the Notes (the “**Noteholders**”) to receive accrued interest in respect of such Interest Period will terminate and the Issuer will have no further obligation to pay such interest to the Noteholders. See Condition 6 (Interest Cancellation) in “*Terms and Conditions of the Notes*”.

The Notes are perpetual securities and have no fixed date for redemption and Noteholders do not have the right to call for their redemption. Subject as provided herein, the Issuer may, at its option, redeem all, but not some only, of the Notes on the Interest Payment Date falling in April 2024 (the “**First Call Date**”) or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as provided herein, the Issuer may also, at its option, redeem all, but not some only, of the Notes on any Interest Payment Date during the relevant redemption period (as specified in Condition 8.2 (Early redemption upon the occurrence of a Special Event) in “*Terms and Conditions of the Notes*”) at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled upon the occurrence of a Tax Event or Capital Event (each as defined in Condition 2 (Definitions and Interpretation) in “*Terms and Conditions of the Notes*”). Subject to Condition 8.7 (Conditions to redemption etc.) in “*Terms and Conditions of the Notes*”, if a Special Event (as defined in Condition 2 (Definitions and Interpretation) in “*Terms and Conditions of the Notes*”) has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes (as defined in Condition 2 (Definitions and Interpretation) in “*Terms and Conditions of the Notes*”). Any such substitution, variation or redemption, as the case may be, is subject to certain conditions. See Condition 8 (Redemption and Purchase) in “*Terms and Conditions of the Notes*”.

If at any time the Common Equity Tier 1 Capital Ratio (as defined in Condition 2 (Interpretation) in “*Terms and Conditions of the Notes*”) of the Issuer and/or the Group (as defined in Condition 2 (Definitions and Interpretation) in “*Terms and Conditions of the Notes*”) has fallen below 7.00 per cent., the Outstanding Principal Amounts shall be reduced. Following any such reduction of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, if certain conditions are met. See Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes) in “*Terms and Conditions of the Notes*”.

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

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to its official list (the “**Official List**”) and admitted to trading on the regulated market of Euronext Dublin with effect from the Issue Date. The regulated market of Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU (as amended) (“**MiFID II**”).

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive and has been prepared for the purpose of giving information with regard to the Issuer together with its consolidated subsidiaries (the “**Jyske Bank Group**”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Notes are not intended to be sold and should not be sold to retail clients (as defined in MiFID II) in the European Economic Area (“**EEA**”). Prospective investors are referred to the section headed “*Restrictions on marketing and sales to retail investors*” on page 5 of this Prospectus for further information.

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

The Issuer has been rated A- (long unsecured rating) and A-2 (short unsecured rating) by S&P Global Ratings Europe Limited (“**S&P**”). The Notes are expected to be rated BB+ by S&P. S&P is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”) and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Prospectus. This list is available on the European Securities and Markets Authority (“**ESMA**”) website at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (list last updated on 18 March 2019). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Notes will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons (“**Coupons**”), which will be deposited on or around the Issue Date with a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the “**Permanent Global Note**” and, together with the Temporary Global Note, the “**Global Notes**”), without Coupons, on or after 20 May 2019 (the “**Exchange Date**”), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Notes in definitive form (“**Definitive Notes**”) only in certain limited circumstances in accordance with the terms of the Permanent Global Note. Definitive Notes will have attached Coupons and, if necessary, talons (“**Talons**”) for further Coupons - see “*Overview of Provisions relating to the Notes while in Global Form*”.

An investment in the Notes involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see “*Risk Factors*” below.

**Structuring Agent to the Issuer**

**J.P. MORGAN**

**Joint Lead Managers and Joint Bookrunners**

**DANSKE BANK**

**J.P. MORGAN**

**SWEDBANK**

The date of this Prospectus is 5 April 2019

This Prospectus should be read and construed together with any documents incorporated by reference herein (see “*Documents Incorporated by Reference*”).

The Issuer has confirmed to Danske Bank A/S, J.P. Morgan Securities plc and Swedbank AB (publ) (each, a “**Joint Lead Manager**” and together, the “**Joint Lead Managers**”) that this Prospectus is true, accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; that there are no other facts in relation to the information contained or incorporated by reference in this Prospectus the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

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

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

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

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

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

This Prospectus has been prepared on the basis that any offer of the Notes in any EEA member state which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Joint Lead Manager have authorised, nor do they authorise, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or any Joint Lead Manager to publish or supplement a prospectus for such offer. As used herein, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended or superseded).

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

of the EU which are participating in the European economic and monetary union and all references to “**Swedish Krona**” or “**SEK**”.

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 Prospectus 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 such investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments, i.e. euro, is different from the currency in which such potential investor’s financial activities are principally denominated; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. The Notes are complex financial instruments and may be purchased by investors 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 the Notes unless it has the expertise (either alone or with the assistance of 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.

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) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## IMPORTANT NOTICES

### BENCHMARKS REGULATION

Interest amounts payable under the Notes are calculated by reference to the Stockholm Inter-bank Offered Rate (“**STIBOR**”) which is provided by the Swedish Bankers’ Association. As at the date of this Prospectus, the Swedish Bankers’ Association does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Swedish Bankers’ Association are not currently required to obtain authorisation or registration.

### PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded) (the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

### RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the “**FCA**”) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the “**PI Instrument**”).

In addition, (i) on 1 January 2018, the provisions of the PRIIPs Regulation became directly applicable in all EEA member states and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the “**Regulations**”.

The Regulations set out various obligations in relation to (i) the manufacturing and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Notes.

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the Regulations.

The Issuer and each of the Joint Lead Managers are required to comply with some or all of the Regulations. In addition, by purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or any of the Joint Lead Managers, each prospective investor in relation to the Notes (or any beneficial interests therein) will be deemed to represent, warrant, agree with and undertake to the Issuer and each of the Joint Lead Managers that:

- (i) it is not a retail client (as defined in MiFID II) in the EEA;
- (ii) whether or not it is subject to the Regulations, it will not:
  - (A) sell or offer the Notes (or any beneficial interests therein) to retail clients (as defined in MiFID II) in the EEA; or
  - (B) communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (as defined in MiFID II) in the EEA. In selling or offering Notes (or any beneficial interests therein) or making or approving communications relating to the Notes (or any beneficial interests therein), it may not rely on the limited exemptions set out in the PI Instrument); and
- (iii) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or any of the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

## **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## OVERVIEW OF THE NOTES

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

Issuer: Jyske Bank A/S

Issuer Legal Entity Identifier (LEI): 3M5E1GQGKL17HI6CPN30

Risk Factors: There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under “*Risk Factors*”.

Notes: SEK1,000,000,000 Floating Rate Perpetual Non-cumulative Additional Tier 1 Capital Notes.

Joint Lead Managers: Danske Bank A/S  
J.P. Morgan Securities plc  
Swedbank AB (publ)

Issuing Agent and Principal Paying Agent: The Bank of New York Mellon, London Branch

Irish Listing Agent: Walkers Listing Services Limited

Issue Date: 9 April 2019.

First Call Date: The Interest Payment Date falling in April 2024.

Maturity: The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein.

Issue Price: 100.00 per cent.

Status of the Notes: The Notes (in Danish: *kapitalbeviser*) on issue will constitute Additional Tier 1 Capital (in Danish: *hybrid kernekapital*) of the Issuer and the Group under the CRD IV requirements.

Subject to Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes), the Notes will constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) the Existing Hybrid Tier 1 Capital Notes, (b) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (c) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally



with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

- (iii) senior to holders of the Issuer's ordinary shares and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

Interest and Interest Payment  
Dates:

The Notes will bear interest on their Outstanding Principal Amounts, payable quarterly in arrear on 9 January, 9 April, 9 July and 9 October in each year, save that, if any such quarterly Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be the first preceding day that is a Business Day, at a floating rate of interest equal to 3-month STIBOR plus a margin of 5.00 per cent. per annum.

The first payment of interest will be made on 9 July 2019 in respect of the period from (and including) the Issue Date to (but excluding) 9 July 2019.

See Condition 5 (Interest).

Interest Cancellation:

Any payment of interest (including, for the avoidance of doubt, any Additional Amounts payable pursuant to Condition 10) in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion, or
- (ii) will be mandatorily cancelled, in whole or in part, to the extent:
  - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD IV Directive), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD IV or the BRRD (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions), would cause a breach of any regulatory restriction or

prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or

- (B) otherwise so required by CRD IV, including the applicable criteria for Additional Tier 1 Capital instruments, or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

See Condition 6 (Interest Cancellation).

Optional Redemption by the Issuer on the First Call Date or any Interest Payment Date thereafter:

Subject to Condition 8.7 (Conditions to redemption etc.), the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

See Condition 8.3 (Redemption at the option of the Issuer).

Optional Redemption by the Issuer upon the Occurrence of a Special Event:

Subject to Condition 8.7 (Conditions to redemption etc.), upon the occurrence of a Tax Event or a Capital Event (each, a “**Special Event**”), the Issuer may, at its option, on any Interest Payment Date redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

See Condition 8.2 (Early redemption upon the occurrence of a Special Event).

Substitution and variation:

Subject to Condition 8.7 (Conditions to redemption etc.), if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

See Condition 8.6 (Substitution and variation).

Loss absorption following a Trigger Event and reinstatement of the Notes:

If at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below 7.00 per cent., the Outstanding Principal Amounts shall be reduced (in whole or in part).

Following any such reduction of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met.

See Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes).

Negative Pledge:

None.

Cross Default:

None.

Enforcement Events:

There will be enforcement events relating only to the liquidation or bankruptcy of the Issuer, provided that a Noteholder may not itself file for the liquidation or bankruptcy of the Issuer.

See Condition 11 (Enforcement Events).

Taxation:	<p>All payments by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made without withholding or deduction for, or on account of, any present or future Taxes imposed or levied by or on behalf of Denmark, or any political sub-division of, or any authority in, or of, Denmark having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, in the case of a payment of interest only, the Issuer will pay, save in certain limited circumstances provided in Condition 10 (Taxation), such Additional Amounts as may be necessary in order that the net amounts received by the Couponholders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Coupons in the absence of such withholding or deduction.</p> <p>See Condition 10 (Taxation).</p>
Meetings of Noteholders and Modifications:	<p>The Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. Subject to Condition 8.7 (Conditions to redemption etc.) (in the case of a modification of the Terms and Conditions of the Notes), these provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p>The Issuer may also, subject to Condition 8.7 (Conditions to redemption etc.), make any modification to the Notes which is, in the sole opinion of the Issuer, not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.</p> <p>See Condition 15 (Meetings of Noteholders; Modification).</p>
Form of the Notes:	<p>The Notes will be issued in bearer form and will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note.</p> <p>See “<i>Overview of Provisions relating to the Notes while in Global Form</i>” below.</p>
Denominations:	<p>The Notes will be issued in the denominations of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to (and including) SEK3,000,000.</p>
Listing and Admission to Trading:	<p>Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and admitted to trading on the regulated market of Euronext Dublin, in each case with effect from, or from around, 9 April 2019.</p>
Governing Law:	<p>The Notes, will be governed by, and construed in accordance with, Danish law. The Agency Agreement is governed by, and shall be construed in accordance with, English law, save for (i) the provisions for calling meetings</p>

of Noteholders to consider matters affecting their interests generally and (ii) the regulations concerning the transfer, registration and exchange of Notes, which are governed by, and will be construed in accordance with, Danish law. The Declaration of Direct Rights is governed by, and will be construed in accordance with, Danish law.

Enforcement of the Notes in Global Form: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Declaration of Direct Rights to be dated 9 April 2019, a copy of which will be available for inspection (upon presentation of proof of holding) at the specified office of the Principal Paying Agent.

Ratings: The Notes are expected to be rated BB+ by S&P.

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

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

## RISK FACTORS

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

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

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

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

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

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

### **Risks relating to the Issuer and the Jyske Bank Group**

The Issuer is regulated by the Danish Financial Supervisory Authority (the "**Danish FSA**"), which ensures a regulatory environment comparable to the regulatory environments of other Western European banks.

In the course of its business activities, the Issuer is exposed to a variety of risks. If the Issuer fails to manage this exposure, it may incur financial losses and its reputation may be damaged. The Issuer considers risk management one of its core competences and a critical prerequisite for prudent bank management. Risk management includes identifying and measuring risk as well as monitoring and reporting risks. The Supervisory Board of the Issuer defines total risk tolerance and lays down policies and guidelines for the measurement, monitoring and reporting of risk, and the different risks the Issuer is exposed to are managed at different organisational levels. The main categories of risk are set out below.

#### ***Credit risk***

Credit risk is the risk of loss caused by borrowers or counterparties failing to fulfil their obligations to the Jyske Bank Group and the risk of such parties' credit quality deteriorating. Credit risk is also the risk that the Jyske Bank Group may be unable to assess the credit risk of potential borrowers and may provide loans and advances or mortgage loans to customers that increase the Jyske Bank Group's credit risk exposure more than intended. Credit risk is an inherent part of the Jyske Bank Group's business. Ordinary credit risk arises from the Issuer's loan portfolio, mortgage lending in Jyske Realkredit A/S's ("**Jyske Realkredit**") capital centres and from credit lines and guarantees. However, credit risk also arises from credit investments in Jyske Bank Group Treasury in, for example, senior bonds of other highly rated financial institutions, securitisations consisting primarily of AAA residential mortgage backed securities ("**RMBS**") or AAA or AA rated collateralised loan/debt obligations ("**CLOs/CDO**") and from trading and hedging activities in Jyske Markets, which is the trading unit of the Jyske Bank Group. Market-related counterparty credit risk arises from financial instruments including fixed income, equity and other investments that the Jyske Bank Group owns or is in another way exposed to. Settlement and

payment risk arises from securities transactions, derivatives transactions and other transactions where payment is remitted before it can be confirmed that any corresponding payment has been made to the Jyske Bank Group.

Failure by the Jyske Bank Group to manage these risks could have an adverse effect on the Jyske Bank Group's business, results of operations, financial position or prospects.

### ***Market risk***

The Jyske Bank Group faces market risks as an inherent part of its business. Market risk is the risk of loss arising from adverse developments in market values resulting from fluctuations in interest rates, pricing of credit, foreign currency exchange rates and equity and commodity prices. The performance of financial markets may cause changes in the value of the Jyske Bank Group's investment and trading portfolios as well as affect other areas of the operations such as the availability of funding. A significant part of the Jyske Bank Group's market risk derives from changes in the value of its securities portfolio.

Any fluctuations in interest rates, foreign currency exchange rates, equity prices and fixed income prices could have an adverse effect on the Jyske Bank Group's business, results of operations, financial position or prospects.

### ***Funding and liquidity risk***

Liquidity risk is the risk of losses arising because funding costs become excessive, a lack of funding prevents the Jyske Bank Group from fulfilling its business model or a lack of funding prevents the Jyske Bank Group from fulfilling its payment obligations. Refinancing risk is the risk of a financial institution not being able to refinance maturing deposits, senior debt, covered bonds or other liabilities, or the risk that the refinancing cost will be so high that it will adversely affect net interest income.

Being a financial intermediary, liquidity- and refinancing risk is an inherent and unavoidable part of the Jyske Bank Group's banking operations. Liquidity- and refinancing risk arises from funding mismatches in the balance sheet as the average duration of a bank's loan portfolio is generally longer than the average duration of a bank's funding sources. For Jyske Realkredit part of the mortgage loan portfolio such as the portfolio of Danish Adjustable Rate mortgage loans is also funded with covered bonds with shorter duration than the commitment on the underlying mortgage loan. In addition hereto, most retail banks receive a high portion of their funding from customer deposits, and therefore they are also subject to the risk that depositors could withdraw their funds at a faster rate than the rate at which borrowers repay their loans, thus causing liquidity strains. Ready access to funds is essential to any banking business, including the Jyske Bank Group. The Group's refinancing risk measured by volume is dominated by Jyske Realkredit's mortgage bonds. Through Jyske Realkredit the Group has a high dependency on secured capital market funding on SDO (covered bond) basis.

If the Jyske Bank Group is unable to access funds or to access the markets from which the Jyske Bank Group raises funds, it could have an adverse effect on the Jyske Bank Group's ability to meet its obligations as they fall due and impede the Jyske Bank Group's ability to finance its operations adequately. These and other factors could also lead creditors to form a negative view of the Jyske Bank Group's liquidity, which could result in higher borrowing costs and decreased access to various funding sources which could have an adverse effect on the Jyske Bank Group's business, results of operations, financial position or prospects.

### ***Risks relating to the credit ratings of Jyske Bank***

The Issuer's credit ratings have an impact on the Issuer's funding costs, its ability to access international capital markets and on the number of counterparties willing to enter into transactions with the Issuer. As at the date of this Prospectus, the Issuer has a rating agreement with S&P and, as such, the Notes will only be rated (on a solicited basis) by S&P.

As at the date of this Prospectus, the Issuer's S&P ratings were a Stand Alone Credit Profile ("SACP") of A-, a long-term SP debt rating of A- and a short-term SP debt rating of A-2.

In a rating report from April 2018, the Issuer was granted a positive rating outlook on SP debt as the anticipated future issuance of SNP will build up Additional Loss Absorbing Capacity (“ALAC”). S&P’s ALAC “buffer” estimate includes all existing Tier 2 and old CMS hybrids. S&P expects the Issuer to build up ALAC to the level of 3 per cent. by the end of 2018 and 5 per cent. by the end of 2020. As the outlook refers only to the buffers to shield SP investors, any potential upgrade in the future based on ALAC will only improve the Issuer’s SP ratings from A- to A (long term) and A-2 to A-1 (short term). Jyske Bank’s Tier 2 and SNP bonds to be issued in the future are rated from Jyske Banks SACP rating which is A- and an upgrade of the SP ratings will not change the ratings of Tier 2 or SNP bonds. The Tier 2 bonds and SNP bonds that can be issued under this programme will remain rated BBB (two notches down from the anchor) BBB+ (one notch down from the anchor), respectively.

S&P could revise their outlook on the Issuer’s SP debt to stable if they expect that the issuance of ALAC-eligible instruments will total less than 5 per cent. of S&P’s RWAs. In addition, they could lower the Issuer’s ratings if capital distributions or asset growth weaken Jyske Bank’s capital adequacy more than S&P currently expect, resulting in Jyske Bank’s RAC ratio falling to and remaining below 10 per cent.

In July 2018, S&P assigned a positive outlook to Economic Risk in the Danish Banking Industry Country Assessment (“BICRA”) and subsequently affirmed at stable outlook on Jyske Banks SACP. According to S&P a stronger anchor for Danish banks is however unlikely to trigger an upgrade of Jyske’s SACP.

The Issuer decided to terminate its rating agreement with Moody’s Investors Service Limited (“**Moody’s**”) rating agency in 2013. However, due to the Issuer’s systemic importance in Denmark, Moody’s continues to rate the Issuer on an unsolicited basis based only on publicly available information. Moody’s sector reports on the Danish financial sector in general and specific reports on the Danish banking sector will therefore include an unsolicited rating of the Issuer.

Any reduction in the credit rating of the Issuer by S&P or potentially even a change in the unsolicited shadow rating by Moody’s could cause a deterioration in the market’s perception of the Issuer’s financial resilience, which could significantly increase its borrowing costs and/or limit the Issuer’s access to the capital markets. This could materially adversely affect the Issuer’s access to liquidity, especially in the short term money market (such as the market for issuance of commercial paper). As a result, this could adversely affecting the Issuer’s competitive position, increase its funding costs and, hence, have an adverse effect on the Issuer’s business, results of operations, financial position or prospects.

See “*Credit ratings*” below.

#### ***Risks relating to the Jyske Bank Group’s participation in the Deposit Guarantee Scheme and resolution fund***

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds (each, a “**Deposit Guarantee Scheme**”) have been implemented from which compensation for deposits may become payable to customers of financial services firms in the event that such financial services firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions, these Deposit Guarantee Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. Revised legislation regarding the Danish Deposit Guarantee Scheme redefines the Danish scheme as a premium based scheme funded by the banking sector itself, such that the participating banks’ payments into the scheme will be more stable every year in profit and loss terms. The calculation of premium will be based on each participating bank’s covered deposits and the relevant bank’s risk profile. The premium payments will stop when a target level of 0.8 per cent. of covered deposits has been reached. No premium payments were collected in 2016, 2017 or 2018 and no premium payments are expected to be paid in 2019. In addition, the Issuer contributes to the Danish resolution fund established as the Danish resolution financing arrangement under the BRRD, which capital must amount to 1.0 per cent. of the covered deposits of all Danish credit institutions by 31 December 2024. The future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries may exceed the minimum levels provided for in the BRRD, Directive 2014/49/EU (the “**Revised Deposit Guarantee Schemes Directive**”) and in EU Regulation No 806/2014 and EU Regulation No 81/2015 of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit

institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the latter of which will be relevant should Denmark choose to participate in the Single Resolution Mechanism). Both the BRRD and the Revised Deposit Guarantee Schemes Directive are implemented in Danish law as referred to in “*Resolution tools and powers under the BRRD*” below and by Consolidated Act no. 1155 of 19 September 2018 on Depositor and Investor Guarantee Scheme as amended from time to time.

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

#### ***Risks relating to operational, business and reputational risks***

The nature of the Jyske Bank Group’s business entails operational risks, including the risk of fraud by management, employees or third parties, clerical or record keeping errors, errors resulting from failures in information technology (“IT”) or telecommunications systems, failure to obtain proper internal authorisation, failure to comply with regulatory requirements and codes of conduct or adverse effects of external events that may affect the operations and reputation of the Jyske Bank Group. Although the Jyske Bank Group has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and training staff, it is not possible to implement procedures which are fully effective in controlling each of the operational risks. Business risk is the risk of losses caused by changes in external circumstances or events that harm the Jyske Bank Group’s image or operational performance. Business risk includes strategic risk and reputational risk.

Failure by the Jyske Bank Group to identify and manage these risks could have a material adverse effect on the Jyske Bank Group’s business, results of operations, financial position or prospects.

#### ***Risks relating to pending or potential litigation and other regulatory risks***

The Jyske Bank Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Jyske Bank Group is and may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. Such disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation.

As at the date of the Prospectus there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or may have had in the past 12 months, significant effects on the Issuer and/or the Jyske Bank Group’s financial position or profitability.

#### ***Risks related to the general economic and geopolitical conditions in Denmark***

The Jyske Bank Group’s performance is significantly influenced by the general economic conditions in the countries in which it operates, in particular in Denmark where the Issuer focuses its operations. The Danish economy is a small open economy that is closely linked to the global economy and especially the macroeconomic conditions in Europe. Since mid-2013, the Danish economy has been in an upturn with increasing employment and rising house prices. Low interest rates and real wage growth are likely to continue to support domestic demand going forward keeping the upturn going. But we do forecast gradually slower growth over the coming years as a lack of labour supply becomes more pronounced and the tailwind from the global recovery becomes less strong.

The Jyske Bank Group has no significant business in the United Kingdom, but the Group has a number of financial counterparties in London that may be affected by Brexit. In addition, the Group’s agricultural customers may be adversely affected by a so-called “hard” Brexit, where the free trade with the United Kingdom will be harmed severely.



The operations, financial condition and prospects of the Jyske Bank Group could be materially adversely impacted by a weakening of the recovery in the Danish economy driven by for instance a sudden weakening of the global economic conditions. Any such adverse development could lead to lower than expected revenues, caused by further declines in net interest margins, widening of credit spreads, continued negative loan portfolio growth, persistent high or even increasing loan impairment charges for the Jyske Bank Group due to deteriorating credit quality, as well as further corrections in prices of real estate and other property held as collateral for loans, which may also lead to additional loan impairment charges, putting pressure on the Jyske Bank Group's business, results of operations, financial position or prospects.

### ***General regulatory risk***

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

Regulatory risk may also arise from a failure by the Jyske Bank Group to comply with laws and regulations, which could lead to civil liability, disciplinary action, the imposition of fines and/or the revocation of the licence, permission or authorisation to conduct the Jyske Bank Group's business in the jurisdictions in which the Jyske Bank Group operates.

Various aspects of banking regulations are still under debate in the EU, including, *inter alia*, proposals to review standardised approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised standardised approaches for banks using internal models). Furthermore, a leverage ratio requirement of 3 per cent. is expected to be introduced as part of the CRD IV Amendment Proposal (see "*Additional capital buffer requirements*" below).

### ***Regulatory capital risks***

Directive (2013/36) of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV Directive**") and Regulation (2013/575) of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**") have both come into force in Denmark in 2014, the CRD IV Directive through implementation in the Danish Financial Business Act whereas the CRR applies directly without implementation in national law.

The CRD IV/CRR framework implements among other things the Basel Committee on Banking Supervision's (the "**Basel Committee**") proposals imposing stricter capital and liquidity requirements upon banks ("**Basel III**") in the EU. Each of the CRR and the CRD IV Directive covers a wide range of prudent requirements for banks across EU Member States, including capital requirements, stricter and aligned definitions of capital, risk exposure amounts ("**REA**"), leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, systematically important financial institution ("**SIFI**") definition, governance and remuneration requirements.

The European Banking Authority ("**EBA**") will continue to propose detailed rules through binding technical standards, guidelines, recommendations and/or opinions in respect of many areas, including liquidity requirements and certain aspects of capital requirements. As a consequence, the Group is subject to the risk of possible interpretational changes. Given the uncertainty of the exact wording of the technical standards, they could potentially lead to a reduction in the regulatory capital or an increase in the REA of the Jyske Bank Group. Furthermore, the CRD IV Directive contains rules which enable the competent authorities to increase capital

requirements to previously unforeseen levels which potentially could limit the Jyske Bank Group's ability to fulfil its present strategy, leading to lower than expected earnings and/or higher than expected REA.

There can be no assurance that the European Commission and/or the Danish FSA will not implement other reforms in a manner that is different from that which is currently envisaged, or that they may impose additional capital and liquidity requirements on Danish banks.

If the regulatory capital requirements, liquidity restrictions or ratios applied to the Jyske Bank Group are increased in the future, any failure of the Jyske Bank Group to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on the Jyske Bank Group's results of operations.

### ***Additional capital buffer requirements***

Under CRD IV, institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent. of REA (of which at least 4.5 per cent. must be Common Equity Tier 1 Capital, and at least 6 per cent. must be Tier 1 capital). In addition to these so-called minimum own funds Pillar 1 requirements (the “**minimum own funds requirements**”), CRD IV (including but not limited to, Article 128) also introduces capital buffer requirements that are in addition to the minimum “own funds” requirements and are required to be met with Common Equity Tier 1 Capital. It introduces five new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. At the time of issuance, no Danish credit institutions have been appointed as a global systemically important institution. The capital buffer requirements apply to the Issuer on a solo basis and the Group on a consolidated basis.

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

The national implementation of Article 104(1)(a) of the CRD IV Directive in Denmark currently envisages that “Pillar 2” capital requirements imposed thereunder should not be considered to comprise part of an institution's minimum own funds requirements; however there can be no assurance that any future legislation would not result in an increase to the amount of capital required by an institution in order to comply with the applicable combined buffer requirement and the additional own funds requirement.

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process (“**SREP**”) which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements. On 19 July 2018, the EBA published a revised set of SREP guidelines (also including guidelines on supervisory stress testing and Pillar 2 Capital Guidance (“**P2G**”)). Subject to certain transitional arrangements, the revised SREP guidelines have applied since 1 January 2019. Under these guidelines, national supervisors should set a composition requirement for the additional own funds requirements to cover certain risks, including unexpected losses, risk arising from deficiencies in internal governance arrangements and the risk of underestimation of risk due to model deficiencies as assessed in the context of Article 101 of the CRD IV Directive, of at least 56 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 capital. Furthermore, according to the SREP guidelines, competent authorities may, on the basis of the vulnerabilities and deficiencies identified in the SREP assessment, among other things, restrict or prohibit distributions or interest payments by a credit institution to members or holders of its Additional Tier 1 Capital instruments (such as the Notes). The P2G sets a level and quality of CET1 capital the relevant credit institution is expected to hold in excess of its overall capital requirement. In the event of non-compliance with the P2G, the relevant credit institution should be expected to notify its competent authority and prepare a revised capital plan. However, a failure to meet P2G does not trigger automatic restrictions on distributions provided for in Article 141 of the CRD IV Directive. Furthermore, the CRD

IV Amendment Proposal authorises the relevant competent authority to require that the institution fulfils its additional own funds requirement with a higher portion of Tier 1 capital or Common Equity Tier 1 capital where necessary (while having regard to the specific circumstances of the relevant institution).

There can be no assurance as to the relationship between any of the aforementioned or future incremental additional own funds requirements, the combined buffer requirement and the restrictions on discretionary payments, including as to the consequences for an institution of its capital levels falling below the combined buffer requirement, the additional own funds requirement and the minimum own funds requirement referred to above. There can also be no assurance as to the manner in which additional own funds requirements may be disclosed publicly in the future and under Danish law certain disclosure rules already apply. A Danish credit institution is required to disclose its additional own funds requirement either twice a year or each quarter. Furthermore, any additional own funds requirement laid down by the Danish FSA is required to be published on the website of the relevant credit institution.

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

In addition, the CRD IV Directive includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their Tier 1 capital as a percentage of their total exposure measure. Until a minimum leverage ratio requirement is implemented in the EU, the regulators may apply such measures as they consider appropriate. The risk of excessive leverage is addressed as part of the SREP.

On 23 November 2016, the European Commission, as part of its European Union Banking Reform, proposed a reform of the CRR and the CRD IV Directive by way of a proposal (COM (2016) 850) to amend the CRR and by way of a proposal (COM (2016) 852) to amend the CRD IV Directive (together the “**CRD IV Amendment Proposal**”). The proposed amendments to the CRR relating to the implementation of the IFRS 9 on own funds and large exposures treatment were adopted by way of Regulation 2017/2395. The CRD IV Amendment Proposal introduces, among other things, a leverage ratio requirement of 3 per cent. Tier 1 Capital, harmonised binding requirement for stable funding (the “**Net Stable Funding Ratio**” or “**NSFR**”) on 100 per cent., strengthening of the conditions for use of internal models and changes to the relevant regulator’s application of the institution specific “Pillar 2” capital add-ons (referred to above as the additional own funds requirements). The CRD IV Amendment Proposal has been subject to substantial negotiations between the Council of the EU, the European Parliament and the European Commission. On 15 February 2019, the Council of the EU published a press release referencing the EU ambassadors’ endorsement of an agreement reached between the Romanian presidency and the European Parliament on the European Union Banking Reform. The texts of the political agreements for CRR2 and the CRD V are now subject to a legal linguistic revision. Subsequently, the European Parliament and the Council of the EU will be called on to adopt the proposed regulation at first reading. Given that the texts of the CRR2 and the CRD V still remain subject to final adoption by the European Parliament and the Council of the EU, it is not possible to give any assurance as to the ultimate scope, nature and timing of any resulting obligations, or the impact they will have on the Issuer once implemented.

There can be no assurance, however, that the leverage ratio specified above, or any of the minimum own funds Pillar 1 requirements, additional own funds requirements or buffer capital requirements applicable to the Issuer and/or the Group will not be amended in the future to include new and more onerous capital requirements.

On 7 December 2017, the Basel Committee published its recommendations named Basel III: Finalising post-crisis reforms. The reforms contain new requirements for credit risk, operational risk, CVA risk and a so called output floor which sets new minimum standards for capital requirements in financial institutions using advanced models for calculating capital requirements. The Jyske Bank Group’s REA will increase as a result of a European implementation of the Basel Committee recommendations. The exact amount with which it will increase is currently unknown since the implementation has not been passed through European law yet.

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

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

Subject to Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes), the Notes will constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer as described in Condition 4 (Status of the Notes).

The Issuer may issue other obligations or capital instruments that rank or are expressed to rank senior to the Notes or *pari passu* to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay (i) its depositors, (ii) its other unsubordinated creditors and (iii) its other subordinated creditors other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes. In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its creditors who rank senior to the Notes, payments relating to other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer's *pari passu* creditors, further reduce the assets available to pay amounts due under the Notes on a liquidation or bankruptcy of the Issuer.

### ***Loss absorption following a Trigger Event***

The Notes are being issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer and the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Terms and Conditions of the Notes and which, in particular, require the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer and/or the Group.

Accordingly, if at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below the Trigger Event Threshold, the Outstanding Principal Amounts shall be reduced as described below and in Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes).

Noteholders may lose all or some of their investment as a result of such a reduction to the Outstanding Principal Amounts. In the case of any such reduction to the Outstanding Principal Amounts, in compliance with the CRD IV and BRRD requirements and subject to the Loss Absorption Minimum Amount, the amount of the relevant reduction to the Outstanding Principal Amounts on the Write Down Date will be equal to the amount of a reduction to the Outstanding Principal Amounts on the Write Down Date that would restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to at least the Trigger Event Threshold at the point of such reduction, taking into account the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Group, as the case may be, generated on or prior to the Write Down Date by the *pro rata* reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of all Other Loss Absorbing AT1 Instruments (if any) outstanding at such time. For the avoidance of doubt, the Existing Additional Tier 1 Capital Notes constitute Other Loss Absorbing Instruments and the Existing Hybrid Tier 1 Capital Notes do not constitute Other Loss Absorbing Instruments.

It is possible that, following a material decrease in the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, a Trigger Event could occur simultaneously with a trigger event in relation to one or more Other Loss Absorbing AT1 Instruments having, as the case may be, (i) a higher, (ii) an identical or (iii) a lower trigger level than the Trigger Event Threshold in respect of the Notes. In such circumstances, investors should note that, with respect to each such Other Loss Absorbing AT1 Instrument (if any), Condition 7.1 (Loss Absorption Following a Trigger Event) provides that the *pro rata* reduction or, as the case may be, conversion shall only be taken into account as described above to the extent required to restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to the Trigger Event Threshold or, if lower, such Other Loss Absorbing AT1

Instrument's trigger level. Once the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, has been restored to at least the Trigger Event Threshold at the point of the relevant reduction, the Issuer expects that any additional amounts of Common Equity Tier 1 Capital which are required to cure a trigger event in relation to any Other Loss Absorbing AT1 Instruments with a higher trigger level (“**Higher Trigger Other Loss Absorbing AT1 Instruments**”) than the Trigger Event Threshold will only be generated by the further reduction to, or, as the case may be, further conversion into Common Equity Tier 1 Capital instruments of, the principal amount of such Higher Trigger Other Loss Absorbing AT1 Instruments, in each case in accordance with the terms of such Higher Trigger Other Loss Absorbing AT1 Instruments and the CRD IV requirements.

Investors should also note that, if the Issuer issues any Full Loss Absorbing AT1 Instruments, the Issuer expects that such Full Loss Absorbing AT1 Instruments shall be treated for the purposes of determining the relevant *pro rata* amounts to be taken into account as described above and in Condition 7.1 (Loss Absorption Following a Trigger Event) as if their terms permitted partial reduction or, as the case may be, partial conversion into Common Equity Tier 1 Capital instruments.

In addition, investors should note that Condition 7.1 (Loss Absorption Following a Trigger Event) provides that, to the extent the reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument is not, or by the Write Down Date will not be, effective for any reason:

- (A) the ineffectiveness of any such reduction or, as the case may be, conversion into Common Equity Tier 1 Capital instruments shall not prejudice the requirement to effect a reduction to the Outstanding Principal Amounts pursuant to in Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes); and
- (B) the reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument which is not, or by the Write Down Date will not be, effective shall not be taken into account in determining the reduction of the Outstanding Principal Amounts pursuant to Condition 7.1 (Loss Absorption Following a Trigger Event).

Therefore (i) the reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instruments is not a condition to a reduction of the Outstanding Principal Amounts and (ii) as a result of any failure to reduce or, as the case may be, convert into Common Equity Tier 1 Capital instruments the principal amount of any Other Loss Absorbing AT1 Instruments, the amount of the reduction to the Outstanding Principal Amounts may therefore be higher than expected.

As any such reduction to the Outstanding Principal Amounts is subject to compliance with the CRD IV and BRRD requirements, the reduction provisions described above and in Condition 7.1 (Loss Absorption Following a Trigger Event) are subject to, and will be interpreted in light of, any applicable changes to any such requirements. Notwithstanding any of the provisions relating to a reduction of the Notes as described above, no assurance can be given that the Issuer will not determine that the CRD IV requirements require a reduction to the Outstanding Principal Amounts to be calculated and determined in a different manner than as described above and in Condition 7.1 (Loss Absorption Following a Trigger Event). Investors should note that, in the case of any such reduction to the Outstanding Principal Amounts pursuant to Condition 7.1 (Loss Absorption Following a Trigger Event), the Issuer's determination of the relevant amount of such reduction shall be binding on all parties.

Any such reduction of the Outstanding Principal Amounts shall not constitute an event of default under the terms of the Notes and, following such reduction, Noteholders' claims in respect of principal will, in all cases, be based on the reduced Outstanding Principal Amounts to the extent the Outstanding Principal Amounts have not subsequently been reinstated as described in Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes).

In addition, following a reduction of the Outstanding Principal Amounts as described above, interest can only continue to accrue on the Outstanding Principal Amounts following such reduction, which will be lower than the Original Principal Amount of the Notes.

Following any such reduction, the Issuer will not in any circumstances be obliged to reinstate the Outstanding Principal Amounts, but any reinstatement must be undertaken, subject to compliance with CRD IV requirements and the Reinstatement Limit described in Condition 7.2 (Reinstatement of the Notes), on a *pro rata* basis with all other Parity Trigger Loss Absorbing AT1 Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar reinstatement provisions. For the avoidance of doubt, the Existing Additional Tier 1 Capital Notes constitute Parity Trigger Loss Absorbing Instruments and the Existing Hybrid Tier 1 Capital Notes do not constitute Parity Trigger Loss Absorbing Instruments. Investors should note that, while the Terms and Conditions of the Notes provide for a *pro rata* reinstatement as described in the preceding sentence, there is no guarantee (including as regards the timing of the relevant reinstatement) how a reinstatement of the Outstanding Principal Amounts would be conducted when compared to any proposed reinstatement of any obligations or capital instruments of the Issuer (i) with a similar principal loss absorption mechanism but with a higher or lower trigger level compared to the Trigger Event Threshold and (ii) which include similar reinstatement provisions.

Investors should note that, while such a reduction is not common, it is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer.

### ***Resolution tools and powers under the BRRD***

On 15 May 2014, the European Parliament and the Council of the European Union adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the “**BRRD**”). The BRRD, including the general bail-in tool and the Minimum Requirement for own funds and Eligible Liabilities (“**MREL**”), was implemented into Danish law and entered into force as of 1 June 2015 by Consolidated Act No. 24 of 4 January 2019 on Restructuring and Resolution of Certain Financial Undertakings as amended from time to time (the “**Danish Recovery and Resolution Act**”) and by amendments to the Danish Financial Business Act. Any reference to the BRRD below shall include the implementation hereof into Danish law.

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

The BRRD contains various resolution powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the relevant entity’s creditors: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer assets (including, without limitation, impaired or problem assets) to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including the Notes)

to equity or other instruments of ownership (the “**general bail-in tool**”), which equity or other instruments of ownership could also be subject to any future application of the general bail-in tool.

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

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

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity, capital instruments (such as the Notes), at the point of non-viability and before any other resolution action is taken (“**non-viability loss absorption**”). Any shares issued to Noteholders upon any such conversion into equity may also be subject to any application of the general bail-in tool and/or the other resolution powers outlined above. Resolution authorities are required to implement non-viability loss absorption ahead of, or simultaneously with, any resolution action.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority determines that the relevant entity or its group will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity or its group other than, where the relevant entity is an institution, for the purposes of remedying a serious disturbance in the economy of an EEA member state and to preserve financial stability. A group shall be deemed to be failing or likely to fail where the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the relevant authority including, but not limited to, where the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds (as defined in the CRR).

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

With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfil MREL. There is no minimum EU-wide level of MREL – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each relevant entity. In March 2018, the Danish FSA published their decision to set the MREL for the Group. As expected, the requirement was set to be equivalent to two times the capital requirement including capital buffer requirements. Danish mortgage credit institutions are exempt from MREL and are instead subject to a so-called debt buffer requirement of 2 per cent. of their total unweighted lending. Due to this exemption, Jyske Realkredit is not included in the consolidation when determining the MREL for the Group. The MREL requirement refers to the banking activities of the Group. Furthermore, liabilities and own funds used to fulfil MREL cannot be simultaneously used to fulfil the capital and debt buffer requirements of Jyske Realkredit. The Danish FSA also requires that all MREL-eligible liabilities and own funds must bear losses before other senior claims in both resolution and insolvency. Danish systemically important financial institutions (“**SIFIs**”) must fulfil their MREL from 1 July 2019, but during the transition period up to 1 January 2022, senior preferred liabilities issued before 1

January 2018 can be used to fulfil the MREL requirement. The MREL requirement may require Danish SIFIs and other banks to issue own funds instruments or debt eligible for MREL in accordance with the BRRD and the forthcoming CRR2, the latter of which includes non-preferred senior debt with residual maturity of at least one year.

On 12 December 2017, the European Parliament and the Council of the European Union adopted Directive 2017/2399/EU amending the BRRD (the “**Insolvency Hierarchy Directive**”) as regards the ranking of unsecured debt instruments in insolvency hierarchy. The directive enables banks to issue debt in a new statutory category of unsecured debt which would rank below the most senior debt and other senior liabilities for the purposes of resolution (a so-called “Non-Preferred Senior debt”). The Insolvency Hierarchy Directive has been transposed into national law in Denmark and was adopted by the Danish Parliament on 8 June 2018 by Act No. 706 and became effective on 1 July 2018. Act No. 706 also contained a new debt buffer requirement for Danish SIFI mortgage institutions. As of 1 July 2018, in addition to current the debt buffer requirement for mortgage institutions of 2 per cent. of total unweighted lending, the sum of the financial group’s capital requirement, debt buffer requirement and bail-inable liabilities must be above 8 per cent. of the group’s total liabilities.

If a relevant entity does not fulfil the MREL requirement after 1 July 2019, the relevant authority may withdraw its banking licence. Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity (“**TLAC**”) has been set for global systemically important institutions (“**G-SII**”).

On 23 November 2016, the European Commission, as part of its European Union Banking Reform, proposed a reform of the BRRD by way of two proposals (COM (2016) 852 (the “**BRRD Amendment Proposal**”) and COM (2016) 853 (which was adopted by way of the Insolvency Hierarchy Directive) to amend the BRRD. The BRRD Amendment Proposal includes, among other things, proposals to implement TLAC into EU legislation. The incorporation of the TLAC standard into the existing MREL framework is expected to provide clarity in the regulatory framework surrounding MREL and TLAC, both in terms of the framework for setting banks’ requirements as well as the instruments that can be used to fulfil such requirements. According to the BRRD Amendment Proposal and the CRD IV Amendment Proposal, CRR2 will, upon its entering into force, set the requirement for the instruments that can be used to fulfil the MREL and TLAC requirement (and may lead to minor changes in the way the Danish FSA sets such requirements for the banking activities in the Group). The BRRD Amendment Proposal has been subject to substantial negotiations between the Council of the EU, the European Parliament and the European Commission. On 15 February 2019, the Council of the EU published a press release regarding the EU ambassadors’ endorsement of an agreement reached between the Romanian presidency and the European Parliament on the European Union Banking Reform. The text of the political agreement for BRRD2 is now subject to a legal linguistic revision. Subsequently, the European Parliament and the Council of the EU will be called on to adopt the proposed regulation at first reading. Given that the text of the BRRD2 still remains subject to final adoption by the European Parliament and the Council of the EU, it is not possible to give any assurances as to the ultimate scope, nature and timing of any resulting obligations, or the impact that they will have on the Issuer and the Group once implemented. Furthermore, the reform of the existing MREL framework in the BRRD may impact the interaction between the MREL requirement and the combined capital buffer requirement (see “*Any failure by the Issuer and/or the Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”).

The powers set out in the already adopted BRRD will impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors. The BRRD outlines the priority ranking of certain deposits in an insolvency hierarchy, which required changes to the insolvency hierarchy in Denmark and which was further amended by way of the Insolvency Hierarchy Directive. The BRRD establishes a preference in the ordinary insolvency hierarchy, firstly for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in the EEA or non-EEA branches of an EEA bank. These preferred deposits rank ahead of all other unsecured senior creditors of the Issuer in the insolvency hierarchy. Furthermore, the insolvency hierarchy could be changed in the future.



Any application of the general bail-in tool and non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of holders of Notes pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the relevant entity (which is referred to as the “no creditor worse off safeguard” under the BRRD). Any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

The exercise of any power under the BRRD, or any suggestion of such exercise, could have a material adverse effect on the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Although the BRRD, as implemented, contains certain limited safeguards for creditors in specific circumstances, including in the case of senior creditors a safeguard that aims to ensure that they do not incur greater losses than they would have incurred had the relevant entity been wound up under normal insolvency proceedings, there can be no assurance that these safeguards will be effective if such powers are exercised. The determination that any power under the BRRD shall be exercised or that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group’s control. The application of the general bail-in tool with respect to the Notes may result in the write-down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to such application of the general bail-in tool. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant resolution authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Noteholders. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the relevant Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

### ***Depositor preference***

As part of the reforms required by the BRRD, amendments have been made to relevant legislation in Denmark to establish a preference in the insolvency hierarchy for certain deposits that are eligible for protection by the Danish Deposit Guarantee Scheme and the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches. In addition, the Danish implementation of the Revised Deposit Guarantee Scheme increased the nature and quantum of insured deposits to cover a wide range of deposits, including certain corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured creditors of the Issuer, including the Noteholders. Furthermore, insured deposits are excluded from the scope of the general bail-in tool. As a result, if the general bail-in tool were exercised by the relevant resolution authority, the Notes would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits.

### ***No scheduled redemption***

The Notes are perpetual securities and have no fixed date for redemption. The Issuer is under no obligation to redeem the Notes at any time (except as provided in Condition 8 (Redemption and Purchase) and, in any such

case, subject always to Condition 8.7 (Conditions to redemption etc.)). There will be no redemption at the option of the Noteholders in any circumstances. Therefore, prospective investors in the Notes should be aware that they will be required to bear the financial risks associated with an investment in long term securities.

### ***Cancellation of Interest***

Subject as provided in Condition 6 (Interest Cancellation), any payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
- (ii) will be mandatorily cancelled, in whole or in part, to the extent:
  - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD IV Directive), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD IV or the BRRD (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or
  - (B) otherwise so required by CRD IV, including the applicable criteria for Additional Tier 1 Capital instruments, or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

The CRD IV requirements currently provide that discretionary payments in respect of certain capital instruments (including payments of interest on the Notes, which would include, for the avoidance of doubt, any Additional Amounts in respect of interest which may be payable under Condition 10 (Taxation)) will be required to be cancelled, in whole or in part, to the extent that:

- (i) the Issuer's Distributable Items are insufficient to make the relevant payment(s); or
- (ii) the combined buffer requirement is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount. See further the risk factor "*Additional capital buffer requirements*" above.

The Issuer also expects to cancel any such discretionary payment to the extent that the CRD IV prescribes and/or, as the case may be, the Relevant Regulator requires that the relevant payment(s) shall be cancelled.

The Issuer's Distributable Items will depend to a large extent on the net income earned by the Issuer. The determination of the Maximum Distributable Amount is subject to some uncertainty. Under Article 141 of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and, in general, the other systemically important institution buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as distributions in connection with Common Equity Tier 1 Capital, payments on Additional Tier 1 Capital instruments and, under certain conditions, payments of variable remuneration). The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the institution since the most recent decision on the distribution of profits or discretionary payment. Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will

be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) interest payments in respect of the Notes. Moreover in the event that the combined buffer requirement is no longer met by the credit institution it will be required to submit a capital conservation plan to the Relevant Regulator and if the capital conservation plan is not approved by the Relevant Regulator more stringent restrictions on distributions, than those required subject to Article 141 of the CRD IV Directive, can be imposed on the credit institution. Further, there can be no assurance that any of the combined buffer requirements applicable to the Issuer and/or the Group will not be increased in the future, which may exacerbate the risk that discretionary payments, including payments of interest on the Notes, are cancelled. See further the risk factor “*Additional Capital Buffer Requirements*” above.

As discussed above, the Issuer is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding the limits described in the paragraph immediately above. Notwithstanding the above expectations, payments of interest on the Notes may be cancelled even if (i) holders of the Issuer’s shares continue to receive dividends and/or (ii) Existing Hybrid Tier 1 Capital Notes (if any) remain outstanding and holders of those Existing Hybrid Tier 1 Capital Notes continue to receive interest payments. It is the Issuer’s current intention that, whenever exercising its discretion to propose any dividend in respect of the Issuer’s shares, or the payment of interest to holders of outstanding Existing Hybrid Tier 1 Capital Notes (if any) or its discretion to cancel payments of interest on the Notes, the Issuer will take into account the relative ranking of these instruments in its capital structure. However, the Issuer may at any time depart from this policy at its sole discretion.

Following any cancellation of interest as described above, the right of Noteholders to receive accrued interest in respect of the relevant Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have “accrued” or been earned for any purpose nor will the non-payment of such interest constitute an event of default under the Notes.

Any actual or anticipated cancellation of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Group. Noteholders should be aware that any announcement relating to the future cancellation of interest payments or any actual cancellation of interest payments may have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

***Any failure by the Issuer and/or the Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes***

As outlined in the risk factor “*Resolution tools and powers under the BRRD*” above, the regulatory framework around the MREL requirement is subject to the BRRD Amendment Proposal. If the BRRD Amendment Proposal is adopted in its current form, a failure by the Issuer and/or the Group to comply with the MREL requirement means the Issuer could become subject to restrictions on payments on Additional Tier 1 Capital instruments (such as the Notes). In the event that the Issuer and/or the Group is in breach of its MREL requirement for more than 9 months, the Issuer shall become subject to restriction on payments on Additional Tier 1 capital instruments (such as the Notes), except where certain conditions regarding serious disturbance of the financial markets are fulfilled. The restrictions include, among other things, an obligation to calculate a “maximum distributable amount” related to the MREL requirement (the “**M-MDA**”). The principles of the calculation of the M-MDA will be similar to the principles that apply for the calculation of the “maximum distributable amount” pursuant to Article 141 of the CRD IV. The M-MDA will, among other things, set the level for payments on Additional Tier 1 Capital instruments (such as the Notes). Any actual or anticipated failure by the Issuer and/or the Group to comply with the MREL requirement will likely have an adverse effect on the market price of the Notes. Noteholders may find

it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

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

Subject as provided herein, in particular to Condition 8.7 (Conditions to redemption etc.), the Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as aforesaid, upon the occurrence of a Special Event, the Issuer may also, at its option, on any Interest Payment Date redeem all, but not some only, of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

Noteholders should note that the Issuer may redeem the Notes as described in the previous paragraph even if (i) the Outstanding Principal Amounts have been so reduced and (ii) the principal amount of the Notes has not been fully reinstated to the original principal amount of the Notes.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem or is perceived to be likely to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

In addition, if, after a notice of redemption has been given pursuant to Condition 8.2 (Early redemption upon the occurrence of a Special Event) or Condition 8.3 (Redemption at the option of the Issuer) (as applicable), the Relevant Regulator withdraws its permission to the relevant redemption before the relevant redemption date, the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in Condition 8.7 (Conditions to redemption etc.) have been fulfilled. Prospective investors in the Notes should be aware that, whether or not a redemption notice has been issued in respect of the Notes, any redemption of the Notes will, at all times, remain subject to the permission of the Relevant Regulator.

***Substitution and variation of the Notes without Noteholder consent***

Subject to Condition 8.7 (Conditions to redemption etc.), if a Special Event has occurred and is continuing, the Issuer may, at its option, and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to vary the terms of all (but not some only) of the Notes, so that they become or remain Qualifying Capital Notes.

Qualifying Capital Notes are securities issued or guaranteed by the Issuer that have, *inter alia*, terms not materially less favorable to the Noteholders (as a class) than the terms of the Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two of its Directors to the Principal Paying Agent). See Condition 8.6 (Substitution and variation). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Capital Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Capital Notes are not materially less favourable to Noteholders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

***No events of default and limited enforcement rights available to Noteholders***

The terms of the Notes do not provide for any events of default. Noteholders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Noteholders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a Noteholder may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Note under the Terms and Conditions of the Notes.

According to Section 17(2) of Consolidated Act No. 11 of 6 January 2014, as amended or replaced from time to time (the “**Danish Bankruptcy Act**”) (in Danish: *konkursloven*), a debtor is insolvent, if it cannot meet its obligations as and when they fall due, unless the inability to meet such obligations may be considered to be temporary. However, according to Section 234(2) of the Danish Financial Business Act, notwithstanding Section 17(2) of the Danish Bankruptcy Act, if the Issuer cannot meet its obligations regarding capital raised as Additional Tier 1 Capital, which as of the date hereof will include the Notes, the Issuer is not considered insolvent. Therefore, even if the Issuer cannot meet its obligations regarding capital raised as Additional Tier 1 Capital, the Issuer will not be considered insolvent. Accordingly, a Noteholder may not itself file for the liquidation or bankruptcy of the Issuer.

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

***The market price and liquidity of the Notes may be volatile and will be affected by a number of factors, many of which may be outside the Issuer's control***

The market price and liquidity of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group is trending towards 7.00 per cent. may have an adverse effect on the market price and liquidity of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group may significantly affect the trading price of the Notes.

The occurrence of a Trigger Event and, therefore a reduction of the Original Principal Amounts, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Because the Relevant Regulator may require the Common Equity Tier 1 Capital Ratios to be calculated as of any date, a Trigger Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of the Issuer and/or the Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's and/or the Group's earnings or dividend payments, the mix of businesses, the ability to effectively manage the risk exposure amounts in both the ongoing businesses and those the Issuer and/or the Group may seek to exit, losses in commercial banking, investment banking or other businesses, changes in the Group's structure or organisation, or any of the factors described in “*Description of Jyske Bank A/S and the Jyske Bank Group*”. The calculation of the ratios also may be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion is under the applicable accounting rules is exercised.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Notes may be reduced.

In addition, it is difficult to predict whether any payment of interest in respect of the Notes will be cancelled pursuant to the Terms and Conditions of the Notes. Accordingly, the trading behaviour of the Notes may not

necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group is approaching the level that would trigger a Trigger Event or that the Maximum Distributable Amount may have been, or is likely to be, exceeded may have an adverse effect on the market price and liquidity of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group may significantly affect the trading price of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

#### ***Uncertainties remain regarding the manner in which CRD IV and the BRRD will be interpreted***

The defined terms in the Terms and Conditions of the Notes will depend in some cases on the final interpretation of CRD IV and the BRRD.

CRD IV is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Certain portions of the CRD IV Directive required transposition into Danish law, and although the CRR will be directly applicable in each Member State, it leaves a number of important interpretational issues to be resolved through binding technical standards that have been adopted, and will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator.

The BRRD is also described in “*Resolution tools and powers under the BRRD*” and certain changes, including their interaction with CRD IV are described in “*Additional Capital Buffer Requirements*”.

The manner in which the framework and requirements under CRD IV and the BRRD will be applied to the Issuer and the Group remains uncertain to a degree.

The determination of the Maximum Distributable Amount (including the M-MDA) (see “*Any failure by the Issuer and/or the Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”) is particularly complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to pay interest on the Notes, and on the Issuer's ability to reinstate the principal amounts of the Notes following a reduction upon the occurrence of a Trigger Event.

#### ***Interest rate risks***

The Notes will bear interest at a floating rate from and including the Issue Date. The floating rate will be payable quarterly, and will be set immediately prior to any floating Interest Period to the then prevailing STIBOR rate plus the Margin.

Noteholders should be aware that the floating rate interest income is subject to changes to the STIBOR and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields.

#### ***No right of set-off or counterclaim***

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

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

***Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer***

The Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

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

## ***Meetings of Noteholders and modification***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Any modification of the Terms and Conditions of the Notes pursuant to the operation of such provisions is subject to Condition 8.7 (Conditions to redemption etc.).

In addition, the Issuer may, subject to Condition 8.7 (Conditions to redemption etc.), make any modification to the Notes, the Terms and Conditions of the Notes, the Agency Agreement and/or the Declaration of Direct Rights which is not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

## ***Credit ratings***

The Notes are expected to be rated BB+ by S&P. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, rating agencies other than S&P may assign unsolicited ratings to the Notes. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes by S&P, which could adversely affect the market value and liquidity of the Notes.

The Issuer's credit ratings are important to its business. There can be no assurance that S&P or any other relevant rating agency will not downgrade the ratings of the Issuer or the ratings of the Issuer's debt instruments (including the Notes) either as a result of the financial position of the Jyske Bank Group or changes to applicable rating methodologies used by S&P or any other relevant rating agency. A rating agency's evaluation of the Issuer may also be based on a number of factors not entirely within the control of the Issuer, such as conditions affecting the financial services industry generally. Any reduction in the Issuer's credit ratings or the ratings of its debt instruments, including any unsolicited credit rating, could adversely affect its liquidity and competitive position, undermine confidence in the Issuer and the Jyske Bank Group, increase its borrowing costs, limit its access to the capital markets, or limit the range of counterparties willing to enter into transactions with the Issuer and the Jyske Bank Group. Such development could have a material adverse effect on the Issuer and the Jyske Bank Group's business, financial situation, results of operations, liquidity and/or prospects.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered

under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

### ***Change of law***

The Terms and Conditions of the Notes are based on Danish law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Danish or other applicable laws, regulations or administrative practice after the date of this Prospectus.

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

The Notes have denominations consisting of a minimum denomination of SEK2,000,000 plus one or more higher integral multiples of SEK1,000,000. It is possible that the Notes may be traded in amounts that are not integral multiples of SEK2,000,000. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than SEK2,000,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes at or in excess of SEK2,000,000 such that its holding amounts to SEK2,000,000 or above. Further, a Noteholder who, as a result of trading such amount, holds an amount which is less than SEK2,000,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the Notes at or in excess of SEK2,000,000 such that its holding amounts to a denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of SEK2,000,000 may be illiquid and difficult to trade.

### ***Limitation on gross-up obligation under the Notes***

The Issuer's obligation to pay Additional Amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not to payments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected.

### ***The regulation and reform of "benchmarks" may adversely affect the value of the Notes***

Interest rates and indices which are deemed to be "benchmarks" (such as STIBOR), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark" (such as the Notes). The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities



(such as the Issuer) of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a “benchmark” (such as the Notes), in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark” (such as the Notes).

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark” (such as the Notes).

***Future discontinuance of STIBOR may adversely affect the value of the Notes***

Investors should be aware that, if STIBOR were discontinued or otherwise unavailable, the Rate of Interest on the Notes will be determined for the relevant period by the fallback provisions applicable to the Notes. The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)), such as STIBOR, becomes unavailable.

If the circumstances described in the preceding paragraph occur, such fallback arrangements include the possibility that:

- (A) the Rate of Interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a Successor Rate or an Alternative Rate (as applicable) determined by an Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- (B) such Successor Rate or Alternative Rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of STIBOR,

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Terms and Conditions of the Notes.

If a Successor Rate or Alternative Reference Rate is determined by an Independent Adviser or, as the case may be, the Issuer, the Terms and Conditions of the Notes also provide that an Adjustment Spread may be determined by the Independent Adviser or, as the case may be, the Issuer to be applied to such Successor Rate or Alternative Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as is reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of STIBOR with the Successor Rate or the Alternative Reference Rate. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to Noteholders. If no Adjustment Spread is determined,

a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Notes.

In addition, the relevant Independent Adviser or the Issuer (as applicable) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Terms and Conditions of the Notes are necessary in order to follow market practice in relation to the relevant Successor Rate or Alternative Rate (as applicable) and to ensure the proper operation of the relevant Successor Rate or Alternative Rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor Rate or Alternative Rate (as applicable) or any other related adjustments and/or amendments described above.

In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for the Notes based on the rate which was last observed on the Screen Page. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

In addition, potential investors should also note that no Successor Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer and the Group.

In all such circumstances, the ultimate fallback for determining the Rate of Interest (which is described above) will apply.

Any such consequences could have a material adverse effect on the value of and return on the Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of STIBOR could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should note that the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant Successor Rate or Alternative Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

Investors should consider all of these matters when making their investment decision with respect to the Notes.**Risks related to the market generally**

#### ***The secondary market generally***

The Notes may have no established trading market when issued, and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid and any liquidity in such market could be significantly affected by any purchase and cancellation of the Notes by the Issuer or any of its Subsidiaries as provided in Condition 8. 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. Illiquidity may have an adverse effect on the market value of the Notes.

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

The Issuer will pay principal and interest on the Notes in SEK. 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 SEK. These include the risk that exchange rates may significantly change

(including changes due to devaluation of SEK 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 SEK 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 or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and which have been lodged with the Central Bank of Ireland and Euronext Dublin:

- (i) the annual report of the Issuer for the financial year ended 31 December 2018 (the “**2018 Annual Report**”), which can be viewed online at [https://investor.jyskebank.com/wps/wcm/connect/059e83c3-d632-4514-8fad-6f8ee1384598/Jyske+Bank+Annual+Report+2018.pdf?MOD=AJPERES&CONVERT\\_TO=url&CACHEID=059e83c3-d632-4514-8fad-6f8ee1384598](https://investor.jyskebank.com/wps/wcm/connect/059e83c3-d632-4514-8fad-6f8ee1384598/Jyske+Bank+Annual+Report+2018.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=059e83c3-d632-4514-8fad-6f8ee1384598), excluding the section “Outlook” on page 9 thereof;
- (ii) the annual report of the Issuer for the financial year ended 31 December 2017 (the “**2017 Annual Report**”), which can be viewed online at [https://investor.jyskebank.com/wps/wcm/connect/21adec78-96be-41f0-a793-0f860a82c67e/Jyske+Bank+Annual+Report+2017\\_UK.pdf?MOD=AJPERES&CONVERT\\_TO=url&CACHEID=21adec78-96be-41f0-a793-0f860a82c67e](https://investor.jyskebank.com/wps/wcm/connect/21adec78-96be-41f0-a793-0f860a82c67e/Jyske+Bank+Annual+Report+2017_UK.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=21adec78-96be-41f0-a793-0f860a82c67e), excluding the section “Outlook” on page 8 thereof;
- (iii) the Risk and Capital Management report of the Issuer for the financial year ended 31 December 2018, which can be viewed online at [https://investor.jyskebank.com/wps/wcm/connect/54411c87-3183-4a1e-9933-1fe74dd79130/Jyske+Bank+Risk+and+Capital+Management+2018+web.pdf?MOD=AJPERES&CONVERT\\_TO=url&CACHEID=54411c87-3183-4a1e-9933-1fe74dd79130](https://investor.jyskebank.com/wps/wcm/connect/54411c87-3183-4a1e-9933-1fe74dd79130/Jyske+Bank+Risk+and+Capital+Management+2018+web.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=54411c87-3183-4a1e-9933-1fe74dd79130); and
- (iv) the Risk and Capital Management report of the Issuer for the financial year ended 31 December 2017, which can be viewed online at <https://investor.jyskebank.com/wps/wcm/connect/528e6cef-241a-4a49-843a-b3e690cfb32e/Jyske+Bank+Risk+and+Capital+Management+2017.pdf?MOD=AJPERES>.

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

Those parts of the 2018 Annual Report, the 2017 Annual Report which are not specifically incorporated by reference in this Prospectus, are either not relevant for investors in the Notes or are covered elsewhere in this Prospectus.

The audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2017 and 2018, together, in each case, with the audit report thereon, have been translated into English and represent a direct and accurate translation from the Danish language originals. If there are any inconsistencies or discrepancies between the Danish language versions and the English translations thereof, the original Danish language versions shall prevail.

Copies of documents incorporated by reference in this Prospectus may be obtained from (i) the registered office of the Issuer, and (ii) the website of Euronext Dublin at: <http://www.ise.ie/Market-Data-Announcements/Debt/>.

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

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

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

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without Coupons, which will also be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Issuing Agent; and
- (ii) in either case, receipt by the Issuing Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The Outstanding Principal Amounts of the Notes represented by the Permanent Global Note shall be equal to the aggregate of the original principal amounts specified in the certificates of non-U.S. beneficial ownership as adjusted to reflect any reduction and/or reinstatement pursuant to Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes) and/or any reduction as otherwise required by then current legislation and/or regulations applicable to the Issuer; provided, however, that in no circumstances shall the Outstanding Principal Amounts of the Notes represented by the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

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

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

- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or
- (ii) any of the circumstances described in Condition 11 (Enforcement Events) occurs.

Interests in the Permanent Global Note will also become exchangeable, in whole but not in part only and at the request of the Issuer, for Definitive Notes if, by reason of any change in the laws of Denmark, the Issuer will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes are in definitive form.

Definitive Notes will have attached thereto at the time of their initial delivery Coupons. Definitive Notes will also, if necessary, have attached thereto at the time of their initial delivery Talons and the expression Coupons shall, where the context so requires, include Talons.

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

Each Definitive Note shall state that its Outstanding Principal Amount may be reduced and/or reinstated pursuant to Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes) or reduced as otherwise required by then current legislation and/or regulations applicable to the Issuer and that details thereof may be obtained during normal business hours at the Specified Office of the Issuing Agent.

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

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

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

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

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

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

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

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

**Notices:** Notwithstanding Condition 16 (Notices), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement in Condition 16 (Notices) for a notice to be published in a leading English language daily newspaper having general circulation in Europe shall not apply and notices to Noteholders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (Notices) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

**Legend concerning United States persons**

Permanent Global Notes, Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

**Clearing Systems**

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

## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

The SEK1,000,000,000 Floating Rate Perpetual Non-cumulative Additional Tier 1 Capital Notes (the “**Notes**”) are issued by Jyske Bank A/S (the “**Issuer**”).

The Notes and the Coupons (as defined below) are issued with the benefit of an Agency Agreement (the “**Agency Agreement**”) dated 9 April 2019 between the Issuer and The Bank of New York Mellon, London Branch as issuing agent (in such capacity, the “**Issuing Agent**”, which expression shall include any successor issuing agent) and as principal paying agent (in such capacity, the “**Principal Paying Agent**”, which expression shall include any additional or successor principal paying agent, and together with any additional or successor paying agents, the “**Paying Agents**”).

The Notes and the Coupons are issued with the benefit of a declaration of direct rights entered into by the Issuer in favour of the Noteholders (as defined below) dated 9 April 2019 (the “**Declaration of Direct Rights**”).

Certain provisions of these Terms and Conditions (the “**Conditions**”) are summaries of the Agency Agreement and the Declaration of Direct Rights and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Declaration of Direct Rights applicable to them.

Copies of the Agency Agreement and the Declaration of Direct Rights are available for inspection by Noteholders during normal business hours at the specified office of each of the Paying Agents.

### 2. Definitions and Interpretation

#### 2.1 **Definitions:** In the Conditions, the following expressions have the following meanings:

“**2014 RTS**” means Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, supplementing the CRR with regard to regulatory technical standards for own funds requirements for institutions, as amended or replaced from time to time;

“**Additional Amounts**” has the meaning given to such term in Condition 10;

“**Additional Tier 1 Capital**” means capital which is treated as Additional Tier 1 capital (in Danish: *hybrid kernekapital*) (or any equivalent or successor term) under the CRD IV requirements by the Relevant Regulator for the purposes of the Issuer and/or the Group, as applicable;

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the Noteholders as a result of the replacement of the relevant Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:



- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the relevant Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the relevant Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**“Alternative Reference Rate”** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in SEK and of a comparable duration to the Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the relevant Original Reference Rate;

**“Available Reinstatement Amount”** has the meaning given to such term in Condition 7.4;

**“Benchmark Event”** means:

- (i) the relevant Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the relevant Original Reference Rate stating that it will, by a specified date within the following six months, cease to publish the relevant Original Reference Rate, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Original Reference Rate); or
- (iii) a public statement by the supervisor or the administrator of the relevant Original Reference Rate stating that the relevant Original Reference Rate has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor or the administrator of the relevant Original Reference Rate stating that the relevant Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (v) it has or will prior to the next Interest Determination Date become unlawful for the Principal Paying Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to the Noteholders using the relevant Original Reference Rate;

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

**“Business Day”** means 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 London, Copenhagen and Stockholm;

**“Calculation Amount”** means SEK1,000,000 (the **“Original Calculation Amount”**), provided that if the Outstanding Principal Amount of each Note is amended (either by reduction or reinstatement) in accordance with Condition 7 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Principal Paying Agent shall (i) adjust the Calculation Amount on a *pro rata* basis to account for such reduction or reinstatement, as the case may be, and (ii) notify the Noteholders in accordance with Condition 16 of the details of such adjustment;

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

- (i) their exclusion, in whole or in part, from the regulatory capital of the Issuer and/or the Group; or
- (ii) reclassification, in whole or in part, as a lower quality form of regulatory capital of the Issuer and/or the Group,

in each case provided that (a) the Relevant Regulator considers such a change to be sufficiently certain and (b) the Issuer satisfies the Relevant Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance;

**“Code”** means the U.S. Internal Revenue Code of 1986;

**“Common Equity Tier 1 Capital”** means Common Equity Tier 1 capital (or any equivalent or successor term) of, as the case may be, the Issuer or the Group, in each case as calculated by the Issuer in accordance with the CRD IV requirements and any applicable transitional arrangement under the CRD IV requirements;

**“Common Equity Tier 1 Capital Ratio”** means (at any time):

- (i) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Issuer divided by the Risk Exposure Amounts of the Issuer; and
- (ii) in relation to the Group, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Group divided by the Risk Exposure Amounts of the Group,

in each case, all as calculated by the Issuer in accordance with the CRD IV requirements at such time and any applicable transitional arrangements under the CRD IV requirements at such time and reported to the Relevant Regulator;

**“Coupon Sheet”** means, in relation to a Note, the coupon sheet relating to that Note;

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

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

**“CRD IV Implementing Measures”** means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and/or the Group, as applicable, and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be

fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards, guidelines, recommendations and/or opinions released from time to time by the European Banking Authority (or any successor or replacement thereof) or the Relevant Regulator, as the case may be;

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

“**Danish Financial Business Act**” means the Danish Financial Business Act (in Danish: *lov om finansiel virksomhed*) (Consolidated Act No. 1140 of 26 September 2017, as amended or replaced from time to time);

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”) “Actual/360” being the actual number of days in the Calculation Period divided by 360;

“**Distributable Items**” means, as prescribed by CRD IV, the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution’s by-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution, those losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts, or any successor provision thereto;

“**Enforcement Event**” has the meaning given to such term in Condition 11;

“**euro**” and “**€**” mean the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (as amended from time to time);

“**Existing Additional Tier 1 Capital Notes**” means the Issuer’s SEK1,250,000,000 Floating Rate Perpetual Non-cumulative Additional Tier 1 Capital Notes (ISIN XS1489817525), DKK500,000,000 Floating Rate Perpetual Non-cumulative Additional Tier 1 Capital Notes (ISIN XS1489817442) and €150,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes (ISIN XS1577953331);

“**Existing Hybrid Tier 1 Capital Notes**” means the Issuer’s €100,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities (ISIN XS0212590557) and €125,000,000 Perpetual Capped Fixed/Floating Rate Capital Securities (ISIN XS0194983366);

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

“**First Call Date**” means the Interest Payment Date falling in April 2024;

“**First Interest Payment Date**” has the meaning given to such term in Condition 5.1;

“**Full Loss Absorbing AT1 Instruments**” has the meaning given to such term in Condition 7.1;

“**Group**” means the Issuer together with its Subsidiaries and other entities that are consolidated in the Issuer’s calculation of the Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with the CRD IV requirements;

“**Group Entity**” means a legal person that is part of the Group;

**“Independent Adviser”** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**“Interest Determination Date”** means the second day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period;

**“Interest Payment Date”** means 9 January, 9 April, 9 July and 9 October in each year from (but excluding) the Issue Date, save that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event such Interest Payment Date shall be the first preceding day that is a Business Day;

**“Interest Period”** means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the First Interest Payment date or the next Interest Payment Date, as the case may be;

**“Issue Date”** means 9 April 2019;

**“Loss Absorption Minimum Amount”** means SEK0.01;

**“Margin”** means 5.00 per cent.;

**“Maximum Distributable Amount”** means any applicable maximum distributable amount relating to the Issuer and/or the Group (if any) which is determined pursuant to Article 141 of the CRD IV Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141 of the CRD IV Directive), or any successor provision thereto or any analogous payment restrictions arising in respect of capital buffers under CRD IV or the BRRD (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions);

**“Optional Redemption Date”** means the First Call Date or any Interest Payment Date thereafter;

**“Ordinary Shares”** means fully paid-up ordinary shares in the capital of the Issuer;

**“Original Calculation Amount”** has the meaning given to such term in the definition of Calculation Amount;

**“Original Principal Amount”** means, with respect to an issue of Additional Tier 1 Capital instruments (including the Notes), the original principal amount of such Additional Tier 1 Capital instruments which, in the case of each integral of SEK1,000,000 comprising a denomination of the Notes, is equal to an original principal amount of SEK1,000,000;

**“Original Reference Rate”** means:

- (i) STIBOR; or
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to STIBOR pursuant to the operation of Condition 5.6 (*Reference Rate Replacement*),

as applicable;

**“Other Loss Absorbing AT1 Instruments”** means obligations or capital instruments (other than the Notes) which are, as at their relevant issue date, eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Group and which include a principal loss absorption mechanism that:

- (i) is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Group; and

- (ii) is activated by an event equivalent to the Trigger Event in all material respects (or, as the case may be, in all material respects other than the threshold for such activation);

**“Outstanding Principal Amount”** means, in respect of a Note, the outstanding principal amount of such Note, as adjusted from time to time for any reduction or reinstatement of the principal amount, in accordance with Condition 7 or as otherwise required by then current legislation and/or regulations applicable to the Issuer and **“Outstanding Principal Amounts”** means the sum of the Outstanding Principal Amount of each Note;

**“Parity Trigger Loss Absorbing AT1 Instruments”** means obligations or capital instruments (other than the Notes) which are, as at their relevant issue date, eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Group and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Group and that is activated by an event equivalent to the Trigger Event in all material respects and that has a threshold for such activation which is identical to the Trigger Event Threshold;

**“Payment Business Day”** means 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 London and Stockholm and in the relevant place of presentation;

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

**“Qualifying Capital Notes”** means, at any time, any securities (other than the Notes) issued or guaranteed by the Issuer:

- (i) (A) the terms of which and (if such securities are guaranteed by the Issuer) the guarantee of which at such time comply with the CRD IV requirements in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or both of the Special Event redemption events which are included in the Notes) and (B) that provide at least the same amount of regulatory capital recognition as the Notes prior to the relevant substitution or variation pursuant to Condition 8.6; and
- (ii) that carry the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation pursuant to Condition 8.6; and
- (iii) that have the same currency of payment, denomination, Original Principal Amount and Outstanding Principal Amounts as the Notes prior to the relevant substitution or variation pursuant to Condition 8.6; and
- (iv) (if such securities are issued by the Issuer) that rank *pari passu* with the Notes or (if such securities are guaranteed by the Issuer) the guarantee for which ranks *pari passu* with the Notes, in either case prior to the relevant substitution or variation pursuant to Condition 8.6; and
- (v) that shall not at such time be subject to a Special Event; and
- (vi) that are assigned (or maintain) at least the same solicited credit ratings as were assigned to the Notes immediately prior to the relevant substitution or variation pursuant to Condition 8.6; and
- (vii) that have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Principal Paying Agent (and copies thereof will be available at the Principal Paying Agent’s specified office during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Notes pursuant to Condition 8.6, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to Condition 8.6, the date such variation becomes effective; and

- (viii) that if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (B) the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer;

**“Rate of Interest”** means:

- (i) on each Interest Determination Date, the Principal Paying Agent will determine the Screen Rate at approximately 11.00 a.m. (Stockholm time) on that Interest Determination Date. If the Screen Rate is unavailable, the Issuer, acting on the advice of an Independent Adviser, will request each of the Reference Banks to provide the Principal Paying Agent with the rate at which deposits in SEK are offered by it to prime banks in the Swedish inter-bank market for three months at approximately 11.00 a.m. (Stockholm time) on the Interest Determination Date in question and for a Representative Amount;
- (ii) the Rate of Interest for the relevant Interest Period shall be the relevant Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Principal Paying Agent (in consultation with the Issuer) of such rates, plus the Margin; and
- (iii) if fewer than two rates are provided as requested, the Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in Stockholm selected by the Issuer acting on the advice of an Independent Adviser, at approximately 11.00 a.m. (Stockholm time) on the first day of such Interest Period for loans in SEK to leading Swedish banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date,

all as determined by the Principal Paying Agent in accordance with Condition 5;

**“Reference Banks”** means the principal Stockholm office of four major banks in the Stockholm inter-bank market, in each case selected by the Issuer acting on the advice of an Independent Adviser;

**“Regulated Market”** means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended;

**“Reinstatement Limit”** has the meaning given to such term in Condition 7.3;

**“Relevant Date”** means the date on which a payment in respect of the Notes first becomes due, except that, if the full amount of the moneys payable has not been duly received by a Paying Agent on or before the due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16;

**“Relevant Nominating Body”** means:

- (i) the central bank for SEK, or any central bank or other supervisory authority which is responsible for supervising the administrator of STIBOR; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for SEK, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of STIBOR, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

**“Relevant Regulator”** means, in relation to the Issuer or the Group, as the case may be, the Danish Financial Supervisory Authority and any successor or replacement thereto, and/or such other authority having primary responsibility for the prudential oversight and supervision of the Issuer or the Group, as applicable, in each case as determined by the Issuer;

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market at the relevant time;

**“Risk Exposure Amounts”** means the aggregate amount of the risk exposure amounts (or any equivalent or successor term) of, as the case may be, the Issuer or the Group, in each case as calculated by the Issuer in accordance with the CRD IV requirements and any applicable transitional arrangements under CRD IV;

**“Screen Page”** means the website of Riksbank at the webpage <http://www.riksbank.se/en/Interest-and-exchange-rates/> (or such other page as may replace it on that service or, as the case may be, on such other information service that may replace that service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant rate);

**“Screen Rate”** means the Stockholm Inter-bank Offered Rate (“**STIBOR**”) for three-month deposits in Swedish Krona which appears on the Screen Page;

**“SEK”** means Swedish Krona, being the currency of Sweden;

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

**“STIBOR”** has the meaning given in the definition of Screen Rate;

**“Subsidiary”** means, in relation to any entity, any company which is for the time being a subsidiary within the meaning of Sections 6-7 of the Danish Companies Act (in Danish: *Selskabsloven*) (Consolidated Act No. 1089 of 14 September 2015) as amended or replaced from time to time;

**“Successor Reference Rate”** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the relevant Original Reference Rate which is formally recommended by any Relevant Nominating Body;

**“Talon”** means a talon for further Coupons;

**“Tax Event”** means as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the official interpretation or administration of any such laws, regulations or rulings on or after the Issue Date, the Issuer receives an opinion of external counsel in Denmark experienced in such matters that (A) it would be required to pay Additional Amounts as provided in Condition 10 or (B) it will no longer be able to obtain a full tax deduction for the purposes of Danish tax for any payment of interest under the Notes, in each case provided that the Issuer satisfies the Relevant Regulator that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance;

**“Tier 1 Capital”** means capital which is treated as a constituent of Tier 1 capital under the CRD IV requirements by the Relevant Regulator for the purposes of the Issuer and/or the Group, as applicable;

**“Trigger Event”** means, as determined at any time by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, as the case may be, that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below the Trigger Event Threshold and such determination by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, as the case may be, shall be binding on the Noteholders;

“**Trigger Event Early Redemption Restrictions**” has the meaning given to such term in Condition 7.1; and

“**Trigger Event Threshold**” means 7.00 per cent.

**2.2 Interpretation:** In the Conditions:

- (i) Notes, Noteholders and holders of Notes shall respectively be deemed to include references to Coupons, Couponholders and holders of Coupons, if relevant;
- (ii) references to Coupons shall be deemed to include references to Talons;
- (iii) any reference to principal shall be deemed to include the Outstanding Principal Amount(s) and any other amount in the nature of principal payable pursuant to the Conditions;
- (iv) any reference to interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 10 and any other amount in the nature of interest payable pursuant to the Conditions;
- (v) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;
- (vi) any reference to a numbered “Condition” shall be to the relevant Condition in these Conditions; and
- (vii) any reference to any legislation, any provision thereof or to any instrument, order or regulation made thereunder shall be construed as a reference to such legislation, provision, instrument, order or regulation as the same may have been, or may from time to time be, amended, replaced or re-enacted.

**3. Form, Denomination and Title**

The Notes are in bearer form, serially numbered, in the denominations of SEK2,000,000 and integral multiples of SEK1,000,000 in excess thereof up to (and including) SEK3,000,000, each with Coupons and, if necessary, Talons attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.

The Outstanding Principal Amounts may be adjusted as provided in Condition 7 or as otherwise required by then current legislation and/or regulations applicable to the Issuer. Any such adjustment to the Outstanding Principal Amounts will not have any effect on the denominations of the Notes.

Title to Notes and Coupons will pass by delivery. A holder of a Note or a Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

**4. Status of the Notes**

The Notes (in Danish: *kapitalbeviser*) on issue constitute Additional Tier 1 Capital of the Issuer and the Group under the CRD IV requirements.

Subject to Condition 7, the Notes constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;



- (ii) *pari passu* with (a) the Existing Additional Tier 1 Capital Notes and the Existing Hybrid Tier 1 Capital Notes, (b) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (c) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to holders of the Ordinary Shares and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

No Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

## 5. Interest and other Calculations

- 5.1 **Interest rate:** The Notes bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable quarterly in arrear on each Interest Payment Date, subject, in any case, as provided in Condition 6 and Condition 9. The first payment of interest will be made on 9 July 2019 (the “**First Interest Payment Date**”).
- 5.2 **Accrual of interest:** Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Outstanding Principal Amount in respect thereof is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of:
  - (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
  - (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders in accordance with Condition 16 that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- 5.3 **Determination of Rate of Interest:** The Principal Paying Agent will, as soon as reasonably practicable after 11:00 a.m. (Stockholm time) on each Interest Determination Date, determine the Rate of Interest for the relevant Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates (each an “**Interest Amount**”).
- 5.4 **Publication of Rate of Interest and Interest Amount:** With respect to each Interest Period, the Principal Paying Agent will cause the relevant Rate of Interest and the relevant Interest Amount determined by it, together with the relevant Interest Payment Date, to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as reasonably practicable after such determination but in any event not later than the commencement of the relevant Interest Period. To the extent that the Principal Paying Agent is unable to notify such listing authority, stock exchange and/or quotation system (if any), the Principal Paying Agent shall promptly notify the Issuer, who shall procure

the performance of such obligation. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 16.

**5.5 Calculation of amount of interest per Calculation Amount:** The amount of interest payable in respect of the Calculation Amount (including, for the avoidance of doubt, the Interest Amount) for any period shall be calculated by:

- (i) applying the applicable Rate of Interest to the Calculation Amount;
- (ii) multiplying the product thereof by the Day Count Fraction; and
- (iii) rounding the resulting figure to the nearest öre (half an öre being rounded upwards).

If pursuant to Condition 7 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Outstanding Principal Amounts are reduced and/or reinstated during an Interest Period, the Calculation Amount will be adjusted by the Principal Paying Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Principal Paying Agent in consultation with the Issuer.

**5.6 Reference Rate Replacement**

Notwithstanding the other provisions of this Condition 5, if the Principal Paying Agent (in consultation with the Issuer) determines that a Benchmark Event has occurred, the following provisions shall apply to the Notes:

- (a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
  - (A) a Successor Reference Rate; or
  - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 5.6 during any other future Interest Period(s));

- (b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine:
  - (A) a Successor Reference Rate; or
  - (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**Issuer Determination Cut-off Date**”), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 5.6 during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Successor Reference Rate, Alternative

Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

- (c) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 5.6:
  - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the reference rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.6);
  - (B) if the relevant Independent Adviser or the Issuer (as applicable):
    - (x) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.6); or
    - (y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.6); and
  - (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
    - (x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) Business Day, Day Count Fraction, Interest Determination Date, Reference Banks and/or Screen Page applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
    - (y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the relevant Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),
- which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5.6); and
- (d) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 5.6(c)(C) to the Principal Paying Agent and the Noteholders in accordance with Condition 16.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 5.6 or such

other relevant changes pursuant to Condition 5.6(c)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement (if required).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 5.6 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5.3.

Notwithstanding any other provision of this Condition 5.6, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5.6, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer.

**5.7 Calculation of amount of interest per Note:** The amount of interest payable in respect of a Note shall be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Original Calculation Amount is required to be multiplied to equal the denomination of such Note.

**5.8 Notifications to be final:** All notifications, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Principal Paying Agent or (in the circumstances described in Condition 5.6) an Independent Adviser, shall (in the absence of wilful default, fraud or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Principal Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of the above) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or (if applicable) the Independent Adviser in connection with the exercise or non-exercise by it of its powers and duties under this Condition.

## **6. Interest Cancellation**

**6.1 Interest Cancellation:** Any payment of interest (including, for the avoidance of doubt, any Additional Amounts payable pursuant to Condition 10) in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
- (ii) will be mandatorily cancelled, in whole or in part, to the extent:
  - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD IV Directive), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD IV or the BRRD (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or

- (B) otherwise so required by CRD IV, including the applicable criteria for Additional Tier 1 Capital instruments, or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

Any cancellation of interest pursuant to this Condition 6.1 shall not constitute an event of default under the Notes.

- 6.2 **Notice of Interest Cancellation:** The Issuer shall give notice to the Principal Paying Agent and the Noteholders in accordance with Condition 16 of any such cancellation of a payment of interest, which notice might be given after the date on which the relevant payment of interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay interest as described above.
- 6.3 **Effect of Interest Cancellation:** Following any cancellation of interest as described above, the right of Noteholders to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have “accrued” or been earned for any purpose nor will the non-payment of such interest constitute a default by the Issuer for any purpose and the Noteholders shall have no rights in respect of such payment of interest whether in a bankruptcy or liquidation of the Issuer or otherwise.

## 7. **Loss Absorption Following a Trigger Event and Reinstatement of the Notes**

- 7.1 **Loss Absorption Following a Trigger Event:** If at any time a Trigger Event occurs, the Issuer shall immediately notify the Relevant Regulator, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders and the Outstanding Principal Amounts shall be reduced as described below. Notwithstanding the foregoing, failure to give such notice shall not prejudice the reduction of the Outstanding Principal Amounts as described below.

If a Trigger Event occurs after a notice of redemption has been given pursuant to Condition 8.2 or Condition 8.3 but before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in Condition 8.7 have been fulfilled. If a notice of a Trigger Event has been given pursuant to this Condition 7.1, no notice of redemption may be given pursuant to Condition 8.2 or Condition 8.3 until such Trigger Event has been cured. The redemption restrictions described in this paragraph are together referred to as the “**Trigger Event Early Redemption Restrictions**”.

Such reduction shall take place on such date selected by the Issuer in consultation with the Relevant Regulator (the “**Write Down Date**”) but no later than one month following the occurrence of the relevant Trigger Event.

Subject to compliance with CRD IV and BRRD requirements, the amount of the reduction of the Outstanding Principal Amounts on the Write Down Date will be equal to the lower of:

- (i) the amount of a reduction to the Outstanding Principal Amounts that would restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to at least the Trigger Event Threshold at the point of such reduction, taking into account the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Group, as the case may be, generated on or prior to the Write Down Date by the *pro rata* reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of all Other Loss Absorbing AT1 Instruments (if any) outstanding at such time,

provided that:

- (x) with respect to each such Other Loss Absorbing AT1 Instrument (if any), such *pro rata* reduction or, as the case may be, conversion shall only be taken into account as described above to the extent required to restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to the Trigger Event Threshold or, if lower, such Other Loss Absorbing AT1 Instrument's trigger level; and
- (y) to the extent the reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument is not, or by the relevant Write Down Date will not be, effective for any reason:
  - (1) the ineffectiveness of any such reduction or, as the case may be, conversion into Common Equity Tier 1 Capital instruments shall not prejudice the requirement to effect a reduction to the Outstanding Principal Amounts pursuant to this Condition 7.1; and
  - (2) the reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument which is not, or by the Write Down Date will not be, effective shall not be taken into account in determining such reduction of the Outstanding Principal Amounts,

and

- (ii) the amount of a reduction of the Outstanding Principal Amounts that would reduce the Outstanding Principal Amounts to the Loss Absorption Minimum Amount.

If, in connection with the reduction of the Outstanding Principal Amounts or the calculation of the amount of the reduction of the Outstanding Principal Amounts, there are any Other Loss Absorbing AT1 Instruments that may be reduced, or, as the case may be, converted into Common Equity Tier 1 Capital instruments in full (save for any floor equivalent to the Loss Absorption Minimum Amount) but not in part only ("**Full Loss Absorbing AT1 Instruments**"), then:

- (I) the requirement that a reduction of the Outstanding Principal Amounts pursuant to this Condition 7.1 shall be effected *pro rata* with the reduction or, as the case may be, conversion into Common Equity Tier 1 Capital instruments, as the case may be, of any Other Loss Absorbing AT1 Instruments shall not be construed as requiring the Outstanding Principal Amounts to be reduced in full simply by virtue of the fact that any Full Loss Absorbing AT1 Instruments will be reduced or, as the case may be, converted in full; and
- (II) for the purposes of calculating the reduction of the Outstanding Principal Amounts, any Full Loss Absorbing AT1 Instruments will be treated (for the purposes only of determining the reduction or, as the case may be, conversion into Common Equity Tier 1 Capital instruments among the Notes and all Other Loss Absorbing AT1 Instruments on a *pro rata* basis) as if their terms permitted partial reduction or, as the case may be, conversion into Common Equity Tier 1 Capital instruments, such that the reduction or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of such Full Loss Absorbing AT1 Instruments shall be deemed to occur in two concurrent stages:
  - (A) the principal amount of such Full Loss Absorbing AT1 Instruments shall be reduced or converted into Common Equity Tier 1 Capital instruments *pro rata* with the Notes and all Other Loss Absorbing AT1 Instruments (if any) on the basis described in Condition 7.1(i) above; and

- (B) the balance (if any) of the principal amount of such Full Loss Absorbing AT1 Instruments remaining following (A) above shall be reduced or, as the case may be, converted into Common Equity Tier 1 Capital instruments with the effect of increasing the Issuer's and/or the Group's, as the case may be, Common Equity Tier 1 Capital Ratio above the minimum required level under (A) above.

The Issuer's determination of the relevant amount of a reduction to the Outstanding Principal Amounts pursuant to this Condition 7.1 shall be binding on all parties.

Following a reduction of the Outstanding Principal Amounts as described above, interest will continue to accrue on the Outstanding Principal Amounts following such reduction, and will be subject to Condition 6 and Condition 7.2 as described herein.

For the avoidance of doubt, the Outstanding Principal Amount of each Note shall, upon the reduction of the Outstanding Principal Amounts described above, be reduced on a likewise *pro rata* basis.

Any reduction of the Outstanding Principal Amounts pursuant to this Condition 7.1 shall not constitute an event of default under the Notes.

- 7.2 **Reinstatement of the Notes:** Following a reduction of the Outstanding Principal Amounts in accordance with Condition 7.1, the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, subject to compliance with the CRD IV requirements and the Reinstatement Limit, on a *pro rata* basis with all other Parity Trigger Loss Absorbing AT1 Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar write down and reinstatement provisions.
- 7.3 **Reinstatement Limit:** Any reinstatement of some or all of the principal amount of all relevant outstanding Additional Tier 1 Capital instruments, where the principal amount of such Additional Tier 1 Capital instruments has been reduced, may not at any time exceed the reinstatement limit applicable at such time (the "**Reinstatement Limit**"). Subject to Condition 7.5, the Reinstatement Limit will be the lower of the Available Reinstatement Amounts calculated for each of the Issuer and the Group in accordance with Condition 7.4.
- 7.4 **Available Reinstatement Amounts:** The "**Available Reinstatement Amount**" for each of the Issuer and the Group will be calculated as the amount equal to the profits of (in the case of the calculation of the Issuer's Available Reinstatement Amount) the Issuer or (in the case of the Group's Available Reinstatement Amount) the Group, in each case after the Issuer or the Group, as the case may be, has taken a formal decision confirming its final profits, multiplied by the ratio of the Original Principal Amount of all relevant outstanding Additional Tier 1 Capital instruments, where the principal amount of such Additional Tier 1 Capital instruments has been reduced, divided by the total Tier 1 Capital of the Issuer or the Group, as the case may be, in each case at the date of the relevant reinstatement, less:
- (i) with respect to any relevant Additional Tier 1 Capital instruments, where the principal amount has been reduced, the sum of any principal amounts that have already been reinstated during the period to which such profits relate; and
  - (ii) the sum of any amounts of interest or, as the case may be, other periodic distributions in respect of any relevant Additional Tier 1 Capital instruments, where the principal amount has been reduced, and which were paid or have been calculated (but disregarding any such interest which has been cancelled) during the period to which such profits relate on the basis of an outstanding principal amount which is lower than the Original Principal Amount of such Additional Tier 1 Capital instruments.
- 7.5 **Maximum Distributable Amount restriction:** A reinstatement as described above shall not be effected in circumstances which (when aggregated together with, where relevant (i) distributions of the kind

referred to in Article 141 (2) of the CRD IV Directive or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD IV Directive, or any successor thereto; or (ii) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD IV or the BRRD, or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions) would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any Maximum Distributable Amount.

- 7.6 **Miscellaneous provisions applicable to reinstatement:** For the avoidance of doubt, at no time may the Outstanding Principal Amounts exceed the Original Principal Amount of the Notes.

To the extent that the principal amount of the Notes has been reinstated as described above, interest shall begin to accrue on the reinstated principal amount of the Notes, and become payable in accordance with the Conditions, as from the date of the relevant reinstatement.

- 7.7 **No liability:** None of the Issuing Agent and any Paying Agent shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Trigger Event or any consequent write-down, reduction and/or cancellation of the Notes or of any claims in respect thereof. None of the Issuing Agent and any Paying Agent shall be responsible for any calculation or determination, or the verification of any calculation or determination, in connection with the same.

## 8. Redemption and Purchase

- 8.1 **Scheduled redemption:** The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Noteholders at any time.

- 8.2 **Early redemption upon the occurrence of a Special Event:** Subject to Condition 8.7, upon the occurrence of a Special Event, the Issuer may, at its option, on any Interest Payment Date and having given no less than thirty nor more than sixty days' notice to the Principal Paying Agent and the Noteholders in accordance with Condition 16 (which notice shall, subject to the Trigger Event Early Redemption Restrictions, be irrevocable), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled; provided however that where the Special Event is an event falling under limb (A) of the definition of Tax Event, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay the relevant Additional Amounts as referred to in limb (A) of the definition of Tax Event.

The Issuer, having satisfied itself that a Special Event has occurred, shall notify the Principal Paying Agent and the Noteholders in accordance with Condition 16 of the occurrence of such Special Event.

- 8.3 **Redemption at the option of the Issuer:** The Issuer may, at its option (but subject to Condition 8.7) and having given no less than thirty nor more than sixty days' notice to the Principal Paying Agent and the Noteholders in accordance with Condition 16 (which notice shall, subject to the Trigger Event Early Redemption Restrictions, be irrevocable), redeem all (but not some only) of the outstanding Notes on the relevant Optional Redemption Date at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled.
- 8.4 **Purchase:** The Issuer or any Subsidiary of the Issuer may (subject to Condition 8.7) purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled pursuant to Condition 8.5, they are purchased together with all unmatured Coupons and unexchanged Talons relating thereto).



8.5 **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may (subject to Condition 8.7) be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

8.6 **Substitution and variation:** Subject to Condition 8.7 and having given no less than thirty nor more than sixty days' notice to the Noteholders (in accordance with Condition 16) and the Principal Paying Agent, if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Capital Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

8.7 **Conditions to redemption etc.:** The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 8.2, Condition 8.3, Condition 8.4, Condition 8.5, Condition 8.6, Condition 15.1 or paragraph (ii) of Condition 15.2, as the case may be, if:

- (i) in the case of any such substitution, variation or modification, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has not objected to, such substitution, variation or modification (as applicable) in accordance with the CRD IV requirements;
- (ii) in the case of any such redemption, purchase or cancellation, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has granted its permission to, such redemption, purchase or cancellation (as applicable) in accordance with the CRD IV requirements (which, as at the date of issue of the Notes, are set out in Articles 77 and 78 of the CRR and Article 29 of the 2014 RTS);
- (iii) in the case of any such redemption, the Trigger Event Early Redemption Restrictions do not apply to such redemption or to the redemption notice relating to such redemption (as applicable); and
- (iv) in the case of a redemption of the Notes as a result of a Special Event, the Issuer has delivered a certificate signed by two of its directors to the Principal Paying Agent (and copies thereof will be available at the Principal Paying Agent's specified office during its normal business hours) not less than 5 Business Days prior to the date set for redemption that such Special Event has occurred or will occur no more than ninety days following the date fixed for redemption, as the case may be.

As regards Condition 8.7(ii), the CRD IV requirements (which, as at the date of issue of the Notes, are set out in Articles 77 and 78 of the CRR) prescribe certain conditions for the granting of permission by the Relevant Regulator to a request by the Issuer to redeem, purchase or cancel the Notes.

In this respect, as at the date of issue of the Notes, Article 78(1) of the CRR provides that the Relevant Regulator shall grant permission to a redemption, purchase or cancellation of the Notes, provided that either of the following conditions is met:

- (i) earlier than, or at the same time as, such redemption, purchase or cancellation (as applicable) of the Notes, the Issuer replaces the Notes with own funds instruments of equal or higher quality on terms that are sustainable for the Issuer's income capacity; or

- (ii) the Issuer has demonstrated to the satisfaction of the Relevant Regulator that its own funds would, following such redemption, purchase or cancellation (as applicable), exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in Article 128(6) of the CRD IV Directive by a margin that the Relevant Regulator considers necessary on the basis of Article 104(3) of the CRD IV Directive.

In addition, the CRD IV requirements (which, as at the date of issue of the Notes, are set out in Article 78(4) of the CRR) provide that the Relevant Regulator may only permit the Issuer to redeem the Notes before five years after the date of issue of the Notes if:

- (a) in the case of any such redemption of the Notes upon the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance; or
- (b) in the case of any such redemption of the Notes upon the occurrence of a Capital Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the change in the regulatory classification of the Notes was not reasonably foreseeable at the time of their issuance.

The CRD IV requirements may be modified from time to time after the date of issue of the Notes.

Any refusal by the Relevant Regulator to grant its permission to any such redemption, purchase or cancellation (as applicable) pursuant to Condition 8.7(ii) will not constitute an event of default under the Notes.

In addition, if the Issuer has elected to substitute or vary the Notes pursuant to Condition 8.6 but prior to the relevant substitution or variation, as the case may be, a Trigger Event occurs, the relevant notice shall be automatically rescinded and shall be of no force and effect.

## **9. Payments**

- 9.1 **Principal:** Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of the Note at the specified office of any Paying Agent outside the United States. Subject as provided in the Conditions, payments will be made by credit or transfer to an account in SEK maintained by the payee with a bank in Stockholm.
- 9.2 **Interest:** Payments of interest shall, subject to Condition 9.6 below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in Condition 9.1 above.
- 9.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to Condition 10) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 9.4 **Unmatured Coupons void:** On the due date for redemption of any Note pursuant to Condition 8.2, Condition 8.3 or Condition 11, all unmaturing Coupons and Talons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 9.5 **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the Noteholder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

- 9.6 **Payments other than in respect of matured Coupons:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent outside the United States.
- 9.7 **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- 9.8 **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, any Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 10. Taxation

All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (together, “**Taxes**”) imposed or levied by or on behalf of Denmark, or any political sub-division of, or any authority in, or of, Denmark having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, in the case of a payment of interest only, the Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the Couponholders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Coupons in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Coupon:

- (i) to, or to a third party on behalf of, a Couponholder who is liable to the Taxes in respect of the Coupon by reason of his having some connection with Denmark other than the mere holding of the Coupon or receipt of interest in respect thereof; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that a Couponholder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Business Day.

## 11. Enforcement Events

- 11.1 **No events of default:** There are no events of default in respect of the Notes. Noteholders shall not be entitled at any time to file for bankruptcy or liquidation of the Issuer.
- 11.2 **Enforcement Events:** If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer (an “**Enforcement Event**”), any Noteholder may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such bankruptcy or liquidation of the Issuer together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding the occurrence of such Enforcement Event and any other amounts payable on such Note (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 4.
- 11.3 **Enforcement of obligations:** Subject to Condition 11.1 and without prejudice to Condition 11.2, any Noteholder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

## **12. Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or three years (in the case of interest) from the appropriate Relevant Date in respect of them.

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 or Condition 9 or any Talon which would be void pursuant to Condition 9.

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

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent or such other Paying Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer and the relevant Paying Agent may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **14. Appointment of Agents**

The Issuing Agent, Principal Paying Agent and the Paying Agents initially appointed by the Issuer and their respective specified offices are listed below. The Issuing Agent, Principal Paying Agent and the Paying Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer is entitled (a) to vary or terminate the appointment of the Issuing Agent, the Principal Paying Agent or any other Paying Agent, (b) to appoint additional or other Paying Agents and/or (c) to approve any changes in the specified office through which any such entity acts, provided that:

- (i) the Issuer shall at all times maintain an Issuing Agent and a Principal Paying Agent; and
- (ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange.

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

## **15. Meetings of Noteholders; Modification**

- 15.1 Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution (as defined in the Agency Agreement) of any of these Conditions. The quorum at any meeting for passing an Extraordinary Resolution will be two or more persons present holding or representing a clear majority in the Outstanding Principal Amounts of the Notes for the time being outstanding, or at any adjourned meeting, one or more persons present whatever the Outstanding Principal Amounts of the Notes held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of these Conditions in accordance with the detailed provisions of the Agency Agreement, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than three-quarters (or at any adjourned meeting, one-quarter) of the Outstanding Principal Amounts of the Notes for the time being outstanding. An Extraordinary

Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in Outstanding Principal Amounts of the Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Any modification to these Conditions pursuant to the operation of the provisions described in this Condition 15.1 is subject to Condition 8.7.

**15.2 Modification of Notes:** Subject to Condition 8.7, the Issuer may make, without the consent of the Noteholders or Couponholders:

- (i) any modification to the Notes, the Conditions, the Agency Agreement and/or the Declaration of Direct Rights to correct a manifest error; or
- (ii) any modification to the Notes, the Conditions, the Agency Agreement and/or the Declaration of Direct Rights which, in the sole opinion of the Issuer, is not prejudicial to the interests of the Noteholders and the Couponholders.

Any such modification to the Agency Agreement shall be subject to the agreement of the Principal Paying Agent. Subject as provided in the Conditions, no other modification may be made to the Notes, the Conditions, the Agency Agreement or the Declaration of Direct Rights except with the sanction of an Extraordinary Resolution and, in the case of a modification to the Agency Agreement, the consent of the Principal Paying Agent.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

## **16. Notices**

Notices to the Noteholders shall be valid if published in a leading daily newspaper of general circulation in Europe (which is expected to be the Financial Times) and (so long as the Notes are admitted to listing on the official list of the Irish Stock Exchange plc, trading as Euronext Dublin and admitted to trading on the regulated market for listed securities of the Irish Stock Exchange plc, trading as Euronext Dublin and the rules of that exchange so permit) if published on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ([www.ise.ie](http://www.ise.ie)). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of publication or, if published more than once on different dates, on the date of first publication. If publication as provided above is not practicable, notice will be validly given if published in another leading daily English language newspaper with general circulation in Europe.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 16.

## **17. Governing Law and Jurisdiction**

**17.1 Governing Law:** The Notes and the Declaration of Direct Rights, are governed by, and will be construed in accordance with, Danish law.

**17.2 Jurisdiction:** The courts of Denmark are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes or Coupons and, accordingly, any legal action or proceedings arising out

of or in connection with the Notes or Coupons (“**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 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 benefit of each of the Noteholders and Couponholders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

## **USE OF PROCEEDS**

The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer for general corporate purposes.

## LEGISLATIVE AND REGULATORY REVIEW

### Systemically Important Financial Institutions

In June 2014, the Danish FSA appointed six Danish SIFIs: Danske Bank A/S (“**Danske**”), Nykredit Realkredit A/S (“**Nykredit**”), Nordea Bank Danmark A/S, the Issuer, Sydbank A/S and DLR Kredit A/S. The SIFIs were identified in accordance with Section 308 of the Danish Financial Business Act. As a consequence of Nordea Bank Danmark A/S’s merger with Nordea Bank AB (publ) (as the continuing entity), Nordea Kredit Realkreditaktieselskab was on 2 January 2017 appointed a SIFI by the Danish FSA. On 3 January 2019 Spar Nord Bank A/S was appointed SIFI. On 26 June 2015, on 29 June 2016, on 29 June 2017 and on 21 June 2018, the Issuer was re-appointed as a SIFI. Institution-specific SIFI buffers (the systemic risk buffers) between 1 and 3 per cent. were set according to quantitative SIFI criteria and were phased in gradually from 2015 to 1 January 2019. The additional CET1 (as defined below) requirement of the Jyske Bank Group, beyond the requirement as per CRD IV (the SIFI buffer), is as at the date of this Prospectus set at 1.5 per cent.

### Danish implementation of the CRD IV Directive and CRR

In line with other European banks, Danish banks must also comply with the CRD IV Directive and the CRR. Both have come into force in Denmark in 2014, the CRD IV Directive through implementation of the Danish Financial Business Act, whereas the CRR applies directly without implementation in national law. The CRR and CRD IV Directive framework implements, among other things, the Basel III reforms in the EU covering a wide range of prudential requirements, including capital requirements, stricter and aligned definitions of capital, REA, leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual Pillar II risk assessment) and other measures such as the combined capital buffer requirements, SIFI definition, governance and remuneration requirements. The EBA has issued detailed rules through binding technical standards for many areas including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

### Capital requirements

Under the CRD IV Directive and the CRR, the minimum capital requirement for Common Equity Tier 1 capital (“**CET1**” or “**Common Equity Tier 1 Capital**”) has been phased in gradually to up to 9.5 per cent. of REA over the period from 2014 until 1 January 2019. The 9.5 per cent. requirement includes a capital conservation buffer requirement of 2.5 per cent. and a counter-cyclical buffer requirement of up to 2.5 per cent. in addition to the minimum requirement of 4.5 per cent. The counter-cyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction. If a bank does not maintain these buffers, in excess of the 4.5 per cent. CET1 minimum requirement, certain restrictions can be imposed, including restrictions on its ability to pay dividends and make other payments.

For each SIFI there will be an additional CET1 capital requirement, a so-called SIFI buffer, on top of the minimum requirements. The SIFI buffer is set individually on a national level according to the systemic importance of the bank. Apart from the breakdown of capital into the minimum CET1 requirement of 4.5 per cent. and the combined buffer requirement (capital conservation, counter-cyclical and SIFI buffer), the CRD IV Directive distinguishes between Pillar I and Pillar II capital requirements. The Pillar I capital requirement was fully implemented by 2015 and set at 8 per cent. of REA, consisting of the minimum of 4.5 per cent. of CET1, up to 1.5 per cent. of Additional Tier 1 Capital and up to 2 per cent. of Tier 2 capital. The Pillar II requirement is the difference between an institution’s individual solvency requirement and the 8 per cent. Pillar I requirement. In Denmark, the Danish FSA pile the Pillar II requirement up on top of the Pillar I requirement of 8 per cent. as a cushion below the combined buffer requirement.



In addition to the higher capital requirements, the CRR has a stricter criteria for determining the quality of capital that may count as Additional Tier 1 Capital and Tier 2 capital. Additional Tier 1 Capital must therefore be converted into CET1 at a trigger point of 5.125 per cent. of CET1, and Additional Tier 1 Capital and Tier 2 capital must have no incentive to be redeemed before the contractual maturity, which means any capital including step-up structures is not accepted as Tier 2 under the CRR. Furthermore, CRR also implies stricter requirements for the calculation of REA.

The CRR includes grandfathering rules for Additional Tier 1 Capital instruments and Tier 2 instruments issued before 31 December 2011. Any Additional Tier 1 Capital instruments or Tier 2 instruments issued after 31 December 2011, which are not compliant with CRR will not be eligible for grandfathering under the CRR. The phasing out of old Additional Tier 1 Capital instruments and Tier 2 capital instruments eligible for grandfathering are based on a stepwise reduction of 20 per cent. in 2014 and subsequent 10 per cent. annual reductions until 31 December 2021, by which point any such capital instruments will have been completely phased out. The grandfathering bucket for each of the years from 2014 until 2021 is calculated based on the total nominal amount of outstanding and grandfathering compliant Additional Tier 1 Capital instruments and Tier 2 instruments as per 31 December 2012.

The CRD IV Directive and the CRR include a requirement for credit institutions to calculate, report and monitor their leverage ratios, defined as their Tier 1 Capital as a percentage of the sum of the exposure values of all assets and off-balance sheet items. The leverage ratio is a risk-neutral measure for the maximum extent of the balance-sheet leverage. A high leverage ratio may cause an institution to be exposed to risks linked to sudden changes in market conditions and significant price falls on assets with ensuing losses. According to the CRR Amendment Proposal, the leverage ratio requirement will be set at a minimum level of 3 per cent. See further the risk factor “*Additional capital buffer requirements*”.

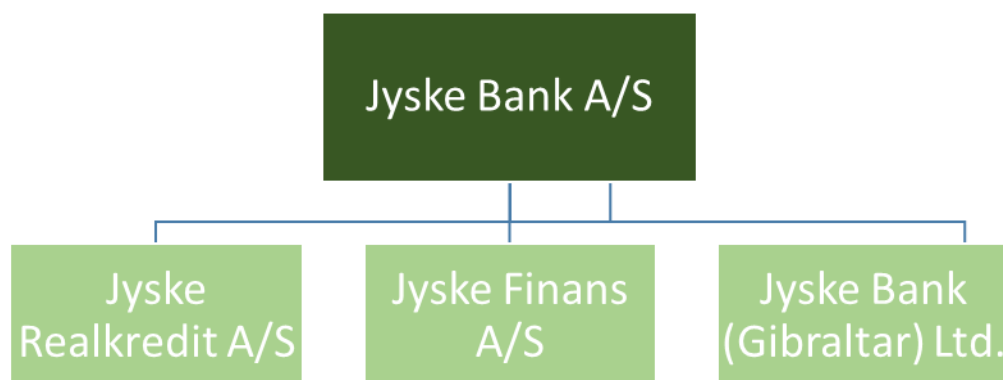
### ***Liquidity requirements***

The NSFR is intended to ensure a sound funding structure by promoting an increase in long-dated funding of financial institutions. The NSFR stipulates that at all times financial institutions must have stable funding equal to the amount of their illiquid assets for one year ahead. The focus of the NSFR is to minimise the duration mismatch in the balance sheets of the relevant bank.

## DESCRIPTION OF JYSKE BANK A/S AND THE JYSKE BANK GROUP

### The Issuer

The Jyske Bank Group is the fourth largest financial service provider on the Danish market. The corporate structure of the Jyske Bank Group (with the most significant 100 per cent. owned subsidiaries) is shown below:



Jyske Bank A/S is the parent company of the Jyske Bank Group and, measured by total assets, is the third largest<sup>1</sup> bank in the Danish market for bank lending and the second largest Danish-owned bank. Jyske Realkredit is the fourth<sup>2</sup> largest Danish mortgage institution. As at the end of December 2018, the Jyske Bank Group's total assets amounted to DKK 600 billion and the Jyske Bank Group employed approximately 3,698 full-time employees. The Jyske Bank Group also comprises the leasing company Jyske Finans A/S, as well as international interests in the form of a branch in Hamburg and the provision of investment advice to international private banking clients in Gibraltar and Copenhagen.

The Jyske Bank Group has a strong nationwide market presence in Denmark with a market share of around 12 per cent.<sup>2</sup> in terms of total bank lending to customers, total bank deposits from customers and aggregate Danish mortgage lending<sup>3</sup>. In Denmark, the Jyske Bank Group (as at the end of December 2018) operates 98 Danish branches. Leasing activities are performed by the Bank's subsidiary Jyske Finans.

The Bank's registered and head office is situated at Vestergade 8-16, DK 8600 Silkeborg. Its telephone number is +45 89 89 89 89 and the Bank is registered with the Danish Business Authority under CVR number 17616617.

### History and development

The Bank was established as a public limited company on 7 July 1967 following the merger of four banks based in central Jutland. Through further mergers the Bank achieved nationwide retail branch coverage in the 1980s.

The strategic initiatives during the decade following the financial crisis have focused on the strengthening of the income base through selective acquisitions and cost reductions, together with strengthening of the capital base via capital increases in 2009 and 2012 and divestiture of non-core activities.

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<sup>1</sup> Source: [http://www.nationalbanken.dk/en/publications/Documents/2018/11/ANALYSIS\\_Financial%20stability%202nd%20half%202018.pdf](http://www.nationalbanken.dk/en/publications/Documents/2018/11/ANALYSIS_Financial%20stability%202nd%20half%202018.pdf) (see page 29). Jyske Bank is the 2<sup>nd</sup> largest Danish bank regulated by the Danish FSA, and the third largest bank on the Danish market (after Danske and Nordea). Jyske Realkredit is the fourth largest mortgage institution as Totalkredit and Nykredit must be seen as one entity (the Nykredit Group).

<sup>2</sup> Own estimate calculated on the basis of Central Bank (*Nationalbanken*) statistics.

<sup>3</sup> Exclusive of mortgage lending to the agricultural sector.

Jyske Bank strengthened its market position in Denmark by acquiring smaller bank lending portfolios, such as the leasing activities of Finans Nord A/S and Easyfleet A/S and the purchase of the profitable parts of Fjordbank Mors from the Financial Stability Cooperation in 2011. In 2013, Jyske Bank acquired all of the small regional bank Sparekassen Lolland A/S's banking activities.

In 2014, the Jyske Bank Group took the largest step in its corporate history to strengthen its market position by merging with BRFkredit<sup>4</sup>. BRF Holding A/S hereby became the largest shareholder in Jyske Bank A/S with an initial ownership stake of 25 per cent<sup>5</sup>. The merger doubled the size of the balance sheet of the Jyske Bank Group and tripled its lending portfolio. Furthermore, it improved diversification of the balance sheet, thereby lowering the risk profile for the total earnings.

Jyske Realkredit's activities date back to 1959. The main activity of Jyske Realkredit is mortgage lending secured against real property in Denmark.

During 2014, Jyske Bank divested two non-core activities, selling (i) its wholly-owned subsidiary Silkeborg Data A/S, a leading provider of payroll and staff administration systems to the public sector, and (ii) its 60 per cent. stake in the investment company, Berben's Effectenkantoor B.V., in the Netherlands.

In February 2015, Jyske Bank and Nykredit entered into an agreement on the specific terms and conditions for Jyske Bank's exit from the Totalkredit cooperation, including sale of Jyske Bank's shares in Pengeinstituternes Realkreditselskab A/S ("PRAS"). PRAS is a company that owns shares in Nykredit Holding A/S and DLR Kredit A/S.

In March 2015, a decision was made to wind up Jyske Bank Schweiz which has been owned by Jyske Bank since 1981. The unit no longer met the Jyske Bank Group's required rate of return, and there were no prospects for future improvement of profitability. All banking activities in Switzerland were discontinued, and the banking licence was returned in February 2016.

On 31 March 2017, Jyske Bank took over the administration company Jyske Invest Fund Management A/S. Jyske Invest Fund Management continues as a 100 per cent. owned subsidiary of the Jyske Bank Group.

On 16 January 2019, Jyske Bank announced the intention to sell Jyske Bank (Gibraltar) Ltd.. The Group wishes to focus on clients in Denmark and gathers all its international private banking activities in Copenhagen (Private Banking Copenhagen). As at the Prospectus date, the Group has initiated a process with a view to selling Jyske Bank (Gibraltar) Ltd. and Jyske Bank has received several enquiries from serious buyers.

## **The Danish Banking Sector**

As at the end of December 2018, there were a total of 62 Danish banks and 6<sup>6</sup> mortgage institutions regulated by the Danish FSA present in the Danish market. The Danish banking sector is both highly concentrated and fragmented and consists of several different types of financial groups, banks and mortgage institutions.

The Danish market is dominated by four financial services groups and first-tier banks and mortgage institutions, Danske, Nordea (through its Danish branch, Nordea Danmark, Filial af Nordea Bank Abp (publ), Finland and Nordea Kredit Realkreditaktieselskab), Nykredit and the Bank. Danske and Nordea are both pan-Nordic financial conglomerates, and their mortgage activities in Denmark are carried out via its subsidiaries Realkredit Danmark A/S and Nordea Kredit Realkreditaktieselskab respectively. Danske is the largest financial conglomerate in Denmark, whereas Nordea is the largest financial conglomerate in the Nordic region, with Danske being the

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<sup>4</sup> BRFkredit was renamed Jyske Realkredit in August 2018.

<sup>5</sup> BRF Holding held 21.26 per cent. of the shares in Jyske Bank as of end of December 2018.

<sup>6</sup> Totalkredit and Nykredit are seen as one entity (the Nykredit Group).

second largest. Nykredit is the largest Danish mortgage institution and its banking activities are conducted via its subsidiary Nykredit Bank A/S. The Jyske Bank Group is the fourth largest financial services group in the Danish market, and its mortgage activities are carried out via its subsidiary Jyske Realkredit.

The second-tier Danish banks are Sydbank A/S and Spar Nord Bank A/S. Foreign competition in the Danish banking market is primarily from Handelsbanken (branch of Svenska Handelsbanken AB (publ)) and a Copenhagen based branch of Skandinaviska Enskilda Banken AB (“SEB”). The rest of the market for bank lending is highly fragmented, comprising many small and medium-sized regional banks with strong local franchises and niche strategies, and individual market shares around or significantly below 1 per cent. of total bank lending.

The Danish mortgage lending market is the biggest lending market in Denmark with total mortgage lending of DKK 2,742 billion<sup>7</sup> as of end of December 2018, including lending from the independent and specialised mortgage institution DLR Kredit A/S. In comparison, total bank lending of Danish commercial banks to domestic Danish SME, corporates and private household clients totalled DKK 844 billion<sup>8</sup> as at the end of December 2018.

### Jyske Bank Group Financials

Jyske Bank Group key figures								
	Profit before tax, DKKbn	Net profit, DKKbn	Shareholders' equity at year- end, DKKbn	ROE after tax, average equity	Loans and advances, DKKbn	Deposits, DKKbn	Total assets, DKKbn	Number of FTEs
1997	584	443	4,772	9.6%	36.6	41.5	63.1	2,671
1998	710	511	5,173	10.3%	39.7	43.8	76.9	2,772
1999	1,276	897	5,421	16.9%	49.8	49.8	92.6	2,923
2000	1,255	1,083	5,887	19.2%	75.4	52.3	127.4	3,107
2001	890	623	6,174	10.3%	82.5	54.4	133.2	3,418
2002	1,083	511	6,658	8.0%	95.3	59.0	153.2	3,359
2003	1,809	1,284	7,843	17.7%	63.8	63.8	116.4	3,547
2004	1,960	1,407	7,858	17.9%	74.6	68.7	125.2	3,713
2005	2,174	1,701	9,477	19.6%	90.9	79.8	141.6	4,026
2006	2,810	2,134	9,637	22.3%	107.2	88.8	160.7	4,216
2007	2,273	1,735	9,704	17.9%	134.0	112.7	214.3	4,145
2008	1,307	988	10,722	9.7%	129.1	117.0	236.8	3,996
2009	597	471	12,523	4.1%	110.6	109.3	224.5	3,877
2010	1,003	757	13,352	5.9%	114.0	115.8	244.1	3,847
2011	601	493	13,846	3.6%	124.5	127.3	270.2	3,809
2012	851	596	15,642	4.0%	118.6	121.0	258.2	3,574
2013	2,301	1,808	17,479	10.9%	131.4	131.4	262.0	3,774
2014	3,103	3,089	27,561	13.7%	361.8	152.7	541.7	4,191
2015	3,204	2,476	30,040	8.6%	396.2	144.9	543.4	4,021
2016	3,906	3,116	31,038	10.1%	422.4	154.6	586.7	3,981
2017	4,002	3,143	32,023	9.7%	447.7	160.0	597.4	3,932
2018	3,140	2,500	31,786	7.6%	462.8	148.7	599.9	3,698

<sup>7</sup> Source: Danish Central Bank's statistics STATBANK.dk : <http://nationalbanken.statbank.dk>

<sup>8</sup> Source: Danish Central Bank's statistics STATBANK.dk : <http://nationalbanken.statbank.dk>

## Financial highlights & key ratios for 2018, 2017 and 2016

### Summary of income statement Jyske Bank Group

#### Core profit and net profit or loss for the period

(DKK millions)	2018	2017	2016
Net interest income	5,624	5,674	5,748
Net fee and commission income	1,854	1,957	1,531
Value adjustments	-23	577	781
Other income	463	207	257
Income from operational leasing (net)	81	-54	44
<b>Core income</b>	<b>7,999</b>	<b>8,361</b>	<b>8,361</b>
Core expenses	-4,896	-5,374	-5,108
<b>Core profit before loan impairment charges</b>	<b>3,103</b>	<b>2,987</b>	<b>3,253</b>
Loan impairment charges and provision for guarantees	468	453	149
<b>Core profit</b>	<b>2,635</b>	<b>3,440</b>	<b>3,402</b>
Investment portfolio earnings	505	562	504
<b>Profit before tax</b>	<b>3,140</b>	<b>4,002</b>	<b>3,906</b>
Tax	-640	-859	-790
<b>Profit after tax</b>	<b>2,500</b>	<b>3,143</b>	<b>3,116</b>

Information relating to Alternative Performance Measures (as such term is defined in the ESMA Guidelines on Alternative Performance Measures)

This Prospectus includes information about the Jyske Bank Group's profit and its components. The presentation of such information includes non-GAAP financial measures. A body of generally accepted accounting principles such as IFRS is commonly referred to as 'GAAP'. In this case the non-GAAP financial measure is a different presentation of the income statement than in the consolidated financial statements for the audited consolidated annual financial statements of the Jyske Bank Group for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016. However, the profit before tax is the same. The table below illustrates the relationships between the income statement items above broken down into core and non core earnings and the income statement items in the IFRS financial statements of Jyske Bank Group. Core profit is defined as the pre-tax profit exclusive of investment portfolio earnings. Investment portfolio earnings are defined as the return on the Group's portfolio of shares, bonds, derivatives and equity investments, yet exclusive of the liquidity buffer and certain strategic equity investments. Investment portfolio earnings are calculated after expenses for funding and attributable costs.

Reclassification from non_GAAP measures and items	2018				2017				2016			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
<b>DKK millions</b>												
Net interest income	5,624	105	-13	5,716	5,674	330	284	6,288	5,748	417	408	6,573
Net fee & commission income	1,854	0	0	1,854	1,957	-3	0	1,954	1,531	-3	0	1,528
Value adjustments	-23	377	13	367	577	219	-10	786	781	87	-58	810
Other income	463	55	32	550	207	47	34	288	257	30	0	287
Income from operating lease (net)	81	0	455	536	-54	0	588	534	44	0	486	530
<b>Income</b>	<b>7,999</b>	<b>537</b>	<b>487</b>	<b>9,023</b>	<b>8,361</b>	<b>593</b>	<b>896</b>	<b>9,850</b>	<b>8,361</b>	<b>531</b>	<b>836</b>	<b>9,728</b>
<b>Expenses</b>	<b>-4,896</b>	<b>-32</b>	<b>-487</b>	<b>5,415</b>	<b>-5,374</b>	<b>-31</b>	<b>-622</b>	<b>-6,027</b>	<b>-5,108</b>	<b>-27</b>	<b>-486</b>	<b>-5,621</b>
<b>Profit before loan impairment charges</b>	<b>3,103</b>	<b>505</b>	<b>0</b>	<b>3,608</b>	<b>2,987</b>	<b>562</b>	<b>274</b>	<b>3,823</b>	<b>3,253</b>	<b>504</b>	<b>350</b>	<b>4,107</b>
<b>Loan impairment charges</b>	<b>468</b>	<b>0</b>	<b>0</b>	<b>468</b>	<b>-453</b>	<b>0</b>	<b>274</b>	<b>-179</b>	<b>-149</b>	<b>0</b>	<b>350</b>	<b>201</b>
<b>Pre-tax profit</b>	<b>2,635</b>	<b>505</b>	<b>0</b>	<b>3,140</b>	<b>3,440</b>	<b>562</b>	<b>0</b>	<b>4,002</b>	<b>3,402</b>	<b>504</b>	<b>0</b>	<b>3,906</b>

The reclassification to determine Core Profit relates to the following:

- Income of DKK 274 million in 2017 and DKK 350 million in 2016 from impaired loans and advances taken over is reclassified from interest income to loan impairment charges.
- Income of DKK 13 million in 2018 (2017: expenses of DKK 10 million and 2016 of DKK 58 million) due to value adjustments relating to the balance principle at Jyske Realkredit are reclassified from value adjustments to interest income.
- Income of DKK 32 million in 2018 (2017 income of DKK 34 million and 2016 of DKK 0 million) from external sales was classified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 455 million in 2018 (2017: DKK 588 million and 2016: DKK 486 million) are reclassified from expenses to income from operating lease (net).

<b>Summary of Balance Sheet</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<i>DKK billions</i>			
Bonds and shares etc.	83.2	79.1	89.9
Loans and advances	462.8	447.7	422.4
- of which mortgage loans	326.3	306.8	277.0
- of which bank loans	110.4	113.5	111.5
- of which repo loans	26.1	27.4	33.9
Total Assets	599.9	597.4	586.7
<i>DKK billions</i>			
Due to credit institutions and central banks	16.3	18.0	19.9
Deposits	148.7	160.0	154.6
- of which bank deposits	135.7	139.9	134.2
- of which repo deposits and tri-party deposits	13.0	20.1	20.5
Issued bonds at fair value (mortgage bonds)	324.7	302.6	271.2
Issued bonds at amortised cost	35.0	38.9	51.0
Subordinated Debt	4.3	4.3	2.1
Holders of AT1 capital	2.5	2.6	1.5
Equity	31.8	32.0	31.0

<b>Selected ratios and financial data Jyske Bank Group</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
-			
Weighted Risk Exposure Amount (REA) DKK billion	188	188	182
Income/Cost ratio	1.5	1.7	1.7
Impairment ratio for the period (per cent.)	0.1	0.0	0.0
Accumulated Impairment ratio (per cent.)	1.1	1.1	1.3
RoE for the period (after tax) (per cent.) p.a.	7.6	9.7	10.1
Price/book value per share (DKK)	0.6	0.9	1.0
Net return on total assets (per cent.) p.a.	0.4	0.5	0.6
Net return on REA (per cent.) p.a.	1.3	1.7	1.7
Loans relative to equity	13.5	12.9	13.0
Equity/total assets (per cent.)	5.3	5.4	5.3
Common Equity Tier 1 Ratio (per cent.)	16.4	16.4	16.5
Core Tier 1 Capital Ratio (per cent.)	18.0	18.0	17.7
Capital Ratio (per cent.)	20.0	19.8	18.3
Number of full time employees, end of year	3,698	3,932	3,981

## Core business areas & strategic focus

The Jyske Bank Group is an advisory and relations banks, and a full-line supplier of financial products and other related products and services primarily in Denmark. Overall the Group's business model and strategy builds on rendering advice and delivering financial services that are simple, forward looking and responsible. Since Jyske Bank achieved national coverage in the 1980s, the Group's strategy has been to focus its business activities primarily on Danish retail clients and small and medium enterprises ("**SME**") via the retail and commercial banking activities and the strong Danish branch network. Clients are serviced via the extensive branch network as well as through digital platforms (internet banking solutions, mobile banking as well as advisory APPs).

The Jyske Bank Group's business model involves strategic sourcing of partnerships in key areas, including life insurance products through PFA Pension, insurance products from GF Forsikring A/S, mortgage products within agriculture through DLR Kredit A/S as well as payment cards via SEB. Mobile payment solutions are offered via MOBILEPAY, Apple Pay and Google Pay. Since 2011, the Jyske Bank Group has been a member of Foreningen Bankdata, which delivers essential parts of Jyske Bank's IT development and IT solutions, and Jyske Bank's IT operations have been performed at JN Data A/S since 2002.

Following the merger with Jyske Realkredit in 2014 the Group has focused on its three core business areas; banking activities, trading and investment activities incl. of asset management and international private banking and mortgage lending activities in Jyske Realkredit.

**Banking activities:** Jyske Bank's retail and commercial banking activities in Denmark focus primarily on Danish individuals, families, SMEs, as well as local and regional public institutions and state institutions. Customers are serviced via the nationwide branch network and via the Internet and mobile phone banking platforms. Jyske Bank offers a full range of financial services in connection with financial solutions, including leasing, financing and mortgage lending activities, partly via its own subsidiaries (Jyske Finans A/S and Jyske Realkredit) or via sourcing agreements with external strategic partners.

**Trading and investment activities incl. of asset management and international private banking:** Investment advice and asset management services, including trading in fixed-income products, foreign currency, bonds, shares, commodities and derivatives. The activities are based on client transactions and aimed at national and international investors, partly through the activities in Capital Markets in DK-Silkeborg, and partly through the Private Banking entity in Copenhagen.

**Jyske Realkredit mortgage lending activities:** Mortgage lending activities, specialising in owner-occupied homes, vacation homes, commercial properties, subsidised housing and joint funding. Mortgage products are distributed via Jyske Bank's retail branches, partners, and an online web-platform.

The Group has had strong strategic focus on financing of real property as the growth driver. The overall strategic vision of the Group is to become "*the preferred bank for the Danish homeowner*", and since the merger, the Group has successfully strengthened its overall market position in Denmark, primarily via extensive growth in home loan products to private individuals. Until mid- 2018, the Group's growth strategy focused on both the BRFkredit as well as the Jyske brand. In order to achieve the simplest possible set-up for clients and the most cost-efficient infrastructure and loan processing across all distribution channels within the Group, the growth strategy was however changed from a two-brand to a one-brand strategy during 2018. From August 2018, all personal and corporate clients have faced one brand and one product portfolio; "Jyske".

In 2017, the Group united and strengthened the client-oriented functions through the establishment of three new client units, Personal Clients, Corporate Clients and Private Banking. The Group will keep continued strategic focus on cost reductions, and the organisational changes implemented and the technological development support

the Group's on-going focus on the cost level. With 3,698 full time employees at the end of December 2018, the Group is back at a level that is even slightly below the pre-merger level at the end of 2013<sup>9</sup>.

Over the last few decades, the Group has built up considerable trading and investment activities based on client transactions and asset management via the unit Capital Markets, also servicing larger institutional and corporate clients. From 2018, management has decided that trading, investment and wealth management is intended to be turned into a significant area of focus for future growth supplementing the last five years strong focus on financing of real property as the dominant growth driver. The increased focus will, among other things, be based on the upgrade of the Groups capital market platform that is taking place in cooperation with Bankdata and the adjustment of investment products to MiFID II-compliant solutions that was carried out in 2017. The Group continuously focuses on the development of good solutions for both clients and the bank.

### **Jyske Bank Group risk management**

The Jyske Bank Group assumes financial risks within established limits and to the extent the risk-adjusted return contributes to the Jyske Bank Group's financial goal, but to the greatest possible extent the Jyske Bank Group attempts to minimise financial risks considering the related costs. Risk management is a key element in the Jyske Bank Group's daily operations and is anchored in the Jyske Bank Group Supervisory Board and the Jyske Bank Group Executive Board. The total risks are always adjusted to the Jyske Bank Group's risk profile and capital structure according to the Jyske Bank Group's capital management objective.

The largest financial risks related to the Jyske Bank Group's operations are credit risks which mainly arise from credit granting, market risks predominantly in the form of interest-rate risk and finally liquidity risk which arises as an integrated part of the banking activities, and the role of maturity transformation. In addition to these risks, the Jyske Bank Group's activities also involve counterparty risk related to trading of derivatives and operational and business risks driven by the general activities and operations of the Jyske Bank Group.

### **Risk management organisation**

The Jyske Bank Group Supervisory Board lays down the general principles for risk and capital management as well as for the Jyske Bank Group's risk profile, and implements these in the Jyske Bank Group by adopting a number of risk policies and instructions. Together with the Jyske Bank Group Executive Board, the Jyske Bank Group Supervisory Board is responsible for ensuring that the Jyske Bank Group has an organisational structure that will secure a distinct allocation of responsibility and include an appropriate separation of functions between development units, operating units and control units in the daily monitoring and management of the Jyske Bank Group's risks.

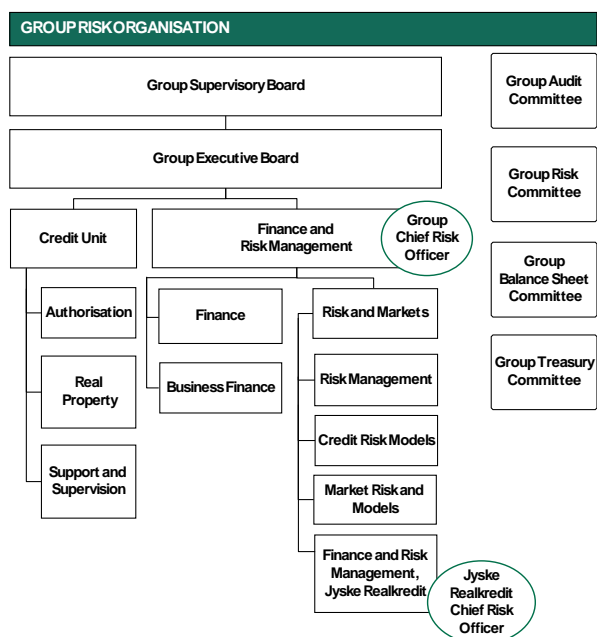
The Jyske Bank Group Executive Board is responsible for the day-to-day risk management of the Jyske Bank Group and will ensure that policies and instructions are operationalised and complied with. The Jyske Bank Group Executive Board has appointed a group chief risk officer, who is the director of the "Finance and Risk Management" unit. The responsibilities of the unit include activities involving risks across areas of risk and organisational units.

To achieve efficient risk management close to the mortgage-credit business, the Jyske Bank Group has appointed a risk officer at Jyske Realkredit. The risk officer and his employees form an integral part of the unit "Finance and Risk Management" to ensure that the group chief risk officer has a complete overview of the entire Jyske Bank Group's risks. The organisational structure of the Jyske Bank Group, ensures that the unit "Finance and Risk Management" is separated from the risk-taking units and remains independent of business-oriented activities.

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<sup>9</sup> Number of FTEs in 2013 was 3,774. As of end of 2014 the number of FTEs was 4,191.





## Risk committees

Several committees consider and process risk-related issues. Members of the Jyske Bank Group Audit Committee are appointed from the members of the Jyske Bank Group Supervisory Board. The committee checks whether the Jyske Bank Group's internal management and risk management systems function effectively. These tasks are carried out, amongst other things, through written and oral reporting to the committee as well as the committee's consideration of the relevant audit reports.

The Jyske Bank Group Risk Committee is a Jyske Bank Group Supervisory Board committee that carries out the preliminary consideration of risk-related issues before the final consideration by the Jyske Bank Group Supervisory Board at quarterly meetings. The main task of the monthly Jyske Bank Group Treasury Committee is to ensure that the Jyske Bank Group's actual market risk profile is in line with the assessment of market expectations and the intended risk profile. The Jyske Bank Group's liquidity risk profile, balance-sheet development and financial structure are assessed by the Jyske Bank Group Balance Sheet Committee, which at its quarterly meetings ensures a continuously adequate liquidity-risk profile and balance-sheet structure according to the general guidelines.

## Credit risk management

Both Jyske Bank and Jyske Realkredit are approved by the Danish FSA as advanced financial institutions under CRD IV and use Advanced Internal Ratings Based (AIRB) models for the calculation of the capital base requirements for credit risk.

## Credit policy and responsibility

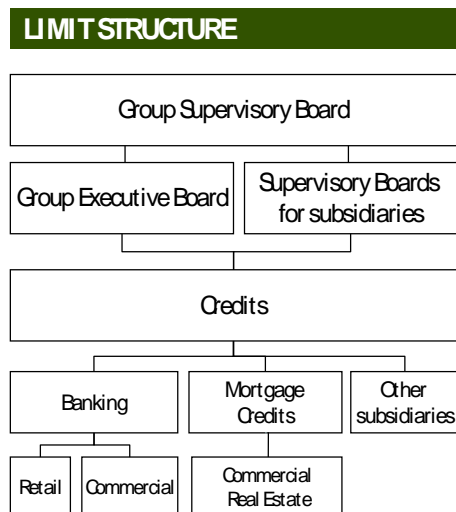
Jyske Bank's Group Supervisory Board lays down the overall guidelines for credit granting within the Jyske Bank Group, and the largest exposures are presented to the Jyske Bank Group Supervisory Board for approval. The Jyske Bank Group Supervisory Board delegates limits to the members of the Jyske Bank Group Executive Board.

Credit risk is managed through Jyske Bank's credit policy, of which the objective is to keep the Jyske Bank Group credit risk at an acceptable level in relation to the capital base and business volume of the Jyske Bank Group,

given the general trend in the Danish economy. Client transactions with the Jyske Bank Group must generate a satisfactory long-term return according to other Risk Adjustment Return on Capital (“**RAROC**”) principles. Specific credit policies have been formulated for all areas in which the Jyske Bank Group assumes credit risk, and credit risk levels and undesirable types of business have been identified. The policies are regularly adjusted to meet current requirements and adapted to the management tools available to account managers and the monitoring functions. Credit risk is managed on the basis of the Jyske Bank Group’s credit risk models.

## Limits and authorisation

Jyske Bank has a decentralised credit-authorisation process with a limit structure in line with the below hierarchy. For each level it is clearly stated which amounts, instances and segments are covered by the limit.



Day-to-day management of credit risk is undertaken by relationship managers as well as the Credit unit with due regard to credit policies and credit instructions. Limits are delegated to relationship managers individually on the basis of perceived competence and need. Decisions about applications over and above the limits delegated to relationship managers are made by the Credit unit. Credit-related decisions relating to the Credit unit’s limits are made by the Jyske Bank Group Executive Board for credit cases at Jyske Bank A/S, whereas the Supervisory Boards for the individual subsidiaries authorise cases involving clients of the subsidiaries.

## The credit process and monitoring

The basis of each authorisation of credit is the client’s ability to repay the loan. A central element in the assessment of the creditworthiness of corporate clients is their ability to service debt out of cash flows from operations in combination with their financial strength. In respect of personal clients, their debt servicing ability, as reflected in budgets and disposable income (before and after the raising of the loan), is decisive. The extent of data and analyses depend on the client’s financial situation and the complexity of the case and may therefore vary from case to case.

All the Jyske Bank Group’s credit risk positions are monitored by two departments, Risk Management and Credit Risk Supervision. Both departments are separate from client-oriented functions. The exposure of the Jyske Bank Group by size, sector and geographical area is monitored and analysed on an on-going basis with a view to reducing the risk associated with specific high-risk sectors and geographical areas and ensuring satisfactory diversification of the portfolio. Monitoring is executed by means of quantitative models at portfolio level – the credit quality of each branch is monitored, and selected large commitments are reviewed. Moreover, risk monitoring includes qualitative as well as quantitative control of data used in risk and RAROC calculations.

The Jyske Bank Group’s internal credit ratings and the mapped Jyske Realkredit ratings aim to assess the credit risk in a one-year perspective, while external ratings (Aaa - C) aim to assess the credit risk in a longer perspective.

If the credit rating calculated by the model is considered to be inadequate, independent credit experts may review the credit rating of corporate clients at the request of the relevant account manager.

### **Credit exposure**

Credit exposures are quantified by means of exposure at default (“**EAD**”). EAD reflects the exposure at default in the event of the client defaulting in the course of the next twelve months. A client’s overall EAD depends on client-specific factors and the specific products held by the client. For most product types, EAD is calculated on the basis of statistical models, while a few product types are based on expert models.

### **IFRS 9**

On 1 January 2018 IFRS 9 was implemented. Jyske Bank has chosen not to make use of the possibility of the EU’s 5-year transition period and therefore the full IFRS 9 transition effect was implemented on 1 January 2018. IFRS 9 implies earlier recognition of impairment charges on financial assets at amortised cost, provisions for losses on guarantees as well as unutilised credit lines. Already at the first recognition, impairment charges corresponding to a 12-month expected credit loss must be recognised. If, subsequently, the credit risk on the asset increases materially, the expected credit loss over the remaining life of the loan will be recognised. According to the new rules, financial assets must be divided into three categories/stages depending on any deterioration of the debtor's credit rating relative to the first recognition.

Stage 1: Assets without material deterioration in credit quality

Stage 2: Assets with significant deterioration in credit quality

Stage 3: Assets in default

The ranking in the various stages will affect the calculation method applied, and it is determined, among other things, on the basis of the change in the probability of default over the expected remaining life of the exposure. The expected future loss is calculated on the basis of the probability of default, the exposure at the time of default and the loss given default. The impairment models are based on the Jyske Bank Group's approved advanced risk management set-up, adjusted to IFRS 9 in a number of specific areas. The purpose of the adjustment is to ensure that input variables applied express a true and fair view comprising all available information and expectations of the future.

### **Collateral**

The provision of collateral is a material element in credit granting in order to limit credit risk and minimise the Jyske Bank Group’s future losses. The need to demand collateral will be considered for each exposure on its merits, but as a main rule, clients are required to provide full or partial collateral for their exposures. The Jyske Bank Group’s mortgage loans are always secured by mortgages on immovable property, and also in a large number of cases, guarantees are provided by third parties in connection with cooperation with other financial institutions. Collateral received is a main element of the Jyske Bank Group’s assessment of Loss Given Default (“**LGD**”). LGD is the part of the Jyske Bank Group’s total exposure to a client which the Jyske Bank Group expects to lose in the event of the client defaulting within the next twelve months. A client’s LGD depends on specific factors concerning the client, but also on the commitment and the collateral provided. Overall, LGD also depends on Jyske Bank’s ability to collect receivables and liquidate collateral.

### **Market risk management**

The Jyske Bank Group uses the standardised approach for calculation of the capital base requirements for market risk under the CRD IV.

Market risk is the risk that the Jyske Bank Group will incur losses arising from position-taking in the financial markets or from the general banking and mortgage banking operations. The dominant market risk component is interest rate risk, caused by changes in market interest rates. In addition, the Jyske Bank Group also faces exchange rate risk, equity risk and commodity risk caused by changes in exchange rates, equity prices or

commodity prices as well as volatility risk caused by changes in volatility levels. Every risk type has its own characteristics and is managed by means of individual risk measurements as well as through the Jyske Bank Group's Value-at-Risk model and supplemented by risk measurements developed in accordance with conventional option theory, i.e. by calculating the delta, gamma and vega risks of the positions.

Jyske Bank has three business areas that manage and are allowed to assume significant market risk. Strategic market risks are managed by Jyske Bank Group Treasury, and investments are in general based on macroeconomic principles and thus of a long-term nature. Jyske Markets and Jyske Realkredit manage short-term market risks as part of the servicing of clients daily trade volume with financial instruments and as part of clients' repayment and raising of mortgage loans. The Jyske Bank Group Supervisory Board lays down the market risk policy and relevant guidelines stating the Jyske Bank Group Supervisory Board's risk profile for the area of market risk. The policy is specified in a number of limits delegated to the Jyske Bank Group Executive Board. The limits are further limited before being delegated to the three heads of Jyske Markets, Jyske Bank Group Treasury and Jyske Realkredit, respectively. Operations in accordance with the respective limits are supported by detailed procedures. The Jyske Bank Group Treasury Committee follows market developments closely and is therefore able to adjust for any discrepancies between the Jyske Bank Group's actual risk profile and its desired risk profile.

All risk positions are monitored daily. The Jyske Bank Group Executive Board is notified immediately of any positions which exceed the pre-determined limits or are in conflict with the risk management policy. The Jyske Bank Group Supervisory Board and Internal Audit are notified immediately if positions exceed the overall authority of the Jyske Bank Group Executive Board. The development of the market risk exposure of the various units is reported monthly to the Jyske Bank Group Executive Board and the Jyske Bank Group Supervisory Board. Monitoring and reporting of market risk take place through a risk-management system which is developed by Jyske Bank and integrated with Jyske Bank's trading systems as well as other systems for the handling of Jyske Bank's regular banking and mortgage operations.

## **Operational Risk Management**

The Jyske Bank Group uses the standardised approach for calculation of the capital base requirements for operational risk under the CRD IV.

Operational risk relates to all internal processes such as the risk of Jyske Bank being exposed to potential losses as a result of inexpedient processes, human errors, IT errors as well as fraud. Operational risk can therefore not be eliminated, yet attempts are made to minimise this risk. The Jyske Bank Group monitors and actively manages operational risk to reduce the risk of operational events resulting in material loss and damage to reputation. Jyske Bank's Group Supervisory Board sets out a policy for operational risk, which states the framework for identification, assessment, monitoring and management of the operational risk as well as the Jyske Bank Group Supervisory Board's risk profile for the area. The purpose of the policy is to keep operational risks at an acceptable level in respect of the Jyske Bank Group's overall objectives and the cost associated with reducing the risks.

Developments in operational risk are monitored to ensure the best possible basis for risk management. Monitoring is based on continuous dialogue with management to ensure that all the material operational risks of the Jyske Bank Group are reflected in the risk scenarios. Risk scenarios, risk exposure and control environment are evaluated annually in cooperation with the business units.

The Group Executive Board and the relevant business unit directors are in charge of operational risk management. This management is an integral part of daily operations through policies and controls established with the purpose of securing the best possible processing environment. On the basis of scenario analysis and quarterly reporting of the Group's operational risks, management considers the Group's risk exposure on an ongoing basis and decides whether to introduce initiatives to reduce operational risks.

The Group Executive Board and the Group Supervisory Board receive a quarterly report that describes the development of the Group's operational risks accompanied by error statistics from the error registry. The number and development of large risks in the Group are also reported.

### **Liquidity risk management & funding structure**

Liquidity risk occurs due to funding mismatch in the balance sheet. The Jyske Bank Group's liquidity risk can primarily be attributed to its bank lending activities as the Jyske Bank Group's bank loan portfolio has a longer contractual duration than its average funding sources. The liquidity risk at Jyske Realkredit is very limited as the liquidity flow at Jyske Realkredit takes place predominantly in a closed circuit linked to the balance principle and the statutory protection of SDOs.

### **Objective and overall setup**

The Jyske Bank Group Supervisory Board determines the liquidity profile expressed as the balance between the risk level and the Jyske Bank Group's costs of managing liquidity risk. The risk levels are re-assessed on an on-going basis in consideration of the current market-related and economic conditions in Denmark and the financial sector. The overall development in lending and deposits in the Danish banking sector, the rating agencies' assessment of the Jyske Bank Group's liquidity and funding risks as well as changes in statutory requirements will of course cause a reassessment of which risk levels can be deemed satisfactory. Jyske Bank's liquidity management must ensure adequate short and long-term liquidity so the Jyske Bank Group can in due time honour its payment obligations by having reasonable funding costs.

### **Organisation, management and monitoring**

The Group Supervisory Board has adopted a liquidity policy, which defines a specific critical survival horizon for the Group during an adverse stress scenario. Based on these general limits, the Group Executive Board has defined specific operational limits for Jyske Markets as well as Group Treasury, which monitor and manage liquidity on a daily basis in accordance with the limits and liquidity policies adopted. Group liquidity management is conducted in Group Treasury in Jyske Bank A/S.

Jyske Realkredit is subject to liquidity-related restrictions in respect of investment profile in the securities portfolio, repo borrowing as well as money-market placements outside the Group to ensure that transactions of Jyske Realkredit are in line with statutory requirements as well as the internal guidelines at Jyske Realkredit and at Group level.

Liquidity positions are monitored daily by Market Risk & Models for observance of the delegated limits. Liquidity positions that exceed the authorised limits are reported immediately according to the business procedure relating to market risks.

The Group's responsibility for issuing bonds in the capital market is centralized in Group Treasury. When necessary liquidity or capital can be distributed from Jyske Bank A/S to Jyske Realkredit and other financial subsidiaries. As a mortgage credit institution, Jyske Realkredit must comply with mandatory overcollateralisation within the scope of the privileged position of covered bond investors in a bankruptcy scenario. In a scenario with declining house prices, Jyske Realkredit may need to have liquidity injected into its capital centres from Jyske Bank to fund supplementary collateral and to ensure the capital centres' compliance with S&P's over-collateralisation requirements (OC requirements).

### **Group Liquidity flows**

#### **Short-term liquidity management**

Short-term operational liquidity is managed by Jyske Markets, which is active in the international money markets as a trader in all major currencies and related derivatives and as a market-maker in the Nordic inter-bank money

markets. Jyske Markets has been granted specific limits for the maximum placement of longer-term deposits in the same markets. Short-term funding in these markets form part of the overall Group limits for short-term funding within strategic liquidity management.

### **Strategic liquidity management**

Strategic liquidity is managed by Group Treasury based on measurement of the Group's liquidity position in various stress scenarios. The asset side of the liquidity balance is broken down and grouped in order of liquidity, whereas the financial liabilities are grouped according to expected run-off risk in various scenarios. The analyses apply scenario-specific expectations of client behaviour in those cases where contractual maturities are considered not to give a true and fair view of the actual maturities of deposits or loans. In relevant stress scenarios, the liquidity buffer is used to cover negative payment gaps. All scenarios assume, as a minimum failure, to obtain refinancing in the capital markets through inter-bank loans, commercial paper ("CP") and euro medium term note ("EMTN") issues (preferred senior non-preferred senior notes as well as Tier 2 notes).

Group Treasury is responsible for ensuring that the Group can at all times meet the critical survival horizons in the three scenarios used in strategic management:

Scenario 1 is a severe Jyske Bank Group-specific stress scenario which is monitored daily and is included as the key ratio in the limit structure of delegated authority with a short critical survival horizon of 90 days: the Jyske Bank Group must be able to withstand run-off of all large demand and term deposits from the corporate and retail client segments in addition to being cut-off from refinancing in the capital markets.

Scenario 2 is a broad general capital and money-market sector crisis stress scenario which is monitored on a regular basis as part of the internal liquidity management with a target survival horizon of six months: in addition to not being able to re-finance on the capital markets, the Jyske Bank Group must be able to withstand drawdowns by large corporate customers of unutilised lines and commitments, while at the same time facing stagnation in deposit growth.

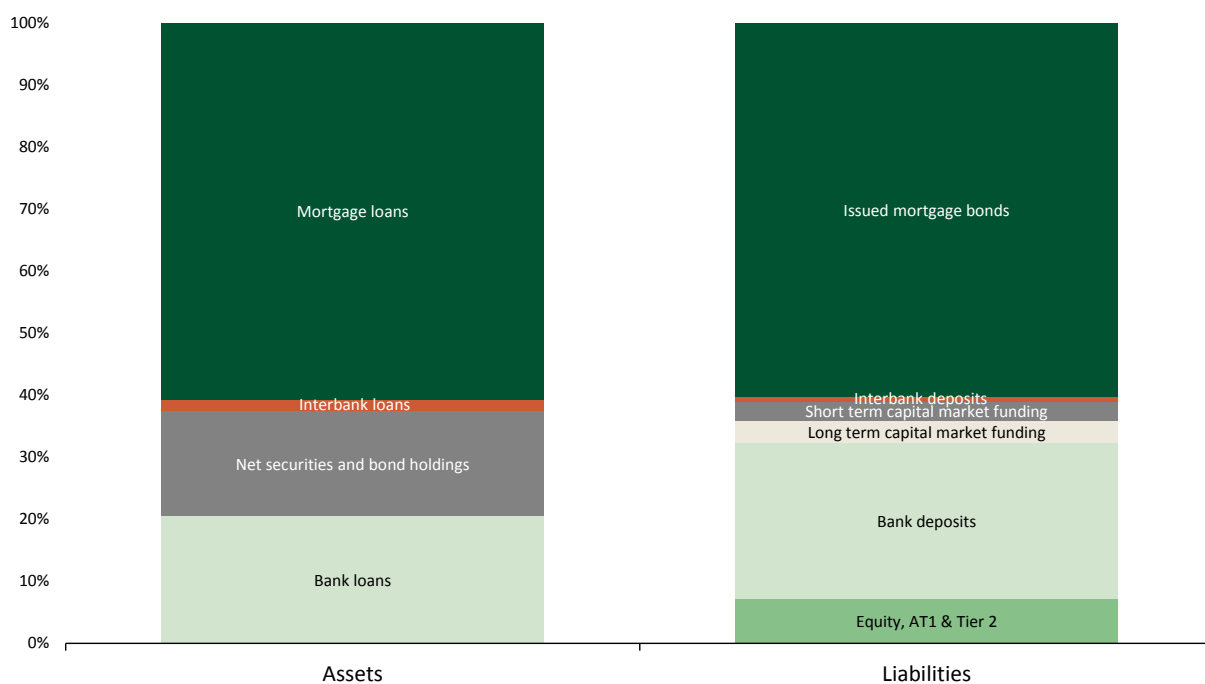
Scenario 3 is a pure "no access to capital markets funding" stress scenario which is monitored on a regular basis as part of the internal liquidity management and has a survival horizon of at least one year. Currently based on the state of the Danish economy, an unchanged volume of deposits as well as loans and advances is presumed.

### **Liquidity contingency plan**

The liquidity contingency plan comes into force if the Jyske Bank Group can only meet the internally delegated limits at very high costs or is ultimately unable to do so within the critical horizons. The contingency plan stipulates a detailed set of management reports, and it determines a broad range of initiatives that can be used to strengthen the Jyske Bank Group's liquidity position.

### **Group funding structure**

From the perspective of liquidity risk, Jyske Bank's overall balance sheet structure as per end of December 2018 is reflected in the following chart. The chart shows how Jyske Realkredit's mortgage activities are reflected in the Group balance sheet in the form of mortgage loans funded by issued covered bonds.



\*) Excl. deposits related to investment pools (3,8bn), assets in investment pools (3,7bn) and a total of 1,5bn of other assets and liabilities.

In addition to mortgage bonds, the Group's primary source of funding is deposits from clients, and it has a sound and well-diversified client deposit base.

### The Group's liquidity buffer

Jyske Bank's liquidity buffer consists solely of assets which are not pledged as collateral or used in the day-to-day operations of the Group. Such assets may be sold immediately or pledged as collateral for loans and are therefore a swift and efficient source of liquidity. The procurement of secured funding does not depend on Jyske Bank's creditworthiness, but solely on the quality of the assets that can be offered as collateral. The measurement of the Group's liquidity buffer takes into account haircuts of the relevant assets.

Jyske Bank's holding of securities is divided into three groups in the internal liquidity management in order of liquidity:

- 1) **Ultra-liquid assets (intra-day liquidity)**  
Assets placed with the Danish Central Bank or the ECB with intra-day liquidity effect: Cash deposits at the ECB or the Danish Central Bank, certificates of deposit with the Danish Central Bank.
- 2) **Very liquid assets (central bank eligible)**  
Assets eligible for borrowing transactions in the Danish Central Bank or the ECB: Danish government and mortgage bonds and covered bonds, European covered bonds, RMBS and government bonds.
- 3) **Non-central bank eligible assets (not eligible at central banks):** Other negotiable securities with a longer realisation time frame. Securities in this group consist primarily of assets denominated in currencies other than DKK and EUR as well as Emerging Market bonds, corporate and structured bonds and equities.

Jyske Bank has adopted a general policy for the size and quality of its liquidity buffer, which is adjusted to suit the Group's balance sheet composition and risk profile. In practice, the liquidity buffer policy implies that the liquidity buffer consists predominantly of assets from liquidity group 1 and 2.

### Capital markets and funding activities

Maintaining a diversified investor base ensures strong access to the international capital markets which is of high strategic importance to the Group to manage the Groups long-term liquidity risk profile. The objective is met

partly through ongoing debt IR activities as well as via bond issuance activities. All mortgage loans are funded by Jyske Realkredit. As at the date of this Prospectus, Jyske Realkredit has issued 5 EUR covered benchmark bonds in addition to the substantial activities in the Danish covered bond market where Jyske Realkredit issues Danish mortgage bonds in DKK on a daily basis. Jyske Bank issues preferred and non-preferred senior bonds as well as Tier 2 notes under an EMTN programme and is an active issuer of CP 1 as under the Group's French CP program. At end- December 2018, senior debt issued under the EMTN programme amounted to DKK 19.6 billion against DKK 15.8 billion at end-2017. Outstanding issues of subordinated Tier 2 notes amounted to DKK 3.3 billion compared to DKK 3.3 billion at end-2017.

At end-December 2018, outstanding bonds under the CP programme amounted to DKK 15.4 billion (EUR 2.1 billion) against DKK 16 billion (EUR 2.2 billion) at end-2017.

### **Group refinancing risk**

Refinancing risk is the risk of a financial institution not being able to refinance maturing deposits, senior debt, covered bonds or other liabilities, or the risk that the refinancing cost will be so high that it will adversely affect net interest income.

The refinancing risk of deposits and senior unsecured funding at Jyske Bank is addressed, monitored and managed via the Group's internal limits and the integration of stress scenarios in daily liquidity risk management. The Group's refinancing risk measured by volume is dominated by Jyske Realkredit's mortgage bonds. Jyske Realkredit is a major issuer in the Danish market for SDOs and has a high dependency on secured capital market funding on a covered bond basis. The refinancing risk from mortgage activities has remained moderate during 2017 and 2018 following a significant reduction during 2016, ensuring Group compliance with the (expected) NSFR as well as the Danish FSA's supervisory diamond. Long fixed rate convertible SDOs have no refinancing risk. The proportion of SDOs with refinancing risk amounts to DKK 216 billion as of end of December 2018.

### **Liquidity risk legislation and supervisory diamond**

The critical survival horizon for the Group's stress scenario 1 remains a key short term limit and part of overall liquidity risk management, but since 2017 an adjusted version of the LCR on a daily basis has also been part of the limit structure to achieve unambiguousness in the monitoring and in the limits set.

As of end-December 2018, the Group's LCR was 219 per cent. (compared to 189 per cent. as of end-2017).

Currently the Group's minimum target for the LCR is a Group LCR of 150 per cent., with some flexibility regarding the actual composition of the buffer. The primary focus in the management of the Group's LCR buffer is on the total amount of LCR eligible Level 1 and Level 2 assets whereas the split between Level 1a and other eligible LCR assets is of secondary importance as far as overall compliance is achieved.

As a Danish O-SII, Jyske Bank must comply with a modified LCR requirement in EUR. The modification consists of three essential elements:

- 1) There is no cap on the amount of EUR Level 1b and Level 2 assets.
- 2) There is no limit to the recognition of inflow from derivatives in EUR.
- 3) There is no requirement to keep EUR reserves for potential cash outflow from derivatives.

Jyske Bank is fully compliant with a substantial buffer to the 100 per cent. requirement as of end-2018 as well as of end of December 2017.

From 30 June 2018, the Group must comply with the Danish Financial Supervisory Authority's new liquidity ratio, in the supervisory diamond. The ratio is a simplified version of LCR. The liquidity reserve has no minimum requirement for the proportion of 1a assets and holdings of own SDOs are included, but the survival horizon is extended to 90 days. At the end of December 2018, the Group's ratio could be calculated at 170.8 per cent. compared to 145.5 per cent. as of end of 2017.

The Net Stable Funding Ratio will be a statutory requirement pursuant to CRR2. In the first draft of the NSFR from the EU Commission late 2016, Danish mortgage bonds governed by the "extension trigger" are recognised



as “closely related to the loans” which means that NSFR compliance at Jyske Realkredit will be easier to achieve. At group level, Jyske Bank was fully NSFR compliant with the current tougher Basel guidelines throughout 2017. The Group NSFR as of end-December 2018 was 103.1 per cent. (compared to 103.6 per cent. end of 2017).

### **Capital management and requirements**

The objective of capital management is to optimise the Jyske Bank Group’s capital structure given the adopted risk profile, and to maintain a solvency ratio sufficient for the Jyske Bank Group to continue its lending activities during a period of difficult business conditions.

The capital adequacy is assessed on the basis of both internal and statutory capital base requirements. The Group must fulfil the minimum regulatory capital base requirements which are set according to the risk types of credit, market and operational risk. Furthermore the Group must fulfil the individual solvency requirement, the “Pillar II” requirement<sup>10</sup>. The Pillar II requirement for the Group is determined as the higher of the requirements based on the Group’s internally calculated adequate capital base (according to the Internal Capital Adequacy Assessment Process (“ICAAP”)) and the adequate capital base according to the Danish FSA’s 8+ method as well as statutory limits.

The CRR has implied the phasing in of increasing capital requirements that are fully phased in by 2019. By 2019 the capital requirement will include a 2.5 per cent. capital conservation buffer.

In 2018, Jyske Bank was again confirmed to be a systemically important financial institution (and confirmed by the EBA to be an O-SII), which entails the gradual phasing in of a 1.5 per cent. SIFI supplement by 2019 to the capital base requirement that reflects the Jyske Bank Group’s systemic importance.

The Danish Minister for Industry, Business and Financial Affairs set the countercyclical capital buffer at 0 per cent. for 2016, 2017 and 2018. From March 2019, however, a countercyclical buffer requirement of 0.5 per cent. has applied in Denmark. On 25 September 2018, following the recommendation from the Danish Systemic Risk Council, the Danish Minister for Industry, Business and Financial Affairs decided to increase the countercyclical capital buffer rate in Denmark from 0.5 per cent. to 1 per cent. from 30 September 2019. On 26 March 2019, the Systemic Risk Council recommended that the Minister for Industry, Business and Financial Affairs increase the countercyclical capital buffer from 1.0 per cent. to 1.5 per cent. from 30 June 2020.

At the end of December 2018, the Group determined an individual solvency requirement of 10.8 per cent., representing a Pillar II requirement of 2.8 per cent. (10.8 per cent. – 8 per cent. minimum Pillar I requirement) equalling the solvency requirement according to the method of internal calculation (ICAAP) of 13.9 per cent after the add on of 1.20 per cent. from the gradual phasing in of the institution specific SIFI buffer and as well as 1.9 per cent. add on of the capital conservation buffer.

### **Capital management objectives and capital structure**

Jyske Bank's long-term capital management objective after the implementation of the new Basel IV recommendations is a capital ratio of 17.5 per cent. and a Common Equity Tier 1 capital ratio of 14 per cent. At these levels, Jyske Bank will have a safe distance to the statutory capital base requirements and will at the same time have the required strategic scope in respect of its capital structure.

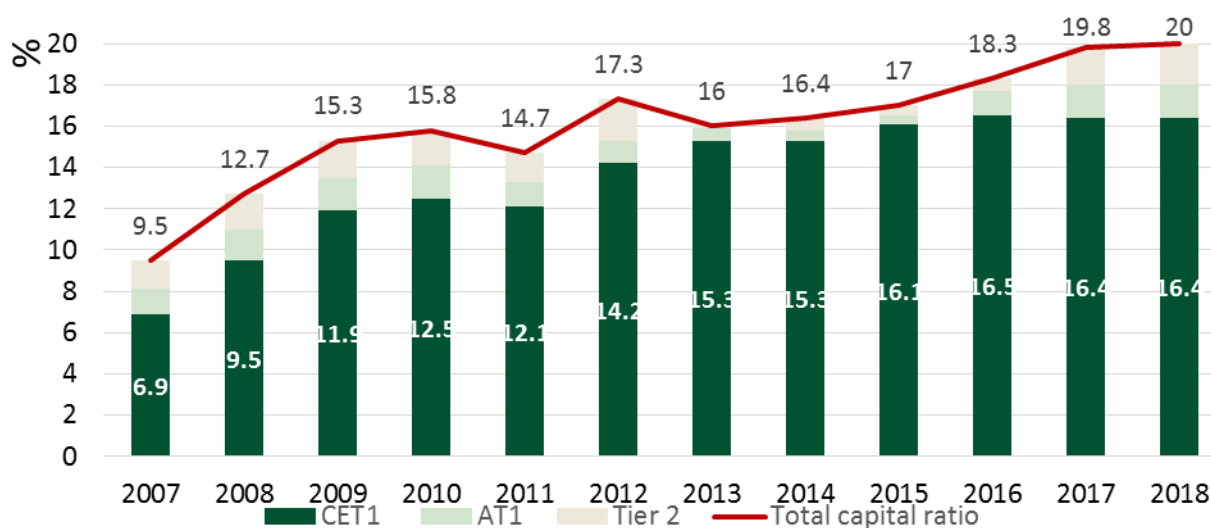
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<sup>10</sup> To follow the EBA definition, in the Pillar II at least 56 per cent. (4.5/8) must be covered by CET1, but 19 per cent. (1.5/8) can be Additional Tier 1 Capital and 25 per cent. (2/8) can be Tier 2.

At end December 2018, the Group more than met both targets due to its capital ratio of 20.0 per cent. and a CET1 ratio of 16.4 per cent. compared to 19.8 per cent. and 16.4 per cent., respectively, at the end of 2017.

<b>JYSKE BANK GROUP CAPITAL STRUCTURE</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Common equity Tier 1 capital ratio (CET1)</b>	<b>16.4%</b>	<b>16.4%</b>	<b>16.5%</b>
Additional Tier 1 capital (AT1)	1.6%	1.6%	1.2%
<b>Core Tier 1 capital ratio</b>	<b>18.0%</b>	<b>18.0%</b>	<b>17.7%</b>
Tier 2	2.0%	1.8%	0.6%
<b>Total capital ratio</b>	<b>20.0%</b>	<b>19.8%</b>	<b>18.3%</b>
Pillar I min. solvency requirement	8.0%	8.0%	8.0%
Pillar II (Individual solvency requirement - 8 %)	2.8%	2.2%	2.0%
SIFI buffer requirement	1.2%	0.9%	0.6%
Capital conservation buffer	1.9%	1.3%	0.6%
<b>Total capital requirement</b>	<b>13.9%</b>	<b>12.4%</b>	<b>11.3%</b>
Capital buffer	6.1%	7.4%	7.0%
<b>Core equity Tier 1 (CET1) capital buffer</b>	<b>2.5%</b>	<b>4.0%</b>	<b>5.2%</b>

As seen below, Jyske Bank has strengthened its capital ratios significantly since 2007, via positive consolidation and issuance of Tier 2 and AT1 capital during 2016-2017.



During the third quarter of 2015 a capital redistribution process was initiated. Since the third quarter of 2015 the following steps have been taken:

- Share buy-back programmes of DKK 4.75 billion in total (Nov 2015-June 2019)
- Dividends of DKK 2.5 billion in total (March 2016-July 2018)

Jyske Bank will payout - in the form of dividends and share repurchases – capital amounts not needed to sustain business strategy and growth or to underpin the S&P rating.

The capital ratio as per end December 2018 is close to meeting the long-term objectives after the assessed effect of the revised Basel IV recommendations that are to be gradually implemented from 1 January 2022. On the basis of the Basel IV recommendations published in December 2017, Jyske Bank assesses a negative effect on the capital ratios of up to 3 per cent. when the revised Basel IV recommendations have been fully phased in by 2027.

Maintenance of a “strong” S&P RAC ratio remains a cornerstone and the Group aims to ensure a risk-adjusted capital ratio (“**RAC**”) determined by S&P at the level of 10.5 per cent. in order to maintain the score 'strong' in the category 'capital and earnings'. At the end of December 2018, the S&P RAC ratio was 10.3 per cent..

As part of the adaptation of the capital structure to the long-term targets, Jyske Bank reinitiated issuance of subordinated debt instruments in 2016. In May 2016 Jyske Bank issued the first subordinated debt in 10 years – a Tier 2 of SEK 1 billion (10NC5). The Tier 2 bond was followed by issuance of Additional Tier 1 capital equivalent of DKK 1.5 billion (perpNC5) in September 2016. In, April 2017, a EUR 300 million subordinated Tier 2 bond (12NC7) was issued, followed by a EUR 150 million perpNC10 AT1 in September 2017.

At the end of December 2018, subordinated debt and Additional tier 1 capital instruments of DKK 6.7 billion had been issued corresponding to 3.6 per cent. of the total weighted risk exposure.

As of the end of December 2018, Available Distributable Items (ADI) of Jyske Bank A/S represents DKK 24,591 million out of total equity of DKK 31,786 million.

The below table illustrates the MDA “trigger” point being the Pillar I CET1 requirements inclusive of the combined buffers based on the actual capital requirements as of end of 2016, 2017 and 2018 as well as the expected distance to the MDA “trigger” point based on the fully implemented combined buffers by 30 September 2019.

MDA and MDA buffer	2019*	2018	2017	2016
<b>Based on actual requirements of the period</b>				
Maximum Distributable Amount (MDA) "trigger" point	9.5%	7.6%	6.7%	5.7%
Buffer to MDA Restrictions	6.9%	8.8%	9.7%	10.8%

*\*) Estimate based on fully implemented combined buffers (2.5 % capital conservation, 1.5 % SIFI and 1 % countercyclical) by 30 September 2019*

## Overview loss absorption capital, MREL and debt buffer requirements

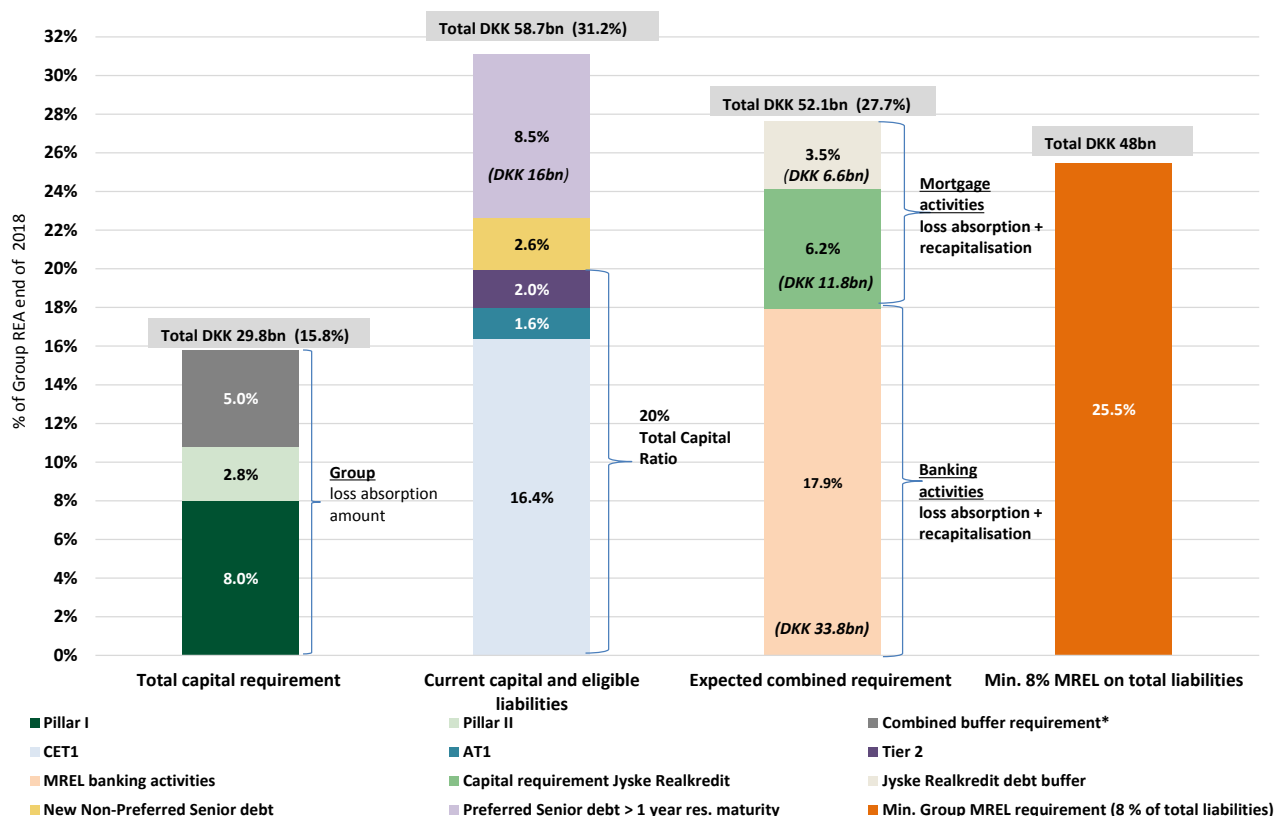
In the autumn of 2017, the Danish FSA announced (which was confirmed in the Danish FSA’s decision from March 2018 on the Group’s MREL requirement) that senior unsecured debt (now referred to as senior preferred debt) issued before 1 January 2018 can be included in the Group’s MREL from the entering into force of the MREL requirement on 1 July 2019 until 1 January 2022 ("grandfathering").

The Danish FSA requires that the Group must meet the MREL requirement with contractually subordinated debt (senior non-preferred) from 1 January 2022.

As part of the Danish BRRD framework, mortgage credit institutions are required to establish a debt buffer equal to 2 per cent. of their total unweighted lending to facilitate a more flexible resolution process. The debt buffer requirement will gradually be implemented from 2016 until 2020, with 60 per cent. in 2017, 80 per cent. in 2018, 90 per cent. in 2019 and the full 100 per cent. in 2020, representing 2 per cent. of total unweighted lending. Jyske Realkredit fully complies with the debt buffer requirement based on its high capitalisation and Jyske Realkredit will at any given time have adequate access to capital and funding to fulfil the debt buffer requirement.

A new debt buffer requirement for Danish SIFI mortgage institutions was introduced on 1 July 2018. The new requirement states that in addition to the debt buffer requirement of 2 per cent. of total unweighted lending, the sum of the capital requirement, debt buffer requirement and bail-inable liabilities of the financial group to which the mortgage institution belongs must also be above 8 per cent. of the group’s total liabilities.

The below graph provides an overview of the Group’s statutory capital requirements (loss-absorption capital) the MREL requirement, debt buffer requirement and the effect of the requirement of min. 8 per cent. of total Group liabilities. All components have been translated to a per cent. of end of 2018 REA. Furthermore the graph is based on a fully phased in SIFI buffer (1.5 per cent.), capital conservation buffer (2.5 per cent.), countercyclical buffer (1.0 per cent.) and the full 2 per cent. debt buffer requirement in Jyske Realkredit.



\*) The Systemic Risk Council has recommended that the countercyclical buffer increases to 1.5 per cent. on 30 June 2020.

As illustrated in the graph, the Group already fulfills both requirements. Over the years 2019-2021, the Group plans to continue the gradual replacement of the current stack of preferred senior debt with the new non-preferred senior debt in order to maintain compliance with the MREL requirement as well as the combined 8 per cent. requirement after 2021. The Groups expects to issue a total of EUR 2.5 billion in non-preferred senior debt before the end of 2021. As of end of 2018 a total of EUR 570 million has been issued.

## Leverage ratio

The CRR introduces the leverage ratio, which is a risk-neutral measure for the maximum extent of the balance-sheet leverage (see “*Legislative and Regulatory Review*” and the risk factor “*Additional capital buffer requirements*” above). The Jyske Bank Group Supervisory Board has adopted a policy for maximum leverage, splitting the Jyske Bank Group’s balance sheet into two sub-portfolios as it is assessed that the Jyske Bank Group’s banking and mortgage activities have different adequate leverage levels. The banking activities of the Jyske Bank Group involve a higher risk in respect of liquidity and capital than do the Jyske Bank Group’s mortgage activities, and therefore a higher acceptable leverage is applied to the mortgage activities than to the banking activities. Jyske Bank monitors the leverage with a view to avoiding excessive leverage risk. The development of the leverage ratio is determined monthly and any adjusting actions are discussed with due regard to the Jyske Bank Group’s strategy and capital structure. The development of the levels of leverage in the Jyske Bank Group is reported on a quarterly basis to the Jyske Bank Group Supervisory Board and the Jyske Bank Group Risk Committee.

At end of December 2018, the leverage ratio for the Jyske Bank Group was 5.3 per cent.

## Jyske Bank Group recovery plan

The BRRD requires banks to draw up recovery plans which should be used in the unlikely event that the bank encounters serious financial trouble. Jyske Bank submitted its initial recovery plan to the Danish FSA in the summer of 2015. In spring 2016, the Danish FSA confirmed Jyske Bank’s recovery plan, which is designed to

facilitate the continuity of the Jyske Bank Group's critical business processes in the event of significant financial stress. The recovery plan is updated annually and contains a number of recovery options that can be undertaken. These have been tested against different stress scenarios to ensure that the Jyske Bank Group is able to recover under different circumstances.

The recovery plan includes recovery indicators, which are quantitative and qualitative indicators that monitor the development in capital, liquidity, profitability and asset quality of the Jyske Bank Group and in relevant macro-economic and market-based indicators. The indicators serve as potential warnings to allow early identification of adverse developments in the Jyske Bank Group. As an integrated part of risk management of the Jyske Bank Group, the indicators are monitored and reported quarterly to the Jyske Bank Group Supervisory Board, the Jyske Bank Group Executive Board and the Jyske Bank Group Risk Committee, who will consider and act upon adverse developments.

The recovery plan contains a detailed mapping of business lines, departments and functions within the Jyske Bank Group which enables the Danish FSA to get a complete picture of all the activities within Jyske Bank.

### Jyske Bank Group credit ratings

Jyske Bank's credit ratings are material to the price of funding and capital as well as to the funding flexibility in the form of access to a broad investor base for both longer dated preferred and non-preferred senior debt, the issuance of short dated commercial paper and the access to subordinated Tier 2 capital as well as Additional Tier 1 capital such as the Notes. It is therefore a high priority of the Jyske Bank Group that its issuer credit rating is on a high and competitive level.

The Jyske Bank Group is rated by S&P. Jyske Banks issuer rating has been A- with a stable outlook since 2011. Jyske Realkredit has the same rating as Jyske Bank.

Based on the Group's expected issuance of EUR 2.5 billion of ALAC before the end of 2021, Jyske Bank's issuer rating of A-/A-2 was granted a positive outlook by S&P in April 2018.

The rating of Jyske Bank's NPS debt is BBB+, subordinated Tier 2 capital is rated BBB, and the rating of Additional Tier 1 capital (AT1) such as the Notes is BB+ as the NPS, Tier 2 rating and the AT1 are notched down by one, two and four notches, respectively from the Group's SACP.

During 2018 S&P affirmed their stable outlook on Jyske Banks SACP. The S&P rating reflects that S&P expects that the Group can maintain a RAC above 10 per cent. over the next two years. The rating is supported by S&P's recognition of the flexibility in the Group's capital adjustment policy. S&P considers Jyske Bank to have great flexibility to reduce dividends and share buybacks if it will be necessary to support the Group's rating. In addition, the rating reflects that S&P recognizes the Group's efforts to improve long-term stability of earnings through successful growth in the bank's mortgage products, resulting in an increased diversification in the loan portfolio and a general reduction of the risk profile. Covered bonds issued from Jyske Realkredit's Capital Centre E (SDO), are rated AAA. It is a key objective of the Group to maintain S&P's AAA rating for Jyske Realkredit's capital centres. The Jyske Bank Group's S&P ratings as at the date of this Prospectus are as follows:

Standard & Poor's ratings				
Jyske Bank issuer rating profile	rating	outlook	Jyske Realkredit/BRFkredit ratings of mortgage bonds	
Stand Alone Credit Profile (SACP)	A-	stable	CRD-compliant covered bonds from	AAA
Short term unsecured rating (senior preferred)	A-2	positive	Capital Center E	
Long-term unsecured rating (senior preferred)	A-	positive		
Long term senior non preferred (SNP)	BBB+	stable	UCITS-compliant mortgage bonds from	AAA
Tier 2	BBB	stable	Capital Center B and the General Capital	
Additional Tier 1 (AT1)	BB+	stable	Center	

## **Legal and arbitration proceedings**

The Jyske Bank Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Jyske Bank Group is and may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. Such disputes and legal proceedings are subject to many uncertainties, and other outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation.

The Jyske Bank Group is a party to a number of legal disputes arising from its business activities. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, the Jyske Bank Group arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation.

As at the date of this Prospectus there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the past 12 months, significant effects on the financial position or profitability of the Issuer and/or the Jyske Bank Group.

## Consolidated companies in the Jyske Bank Group as at end of December 2018

### Consolidated companies in the Jyske Bank Group as at end of December 2018

The following table sets out details of the consolidated companies in the Jyske Bank Group as at 31 December 2018.

	Currency	Share capital	Equity as of 31 December 2018	Ownership Share
		(thousands)	(DKK millions)	%
Jyske Bank A/S	DKK	849,450	34,332	—
<b>Consolidated subsidiaries:</b>				
Jyske Realkredit A/S, Kgs. Lyngby	DKK	4,306,480	17,744	100
Jyske Bank (Gibraltar) Ltd	GBP	26,500	629	100
Jyske Bank (Gibraltar) Nominees Ltd	GBP	-	-	100
Jyske Bank (Gibraltar) Management Ltd	GBP	-	-	100
Jyske Bank (Gibraltar) Secretaries Ltd	GBP	-	-	100
Trendsetter, S.L., Spain	EUR	706	17	100
Jyske Bank Nominees Ltd., London	GBP	-	-	100
Immobiliaria Saroesma S.L., Spain	EUR	803	-2	100
Jyske Finans A/S, Silkeborg	DKK	100,000	1,312	100
Ejendomsselskabet af 1.11.2017 A/S, Silkeborg	DKK	500	-	100
Gf. Skovridergaard A/S, Silkeborg	DKK	500	4	100
Sundbyvesterhus A/S, Silkeborg	DKK	518	86	100
Ejendomsselskabet af 1.10.2015 ApS, Silkeborg	DKK	500	2	100
Jyske Invest Fund Management, Silkeborg	DKK	76,000	300	100
Bytorv Horsens ApS, Gentofte (temporarily acquired)	DKK	1,080	-170	100

## Management as per end of December 2018

### The Supervisory Board of Jyske Bank A/S

Set out below is a list of the current members of the Supervisory Board of Jyske Bank and their principal positions outside the Jyske Bank Group as at the date of this Prospectus:

Sven Buhrkall, Consultant, Fanø, Chairman

- Board member of H.P. Therkelsen A/S, Padborg
- Board member, Hirtshals Havn, (foundation/independent institution)
- Chairman of the supervisory board, Fonden for H.K. Samuelson Shipping og International Spedition, Sønderborg, and on the board of two fully owned subsidiaries
- Board member, Generalkonsulinde Anna Hedorf og generalkonsul Frode Hedorfs Fond, Vallensbæk, and chairman of the supervisory board of a fully owned subsidiary
- Board member, FDE Fonden
- Director of Sven Buhrkall Consulting

Kurt Bligaard Pedersen, Director, London, deputy chairman

- Board member, BRFfonden and on the board of a fully owned subsidiary
- Board member, Noordgastransport B.V., the Netherlands
- General manager and board member, Gazprom Marketing & Trading Retail Ltd., Great Britain

Rina Asmussen, Consultant, Klampenborg

- Board member, PFA Invest

- Board member and Deputy Chairman, BRFfonden, and on the board of a fully owned subsidiary
- Board member, HUMAN UNIVERZ Partner byHeart Aps
- Director, RA-Consulting

Philip Baruch, Attorney-at-Law, Charlottenlund

- Chairman of the supervisory board, Zimmer Group A/S
- Chairman of the supervisory board, Ottensten A/S
- Chairman of the supervisory board, Seniorshop Aps
- Board member, Melitek A/S

Jens A. Borup, Fishing Vessel Master, Skagen

- Board member/chairman, FF Skagen-gruppen including
  - Board member, FF Skagen Fond
  - Chairman of the supervisory board, FF Skagen A/S, and also on the board of two fully owned subsidiaries
  - Chairman of the supervisory board, Scandic Pelagic A/S
  - Board member, Scandic Pelagic AB, Sweden, and on the board of two fully owned subsidiaries
  - Managing director of Hirtshals Tanklager ApS, FF Handelsafdeling ApS and H.F. Industrifiskehandel Aps
- Managing director, Starholm Holding ApS, Skagen

Keld Norup, Attorney-at-Law, Vejle

- Chairman of the supervisory board/board member, Holmskov-gruppen, Vejle including
  - Chairman of the supervisory board, Holmskov & Co. A/S
  - Chairman of the supervisory board, Holmskov Finans A/S
  - Chairman of the supervisory board, Holmskov Invest A/S
  - Board member, H & P Frugtimport A/S
- Chairman of the supervisory board, Clausen-gruppen, Vejle including
  - Chairman of the supervisory board, GV-Holding A/S
  - Chairman of the supervisory board, VAC Holding ApS
  - Chairman of the supervisory board, VHF Holding ApS
- Board member, Sole-gruppen, Vejle, including
  - Board member, Sole Holding ApS, Vejle, and also on the board of five fully owned subsidiaries
  - Board member, Sole Invest Aps, Hedensted and also on the board of a fully owned subsidiary
  - Board member, TP Family ApS and on the board of a fully owned subsidiary
  - Board member, Hølgaard Ejendomme ApS
  - Board member, Solbjerg Ejendomme A/S
  - Board member, JGP Family ApS and on the board of a fully owned subsidiary
  - Board member, Vesterby Minkfarm A/S
  - Board member, Solskov Minkfarm A/S
- Chairman of the supervisory board, Skov Advokater Advokataktieselskab
- Managing director, Keld Norup Holding Aps

Marianne Lillevang (Employee Representative)

- None

Christina Lykke Munk (Employee Representative)

- None

Johnny Toft Christensen (Employee Representative)

- None



## **The Executive Board of Jyske Bank A/S**

Section 80 of the Danish Financial Business Act poses certain restrictions on the positions that members of the Executive Board may hold in companies outside the Jyske Bank Group.

It is the Bank's policy that a member of the Executive Board of the Jyske Bank Group is represented in the Executive Board of the subsidiaries of the Bank. Set out below is a list of the current members of the Executive Board of Jyske Bank and their principal positions outside the Jyske Bank Group.

Anders Dam

- Chairman of the Supervisory Board of Jyske Banks Almennyttige Fond as well as the fully owned subsidiary Jyske Banks Almennyttige Fonds Holdingselskab
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, FR I af 16. september 2015 A/S

Niels Erik Jakobsen

- Board member (deputy chairmen), Letpension A/S
- Board member, BI Holding A/S as well as the fully owned BI Asset Management Fondsmæglerselskab A/S

Per Skovhus

- None

Peter Schleidt

- Board member (deputy chairmen) of the supervisory board, JN Data A/S
- Board member, VP Securities A/S

The business address of the Supervisory Board of the Bank and the Executive Board of the Jyske Bank Group is Vestergade 8-16, DK-8600 Silkeborg, Denmark.

There are no potential conflicts of interests between any duties to the Bank of members of the Supervisory Board or Executive Board and their private interests and/or other duties.

## SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 5 April 2019, jointly and severally agreed to subscribe and pay for the Notes at the issue price of 100.00 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

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

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

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

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

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

### **Prohibition of sales to EEA retail investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

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

### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

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

## **Denmark**

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidation Act No. 12 of 8 January 2018 on Capital Markets, as amended, supplemented or replaced from time to time and Executive Orders issued thereunder, including the Danish Executive Order No. 1170 of 25 September 2018 on Prospectuses, as amended supplemented or replaced from time to time and in compliance with Executive Order No. 1580 of 17 December 2018, as amended, supplemented or replaced from time to time, issued pursuant to the Danish Financial Business Act.

## **General**

Each Joint Lead Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Prospectus or any advertisement or other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery 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, sales or deliveries and neither the Issuer nor any Joint Lead Manager shall have any responsibility therefor.

Neither the Issuer nor any of the Joint Lead Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## TAXATION

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

### Denmark

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

### Taxation at source

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

### Resident Noteholders

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

Capital gains are taxable to individuals and corporate entities in accordance with the Danish Capital and Exchange Gains Act (*Kursgevinstloven*), Consolidated Act No. 1283 of 25 October 2016, as amended from time to time. Gains and losses on Notes held by corporate entities are generally taxed in accordance with a mark-to-market principle (*lagerprincippet*), i.e. on an unrealised basis.

Gains and losses on Notes issued to individuals are generally taxed on a realised basis. The net gains are taxed as capital income at a rate of up to 42 per cent. in 2019. However, this tax rate does not apply if the individual is engaged in financial trade and considered a professional trader. The gain or loss will only be included in the taxable income when the net capital gain or loss for the year on all debt claims, debt denominated in foreign currency and investment certificates in bond-based investment funds subject to the minimum taxation exceeds a total of DKK 2,000.

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

### Non-Resident Noteholders

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

subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under “Taxation at source” above.

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

### **U.S. Foreign Account Tax Compliance Act Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Denmark) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

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

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (together, the “**participating Member States**”) and Estonia. However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) 9 Regulation (EC) No. 1287/2006 are expected to be exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## GENERAL INFORMATION

1. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the regulated market of Euronext Dublin, however, no assurance can be given that such application will be accepted. It is expected that the admission of the Notes to the Official List and to trading on the regulated market of Euronext Dublin will be granted on or about the Issue Date, subject only to the issue of the Notes.

The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 4,540.

2. The Issuer has obtained all necessary consents, approvals and authorisations in Denmark in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 26 February 2019.
3. The Issuer's legal entity identifier (LEI) is 3M5E1GQGKL17HI6CPN30.
4. There has been no significant change in the financial or trading position of the Issuer or the Jyske Bank Group since 31 December 2018 and no material adverse change in the financial position or prospects of the Issuer or the Jyske Bank Group since 31 December 2018.
5. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) as at the date of this Prospectus which may have, or have had in the past 12 months, significant effects on the financial position or profitability of the Issuer and/or the Jyske Bank Group.
6. Permanent Global Notes, Definitive Notes and any Coupons or Talons appertaining to the Notes will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."
7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (ISIN) in respect of the Notes is XS1843442119, the Common Code in respect of the Notes is 184344211, the Classification of Financial Instrument (CFI) Code in respect of the Notes is DYVXXB and the Financial Instrument Short Name (FISN) Code in respect of the Notes is JYSKE BANK A/S/VAREUR NT PERP RESTN. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. Euroclear and Clearstream, Luxembourg are the entities in charge of keeping the records.
8. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
9. For so long as the Notes are in existence, physical copies and, where appropriate English translations of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection by Noteholders at the office of the Principal Paying Agent (provided that any such Noteholder has provided evidence satisfactory to the Principal Paying Agent of its holding of the Notes):

- (i) the Agency Agreement (which includes the form of the Global Notes, the Definitive Notes, the Coupons and the Talons);
- (ii) the Declaration of Direct Rights;
- (iii) the Articles of Association of the Issuer;
- (iv) the 2018 Annual Report;
- (v) the 2017 Annual Report;
- (vi) the Risk and Capital Management report of the Issuer for the financial year ended 31 December 2018;
- (vii) the Risk and Capital Management report of the Issuer for the financial year ended 31 December 2017; and
- (viii) a copy of this Prospectus together with any supplements to this Prospectus.

The documents specified in sub-paragraphs (iii) to (v) above, are direct English translations of the Danish language originals. In the event that there are any inconsistencies or discrepancies between the Danish language versions and the English translations thereof, the original Danish language versions shall prevail.

10. Deloitte Statsautoriseret Revisionpartnerselskab of Papirfabrikken 26, DK-8600 Silkeborg, Denmark, State Authorised Public Accountants and members of Foreningen af Statsautoriserede Revisorer, have audited the Issuer's accounts, without qualification, which were prepared in accordance with the Danish Financial Business Act and the Jyske Bank Group's accounts, without qualification, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU and also in accordance with additional Danish disclosure requirements for listed financial companies, for each of the two financial years ended 31 December 2017 and 2018.
11. Some of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

12. The Irish Listing Agent is Walkers Listing Services Limited and the address of its registered office is 5th Floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the regulated market of Euronext Dublin.

13. The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.
14. In this Prospectus, references to websites or a uniform resource locator (a “**URL**”) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Prospectus.



## **REGISTERED AND HEAD OFFICE OF THE ISSUER**

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*To the Issuer*

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