

Terms and conditions of the Notes

Sparekassen Kronjylland – DKK 160,000,000 Subordinated Tier 2 Notes due
2025

Arranger:
Danske Bank A/S

Risk Factors relating to the Structure of the Notes

Prospective investors should read the risk factors set out below and in other relevant material relating to the Issuer or the Notes and reach their own views prior to making any investment decision.

The Issuer believes that the following risk factors relating to the structure of the Notes 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.

The risk factors set out below do not address risks relating to the Issuer or risk factors which may be material for the purpose of assessing the market risks associated with the Notes. The Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes due to risks relating to the Issuer or for other reasons which may not be considered to be significant risks relating to the structure of the Notes.

Words and expressions defined in the "Terms and Conditions of the Notes" below 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 related to the structure of the Notes

The Issuer's obligations under the Notes are subordinated

The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer as described in Condition 3 (*Status of the Notes*).

The Issuer may issue other subordinated obligations or capital instruments that rank or are expressed to rank senior or junior to the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors, its unsubordinated creditors and 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.

Loss absorption at the point of non-viability of the Issuer and resolution

On 6 May 2014, the Council of the European Union adopted a directive providing for the establishment of a European Union-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The BRRD was published in the Official Journal of the European Union on 12 June 2014 and came into force on 2 July 2014.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool (as described below) which is to be applied from 1 January 2016. The BRRD (including the general bail-in tool) entered into force in Denmark from 1 June 2015.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm 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 firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer 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 institution and to convert to equity certain unsecured debt claims (including the Notes) (the "**general bail-in tool**"), which equity 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 exploited 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 the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the European Union state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or 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 holders of the

Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool.

With the implementation of BRRD, European banks are required to have bail in-able resources in order to fulfil the Minimum Requirement for own funds and Eligible Liabilities ("**MREL**"). The requirement for Danish institutions is expected to be based on the EBA methodology. The consequences of not fulfilling the MREL may be that the relevant regulator revokes an institution's banking licence. Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity ("**TLAC**"), is under discussion internationally, which could influence the implementation of MREL.

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 the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

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

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The BRRD outlines the priority ranking of certain deposits in an insolvency hierarchy which will require changes to the current insolvency hierarchy. Thus certain deposits will obtain preferential status and will therefore rank senior to unsubordinated and unsecured obligations of the Issuer.

Under the BRRD, holders of the Notes may be subject to non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect 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.

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

Subject as provided herein, in particular to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*), the Issuer may, at its option, redeem all (but not some only) of the Notes on the Call Date and on any Interest Payment after the Call Date at their outstanding principal amounts, together with accrued interest thereon. Subject

as aforesaid, the Issuer may also, at its option, at any time redeem all, but not some only, of the Notes at their outstanding principal amounts, together with accrued interest thereon, upon the occurrence of a Tax Event or a Capital Event.

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

Limited enforcement events

The Notes will contain limited enforcement events relating to:

- (a) non-payment by the Issuer of any amounts due under the Notes. In such circumstances, as described in more detail in Condition 8 (*Default and remedies on default*) and subject as provided below, a Noteholder may institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder; and
- (b) the liquidation or bankruptcy of the Issuer. In such circumstances, as described in more detail in Condition 8 (*Default and remedies on default*), the Notes will become due and payable at their outstanding principal amounts, together with accrued interest thereon.

Even if the Issuer cannot meet its obligations regarding the Notes, the Issuer will not be considered insolvent. Accordingly a Noteholder may not itself file for the liquidation or bankruptcy of the Issuer.

Terms and Conditions of the Notes

1 Introduction

- 1.1 The DKK 160,000,000 Subordinated Tier 2 Notes due 2025 (in Danish: *kapitalbeviser*) (the "**Notes**", which expression shall in these Terms and Conditions of the Notes (the "**Conditions**"), unless the context otherwise requires, include any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series with the Notes) are issued by Sparekassen Kronjylland, CVR no. 17912828 (the "**Issuer**").
- 1.2 The Notes are issued on 22 December 2015 (the "**Issue Date**"). The Notes are issued at an issue price of 100.00 per cent.
- 1.3 The Issuer is a savingsbank (in Danish: *Sparekasse*) incorporated under Danish law. Its registered office is located at Tronholmen 1, DK-8960 Randers SØ, Denmark and its telephone number is +45 89 12 24 00. The issue of the Notes was authorised and approved by the Issuer's Board of Directors at a meeting held on 26 November 2015.
- 1.4 Sparekassen Kronjylland, Tronholmen 1, DK-8960 Randers SØ, Denmark will perform the tasks of the issuing agent, paying agent and calculation agent, which, as applicable, shall be defined and construed as follows:
 - (a) **Issuing Agent:** The task of registering the Notes in the book entry system of VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark ("**VP**").
 - (b) **Paying Agent:** The task of arranging for payment of any amount due under the Notes through VP (subject to in each case having received the relevant amount from the Issuer) in accordance with these Conditions.
 - (c) **Calculation Agent:** The task of calculating any rate of interest and any amount, including any interest amounts, due under the Notes in accordance with these Conditions.

2 Form, denomination and title

- 2.1 Form of Notes and denomination
 - 2.1.1 The Notes are issued in uncertificated and dematerialised book-entry form through VP, in denominations of DKK 1,000,000.
 - 2.1.2 The ISIN code of the Notes is DK0030373980.
 - 2.1.3 There are no restrictions on the free transferability of the Notes.

2.2 Title

Legal title to the Notes will pass by electronic registration in the book entry system and register maintained by VP in accordance with the rules and procedures of VP from time to time. Each holder of Notes (a "**Noteholder**") shall (except as otherwise required by law) be treated as absolute owner for all purposes and no person shall be liable for so treating such Noteholder.

3 Status of the Notes

3.1 The Notes (in Danish: *kapitalbeviser*) on issue constitute Tier 2 Capital of the Issuer.

3.2 The Notes constitute direct, unsecured and subordinated debt obligations of the Issuer, and shall at all times rank:

(a) *pari passu* without any preference among themselves;

(b) *pari passu* with (a) any obligations or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other obligations or capital instruments that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

(c) senior to holders of the Issuer's guarantee capital (in Danish: *garantikapital*) and any other obligations or capital instruments that rank or are expressed to rank junior to the Notes, including any Tier 1 Capital, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

(d) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) 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.

3.3 In these Conditions:

"**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 a 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, as amended or replaced from time to time.

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

“**CRR**” means 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.

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

“**Tier 1 Capital**” means capital which is treated as a constituent of common equity tier 1 capital (in Danish: *egentlig kernekapital*) or additional tier 1 (in Danish: *hybrid kernekapital*) under CRD IV by the Relevant Regulator for the purposes of the Issuer and this shall include all hybrid core capital (in Danish: *hybrid kernekapital*) issued by the Issuer within the meaning of the Danish Financial Business Act (in Danish: “*lov om finansiel virksomhed*”).

“**Tier 2 Capital**” means capital which is treated as a constituent of Tier 2 capital (in Danish: *supplerende kapital*) under CRD IV by the Relevant Regulator for the purposes of the Issuer.

4 Interest

4.1 Interest rate

4.1.1 The Notes bear interest at a fixed rate from (and including) the Issue Date to (but excluding) 22 December 2025 (the “**Maturity Date**”).

4.1.2 The rate of interest for the period from (and including) the Issue Date to (but excluding) 22 December 2020 (the “**Reset Date**”) is 5.105%. The rate of interest for the period from (and including) the Reset Date to (but excluding the Maturity Date) is the sum of a reset rate (the “**Reset Rate**”) plus a margin of 4.50 %. The Reset Rate is the 5 year DKK Mid Swap Rate fixed by the Calculation Agent or another bank appointed for such purpose by the Issuer at 11.00 a.m. (Copenhagen time) on the Reset Date.

4.1.3 Interest shall be payable annually in arrears on 22 December in each year, commencing on 22 December 2016 and ending on the Maturity Date (each an

“**Interest Payment Date**”) in accordance with this Condition 4 (*Interest*) and Condition 6 (*Payments*).

4.2 Interest accrual

The first interest period (such period an “**Interest Period**”) will run from (and including) the Issue Date to (but excluding) the first Interest Payment Date. The next Interest Period will run from (and including) the first Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest accrues from day to day and is calculated on the basis of the actual number of days in the interest period divided by the actual number of days in a year (Actual/Actual).

5 Redemption and purchase

5.1 Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date in accordance with Condition 6 (*Payments*). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

5.2 Early redemption upon the occurrence of a Tax Event

5.2.1 If, in relation to the Notes:

(a) as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings on or after the Issue Date, the Issuer receives an opinion of external counsel in Denmark that (A) it would be required to pay additional amounts as provided in Condition 7 (*Taxation*) or (B) it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes, in each case provided that the Issuer demonstrates to the satisfaction of 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; and

(b) (in the case of 5.2.1(a)(A) only) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

any such event, a “**Tax Event**”,

the Issuer may, at its option (but subject to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*)) on an Interest Payment Date and having given no less than thirty nor more than sixty days’ notice to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their outstanding principal amounts, together with accrued interest (if any) thereon, provided,

however, that no such notice of redemption may be given earlier than a number of days which is equal to the aggregate of the number of days falling within the then current Interest Period applicable to the Notes plus sixty (60) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

5.3 Early redemption upon the occurrence of a Capital Event

5.3.1 Upon the occurrence of a Capital Event, the Issuer may, at its option (but subject to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*)) at any time and having given no less than thirty nor more than sixty (60) days' notice ending on an Interest Payment Date to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their outstanding principal amounts, together with accrued interest (if any) thereon.

5.3.2 In these Conditions:

"**Capital Event**" means, at any time, on or after the Issue Date, there is a change in the regulatory classification of the Notes that would be likely to result or will result in:

(a) their exclusion from the regulatory capital of the Issuer; or

(b) reclassification as a lower quality form of regulatory capital of the Issuer,

in each case provided that (i) the Relevant Regulator considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance.

5.4 Redemption at the option of the Issuer

The Issuer may, at its option (but subject to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*)) and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on 22 December 2020 (the "**Call Date**") and on any Interest Payment Date after the Call Date at their outstanding principal amounts, together with accrued interest (if any) thereon.

5.5 Purchase

The Issuer or any of its subsidiaries may at any time (but subject to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*)) purchase Notes in the open market or otherwise and at any price. Such Notes may be held, re-sold or cancelled. The Notes so purchased, while held by or on behalf of the Issuer or any of its subsidiaries, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the

purposes of calculating quorum at meetings of the Noteholders or for the purposes of Condition 11 (*Meetings of Noteholders*).

5.6 Cancellation

All Notes which are redeemed will forthwith (but subject to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*)) be cancelled.

5.7 Conditions to redemption etc. prior to Maturity Date

The Notes may only be redeemed, purchased, cancelled or modified (as applicable) pursuant to Condition 5.2 (*Early redemption upon the occurrence of a Tax Event*), Condition 5.3 (*Early redemption upon the occurrence of a Capital Event*), Condition 5.4 (*Redemption at the option of the Issuer*), Condition 5.5 (*Purchase*), Condition 11.1 (*Powers of meetings*) or Condition 12.1(b) (*Modification of Notes*), as the case may be, if the Issuer has notified the Relevant Regulator of, or the Relevant Regulator has consented to, or, as the case may be, not objected to, such redemption, purchase, cancellation or modification (as applicable) (in any case, only if and to the extent such a notification, consent or non-objection is required from the Relevant Regulator)

6 Payments

6.1 Payments of principal and interest

Payments of principal, interest and any other amounts in respect of the Notes shall be made to the Noteholders shown in the relevant records of VP in accordance with and subject to the rules and regulations from time to time governing VP.

6.2 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

6.3 Payments on Business Days

If the due date for payment of any amount in respect of any Note is not a Business Day, the payment shall be postponed to the following Business Day, and the Noteholders shall not be entitled to any further interest or other payment in respect of such delay. A "**Business Day**" shall mean a day on which VP and banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Copenhagen.

7 Taxation

7.1 Gross up

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments

or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders, after such withholding or deduction, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with Denmark other than
 - (i) the mere holding of the Note; or
 - (ii) the receipt of principal, interest or other amount in respect of such Note; or
- (b) where a claim for payment is made by the Noteholder more than thirty (30) days after the Relevant Date, except to the extent that the relevant Noteholder would have been entitled to such additional amounts on claiming payment on or before the expiry of such period of thirty (30) days.

In these Conditions:

“**Relevant Date**” means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

- 7.2 Taxing jurisdiction
If the Issuer becomes subject at any time to any taxing jurisdiction other than Denmark, references in these Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.

8 Default and remedies on default

- 8.1 If the Issuer fails to meet its payment obligations under the Notes and such payment obligations are not met within seven (7) Business Days after the Issuer has received notice thereof, any Noteholder may, at its own discretion and without further notice, institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder, provided that a Noteholder may not at any time file for liquidation or bankruptcy of the Issuer.

Any Noteholder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

- 8.2 If an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their outstanding principal amounts together with interest (if any) accrued to such date.

9 Prescription

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

10 Replacement of Agents

- 10.1 The Issuer reserves the right to appoint a successor paying agent or calculation agent in accordance with the rules and procedures of VP from time to time, provided, however, that the Issuer shall at all times maintain a Paying Agent which is authorized to act as an account holding institution with VP and a Calculation Agent (which may be the Paying Agent).

11 Meetings of Noteholders

- 11.1 Powers of meetings

A meeting shall, subject to the Conditions (including Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*)), have power by Extraordinary Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether or not those rights arise under the Notes;
- (b) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, notes or other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Notes or the Conditions proposed by the Issuer;

- (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- (e) to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- (f) to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution; and
- (g) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes or the Conditions.

11.2 Convening a Noteholders' meeting

- 11.2.1 The Issuer may at any time convene a meeting of the Noteholders and shall convene such a meeting if required in writing by Noteholders holding at least ten (10) per cent. in principal amount of the Notes for the time being outstanding.
- 11.2.2 The meeting shall be called by the Issuer in accordance with Condition 14 (*Notices*) giving at least eight (8) days' but not more than thirty (30) days' notice to the Noteholders.
- 11.2.3 The Issuer shall call the meeting no later than fourteen (14) days after having received request to convene a meeting from the Noteholders containing the subject of such meeting. If the Issuer does not call the meeting within the deadline, the Noteholders shall be entitled to call the meeting.
- 11.2.4 The notice of a Noteholders' meeting shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies.
- 11.2.5 All meetings shall be held in the Aarhus area. The press shall not be admitted to attend a Noteholders' meeting.

11.3 Attendance

- 11.3.1 At the meeting, each Noteholder must document its holdings of Notes by presenting a custody account statement from VP or an authorised institution that is not more than three (3) Business Days old. The following may attend and speak at a meeting:
 - (a) Noteholders and proxies;
 - (b) the chairman; and

(c) the Issuer, the Issuing Agent and the Paying Agent (through their respective representatives) and their respective financial and legal advisers.

11.3.2 No one else may attend or speak.

11.4 Chairman

The chairman of the meeting shall be such person as the Issuer may nominate or, if no nomination is made, the person elected by the Noteholders present at such meeting.

11.5 Quorum

11.5.1 No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within fifteen (15) minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than eight (8) nor more than thirty (30) days later, and time and place as the chairman may decide. If a quorum is not present within fifteen (15) minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

11.5.2 The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than fifty (50) per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of proposals (i) to modify the date of maturity of the Notes or any date of payment of interest thereon, (ii) to reduce or cancel the amount of principal of, or the rate of interest payable on, the Notes, (iii) to change the currency of payment of the Notes, (iv) to approve the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, notes or other obligations or securities of the Issuer or any other entity, or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third of the principal amount of the Notes for the time being outstanding.

11.5.3 No resolution may be passed if it is clear that that resolution is likely to give certain Noteholders or others an undue advantage over other Noteholders.

11.6 In these Conditions:

"Extraordinary Resolution" means a resolution passed at a meeting of Noteholders (whether originally convened or resumed following an adjournment)

duly convened and held in accordance with this Condition 11 by a majority of at least sixtysixpointsixtyseven (66.67) per cent. of the votes cast.

11.7 Voting

Each Noteholder holds one vote for each Note of DKK 1,000,000. The Issuer and its subsidiaries have no voting rights in respect of Notes held by the Issuer and such subsidiary.

11.8 Effect and publication of an Extraordinary Resolution

An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to the Noteholders in accordance with Condition 14 (*Notices*) within fourteen (14) days but failure to do so shall not invalidate the resolution. For the avoidance of doubt, an Extraordinary Resolution passed by the Noteholders shall only be binding on the Issuer where the Issuer has consented to the relevant resolution.

11.9 Minutes

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

11.10 Written resolutions

In addition, a resolution in writing signed by or on behalf of ninety (90) per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

12 Modification of Notes

12.1 The Issuer may, without the consent of the Noteholders, make any modification to the Notes or these Conditions

(a) to correct a manifest error; and

(b) subject to Condition 5.7 (*Conditions to redemption etc. prior to Maturity Date*), any modification to the Notes, these Conditions which is not prejudicial to the interests of the Noteholders.

12.2 Subject as provided in these Conditions, no other modification may be made to the Notes or these Conditions except with the sanction of an Extraordinary Resolution.

12.3 Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

13 Further issues

13.1 The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same Conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue date or the issue price thereof) so as to form a single series with the Notes.

14 Notices

14.1 All notices regarding the Notes will be deemed to be validly given if published in accordance with the procedures of VP in force from time to time or in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes may later be listed or admitted to trading.

15 Currency indemnity

The currency in which the Notes are denominated is Danish kroner (the "**Contractual Currency**"), which is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Contractual Currency which such Noteholder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount of the Contractual Currency expressed to be due to any Noteholder in respect of such Note the Issuer shall indemnify such Noteholder against any loss sustained by such Noteholder as a result. In any event, the Issuer shall indemnify each such Noteholder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss as aforesaid shall be deemed to constitute a loss suffered by the relevant Noteholder and no proof or evidence of any actual loss will be required by the Issuer.

16 Waiver and remedies

16.1 No failure to exercise, and no delay in exercising, on the part of the Noteholder, any right in these Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

17 Force majeure

- 17.1 Even in areas where a stricter statutory liability applies, neither the Issuer nor the Issuing Agent, the Paying Agent or the Calculation Agent shall be liable for losses due to:
- (a) the breakdown of or lack of access to IT systems or damage to the data of these systems which can be attributed to paragraphs (b) to (d) below regardless of whether the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant) itself or themselves or an external supplier is responsible for the operation of the systems;
 - (b) failures in the Issuer's, the Issuing Agent's, the Paying Agent's or the Calculation Agent's (as relevant) power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrections, civil riots, sabotage, terror or vandalism (including computer viruses and backing);
 - (c) strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant) itself or themselves or its or their organisation and regardless of the reason for the conflict and whether the conflict affects all or part of the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent (as relevant); or
 - (d) other circumstances beyond the Issuer's, the Issuing Agent's, the Paying Agent's or the Calculation Agent's (as relevant) control.
- 17.2 If circumstances mentioned in Condition 17.1 occur, which make it impossible for the Issuer, the Issuing Agent, the Paying Agent or the Calculation Agent to comply with their obligations under these Conditions (to the extent they have any obligations under the Conditions), including (but not limited to) the Issuer's obligations to make payments under the Notes, these obligations will be suspended until the circumstances in question cease.
- 17.3 The Issuer's, the Issuing Agent's, the Paying Agent's or the Calculation Agent's exemption from liability pursuant to Condition 17.1 will not apply if:

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

18 Credit rating and listing

- 18.1 The Notes will not be assigned any credit rating of any credit rating agency.
- 18.2 The Notes will not be listed or admitted to trading on any regulated market or other stock exchange.


19 Governing law and jurisdiction


- 19.1 **Governing law**
These Conditions and the Notes shall be governed by, and construed in accordance with, Danish law.
- 19.2 **Jurisdiction**
The City Court of Copenhagen (in Danish: *Københavns Byret*) shall have exclusive jurisdiction to settle any dispute arising from or connected with these Conditions and the Notes.

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These Terms and Conditions of the Notes have been approved by the Issuer on 18 December 2015

For and on behalf of Sparekassen Kronjylland


Name: _____
Capacity: Klaus Skjødt
Adm. Direktør


Name: _____
Capacity: Anders Balle Rasmussen
Afdelingsdirektør