The Base Prospectus is dated 20 November 2017

Base Prospectus for the issuance of covered bonds, mortgage bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) and senior unsecured debt

issued by

DLR KREDIT A/S
(DLR or Issuer)

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS.

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.

INTRODUCTION

This Base Prospectus has been issued in pursuance of the Prospectus Directive and prepared in pursuance of EU Commission Regulation No 809/2004, as amended. The Regulation contains schedules indicating the information that must be provided by the issuer in a prospectus.

This Base Prospectus is subject to Danish law and legal venue.

Under the Base Prospectus, bonds may be issued in pursuance of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and relevant executive orders. The types of bonds comprised by the prospectus are covered bonds (SDOs), bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) and senior unsecured debt, which is to be understood as unsecured and unsubordinated claims against the Issuer.

The Base Prospectus replaces "Base Prospectus for the issuance of Covered Bonds, mortgage bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) and senior unsecured debt" issued by DLR Kredit A/S" dated 28 November 2016 with addendums.

For purposes of this Base Prospectus, "Bonds" means all types of securities comprised by the Base Prospectus, i.e. SDOs, ROs, senior secured bonds and unsecured senior debt.

"Final Terms" means the final terms which, when read in conjunction with the Base Prospectus, apply to an ISIN of securities issued under the Base Prospectus.

This Base Prospectus will remain valid for 12 months from the date of approval, unless the public is otherwise informed.

RESTRICTIVE CONDITIONS OF SALE

The Issuer or financial intermediaries approved by the Issuer will not arrange any public offer of Bonds issued in pursuance of this Base Prospectus in any country outside Denmark where special action would be required to arrange a public offer.

The Bonds may only be resold under circumstances where there is no requirement to publish a prospectus. All persons taking possession of this Base Prospectus and/or the Final Terms for the Bonds offered are required to comply with all relevant laws and other regulations applicable in the country where they buy or sell the Bonds for their own account.

This Base Prospectus, including the Final Terms for the Bonds offered, does not constitute a recommendation to subscribe for or purchase the Bonds issued in pursuance of this Base Prospectus. Each recipient of this Base Prospectus and/or the Final Terms for the Bonds offered must make their own assessment of the Bonds and of the Issuer on the basis of the contents of this Base Prospectus, all documents incorporated by reference herein, the Final Terms for each offer under this Base Prospectus and any addendums to this Base Prospectus. Prospective investors should carefully read the section "Risk factors" on pages 12-17 of this Base Prospectus.

Each investor must assess any possible tax implications on subscription, purchase or sale of Bonds issued in pursuance of this Base Prospectus and consult tax advisers to this effect.

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1. SUMMARY

This summary is made up of disclosure requirements known as elements. These elements are numbered in sections A – E (A.1 – E.7).

This summary contains all the elements required to be included in a summary for this type of issuer and securities. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

Even though an element may be required to be inserted in the summary because of the type of issuer or security, it is possible that no relevant information can be given regarding the element. In this case a short description of the element is included in the summary with the mention "Not applicable".

SUMMARY		
	Section A – Introduction and warnings	
A.1	Warnings	Potential investors should be aware that: • this summary should be read as an introduction to the Base Prospectus and the relevant Final Terms; • any decision to invest in the Bonds should be based on consideration of this Base Prospectus as a whole; • any investor wishing to bring a claim relating to the information contained in this Base Prospectus and the relevant Final Terms before a court of law may, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus and the Final Terms before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary or a translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the relevant Final Terms or it does not provide, when read together with the other parts of the Base Prospectus and the relevant Final Terms, key information in order to aid investors when considering whether to invest in the Bonds.
A.2	Financial intermediaries' use of the Base Prospectus	• In connection with an offer of Bonds to the public that is not exempted from the Prospectus Directive's requirements for publication of a prospectus, the Issuer expressly declares that it accepts that financial intermediaries may use the Base Prospectus and the relevant Final Terms for resale or final placement of the Bonds if this is stated in the Final Terms for the issue in question. • The offer period within which resale or final placement of the Bonds can be made is stated in the Final Terms for the specific issue. • Any conditions attached to the consent given to the financial intermediaries are stated in the Final Terms for the specific issue. • **Where a financial intermediary uses this Base Prospectus to make an offer of Bonds, such financial intermediary is required to disclose to the investors the terms and conditions of the offer at the time of the offer by the financial intermediary.** • **Any financial intermediary using this Base Prospectus is required to declare on its website that the prospectus is used in accordance**

		with the consent and the conditions applying thereto.
	Section B – Issuer	
B.1	The Issuer's legal name and commercial names	The full name of the Issuer is DLR Kredit A/S. The Issuer's only commercial name is: Dansk Landbrugs Realkreditfond A/S (DLR Kredit A/S).
B.2	The Issuer's domicile, legal form and country of incorporation	The Issuer's domicile is located at this address: DLR Kredit A/S Nyropsgade 21 1780 Copenhagen V Denmark DLR Kredit is a limited liability company incorporated in Denmark which carries on mortgage credit business and other business permitted pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and any other applicable legislation governing mortgage banks in force at any given time. DLR Kredit is subject to Danish law and to supervision by the Danish Financial Supervisory Authority (the Danish FSA).
B.4b	Trend information	Not applicable. At the date of this Base Prospectus, DLR has no information on any known trends, uncertainties, claims, obligations or events which may reasonably be expected to have a significant impact on DLR's prospects in the current financial year.
B.5	Group	Not applicable: DLR is not part of a group.
B.9	Profit forecasts	Not applicable: Current profit forecasts and estimates for DLR are not considered to have any significant impact on the assessment of the Bonds offered and are therefore not included in this Base Prospectus.
B.10	Qualifications in the audit report on historical financial information	Not applicable: The audit report has been issued without qualifications.

<table>
<tr><td>B.12</td><td>Historical financial information</td><td>
<table>
<tr><th>DKK millions</th><th>Q1-Q3 2017</th><th>Q1-Q3 2016</th><th>2016</th><th>2015</th></tr>
<tr><td>Income statement:</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Core income (mortgage credit income)</td><td>933</td><td>876</td><td>1,291</td><td>1,239</td></tr>
<tr><td>Staff costs, administrative expenses, etc.</td><td>-186</td><td>-172</td><td>-233</td><td>-225</td></tr>
<tr><td>Other operating expenses (contribution to resolution fond)</td><td>-9</td><td>-11</td><td>-15</td><td>-6</td></tr>
<tr><td>Impairment of loans, receivables, etc.</td><td>115</td><td>-71</td><td>-110</td><td>-94</td></tr>
<tr><td>Core earnings</td><td>854</td><td>622</td><td>903</td><td>921</td></tr>
<tr><td>Earnings from investment portfolios (sub-funds)</td><td>44</td><td>150</td><td>136</td><td>-45</td></tr>
<tr><td>Profit before tax</td><td>898</td><td>772</td><td>1,039</td><td>875</td></tr>
<tr><td>Profit after tax</td><td>702</td><td>603</td><td>811</td><td>670</td></tr>
<tr><td>Balance sheet:</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Loans</td><td>141,995</td><td>137,875</td><td>139,053</td><td>133,038</td></tr>
<tr><td>Bonds issued</td><td>144,193</td><td>143,032</td><td>142,074</td><td>134,342</td></tr>
<tr><td>Own funds after deductions</td><td>11,544</td><td>11,185</td><td>12,259</td><td>12,485</td></tr>
<tr><td>Financial ratios:</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Capital ratio[1)]</td><td>14.8</td><td>14.1</td><td>14.3</td><td>12.9</td></tr>
<tr><td>CET1 ratio[1)]</td><td>13.9</td><td>12.4</td><td>12.7</td><td>11.5</td></tr>
<tr><td>Profit before tax as a percentage of equity</td><td>7.3</td><td>6.3</td><td>7.2</td><td>7.2</td></tr>
</table>
1) The trend in the capital ratio is reflecting that DLR in March 2016 got the approval from the Danish FSA to apply IRB models for calculating the credit risk on loans to full-time farms. As from Q1 2016, calculation of the risk exposure for credit risk on the portfolio of loans to full-time farms has thus been based on the IRB method, while the calculation of credit risk on the remaining part of the loan portfolio has been based on the standard method. Until end-2015, the capital ratios have been calculated using the standard method only.
DLR’s own funds for Q1-Q3 2017 were affected by the sale of treasury shares totaling DKK 632 million, the redemption of DKK 1.3 billion hybrid tier-1 capital and the concurrent issuance of DKK 650 million tier-2 capital, as well as IRB-related deductions totalling DKK 664 million relating to the difference between expected IRB losses and current impairments.
There has been no material adverse change in DLR’s prospects since the end of the last financial reporting period.
There have been no significant changes in DLR's financial or trading position subsequent to the period covered by the historical financial information.
</td></tr>
<tr><td>B.13</td><td>Description of significant events affecting the Issuer’s solvency</td><td>There have been no major events of significance to DLR's solvency subsequent to the end of the last financial reporting period.</td></tr>
<tr><td>B.14</td><td>Dependence on other group entities</td><td>Not applicable: DLR’s financial position is not dependent on other group entities.</td></tr>
</table>

B.15	The Issuer's principal activities	DLR is a mortgage bank operating in Denmark. In addition, DLR operates a mortgage lending business in Greenland and the Faeroe Islands of minor significance. DLR primarily offers mortgage financing of agricultural, forestry and market garden property, private residential rental property, private co-operative property, office and business property and manufacturing and manual industry property.
B.16	Ownership	DLR's shareholders are primarily countrywide and local financial institutions in Denmark. DLR has no knowledge of any direct or indirect external ownership or control of DLR.
B.17	Credit rating	At the time of preparation of this Base Prospectus, DLR has been assigned a Long-Term Credit Rating from Standard & Poor's of 'A-' with a stable outlook and a Short-Term Credit Rating from Standard & Poor's of 'A-2' with a stable outlook. ROs issued out of the general capital centre and SDOs issued out of capital centre B are, at the time of preparation of this Base Prospectus, rated 'AAA' with a stable outlook by Standard & Poor's. In case the rating of DLR or of the bonds issued should change, this will be announced in an addendum to this Base Prospectus, and the rating will appear from the Final Terms for the bonds issued. If DLR opts to have senior secured bonds or unsecured senior debt issued under this Base Prospectus rated, the rating will appear from the Final Terms for the specific issue.
		Section C - Securities
C.1	Security type and ISIN	This Base Prospectus comprises bonds issued in pursuance of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and relevant executive orders. The types of bonds comprised are: • ROs issued to fund mortgage-credit loans through to the beginning of 2008; • SDOs issued to fund mortgage-credit loans; • Bonds (Senior Secured Bonds) issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act to provide supplementary collateral for loans funded by SDOs or to increase the excess cover in a capital centre; and • Senior unsecured debt used for general business purposes, including compliance with debt buffer requirements. The ISIN for the Bonds will be specified in the Final Terms for the specific issue.
C.2	Currency	The currency denomination of the Bonds will be specified in the Final Terms for the specific issue.
C.5	Restrictions on the free transferability of the securities	Not applicable: The Bonds are freely negotiable.

C.8	Rights attached to the Bonds	The Bonds are irredeemable on the part of the bondholders until maturity. In the event of the Issuer's bankruptcy, holders of ROs and SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) have a preferential claim on the assets of the capital centre out of which the bonds have been issued. In the event of the Issuer's bankruptcy, holders of senior secured bonds have secondary secured creditor status in relation to the assets of the capital centre out of which the bonds have been issued. Any residual claim may be raised as an unsecured claim against the assets available for distribution in the general capital centre. The Issuer is entitled to defer payments to holders of senior secured bonds if: (a) such payments would cause a breach of the balance principle, and (b) DLR has initiated a reconstruction pursuant to the Danish Bankruptcy Act, or a bankruptcy order is issued over DLR. Any claims against the Issuer on the part of holders of senior unsecured debt may be raised as an unsecured claim against the assets available for distribution in the general capital centre. The Issuer may buy up the Bonds (or a portion thereof) prior to maturity and retain any such purchased bonds as its own bonds or amortise the bonds through cancellation.
C.9	Interest and investor representation	The Bonds carry interest until redemption at a fixed or floating rate. The interest terms will be specified in the Final Terms for the specific issue. For SDOs comprised by section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the terms of redemption and interest may change in consequence of the provisions regarding refinancing risk. Bondholders do not have investor representation.
C.10	Derivative component in the interest payment	Not applicable: There is no derivative component in the interest payment.
C.11	Admission to trading	ROs and SDOs encompassed by the previous Base Prospectus with addendums that are replaced by this Base Prospectus have been admitted to trading and are listed on NASDAQ, Copenhagen (www.nasdaqomxnordic.com). Future SDO issues under this Base Prospectus are also expected to be admitted to trading and listing on NASDAQ, Copenhagen. Senior secured bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and senior unsecured bonds that are encompassed by the previous Base Prospectus with addendums, which this Base Prospectus replaces, have also been admitted to trading and listing on NASDAQ, Copenhagen. If the Issuer decides to apply for an admission to trading of the Bonds in a regulated market, this will appear from the Final Terms for the specific issue together with the date of the expected admission to trading.
		Section D - Risks

D.2	Key risk factors relating to the Issuer	As a mortgage bank, the Issuer accepts credit risk, liquidity risk and market risk as well as operational risk and counterparty risk. The Issuer is subject to Danish and international law. Changes to statutory requirements and supervisory procedures and the implementation of new rules may entail a number of risks. The Issuer routinely addresses changes to capital requirements and debt buffer requirements etc.
D.3	Key risk factors relating to the securities	Investment in bonds encompassed by this Base Prospectus is subject to a number of risk factors of which interested investors should be aware. <u>The key risks associated with investment in the Bonds are:</u> • changes to redemption and interest terms caused by statutory provisions regarding refinancing risk; • premature redemption of ROs and SDOs due to prepayment and repayment of mortgage loans; • non-compliance with the balance principle; • loss of SDO status; • tax matters; • pricing of the bonds; • deferment of payments; • risks associated with bankruptcy rules; • legislative amendments; and • limitations of the Issuer's liability. Should one or more of the risks mentioned above materialise, investors may lose the value of their entire investment in the Bonds or part of it.

Section E - Offer		
E.2b	Reason for the offer and use of proceeds when different from making profit and/or hedging certain risks	Proceeds from ROs issued under this Base Prospectus were applied to fund lending secured by mortgages on real property etc. provided by DLR until the beginning of 2008. Proceeds from SDOs issued under this Base Prospectus will be applied to fund lending secured by mortgages on real property etc. provided by DLR. The proceeds may also be applied to fund lending to public sector entities or lending against suretyship from public sector entities. Under Danish mortgage credit legislation, excess funds from an issue of SDOs may be placed in secure and liquid securities. Proceeds from senior secured bonds issued under this Base Prospectus will be applied to procure supplementary collateral in order to meet the requirement that the value of the assets provided as security for the SDOs issued by capital centre B must at any time correspond at least to the value of the SDOs issued. The proceeds may also be applied to increase the excess cover in a capital centre. Proceeds from senior unsecured debt issued under this Base Prospectus can be used for DLR's general business purposes, including compliance with debt buffer requirements.
E.3	Terms and conditions of the offer	The terms and conditions of the offer will be specified in the Final Terms for the specific issue.
E.4	Interests material to the issue, including conflicting interests	Not applicable: DLR has no knowledge of any interests and/or conflicting interests of significance in relation to the offering of bonds under this Base Prospectus. A description of any conflicting interests material to DLR in connection with a bond issue, stating the persons involved and the nature of such interest, will be included in the Final Terms for the specific issue.
E.7	Estimated expenses charged to the investor	Ordinary transaction costs (brokerage fees and/or spread charges).

2 RISK FACTORS

DLR believes that the risk factors described below constitute the key risks associated with investment in the Bonds, but DLR does not guarantee that the description of risks is exhaustive, and the factors are not presented in any order of priority.

The factors outlined are events that may occur, but DLR does not take any position on the likelihood that such events will materialise.

Prospective investors should carefully study this Base Prospectus in its entirety (including documents incorporated by reference) and make their own assessment, possibly consulting their own advisers, prior to making any decision to invest in the Bonds.

Should one or more of the risks described below materialise, investors may lose part or all of their investment in the Bonds.

2.1 RISK FACTORS IN RELATION TO THE ISSUER

The Issuer's business is to grant mortgage credit loans secured against properties within agriculture, office and retail, trade and industry and collective energy supply, land etc. and residential properties in Denmark. In addition, the Issuer to a limited extent grants mortgage loans in the Faroe Islands and Greenland. These business activities involve a number of risks, of which the most important are described below. Should these risks materialise, it may have a material adverse effect on the Issuer's financial position, business and results of operations.

In the course of its lending business, the Issuer applies the specific balance principle laid down in the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (the Executive Order on Bonds). This principle dictates full consistency between interest and instalments received by the Issuer from borrowers and the Issuer's payments to bondholders. The balance principle also implies that the Issuer does not assume any actual interest risk, currency risk or liquidity risk on its lending operations, including risks associated with prepayment of loans.

Non-compliance with the balance principle may cause the Issuer to lose its authorisation to issue Bonds, which may affect the prices of the Bonds to the detriment of investors.

For an overview of the legislation regulating the issuance of bonds and the operations of the mortgage bank, see the description of the regulatory framework governing the Issuer's business in section 3. For a description of the Issuer's business model and risk management, see section 4.

The Issuer has defined and addresses, among others, the following risks:

Credit risk

DLR's most significant risk is credit risk, defined as the risk of loss caused by the failure of any borrower to honour its payment obligations. This risk should be seen in light of the fact that DLR, as a mortgage bank, only grants loans secured against real property. Moreover, these loans are typically partially guaranteed by the financial institutions providing the loans under one of DLR's guarantee concepts, and DLR can under certain circumstances set off losses against payments of commission to the financial institutions. A deterioration of the credit quality of DLR's borrowers may affect the value of DLR's assets and entail higher provisions for losses.

DLR's Board of Directors has laid down a credit policy defining DLR's credit profile and risk targets. DLR uses internal rating-based models for purposes of calculating the risk exposure for credit risk of the full-time farm portfolio, which constitutes around half of the mortgage lending portfolio. For the remaining part of the portfolio, the standard method is applied.

Market risk

Market risk is the risk of loss caused by movements in the financial markets, i.e. interest, share price and foreign exchange risks.

DLR's Board of Directors has also laid down principles for the management of and limits for market risks. As DLR has decided to comply with the specific balance principle, see section 3.8, the market risk associated with the issuance of SDOs for purposes of financing mortgage loans will reflect the loan terms of the mortgagors. The market risks assumed by DLR arise solely as a consequence of a natural need to invest DLR's own funds, senior debt and profits/results of operations (the securities portfolio) and prepaid funds.

DLR basically targets a low market risk, and DLR's policies and guidelines lay down detailed market risk targets as regards placement, amount of interest risk, currency risk, etc. DLR has also laid down a policy for the placement of the securities portfolio and specific limits for the amount and volatility of each type of risk.

On this basis, DLR has placed the main part of its securities portfolio in AAA-rated Danish ROs, SDOs and mortgage-covered bonds (SDRO), typically short-term papers, and a minor portion in AAA-rated government bonds.

Fluctuations in interest rate, foreign exchange and share markets may result in losses and have an adverse impact on the income derived from DLR's primary activities.

Liquidity risk

Liquidity risks arise when a lack of funding in the form of bond sales prevents DLR from pursuing its business model or from fulfilling its payment obligations. Failure to address the liquidity risk may prevent DLR from continuing its operations at their current scope and/or meeting its payment obligations on a timely basis.

DLR's liquidity risk is considered to be limited, given that DLR's activities are concentrated exclusively around mortgage credit operations, with the funding structure being based solely on the issuance of SDOs. Moreover, DLR's compliance with the specific balance principle implies that, in connection with its day-to-day disbursement of loans, DLR issues bonds subject to terms identical to those of the borrowers. In other words, the mortgage payments, excluding administration fees, received by DLR must match DLR's payments to investors.

DLR's liquidity risk is primarily related to a situation in which the Issuer is unable to sell the required volume of Bonds in connection with refinancing. The rules of refinancing and extension of maturity of the Bonds are described in greater detail in section 3.11. When Bonds have been sold, the primary risk will be if the borrowers fail to make timely payments of interest or repayments on their loans. This is a consequence of the funding costs being paid by the borrower.

This does not, however, apply to supplementary capital in the form of interest-bearing liabilities, such as Bonds issued pursuant to Section 15 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, unsecured senior debt or other debt credit lines. Lack of access to such funding entails a direct liquidity risk.

Operational risk

DLR is exposed to potential operational risks, defined as the risk of loss resulting from inadequate procedures, human or system errors or from external events. DLR's Board of Directors has laid down policies and guidelines for operational risks and risk insurance with a view to minimising DLR's risks. IT contingency plans are part of DLR's measures to counter operational risks. If any of these procedures or guidelines fail, DLR may incur additional costs or liabilities.

Risks relating to the use of risk models

The Danish FSA has approved DLR's use of internal rating-based models for the calculation of risk exposures for credit risk on the full-time farm portfolio as from the first quarter of 2016. Changes to these models due to, for example, amendments to national or international legislation and changes in supervisory procedures may result in higher capital adequacy requirements for DLR and thus a lower capital ratio.

Risks relating to DLR's business model

In addition to the mortgage collateral provided for the mortgaged properties and thorough credit assessments, DLR has reduced the credit risk relating to individual loans and portfolio risks by requiring the shareholding banks to provide guarantees for the loans provided as part of DLR's business model. In consideration of the provision of loan guarantees and of making their distribution network available for the provision of DLR loans, customer services, etc., DLR pays commission to the banks.

Changes to the loss-mitigating agreements made with banks or failure on the part of the banks to comply with these agreements may result in increased losses and thus lower earnings for DLR. Similarly, changes in DLR's current distribution collaboration with shareholder banks could affect DLR's future lending and earnings.

Transfer of funds between capital centres

DLR may transfer funds (excess cover) between its capital centres with a view to satisfying solvency requirements, requirements for supplementary collateral or additional overcapitalisation out of consideration for, for example, the rating of the capital centre. The transfer of funds presupposes that the capital centre in question still meets its solvency requirements.

In the event of a decline in the value of the assets of a capital centre, e.g. due to falling property valuations, DLR will have less capital with which to cover the SDOs or ROs of the capital centre in question. A decline in the value of the assets of a capital centre may also affect payments to holders of senior secured bonds and unsecured senior debt, who rank after holders of SDOs and ROs for purposes of the order of priority of creditors.

In the event of DLR's bankruptcy, bondholders will, under the general law of damages applicable in Denmark, only have a claim against DLR for any loss suffered on the transfer of funds from one capital centre to another.

Ratings may not reflect all risks

DLR currently holds an issuer rating from S&P Global Ratings of 'A-' with a stable outlook.

DLR's capital centre B and the general capital centre are both rated 'AAA' by S&P. SDOs and ROs hold the same rating as the capital centre out of which they were issued, while DLR's senior secured bonds and unsecured senior debt are currently not rated by S&P.

The assigned ratings may not reflect the potential impact of all of the above and other risks that may affect the value of the Bonds or DLR's credit rating.

A rating is not a recommendation to buy, sell or hold securities, and any credit rating agency may at any time revise, suspend or withdraw a rating assigned by it if, in the judgement of the credit rating agency, the credit quality of the bonds or of the Issuer, as the case may be, has deteriorated or been called into question.

Furthermore, there can be no assurance that a rating of the Bonds and/or the Issuer will be retained after the date of this Base Prospectus, and DLR assumes no liability, guarantee or similar responsibility in connection with a rating of DLR or the Bonds. If a rating assigned to the Bonds and/or DLR is downgraded, suspended or withdrawn, or is not retained by DLR, the market value of the Bonds may decline.

Finally, DLR's ratings may decline if the rating of the Kingdom of Denmark is downgraded without any direct correlation with DLR's activities.

Risks in relation to new regulation and implementation thereof

The implementation of the Capital Requirements Directive (CRD IV) and CRR has imposed stricter capital and liquidity requirements on financial institutions. Among other things, the new rules set out requirements for more and better capital and the introduction of a number of capital buffers (capital conservation buffer, company-specific countercyclical capital buffer and systemic risk buffer), which must all be met by common equity tier 1 (CET1) capital.

The capital requirements are phased in gradually between 2015 and 2019, see section 3.9. There is a risk that the capital requirements applying to DLR will undergo further changes in the coming years due to amendments to international legislation.

2.2 RISK FACTORS IN RELATION TO THE MARKET IN GENERAL

The secondary market in general

There can be no assurance that there will be a liquid market for the Bonds once they are issued. Investors may therefore find it difficult to sell their Bonds or to sell them at prices producing a return comparable to returns on similar investments in the secondary market.

Interest rate risk

An investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds, and there is also a risk of a negative coupon on floating-rate bonds without an interest rate floor.

The yield to maturity on the Bonds is influenced by a number of factors that cannot be foreseen at the time of investment.

2.3 RISK FACTORS IN RELATION TO THE BONDS OFFERED

General risk factors in relation to the bonds:

- The market price of the Bonds may change over the term of the Bonds.
- The negotiability of the Bonds may change over the term of the Bonds.
- The cash flow of the Bonds may be reduced or withheld if Denmark were to introduce a coupon tax or withholding tax on taxable income (tax at source, PAYE).

Risks in relation to the bond structure of ROs and SDOs:

- The cash flow of ROs and SDOs may be influenced by drawings and purchases with subsequent cancellation due to prepayment and repayment of mortgage loans. This means that investors are exposed to a prepayment risk and may have to reinvest at a lower interest rate.
- Pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, bondholders have a preferential claim on the assets of the capital centre that has issued the bonds in the event of DLR's bankruptcy, and payments to investors would continue for as long as funds are available for that purpose in DLR. Therefore, payments to investors would not be withheld pending completion of winding-up proceedings.
- As regards bonds comprised by section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, see Consolidation Act no. 959 of 21 August 2015, the term to maturity of bonds may be extended at refinancing if the interest rate has increased by more than 5 percentage points, or if there is an insufficient number of buyers for all the new bonds required.
- If DLR fails to provide supplementary collateral for the SDOs as required by Danish law, the Bonds will lose their status as covered bonds, which may affect the value of the Bonds.
- Failure to comply with the balance principle may cause DLR to lose its authorisation to issue SDOs, which may affect the value of the Bonds.

Risks in relation to the bond structure of senior secured bonds:

- Pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, holders of senior secured bonds have a secondary preferential right to the assets of the capital centre that has issued the bonds in the event of the Issuer's bankruptcy. The secondary preferential right implies that, in the event of the Issuer's bankruptcy, the bondholders will obtain a preferential claim on the assets of the capital centre before all other debt (unsecured creditors, senior unsecured debt, subordinated loan capital and additional tier 1 capital) – after deduction of costs of the bankruptcy proceedings, the claims of holders of ROs, SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) and financial contract counterparties and interest accrued on these claims from the date of the liquidation order.

- DLR is entitled to defer payments to holders of senior secured bonds if:
  - such payments would cause a breach of the balance principle; or
  - DLR has initiated a reconstruction pursuant to the Danish Bankruptcy Act; or
  - an order of liquidation is pronounced over DLR.
- Under the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR is in certain special situations, as described in section 3.11, required to extend the term to maturity of senior secured bonds. DLR must determine whether, and if so when, the conditions for statutory extension of term to maturity have been met.

Risks in relation to the bond structure of senior unsecured debt:

- Senior unsecured debt constitutes direct, unconditional, unsubordinated and unsecured claims on DLR that will at any time rank *pari passu* between them and with other existing and future claims on DLR, with the exception of claims that have preferential status in pursuance of generally applicable mandatory law.
- In the event of DLR's bankruptcy, owners of senior unsecured debt will not receive any payments until the claims of holders of ROs, SDOs and senior secured bonds and claims with statutory preferential status have been covered.

2.4 ADDITIONAL RISK FACTORS

For a description of additional risk factors, reference is made to DLR's latest annual report, see Annex 3. No risk factors have emerged other than those described in the latest annual report and risk reports.

3 REGULATORY FRAMEWORK GOVERNING DLR's BUSINESS

DLR's business activities are regulated by Danish legislation. As a mortgage bank, DLR is, among other things, subject to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Consolidation Act no. 959 of 21 August 2015), the Danish Financial Business Act (Consolidation Act no. 174 of 31 January 2017), the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (the Executive Order on Bonds, Executive Order no. 1425 of 16 December 2014), as amended, and other executive orders issued in pursuance thereof.

This legislation governs the way in which DLR may fund lending against registered mortgages on real property, defines limits for the size, repayment profile and currency, interest rate and liquidity risks of individual loans and exposures and lays down capital requirements for issuers. The legislation also regulates the raising of loans with a view to providing supplementary collateral for the SDOs issued and provides rules on supervision.

Furthermore, DLR is subject to EU-based legislation, including Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the CRR Regulation). CRR lays down, among other things, requirements regarding own funds, requirements regarding limitation of large exposures, liquidity requirements as well as reporting and disclosure requirements in relation thereto.

DLR is subject to supervision by the Danish FSA, which forms part of the Danish Ministry of Industry, Business and Financial Affairs. The Danish FSA carries out ongoing supervision of DLR's operations, including by on-location inspections and through regular reporting by DLR. Furthermore, the Danish FSA monitors DLR's compliance with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Financial Business Act, etc.

The following paragraphs provide an overview of the legislation regulating the SDO issuance and the operations of the mortgage bank.

If the legislation regulating the business of DLR is changed, DLR reserves the right to amend this Base Prospectus through an addendum prospectus, so that DLR's future issues of bonds under this Base Prospectus comply with the legislation in force at any given time and the business opportunities this provides.

3.1 LENDING

DLR is authorised to lend against registered mortgages on real property, provide unsecured loans to public sector entities, loans guaranteed by public sector entities or loans granted against other unsubordinated claims with and guarantees issued by credit institutions on the basis of SDOs and ROs.

DLR is authorised by the Danish FSA to issue SDOs and ROs. By extension, DLR is also authorised to issue bonds pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds).

3.2 ASSETS ELIGIBLE AS SECURITY FOR THE ISSUANCE OF ROs AND SDOs

Under Article 129 of CRR, the following types of assets qualify as collateral for the issuance of ROs and SDOs:

- Loans secured by a registered mortgage on real property, including loans secured by temporary collateral.
- Loans secured by a registered mortgage on real property, including loans secured by temporary collateral, provided by other credit institutions in accordance with the statutory provisions on joint funding.

- Bonds and debt instruments issued by or guaranteed by public sector entities and central banks.

In addition, the following types of assets qualify as collateral for the issuance of SDOs:

- Exposures to or guaranteed by central governments, central banks, public sector entities or regional governments or local authorities in the EU.
- Exposures to credit institutions (such as guarantees) qualifying for credit quality step 1, provided that the total exposure does not exceed 15% of the nominal amount of the cover pool relating to the outstanding SDOs. Based on the level of concentration of the Danish mortgage credit system, Denmark has obtained permission to also apply exposures to credit institutions qualifying for credit quality step 2 up to 10% of the amount of outstanding SDOs, provided that the total exposure to credit institutions does not exceed 15% of the cover pool.
- Exposures to financial instruments concluded to hedge risk with credit institutions as the counterparty are included in the above 15% or 10% limit. Any exceeding of these limits must be immediately remedied by provision of supplementary collateral in secure and liquid assets not encompassed by the 15% or 10% limit mentioned above. In order to qualify as cover, financial instruments applied to hedge risks between assets and issued bonds must be concluded with a counterparty qualifying for credit quality step 2 or higher. The requirement as to the counterparty's credit quality step must be complied with at all times.

DLR's placement of claims arising in connection with mortgage payments on and redemptions of loans secured by mortgages on real property, refinancing and pre-issuance is not included in the 15% or 10% limit. Similarly, the placement – within the capital centre – of funds from the lending business in own bonds is not included in the 15% or 10% limit.

Financial instruments may be included only if they are applied to hedge risks between assets relating to, on the one hand, the series (the capital centre) and, on the other, the bonds issued, provided that the agreement on the financial instrument provides that the mortgage bank's initiation of reconstruction pursuant to the provisions of the Danish Bankruptcy Act, bankruptcy or non-compliance with the duty of providing supplementary collateral does not constitute breach of contract.

Assets provided as security for issued SDOs or ROs are held in separate capital centres. ROs and SDOs may not be issued out of the same capital centre.

3.3 LENDING LIMITS

In connection with lending against registered mortgages on real property financed by issuing SDOs and ROs, mortgage banks must carry out valuation and assess loans pursuant to the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Executive Order on Valuation of Security and Lending against Real Property placed as Security for the Issue of Covered Bonds and the Executive Order on the Valuation and Granting of Loans of Mortgage Credit Institutions.

Loans against mortgages on real property are assessed on the basis of the value of the mortgaged property. The purpose of the rules on valuation and assessment of loans is to ensure that loans are granted in accordance with the statutory limits.

The value of the assets covering the SDOs, see section 33b(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act., must at any given time correspond at least to the value of the SDO issued, and the security for the individual mortgage loan included as such an asset must comply at all times with the loan limit applicable to the property category in question.

Loans may be granted for the following property categories with a loan-to-value limit of 80%:

- Owner-occupied homes
- Private co-operative housing

- Private rental housing
- Non-profit housing
- Youth housing
- Housing for the elderly etc.
- Properties for social, cultural and educational purposes (the LTV limit for mortgages based on the issuance of SDOs is 60% for this property category. This LTV limit may be raised to 70% if supplementary collateral of no less than 10% is provided for the portion of the loan exceeding the 60% LTV limit).

Loans may be granted for the following property category with an LTV limit of 75%:

- Holiday homes

Loans may be granted for the following property categories with a loan-to-value limit of 70% (loans granted on the basis of ROs) and 60% (loans granted on the basis of SDOs):

- Agricultural and forestry property, market gardens, etc.

The LTV limit of 60% (for loans granted on the basis of SDOs) may be raised to 70% if supplementary collateral of no less than 10% is provided for the portion of the loan exceeding the 60% LTV limit.

Loans may be granted for the following property categories with a loan-to-value limit of 60%:

- Office and business property
- Manufacturing and manual industry property
- Collective energy plants
- Holiday homes for commercial letting

The LTV limit of 60% (for loans granted on the basis of SDOs) may be raised to 70% if supplementary collateral of no less than 10% is provided for the portion of the loan exceeding the 60% LTV limit.

Loans may be granted for the following property category with a loan-to-value limit of 40%:

- All other property, including undeveloped sites.

3.4 REPAYMENT PROFILE AND TERM OF LENDING GRANTED AGAINST MORTGAGES ON REAL PROPERTY

The maximum term of a loan granted against a mortgage on real property is 30 years. Determination of the loan term and repayment profile must consider the expected depreciation of the collateral value. However, the maximum term is 40 years for loans for non-profit housing, youth housing and private co-operative housing, if lending is granted on the basis of a subsidy commitment made in accordance with the Danish act governing non-profit housing and subsidised private co-operative housing etc.

Notwithstanding the quality of the security provided, loans granted for owner-occupied properties and holiday homes may not be amortised over a longer term than a 30-year loan amortised over its loan term with repayments constituting a fixed percentage of the principal (annuity loan). Within the term of the loan, this requirement may be derogated from for a period of up to ten years with due consideration to the expected depreciation of the collateral. For owner-occupied properties, the minimum amortisation may be derogated from for a period of more than ten years, provided that the loan does not exceed an LTV limit of 75% (70% for loans granted before 1 July 2009).

The following property categories are not subject to the 30-year maximum term for loans provided on the basis of SDOs if the loan does not exceed an LTV limit of 75% (70% for loans granted before 1 July 2009):

- Owner-occupied homes
- Private co-operative housing
- Private rental housing
- Non-profit housing
- Youth housing
- Housing for the elderly etc.

3.5 LIABILITY FOR LENDING GRANTED AGAINST REGISTERED MORTGAGES ON REAL PROPERTY

For loans granted against mortgages on real property, borrowers are liable both personally and to the extent of the mortgaged property. The Issuer may waive the requirement of personal liability.

3.6 ASSETS ELIGIBLE AS SUPPLEMENTARY COLLATERAL FOR SDOs

If the value of the cover assets behind the SDOs no longer equals at least the value of the SDOs issued or no longer complies with the relevant LTV limits, in order for the bonds to retain their status as SDOs the mortgage bank must immediately provide supplementary collateral to comply with the requirement, and notify the Danish FSA. Supplementary collateral must be provided in the form of secure and liquid assets as specified in Article 129 of CRR.

The following types of assets qualify as supplementary collateral for SDOs:

- Loans secured by a registered mortgage on real property, including loans secured by temporary collateral.
- Exposures to or guaranteed by central governments, central banks, public sector entities or regional governments or local authorities in the EU.
- Exposures to credit institutions (such as guarantees) qualifying for credit quality step 1, provided that the total exposure does not exceed 15% of the nominal amount of the cover pool relating to the outstanding SDOs. Based on the level of concentration of the Danish mortgage credit system, Denmark has obtained permission to also apply exposures to credit institutions qualifying for credit quality step 2 up to 10% of the amount of outstanding SDOs, provided that the total exposure to credit institutions does not exceed 15% of the cover pool.

The Issuer's placement of claims arising in connection with mortgage payments on and redemptions of loans secured by mortgages on real property, refinancing and pre-issuance is not included in the 10% or 15% limit. Similarly, the placement – within the capital centre – of funds from the lending business in own bonds is not included in the 15% or 10% limit.

In the event that the mortgage bank fails to provide supplementary collateral, all bonds issued out of the capital centre in question lose their designation as SDOs. If subsequently the bonds again satisfy the SDO requirements, the Danish FSA may allow such bonds to be re-designated as SDOs.

3.7 ADMISSION TO RAISING LOANS

Mortgage banks authorised to issue SDOs may raise loans pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, including through issuance of bonds (senior secured bonds) secured against the assets of a capital centre, with a view to satisfying the requirement for the provision of supplementary collateral for the SDOs issued, or with a view to increasing the excess cover in a capital centre.

Senior secured bonds may be issued before the requirement for providing supplementary collateral arises.

The final terms for the issue in question must state the capital centre to which the loan funds are allocated.

The funds must immediately be placed in investment grade assets, see Article 129 of CRR. As from the time when the loan is raised or the bonds are sold, the assets must be placed in a separate account, a separate custody account or otherwise be designated as deriving from the relevant loan until the assets, where necessary, are to be used as supplementary collateral or as excess cover. The requirement regarding the placement of the funds in investment grade assets applies irrespective of whether or not they have been used as supplementary collateral or as excess cover.

When the assets are used as supplementary collateral or excess cover, they must be included in the relevant capital centre. However, there is no requirement for marking or segregation of the supplementary collateral. The deposited supplementary collateral is therefore part of the general assets of the capital centre. This security is thus not dedicated solely to holders of senior secured bonds.

3.8 BALANCE PRINCIPLE

Pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, mortgage banks must comply with a balance principle and a set of risk management rules in connection with the issuance of ROs or SDOs. The provisions are specified in the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (the Executive Order on Bonds) issued in pursuance of the Act.

The Executive Order on Bonds sets out limits to the differences allowed between the payments from borrowers servicing loans secured against mortgages on real property, unsecured lending to public sector entities or based on public guarantee, other placements in assets eligible as collateral, derivative financial instruments to hedge cash flow differences and placements of funds pursuant to section 4(5) of the Executive Order on Bonds on the one hand, and payments to holders of ROs, SDOs, other securities with preferential status issued by mortgage banks and derivative financial instruments to hedge cash flow differences on the other hand. The Executive Order on Bonds sets forth loss limits to the interest rate, currency, option and liquidity risk arising from cash flow differences in the balance sheet.

The Executive Order on Bonds further contains a number of other provisions limiting financial risks. Funds raised through borrowing pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, including through the issuance of bonds, are governed solely by separate provisions on financial risk limits in the Executive Order. The same provisions apply to the mortgage bank's securities portfolio.

The balance principle and risk management rules are based on the following two main points:

A. Statutory requirements for placing the proceeds in eligible assets when a mortgage bank issues ROs or SDOs and other securities with preferential status issued by a mortgage bank.

B. Exposure to interest rate, currency and option risks is only permitted to a limited extent.

However, various technical aspects in relation to the lending activities of a mortgage bank cause a number of placements of funds to not be subject to the statutory limit to other unsubordinated claims against other mortgage banks in connection with the issuance of ROs and SDOs:

- Placement of funds in connection with the disbursement of new loans, refinancing or prepayment of existing loans that will lead to an outstanding amount of bonds for which the mortgage bank has not yet obtained a registered mortgage on real property (disbursements and refinancing) or awaits redemption of outstanding bonds (refinancing and prepayment).
- Registration guarantees that provide temporary collateral in connection with lending against a mortgage on real property until a registered mortgage has been produced.
- Own bonds within the same capital centre.

Mortgage banks authorised to issue ROs and SDOs must comply with a balance principle. The balance principle may be complied with by fulfilling the provisions of either the general balance principle (see part 2 of the Executive Order on Bonds) or the specific balance principle (part 3 of the Executive Order on Bonds).

<u>The general balance principle</u>
The present value of future payments into the capital centre must at any time exceed the present value of future disbursements from the capital centre. Further, interest payments to the capital centre must exceed interest payments from the capital centre over a period of 12 months. Excess cover and liquidity investments may be included as interest payments to the capital centre, provided that they have been made in secure and liquid securities.

A mortgage bank may only assume limited interest rate risk arising from differences between future cash outflows on SDOs, ROs, other securities issued by the mortgage bank and financial instruments to hedge payment differences, and future cash inflows on mortgage deeds, lending to public sector entities or secured by a public guarantee, placements of funds and financial instruments to hedge payment differences. The interest rate risk is calculated as the largest decrease in the present value resulting from six different assumed yield curve developments. The interest rate risk must not exceed 1% of the solvency requirement for mortgage banks plus 2% of the additional excess cover or 5% of the solvency requirement for mortgage banks plus 10 per cent of the additional excess cover, depending on the assumed yield curve developments. Notwithstanding the fact that mortgage banks are not entitled to offset interest rate risks resulting from different currencies, they are entitled to offset an interest rate exposure resulting from differences in payments in EUR against an interest rate exposure resulting from differences in payments in DKK by up to 50% of the interest rate risk in the currency with the numerically smaller interest rate risk. In connection with the establishment or closure of a capital centre, the interest rate exposure must not exceed DKK 20 million, irrespective of the limits stipulated above. The interest rate exposure on the mortgage bank's securities portfolio may not exceed 8% per cent of its own funds.

A mortgage bank may only assume limited currency exposure arising from differences between future cash outflows on SDOs, other securities issued by the mortgage bank and financial instruments to hedge payment differences, and future cash inflows on mortgage deeds, lending to public sector entities or secured by a public guarantee, placements of funds and financial instruments to hedge payment differences. Currency exposure is measured as the loss incurred from an increase or a decrease of 10% in exchange rates for currencies within the EU, EEA or Switzerland against DKK and as the loss incurred from an increase or decrease of 50% in the exchange rates for all other currencies against DKK. For mortgage banks, the calculated currency exposure may not exceed 10% of the solvency requirement plus 10% of additional excess cover for EUR or, for other currencies, 1% of the solvency requirement plus 1% of additional excess cover. For the securities portfolio of a mortgage bank, the currency exposure may not exceed 10% of its own funds.

Risk exposure pertaining to hedging of conditional (asymmetric) claims on debtors as well as term mismatches between conditional (asymmetric) claims on debtors and options hedging exposures in a capital centre must be limited. The option risk is measured on the basis of the vega risk parameter and is stated as the larger loss of the present value of cash flows resulting from two different assumed volatility structure developments. The option risk may not exceed 0.5% of the solvency requirement for mortgage banks plus 1% of the additional excess cover. Notwithstanding the fact that mortgage banks are not entitled to offset option risks resulting from different currencies, they are entitled to offset an option risk resulting from differences in payments in EUR against an option risk resulting from differences in payments in DKK by up to 50% of the option risk in the currency with the numerically smaller option risk.

<u>The specific balance principle</u>
The differences between the present value of future cash outflows on SDOs, other securities and financial instruments on the one side, and the present value of future cash inflows on mortgage deeds, financial instruments and placements of funds on the other must be calculated on a discounted daily cumulative basis for all future cash inflows and outflows.

Any future cash deficit resulting from the cash outflow exceeding the cash inflow may not exceed the following limits in respect of the mortgage bank's own funds:

- 25% in year 0 to year 3;
- 50% in year 4 to year 10; and
- 100% effective from year 11.

Each period runs from the date of calculation.

The mortgage bank may not assume an interest rate risk arising from the listed cash flow differences of more than 1% of its own funds. Payment differences do not include excess cash flows resulting from debtors making full or partial payments prior to the mortgage bank's payments to the owners of the underlying SDOs, unless the debtor is entitled to compensation for such early payment. In connection with the establishment or closure of a capital centre, the interest rate exposure may not exceed DKK 20 million, irrespective of the limits stipulated above. The interest rate risk on the mortgage bank's securities portfolio and funds raised through the issuance of bonds in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) may not exceed 8% of its own funds.

The currency exposure on the mortgage bank's assets, liabilities and off-balance sheet items may not exceed 0.1% of its own funds. The exchange rate risk is calculated on the basis of currency indicator 2.

3.9 CAPITAL ADEQUACY

The Issuer must have own funds representing at least 8% of the total risk exposure. This requirement applies to DLR overall, DLR capital centre B, DLR general capital centre and any capital centre DLR might subsequently decide to establish.

In the event that a capital centre is unable to meet the capital adequacy requirement, funds must be transferred from the general capital centre, unless such transfer would prevent the general capital centre itself from meeting the 8% capital adequacy requirement. Excess capital may be transferred from individual capital centres to the general capital centre. Transfer of excess capital to the general capital centre is subject to a resolution by DLR's Executive Board.

DLR's capital management is based on the CRR Regulation, the Danish Financial Business Act and the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need, together with the capital target set by the Board of Directors.

Among other things, the CRR/CRD IV rules governing mortgage bank own funds set forth requirements for more and better capital and the introduction of a number of capital buffers (capital conservation buffer, company-specific countercyclical capital buffer and systemic risk buffer), which must all be met by common equity tier 1 capital.

As a general rule, the capital conservation buffer is 2.5% of the total risk exposure, while the countercyclical buffer varies between 0 and 2.5% depending on the economic outlook and may be raised if necessary. At the time of preparation of this Base Prospectus, the cyclical buffer is set at 0%, while the capital conservation buffer is 1.25% as from 1 January 2017, and increasing by 0.625 percentage points each year until fully phased-in in 2019.

DLR has been designated as a systemically important financial institution (SIFI) because its total lending exceeds 6.5% of Denmark's GDP. This means that DLR must maintain a SIFI buffer that will be phased in gradually over a five-year period from 2015 to 2019, when the requirement will be 1% of the total risk exposure. The SIFI buffer is increased by 0.2 percentage points every year until 2019. In 2017, the SIFI requirement is 0.6% of DLR's total risk exposure.

Sanctioned by the Danish FSA, DLR has since the end of Q1 2016 applied the IRB approach for purposes of calculating risk exposures for credit risk on DLR's loan portfolio to full-time farms.

Under the IRB method, a deduction from or an addition to own funds must be made to reflect the difference between expected IRB losses and current impairment losses.

At 30 September 2017, DLR's own funds amounted to DKK 12,886 million, consisting of share capital of DKK 570 million, distributable reserves of DKK 9,328 million, tied-up reserve capital of DKK 2,338 million, and subordinate capital in the form of tier-2 capital issued to PRAS A/S of DKK 650 million.

At 30 September 2017, DLR's own funds after deductions amounted to DKK 11,544 million, corresponding to a capital ratio of 14.8%, with the risk exposures for credit risk on the loan portfolio to full-time farms being computed according to the IRB approach, while the credit risk on the remaining part of the portfolio has been determined using the standard method. Own funds were affected by IRB deductions of DKK 664 million and the issuance of DKK 650 million tier-2 capital.

DLR's total regulatory capital requirement at the beginning of Q4 2017 was 10.4%, consisting of an individual solvency need of 8.55% and capital buffers of a total of 1.85%. Relative to the above-mentioned capital ratio of 14.8%, this corresponds to an excess capital cover of 4.4 percentage points before factoring in the profits of the period.

3.10 PLACEMENT OF LIQUID FUNDS

As a consequence of the Danish LCR implementation for SIFI institutions, as from 1 October 2015 SIFIs must comply with a fully phased-in LCR requirement.

The LCR (Liquidity Coverage Ratio) requires a credit institution to hold sufficient liquidity to cover its needs for a period of 30 days. The LCR requirement is defined in a delegated regulation (the LCR Regulation). The LCR is expressed as a percentage that must at all times be at least 100 and is calculated as the institution's liquidity buffer as a percentage of the net liquidity outflow over 30 days.

DLR's liquidity buffer consists of high quality liquid assets (HQLA), including cash in hand, the current account with the Danish Central Bank, government bonds and covered bonds (ROs, SDOs, SDROs) issued by other Danish mortgage banks. Covered bonds may be included in the liquidity buffer as so-called level 1B assets if the size of the bond series is more than EUR 500 million, subject to a 7% haircut. If the size of the bond series is more than EUR 250 million, the bonds may be included as so-called level 2A assets, subject to a 15% haircut.

3.11 REFINANCING RISK

Special conditions regarding statutory maturity extension and interest rate fixing apply in connection with refinancing of SDOs comprised by section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Consolidation Act no. 959 of 21 August 2015).

Interest rate trigger
If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs and the bonds are fixed-rate or floating-rate bonds with a maturity of up to and including 24 months at the time of the refinancing of the loan, the maturity of the bonds to be replaced by new bonds at maturity will be extended by 12 months if the yield to maturity in connection with the refinancing becomes more than 5 percentage points higher than a given reference rate. The reference rate, the terms and conditions for the arrangement of bond sales and the interest rate fixing on extended bonds appear from item 4.7.7, "Securities Note", below. On maturity of the bonds concerned after the 12-month extension, new bonds must be issued to replace them. At this issue, the 1st clause does not apply.

Refinancing failure trigger
If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs, the maturity of the bonds to be replaced by new bonds at maturity will, if there is an insufficient number of buyers for all the new bonds required, be extended by 12 months at a time

until refinancing can be completed with buyers for all the new bonds required. Item 4.7.7, "Securities Note", below specifies how the interest rate on extended bonds is determined.

Statutory maturity extension - senior secured bonds
If the maturity of SDOs issued by DLR is extended under the statutory maturity extension based on the refinancing failure trigger, DLR must extend the maturity correspondingly for senior secured bonds that have been issued out of the same capital centre and have been used as supplementary collateral for the extended SDOs, if these senior secured bonds mature during the extension period. However, the senior secured bonds in question may be redeemed at ordinary maturity if DLR issues or has issued new loans to replace these in full or in part. The extension may comprise the entire or part of a given ISIN.

Reference is made to item 4.7.7 of section 7 "Securities Note" of this Base Prospectus for a more detailed description of the provisions governing statutory extension of bond maturities.

3.12 RECOVERY AND RESOLUTION

The EU Bank Recovery and Resolution Directive (BRRD) was implemented in Danish law with effect from 1 June 2015. BRRD requires an internal recovery plan to be prepared by the financial undertaking and an external resolution plan to be prepared by the authorities. In its capacity as a SIFI, DLR must at 1 October of each year update and submit a recovery plan to the Danish FSA, and the Danish FSA must prepare a resolution plan for DLR, see the Danish Financial Business Act.

DLR's recovery plan describes the measures taken by DLR to ensure that it does not encounter financial difficulties making a resolution necessary. The recovery plan contributes to ensuring that financial difficulties are addressed swiftly, and that the measures set out in the plan are put into action with a view to sustaining DLR's long-term viability. The recovery plan describes different stages of DLR's emergency management and indicators of these stages. The plan describes capital and liquidity measures as well as other matters of relevance to internal crisis management.

DLR's recovery plan has been prepared taking into account the technical standards (RTS) and guidelines (GL) of the European Banking Authority (EBA).

The Danish Financial Business Act and the Danish Act on Restructuring and Resolution of Certain Financial Enterprises set out the following additional requirements in relation to recovery and resolution:

DLR must in the period 2015-2024 contribute funds to a resolution fund that will contribute to resolving failing institutions. Mortgage banks contribute less to the resolution fund than banks as mortgage banks do not accept deposits.

DLR must have a debt buffer calculated on the basis of its total unweighted lending, see item 3.13 below.

In the event that DLR experiences a significant deterioration of its financial situation, the Danish FSA may require DLR to implement relevant measures.

If resolution proceedings are initiated for DLR, Finansiel Stabilitet is required to write down or convert DLR's relevant capital instruments into common equity tier 1 instruments when the conditions for resolution have been met. Finansiel Stabilitet may then apply the following resolution tools:

- A sale of all or a certain part of the shares or the institution's assets or liabilities to a third party;
- Transfer to a temporarily state-owned company;
- Transfer to a portfolio management company; and/or
- Write-down/conversion (bail-in) of DLR's contractual obligations. Mortgage banks are explicitly exempted from statutory write-down/conversion (bail-in) of other instruments than capital instruments, see item 3.13.

3.13 DEBT BUFFER

Under BRRD, bail-in cannot be applied in connection with resolution/reconstruction of a mortgage bank. Mortgage banks are also exempted from the eligible liabilities requirement that must be met by financial institutions. On the other hand, mortgage banks must set up a debt buffer equal to 2% of their unweighted lending portfolio. The debt buffer requirement will be phased in during the period 2016-2020 to the effect that the buffer as at 15 June of each of the years in this period will equal 30, 60, 80, 90 and 100%, respectively, of the requirement.

The debt buffer may consist of equity, additional tier 1 capital, tier 2 capital and unsecured senior debt, provided that the capital/debt is issued by the general capital centre. Furthermore, the issued capital/debt must have a maturity of at least two years when issued.

As per 30 September 2017, DLR has issued senior debt totalling DKK 3 billion with a view to satisfying the debt buffer requirement, of which DKK 1 billion unsecured senior debt issued in June 2016, and DKK 2 billion Senior Resolution Notes (SRN) split on 2 issues of each DKK 1 billion issued in June and September 2017, respectively. In connection with the June 2016 issuance of unsecured senior debt, the Danish FSA informed DLR that unsecured senior debt may be included in the debt buffer. Subsequently, DLR has however chosen to cover the debt buffer requirement with a new type of bail-inable senior debt which is included in S&P's Loss-Absorbing Capacity (ALAC) and thus supports DLR's issuer rating.

3.14 DANISH BANKRUPTCY LAW

If a bankruptcy order is issued over DLR, funds cannot be transferred between capital centres and the general capital centre. The amount to which holders of SDOs (and, where relevant, bonds that have forfeited their designation as SDOs, see section 27a(2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act), ROs and any other securities have a preferential right equals the assets available in a capital centre from time to time after allocation of income and expenses.

If DLR is declared bankrupt, the following applies, see section 27(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The funds of a capital centre, less costs of the bankruptcy proceedings etc., which include costs for the liquidator, staff, etc., are to be used to satisfy the claims of holders of ROs, SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) and any other securities of the capital centre in question, the claims of financial counterparties in accordance with agreements on derivative financial instruments concluded to hedge risks relating to the aforementioned claims as well as claims for interest accrued on the aforementioned claims from the date of the liquidation order.

Then, senior secured bonds raised by DLR in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act are covered.

Pursuant to section 32 of the Danish Bankruptcy Act, any excess funds are included in the assets available for distribution in DLR. The assets available for distribution are applied to settle claims in accordance with the provisions of part 10 of the Danish Bankruptcy Act. Any uncovered claims of holders of ROs, SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) and any other securities and claims for interest accrued on the aforementioned claims from the date of the liquidation order are, however, paid in equal proportion in accordance with the requirements set out in section 96 of the Danish Bankruptcy Act, but before unsecured claims in accordance with section 97 of the Danish Bankruptcy Act.

In the event of DLR's bankruptcy, holders of senior secured bonds will obtain a preferential claim on the assets of a capital centre before all other debt (unsecured creditors, unsecured senior debt, subordinated loan capital and additional tier 1 capital) – after deduction of costs of the bankruptcy proceedings, claims of holders of ROs, SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) and any counterparties on financial contracts and interest accrued on these claims from the date of the liquidation order, see section 27(1).

If an order of liquidation is pronounced over DLR and the proceeds from the issuance of senior secured bonds are not yet included in a capital centre, any financial contract counterparties and the holders of ROs or SDOs (and, where relevant, bonds that have forfeited their designation as SDO) issued by the capital centre for which the loan has been raised will have a preferential right to these funds. Any excess funds will be paid to the holders of senior secured bonds, see section 27b of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

If the assets of the relevant capital centre are insufficient to cover the claims of holders of senior secured bonds, the residual claim may be raised as an unsecured claim against the assets available for distribution in the general capital centre, see section 97 of the Danish Bankruptcy Act.

Financial instruments may be included as assets or liabilities of a capital centre only if they are applied to hedge risks between assets concerning, on the one hand, the series and, on the other, the SDOs, provided that the agreement on the financial instrument provides that DLR's initiation of reconstruction pursuant to the provisions of the Danish Bankruptcy Act or its bankruptcy does not constitute breach of contract. If DLR is declared bankrupt, counterparties to financial instruments concluded to hedge risks in a series of SDOs will rank *pari passu* with holders of SDOs.

The issuance of a bankruptcy order over DLR cannot be relied on by holders of ROs, SDOs and senior secured bonds to claim prepayment of liabilities and does not deprive DLR's borrowers of their right to repay in full or in part mortgage loans or loans granted on the basis of the issuance of SODs in accordance with the repayment terms applicable to the relevant loan, see section 28 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Similarly, it does not constitute breach of contract if DLR does not fulfil its obligations to provide supplementary collateral for SDOs.

The bankruptcy estate cannot effect payment in satisfaction of claims raised by holders of ROs, SDOs or other securities earlier than the date on which DLR was entitled to be discharged by effecting such payment. The liquidator must continue or resume as far as possible the fulfilment of DLR's obligations, including in individual capital centres and in the general capital centre, in the form of payments of interest and instalments to holders of ROs, SDOs and other securities where relevant. To the extent that funds are insufficient, interest is paid to holders of ROs, SDOs and any other securities before any drawings are effected.

In case of a reconstruction pursuant to the Danish Bankruptcy Act, or in case of bankruptcy, DLR must, in pursuance of section 32 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, continue to the greatest possible extent to honour its payment obligations in relation to the claims of holders of ROs, SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) and any other securities when such payments fall due, unless the reconstruction administrator or liquidator decides otherwise. The reconstruction administrator and the liquidator may conclude agreements on financial instruments, raise loans to make these payments and provide collateral for such loans in assets, except for registered mortgages on real property placed as collateral for bonds, belonging to the capital centre for which payment is made. To cover redemption of bonds that reach maturity, the reconstruction administrator or liquidator may further issue refinancing bonds to replace bonds in the capital centre in question that have expired. Refinancing bonds will have collateral equal to that of the ROs, SDOs or, where relevant, refinancing bonds replaced by the refinancing bonds.

However, the reconstruction administrator or liquidator may not issue refinancing bonds if it is estimated that, after the issuance of bonds and payment of costs associated with the winding up of the estate, insufficient funds will be available to settle the claims of holders of ROs, SDOs and, where relevant, other securities, etc. in the capital centre in question, see section 32(4), see section 27(1), first sentence, and section 27(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. If the reconstruction administrator or liquidator may not issue refinancing bonds, or if there is an insufficient number of buyers for the new bonds required, the maturity of the existing bonds will be extended by one year at a time, and the reconstruction administrator or liquidator will set the coupon on the extended bonds at a floating 1-year reference rate in the same currency, with the addition of up to 5 percentage points, see section 32(6) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

If the maturity of SDOs is extended because it has been ascertained at the refinancing that there is an insufficient number of buyers for all the new bonds required, the maturity of senior secured bonds which normally mature during the extension period and which are linked to the extended bonds will be extended to correspond to the maturity of the extended bonds concerned.

In the event of DLR's bankruptcy, the difference in the legal position between, on the one hand, holders of ROs and SDOs and, on the other, holders of senior secured bonds may be summarised as follows:

First, the funds of the capital centre out of which the bonds have been issued (less costs of the bankruptcy proceedings etc., including costs for the liquidator, staff, etc.) are applied to settle the claims of holders of ROs, SDOs (and, where relevant, bonds that have forfeited their designation as SDOs) and certain other claims relating to the ROs and SDOs.

Then, senior secured bonds and other debt raised by DLR in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act are covered.

In the event of DLR's bankruptcy, owners of unsecured senior debt will not receive any payments until the claims of holders of SDOs (and, where relevant, bonds that have forfeited their designation as SDOs), ROs and senior secured bonds and claims with statutory preferential status have been covered.

3.15 ARREARS

If payments on a mortgage loan are not made in due time, DLR has the option of arranging a compulsory sale in order to raise funds for repayment. During any period in which the debtor fails to service his mortgage, DLR will pay the bondholder for as long as funds are available in the capital centre.

3.16 CHANGES AND AMENDMENTS TO LEGISLATION AND REGULATIONS OR REGULATORY PRACTICE

DLR's business is subject to legislation and supervision. Changes and amendments to Danish legislation and Danish FSA practice and changes to EU rules may affect DLR's business and, by extension, its financial results and the pricing of its Bonds.

Capital requirements may undergo further changes in the coming years due to legislative amendments. Discussions concerning new regulations are currently ongoing within the framework of the Basel Committee on Banking Supervision and the EBA.

In June 2015, the EU directive on the recovery and resolution of credit institutions and investment firms (BRRD) was implemented in Danish law as described in section 3.12 above. In that connection, it was decided that all Danish mortgage banks must maintain a debt buffer equal to 2% of their total unweighted lending once it is fully implemented. Implementation of the debt buffer is a political agreement and the debt buffer requirement will be evaluated through to 2018.

At this point in time, the Danish FSA has not required that the debt buffer requirement be covered by loss-absorbing capital. Since the phasing in of the debt buffer began in mid-June 2016, it has therefore been possible to satisfy the debt buffer requirement through ordinary unsecured senior debt. Adoption of the proposed minimum total loss-absorbing capacity (TLAC) standard for global systemically important banks, which was published by the Financial Stability Board together with the BRRD, may lead to similar requirements for national SIFIs. DLR may thus also become subject to requirements regarding loss-absorbing capital. In 2017, DLR started to use bail-inable senior debt (Senior Resolution Notes) to cover the debt buffer requirement. In a resolution, this type of senior debt can be written down or converted into share capital.

4 OVERVIEW OF DLR'S BUSINESS ACTIVITIES

4.1 BACKGROUND

DLR is a Danish mortgage-credit institution subject to the Danish Financial Business Act. DLR conducts mortgage-credit activity and closely associate activities. DLR can issue covered bonds (SDO) or mortgage bonds (RO) to fund the lending, supplemented by the issuance of debt securities for the purpose of LTV fulfilment, fulfilment of OC requirements from rating agencies, and compliance with the debt buffer requirement.

4.2 BUSINESS MODEL

DLR grants loans against mortgages on real property within the agricultural (including residential farms), urban trade and private cooperative housing sectors. Urban trade is a catch-all term for private residential rental properties, office and retail properties, public housing properties, manufacturing and workshop properties, community power plants and "other properties" (mainly unbuilt land). Since 2002, DLR has also, albeit to a limited extent, been granting loans in Greenland and since 2009 the Faroe Islands. At end-September 2017, DLR's loan portfolio in terms of outstanding nominal bond debt amounted to DKK 139.7bn, of which loans to Greenland and the Faroe Islands amounted to DKK 1.9bn or 1.2 pc of the loan portfolio.

At the time of the Base Prospectus, DLR only issues SDOs to fund the mortgage-credit lending. DLR stopped issuing ROs for purposes of funding mortgage-credit loans at the beginning of 2008 in connection with its transition to SDO funding and its opening of a new capital centre B for the issuance of SDOs.

DLR is owned by 61 local and nationwide banks, etc. The banks refer loans to DLR and receive agency fees and commissions from DLR, including commissions for providing loss guarantees on loans referred to DLR. Annual share redistributions aim at balancing the individual bank's ownership share with its share of provided loan.

DLR had 165 full-time equivalent employees on average in 2016. DLR has no branch offices, as loans are distributed through the branch networks of DLR's shareholder (owner) banks. DLR receives loan applications via the applicant's bank, after which DLR's independent valuation experts value the property. The application outcome is then decided by DLR's credit department based on the property valuation, the applicant's financial history and statements from the applicant's bank. DLR's valuation experts are independent of the credit-granting process. Hence, there is a clear separation between the functions of property valuation, credit assessment and loan granting, and loan administration and follow-up.

4.3 OVERALL RISK MANAGEMENT AT DLR

Risk management is a key element of DLR's day-to-day operations. DLR's Board of Directors lays down DLR's overall risk profile and prepares policies and guidelines for the measurement, monitoring and reporting of risk. Pursuant to the CRR (Pillar III) disclosure requirements (CRR Articles 431-455), DLR at least once a year prepares a risk and capital management report, which is published on DLR's website, www.dlr.dk/Investor.

As a mortgage-credit institution, DLR is exposed to various types of risk, such as credit risk, market risk, liquidity risk and operational risk etc.

DLR has elected to operate with capital resources that exceed the regulatory minimum requirement. DLR's capital resources combined with its annual profit, which constitute a front-line buffer against loss, should therefore be able to absorb losses on a substantial scale.

Like other Danish mortage-credit institutions, DLR is subject to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Financial Business Act, the Executive Order on the Issue of Bonds, the Balance Principle and Risk Management ("The Bond Executive Order") and other executive orders issued pursuant to the above legislation.

DLR applies the specific balance principle as defined in the Bond Executive Order to its lending activities. Applying the principle means there is a full funding match between the intere and principal payments received by DLR from borrowers and DLR's payments to bondholders.

In reality, the balance principle means DLR's lending business does no assume interest rate, exchange rate or liquidity risk – including prepayment risk. DLR's main risk is credit risk, i.e. the risk that a borrower is unable to repay a loan.

CREDIT RISK

As a mortgage-credit institution, DLR only grants loans against a registered mortgage on real property subject to statutory limits on loan-to-value (LTV), etc. This activity means that credit risk, arising from the risk of loss due to a borrower defaulting on payment obligations to DLR, constitutes by far the most significant share of DLR's aggregate risk.

To identify credit risk, a detailed assessment is made of the morgageable property and the borrower's finances. Credit scoring is the responsibility of DLR's credit department in Copenhagen. Credit scoring models are used for certain customer segments. As well as cover in the mortgaged property and a detailed credit assessment, DLR has further reduced its credit risk on individual loans and its risk at portfolio level via various guarantee scheme provided by DLR's loan-distributing banks (DLR's shareholders).

DLR's universal guarantee concept, which covers all key property categories, came into force at the start of 2015. However, loans on properties such as manufacturing and workshop properties, community power plants (excluding wind turbines), plots of land and specialist properties are only granted when additional guarantees are in place.

The guarantee under the shared guarantee concept is structured in such a way that the loan providing bank provides an individual guarantee when disbursing the loan, covering the individual loan throughout the term of the loan. The guarantee generally covers 6% of the residual debt. Additional guarantee is required in connection with special mortgages etc. The guarantee is reduced as the loan is repaid at a proportionate share of the instalments, to the effect that the ratio of the guarantee to the residual debt remains unchanged throughout the term of the loan. The guarantee covers the top portion of the total mortgage loan in the individual property.

In addition, a loss set-off scheme has been established, under which DLR sets off all losses incurred by DLR in respect of loans provided by the bank in question beyond what is covered by the 6% guarantee provided at loan level. Losses are set off against the relevant bank's total commission relating to the total lending portfolio, except for agency commission and reimbursement of brokerage, and may be set off against commission accrued over a number of years in accordance with specific terms and conditions. To the extent that losses eligible for set-off exceed the expected set-off basis, DLR may require that such losses are covered through drawings on direct guarantees provided by the bank in question.

Loans offered before 1 January 2015 are still subject to the separate loss-mitigating agreements for lending in the commercial and agricultural areas, respectively.

At 30 September 2017, more than 94% of DLR's loan portfolio was covered by the above-mentioned guarantee arrangements. In addition, a minor portion of the portfolio, totalling about DKK 0.4 billion, was covered by government guarantees. The main part of the exposures that are not covered by guarantees usually have a low LTV.

4.4 DLR COMPLIANCE WITH THE BALANCE PRINCIPLE

ROs issued out of the general capital centre and SDOs issued out of capital centre B each comply with the provisions of the specific balance principle set out in part 3 of the Executive Order on Bonds. If DLR subsequently decides that ROs issued out of the general capital centre and/or SDOs issued out of capital centre B must instead comply with the general balance principle set out in part 2 of the Executive Order on Bonds, such a decision might entail increased exposure to market risks in the relevant capital centre.

Proceeds from the issuance of senior secured bonds are subject to the same risk management rules as the securities portfolio and are thus comprised by the rules on interest rate and currency risks applying thereto. Accordingly, interest rate and currency risks may not exceed 8% and 10%, respectively, of the own funds of the relevant capital centre, see the Executive Order on Bonds.

It should furthermore be noted that the Executive Order on Bonds regulates the actual issuance of ROs, SDOs and other securities with preferential status issued by a mortgage bank. The actual bond issuance is not reflected directly in the key figures of annual and interim reports because the liability item “bonds issued” must be reduced by DLR’s holdings, if any, of own ROs, SDOs and other preferential status securities issued by mortgage banks.

Similarly, the placing of funds in secure and liquid securities in pursuance of the Executive Order on Bonds will not be directly reflected in the assets because any holdings of own ROs, SDOs and other securities with preferential status issued by mortgage banks must be eliminated in the liability item “bonds issued”.

5 OTHER RULES

5.1 PLACEMENT OF FUNDS WITH FINANCIAL INSTITUTIONS

Bank accounts must be set up with financial institutions with a rating of not less than BBB/A-2 with S&P, but see below.

DLR continuously monitors bank deposits relating to, respectively, DLR capital centre B and the general capital centre to ensure that the total amount deposited with any one financial institution does not exceed 5% of the outstanding cover pool in capital centre B and the general capital centre, respectively. If the total deposit with an individual financial institution exceeds 5%, DLR will take immediate steps to reduce the deposit with that financial institution and place the amount in compliance with these rules.

If the financial institution is assigned a rating below BBB/A-2 with S&P, DLR will, within 30 days, discontinue receipt of payments with the relevant financial institution and transfer its deposits to a financial institution that holds a rating of not less than BBB/A-2 with S&P. In that connection, borrowers affected by the change will receive notification from DLR that future payments to DLR can no longer be made through the financial institution in question, but must be made through another financial institution as advised by DLR.

Notwithstanding the above, funds may be deposited with financial institutions that do not hold a rating of or above BBB/A-2 with S&P where the amount of the deposits does not exceed DKK 40 million in relation to capital centre B and DKK 10 million in relation to the general capital centre.

The above provision ceases to apply if the ROs and SDOs issued by DLR are no longer rated by S&P under an agreement with DLR Kredit A/S. If S&P changes its rating method or the criteria applied to counterparty risks, DLR may align the above provision with the changes implemented by S&P.

5.2 EXEMPTION OF ASSET-BACKED SECURITIES FROM THE COVER POOL

Pursuant to ECB rules, Asset-Backed Securities (ABSs) are not allowed in the cover pool for ROs, SDOs and SDROs, with the exception of those ABSs which:

- comply with the CRR requirements regarding ABSs in the cover pool;
- originate from a member of the same group as the issuer of SDOs, SDROs and ROs or an entity affiliated with the same organisation, institution or authority as the issuer of the bonds; and
- are used as a technical tool to transfer mortgages on real property or loans guaranteed by mortgages on real property from the entity to which they belong, as collateral for the relevant bonds.

Pursuant to the legal basis for the monetary policy of the Euro system, SDOs, SDROs and ROs are not considered ABSs.

DLR will at any time ensure that non-ECB compliant Asset-Backed Securities are not used as collateral for ROs and SDOs.

5.3 JOINT FUNDING

The issuance of SDOs may, subject to approval from the FSA, be used for joint funding of lending against mortgages on real property originally granted by other financial institutions. The orginal credit provider must hand over loans and mortgages to the ownership of the mortgage credit institution. The rules for joint funding are stated in S. 16b to 16g in the Danish Financial Business Act. At present, DLR has not applied for such an approval from the FSA, but reserves the right to initiate a process in preparation for attaining a joint funding approval in accordance with the legislation on this subject.

6 REGISTRATION DOCUMENT

For numbering, see Annex IV of Commission Regulation No 809/2004

1. PERSONS RESPONSIBLE

1.1 *This Base Prospectus has been prepared by:*

DLR Kredit A/S
Nyropsgade 21
1780 Copenhagen V
Denmark

1.2 *Declaration concerning the Base Prospectus*

Reference is made to the statement by the Board of Directors and the Executive Board on page 56 of this Base Prospectus.

The information contained in this Base Prospectus must be read in conjunction with the Final Terms for the specific issue and the published documents referred to in this Base Prospectus, as listed in Annex 2.

This Base Prospectus was prepared as at 20 November 2017 to replace "Base Prospectus for the issuance of covered bonds, mortgage bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) and senior unsecured debt" issued by DLR Kredit A/S" dated 28 November 2016 with addendums.

2. STATUTORY AUDITORS

2.1 *DLR's external auditors are:*

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S
Denmark

Deloitte has audited DLR's financial statements for the past five financial years and is a member of FSR – Danish Auditors.

DLR's internal audit department refers directly to DLR's Board of Directors through Chief Internal Auditor Brian Hansen.

2.2 *Change of auditors*

After the approval of DLR's financial statements for 2016, State Authorised Public Accountant Thomas Hjortkjær Petersen has left Deloitte Statsautoriseret Revisionspartnerselskab, and has been replaced by State Authorised Public Accountant Brian Schmit Jensen, Deloitte Statsautoriseret Revisionspartnerselskab, as DLR's external auditor.

3. SELECTED FINANCIAL INFORMATION

3.1 Selected financial information for DLR for the two most recent financial years and for Q1 – Q3 2016 and Q1 – Q3 2017 is provided in the table below. The interim figures have not been audited. The financial statements may be found on DLR's website, www.dlr.dk/investor.

DKK millions	Q1-Q3 2017	Q1-Q3 2016	2016	2015
Income statement:				
Core income (mortgage credit income)	933	876	1,261	1,239
Staff costs, administrative expenses, etc.	-186	-172	-233	-225
Other operational expenses (contribution to resolution fund)	-9	-11	-15	-6
Impairment of loans, receivables, etc.	115	-71	110	-94
Core earnings	854	622	903	921
Earnings from investment portfolios (sub-funds)	44	150	136	-45
Profit before tax	898	772	1,039	875
Profit after tax	702	603	811	670
Balance sheet:				
Loans	141,995	137,875	139,053	133,038
Bonds issued	144,193	143,032	142,074	134,342
Own funds after deductions	11,544	11,185	12,259	12,485
Financial ratios (%):				
Capital ratio[1)]	14.8	14.1	14.3	12.9
CET1 capital ratio[1)]	13.9	12.4	12.7	11.5
Profit before tax as a percentage of equity	7.3	6.3	7.2	7.2

[1)] The trend in the capital ratio is reflecting that in March 2016 the Danish FSA approved that DLR can apply IRB models for calculating the credit risk on exposures to full-time farms. As from Q1 2016, calculation of the risk exposure for credit risk on the portfolio of loans to full-time farms has thus been based on the IRB method, while the calculation of credit risk on the remaining part of the loan portfolio has been based on the standard method. Until end-2015, the capital ratios have been calculated using the standard method only.

3.2 As regards balance sheet comparables for Q1 – Q3 2017, reference is made to selected financial information as set out in item 3.1 of this section 6 “Registration Document”.

4. RISK FACTORS

For information about risk factors that may affect DLR’s ability to fulfil its obligations in connection with the issuance of bonds comprised by this Base Prospectus and the management of mortgage loans, see section 2 “Risk Factors”, pp. 12-16, of this Base Prospectus.

5. INFORMATION ABOUT THE ISSUER

5.1 DLR’s history and development

5.1.1 The Issuer’s full name is DLR Kredit A/S. The Issuer’s only secondary name is: Dansk Landbrugs Realkreditfond A/S (DLR Kredit A/S).

5.1.2 The Issuer’s registered office is situated in the City of Copenhagen. DLR’s company registration (CVR) number is: 25 78 13 09.

5.1.3 The Issuer established a mortgage credit business on 12 October 1960 under the name of Dansk Landbrugs Realkreditfond. Until 1 July 2000, the Issuer’s business was established on its own statutory basis, which limited its lending to agricultural, forestry and market garden property, etc. As at 1 July 2000, the Issuer’s statutory basis was changed to the legal framework of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and, at the same time, the Issuer acquired a status equal to that of the other Danish mortgage banks. From then on, the Issuer's lending was no longer limited to agricultural, forestry and market garden property, etc.

Effective 1 January 2001, the Issuer was converted into a limited liability company under its present name (DLR Kredit A/S), a company founded on 1 December 2000.

5.1.4 The Issuer's object, as stated in article 2 of its Articles of Association, is to carry on business as a mortgage bank pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and any other applicable legislation governing mortgage banks in force at any given time. The Issuer is governed by Danish law and is registered as a limited liability company in Denmark. The address and telephone number of the Issuer's registered office are:

DLR Kredit A/S
Nyropsgade 21
1780 Copenhagen V
Denmark

Website: www.dlr.dk
Email: dlr@dlr.dk
Tel: +45 7010 0090

DLR's latest interim and annual reports as well as its company announcements are available from the website at www.dlr.dk/Investor.

DLR is licensed by the Danish FSA to operate its business, and the Danish FSA supervises DLR on an ongoing basis. DLR is also licensed by the Danish FSA to issue ROs and SDOs and bonds under section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

5.1.5 No event with significant impact on DLR's solvency has been reported since the publication of the latest interim report.

5.2 Investments

5.2.1 DLR has made no significant investments since the date of publication of DLR's latest interim report.

5.2.2 As at the date of this Base Prospectus, DLR has made no commitment to make any significant future investments.

5.2.3 Not applicable: As at the date of this Base Prospectus, DLR has made no commitment to make any significant future investments.

6. BUSINESS OVERVIEW

6.1 Principal activities

6.1.1 DLR carries on mortgage credit business, including any kind of activities permitted pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and other applicable legislation on mortgage banks in force at any given time. Please refer to section 2 "Risk Factors".

DLR primarily offers mortgage financing of agricultural, forestry and market garden property, private residential rental property, private co-operative property, office and business property and manufacturing and manual industry property. The distribution of the loan portfolio on the property categories is provided in the latest annual report, see Annex 3 of this Base Prospectus.

6.1.2 DLR intends to develop new mortgage finance products and pursue new business opportunities within the mortgage finance business and to the extent it is deemed commercially viable. At the date of this Base Prospectus, DLR has no plans for introducing significant new mortgage credit products or pursuing new business opportunities.

6.2 *Principal markets*

DLR is a mortgage bank operating in Denmark. In addition, DLR operates a mortgage lending business in Greenland and the Faeroe Islands of very limited significance.

6.3 In this Base Prospectus, DLR expresses no opinion concerning the competitive situation in the market.

7. ORGANISATIONAL STRUCTURE

7.1 DLR's shares are primarily owned by domestic financial institutions. DLR is not part of a group. DLR's shares are not admitted to trading on a regulated market and any share transaction, that is, transfer of ownership and/or voting rights, is subject to approval by the DLR Board of Directors. DLR primarily distributes its products (loans) through its shareholding banks, but also through other financial institutions.

7.2 DLR is independent of group interests.

8. TREND INFORMATION

8.1 The outlook for DLR has not been negatively affected since the publication of the latest interim report.

8.2 DLR has no information on any known trends, uncertainties, claims, obligations or events which may reasonably be expected to have a significant impact on DLR's outlook in the current financial year.

9. PROFIT FORECASTS OR ESTIMATES

Earnings forecasts or estimates for DLR are basically immaterial to the price development of the issued bonds, and for this reason forecasts and estimates are omitted from this Base Prospectus.

10. BOARD OF DIRECTORS, EXECUTIVE BOARD AND SUPERVISORY BODIES

10.1 DLR's business address (the business address of the Board of Directors and the Executive Board) in relation to this Base Prospectus is:

DLR Kredit A/S
Nyropsgade 21
1780 Copenhagen V
Denmark

DLR is subject to supervision by:

Finanstilsynet (The Danish FSA)
Århusgade 110
2100 Copenhagen Ø
Denmark

DLR BOARD OF DIRECTORS (WITH INDICATION OF OTHER DIRECTORSHIPS, WHERE RELEVANT):

Vagn Hansen (Chairman), Managing Director and CEO – Sparekassen Vendsyssel
Chairman of the board of directors – Egnsinvest Holding A/S and two subsidiaries
Chairman of the board of directors – HN Invest Tyskland 1 A/S
Director – SparInvest Holding SE
Director – Skandinavisk Data Center A/S
Director – Spar Pantebrevsinvest A/S
Director – The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (*Lokale Pengeinstitutter*)
Director – The Trust Corporation for The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (*Forvaltningsinstituttet for Lokale Pengeinstitutter*)

Lars Møller (Deputy Chairman), Managing Director & CEO – Spar Nord Bank A/S
Chairman of the board of directors – BI Holding A/S (Bankinvest Group)
Chairman of the board of directors – BI Asset Management A/S
Chairman of the board of directors – BI Management A/S
Director – Aktieselskabet Skelagervej 15

Claus Andersen, Managing Director & CEO – Nordjyske Bank A/S
Chairman of the board of directors – Sæbygaard Skov A/S
Director – Foreningen Bankdata
Director – The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (*Lokale Pengeinstitutter*)
Director – Finance Denmark (*Finans Danmark*)
Director – BI Holding A/S (Bankinvest Group)

Karen Frøsig, Managing Director & CEO – Sydbank A/S
Chairman of the board of directors – Ejendomsselskabet af 1. juni 1986 A/S
Chairman of the board of directors – DIBA A/S
Chairman of the board of directors – Foreningen Bankdata
Director and deputy chairman – PRAS A/S
Director – National Banks in Denmark (*Landsdækkende Banker*)
Director – Finance Denmark (*Finans Danmark*)
Director – Totalkredit A/S
Director – BI Holding A/S (Bankinvest Group)
Director – Musikhuset Esbjerg, private foundation
Director – FR I af 16. september 2015 A/S
Director – Sydbank Sønderjyllands Fond
Director – Sydbank Fonden
Member of the Corporate Governance Committee

Peter Gæmelke, Farmer – Vejen
Chairman of the board of directors – Danske Spil A/S
Chairman of the board of directors – Løvenholmfonden (commercial foundation)
Chairman of the board of directors – NGF Nature Energy Biogas A/S
Chairman of the board of directors – foreningen NLP fmba
Chairman of the board of directors – The Green Museum (*Det Grønne Museum*)
Director – Kirkbi A/S
Director – Fællesfonden
Director – Nordea Liv og Pension
Director and member of the board of representatives - Tryghedsgruppen smba
Director and member of the board of representatives – Askov Højskole
Member of the board of representatives – the Danish Central Bank (*Danmarks Nationalbank*)
Member of the board of representatives – Sydbank A/S
Member of the board of representatives – Hedeselskabet

Gert R. Jonassen, Managing Director & CEO – Arbejdernes Landsbank A/S
Chairman of the board of directors – AL Finans A/S
Chairman of the board of directors – Foreningen Bankernes EDB Central
Director and deputy chairman – Finanssektorens Uddannelsescenter
Director and deputy chairman – LR Realkredit A/S
Director – Pension Danmark Holding A/S
Director – Pension Danmark A/S
Director – PRAS A/S
Director – National Banks in Denmark (*Landsdækkende Banker*)
Director – Totalkredit A/S
President – Handels ApS Panoptikon

Torben Nielsen, former Central Bank Governor
Chairman of the board of directors – Investeringsforeningen Sparinvest
Chairman of the board of directors – Eik Banki p/f
Chairman of the board of directors – Museum Sydøstdanmark
Chairman of the board of directors – Sydbank A/S
Director and deputy chairman – Tryg A/S
Director and deputy chairman – Tryg Forsikring A/S
Director – Sampension KP Livsforsikring A/S

Jan Pedersen, Managing Director and CEO – Danske Andelskassers Bank A/S
Chairman of the board of directors – DAB Invest A/S
Chairman of the board of directors – DAB Invest 2 A/S
Director and vice chairman – Sparinvest Holding SE
Director – Bankernes EDB-Central (BEC)
Director – Andelskassen Fyns Fond
Director – Andelskassen Himmerlands Fond
Director – Andelskassen Norddjurs' Fond
Director – Andelskassen Oure-Vejstrups Fond
Director – Andelskassen Sønderjyllands Fond
Director – Andelskassen Østjyllands Fond
Chairman and managing director – Villa Prisme Komplementaranpartsselskab

Lars Petersson, Managing Director and CEO – Sparekassen Sjælland-Fyn A/S
Chairman of the board of directors – Spar Fyns Ejendomsselskab A/S
Chairman of the board of directors – Ejendomsselskabet Faaborg A/S
Chairman of the board of directors – Holbæk Kommunes Talentråd
Chairman of the board of directors – Museum Vestsjælland
Director and deputy chairman – Nærpension
Director and deputy chairman – Lokal Puljepension
Director – Investeringsselskabet Sjælland-Fyn A/S
Director – BI Holding A/S (Bankinvest Group)
Director and CEO – Sjælland Ejendomme A/S and three subsidiaries
Director – Copenhagen FinTech
Director – Tilskudsfonden for pensionister i DLR Kredit A/S

Randi Holm Franke, Head of Business Development and Communication – DLR Kredit A/S (Staff-elected director)

Jakob G. Hald, Chief Agricultural Account Manager – DLR Kredit A/S (Staff-elected director)

Kim Hansen, Office Messenger – DLR Kredit A/S (Staff-elected director)

Søren Jensen, Legal Consultant – DLR Kredit A/S (Staff-elected director)
Own agricultural business

Agnete Kjærsgaard, Administrative Officer– DLR Kredit A/S (Staff-elected director)

DLR EXECUTIVE BOARD (WITH INDICATION OF OTHER DIRECTORSHIPS, WHERE RELEVANT):

Jens Kr. A. Møller, Managing Director & CEO

Director – Finance Denmark (*Finans Danmark*) and the Association of Mortgage Banks (*Realkreditrådet*)
Director – e-nettet A/S
Director – SEGES' sektorbestyrelse for økonomi og virksomhedsledelse
Director – FR I af 16. september 2015 A/S

Michael Jensen, Managing Director

10.2 *Board of Directors and Executive Board – conflicting interests*
There are no potential conflicting interests between the DLR Board of Directors and Executive Board, between the obligations of the members of the DLR Board of Directors and Executive Board vis-à-vis DLR, and their private interests and/or other obligations.

11. BOARD PRACTICES

11.1 As at 21 April 2009, DLR has set up an audit committee pursuant to section 2(2) of the Executive Order on Audit Committees in Companies and Groups Subject to Supervision by the Danish Financial Supervisory Authority (Executive Order No. 1393 of 19 December 2011).

The audit committee has been set up pursuant to the Executive Order and consists of the following members as at the date of this Base Prospectus:

Former Central Bank Governor Torben Nielsen (Chairman)
Managing Director & CEO Claus Andersen
Legal Consultant Søren Jensen

The framework of the work of the audit committee has been determined pursuant to section 3 of the Executive Order.

The audit committee has been assigned the task of monitoring the financial reporting process and reviewing significant matters relating to accounting policies and financial reporting – including any significant change to the choice and application of accounting policies. Furthermore, the audit committee is to monitor the work performed by the auditors in order to prepare the auditor's report or related work, for instance monitoring the independence of the auditor.

11.2 No corporate governance regulations currently apply to unlisted bond issuers in Denmark.

12. MAJOR SHAREHOLDERS

12.1 No DLR shareholder holds a controlling interest.

At the date of preparation of the Base Prospectus, the following shareholders have an ownership interest of more than 5%:

- Jyske Bank A/S: 15.7%
- Nykredit Realkredit A/S: 12.2%
- Sydbank A/S: 11.3%
- Spar Nord Bank A/S: 8.3%
- PRAS A/S: 6.8%

A description of DLR's ownership is provided under item 7.1 of this section.

12.2 DLR has no knowledge of any agreement which may result in others gaining control of the Issuer.

13. INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

13.1 *Historical financial information*

A summary of accounting policies, the profit and loss account, balance sheet, notes and solvency and cash flow statements are provided in the relevant sections of DLR's annual reports for the last two years, see Annex 3 of this Base Prospectus. The annual reports also provide information on previous accounting periods.

The latest annual report was prepared in accordance with the provisions of the Danish FSA on financial reports of mortgage banks and the requirements of NASDAQ Copenhagen A/S as regards the financial statements of issuers of listed bonds. The Issuer has no intention of changing its financial reporting principles or accounting policies within the current financial year.

13.2 *Financial statements*

DLR does not prepare consolidated financial statements.

13.3 *Auditing of historical annual financial information*

13.3.1 The summary of accounting policies, the profit and loss account, balance sheet, notes and solvency and cash flow statements as presented in the two latest annual reports have been audited by DLR's external auditors.

13.3.2 No other information in this Base Prospectus besides the information derived from the financial statements has been audited by DLR's external auditors.

13.3.3 All the financial information concerning financial year 2016 and previous financial years may be found in DLR's audited annual reports.

13.4 *Age of latest financial information*

13.4.1 The latest audited financial information relates to financial year 2016.

13.5 *Interim and other financial information*

13.5.1 In the period since the release of the latest audited financial statements, DLR has prepared interim reports for the first quarter of 2017, the first six months of 2017 and the first nine months of 2017, see Annex 3 of this Base Prospectus. The interim reports may be found on DLR's website, www.dlr.dk/investor. The interim reports have not been audited.

13.6 *Legal and arbitration proceedings*

No government, legal or arbitration proceedings have been brought against DLR. At the time of preparation of this Base Prospectus, DLR has no knowledge of any proceedings that may be brought against it.

13.7 *Significant change in the Issuer's financial or trading position*

No significant changes have occurred with respect to DLR's financial or trading position since the period covered by the historical financial information.

14. ADDITIONAL INFORMATION

14.1 *Share capital*

14.1.1 DLR's share capital consists of 569,964,023 shares of DKK 1 each. The share capital is not divided into classes. At the date of preparation of the Base Prospectus, DLR holds 21,495,118 shares itself, representing 3.8% of the share capital. The remaining share capital consisting of 548,468,905 shares has been fully paid up.

14.2 *Memorandum of Association and Articles of Association*

14.2.1 DLR is registered with the Danish Business Authority under company registration (CVR) number 25 78 13 09. Pursuant to article 2 of the Articles of Association, the object of DLR is to carry on business as a mortgage bank and other business deemed to be related to this object. DLR's Memorandum of Association (*Stiftelsesdokument for KR 276 A/S*) contains no information on DLR's registration, registration number or statutory objects.

15. MATERIAL CONTRACTS

DLR has not concluded any material contracts outside DLR's normal business activities that might cause DLR to assume obligations or acquire rights that affect DLR's ability to comply with its obligations vis-à-vis bondholders in relation to the Bonds.

16. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

This Base Prospectus contains no statement or report by external experts. The Base Prospectus contains no third party information.

17. DOCUMENTS ON DISPLAY

DLR declares that the following documents are available for inspection in hard copy through contact with DLR or in electronic form at www.dlr.dk/investor for as long as this Base Prospectus remains valid:

- DLR's Articles of Association
- Memorandum of Association for KR 276 A/S
- Financial statements which DLR has incorporated by reference in the Base Prospectus, see Annex 2
- Company announcements
- Copy of press releases from rating agencies

7 SECURITIES NOTE

For numbering, see Annex IV of Commission Regulation No 809/2004

1. PERSONS RESPONSIBLE

1.1 Please refer to item 1.1 in section 6 “Registration Document”.

1.2 Please refer to the declaration in section 8 “Statement by the Board of Directors and the Executive Board”.

2. RISK FACTORS

2.1 Please refer to the information provided on risk factors in section 2 “Risk Factors”.

3. ESSENTIAL INFORMATION

3.1 Interest of natural and legal persons involved in the issue/offer

DLR has no knowledge of any interests and/or conflicting interests that are material to the offer of bonds under this Base Prospectus. A description of any conflicting interests material to DLR in connection with a bond issue, stating the persons involved and the nature of such interest, will be included in the Final Terms for the specific issue.

3.2 Reasons for the offer and use of proceeds

<u>ROs and SDOs</u>

Proceeds from ROs issued under this Base Prospectus were applied to fund lending secured by mortgages on real property etc. provided by DLR general capital centre until the beginning of 2008.

Proceeds from SDOs issued under this Base Prospectus are applied to fund lending secured by mortgages on real property etc. provided by DLR capital centre B.

Pursuant to the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (Executive Order No. 945 of 31 August 2011, section 21), the issuance of ROs, SDOs and other securities may be effected as a pre-issuance of fixed-price agreements concluded or as block issuance on the basis of an estimated lending volume.

Under Danish mortgage credit legislation, excess funds from the issuance of SDOs may be placed in secure and liquid securities or in accounts with credit institutions in Zone A, subject to a notice of up to 12 months. Excess funds must be kept separate from other funds.

Except during a transitional period, excess funds from a block issue may not exceed the budgeted gross lending for the next following 90 days of each individual series with a series reserve fund. This does not apply to block issues made based on planned purchases in the market for the purpose of refinancing existing funding. Such block issues may not have a maturity of more than 90 days, after which time any excess bonds must be cancelled.

<u>Senior secured bonds</u>

Pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR may raise loans, including through the issuance of bonds (senior secured bonds), with a view to satisfying the requirement for the provision of supplementary collateral for the SDOs issued.

Bonds may be issued under the Base Prospectus before the requirement for providing supplementary collateral arises in order to build up a reserve.

Proceeds from senior secured bonds issued under this Base Prospectus will be applied to procure supplementary collateral in order to meet the requirement that the value of the assets provided as security for the SDOs issued by DLR must at any time correspond at least to the value of the SDOs issued by DLR.

The proceeds may also be applied to increase the excess cover in a capital centre.

Proceeds from senior secured bonds will be placed in investment grade assets. See section 152c(1) of the Danish Financial Business Act.

Unsecured senior debt
Proceeds from unsecured senior debt will be used for DLR's general business purposes, including compliance with debt buffer requirements. Unsecured senior debt used to comply with debt buffer requirements must be issued by the general capital centre. Unsecured senior debt used for other purposes may also be issued out of capital centre B.

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

4.1 Under this Base Prospectus, DLR will issue ROs, SDOs, bonds pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) and unsecured senior debt. Bonds may be issued under this Base Prospectus for 12 months after approval by the Danish FSA, unless the public is otherwise informed.

The bonds are subject to Danish law and legal venue.

The bonds will be issued in one or more ISINs. The ISIN will be specified in the Final Terms for the specific issue.

4.2 The issuance of ROs, SDOs, senior secured bonds and unsecured senior debt is regulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. For a detailed description of the statutory framework, please refer to item 2 of section 2 "Risk Factors".

ROs and SDOs are negotiable mass instruments of debt or securities issued in the ordinary course of a mortgage credit business pursuant to the same act, and which are listed on a regulated market.

ROs issued out of the general capital centre and SDOs issued out of capital centre B each comply with the provisions of the specific balance principle in accordance with part 3 of the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (Executive Order No 945 of 31 August 2011). If DLR subsequently decides that ROs issued out of the general capital centre or SDOs issued out of DLR capital centre B will instead comply with the general balance principle in accordance with part 2 of the Executive order on the Issuance of Bonds, the Balance Principle and Risk Management (Executive Order No 945 of 31 August 2011), such a decision might entail increased exposure to market risks in the relevant capital centre. However, prior detailed quantification of the significance for investors cannot be made.

4.3 The Bonds will be issued under this Base Prospectus as bearer securities and will be registered electronically with a securities depository. No physical instruments of debt will be issued, and the Bonds will not be registered in the name of the holder.

At the time of the Base Prospectus, the Bonds are registered with:

VP Securities A/S
Weidekampsgade 14
P.O. Box 4040
DK-2300 Copenhagen S, Denmark

or

VP Lux S.à r.l.
43, avenue Monterey
L-2163 Luxembourg, Luxembourg

The Issuer stopped issuing bonds in VP Lux in 2015. Should the Issuer elect to register Bonds issued under this Base Prospectus with another securities depository than VP Securities A/S, this will be specified in the Final Terms for the specific issue.

4.4 The currency applied for the issuance of the Bonds will be stated in the Final Terms for the specific issue.

4.5 In case of bankruptcy, RO and SDO holders enjoy a statutory preferential claim on all the assets in the DLR capital centre out of which the Bonds have been issued.

In case of bankruptcy, holders of senior secured bonds have a secondary preferential right to all assets of the DLR capital centre in which the Bonds have been issued.

Any claims on the part of holders of senior unsecured debt may be raised as an unsecured claim against DLR's estate in bankruptcy.

A detailed description of the preferential position under Danish bankruptcy law etc. is provided in item 3.14 in section 3 "Regulatory Framework Governing DLR's Business".

4.6 The Bonds carry interest as described in item 4.7 of this section 7 "Securities Note".

Bonds issued under this Base Prospectus are irredeemable on the part of the bondholders.

ROs and SDOs will be issued out of one of DLR's capital centres in series with joint liability with a joint series reserve fund. Claims in relation to the Bonds may solely be made against the individual series and other series with joint liability with a joint series reserve fund in the relevant capital centre.

The capital centre out of which the Bonds are issued will be specified in the Final Terms for the specific issue. For an overview of Bonds issued out of the relevant capital centre at the date of an issuance of bonds under this Base Prospectus, please refer to the Final Terms for the specific issue.

DLR makes decisions on opening other series of SDOs in capital centre B.

The size of the reserve fund for a capital centre must always comply with the requirements of the mortgage credit legislation currently in force. To the extent that the series meets the statutory capital adequacy requirements, any excess funds may be transferred from capital centre B to DLR's assets (the general capital centre).

Borrowers are not jointly and severally liable to DLR and are not entitled to payment of a share of DLR's assets upon redemption of their loans. Borrowers in the individual capital centres, including the general capital centre, are liable for loans granted both to the extent of the mortgaged property and personally.

ROs and SDOs are cancelled in accordance with the general provisions of Danish legislation. Claims for payment in respect of the ROs and the SDOs are subject to the general period of limitation under Danish law. Repayments and interest payments due do not carry interest from the due date and will accrue to the Issuer unless not claimed within the period of limitation.

DLR will defer payments to the holders of senior secured bonds if:

(1) such payments would entail a breach of the balance principle that applies to ROs or SDOs and certain counterparties to the derivative financial instruments in the capital centre;

(2) DLR has initiated a reconstruction pursuant to the Danish Bankruptcy Act; or

(3) a bankruptcy order is issued over DLR.

DLR may defer payment to holders of senior unsecured debt if that and the conditions therefore are set out in the Final Terms for the specific issue.

DLR will be liable for any tardy or defective performance of its contractual obligations to the bondholders resulting from error or negligence.

Even in areas of increased liability, DLR will not be liable for losses incurred by bondholders arising from:

- breakdown of or lack of access to IT systems or damage to data in these systems due to any of the factors listed below and regardless of whether or not DLR itself or a third-party supplier is responsible for the operation of these systems;
- power failure or a breakdown of DLR's telecommunications, legislative or administrative intervention, acts of God, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking);
- strikes, lockouts, boycotts or picketing, regardless of whether such conflict targets or is started by DLR or its organisation, and regardless of its cause. This also applies if the conflict affects only parts of the organisation; or
- other circumstances beyond DLR's control.

DLR will not be exempt from liability in cases where:

- DLR ought to have foreseen the cause of a loss when the agreement was concluded or ought to have avoided or overcome the cause of the loss; or
- Danish law at any rate makes DLR liable for the cause of a loss.

Bondholders may exercise their rights by contacting DLR.

4.7 Interest

4.7.1 Coupon rate

The Bonds may be issued with either a fixed or floating coupon rate. The Final Terms for the specific issue will state whether the Bonds are issued with a fixed or floating coupon rate.

The annual coupon rate of fixed-rate Bonds will appear from the Final Terms for the specific issue.

The annual coupon rate of floating-rate Bonds is the reference rate plus, if applicable, a spread, as determined in accordance with item 4.7.6 of this section 7 "Securities Note", and will be set out in the Final Terms for the specific issue.

4.7.2 Provisions governing interest payments

Bonds of the same ISIN may have 12, 4, 2, 1 or another number of annual payment dates. Interest is paid on a proportionate basis on each interest payment date according to a defined convention (day count convention). Bonds of the same ISIN pay interest on each interest payment date according to one of the following day count conventions:

- Actual/actual (fixed fraction): Interest is paid on a proportionate basis on each interest payment date according to the number of annual payment dates, i.e. the coupon payment on each interest payment date corresponds to the interest divided by the number of payment dates per year; or
- Actual/360: Interest is paid on each interest payment date according to the actual number of days in the payment period over 360 days, i.e. the coupon payment on each interest payment date corresponds to the interest multiplied by the actual number of days in the payment period divided by 360.

The number of annual payment dates and the day count convention applied will appear from the Final Terms for the specific issue. Addition and accrual of interest may be adjusted as a result of changes in market conventions.

The Issuer will pay interest and redemption amounts to bondholders by transferring the amounts on the due date to accounts with financial institutions, agents, securities dealers, etc. designated to VP Securities A/S or VP Lux S.à r.l. to receive payment. Bondholders are not entitled to interest or other amounts arising from deferred payment or in pursuance of the validation rules applied by the financial institution in which the account is held.

4.7.3 *First date of interest accrual*
The date on which interest begins to accrue on the bonds is set out in the Final Terms for the specific issue.

4.7.4 *Payment dates*
Interest falls due on the first calendar day of a given month following the end of a payment period. On the opening of new ISINs, the Issuer may set due dates other than the first calendar day of a given month. If the interest payment date is a non-banking day, the payment is deferred to the next banking day.

The interest payment date of the Bonds will be specified in the Final Terms for the specific issue.

4.7.5 *Period of limitation of claims for interest and principal*
Claims for payment of interest become barred by limitation after three years, and claims for payment of principal become barred by limitation after ten years, see the Danish act on the period of limitation for claims (the Danish Limitation Act). Interest does not accrue on interest due for payment after the payment date and will accrue to the Issuer if the amount has not been claimed prior to the expiry of the limitation period.

4.7.6 *Floating interest rate*
If the Bonds carry a floating interest rate, it will be composed of the following elements:

(1) a reference rate of interest

plus, where applicable,

(2) a pre-fixed interest rate spread

Interest rate fixing frequency
The floating interest rate is fixed at regular intervals (interest rate fixing frequency). The Issuer will set out the interest rate fixing frequency in the Final Terms for the specific issue.

Interest rate fixing period and method
The reference rate is fixed for a period (interest rate fixing period) in accordance with a defined method (fixing method) based on a recognised quoted or calculated interest rate index.

An interest rate fixing period begins on the first calendar day of a given month, and the reference rate fixed will apply for a period corresponding to the interest rate fixing frequency. At the opening of an ISIN, the Issuer may decide to let the interest rate fixing periods begin on a day other than the first calendar day of a given month. The interest rate fixing period will be specified in the Final Terms for the specific issue.

The interest rate of Bonds of the same ISIN will be fixed in accordance with one of the following fixing methods to be determined by the Issuer in connection with the specific issue, and will be set out in the Final Terms for the specific issue:

- x^{th} last banking day:

  The reference rate is calculated in the following way (interest rate fixing method): The reference rate quoted on the x^{th} last banking day before the beginning of a new interest rate fixing period (interest rate fixing date).

- Average of the x last banking days before the x^{th} last banking day:

  The reference rate is calculated in the following way (interest rate fixing method): The average reference interest rate calculated as a simple average over the last x banking days before the x^{th} last banking date prior to the interest reset date (the interest rate fixing date).

The interest rate fixing method will be specified in the Final Terms for the specific issue.

Reference rate
The reference rate for the interest rate fixing period corresponds to the market consistent money market rate published or quoted on the interest rate fixing date of the relevant interest rate fixing period in the currency in which the bonds are issued. The reference rate of an interest rate fixing period may be negative.

If the relevant market consistent money market rate is no longer published or quoted, or no longer reflects the relevant money market, the Issuer will determine the reference rate based on the official lending rate determined by the Danish Central Bank or the central bank in the relevant money market.

The relevant reference rate will be specified in the Final Terms for the specific issue. In connection with the opening of a floating-rate ISIN, the Issuer will fix the reference rate for the period up to the first fixing period set out in the Final Terms for the specific issue.

Interest rate spread
Any interest rate spread will be specified in the Final Terms for the specific issue.

Negative interest rate
The floating rate for ROs and for SDOs issued before 1 March 2015 cannot be negative. If the fixing of the interest rate for an interest rate fixing period causes the reference rate plus the interest rate spread, where relevant, to be negative, the floating rate for those Bonds for the interest rate fixing period in question will be set at zero.

For SDOs issued after 1 March 2015, specifications regarding negative interest rate will appear from the Final Terms for the specific SDOs.

The floating rate for senior secured bonds and senior unsecured debt issued under this Base Prospectus cannot be negative. If the fixing of the interest rate for an interest rate fixing period causes the reference rate plus the interest rate spread to be negative, the interest rate for the interest rate fixing period in question will be set at zero.

Information on price development
Information on the historical and future price development of the published or quoted market consistent money market rate that forms the basis for the reference rate will –if available – be set out in the Final Terms for the specific issue.

Calculation of the floating interest rate
The floating interest rate is calculated by the Issuer.

4.7.7 *Maturity extension and fixing of interest rate in case of interest rate increase or insufficient number of buyers – applicable to SDOs and senior secured bonds*

(i) Interest rate trigger, fixed-rate bonds, maturity 0-12 months
If the term to maturity of a mortgage-credit loan is longer than the maturity of the underlying SDOs, and if the underlying SDOs have a fixed interest rate and a maturity of up to and including 12 months at the refinancing of the loan, the Issuer may only initiate a sale of SDOs that are to replace the maturing bonds upon refinancing if the Issuer has a reasonable expectation that the sale can be made without the yield to maturity becoming 5 percentage points higher than the yield to maturity determined in connection with the latest refinancing. However, this does not apply if the Issuer sells a minor quantity of SDOs with a view to determining whether the yield to maturity will be 5 percentage points higher than the yield to maturity determined in connection with the latest refinancing. If a sale cannot be initiated, see the 1st clause, and if the maturing bonds are due for payment, the maturity of those bonds will be extended by 12 months. On maturity of the bonds after the 12-month extension, new SDOs will be issued to replace them. The 1st and 2nd clauses do not apply to that issue.

(ii) Interest rate trigger, fixed-rate bonds, maturity 12-24 months
If the term to maturity of a mortgage-credit loan is longer than the maturity of the underlying SDOs, and if the underlying SDOs have a fixed interest rate and a maturity from 12 and up to and including 24 months at the refinancing of the loan, the Issuer may only initiate a sale of SDOs that are to

replace the maturing bonds upon refinancing if the Issuer has a reasonable expectation that the sale can be made without the yield to maturity becoming 5 percentage points higher than the yield to maturity of an equivalent bond with the same term to maturity 11 up to and including 14 months earlier. However, this does not apply if the Issuer sells a minor quantity of SDOs with a view to determining whether the yield to maturity will be 5 percentage points higher than the yield to maturity of an equivalent bond with the same term to maturity 11 up to and including 14 months earlier. If a sale cannot be initiated, see the 1st clause, and if the maturing bonds are due for payment, the maturity of those bonds will be extended by 12 months. On maturity of the bonds after the 12-month extension, new SDOs will be issued to replace them. The 1st and 2nd clauses do not apply to that issue.

(iii) Interest rate trigger, floating-rate bonds, maturity 0-24 months
If the term to maturity of a mortgage-credit loan is longer than the maturity of the underlying SDOs, and the underlying SDOs have a floating interest rate and a remaining maturity of up to and including 24 months when first used to fund mortgage-credit loans, the interest rate at fixing cannot be more than 5 percentage points higher than the most recently fixed interest rate and must remain unchanged for a period of 12 months or until the next refinancing if made within 12 months, unless a lower interest rate is fixed within the 12 month-period or before the next refinancing. The Issuer may only initiate a sale of SDOs that are to replace the maturing bonds upon refinancing if the Issuer has a reasonable expectation that the sale can be made without the interest rate becoming 5 percentage points higher than the most recently fixed interest rate. However, this does not apply if the Issuer sells a minor quantity of SDOs with a view to determining whether the yield to maturity will be 5 percentage points higher than the yield to maturity determined in connection with the latest refinancing. If a sale cannot be initiated, see the 1st clause, and if the maturing bonds are due for payment, the maturity of those bonds will be extended by 12 months. On maturity of the bonds after the 12-month extension, new SDOs will be issued to replace them. The 1st-3rd clauses do not apply to that issue.

(iv) Refinancing failure trigger
If the term to maturity of a mortgage-credit loan is longer than the maturity of the underlying SDOs, the maturity of the bonds to be replaced by new bonds on maturity will, if there is an insufficient number of buyers for all the new bonds required, be extended by 12 months at a time until refinancing can be completed with buyers for all the new bonds required. On maturity of those bonds after expiry of the 12-month extension, new SDOs will be issued to replace them. At this issue, (i), (ii) and (iii), 2nd clause, do not apply.

Notwithstanding (ii), (iii) and (iv), in case of a failed refinancing of loans where the maturity of the underlying bonds exceeds 12 months at refinancing, refinancing of the loan by SDOs with a shorter maturity may be attempted before extending the maturity.

(v) Interest rate fixing, extended fixed-rate bonds, maturity 0-12 months
The interest rate on fixed-rate SDOs with a maturity of up to and including 12 months at refinancing of the loan which are extended pursuant to (i) or (iv) will be set at the yield to maturity of the bonds fixed at the last refinancing, with the addition of 5 percentage points. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions pursuant to (iv), the interest rate fixed pursuant to the 1st clause will continue to apply.

(vi) Interest rate fixing, extended fixed-rate bonds, maturity exceeding 12 months
The interest rate on SDOs with a maturity from 12 and up to and including 24 months at refinancing of the loan which are extended pursuant to (ii) or (iv) will be set at the yield to maturity of an equivalent bond with the same remaining term to maturity 11-14 months earlier, with the addition of 5 percentage points. The interest rate on fixed-rate bonds with a maturity exceeding 24 months at refinancing of the loan which are extended pursuant to (iv) will be set at the yield to maturity of an SDO with a remaining term to maturity of 11-14 months fixed 11-14 months earlier, with the addition of 5 percentage points. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions pursuant to (iv), the interest rate fixed pursuant to the 1st or 2nd clause will continue to apply.

(vii) Interest rate fixing, extended floating-rate bonds
The interest rate on floating-rate SDOs which are extended pursuant to (iii) or (iv) will be set at the most recently fixed interest rate with the addition of 5 percentage points. The interest rate fixed

according to the 1st clause will remain unchanged for the entire 12-month extension period. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions pursuant to iv), the interest rate fixed pursuant to the 1st clause will continue to apply.

Extension of senior secured bonds
If SDOs are extended or changed as a result of a refinancing failure due to a shortage of buyers of all new bonds required in connection with a refinancing, the maturity of loans raised as supplementary collateral pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act which ordinarily mature during the extension period and which are linked to the extended bonds will be extended or changed according to the maturity of the extended bonds concerned.

4.8 ROs and SDOs are issued in series, either as callable or non-callable bonds. The repayment profile will be specified in the Final Terms for the specific Bonds.

If a bond series is callable under the Final Terms for the specific ROs or SDOs, the amounts that DLR has received from borrowers' prepayments will be part of the amortisation, unless DLR has used the options specified below for purchase and redemption of bonds without concurrent drawing.

The amortisation will take place pursuant to a drawing carried out by DLR and is effected by redemption at the redemption price specified in the Final Terms as per an interest payment date for the ROs or SDOs concerned. The drawing determines which units of the issued Bonds will be redeemed. Immediately after the drawing, DLR will announce that the drawing has taken place, and the specific result of the drawing will be announced on the DLR website, www.dlr.dk/investor ("CK oplysninger").

DLR reserves the right to amortise the Bonds through purchase and cancellation with regard to the part of the amortisation of the ROs or SDOs which exceeds the ordinary amortisation as calculated from time to time by DLR.

DLR reserves the right to offer the borrowers in a series that loans can be redeemed without a concurrent drawing or cancellation of ROs or SDOs corresponding to those issued in connection with the loan.

If a bond series is non-callable according to the Final Terms for the specific issue, amounts received by DLR from the borrowers in connection with prepayments of loans within that series will not be included in the amortisation. The reason is that the amortisation is made as if prepaid loans were still amortised by ordinary instalments.

Payment dates for interest and drawings of ROs or SDOs will be the first banking day after the end of a calendar quarter. Interest payments cover the preceding quarterly payment period and are made on the basis of day count conventions in force at the time, currently actual days over actual days. From 8 February 2001, this convention replaced the previous convention of 90 days over 360 days as part of the adjustment of the trading terms of Danish bonds. When opening new maturities or coupon sections, DLR may change the dates for and/or the number of annual payments.

The terms and conditions in this Base Prospectus may be derogated from in the Final Terms for the specific SDOs, in which case the provisions of the Final Terms will apply. Reference is made to the templates for Final Terms included as Annex 4 to this Base Prospectus.

4.9 The yield to maturity of Bonds covered by this Base Prospectus depends on the coupon rate (including whether the rate is fixed or floating), the maturity and bid/offer prices when the bonds are traded.

The yield to maturity is determined by discounting payments on each Bond using a discount rate that renders the value of the discounted payments equal to the actual amount invested. The yield to maturity then equals the discount rate. Payments are discounted to the settlement date.

The determination of the yield to maturity of the bonds will be specified in the Final Terms for the specific issue.

4.10 Representation on behalf of the bondholders is not possible.

4.11 This Base Prospectus is issued in pursuance of the Board of Directors' authorisation to the Executive Board of DLR dated 26 October 2017.

The Board of Directors is authorised to open new series for issuance of SDOs. This responsibility has been delegated to the Executive Board. Any further decisions, authorisations and approvals pursuant to which bonds under this Base Prospectus are specifically prepared and/or issued will appear from the Final Terms for the specific issue.

4.12 The issuance period for Bonds under this Base Prospectus will be set out in the Final Terms for the specific issue.

4.13 ROs and SDOs are negotiable mass instruments of debt or investment securities and will be admitted to trading in a regulated market. Their free transferability is not subject to restrictions.

Senior secured bonds and senior unsecured debt issued under this Base Prospectus are also freely negotiable securities.

4.14 Taxation of investors fully liable to pay tax in Denmark will be subject to the following rules in force as at the date of this Base Prospectus:

Any interest income and capital gains from Bonds held by private individuals are taxable, whereas any capital loss is tax-deductible, subject to Act no. 1283 of 25 October 2016 (the "Capital Gains Act"). Any gains or losses on the Bonds are subject to the minimum threshold of DKK 2,000 specified in S. 14 of the Danish Gains on Securities and Foreign Currency Act.

Any interest income and capital gains from Bonds held by companies are taxable, and any capital loss is tax-deductible.

Interest due and possession, redemption and transfer of Bonds must be reported to the Danish tax authorities in compliance with applicable regulations.

Pursuant to current legislation, withholding tax at source will not be withheld in Denmark save for, in certain cases, to payments in respect of controlled debt in relation to DLR pursuant to the Danish Corporation Tax Act. Consequently, this will not have any impact on investors who do not control, or are controlled by, DLR.

Natural or legal persons that are not resident in Denmark for tax purposes are, pursuant to current legislation, not subject to taxation in Denmark on payments to said persons of interest or principal, save for, in certain cases, taxation on payments in respect of controlled debt in relation to DLR, as mentioned above.

No Danish withholding tax wil be payable with respect to such payments, and no capital gain in connection with the sale, exchange or cancellation of the Bonds will be subject to taxation in Denmark, save for, in certain cases, taxation on payments in respect of controlled debt in relation to DLR, as mentioned above. This tax treatment applies only to investors who are not subject to full tax liability in Denmark or included in Danish joint taxation scheme and who do not carry on business in Denmark through a permanent establishment.

DLR is not liable for any changes in the tax treatment of the Bonds or in the tax position of the investors – including any withholding tax of any kind or collection of tax at source imposed by public authorities.

All investors, including those who are not tax residents of Denmark, are encouraged to seek separate and individual advice on their tax positions.

Financial Transaction 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, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EU) No 1287/2006 are exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, FTT would apply to certain dealings in Bonds 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 the participating Member States. It may therefore be altered prior to any implementation. The timing of the FTT proposal remains unclear, and additional Member States may decide to participate. Prospective holders of Bonds are adviced to seek their own professional advice in relation to the FTT.

5. TERMS AND CONDITIONS OF THE OFFER

5.1 Offer statistics, expected timetable and action required to apply for the offer

5.1.1 New issues are made on an ongoing basis while the Bonds are open. Issuance may be by daily tap issues, block issues or by auction. At auctions, bids are made to DLR through the auction system used. The volume and distribution of bids received may give rise to *pro rata* allocation of Bonds.

In connection with current sales (tap issuance) of Bonds, the volume offered for sale is not necessarily announced in advance. Where auctions are used in connection with refinancing of loans, the terms and the volume of Bonds offered for sale will be announced on DLR's website, www.dlr.dk/investor, before the auction, and the result of the auction will subsequently be announced on the same site.

The terms that apply to an issue of senior secured bonds and unsecured senior debt under this Base Prospectus will be set out in the Final Terms for the specific issue.

5.1.2 For Bonds issued under this Base Prospectus, the final issuance requirement is not known until the series is closed.

The outstanding number of ROs and SDOs issued under the Base Prospectus varies in step with DLR's lending and the ordinary and extraordinary redemptions of mortgage-credit loans. The outstanding amount of ROs and SDOs will be stated on DLR's website at www.dlr.dk/investor or on NASDAQ Copenhagen A/S' website, www.nasdaqomxnordic.com, on a current basis.

The outstanding number of senior secured bonds issued under the Base Prospectus varies in step with DLR's requirement for supplementary collateral and/or excess capital cover. The outstanding amount of bonds will be stated on the website of NASDAQ Copenhagen A/S, www.nasdaqomxnordic.com.

The outstanding volume of unsecured senior debt issued under the Base Prospectus varies in step with DLR's general business requirements, including for complying with debt buffer requirements.

5.1.3 For Bonds issued under this Base Prospectus, the series are open for new issues during an opening period fixed in advance. DLR may decide to close the offer for parts of the opening period. The opening period for Bonds issued under this Base Prospectus will be specified in the Final Terms for the specific issue.

The offer period and a detailed description of the subscription process for senior secured bonds and unsecured senior debt issued under this Base Prospectus will be set out in the Final Terms for the specific issue.

5.1.4 DLR may fix limits for individual investors' numbers of subscriptions for bonds issued under the Base Prospectus. The possibility, if any, to limit individual investors' numbers of subscriptions and the method of repayment of excess amounts investors may have paid in connection with their subscription will be stated in the Final Terms for the specific issue.

5.1.5 The minimum investment equals the face value of the Bonds issued under this Base Prospectus. The face value will be specified in the Final Terms for the specific issue. The maximum investment equals the outstanding amount of the issue.

5.1.6 Delivery and clearing of Bonds issued under this Base Prospectus will take place through VP Securities A/S or VP Lux S.à.r.l. Generally, Bonds are traded with two-day settlement, but exemptions may be made from this rule. The specific rules in this respect will be stated in the Final Terms for the specific issue.

5.1.7 Trades in Bonds admitted to trading on a regulated market are published in accordance with the rules issued under the Danish Securities Trading Act and other relevant legislation.

5.1.8 Trades in Bonds admitted to trading on NASDAQ Copenhagen A/S are reported pursuant to NASDAQ Copenhagen A/S' rules on reporting. Prices are stated on a current basis on the website of NASDAQ Copenhagen A/S, www.nasdaqomxnordic.com.

There are no subscription rights attached to Bonds issued under this Base Prospectus.

5.2 Plan of distribution and allotment

5.2.1 No investors have any pre-emptive rights to buy Bonds issued under this Base Prospectus.

5.2.2 In connection with ordinary issuance, including tap issues, and in connection with block issues, the Bonds will be sold in the bond market. The agreement is signed in connection with the transaction, and the Bonds usually have two-day settlement.

Auction participants will be notified of the price and the allocated amount immediately after the auction. Trading in Bonds may take place before the bonds have been issued. The Issuer has no influence on the Bond deals of third parties.

For private placements, the Bonds will be sold according to agreement with the individual buyers.

5.3 Pricing

5.3.1 Pricing is based on market terms and bids/offers. Other than the market price of the Bonds and any accrued interest, it is not expected that any costs besides ordinary transaction costs will be imposed on the purchaser. Any expenses and taxes specifically imposed on the purchaser in connection with the issuance of Bonds under this Base Prospectus will be stated in the Final Terms for the specific issue.

5.4 Placing and underwriting

5.4.1 DLR is the issuer of the covered bonds and acts as a securities dealer.

Bonds issued pursuant to the Final Terms annexed the Base Prospectus, are registered with VP Securities A/S or VP Lux S.à r.l. or with another securities depository where the Bonds are registered. The choise of securities depository appears from the Final Terms for the specific issue. The securities depository handles the payment of interests and drawings.

DLR coordinates the overall issuance of senior secured bonds and unsecured senior debt and places the Bonds. In connection with an issue, DLR may appoint one or more securities dealers to place the

Bonds. The names and addresses of any such securities dealers will be stated in the Final Terms for the specific issue.

5.4.2 In connection with an issue of Bonds under this Base Prospectus, DLR may enter into an agreement to the effect that one or more entities make binding commitments to underwrite the issue or undertake to place the issue without obligation or "best possible". If DLR makes such an agreement, the names and addresses of such entities and the key aspects of the agreement will be stated in the Final Terms for the specific issue.

5.4.3 If DLR enters into an agreement to the effect that one or more entities make binding commitments to underwrite a Bond issue under this Base Prospectus, the Final Terms will state when the agreement was entered into.

6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

6.1 ROs, SDOs, senior secured bonds and unsecured senior debt covered by the previous base prospectus that is replaced by this Base Prospectus are, or is expected to be, listed on NASDAQ Copenhagen A/S (www.nasdaqomxnordic.com).

The first date of listing will appear from the Final Tems.

6.2 The regulated market where the Bonds will be listed appears from the Final Terms for the specific issue.

6.3 DLR can enter into agreements ("Primary Dealer agreements") on the pricing of Bonds issued under this Base Prospectus. Any such agreement may, possibly with a notice, at any time be terminated by the parties to the agreement. The agreements can relate to all, or only certain of the Bonds issued under the Base Prospectus. DLR assumes no obligation to maintain any Primary Dealer agreements or enter into new agreements.

7. ADDITIONAL INFORMATION

7.1 DLR has not used any external advisers in connection with the preparation of this Base Prospectus.

7.2 DLR's auditors have exclusively audited the annual reports to which this Base Prospectus refers. The Base Prospectus has not been inspected or audited by DLR's auditors.

7.3 This Base Prospectus contains no statements or reports by experts.

7.4 This Base Prospectus contains no third party information.

7.5 DLR is rated by the credit rating agency S&P Global Ratings (S&P). S&P has been established in the European Community and is registered pursuant to European Parliament and Council Regulation 1060/2009 on credit rating agencies, see article 4.1.

(i) At the date of this Base Prospectus, DLR as an issuer has been assigned a Long-Term Credit Rating of 'A-' with a stable outlook and a Short-Term Credit Rating of 'A-2' with a stable outlook by S&P.

(ii) DLR SDOs issued out of capital centre B have been assigned a rating of 'AAA' by S&P at the date of this Base Prospectus. DLR ROs issued out of the general capital centre have also been assigned an 'AAA' rating by S&P.

DLR wishes to note that the S&P ratings are subject to change, and that DLR may choose not to have the issued Bonds rated. The rating of the Bonds will be specified in the Final Terms for the specific issue.

8. USE OF THIS BASE PROSPECTUS BY FINANCIAL INTERMEDIARIES

8.1 DLR expressly declares that it accepts that this Base Prospectus may be used for resale or final placement of Bonds issued under this Base Prospectus through financial intermediaries who have been given the consent of DLR, and DLR assumes responsibility for the contents of this Base Prospectus, also in connection with such use.

8.2 The consent regarding the use of the Base Prospectus mentioned in item 8.1 of this section 7 "Securities Note" is valid for 12 months from the approval of this Base Prospectus.

8.3 The offer period during which any resale or final placement of the Bonds may take place is stated in the Final Terms for the specific issue.

8.4 Financial intermediaries who have been given the consent of DLR as set out in item 8.1 of this section 7 "Securities Note" may solely use this Base Prospectus for resale and final placement of the Bonds in Denmark.

8.5 Any unambiguous and objective conditions attached to the consent set out in item 8.1 of this section 7 "Securities Note" will be stated in the Final Terms for the specific issue.

8.6 **Where a financial intermediary uses this Base Prospectus to make an offer of Bonds issued under the Base Prospectus, the financial intermediary will inform investors of the terms and conditions of the offer at the time of the offer.**

8.7 A list stating the names and addresses of the financial intermediaries holding permissions to use the Base Prospectus will be stated in the Final Terms for the specific issue.

8.8 Information about financial intermediaries not known at the date of approval of the Base Prospectus or the filing of the Final Terms will be stated on DLR's website: **www.dlr.dk/investor.**

8 STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Today, the Executive Board discussed and approved this Base Prospectus for Bonds issued by DLR Kredit A/S, see the Board of Directors' authority to the Executive Board of 26 October 2017.

The following persons are responsible for the information provided in this Base Prospectus:

<u>The Board of Directors:</u>
Managing Director & CEO Vagn Hansen (Chairman)
Managing Director Lars Møller (Deputy Chairman)
Managing Director & CEO Claus Andersen
Managing Director & CEO Karen Frøsig
Farmer Peter Gæmelke
Managing Director & CEO Gert R. Jonassen
Former Central Bank Governor Torben Nielsen
Managing Director & CEO Jan Pedersen
Managing Director & CEO Lars Petersson
Head of Business Development and Communication Randi Holm Franke (elected by staff members of DLR)
Chief Agricultural Account Manager Jakob G. Hald (elected by staff members of DLR)
Office Messenger Kim Hansen (elected by staff members of DLR)
Legal Consultant Søren Jensen (elected by staff members of DLR)
Administrative Officer Astrid Agnete Holga Kjærsgaard (elected by staff members of DLR)

<u>The Executive Board:</u>
Managing Director & CEO Jens Kr. A. Møller
Managing Director Michael Jensen

The persons responsible for the information provided in this Base Prospectus hereby declare to have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information provided in the Base Prospectus is in accordance with the facts and omits no material information likely to affect the import thereof.

Copenhagen, 20 November 2017

Executive Board
(Signed on behalf of the Executive Board and the Board of Directors pursuant to the Board of Directors' authority to the Executive Board of 26 October 2017)

Jens Kr. A. Møller Managing Director & CEO	Michael Jensen Managing Director

9 ANNEXES

ANNEX 1: DEFINITIONS

References in this Base Prospectus to:

- "latest annual report" mean the Annual Report 2015 of DLR Kredit A/S;
- "latest annual reports" mean the Annual Report 2014 of DLR Kredit A/S and the Annual Report 2015 of DLR Kredit A/S;
- "latest interim report" mean Interim Report, Q1-Q3 2016 of DLR Kredit A/S; and
- "latest risk reports" mean Risk and Capital Management Report 2016 of DLR Kredit A/S and Risk and Capital Management – IRB Update April 2016 of DLR Kredit.

All the reports may be found on DLR's website: www.dlr.dk/investor. Future interim and annual reports and risk and capital management reports will also be made available on this site.

Where this Base Prospectus refers to "banking days" or a "banking day", it means any day on which Danish payment systems and Danish financial institutions located in Denmark are open for business.

ANNEX 2: DOCUMENTS AND REFERENCES

List of documents and references used entirely or in part for the preparation of this Base Prospectus.

- Annual Report 2014 of DLR Kredit A/S
  The annual report is available on DLR's website: www.dlr.dk/investor under "Financial Statements"

- Annual Report 2015 of DLR Kredit A/S
  The annual report is available on DLR's website: www.dlr.dk/investor under "Financial Statements"

- Interim Report, Q1 – Q3 2015 of DLR Kredit A/S
  The interim report is available on DLR's website: www.dlr.dk/investor under "Financial Statements"

- Interim report, Q1 – Q3 2016 of DLR Kredit A/S
  The interim report is available on DLR's website: www.dlr.dk/investor under "Financial Statements"

- Risk and Capital Management Report 2016
  The risk and capital management report is available on DLR's website www.dlr.dk/investor under "Financial Statements"

- Risk and Capital Management – IRB Update April 2016
  The risk and capital management report is available on DLR's website www.dlr.dk/investor under "Financial Statements"

- Articles of Association for DLR Kredit A/S
  The Articles of Association may be obtained at DLR's premises at Nyropsgade 21, 1780 Copenhagen V, Denmark, or at DLR's website www.dlr.dk/investor under "Dokumentation og lovgivning" (Danish only).

- Memorandum of Association for KR 276 A/S
  The Memorandum of Association may be obtained at DLR's premises at Nyropsgade 21, 1780 Copenhagen V, Denmark.

ANNEX 3: CROSS REFERENCE TABLE FOR DOCUMENTS REFERRED TO IN THE BASE PROSPECTUS

Where in the Base Prospectus is the reference	Document	Where in the document is the reference
Section 2 “Risk factors”, p. 16 item 2.4	Latest annual report of DLR	Risk Management, pp. 24-31
Section 6 “Registration Document”, p. 34 item 6.1.1	Latest annual report of DLR	Lending Activity and Portfolio, pp. 16-18
Section 6 “Registration Document”, p. 40 item 13.1	Two latest annual reports of DLR	**Annual Report 2015:** Management Statement, p. 71 Management Review, pp. 4-34 Auditors’ Report, pp. 72-74 Accounting Policies, pp. 43-48 Profit and Loss Account, p. 40 Balance Sheet, p. 41 Notes, pp. 49-66 Solvency, p. 67 Cash Flow Statement, p. 68 **Annual Report 2014:** Management Statement, p. 71 Management Review, pp. 4-35 Auditors’ Report, pp. 72-75 Accounting Policies, pp. 45-48 Profit and Loss Account, p. 42 Balance Sheet, p. 43 Notes, pp. 49-66 Solvency, p. 67 Cash Flow Statement, p. 68
Section 6 “Registration Document”, p. 40 item 13.5.1	Latest interim reports of DLR	**Interim Report, Q1 – Q3 2016:** Profit and Loss Account, p. 10 Balance Sheet, p. 11 Notes, pp. 14-19 **Interim Report, H1 2016:** Profit and Loss Account, p. 9 Balance Sheet, p. 10 Notes, pp. 13-17 **Interim Report, Q1 2016:** Profit and Loss Account, p. 11 Balance Sheet, p. 12 Notes, pp. 15-19

ANNEX 4: TEMPLATE FOR FINAL TERMS

Below are provided draft templates for the Final Bond Terms for the Bonds comprised by this Base Prospectus. Reservation is made for the wording, which may differ in certain places from the template. However, important amendments to or information concerning the content of the Base Prospectus will be made by way of a new Base Prospectus or an addendum to the current prospectus.

The Issuer may add new series and ISINs to this Base Prospectus on an ongoing basis.

FINAL TERMS FOR [COVERED] BONDS
[(SDOs)] [senior secured bonds] [senior unsecured debt]

issued [in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act] by

DLR KREDIT A/S

(DLR or Issuer)

These final terms (the **Final Terms**) apply to [covered bonds (SDOs)]/[senior secured bonds]/[senior unsecured debt] issued by DLR [under section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act]. The final terms exclusively relate to the specific issue or issues of [covered] bonds (the **Bonds**) listed in the Final Terms below.

The bonds will be issued pursuant to the Base Prospectus for bonds issued by DLR Kredit A/S dated 28 November 2016 and any addendums to this base prospectus (together the **Base Prospectus**).

DLR represents:

- that the Final Terms have been prepared in accordance with Article 5(4) of Directive 2003/71/EC and must be read in conjunction with the Base Prospectus and any addendums to the Base Prospectus;

- that the Base Prospectus has been published online at DLR's website, www.dlr.dk/investor and at the website of the Danish FSA, www.ftnet.dk;

- that in order to obtain all information an investor must read the Base Prospectus, any addendums to the Base Prospectus and the Final Terms of the specific bonds; and

- that the summary for this specific issue is attached as Annex A to the Final Terms.

Fixed-rate, callable bonds

	Bond terms
Opening date:	[*Opening date*]
Capital centre:	Capital centre B
Bond type:	Covered bonds, SDOs
ISIN:	[●]
Maturity date/due date:	[*Maturity date*]
Currency:	[*Currency*]
Interest:	
Interest:	Fixed interest rate
Annual payment dates:	[●]
Nominal coupon:	[●]% p.a.
Day count convention:	Actual/actual.
Interest payment date:	[*Dates*] of each year until the maturity date. If the interest payment date is not a Banking Day, the interest payment will be postponed to the next Banking Day.
First date of interest accrual:	[Date]
Yield to maturity:	The yield to maturity of the Bonds cannot be specified as the Bonds are issued on tap for as long as the ISIN is open.
Interest-only period:	[None] [Interest-only period of up to ten years for the underlying loans].
Amortisation:	Annuity loan. The Bonds are drawn on the basis of the loans provided in the series. At every interest payment date, a bond amount is drawn corresponding to the ordinary and extraordinary instalments on these loans. Drawing is published on an ongoing basis at the Issuer's website www.dlr.dk/investor under CK information.
Borrower's prepayment rights	A borrower may prepay his loan using one of the following options: 1. Redemption of bonds at market price 2. Redemption on payment date at par 3. Immediate redemption at par The bonds are callable. This means that the borrower may, at any future repayment date and irrespective of the actual market price, prepay his loan at par. The notice period for prepayment is two months before a payment date.

Terms for the issuance	
Opening period:	[*Description of opening period*]
Restrictions on the individual investor's right to subscribe for the Bonds:	DLR has set no limit on the number of subscriptions allowed for the individual investors.
Denomination:	DKK 0.01 (minimum denomination)
Offer price:	Market price
Other expenses payable by bond purchasers:	No expenses other than ordinary transaction costs will be payable by bond purchasers.
Listing:	The Bonds will be admitted to listing on [NASDAQ Copenhagen A/S] [●]. Date of expected admission to listing: [*Date*].
Securities depository:	The Bonds will be issued through and registered with: [VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark] [●].
Value date:	The Bonds will be traded with a [●]-day settlement period unless otherwise agreed.
Agreements on the placement of the bonds:	DLR has made no agreement with securities dealers on the placement of the Bonds.
Financial intermediaries' use of the Base Prospectus:	DLR has granted no consent to any financial intermediary's use of the Base Prospectus in connection with offer or placing of the Bonds.
Agreements on the underwriting of the bonds:	[DLR has made no binding agreement with any entity on the underwriting of the Bonds.] [DLR has entered into an agreement on the underwriting of the Bonds with the following compan[y/ies]: [*Company name and address*].
Agreement on market making:	[DLR has not entered into any agreement with any company concerning the quoting of bid and offer prices for the bonds.] [DLR has entered into an agreement with the following compan[y/ies] concerning the quoting of bid and offer prices for the bonds. [*Company name and address and a description of the terms of the agreement on market making*].

Other information on the Bonds	
Capital centre:	The Bonds will be issued out of DLR capital centre B. Annex B to the Final Terms contains an overview as at today's date of bonds issued out of DLR capital centre B.
Information on the outstanding amount of bonds:	The current outstanding amount of bonds is provided at DLR's website on an ongoing basis: www.dlr.dk/investor and/or at NASDAQ Copenhagen A/S' website: www.nasdaqomxnordic.com.
Conflicting interests:	DLR has no knowledge of any conflicting interests material to the offer of the Bonds.

Authorisation and approval pursuant to which the Bonds are issued:	[*Specification of authorisations and approvals pursuant to which the bonds are issued*]
Credit rating of the Bonds:	[●]

These Final Terms have been approved by DLR on [*date*].

On behalf of DLR Kredit A/S:

____________________________ Name: Title:	____________________________ Name: Title:

Floating-rate bonds

Bond terms	
Opening date:	[Date]
Capital centre:	[Capital centre B] [General capital centre]
Bond type:	[Covered bonds, SDOs] [Senior secured bonds] [Senior unsecured debt]
ISIN:	[●]
Maturity date/due date:	[*Maturity date*]
	[Pursuant to section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the corresponding Executive Order on refinancing of adjustable-rate mortgages, the maturity of the Bonds can, under certain special circumstances, be extended as specified below.]
Currency:	[*Currency*]
Interest:	
Interest:	Floating interest rate. [However, the initial coupon rate until [date] is [●]%.]
Annual payment dates:	[●]
Nominal coupon rate:	Floating coupon rate consisting of the reference rate with the addition of the interest rate spread, if any.
	[*Description of terms in the event that the coupon rate becomes negative*]
	[If the maturity of the Bonds is extended, special interest rate terms will apply as specified below.]
Interest rate spread:	[[●] percentage points p.a.][tbd]
Interest cap:	[None][●].
Reference rate:	[3m]/[6m] [CIBOR]/[CITA]/[EURIBOR]
Interest rate fixing frequency:	[Quarterly]/[semi-annually]
Interest rate fixing method:	[*Description of method, dates and times for the fixing of the reference rate.*]
Interest rate fixing period:	[*Description of the fixing period*]
Day count convention:	[Actual/actual] [Actual/360] [365/360] [●].
Interest payment date:	[*Dates*] of each year until the maturity date.
	If the interest payment date is not a Banking Day, the interest payment will be postponed to the next Banking Day.
First date of interest accrual:	[Date]
Information on the price development of the money market rate forming the	[*Description of the quotation, collection, calculation and publication of the chosen reference rate*]

basis for the reference rate:	
Yield to maturity:	[The yield to maturity of the Bonds cannot be specified as the Bonds have a floating interest rate.] [*If possible, the yield to maturity is specified*.]
Interest-only period:	[The loans are either bullet loans or annuity loans with an optional interest-only period of up to ten years.] [*Not applicable for senior secured bonds or unsecured senior debt*]
Amortisation:	[The Bonds will be amortised on the basis of the loans provided in the series.] [*Not applicable for senior secured bonds or senior unsecured debt*]
Borrower's prepayment rights:	[Redemption of Bonds at market price. The Bonds are non-callable.] [*Not applicable for senior secured bonds or senior unsecured debt*]
Maturity extension in the event of interest rate increase:	[The Bonds [are not][are] comprised by the statutory maturity extension in the event of interest rate increase, as specified in item 4.7.7. of the Securities Note of the Base Prospectus. [DLR can decide to extend the maturity of the bonds, in full or in part, by 12 months from the ordinary maturity date of the bonds if, at refinancing of maturing bonds, the yield to maturity becomes more than five percentage points higher than the most recently fixed interest rate. The coupon on the extended bonds is to be set at the most recently fixed interest rate with the addition of five percentage points. An extension of the maturity of the bonds resulting from an interest rate trigger must be made public on www.dlr.dk/investor immediately after completion of the refinancing.] [*Not applicable for senior secured bonds or senior unsecured debt*]
Statutory maturity extension in the event of an insufficient number of buyers	[The Bonds [are not][are] comprised by statutory maturity extension in the event of an insufficient number of buyers, see item 4.7.7. in the Securities Note of the Base Prospectus. [DLR can decide to extend the maturity of the SDOs, in full or in part, by 12 months at a time from their ordinary maturity date if, at refinancing of maturing bonds, there is an insufficient number of buyers for all the new bonds required. The coupon on the extended bonds is to be set at the most recently fixed interest rate, with the addition of five percentage points. The coupon will remain unchanged for the entire 12-month extension period. The coupon will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions caused by an insufficient number of buyers, the coupon fixed at the first extension will continue to

	apply. DLR will publish the coupon on the extended bonds by means of a company announcement. In the event of any further extension, the coupon fixed in connection with the first extension will continue to apply. A decision on maturity extension can be taken until the ordinary maturity date of the Bonds and must be made public by means of a company announcement immediately hereafter.] [If the maturity of SDOs issued out of capital centre B is extended under the statutory maturity extension based on the refinancing failure trigger, see section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR must extend the maturity correspondingly for senior secured bonds used as supplementary collateral for the SDOs if these senior secured bonds mature during the extension. However, the senior secured bonds in question may be redeemed at ordinary maturity if DLR issues or has issued new bonds to replace these in full or in part. Please refer to section 2 "Risk Factors" of the Base Prospectus , item 2.13, and section 7 "Securities Note", item 4.9.1, for a detailed description of the provisions governing statutory maturity extension.] [*Not applicable for senior unsecured debt*]

Terms for the issuance

Opening period:	[*Description of opening period*]
Restrictions on the individual investor's right to subscribe for the Bonds:	DLR has set no limit on the number of subscriptions allowed for the individual investors.
Denomination:	0.01 (minimum denomination)
Offer price:	Market price
Other expenses payable by bond purchasers:	No expenses other than ordinary transaction costs will be payable by bond purchasers.
Listing:	The Bonds will be admitted to listing on [NASDAQ Copenhagen A/S] [●]. Date of expected admission to listing: [*Date*].
Securities depository:	The Bonds will be issued through and registered with: [VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark] [●].
Value date:	The Bonds will be traded with a [●]-day settlement period unless otherwise agreed.
Agreements on the placement of the Bonds:	[DLR has made no agreement with securities dealers on the placement of the Bonds.] [The Bonds have been placed in the market by financial intermediaries on behalf of DLR.]
Financial intermediaries' use of the Base Prospectus:	DLR [has] [has not] granted consent to any financial intermediary's use of the Base Prospectus in connection with the offer or placing of the Bonds.
Agreements on the underwriting of	[DLR has made no binding agreement with any entity on the underwriting of the Bonds.] [DLR has entered into an

the bonds:	agreement on the underwriting of the Bonds with the following compan[y/ies]: [*Company name and address*].
Agreement on market making:	[DLR has not entered into any agreement with any company concerning the quoting of bid and offer prices for the Bonds.] [DLR has entered into an agreement with the following compan[y/ies] concerning the quoting of bid and offer prices for the Bonds. [*Company name and address and a description of the terms of the agreement on market making*].

Other information on the Bonds

Capital centre:	The Bonds will be issued out of DLR [capital centre B] [general capital centre]. Annex B to the Final Terms contains an overview as at today's date of bonds issued out of DLR [capital centre B] [general capital centre].
Information on the outstanding amount of bonds:	The outstanding amount of bonds is provided at the Issuer's website on an ongoing basis: www.dlr.dk/investor and/or at NASDAQ Copenhagen A/S' website: www.nasdaqomxnordic.com.
Conflicting interests:	DLR has no knowledge of any conflicting interests material to the offer of the Bonds.
Authorisation and approval pursuant to which the Bonds are issued:	[*Specification of authorisations and approvals pursuant to which the bonds are issued*]
Credit rating of the Bonds:	[●]

These Final Terms have been approved by DLR on [*date*].

On behalf of DLR Kredit A/S:

Name: Title:	Name: Title:

Fixed-rate bullet bonds

Bond terms	
Opening date:	[*Opening date*]
Capital centre:	[Capital centre B] [General capital centre]
Bond type:	[Covered bonds, SDOs] [Senior secured bonds] [Senior unsecured debt]
ISIN:	[●]
Maturity date/due date:	[*Maturity date*] [Pursuant to section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the corresponding Executive Order on refinancing of adjustable-rate mortgages, the maturity of the Bonds can, under certain special circumstances, be extended as specified below.] [*Not applicable for Senior unsecured debt*]
Currency:	[*Currency*]
Interest:	
Interest:	Fixed interest rate
Annual payment dates:	1
Nominal coupon rate (bond interest rate):	[●] % p.a. [If the maturity of the Bonds is extended, special interest rate terms will apply as specified below.]
Day count convention:	[Actual/actual] [●]
Interest payment date:	First calendar day of a month. If the interest payment date is not a Banking Day, the interest payment will be postponed to the next Banking Day.
First date of interest accrual:	[Date]
Yield to maturity:	[The yield to maturity of the Bonds cannot be specified as the Bonds are issued on tap as long as the ISIN is open.] [●% p.a.]
Amortisation:	Bullet bonds. The Bonds are drawn by redemption at par on the date of maturity[, unless the maturity of the Bonds is extended as specified below.]
Borrower's prepayment rights:	[Redemption of Bonds at market price. The Bonds are non-callable.] [*Not applicable for senior secured bonds or senior unsecured debt*]
Statutory maturity extension in case of interest rate increase (interest rate trigger):	[The Bonds [are][are not] comprised by the statutory maturity extension in case of interest rate increase, as specified in item 4.7.7. of the Securities Note in the Base Prospectus. [DLR can decide to extend the maturity of the Bonds, in full or in part, by 12 months from their ordinary maturity date if, at

	refinancing, the yield to maturity becomes more than five percentage points higher than the yield to maturity [fixed at the last refinancing] [of an equivalent bond with a similar term to maturity 11-14 months earlier. The coupon on extended bonds is set at the yield to maturity [for the Bonds fixed at the last refinancing][an equivalent bond with a similar term to maturity 11-14 months earlier], with the addition of five percentage points. An extension of the maturity of the Bonds resulting from an interest rate trigger must be made public on www.dlr.dk/investor immediately after completed refinancing.] [*Not applicable for senior secured bonds or senior unsecured debt*]
Statutory maturity extension in the event of an insufficient number of buyers (refinancing failure trigger):	[The Bonds are comprised by statutory maturity extension in the event of an insufficient number of buyers, see item 4.7.7. in the Securities Note of the Base Prospectus. DLR can decide to extend the maturity of the Bonds, in full or in part, by 12 months at a time from their ordinary maturity date if, at refinancing of maturing bonds, there is an insufficient number of buyers for all the new bonds required. The coupon on the extended bonds is to be set at the yield to maturity [fixed at the last refinancing] [on a corresponding bond with a similar term to maturity 11-14 months earlier] [on a bond with a term to maturity of 11-14 months fixed 11-14 months earlier], with the addition of five percentage points. A decision on maturity extension can be taken until the ordinary maturity date of the Bonds and must be made public by means of a company announcement immediately hereafter. DLR will publish the coupon on the extended bonds by means of a company announcement. The coupon will be fixed initially at the time of extending the maturity of the Bonds. For additional maturity extensions caused by of an insufficient number of buyers, the coupon fixed at the first extension will continue to apply.] [If the maturity of SDOs issued out of capital centre B is extended under the statutory maturity extension based on the refinancing failure trigger, see section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR must extend the maturity correspondingly for senior secured bonds used as supplementary collateral for the SDOs if these senior secured bonds mature during the extension. However, the senior secured bonds in question may be redeemed at ordinary maturity if DLR issues or has issued new bonds to replace these in full or in part. Please refer to section 2 “Risk Factors” of the Base Prospectus , item 2.13, and section 7 “Securities Note”, item 4.9.1, for a detailed description of the provisions governing statutory maturity extension.] [*Not applicable for senior unsecured debt*]

Terms for the issuance	
Opening period:	[*Description of opening period*]
Restrictions on the individual investor's right to subscribe for the Bonds:	DLR has set no limit on the number of subscriptions allowed for the individual investors.
Denomination:	0.01 (minimum denomination)
Offer price:	Market price
Other expenses payable by bond purchasers:	No expenses other than ordinary transaction costs will be payable by bond purchasers.
Listing:	The Bonds will be admitted to listing on [NASDAQ Copenhagen A/S] [●]. Date of expected admission to listing: [*Date*].
Securities depository:	The Bonds will be issued through and registered with: [VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark] [●].
Value date:	The Bonds are traded with a [●]-day settlement period unless otherwise agreed.
Agreements on the placement of the Bonds:	DLR [has] [has not] made any agreement with securities dealers on the placement of the Bonds.
Financial intermediaries' use of the Base Prospectus:	[DLR has granted no consent to any financial intermediary's use of the Base Prospectus in connection with the offer or placing of the Bonds.] [DLR has entered into an agreement on the underwriting of the Bonds with the following compan[y/ies]: [*Company name and address*].
Agreements on the underwriting of the bonds:	[DLR has made no binding agreement with any entity on the underwriting of the Bonds.] [DLR has entered into an agreement on the underwriting of the Bonds with the following compan[y/ies]: [*Company name and address*].
Agreement on market making:	[DLR has not entered into any agreement with any company concerning the quoting of bid and offer prices for the bonds.] [DLR has entered into an agreement with the following compan[y/ies] concerning the quoting of bid and offer prices for the bonds on the following terms. [*Company name and address and a description of the terms of the agreement on market making*.]]

Other information on the Bonds	
Capital centre:	The Bonds will be issued out of DLR [capital centre B] [general capital centre]. Annex B to the Final Terms contains an overview as at today's date of bonds issued out of DLR [capital centre B] [general capital centre].
Information on the outstanding amount of bonds:	The outstanding amount of bonds is provided at the Issuer's website on an ongoing basis: www.dlr.dk/investor and/or at NASDAQ Copenhagen A/S' website: www.nasdaqomxnordic.com.

Conflicting interests:	DLR has no knowledge of any conflicting interests material to the offer of the Bonds.
Authorisation and approval pursuant to which the Bonds are issued:	[*Specification of authorisations and approvals pursuant to which the bonds are issued*]
Credit rating of the Bonds:	[●]

These Final Terms have been approved by DLR on [*date*].

On behalf of DLR Kredit A/S:

________________________	________________________
Name:	Name:
Title:	Title:

Annex A: Summary of the Base Prospectus for bonds, including information about the Final Bond Terms

[Summary of the Base Prospectus, including information on the Final Terms of the specific issue, to be inserted here.]

Annex B: Bonds issued out of DLR [capital centre B] [general capital centre]