

Articles of Association

April 2011

Alm. Brand Bank A/S

CVR No. 81 75 35 12

1.

The name of the bank is Alm. Brand Bank A/S.

The bank also carries on business under the secondary names

SJL-banken a/s (Alm. Brand Bank A/S) og
Ledernes Bank A/S (Alm. Brand Bank A/S).

2.

The objects of the bank are to carry on banking business and securities trading to the extent permitted for banks under Danish law.

The bank may carry on other activities ancillary to banking business.

3.

The bank's share capital amounts to DKK 1,021,000,000 divided into shares of DKK 1,000 each or multiples thereof.

3a.

The Board of Directors is authorised for the period until 1 May 2015 to increase the bank's share capital in one or more issues by a total nominal amount of DKK 1,000,000,000 with pre-emptive rights to the existing shareholders. At the discretion of the Board of Directors, the increase may be effected by cash payment or by conversion of debt. The new shares shall be issued to named holders. The shares are non-negotiable instruments, and shareholders shall not be under any obligation to let their shares be redeemed. Any transfer of the new shares is subject to the consent of the bank, cf. article 5.1. However, this transferability restriction will be suspended in the instances set out in article 7.7.

4.

The bank's shares are issued to named holders and must always be registered in the names of the holders in the bank's register of shareholders. The bank's shares may not be transferred to bearer. The bank's shares must be non-negotiable instruments.

5.

The negotiability of the shares is subject to the restriction that any transfer of shares may solely be effected with the consent of the bank.

No shareholder is under an obligation to have his or her shares redeemed, in whole or in part.

6.

Share certificates may be cancelled without a court order in accordance with the rules applicable from time to time to non-negotiable instruments.

Against the surrender of share certificates for multiples of shares of DKK 1,000 each, the Board of Directors will issue new share certificates, on request, for the same number of shares, of DKK 1,000 each or multiples thereof.

7.

Pursuant to a resolution adopted by the Board of Directors on 18 September 2009 in accordance with an authorisation adopted at the bank's annual general meeting on 22 April 2009, the bank has raised a loan with a principal of DKK 856,000,000 by way of hybrid Tier 1 capital under the Danish Act on State-Funded Capital Injections into Credit Institutions (the "Capital Injection"). The Capital Injection has been raised at par without any right for the bank's shareholders to subscribe a proportionate share of the loan.

The Capital Injection is divided into two tranches with tranche 1 constituting DKK 560,672,000 and tranche 2 constituting DKK 295,328,000. Tranche 2 has been raised against issuance of convertible capital certificates (the "Convertible Capital Certificates"), which, pursuant to the Danish Act on State-Funded Capital Injections into Credit Institutions, are subject to a duty of conversion into shares in the bank in certain circumstances. The specific requirements for the bank's agreement to raise tranche 2 of the Capital Injection and for the issuance of the Convertible Capital Certificates are set out in Appendix 1, which forms an integral part of the bank's Articles of Association.

In accordance with Appendix 1, it applies to the Convertible Capital Certificates that they are undated subordinated bullet loans in compliance with the specific rules laid down in the Danish Financial Business Act and related regulation (hybrid Tier 1 capital), that they carry interest at a nominal rate constituting 11.007109% p.a. at the borrowing date on the terms of payment set out in Appendix 1, and that the rate of interest may be increased relative to future dividend distributions within the framework of the specific requirements for loan terms set out in Appendix 1, that the Convertible Capital Certificates may not be terminated by the bank for a period up to and including 24 September 2012, that the Convertible Capital Certificates will be payable if (i) the bank enters into liquidation, (ii) a bankruptcy order is issued against the bank or (iii) the Danish Financial Supervisory Authority withdraws the bank's licence to operate as a bank and approves a winding up of the bank, unless where such winding up takes place through a merger, pursuant to section 227 of the Danish Financial Business Act and that the Convertible Capital Certificates shall be issued in book-entry form through VP Securities A/S with no restrictions on the transferability of the Convertible Capital Certificates.

Any capital increases, capital reductions, issues of warrants, issues of new convertible bonds and/or debt instruments or dissolution of the bank, including in connection with a merger or a demerger of the bank, before conversion has taken place, shall be dealt with in accordance with Appendix 1.

In case of conversion of the Convertible Capital Certificates pursuant to Article 7(2) above, the Board of Directors is authorised to increase the share capital in one or more issues of new shares by a total amount of up to DKK 295,328,000 without pre-emption rights to the company's existing shareholders.

The new shares shall rank *pari passu* with the existing shares. It should be noted in particular that the new shares shall be non-negotiable instruments, that the new shares shall be issued to named holders and that each share amount of DKK 1,000 shall carry one vote at the company's general meetings.

If the Convertible Capital Certificates are converted into shares in the bank in accordance with Article 7(2), the transferability restriction imposed by Article 5(1) will be suspended with effect from the date of conversion (conditional suspension).

The Board of Directors is authorised to implement any such amendments to the Articles of Association as may be necessitated by the capital increase pursuant to the authorisation.

8.

General meetings are convened by the Board of Directors giving not less than two weeks' and not more than four weeks' notice. Notice of the meeting is submitted in writing to all shareholders registered in the register of shareholders.

General meetings are held in the City of Copenhagen or elsewhere in the Greater Copenhagen Area and are chaired by a chairman of the meeting appointed by the Board of Directors.

The company's employees shall also be advised of the notice to convene the general meeting if they have notified the Board of Directors pursuant to section 142(1), second sentence, of the Danish Companies Act."

9.

The agenda of the annual general meeting to be held before the end of April must comprise:

1. Presentation of the annual report for adoption and discharge of the Board of Directors and the Management Board from liability.
2. Resolution on the distribution of profit or the treatment of loss according to the adopted annual report.
3. Election of members to the Board of Directors, see Article 12.
4. Appointment of an auditor.
5. Any other business.

10.

Each share amount of DKK 1,000 carries one vote.

11.

The business transacted at general meetings is resolved by a simple majority of votes unless otherwise prescribed by Danish law.

In cases where the validity of a resolution is determined according to sections 106 and 107 of the Danish Companies Act, it is required in addition to the conditions contained therein that more than three fourths of the share capital is represented at the general meeting.

12.

The bank's Board of Directors comprises four to nine members elected by the shareholders in general meeting in addition to any members elected under the rules on employee representation.

The members elected by the shareholders in general meeting are elected for a term of one year. Members of the Board of Directors are eligible for re-election.

The members of the Board of Directors must be of full legal capacity, trustworthy and of good character. A Board member must resign if such member suspends payments, is declared bankrupt or the like or commits an act making him or her unworthy of continuing to hold the office of member of the Board of Directors.

The Board of Directors elects a Chairman and a Deputy Chairman from among its own number.

13.

The bank will be bound in legal transactions by the joint signatures of all members of the Board of Directors, by the joint signatures of the Chairman or the Deputy Chairman and a member of the Board of Directors or Management Board, or by the joint signatures of four members of the Board of Directors.

The Board of Directors may confer joint powers of procuration.

14.

The Board of Directors is authorised to pass a resolution on the distribution of extraordinary dividends in accordance with section 182(2) of the Danish Companies Act.

15.

The bank's annual report is audited by a state-authorized public accountant appointed by the shareholders in general meeting for a term of one year.

16.

The bank's financial year is the calendar year.

17.

The annual report is prepared in accordance with generally accepted accounting principles and with the depreciation, amortisation and provisions deemed necessary, all in compliance with the provisions of the Danish Financial Business Act and the Danish Companies Act.

As adopted at the extraordinary general meeting of the bank on 7 September 2009 and amended on 24 September 2009 as a result of the issuance of convertible capital certificates pursuant to a resolution adopted at a meeting of the Board of Directors held on 18 September 2009 and amended at the extraordinary general meeting of the bank on 30 November 2009 and as amended on the annual general meeting on 27 April 2010 and as amended in the annual general meeting on 26 April 2011.

TERMS AND CONDITIONS OF THE CAPITAL CERTIFICATES
(WITH CONVERSION)

SUMMARY OF TERMS:

Issuer: Alm. Brand Bank A/S

Total Amount of the Issuance: DKK 295,328,000

Date of Issuance: 24 September 2009

Effective Rate of Interest: 11.310% p.a.

Conversion: Mandatory Conversion

CONTENTS

1.	DEFINITIONS	1
2.	FORM AND DENOMINATION	4
3.	STATUS	4
4.	INTEREST PROVISIONS.....	4
5.	CANCELLATION OF COUPON.....	5
6.	WRITE-DOWN OF PRINCIPAL AND UNPAID COUPON	6
7.	REDEMPTION OF CAPITAL CERTIFICATES	6
8.	PAYMENTS.....	8
9.	OBLIGATIONS OF THE ISSUER.....	8
10.	MANDATORY CONVERSION	9
11.	BREACH	12
12.	AMENDMENTS AND APPROVALS	12
13.	GOVERNING LAW AND VENUE	13

TERMS AND CONDITIONS OF THE CAPITAL CERTIFICATES

(WITH CONVERSION)

1. DEFINITIONS

The following definitions are used and have the following meaning in these Conditions:

"Shares" mean shares issued by the Issuer.

"Danish Public Companies Act" means Consolidating Act no. 649 of 15 June 2006, as amended.

"Subordinated Loan Capital" means loan capital which meets the requirements set out in section 136 of the Danish Financial Business Act and any other loan capital designated as being subordinated to other unsubordinated capital (except for Hybrid Tier 1 Capital or debt designated as ranking *pari passu* with Hybrid Tier 1 Capital).

"Number of Capital Certificates" means the number of Capital Certificates outstanding from time to time.

"Business Day" means any day on which banks are generally open for business in Denmark.

"Conditions" mean these Terms and Conditions of the Capital Certificates.

"Dividends Declared" mean the sum of dividends as calculated on a VDS Calculation Date and resolved by the Issuer's shareholders in general meeting or Board of Directors in the period from the latest VDS Calculation Date or, with respect to the first VDS Calculation Date, the period from 1 October 2010, until the relevant VDS Calculation Date and either (i) paid by the Issuer during such period or (ii) scheduled for payment during the period after the VDS Calculation Date on which the dividends are calculated. If it has been resolved to declare dividends denominated in a currency other than DKK, the amount will be translated into DKK based on the rate published by Danmarks Nationalbank on the date of the resolution to declare dividends.

"Partial Redemption" has the meaning set out in paragraph 7.6.

"DKK" means Danish kroner.

"Effective Rate of Interest" means an effective rate of interest of 11.310% p.a.

"Fixed Coupon" has the meaning set out in paragraph 4.2.

"FSA Conversion Order" has the meaning set out in paragraph 10.1.

"Distributable Reserves" mean the distributable reserves which appear from the Issuer's latest audited annual report adopted by the Issuer's shareholders in general meeting.

"Early Redemption Amount" means an amount the payment of which on the Date of Redemption will imply that the Capital Certificate has generated an overall return equal to the Effective Rate of Interest calculated during the period from the Date of Issuance to the Date of Redemption.

"Principal in Excess of Market Capitalisation" means the Outstanding Principal on a VDS Calculation Date divided by the Market Capitalisation.

"Hybrid Tier 1 Capital" means loan capital which meets the requirements set out in section 132 of the Danish Financial Business Act.

"Date of Redemption" means the date of redemption of the Capital Certificates or part thereof under paragraph 7.

"Capital Certificates" have the meaning set out in paragraph 2.1.

"Capital Certificate Holder" means a natural or legal person registered with VP as a holder of one or more Capital Certificates.

"Capital Requirement" means the higher of the Solvency Requirement and the minimum capital requirement, see section 127 of the Danish Financial Business Act.

"Conversion Price" has the meaning set out in paragraph 10.4.

"Coupon" means the sum of the Fixed Coupon and the Variable Dividend Supplement.

"Danish Financial Business Act" means Consolidating Act no. 793 of 20 August 2009 and executive orders issued in pursuance thereof, all as amended.

"Danish Act on State-Funded Capital Injections" means Act no. 67 of 3 February 2009 and executive orders issued in pursuance thereof, all as amended.

"Market Capitalisation" means DKK 1,240,761,000 plus any net cash proceeds from a cash increase of the Issuer's share capital effected in the period from the Date of Issuance until a VDS Calculation Date.

"New Shares" have the meaning set out in paragraph 10.1.

"Nominal Rate of Interest" means the nominal rate of interest of 11.007109% p.a. equal to the Effective Rate of Interest on semi-annual payments of the Fixed Coupon.

"Mandatory Conversion" has the meaning set out in paragraph 10.1.

"Price-Sensitive Information" means information which would constitute inside information, see section 34 of the Danish Securities Trading Act, if the Issuer's Shares were admitted to trading on a regulated market.

"Nominal Value" means DKK 0.01.

"Interest Addition Date" means 1 May and 1 November of any year.

"Solvency Requirement" means the higher of (i) the solvency requirement, see section 124(2) of the Danish Financial Business Act, and (ii) any individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124(5) of the Danish Financial Business Act.

"Outstanding Principal" means the Number of Capital Certificates multiplied by the Nominal Value.

"Total Amount of the Issuance" has the meaning set out in paragraph 2.1.

"Date of Issuance" means 24 September 2009.

"Issuer" means Alm. Brand Bank, company reg. (CVR) no. 81753512, Midtermolen 7, DK-2100 Copenhagen Ø.

"Issuer's Conversion Notification" has the meaning set out in paragraph 10.2.

"Variable Dividend Supplement" has the meaning set out in paragraph 4.3.

"VP" means VP Securities A/S, company reg. (CVR) no. 21599336.

"VDS Calculation Date" has the meaning set out in paragraph 4.3.

"Valuation Expert" has the meaning set out in paragraph 10.4.1.

"Valuation Report" has the meaning set out in paragraph 10.4.4.

"Danish Securities Trading Act" means Consolidating Act no. 795 of 20 August 2009, as amended.

"Fixed Annual Coupon" means the sum of the Fixed Coupon accruing on the Capital Certificates in a one-year period from 1 May of any one year to 1 May of the next year.

2. **FORM AND DENOMINATION**

2.1 Capital Certificates. The Issuer will issue 29,532,800,000 capital certificates (individually referred to as a "Capital Certificate" and collectively referred to as the "Capital Certificates") in denominations of DKK 0.01 each, in total DKK 295,328,000 (say two hundred and ninety five million three hundred and twenty eight thousand Danish kroner only) (the "Total Amount of the Issuance") under these Conditions.

2.2 Registration with VP. The Capital Certificates are issued in book-entry form through VP. Unless otherwise provided in these Conditions, interest etc. shall be calculated and paid in accordance with the rules of VP applicable from time to time.

3. **STATUS**

3.1 Status. The Capital Certificates constitute Hybrid Tier 1 Capital. The Capital Certificates rank *pari passu* with other Hybrid Tier 1 Capital of the Issuer and any other debt designated as ranking *pari passu* with Hybrid Tier 1 Capital. The Capital Certificates rank senior to the Issuer's share capital and debt designated as being subordinated Hybrid Tier 1 Capital in all respects, including in respect of the right to receive periodic payments and the right to receive payment in connection with the Issuer's bankruptcy or liquidation.

3.2 Subordination. The Capital Certificates are subordinated to any unsubordinated debt of the Issuer and any Subordinated Loan Capital of the Issuer.

4. **INTEREST PROVISIONS**

4.1 Payment of Coupon. The Issuer shall pay Coupon to the Capital Certificate Holders in accordance with this paragraph 4.

4.2 Fixed Coupon. The Issuer shall pay the Nominal Rate of Interest on the Outstanding Principal ("Fixed Coupon"). The Fixed Coupon is payable semi-annually on each Interest Addition Date. The calculation of the Fixed Coupon must comply with actual/actual (ICMA) and the rules of VP applicable from time to time.

- 4.3 Variable Dividend Supplement. Furthermore, the Issuer shall pay a variable dividend supplement ("Variable Dividend Supplement") to be calculated as the higher amount of:
- (i) DKK 0; and
 - (ii) (Dividend Declared x 1.25 x Principal in Excess of Market Capitalisation) less Fixed Annual Coupon.

The Variable Dividend Supplement is calculated five Business Days before 1 May of any year (the "VDS Calculation Date"). If the Issuer's shareholders in general meeting or Board of Directors has resolved to declare dividends on a later date in April of the relevant year, such date will be deemed to be the VDS Calculation Date. The Variable Dividend Supplement will be payable each year on 1 May, beginning on 1 May 2012.

5. **CANCELLATION OF COUPON**

- 5.1 Conditions. Coupon is payable on the due date, see paragraphs 4.2 and 4.3, unless:
- (i) the Issuer either fails to meet the Capital Requirement before payment of Coupon or, after payment of Coupon, the Issuer will fail to meet the Capital Requirement; or
 - (ii) the Coupon exceeds the Distributable Reserves, see section 132(1)(vii) of the Danish Financial Business Act.
- 5.2 Partial payment. If either of the exceptions in (i) or (ii) set out in paragraph 5.1 applies, the Issuer shall pay Coupon in any such smaller amount as may be paid without triggering the exceptions in (i) and (ii) in paragraph 5.1. In the event of partial payment of Coupon under this paragraph 5.2, the amount payable in respect of the Capital Certificates must constitute a proportionate share of the total amount available for payment of Coupon calculated as such share of the sum of the Issuer's total Hybrid Tier 1 Capital as represented by the Outstanding Principal on the due date.
- 5.3 Lost Coupon. Any Coupon not paid in whole or in part under paragraph 5.1 or 5.2 will be lost, and no claim for such amount may be made at any subsequent time.
- 5.4 Resumption of obligation to pay Coupon. The addition of Coupon will be resumed, and the obligation to pay Coupon will apply again from such date as the exceptions in paragraph 5.1 no longer apply.
- 5.5 Notification. The Issuer shall immediately notify the Capital Certificate Holders when the Issuer becomes aware that the full Coupon cannot be paid on the due date under this paragraph 5.

6. **WRITE-DOWN OF PRINCIPAL AND UNPAID COUPON**

- 6.1 Write-down of Capital Certificates. The Issuer may at an annual or extraordinary general meeting resolve to write down, in whole or in part, the Outstanding Principal and any accrued, unpaid Coupon if the Issuer's equity is lost and the Issuer's share capital has been written down to zero. In the event of a partial write-down of the Outstanding Principal, such write-down must be effected by a proportionate write-down of the Issuer's total Hybrid Tier 1 Capital.
- 6.2 Conditions for write-downs. The Outstanding Principal and any accrued, unpaid Coupon may be written down in accordance with paragraph 6.1 only if (i) additional capital is subsequently contributed to the Issuer to the effect that the Capital Requirement is met, or (ii) the Issuer discontinues its activities without any loss to the unsubordinated creditors. Write-downs may only be effected by an amount approved in advance by the Issuer's external auditor(s) and the Danish Financial Supervisory Authority.
- 6.3 Notification. The Issuer shall immediately, or, where possible, in advance, notify the Capital Certificate Holders of a notice to convene a general meeting with a view to adoption of resolutions of the nature specified in paragraph 6.1.

7. **REDEMPTION OF CAPITAL CERTIFICATES**

- 7.1 No maturity date. The Capital Certificates have no maturity date, are not payable in whole or in part at any fixed time, and no claim for repayment in whole or in part may be made unless expressly provided in these Conditions.
- 7.2 Redemption. The Capital Certificates may not be redeemed in whole or in part before 25 September 2012. If the Capital Certificates are redeemed by the Issuer in whole or by Partial Redemption before 25 September 2014, such redemption will be subject to the fulfilment of the conditions of section 132(4) of the Danish Financial Business Act.
- 7.3 Redemption price in the fourth and fifth year from the Date of Issuance. During the period from 25 September 2012 until 24 September 2014, the Issuer may redeem the Capital Certificates, in whole or by Partial Redemption, plus any due, unpaid Coupon, at an amount per Capital Certificate corresponding to the higher of
- a) the Nominal Value; and
 - b) the Early Redemption Amount
- plus
- (i) as regards a) above, any Fixed Coupon accrued during the period from the latest Interest Addition Date until the Date of Redemption; and

- (ii) as regards both a) and b) above, any Variable Dividend Supplement accrued from the latest VDS Calculation Date until the Date of Redemption.

7.4 Redemption price in the sixth year from the Date of Issuance. During the period from 25 September 2014 until 24 September 2015, the Issuer may redeem the Capital Certificates, in whole or by Partial Redemption, plus any due, unpaid Coupon, at an amount per Capital Certificate corresponding to 105% of the Nominal Value, plus

- a) 5% of the Nominal Value if the Coupon is lost in whole or in part in the period from the Date of Issuance until the Date of Redemption, see paragraph 5.3;
- b) Fixed Coupon accrued in the period from the latest Interest Addition Date until the Date of Redemption; and
- c) Variable Dividend Supplement accrued in the period from the latest VDS Calculation Date until the Date of Redemption.

7.5 Redemption price in and after the seventh year from the Date of Issuance. During the period from 25 September 2015, the Issuer may redeem the Capital Certificates, in whole or by Partial Redemption, plus any due, unpaid Coupon, at an amount per Capital Certificate corresponding to 110% of the Nominal Value, plus

- a) Fixed Coupon accrued in the period from the latest Interest Addition Date until the Date of Redemption; and
- b) Variable Dividend Supplement accrued in the period from the latest VDS Calculation Date until the Date of Redemption.

7.6 Partial Redemption. Notwithstanding paragraphs 7.1 to 7.5, the Issuer may only redeem part (and not all) of the Capital Certificates ("Partial Redemption") on the following conditions:

- a) the Issuer may effect a maximum of three Partial Redemptions before full redemption of all Capital Certificates must be effected;
- b) at least 20% of the Total Amount of the Issuance must be redeemed through Partial Redemption;
- c) the Outstanding Principal must represent at least 30% of the Total Amount of the Issuance after a Partial Redemption; and
- d) the selection of Capital Certificates to be redeemed through Partial Redemption must be made in accordance with the rules of VP applicable from time to time.

7.7 Notification. The Issuer shall notify the Capital Certificate Holders of redemption under this paragraph 7 not later than 15 days and not earlier than 60 days before the redemption may be effected.

7.8 Approval by the Danish Financial Supervisory Authority. Both full redemption and Partial Redemption are subject to the prior approval of the Danish Financial Supervisory Authority, see the Danish Financial Business Act.

8. **PAYMENTS**

8.1 Currency. All payments to the Capital Certificate Holders under these Conditions must be made in DKK.

8.2 Time. All payments in respect of Capital Certificates must be made on or before the due date for the relevant payment and must be at the free disposal of the Capital Certificate Holders on such date. All payments must be made through VP and in accordance with the rules of VP applicable from time to time.

8.3 Non-Business Day. If an Interest Addition Date falls on a day which is not a Business Day, payment of Coupon will be deferred until the next Business Day. Deferral of payment of Coupon under this paragraph 8.3 will not give rise to any additional payments.

9. **OBLIGATIONS OF THE ISSUER**

9.1 Obligations of the Issuer. The Issuer must fulfil all obligations set out in this paragraph 9 from the Date of Issuance until such date as the Capital Certificates have been fully written down, see paragraph 6, redeemed, see paragraph 7, or converted into New Shares, see paragraph 10.

9.1.1 Capital reductions and treasury Shares. The Issuer may not (i) effect a capital reduction for any purpose other than to cover losses or to carry out write-downs under paragraph 6.1, or (ii) purchase treasury Shares, including implement buy-back programmes for treasury Shares if such purchase is in contravention of the Danish Act on State-Funded Capital Injections. The Issuer may only dispose of treasury Shares on market terms.

9.1.2 Issuance of share options etc. The Issuer may only issue share options, warrants, convertible debt instruments or similar instruments on market terms, unless such issuance forms part of a general employee plan.

9.1.3 Dividend and repayment of subordinated debt. The Issuer may not declare dividends, repay or buy back debt which is subordinated to or ranks *pari passu* with the Capital Certificates or other Hybrid Tier 1 Capital if (i) any due Coupon has not been paid in whole or in part, or if (ii) the Coupon is lost under paragraph 5 and no full payment of Coupon has been made on two consecutive Interest Addition Days after the date when the Coupon is lost. Notwithstanding the above, the Issuer may, however, buy back debt which is subordinated to the Capital Certificates, or which ranks *pari passu* with the Capital Certificates or other Hybrid Tier 1 Capital, for its trading portfolio with a view to fulfilling applications from the Issuer's customers in connection with the Issuer's market maker function.

- 9.1.4 Liquidation. The shareholders of the Issuer may not adopt any resolution to liquidate the Issuer, unless such liquidation is required by law.
- 9.1.5 Bonus shares. The Issuer is not permitted to issue bonus shares.
- 9.1.6 Merger and demerger. The Issuer may not enter into (i) a merger plan, and the shareholders of the Issuer may not approve such merger, if the valuation experts under section 134 c of the Danish Public Companies Act declare that the consideration for the Shares is not reasonable, or if the shareholders of the Issuer receive consideration other than shares in the continuing company, or (ii) a demerger plan, and the shareholders of the Issuer may not approve such demerger, if such demerger may have a significant adverse impact on the interests of the Capital Certificate Holders.
- 9.1.7 Other provisions. The Issuer may not implement any corporate resolutions or take any other steps entailing that the value of the total number of New Shares received in the event of a Mandatory Conversion would be lower than the value of such New Shares had the corporate resolution not been implemented or the steps not been taken.
10. **MANDATORY CONVERSION**
- 10.1 Conversion obligation. The Danish Financial Supervisory Authority may order ("FSA Conversion Order") that all or part of the Capital Certificates be converted into new Shares ("New Shares") in the Issuer in one or more rounds ("Mandatory Conversion"), in the event that:
- (a) the Issuer fails to meet the Solvency Requirement; or
 - (b) the Danish Financial Supervisory Authority assesses that there is a clear risk that the Issuer will fail to meet the Solvency Requirement.
- If the Danish Financial Supervisory Authority issues an order for Mandatory Conversion against the Issuer, the Issuer and the Capital Certificate Holders are under an obligation to carry out the Mandatory Conversion as ordered under the rules of this paragraph 10. Any undue Coupon accrued on the Capital Certificates converted will be lost from the date of the Mandatory Conversion in connection with the registration with the Danish Commerce and Companies Agency of the capital increase by the New Shares.
- 10.2 Notification from the Issuer. The Issuer must immediately upon receipt of the FSA Conversion Order issue a notification of the receipt of the FSA Conversion Order and of the Mandatory Conversion as ordered in accordance with the rules and procedures of VP applicable from time to time (the "Issuer's Conversion Notification").

- 10.3 Number of New Shares. The Capital Certificates to be converted in connection with a Mandatory Conversion must be converted into a number of New Shares in accordance with the following formula:
- Number of New Shares = the sum of the Nominal Value of all Capital Certificates to be converted, divided by the Conversion Price, see, however, paragraph 10.5.
- 10.4 Conversion Price. The price at which the Capital Certificates are converted into New Shares ("Conversion Price") is calculated in DKK per Share pursuant to the rules set out in paragraph 10.4.1 to 10.4.5.
- 10.4.1 Valuation Expert. The Conversion Price is fixed by an independent state authorised public accountant appointed by the Institute of State Authorised Public Accountants in Denmark (the "Valuation Expert"). The Valuation Expert must meet the conditions for being appointed valuation expert under section 6b of the Danish Public Companies Act and have experience of credit institutions. Immediately upon receipt of the FSA Conversion Order, the Issuer shall contact the Institute of State Authorised Public Accountants in Denmark for appointment of a Valuation Expert. The Issuer shall pay all costs for the Valuation Expert.
- 10.4.2 Valuation criteria. The Conversion Price is determined as the market value of the Issuer's Shares immediately after the publication of the Issuer's Mandatory Conversion Notification, taking into account the situation of the Issuer at the time of the FSA Conversion Order, but not taking into account the implementation of the subsequent Mandatory Conversion and any simultaneous or subsequent capital increase or capital injection in the Issuer, unless such capital increase or such capital injection has been fully underwritten at the time of the FSA Conversion Order. The Valuation Expert determines at his own discretion the most suitable valuation method(s) based on the situation of the Issuer. Notwithstanding the above, the Conversion Price may not be lower than the nominal value of the New Shares.
- 10.4.3 No adjustment. The Conversion Price will not be separately adjusted in the event of the Issuer's increase or reduction of the share capital, issue of warrants or convertible instruments, merger, demerger or other dissolution prior to the FSA Conversion Order, since the Conversion Price is determined at market value, see paragraph 10.4.2.
- 10.4.4 Valuation Report. The Valuation Expert's valuation report (the "Valuation Report") must be available not later than three weeks after the date of the FSA Conversion Order. The Valuation Report must state the procedure(s) applied in determining the Conversion Price. The Valuation Report is final. Accordingly, the Issuer or the Capital Certificate Holders cannot set up any claims or take legal action on the basis of the Valuation Report. The results of the Valuation Report are communicated to the Capital Certificate Holders in accordance with the rules and procedures of VP applicable from time to time.

At the request of a Capital Certificate Holder, the Issuer must provide a copy of the Valuation Report.

- 10.4.5 Issuer's collaboration. Immediately after appointment of the Valuation Expert, the Issuer must notify the Valuation Expert of any Price-Sensitive Information which has not been published in connection with the Issuer's most recently published financial information and must during the period in which the Valuation Expert is to fix the Conversion Price provide any such additional Price-Sensitive Information of which the Issuer may gain knowledge during such period. Furthermore, the Issuer must provide the Valuation Expert with access to any such information and employees of the Issuer as the Valuation Expert deems necessary, taking into account the limited period of time available for the preparation of the Valuation Report, see paragraph 10.4.4. In addition, the Issuer must comply with the principles of section 6b(4) of the Danish Public Companies Act. Where possible, the Issuer must arrange for the Issuer's auditor(s) to collaborate with and disclose such information to the Valuation Expert as he may need, including the work papers of the Issuer's auditors.
- 10.5 Roundings. If the Nominal Value of the Capital Certificates to be converted does not correspond to a whole number of New Shares for a given account with VP, the number of New Shares will be rounded down to the nearest whole number of New Shares for such account with VP. No fractions of New Shares will be issued in connection with a Mandatory Conversion. Accordingly, any amounts not converted will be paid in cash to the Capital Certificate Holders at the time of VP's implementation of the Mandatory Conversion in accordance with VP's rules and procedures applicable from time to time.
- 10.6 Implementation of Mandatory Conversion. The Mandatory Conversion must be implemented immediately after the Valuation Report is available. At VP, the Mandatory Conversion will be effected in the form of a proportionate or (where relevant) full reduction and cancellation of the holdings of Capital Certificates in all accounts with VP in accordance with the rules and procedures of VP applicable from time to time. Upon implementation of the Mandatory Conversion through valid issuance of New Shares, the Capital Certificate Holders may not set up any claims against the Issuer relating to converted Capital Certificates. Coupon will continue to accrue on Capital Certificates not converted into New Shares in accordance with these Conditions.
- 10.7 Delivery. The New Shares will be delivered in book-entry form through VP to the accounts of the Capital Certificate Holders in which the converted Capital Certificates were registered and generally in accordance with the rules and procedures of VP applicable from time to time.
- 10.8 Cancellation of licence. Notwithstanding paragraph 10.1, no request to convert the Capital Certificates into Shares in the Issuer may be made if the Issuer is no longer licensed to operate as a bank and is no longer subject to the supervision of the Danish Financial Supervisory Authority under the Danish Financial Business Act.

- 10.9 Ranking. The New Shares will rank *pari passu* with, and be identical to, the Issuer's existing Shares at the date of the implementation of the Mandatory Conversion. The New Shares will be negotiable instruments and freely transferable. The New Shares will carry the same right to dividends from the date of registration with the Danish Commerce and Companies Agency as the Shares of the Issuer on the date of implementation of the Mandatory Conversion.
- 10.10 Status of the Capital Certificates. As from the date of the FSA Conversion Order, any Capital Certificates to be converted into New Shares shall, in all respects, rank *pari passu* with the Shares of the Issuer and with any debt designated as ranking *pari passu* with the Shares of the Issuer. In the event of a withdrawal by the Danish Financial Supervisory Authority of the FSA Conversion Order prior to the Mandatory Conversion in connection with registration of the capital increase by the New Shares with the Danish Commerce and Companies Agency, the Capital Certificates will resume the status in accordance with paragraph 3 from the date of such withdrawal.
- 10.11 Expenses. Any expenses for VP and the custodians of the Capital Certificate Holders as a result of the Mandatory Conversion are payable by the Issuer.

11. **BREACH**

- 11.1 Breach of the Conditions. In the event of the Issuer's breach or anticipatory breach in performing its obligations under these Conditions, any Capital Certificate Holder may exercise remedies for breach under Danish law. The exercise of remedies for breach may, however, not result in an obligation on the part of the Issuer to pay an amount at an earlier date than the date on which such amount would otherwise have fallen due for payment under the Conditions, see, however, paragraph 11.2.
- 11.2 Discontinuation of activities. Breach includes (i) the Issuer entering into liquidation, (ii) a bankruptcy order being issued against the Issuer, or (iii) the withdrawal by the Danish Financial Supervisory Authority of the Issuer's licence to operate as a bank and approval of the winding up of the Issuer, with the exception of winding up through merger, under section 227 of the Danish Financial Business Act. In the event of breach under this paragraph 11.2, any Capital Certificate Holder may notify the Issuer that the Capital Certificates, plus any accrued Coupon, have fallen due. The redemption amount under this paragraph 11.2 is calculated in accordance with paragraphs 7.3 to 7.5. However, the redemption amount at a due date before 25 September 2012 is fixed at par.

12. **AMENDMENTS AND APPROVALS**

- 12.1 Amendments. Any amendments of these Conditions to the effect that the Capital Certificates will no longer constitute Hybrid Tier 1 Capital are subject to the prior written approval of the Danish Financial Supervisory Authority.

12.2 Consent. If the Issuer ceases to be subject to the supervision of the Danish Financial Supervisory Authority under the Danish Financial Business Act, and the Danish Financial Supervisory Authority has no authority *vis-à-vis* the Issuer, the consent of the Danish Financial Supervisory Authority is not required under these Conditions.

13. **GOVERNING LAW AND VENUE**

13.1 Governing law and venue. These Conditions are governed by Danish law. Any dispute arising out of these Conditions shall be resolved by the City Court of Copenhagen. The Issuer or a Capital Certificate Holder may, however, move to have the case referred to the High Court of Eastern Denmark.

Date: 21 September 2009

Issuer:

Alm. Brand Bank A/S:

Name:

Title:

Name:

Title: