Base Prospectus for Danmarks Skibskredit A/S Bond Programme

Danmarks Skibskredit A/S (the "**Issuer**", the "**Company**" or "**Danmarks Skibskredit**") may from time to time issue covered bonds, ship mortgage bonds, senior secured bonds and senior unsecured debt ("**Bonds**") under this Bond Programme (the "**Programme**") in accordance with the Danish Act on a Ship Finance Institute (the "**Act",** as defined in Appendix 6*)* (in Danish: *lov om et skibsfinansieringsinstitut*), the Executive Order on a Ship Finance Institute (the "**Executive Order"** as defined in Appendix 6*)* (in Danish: *bekendtgoerelse om et skibsfinansieringsinstitut*), other relevant executive orders (in Danish: *bekendtgoerelser*) and any other applicable laws, regulations and directives, in each case as may be supplemented, amended, modified or varied from time to time (as well as any judicial decisions and administrative decisions or rulings, all of which are subject to change, including with retroactive effect), denominated in any legally valid currency declared by the Issuer or, in the case of an issue of Bonds subscribed by one or more dealer(s) appointed by the Issuer in relation to such issue of Bonds (such dealer(s), each a "**Dealer**"), agreed between the Issuer and the relevant Dealer(s). References in this base prospectus (the "**Base Prospectus**") to the relevant Dealer(s) shall (i) in the case of an issue of Bonds being (or intended to be) subscribed by one Dealer, be to the relevant Dealer, and (ii) in the case of an issue of Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Bonds.

This Base Prospectus provides for the issuance of Bonds which comprise securities falling within the scope of the Act. Securities falling within the scope of this Base Prospectus are bonds issued by Danmarks Skibskredit, meaning covered bonds, pursuant to Section 2d of the Act, (such covered bonds, "**CBs**", in Danish: *saerligt daekkede obligationer,* ("**SDO**")) and ship mortgage bonds, pursuant to Section 2a of the Act, (such ship mortgage bonds, "**SMBs**", in Danish: *skibskreditobligationer,* ("**SO**")). In addition, bonds with a secondary claim on the assets in the cover pool may be issued under this Base Prospectus for the purpose of providing supplementary security or increasing overcollateralisation in capital centres pursuant to Section 2j of the Act ("**Senior Secured Bonds**"). Finally, senior unsecured debt ("**Senior Unsecured Debt**") may be issued under this Base Prospectus, meaning unsecured and unsubordinated claims against the Issuer.

CBs, SMBs, Senior Secured Bonds and Senior Unsecured Debt issued under this Base Prospectus and pursuant to the Programme will be issued in a book-entry dematerialised form settled through the Danish central securities depository (such Bonds settled through the Danish central securities depository) or another central securities depository with which the Bonds are registered.

The Bonds have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act.

The Issuer currently has an issuer rating of BBB+ (negative outlook) from the international rating agency Standard & Poor's Credit Market Services Europe Limited (S&P). The Issuer's CBs from a Capital Centre (named "**Capital Centre A**") as well as the Institute in general ("**Institute in general**") are expected to be assigned an individual rating by S&P, while the rating of the Senior Secured Bonds and the Senior Unsecured Debt is expected to reflect the Issuer's issuer rating. SMBs currently issued by the Institute in general have a rating of A (negative outlook). 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 the Issuer, as the case may be, has declined or is questioned.
This Base Prospectus has been approved by the Danish Financial Supervisory Authority (the "**DFSA**") as the competent authority under the Prospectus Directive as defined in Appendix 6. The DFSA only approves this Base Prospectus as meeting the requirements imposed under Danish and European Union law pursuant to the Prospectus Directive. Such approval relates only to the Bonds which are to be admitted to trading on a regulated market under Directive on markets in financial instruments as defined in Appendix 6 and/or which are to be offered to the public in any Member State other than in circumstances where an exemption is possible under Article 3.2 of the Prospectus Directive. References in this Base Prospectus to "**Exempt Bonds**" are to Bonds for which no prospectus is required to be published under the Prospectus Directive. The DFSA has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Bonds.

This Base Prospectus constitutes a base prospectus for the purpose of Article 5.4 of the Prospectus Directive.

Application will be made to the Danish Stock Exchange Nasdaq Copenhagen A/S (the "**Danish Stock Exchange**") for Bonds issued under the Programme (other than Exempt Bonds) to be admitted to its official list and trading on its regulated market.

References in this Base Prospectus to Bonds being listed (and all related references) on the Danish Stock Exchange mean that such Bonds have been admitted to (as applicable and, in each case, as agreed between the Issuer and (if applicable) the relevant Dealer(s)) the Danish Stock Exchange's official list and to trading on the Danish Stock Exchange's regulated market.

Issuer

Danmarks Skibskredit

The date of this Base Prospectus is 25 February 2019.

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1 Introduction

This Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive and this Base Prospectus has been prepared in accordance with the Prospectus Regulation (as defined in Appendix 6 (*Legislation*)). The Prospectus Regulation contains schedules specifying the information to be provided by the issuer in a base prospectus.

For the preparation of this Base Prospectus, the following schedules of the Prospectus Regulation have been applied:

- Annex IV: Minimum disclosure requirements for the debt and derivative securities registration document
- Annex V: Minimum disclosure requirements for the securities note related to debt securities
- Annex XXII: Disclosure requirements in summaries
- Annex XXX: Additional information regarding consent as referred to in Article 20a

This Base Prospectus and Bonds issued hereunder will be subject to Danish law and jurisdiction.

The purpose of this Base Prospectus is to provide information on the Issuer and the Bonds which, based on the nature of the Issuer and the Bonds, is deemed necessary for prospective investors to form an informed opinion on the Issuer's assets and liabilities, financial position, results and prospects as well as on the rights attached to the relevant Bonds.

Investors holding Bonds, who also include holders of Bonds via nominees and/or custodians, are referred to in this Base Prospectus as ("**Bondholders**"). Where the terms covered bonds, ship mortgage bonds, senior secured bonds and senior unsecured debt (no capitals) are used in this Base Prospectus, such terms describe the respective type of securities in general.

Where the term ("**Final Terms**") is used in this Base Prospectus, such term means the final terms which, together with this Base Prospectus and information incorporated by reference, will apply to a Tranche of Bonds. As used in this Base Prospectus, ("**Tranche**") means Bonds which are identical in all respects (including as to listing and trading admission), and ("**Series**") means a Tranche of Bonds, together with any further Tranche or Tranches of Bonds, which are (a) expressed to be consolidated and form a single series and (b) identical in all respects, including as to listing and International Securities Identification Number ("**ISIN**"), except for their respective issue dates, interest commencement dates and/or issue prices. The form of Final Terms for Bonds is contained in Appendix 3.

This Base Prospectus, including the Final Terms of the Bonds in question, (a) is not intended to provide the basis of any credit or other evaluation and (b) does not constitute a recommendation by the Issuer (or any Dealer) to subscribe for or purchase Bonds issued in accordance with this Base Prospectus. Each individual recipient of this Base Prospectus and/or the Final Terms in relation to a specific issuance of Bonds must make its own assessment of the relevant Bonds and the Issuer based on the contents of this Base Prospectus, all documents incorporated herein by reference, the Final Terms in relation to each individual issuance of Bonds under this Base Prospectus as well as any supplements to this Base Prospectus.

Each investor contemplating an investment in the Bonds should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer and (if applicable) any relevant capital centre.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Bonds constitutes an offer or invitation by or on behalf of the Issuer or any Dealer in relation to an issuance of Bonds to any person to subscribe for or to purchase any Bonds.

Each prospective investor should assess any potential legal implications, including but not limited to any potential tax implications, of the subscription, purchase and sale of Bonds issued in accordance with this Base Prospectus, and the prospective investors should consult their own advisers with respect to the consequences thereof.

No Dealer in relation to an issuance of Bonds has independently verified the information contained in this Base Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by any such Dealer as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer in relation to an issuance of Bonds accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme and the Final Terms.

In relation to CBs, SMBs and Senior Secured Bonds, no Dealer in relation to an issuance of such Bonds has undertaken, nor will any such Dealer undertake, any investigations, searches or other actions in respect of the loans and other assets contained or to be contained in any relevant capital centre, but the Dealer will instead rely on the relevant obligations of the Issuer under the Act.

If a financial intermediary uses this Base Prospectus to offer Bonds, each financial intermediary is obliged to inform potential investors of the terms and conditions for the relevant offering at the time of the relevant offering. Any such financial intermediary using this Base Prospectus is also obliged to state on its website that it is using this Base Prospectus with the consent of the Issuer and in accordance with the terms and conditions of such consent. No persons have been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Bonds and, if given or made, such information or representation may not be relied upon as having been authorised by the Issuer or (if applicable) any Dealer in relation to an issuance of Bonds.

Neither the distribution of this Base Prospectus nor any offering, sale or delivery of any Bonds creates, under any circumstances, any indication that there have not been any changes in the affairs of the Issuer since the date of this Base Prospectus or since the date upon which this Base Prospectus was last amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date of this Base Prospectus or since the date upon which this Base Prospectus was last amended or supplemented or that any other information supplied in connection with this Base Prospectus is correct at any time subsequent to the date on which it is given. Any Dealer in relation to an issuance of Bonds does expressly not undertake to review the financial condition or affairs of the Issuer during the life of the

Programme or to advise any investor in Bonds issued under the Programme of any information coming to its attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF BONDS IN GENERAL

This Base Prospectus does not constitute an offer to sell or solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and, in relation to a specific issuance of Bonds, the relevant Dealer(s) do not represent that this Base Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or, in relation to a specific issuance of Bonds, the relevant Dealer(s) which is intended to permit a public offering of any Bonds or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Bonds may come must inform themselves about and observe any such restrictions on the distribution of this Base Prospectus and the offering, sale and/or transfer of Bonds. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Bonds in the United States, the European Economic Area (including Denmark and the United Kingdom) and Japan. See Appendix 5 (*Subscription and Sale*).

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Bonds include a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Bonds are, from 1 January 2018, not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II (as defined in Appendix 6 (*Legislation*)); (ii) a customer within the meaning of Directive 2002/92/EC where such customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or who is (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by the PRIIPs Regulation (as defined in Appendix 6 (*Legislation*)) for offering or selling the Bonds or for otherwise making them available to retail investors in the European Economic Area has been prepared, and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Bonds will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

STABILISATION

In connection with the issue of any Tranche of Bonds, the Dealer or Dealers (if any) named the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Bonds or 60 days after the date of the allotment of the relevant Tranche of Bonds. Any stabilisation or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

BENCHMARK

Amounts payable on Floating Rate Bonds (as defined in *Appendix 2: Terms and Conditions*) may, if so required in the relevant Final Terms be calculated with reference to a Reference Rate (as defined in *Appendix 2: Terms and Conditions*). If such Reference Rate constitutes a "benchmark" in accordance with Regulation (EU 2016/1011) (the "**Benchmark Regulation**"), it will appear from the Final Terms whether the relevant Reference Rate is provided by an administrator included in the ESMA's register of administrators in accordance with Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply, such that none of Finance Denmark (as administrator of Cibor and Cita) and the European Money Markets Institute (as administrator of Euribor) is currently required to obtain authorisation or registration. Unless required by law, the Issuer will not update the Base Prospectus or relevant Final Terms with any new registration status of an administrator, as the ESMA's register of administrators is publicly available.

2 Responsibility statement

2.1 Issuer's responsibility

Danmarks Skibskredit A/S, Danish company reg. (CVR) no. 27 49 26 49, Sankt Annae Plads 3, 1250 Copenhagen K, Denmark, is responsible for this Base Prospectus in accordance with Danish law.

2.2 Persons responsible

The persons listed below are responsible for this Base Prospectus on behalf of the Issuer:

<u>Board of Directors:</u>

Eivind Kolding
Professional Board Member
(Chairman)

Peter Nyegaard
CFO and Partner, Axcel
(Vice Chairman)

Marcus F. Christensen
Employee representative

Anders Damgaard
Group CFO, PFA Pension

Christian Frigast
Partner, Axcel

Thor Jørgen Guttormsen
Professional Board Member

Jacob Meldgaard
CEO, Torm A/S

Michael Nellemann Pedersen
Management Executive, PKA A/S

Christopher Rex
Employee representative

Henrik Sjøgreen
CEO, FIH A/S

Henrik Rohde Søgaard
Employee representative

In accordance with the powers conferred on them, they have authorised the Executive Board to jointly sign this Base Prospectus as well as any future supplements.

<u>Executive Board:</u>

Erik I. Lassen
Chief Executive Officer

Lars Jebjerg
Chief Financial Officer

Michael Frisch
Chief Commercial Officer

2.3 Statement

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, the information provided in the Base Prospectus is in accordance with the facts and omits no material information likely to affect the import thereof.

This Base Prospectus (including the statements herein) is hereby signed on behalf of the Issuer's management by special authority of the Issuer's Board of Directors:

Copenhagen, 25 February 2019

Erik I. Lassen Chief Executive Officer	Lars Jebjerg Chief Financial Officer

Michael Frisch
Chief Commercial Officer

3 Summary

This summary is based on information requirements, each requirement referred to as an element. These elements are numbered in paragraphs A – E (A.1 – E.7).

This summary includes all the elements required of a summary of this type of issuer or securities. Not all elements must be stated. As a result, the numbering of the elements may not be consistent.

Even though an element may be required to be inserted in the summary due to the type of the issuer and the securities, it is possible that no relevant information can be given regarding such element. In cases where an element is not relevant to the prospectus, the summary states that the element is "not applicable".

Section A – Introduction and warnings		
A.1	Warnings	Potential investors should be aware that: - This summary should be read as an introduction to this Base Prospectus and the relevant Final Terms; - Any decision to invest in the Bonds should be founded on this Base Prospectus in its entirety, including documents incorporated by reference and the relevant Final Terms; - If an action involving the information contained in this Base Prospectus and the relevant Final Terms is brought before a court of law pursuant to national law in the member states, the plaintiff investor may be obliged to bear the costs of translating this Base Prospectus and the relevant Final Terms before the proceedings commence; and - Only the persons who have submitted the summary or any translations thereof may incur civil liability, but only if the summary is misleading, incorrect or inconsistent when read in conjunction with other parts of this Base Prospectus and the relevant Final Terms, or, if, when read in conjunction with the other parts of this Base Prospectus and the relevant Final Terms, it does not contain key information which will facilitate investors' decision when investing in the Bonds.
A.2	Financial intermediaries	- In connection with a public offering of Bonds which is not exempt from the requirements of the Prospectus Directive to publish a prospectus, the Issuer expressly consents to the use of this Base Prospectus and the accompanying Final Terms for the resale or final placement of the Bonds by financial intermediaries to

		the extent that such consent is given in the relevant Final Terms. - The consent covers the entire validity period of this Base Prospectus unless this Base Prospectus has been withdrawn, cancelled or replaced beforehand. In that case, the Issuer will notify the market via a company announcement. - Any conditions relating to the consent made to financial intermediaries will be set out in the Final Terms for the specific issue and the attached summary for the specific issue. - If a financial intermediary uses this Base Prospectus to offer Bonds, the financial intermediary is obliged to inform investors of the terms and conditions of the offering at the time of the offering. - **Financial intermediaries using the Base Prospectus are obliged to state on their website that they use the Base Prospectus in accordance with the related consent and its conditions.**
Section B – Issuer		
B.1	Legal name and secondary name	Danmarks Skibskredit A/S. The Issuer carries on business under the following secondary names: Danmarks Skibskreditfond A/S, Danish Ship Finance A/S and Dansk Skibsfinansiering A/S.
B.2	Registered office, legal form and country of incorporation	The Issuer is a Danish public limited company (in Danish: *aktieselskab*). The Issuer's registered office is situated in Sankt Annae Plads 3 1250 Copenhagen K, Denmark, Municipality of Copenhagen. The Issuer is engaged in ship financing activities in accordance with the Act. The Issuer is subject to Danish law and supervision by the DFSA.
B.4b	Any known trends affecting the Issuer or the industries in which it operates	Not applicable; the Issuer is not aware of any trends, uncertainty, requirements, obligations or events which may reasonably be expected to have a significant influence on the Issuer's prospects for the current financial year.

B.5	Description of the group	Danmarks Skibskredit is a subsidiary of Danmarks Skibskredit Holding A/S (jointly the Group).
B.9	Profit forecast or estimate	Not applicable; no profit forecast or estimate for the Issuer has been prepared. This is generally not regarded as material to the pricing of the Bonds and is, therefore, not included in this Base Prospectus.
B.10	Qualifications in the audit report on historical accounting information	Not applicable; the audit report on the Issuer's historical financial information did not contain any qualifications.
B.12	Historical financial information	Selected historical key financial information regarding the Issuer from the most recent annual report:

KEY FIGURES, DKK MILLION	**2018**	**2017**
Net interest income from lending	477	541
Net interest income from financial activities	163	135
Total net interest income	640	676
Net interest and fee income	672	696
Market value adjustments	(135)	37
Staff costs and administrative expenses	(158)	(141)
Loan impairment charges	(35)	(163)
Profit before tax	343	427
Net profit for the year	262	334
Loans	36.735	34.492
Issued bonds	43.549	42.467
Equity	9.229	9.307
Total assets	62.349	58.161

KEY RATIOS	**2018**	**2017**
Common Equity Tier 1 capital ratio	19.0	19.7
Tier 1 capital ratio	19.0	19.7
Total capital ratio	19.0	19.7
Return on equity before tax (%)	3.7	4.6

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Return on equity after tax (%)	2.8	3.6
Income/cost ratio *)	2.8	2.4
Income/cost ratio (excluding loan impairment charges)	3.4	5.1
Foreign exchange position (%)	4.8	10.8
Gearing of loans	4.0	3.7
Annual growth in lending (%)	6.5	(13.4)
Loan impairment charges for the year as % of gross lending	0.1	0.4
Total allowance account as % of gross lending	6.4	7.0
Rate of return on assets (%)	0.4	0.6

The key figures are calculated in accordance with Appendix 5 of the Danish FSA's instructions for financial reports for credit institutions, etc.

**) In accordance with the instructions, the income/cost ratio must be calculated including loan impairment charges.*
The list of key ratios also includes income/cost ratio excluding loan impairment charges.

The total assets of the Group amounted to DKK 62.78 billion as at 31 December 2018. The Group's equity amounted to DKK 1.42 billion as at 31 December 2018, and the result before tax for the financial year ending 31 December 2018 amounted to DKK 140 million.

On the date of this Base Prospectus, there has been no material adverse change in the Issuer's prospects since the end of the latest financial period.

Since the period covered by the historical financial information, there have been no significant changes in the Issuer's financial or trading position which may affect the price of the Bonds.
</td></tr>
<tr><td>B.13</td><td>Recent events of importance to the evaluation of the Issuer's solvency</td><td>At the date of this Base Prospectus, no events have occurred of importance to the evaluation of the Issuer's solvency since the Issuer's most recently published annual report.</td></tr>
<tr><td>B.14</td><td>Dependence on other entities within the group</td><td>The Issuer is not directly dependent on other entities within the Group with regard to the conduct of its principal activities.

The determination of the Issuer's capital requirement and internal capital adequacy is affected by the Group's overall financial position. Similarly, the Issuer's credit rating is also affected by the Group's overall financial position. Any changes in the Group's</td></tr>
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		overall financial position may, therefore, have derived effects on the Issuer's ability to conduct its principal activities, i.e. granting of loans for vessels.
B.15	Issuer's principal activities	The object of the Issuer is to operate as a ship finance institute including carrying out any kind of business permitted by applicable legislation on ship finance institutes from time to time.
B.16	Ownership	The Issuer is a subsidiary of Danmarks Skibskredit Holding A/S, which holds 86.6% of the shares. In addition, Den Danske Maritime Fond (the Danish Maritime Fund) holds 10% of the shares, and the remainder is held by a number of minority shareholders.
B.17	Credit ratings	At the time of this Base Prospectus, the Issuer and any Bonds issued under this Base Prospectus have been assigned the following credit ratings by the international rating agency S&P: **Rating** / **S&P** Issuer rating / BBB+ (negative) The Institute in general / A (negative) The CB's issued from Capital Centre A has not been rated on the date of this Prospectus, but the bonds are expected to be assigned a rating. A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. It should be noted that the Issuer may decide to terminate its credit rating cooperation with the rating agency or choose to cooperate with other rating agencies. S&P has determined a negative outlook for the Issuer's credit rating. S&P's outlook assesses the potential direction of Issuer's long-term credit rating over the intermediate term, but an outlook is not necessarily a precursor of a rating change or future action by S&P. Given the negative outlook by S&P there is a risk that the Issuer's rating may be lowered in the short to medium term. In 2016, the Issuer elected to cease soliciting ratings from Moody's Investors Service (Moody's). Any ratings published by Moody's ratings entities in connection with the Issuer are unsolicited and based purely on publicly available information. Such ratings are, therefore, not disclosed in this Base Prospectus.
Section C – Securities		

C.1	Type of securities and security identification number	The Bonds are issued pursuant to the Act and the relevant executive orders. Under this Base Prospectus, the following securities may be issued: - CBs, which are issued to finance ship mortgage loans - SMBs, which are issued to finance ship mortgage loans - Senior Secured Bonds, which are issued to provide supplementary collateral or to increase the overcollateralisation of loans funded by CBs and SMBs - Senior Unsecured Debt, which is to be used for general corporate purposes, including for supplementary collateral in capital centres through which CBs or SMBs are issued. The ISINs of the Bonds will be set out in the Final Bond Terms.
C.2	Currency of the securities	The currency or currencies used will be set out in the Final Terms. Unless otherwise provided, the relevant bond series will be denominated in DKK.
C.5	Description of any restriction of the negotiability of the securities	Not applicable; the Bonds are negotiable instruments issued in bulk.
C.8	Rights pertaining to the securities	The holders of CBs and SMBs have a primary preferential right to all assets in the capital centre through which the relevant CBs or SMBs are issued. Any residual claim against the Institute in general will rank subsequent to the claims mentioned in Section 96 of the Danish Bankruptcy Act (in Danish: *konkursloven*), but prior to the claims mentioned in Section 97 of the Danish Bankruptcy Act. The holders of Senior Secured Bonds have a secondary preferential right to all assets in the capital centre through which they are issued. Any residual claim against the Institute in general will be treated as an unsecured and unsubordinated claim in respect of the assets of the Institute in general which will be available for distribution in the case of bankruptcy in accordance with Section 97 of the Danish Bankruptcy Act. Claims from holders of Senior Unsecured Debt against the Issuer may be made against the assets available for distribution of the Institute in general as unsecured claims (i.e. unsecured, unsubordinated debt).

		The Issuer is entitled to purchase the Bonds (in whole or in part) prior to their maturity and keep such Bonds as self-issued Bonds or amortise them by cancellation. The terms of the Bonds are governed by Danish law.
C.9	Interest rate and effective interest rate, deferral of interest, redemption on maturity, name of the bond agent	Until redemption, the Bonds will yield interest at a fixed or floating rate. The basis of calculation for a floating rate will be set out in the Final Terms, including whether the coupon interest may be negative. The interest terms are set out in the Final Terms for the Bonds in question. The effective interest rate cannot be set out in the Final Terms as the Bonds will be issued on an ongoing basis, and the effective interest rate depends on the price and transaction date. Representation of the Bondholders is not possible.
C.10	Derivative component of interest payment	If derivative components have been incorporated into the interest payment, this will be set out in the Final Terms for the specific Bonds.
C.11	Admission to trading	Admission to trading and official listing will be set out in the Final Terms. Issues under this Base Prospectus are already or are expected to be admitted to trading and official listing on Nasdaq Copenhagen A/S or another regulated market. However, the Issuer is entitled to decide not to apply for official listing of new issues.
Section D – Risks		
D.2	Key risks specific and individual to the Issuer	The Issuer is subject to various risks within its business activities. 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 European 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 the combined buffer requirements. Investors should also read the detailed information set out elsewhere in this Base Prospectus. Investors should form their own

		assessment, if relevant in consultation with their own advisers, before deciding whether to invest.
D.3	Key risks specific and individual to the securities	Investment in the Bonds is subject to a number of risk factors of which prospective investors should be aware. In the Issuer's opinion, the risk factors which are summed up below represent the most material risks involved in investing in the Bonds, but the Issuer gives no guarantee that the information on the risks associated with the Bonds is exhaustive. Investment in Bonds is associated with a number of risks, including: - Credit risks - Market risks - Liquidity risks - Credit rating changes - Amended legislation - Foreign Account Tax Compliance Act (FATCA) and other withholding tax Investors should also read the detailed information which is set out in this Base Prospectus and make their own assessment, if relevant in consultation with their own advisers, before deciding whether to invest.
Section E – Offer		
E.2b	Reasons for the offer and use of proceeds where not for generation of profit and/or covering of losses	The proceeds from the issuance and sale of CBs serve to fund loans secured by the asset types listed in Article 129(1), paras (a)-(c) and (g), and (2) of the EU Capital Requirements Regulation (CRR), see Section 2d (1), first sentence, of the Act. The proceeds from the issuance and sale of SMBs serve to fund loans secured by vessels granted by the Issuer. Any surplus funds from the issuance and sale of CBs and SMBs may be invested as follows in accordance with Danish law: 1. in low-risk and marketable securities (see the Executive Order on Bond Issuance as defined en Appendix 6); or 2. as deposits with credit institutions which qualify for quality step 2 or higher, subject to a notice period of up to 12 months. The use of the proceeds from the issuance of Senior Secured Bonds is defined in the Act, and the proceeds may solely be used to meet an obligation to provide supplementary collateral or to increase the overcollateralisation in a capital centre.

		The proceeds from Senior Unsecured Debt will be used by the Issuer for general corporate purposes, including for the provision of supplementary collateral in capital centres through which CBs or SMBs are issued.
E.3	Terms and conditions of the offer	The terms and conditions of the offer for the specific ISIN code are set out in the Final Terms.
E.4	Interests material to the issuance, including conflicting interests	Not applicable; the Issuer is not aware of any interests and/or conflicts of interest of importance to the issuance of Bonds under this Base Prospectus.
E.7	Estimated expenses charged to the investor	Not applicable; the buyer is only required to pay ordinary transaction costs (brokerage fees etc.). In case of a negative interest coupon on the Bonds at some point in the payment period, see the Final Terms, the Issuer will have a claim against the Bondholders equivalent to the absolute value of the negative interest coupon. In such case, the Issuer will be entitled, but not required, to redeem Bonds for settlement at par value, equivalent to a value of up to the nominal negative interest coupon. The negative interest coupon will be paid by the Bondholders by way of set-off against the redeemed Bonds. In case of extraordinary redemption as a result of the negative interest coupon, the redemption pool will be based on par value. In case of extraordinary redemption at par value, the nominal redemption amount may deviate from the amount that could have been obtained if the redeemed Bonds had been sold in the market. The proceeds from the redemption will fall due for payment to the Bondholders on the due date of the payment period. Any expenses charged to the investor by a financial intermediary are not known by the Issuer and are of no concern to the Issuer.

4 Risk factors

Prospective investors should read the entire Base Prospectus and the appurtenant Final Terms and make their own assessment and, if relevant, consult with their own advisers prior to making any investment in the Bonds.

The Issuer believes that the following factors may affect the Issuer's results, solvency, liquidity, etc. and ultimately the Issuer's ability to meet its obligations in connection with the Bonds.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer may become unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons, and the Issuer give no guarantee that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

In the assessment of the risk factors in relation to the Issuer, prospective investors should also note that the Issuer is subject to regulation which is not fully identical to the regulation applying to Danish banks and mortgage credit institutions. For further details on the legislation governing the Issuer (*Risks relating to the implementation of new regulation*) as well as (*Legislative framework for the Issuer's activities*).

If one or more of the risks described below materialise, the market value of the Bonds may decline, and, ultimately, the investors may lose their investment in the Bonds in whole or in part.

4.1 Issuer-specific risk factors

4.1.1 Generally

The Issuer's business activities involve elements of risk. If the Issuer fails to manage such risks, it may incur financial losses, and its reputation may suffer. In the Issuer's view, efficient risk management is crucial for prudent management of a financial business. The Issuer's Board of Directors determines the overall risk profile, instructions and guidelines for measuring, monitoring, reporting and mitigating risk.

4.1.2 Credit risk

Credit risk is the risk of loss caused by the failure of any borrower or other counterparty to honour its payment obligations to the Issuer. The Issuer's credit risk relates primarily to its loan portfolio, unutilised credit lines, guarantees and trading and hedging activities. The Issuer's credit department monitors credit risk and reports to management on an ongoing basis.

Borrowers
Since the loans made by the Issuer are secured by ship mortgages, the credit risk depends particularly on developments in the shipping markets. If freight rates or ship values drop significantly, this may have an adverse effect on the borrower's situation and, thus, also on the Issuer's financial situation. The Issuer's loan portfolio is characterised by concentration at the borrower level. Therefore, it cannot be ruled out that the bankruptcy or restructuring of one or more of the Issuer's largest borrowers may cause the Issuer to suffer a loss which may threaten the Issuer's continued existence. The Issuer has sought to reduce concentration through diversification of the portfolio at vessel type level, among other things. The effect of diversification at vessel type level varies with general economic developments and will be lower during a recession than during a growth period.

A negative change in the credit quality of the Issuer's borrowers or counterparties may affect the value of the Issuer's assets and increase impairment charges and losses.

Financial counterparties
Transactions with financial counterparties are made in connection with the investment of the Issuer's own funds and in connection with surplus liquidity from Bonds issued. The transactions concern cash deposits, securities as well as derivatives.

Financial contracts may involve a risk of loss if the contract has a positive market value for the Issuer and if, at the same time, the financial counterparty is unable to perform its obligations under the contract. This type of risk also includes settlement risks. The counterparty risk on financial derivatives may be reduced through netting agreements as well as margin calls and collateral provided in accordance with standard documentation from the International Swaps and Derivatives Association (ISDA) and the International Capital Market Association (ICMA).

The guidelines for managing financial counterparty risk are laid down in a separate internal policy. The assignment of exposure limits to financial counterparties is based, among other things, on credit ratings assigned by an External Credit Assessment Institution (ECAI) where such ratings are available.

4.1.3 Market risk

Market risk is the risk of loss following movements in the financial markets (including interest rate, spread and foreign exchange risks). The principal market risks are associated with the Issuer's trading book for which the interest rate risk and spread risk on the bond portfolio are the most important risks.

Fluctuations in fixed income, foreign exchange, spread and option risk and equity markets may affect the market value and liquidity of the Issuer's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from the Issuer's primary activities.

The Issuer's loan portfolio is largely denominated in a different currency than the Bonds. Financial instruments, including foreign exchange swaps and Cross-Currency Swaps, are used in order to hedge the foreign exchange risk and procure liquidity in other currencies than DKK or EUR. For loans denominated in another currency than the Bonds, the Issuer, therefore, depends on an effective swap market, and limited access to exchange the proceeds from the Bonds issued may result in increased financing costs or loss of business opportunities.

Derivative contracts will always be subject to risk, including counterparty risks.

The Issuer's loan portfolio is largely denominated in USD. An increase in the USD/DKK exchange rate will result in an increase in the value of the risk-weighted assets as calculated in DKK, while the Issuer's own funds, which are denominated in DKK, will remain unchanged. In that situation, the Issuer's capital ratio will decrease.

4.1.4 Liquidity risk

Liquidity risk is defined as the risk of markedly higher funding costs and/or inability to honour payments when due.

The Issuer currently funds its lending by issuing Bonds subject to the specific balance principle (in Danish: *det specifikke balanceprincip*) in accordance with the provisions of the Executive Order on Bond Issuance (as defined in Appendix 6 (*Legislation)*.

Although the Issuer is exposed to limited interest rate and foreign exchange risk between funding and lending, losses may occur as a result of changes in interest rates or exchange rates. Similarly, losses may occur if there is a liquidity mismatch between Bonds issued and loans granted. However, the Issuer is required to ensure that any liquidity deficit can be covered by the Issuer's own funds.

Lack of access to supplementary capital in the form of interest-bearing liabilities, for example Senior Secured Bonds (issued pursuant to Section 2j of the Act) or Senior Unsecured Debt or other credit lines, may also be associated with a direct liquidity risk for the Issuer.

The Board of Directors has prepared the liquidity policy containing liquidity risk limits for the Issuer.

4.1.5 Operational risk

The Issuer is subject to operational risk. Operational risk arises from human error, system error, breakdown of IT systems, inadequate or defective internal procedures or external events. Operational risk also includes risk pertaining to reputation and strategy as well as legal risk.

Operational risk is chiefly managed by way of internal policies and controls. These include IT contingency plans. The Issuer's internal control function monitors the contents of and compliance with internal policies on a spot-check basis.

If any of these policies or controls fail, the Issuer may incur losses, costs and liabilities.

4.1.6 Valuation of ship mortgages

In its lending operations, the Issuer depends on external shipbrokers who are able to issue a fair appraisals of the market value of the ship mortgages. The market valuations are used, among other things, to determine the loan-to-value ratio of the Issuer's loans and for the Issuer's loan impairment review.

In the absence of external shipbrokers who are able to perform a fair appraisals of the market value of the ship mortgage within the vessel types financed by the Issuer, the risk of the Issuer not being able to enforce its rights under the loan agreement will increase.

4.1.7 Fleet mortgages

Under the Executive Order, a fleet mortgage exists if a borrower provides collateral for a loan in the form of a registered mortgage on more than one vessel, or if several borrowers provide collateral for one or more loans in the form of a registered mortgage on more than one vessel. Fleet mortgages may include types of assets (e.g. guarantors and deposits) other than registered ship mortgages that the borrower can provide as collateral for the loan. Fleet mortgages may be allocated between the capital centres and the Institute in general.

4.1.8 Risk relating to implementation of new rules

The Issuer is subject to extensive legislation and supervision, and changes to these may have an adverse effect on the Issuer's ability to maintain its current level of business activities and, consequently, on the Issuer's financial standing and operating profit. The Issuer is subject to Danish law in the form of the Act and the Executive Order as well as other relevant regulation.

Further, a relatively large part of the financial regulation comes from the European Commission and the European Banking Authority ("**EBA**") and the European Securities and Markets Authority ("**ESMA**"), which are the competent European supervisory authorities in respect of the Issuer, the European Systemic Risk Board ("**ESRB**") as well as the Joint Committee of the European Supervisory Authorities. The Basel Committee on Banking Supervision (the "**BCBS**") also plays an important role in relation to the drafting of European regulation.

Even though the Issuer follows the work of the DFSA closely and consistently monitors the development in the regulation of financial enterprises, changes are unpredictable and beyond the control of the Issuer.

The implementation of the EU Capital Requirements Directive, ("**CRD IV**") (as defined in Appendix 6 (*Legislation)* and the EU Capital Requirements Regulation, ("**CRR**") (as defined in Appendix 6 (*Legislation)* entails the phase-in of stricter requirements for the Issuer's liquidity and capital resources. Failure to meet such requirements may result in sanctions from the DFSA and ultimately lead to the revocation of the Issuer's licence to carry on business as a ship finance institute, which may affect the Issuer's ability to meet its obligations with respect to the Bonds.

The Issuer is subject to a series of new requirements that may increase the minimum requirements for own funds and also require a larger proportion of the capital requirement consists of Common Equity Tier 1 capital (“**CET1**”). The new capital requirements is being phased in gradually until the end of 2019 and consist of a capital conservation buffer of 2.5%, a countercyclical capital buffer of 0-2.5% and a systemic buffer of 0-5%, which may be increased to more than 5% if so approved by the European Commission.

4.1.9 Risk relating to regulatory capital requirement

The Issuer is supervised by the DFSA and is subject to minimum statutory capital requirements. Non-compliance with capital requirements on the part of the Issuer may result in administrative actions or sanctions, which may affect the Issuer’s ability to fulfil its obligations under the Bonds and possibly revoke the Issuer’s licence to carry on business as a ship finance institute.

4.1.10 Transfer of funds between capital centres

The Issuer may transfer funds (overcollateralisation) between capital centres and the Institute in general in order to meet the solvency requirement of a capital centre, including the Institute in general, requirements for supplementary collateral or additional overcollateralisation requirements, including in consideration of the rating of the Bonds, provided that the capital requirements of the capital centre from which the funds transferred are consistently met.

In the event of a decline in the value of the assets in the capital centre having transferred the funds to another capital centre, for example due to declining ship valuations, the Issuer will have less own funds with which to cover the Bondholders’ preferential position in the capital centre in question. A decline in the value of the assets in a capital centre may also impact payments to holders of Senior Secured Bonds and Senior Unsecured Debt ranking subsequent to SMBs in the order of priority of creditors. In the case of the Issuer’s bankruptcy, the Bondholders will only have a claim against the Issuer under the general Danish law of damages for any loss suffered by the Bondholder as a result of the transfer of funds from one capital centre to another.

4.1.11 Documentation risk concerning lending operations

The Issuer’s lending operations involve the use of extensive loan documentation. The purpose is, among other things, to enable the Issuer to enforce the ship mortgage in case of the borrower’s default. The Issuer will, depending on the jurisdiction where the vessel is arrested, need to obtain either an arrest order from the local harbour authority (usually obtained within the same day) or a court order (which may take days or weeks) before initiating the actual enforcement of the ship mortgage through either a private sale (only in some jurisdictions) or a public auction. Such enforcement will usually take time and will be associated with increased costs. The Issuer’s risk of loss will increase in that situation.

The risk that may be involved in having to obtain a local court order is sought to be reduced by incorporating choice-of-venue-clauses into the loan documentation to ensure that any disputes must be resolved before a court of law trusted by the Issuer.

4.1.12 Operating risk on assets taken in possession by mortgage

The Issuer may take possession of mortgaged assets under certain circumstances, and the Issuer will assume an operating risk in respect of the asset in question in the period until the asset is sold. As part of the operating risk assumed, the Issuer may also bear the risk of shipwreck or environmental liability. In the case of inadequate insurance coverage in such cases, the Issuer may suffer a loss.

4.1.13 Business risk

Given that the Issuer's lending through its capital centres or the Institute in general is secured by ship mortgages, the credit risk may partly depend on the performance of the shipping markets and its effect on ship values.

The shipping industry is cyclical, and fluctuations in ship values are a known risk in the ship finance market. Supply and demand for individual vessel types, transport needs for different cargo types and the underlying general economic trends are some of the factors that may affect ship values negatively.

Declining freight rates and declining market values for vessels which are offered as collateral for the Issuer's loans may reduce the security provided for the Issuer's loans. During such market conditions, the Issuer's exposure to losses will increase.

If one or more vessels with a declining market value have been offered as collateral for a loan financed by the issuance of CBs, a decline in ship values will also mean that the Issuer must provide supplementary collateral for the part of the loan which exceeds 60% of the estimated value of the asset. If no such supplementary collateral is available, the CBs may lose their CB status and will be reclassified as SMBs instead.

If the bonds subsequently meet the CB requirements again, the DFSA may permit such bonds to be designated CB once again. The requirement for supplementary collateral does not apply to loans financed by SMBs.

4.1.14 Adverse changes in credit ratings

There is no guarantee that the credit rating of the Bonds and/or the Issuer will be maintained after the date of this Base Prospectus, and the Issuer, thus, accepts no liability, guarantee or other responsibility for the credit ratings of the Issuer, the Bonds or otherwise. If a credit rating assigned to the Bonds and/or the Issuer is adjusted downwards, suspended or withdrawn, or not maintained by the Issuer, the market value of the Bonds may decline.

Finally, the Issuer's rating may decline as a result of a decline in Denmark's country rating without this being directly related to the Issuer's situation.

4.1.15 Competition in the relevant area

Increased competition may adversely affect the Issuer's position in the ship finance market, which could adversely affect the Issuer's financial position.

4.1.16 Credit ratings may not reflect all risks

The Issuer currently has an S&P issuer rating of BBB+ (negative outlook). The Issuer's CBs from a Capital Centre (named Capital Centre A) as well as the Institute in general are expected to be assigned an individual rating by S&P, while the rating of the Senior Secured Bonds and the Senior Unsecured Debt is expected to reflect the Issuer's issuer rating. SMBs currently issued by the Institute in general have a rating of A (negative outlook).

These ratings may not reflect the potential impact of all risk related to the structure, market, additional factors discussed in this section and other factors that may affect the value of the Bonds or the financial standing of the Issuer.

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 the Issuer, as the case may be, has declined or is questioned.

S&P has determined a negative outlook for the Issuer's credit rating. S&P's outlook assesses the potential direction of Issuer's long-term credit rating over the intermediate term, but an outlook is not necessarily a precursor of a rating change or future action by S&P. Given the negative outlook by S&P there is a risk that the Issuer's rating may be lowered in the short to medium term.

4.1.17 Risk pertaining to enforcement

While the terms of the Bonds are governed by Danish law, the underlying collateral in the form of vessels may be located in other jurisdictions where different legislation may entail that a forced sale of assets takes longer time than anticipated and may involve costs that would reduce the funds received from a forced sale. This may have a negative impact on the Issuer's financial position and operating result.

4.1.18 Danmarks Nationalbank's fixed exchange rate policy

The Danish central bank has a fixed exchange rate policy, which keeps the DKK/EUR exchange rate within a fixed spread. The policy is an integrated part of the central bank's monetary regime. Failure to maintain the fixed exchange rate policy could result in a significant change in the value of the DKK relative to the EUR, which may have an adverse effect on the Danish economy and on the results and capital structure of the Issuer, including the Issuer's possibilities of meeting applicable solvency requirements.

4.1.19 Other risks

If the Issuer is unable to recruit or retain competent employees, it may have difficulty continuing its operations.

The Issuer is subject to extensive legislation, and amendments thereof may have an adverse effect on the Issuers' potential for maintaining its current business volumes and therefore also on its financial position and the results of its operations.

The Issuer is operating on a market where competition is intense and new entrants may erode business volumes. This continued pressure may have an adverse impact on the Issuer's financial position and the results of its operations.

4.2 Risks associated with the market in general

4.2.1 Bonds are not necessarily a suitable investment for all investors

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- Has sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;
- Has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Bonds and the impact such investment will have on its overall investment portfolio;
- Has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor’s financial activities are principally denominated;
- Understands thoroughly the terms of the relevant Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- Is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Bonds are complex financial instruments, and such instruments may be purchased by investors as a way of reducing risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact such investment will have on the potential investor’s overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

4.2.2 The secondary market in general

There can be no assurance of a liquid market for the Bonds following issuance. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a return comparable with returns on similar investments in the secondary market.

Although the Issuer will apply for listing of the Bonds on Nasdaq Copenhagen A/S, the Issuer cannot ensure that the Bonds will be or will remain listed on that stock exchange or that an active trading market will develop for the Bonds.

The Bonds are subject to the general market conditions. The price of the Bonds may, thus, be affected by socio-economic factors which are not foreseeable at the time of investment. Such a change in the price of the Bonds may occur over the entire life of the Bonds.

The marketability of the Bonds and, thus, the price that may be obtained if they are sold depend on the liquidity of the securities trading market. Low liquidity may mean increased trading spreads and resultant lower trading prices in connection with the sale of Bonds.

4.2.3 Exchange rate risk and foreign exchange controls

The Issuer makes interest and principal payments on the Bonds in the currency ("**Denomination Currency**") set out in the applicable Final Terms. This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than the Denomination Currency. These risks include the risk that exchange rates may significantly change (including changes due to the devaluation of the Denomination Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify foreign exchange controls. An appreciation in the value of the Investor's Currency relative to the Denomination Currency would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent principal payments on the Bonds, and (iii) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive lower interest or principal payments than expected or even no interest or principal payments.

4.2.4 Interest rate risk

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the bonds.

Similarly, there is a risk that the coupon on floating-rate bonds will be negative in which event the Issuer will have a claim against the Bondholders. In such case, the Issuer is entitled, but not required to redeem the Bonds for settlement at par value, equivalent to a value of up to the nominal negative interest coupon. and is entitled to make a claim against the Bondholders which will be set-off as part of any such redemption.

4.3 Risks associated with the Bonds in general

4.3.1 Investor meeting and changes to the terms of the Bonds

The terms of the Bonds do not contain any provisions on the convening of Bondholder meetings to discuss circumstances that generally relate to their interest. Any modifications to the terms of the Bonds may, depending on the circumstances, require the consent of all the Bondholders as well as the approval of the Issuer. This requirement may prevent the implementation of necessary changes to the terms of a Series of Bonds, for example in connection with restructuring proceedings, which, in the circumstances, may inflict a loss on the holder of the Bonds of that Series.

4.3.2 The European Monetary Union

In the event that, prior to the maturity of the Bonds, the euro becomes the official currency of Denmark:

- All amounts payable in respect of the Bonds denominated in DKK may become payable in EUR; legislation may allow or require such Bonds to be re-denominated into EUR and/or additional measures to be taken in respect of such Bonds;
- The deposit rates in DKK used to determine the rates of interest on the Bonds may no longer be published; or
- Changes may be made in the way those rates are calculated, quoted, published or displayed.

The introduction of the euro as the denomination currency of already issued Bonds could also involve certain risks in relation to currency exchange if an investor's financial activities are primarily carried out in a currency other than EUR.

4.3.3 Investors in Bonds to bear the risk of withholding tax

In the case of Bonds, the Issuer will have no liability for the withholding or deduction of tax, regardless of where such Bonds are registered. If the Issuer becomes required to withhold or deduct taxes in relation to payments of principal of or interest on Bonds, the Issuer will do so, and the Issuer will not be required to pay any additional amounts to the relevant Bondholders and will accept no liability for the relevant Bondholders thus receiving a reduced amount as a result.

Certain information in relation to the taxation of investors, including the Foreign Account Tax Compliance Act ("**FATCA**"), is described in more detail in the securities note Item 4.14.

4.3.4 Clearing risk

All payments to the investors under the Bonds will be effected through the clearing centre where the Bonds are registered, see the Final Terms. Once the Issuer has made payment in due time to the relevant clearing centre according to the terms and conditions of the Bonds, such payment will discharge the Issuer's liabilities. In the event that the Issuer's payment to the clearing centre is not passed on to investors – irrespective of the reason – the Issuer is not legally obliged to make a payment again. If, irrespective of the reason, the relevant clearing centre does not pass on the Issuer's payment to investors, this may have the effect that investors do not receive the payment.

4.3.5 No events of default

The terms of the CBs, the SMBs and the Senior Secured Bonds do not contain any events of default which relate to the Issuer and/or the capital centres, and, if a bankruptcy order is issued against the Issuer, the holders of CBs, SMBs and Senior Secured Bonds may not claim early repayment of payment obligations on the basis of such order.

Similarly, any failure by the Issuer to comply with its obligations to provide supplementary collateral with regard to the CBs cannot be claimed as grounds for early repayment of payment obligations.

4.3.6 Risks pertaining to bankruptcy rules

According to Danish bankruptcy rules, a claim may be raised against the Issuer for repayment of funds received by the Issuer within a certain period, generally up to three months from the bankruptcy of a borrower or other debtor. In the case of the Issuer's bankruptcy, this may reduce the value of the assets available for satisfying the Bondholders' claims.

Further, investors should assess the ranking of creditors in case of bankruptcy. Together with certain derivative counterparties, the holders of CBs and SMBs have a primary preferential right to all assets in the Issuer's capital centres. The holders of Senior Secured Bonds have a secondary preferential right to all assets in the Issuer's capital centre. Any residual claims from the holders of CBs and SMBs rank prior to unsecured claims against other assets of the Issuer's bankruptcy estate, while a residual claim from the holders of Senior Secured Bonds as well as claims from the holders of Senior Unsecured Debt will be regarded as unsecured claims against the Issuer's estate in bankruptcy.

4.3.7 Exemption from Issuer's liability in relation to Bonds

The Issuer's liability towards the Bondholders is subject to a general limitation to ensure that the Issuer will have no liability, even in areas where stricter liability applies, for losses incurred as a result of:

- Breakdown of/non-access to IT systems or corruption of data of these systems as a result of any of the events mentioned below, regardless of whether the Issuer or an external supplier operates the systems; interruption of the Issuer's power supply or telecommunications channels, statutory intervention or administrative acts, natural disasters, war, rebellion, civil commotion, sabotage, acts of terrorism or vandalism (including computer virus attacks and hacking).
- Strikes, lockouts, boycotts or blockades, regardless of whether the conflict is aimed at or initiated by the Issuer itself or its organisation and regardless of the cause of the conflict. This also applies where the conflict affects only parts of the Issuer or its organisation.
- Other circumstances beyond the Issuer's control.

The Issuer is not exempt from liability if:

- At the time of signing the agreement, the Issuer ought to have foreseen the event that caused the loss or ought to have prevented or remedied the cause of loss; or
- If statutory provisions, in any case, impose liability upon the Issuer for the circumstances causing the loss.

4.3.8 Regulation and reform of "benchmarks"

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

The Benchmarks Regulation could have a material impact on any Bonds linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".
More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark".

4.3.9 Changes to regulatory framework

The terms of the Bonds are governed by and based on current Danish law at the date of issuance. There can be no assurance as to the effects of any judicial decision or legislative amendment or change in Danish law or any change in administrative practice after the date when the Bonds are issued.

4.3.9.1 Initiative on integrated covered bond framework

In 2015, as part of its Capital Markets Union initiative, the European Commission launched a consultation on the creation of a harmonised, pan-European covered bond framework.

The European Parliament published a report on 26 June 2017 “Toward a pan-European covered bond framework”. On 13 March 2018 a proposal for a regulation and directive regarding the issue of covered bonds was published by the Commission. The reglation and directive is not yet adopted.

4.4 Risks associated with the structure of the offer of CBs and SMBs

4.4.1 Early redemption

Conditions for early redemption may be set out in the Final Terms of the issuance in question.

The Issuer reserves the right to effect early redemption in the following cases:

- In the event of a negative interest coupon, the Issuer will have a claim against the Bondholders equivalent to the absolute value of the negative interest coupon. In such case, the Issuer will be entitled, but not required, to redeem Bonds for settlement at par value, equivalent to a value of up to the nominal negative interest coupon. The Bondholders’ payment of the negative interest coupon will be made by set-off against the redeemed Bonds. In case of extraordinary redemption at par value, the nominal redemption amount may deviate from the amount that could have been obtained if the redeemed Bonds had been sold in the market. The proceeds from the redemption will fall due for payment to the Bondholders on the due date of the payment period. Before the redemption, the Issuer must calculate the total redemption to be made.
- The Issuer reserves the right to redeem the Bonds in full or in part before maturity, alternatively, to offer investors an exchange of their existing Bonds for new Bonds, in full or in part, if the terms of the loans financed by the Bonds are changed as a result of legislative amendments, orders issued by the authorities and/or changes in market conditions. Redemption by the Issuer of Bonds may take place at the predetermined redemption price of the Bond Series in the event of early redemption immediately or later.

4.4.2 Non-compliance with the balance principle

In accordance with the balance principle (in Danish: *balanceprincippet*) set out in the Executive Order on Bond Issuance, the Issuer must manage its capital centres in a manner which ensures an appropriate balance between the payment streams under the outstanding assets and liabilities of the capital centres in terms of currency, interest rate and maturity structure.

Non-compliance with the balance principle may cause the Bondholders to incur a loss and the Issuer to lose its authorisation to issue Bonds, which may adversely affect the price of the Bonds.

4.4.3 Loss of covered bond status

If the Issuer fails to provide supplementary collateral for CBs as required by Danish law, the CBs will lose their status as CBs, which may affect the value of such bonds and the risk weighting of such bonds in the capital calculations of financial institutions.

4.4.4 Extendable maturity under the CBs give rise to certain risks

The applicable Final Terms may provide that an Extended Maturity Date applies to a Series of CBs.

If so, the extension of the maturity of the principal amount outstanding of the relevant CBs from the Maturity Date to the Extended Maturity Date will not result in any right of the relevant Bondholders to accelerate payments or take action against the Issuer, and no payment will be payable to the relevant Bondholders in that event other than as set out in the relevant terms and conditions of the Bonds as completed by the applicable Final Terms.

4.5 Risks associated with the structure of the offer of Senior Secured Bonds

4.5.1 Senior Secured Bonds may be redeemed early in certain cases

If the Final Terms stipulate that the Issuer is entitled to early redemption, it will, most likely, lead to a lower market value of the Bonds. The Issuer must be expected to redeem early if the Issuer can issue other Senior Secured Bonds at a lower interest rate than that currently paid. In such situations, it will, generally, be difficult for Bondholders to reinvest the redemption proceeds at a corresponding interest rate, and, as a result, investors should consider such reinvestment risk before investing in Senior Secured Bonds.

4.6 Risks associated with the structure of the offer of Senior Unsecured Debt

In the event that the Issuer is turned to be insolvent / is declared bankrupt, holders of Senior Unsecured Debt will not receive payment until after the fulfilment of claims of holders of CBs, SMBs, Senior Secured Bonds and any preferential claims pursuant to Danish law.

4.6.1 Senior Unsecured Debt may be redeemed

If the Final Terms stipulate that the Issuer is entitled to early redemption, it will, most likely, lead to a lower market value of the Senior Unsecured Debt. The Issuer must be expected to redeem early if the Issuer can issue other Senior Unsecured Debt at a lower effective interest rate than the rate currently paid. In such situations, it will, generally, be difficult for investors to reinvest the redemption proceeds at a corresponding interest rate, and, as a result, investors should consider such reinvestment risk before investing in Senior Unsecured Debt.

5 Legislative framework for the Issuer's activities

As a ship finance institute, the Issuer is subject i.a. to the Act, the Executive Order and other relevant executive orders.

Under provisions of the Act and the Executive Order, certain parts of the Danish Financial Business Act ("**FBA**") have also been made applicable to the Issuer.

The Act and the Executive Order (including the applicable parts of the FBA) lay down various prudential and conduct requirements, including to the business activities, ownership structure, management and organisation of financial businesses, capital structure, capital buffers, placing of funds, liquidity, valuation of collateral, maturities, loan-to-value ("**LTV**") limits, issuance of SMBs, CBs and Senior Secured Bonds, fleet mortgages, liability, balance principle, supplementary collateral, annual report, capital centre accounts as well as to reporting and disclosure obligations.

The Issuer is further regulated by the CRR, which is made applicable by virtue of the Executive Order.

The CRR lays down provisions on the following issues:
- Own funds
- Risk exposure
- Liquidity
- Gearing
- Reporting requirements
- Disclosure obligations

The Issuer is exempt from the CRD IV, and any related directives , however certain provisions of CRD IV are applicable in respect of the Issuer pursuant to the Act and the Executive Order. The most important consequence of this exemption is that the company will not be subject to a limitation in respect of large exposures, see the CRR rules on large exposures. As a result, unlike other financial institutions, the company is not bound by any statutory limits on maximum loans to an individual borrower. The Board of Directors must lay down rules concerning risk diversification, including for its lending operations.

A ship finance institute is not allowed to engage in any other activities than ship financing, with the exception that a ship finance institute may engage in activities ancillary to ship financing (the DFSA may require that such ancillary activities are carried out through a subsidiary), cf. the Act.

If the legislation governing the Issuer's activities is amended, the Issuer reserves the right to revise this Base Prospectus by way of a supplement in order that the Issuer's future bond issuances under this Base Prospectus comply with national and international legislation in force from time to time.

The Issuer is subject to supervision by the DFSA, which is a regulatory authority under the Danish Ministry of Business and Growth. The DFSA oversees the Issuer's activities on an ongoing basis, including by way of inspection, as well as on the basis of regular reporting from the Issuer.

Set out below is an overview of the contents of the legislation governing a ship finance institute's issuance of Bonds as well as the operation of the Issuer.

The overview does not take into account any legislative amendments entering into force after the date of this Base Prospectus.

5.1 Provisions on lending

The Issuer's objects are set out in article 2 of the Issuer's articles of association:

“The object of the Company is to provide ship financing in Denmark. In addition, the Company provides ship financing on the international market, as long as such activities do not unnecessarily limit the Company’s Danish operations.”

These activities comprise the financing of:
- Shipbuilding and conversions
- Acquisition, sale and refinancing of vessels

However, the Issuer is entitled to engage in other activities on a temporary basis by taking over assets for temporary possession with the objective of covering or settling prior commitments.

When granting loans against mortgages in vessels financed through the issuance of CBs and SMBs, the Issuer must perform valuations and determine lending limits based on the provisions of the Executive Order and the Valuation Order as defined in Appendix 6.

The provisions on valuation and determination of lending limits are intended to ensure that lending limits are set and that loans are granted within the framework set by Danish law.

5.2 LTV limits and additional straining

The Issuer may grant loans up to 70% of the value of the mortgaged vessel(s).

On certain conditions, however, the Issuer may grant loans exceeding 70% of the value against other collateral and/or against additional reservations of its own funds, as described below.

Such reservations of own funds are made as a deduction from the Issuer’s Tier 1 capital in a capital centre or in the Institute in general (as the case may be) in connection with the statement of capital. The deduction equals the part of the loan in question that exceeds 70% of the value of the mortgaged vessel(s) at the time of calculation. The calculation of the additional reservations of own funds is made on the basis of an evaluation made or approved by the Issuer on the basis of independent broker assessments of the market value of the ship mortgage.

The additional reservations of own funds of a loan are however maximised to an amount in DKK determined on the date of the granting of the loan or of the disbursement of the loan at the latest. The provisions on the determination of maximum additional reservations of own funds apply to bonds already issued and in connection with the issuance of SMBs as well as CBs.

Different rules apply depending on whether the mortgaged vessel(s) have been offered as collateral for loans covering the issuance of SMBs or whether the mortgaged vessel(s) have been offered as collateral for loans covering the issuance of CBs. For SMBs, there is no requirement for continuous compliance with loan-to-value ratios, as is the case with CBs.

Below follows a description of the provisions for individual bond types.

5.2.1 Specifically on the issuance of SMBs

Loans with a loan-to-value ratio of more than 70%, but less than 100%, of the value of the financed or other vessel(s), as determined for collateral purposes, are subject to the condition that for this part of the loan:

- Additional collateral of a particularly high quality must be provided as defined in Section 16 of the Executive Order; or
- The Issuer's solvency will be subject to additional reservations of own funds for loans with a loan-to-value ratio above 70%.

Notwithstanding the above, construction loans for purposes of financing new vessels or conversions may be granted without a mortgage on the vessel if the collateral mentioned in Section 15(2) of the Executive Order is provided.

Construction loans covered by Section 15(1)(iii) of the Executive Order are included in the determination of the Issuer's capital adequacy at a risk weight of 2.0, provided that the total amount of outstanding construction loans does not at any time exceed 125% of the overcollateralisation (the part of the Tier 1 capital which exceeds the own funds requirement).

5.2.2 Specifically on the issuance of CBs

The value of the cover assets collateralising the CBs issued must at least equal the value of the CBs issued, and the mortgage security with respect to individual loans must at all times comply with the LTV limits thereof.

Loans with a principal amount of more than 60%, but less than 100%, of the value of the mortgaged vessel(s), as determined for collateral purposes, may only be granted if the Issuer posts collateral of the asset types listed in Section 2d(1) of the Act covering this portion of the loan. The portion of the principal amount of more than 60%, but less than 70%, of the value of the mortgaged vessel(s) must be considered when calculating the solvency need.

5.2.3 Fleet mortgages

The borrowers may offer a so-called "fleet mortgage" as collateral for its loan in the form of a registered mortgage on two or more vessels or, if two or more borrowers grant a registered mortgage on two or more vessels, as collateral for one or more loans.

A fleet mortgage exists if a borrower provides security for a loan by way of a registered mortgage on more than one vessel or if more than one borrower provides security for one or more loans by way of a registered mortgage on more than one vessel.

A fleet mortgage may be allocated between two or more capital centres including the institute in general if the loan agreements contain provisions on the following:

- Cross liability, meaning that all borrowers are liable for all loans comprised by the fleet mortgage;
- Cross default, meaning that all loans covered by the fleet mortgage fall due if one of the loans defaults;

- Cross mortgage, meaning that all vessels covered by the fleet mortgage are provided as collateral against all loans covered by the fleet mortgage; and
- The borrower shall undertake not to provide collateral for other loans in the vessel(s) covered by the fleet mortgage (negative pledge).

5.3 Provisions on maturity

The terms of loans granted by the Issuer must not exceed 15 years from the date of disbursement of the loan and, in the case of building loans, four years from the date of the first disbursement.

The term of loans is determined with due consideration for the average life expectancy of the vessel type and the age and condition etc. of the vessel in question.

5.4 Inspection of mortgaged vessels

Under the Executive Order, the Board of Directors must lay down guidelines for the inspection of vessels.

Those guidelines must be posted on the Issuer's website and published in the management's report. As a supplement to the half-yearly market valuations mentioned in Item 5.1.6 (*Valuation of ship mortgages*), physical inspections are made of the financed vessels on a spot-check basis. The inspection may be made during the financing period or before the loan offer as far as financing of second-hand vessels is concerned. For financing of used vessels, the focus areas include age and maintenance.

5.5 Valuation of vessels

Under the Executive Order, the Board of Directors must lay down guidelines for the valuation, including for the inspection, of mortgaged vessels and for the use of independent valuations. These guidelines must be posted on a ship finance institute's website and published in the management report.

Valuations for use in connection with collateral of CB issuance shall be within the estimated amount at which the ship can be traded during a sales period of not more than 12 months from the valuation date in an independent transaction between a willing buyer and a willing seller on normal market conditions, where each of the parties has acted on a well-informed basis, with caution and voluntarily (market value). Conditions leading to an especially high price must not form part of the valuation. When making the valuation in connection with collateral, the Issuer takes into consideration any risk of changes to market and structural conditions.

At least twice a year, the Issuer shall make a valuation of each individual vessel in order to ensure that the LTV requirement is observed. The Issuer shall make valuations of each individual vessel more often if special conditions may be assumed to apply, including in case of considerable changes to the market conditions.

5.6 Insurance

Vessels offered as collateral for loans must be adequately insured.

5.7 Assets eligible as collateral for the issuance of Bonds

The following asset types may be used as collateral for the issuance of CBs and Senior Secured Bonds:

- Loans secured by ship mortgages up to the difference between 60% of the value of the mortgaged ship and the value of any prior mortgages.
- Lending in excess of 60%, but less than 100%, of the value of the funded vessel(s) assigned for use in granting the collateral must only (for this part of the loan) be granted against collateral in the types of assets specified in Section 2d(1) of the Act on a Ship Finance Institute (in Danish: *lov om et skibsfinansieringsinstitut*). The ship finance institute shall include the part of the loan granted between 60% and 70% in the determination of the institute's solvency need. For the part of the loan exceeding 70%, the institute shall exercise additional straining of the institute's solvency. The second and third sentences shall, however, not apply if the loan has been granted in accordance with the conditions laid down in "Agreement between the Danish State represented by the Minister for Economic and Business Affairs and Danish Ship Finance" (in Danish: *Aftale mellem den danske stat v/økonomi- og erhvervsministeren og Danmarks Skibskreditfond*) dated 13 June 2003.
- Exposures to or guaranteed by central governments, ESCB central banks, public sector entities, regional governments or local authorities in the Union.
- Exposures to or guaranteed by third-country central governments, third-country central banks, multilateral development banks and international organisations that qualify for credit quality step 1, exposures to or guaranteed by third-country public sector entities, third-country regional governments or third-country local authorities that are risk weighted as exposures to institutions or central governments and central banks in accordance with CRR Article 115(1) or (2), or Article 116(1), (2) or (4), respectively, and qualify for credit quality step 1 and exposures within the meaning of this item that qualify, as a minimum, for credit quality step 2, provided that they do not exceed 20% of the nominal amount of outstanding covered bonds of the issuing institutions.
- Exposures to institutions that qualify for credit quality step 1. The total exposure of this kind must not exceed 15% of the nominal amount of outstanding covered bonds of the issuing institution.
- Exposures to institutions in the European Union with a maturity not exceeding 100 days shall not be subject to the step 1 requirement, but those institutions shall as a minimum qualify for credit quality step 2 (such exposures not to exceed 10% of the nominal value of the outstanding covered bonds of the issuer institution).

The following asset types may be used as collateral for the issuance of SMBs in addition to those offered as collateral for the issuance of CBs:

- Loans secured by a registered mortgage on the financed vessel which initially do not exceed 70% of the value of the vessel as determined for collateral purposes.
- Loans against registered mortgage within 70% of the collateral value of vessels other than the vessel(s) financed. Loans secured by a registered mortgage on the financed vessel which do not exceed 100% of the value of the vessel as determined for collateral purposes, provided that the portion of the loan which exceeds 70% of the value of the vessel is either: (i) further collateralised by eligible assets as set out in CRR Article 129(1) paras (a)-(c) or (g) or Article 129(2), or (ii) that reservations are made in the Issuer's own funds for this portion of the loan.
- Deposits in or guarantees by central banks with a quality step 2 or higher.

- Guarantee from central governments with a quality step 2 or higher.
- Guarantee from regional or local authorities with a quality step 2 or higher.
- Bonds and instruments of debt issued or guaranteed by governments with a quality step 2 or higher.
- Bonds and instruments of debt within 90% of the officially quoted securities price issued or guaranteed by regional or local authorities with quality step 2 or higher.
- Covered bonds, mortgage-covered bonds, mortgage bonds and other bonds offering similar collateral issued by a credit institution having obtained permission in a country in the European Union or a country with which the Community has made an agreement for the financial sector within 90% of the officially quoted securities price. Securities ranking junior to other receivables must not be used.
- Deposit bonds, ship mortgage bonds or covered bonds issued by a ship finance institute or by a credit institution which is the parent or subsidiary of a ship finance institute.
- Guarantee issued by or deposits with a credit institution which qualifies for a quality step 2 or higher following careful examination and prudent valuation in each individual case.
- Similar security with a similarly especially high liquidity and a similarly especially low counterparty risk. This includes a guarantee issued by or deposits with credit institutions which are licenced to operate in the U.S. and which have obtained the best or second-best rating by an ECAI. This also includes especially liquid bonds which are issued by such institutions, admitted to trading on a regulated market approved by a competent authority and not exceeding 90% of the officially listed market price of the security. Deposits and securities ranking subordinate to other debts may not be used. Those asset types may be included at an amount equivalent to a maximum of 25% of the own funds.

5.8 Capital centre

CBs and SMBs are issued in capital centres. CBs and SMBs may not be issued from the same capital centre.

CBs are, if issued, issued from Capital Centre A, and SMBs are currently issued from the Institute in general.

For capital centres issuing CBs or SMBs, Senior Secured Bonds may be issued for the purpose of increasing overcollateralisation in the capital centres.

In Capital Centre A, Senior Secured Bonds may also be issued for the purpose of providing supplementary collateral.

If the Issuer opens additional capital centres in the future, such capital centres may, subject to the publication of a supplementary prospectus, be added to the Base Prospectus.

CBs and SMBs are issued in Series. A capital centre consists of a Series or a group of Series with a joint series reserve fund and joint liability. The assets of each capital centre consist of all mortgages relating to vessels and the reserve funds etc. held by the capital centre. The liabilities of each capital centre are made up of the CBs, SMBs and Senior Secured Bonds issued as well as the reserve funds relating to the capital centres.

Further, each capital centre may include off-balance sheet items such as financial instruments in the form of derivatives. Financial instruments may be included only if they are used to hedge the risk between assets relating to the capital centre and liabilities in the form of issued CBs and SMBs and only if the contracts for the derivatives stipulate that reconstruction proceedings, bankruptcy or failure to provide security of the mortgage institute does not constitute an event of default.

Income of the capital centre consists of interest from loans, bonds, debt instruments and other claims, upfront and similar income as well as return on other assets in each individual capital centre and off-balance sheet items.

Expenses of the capital centres are made up of the yields paid on issued CBs and SMBs as well as yields paid on Senior Secured Bonds, administrative and similar expenses, loss and impairment of assets in the capital centres, off-balance sheet items as well as the share of the relevant capital centre of the Issuer's tax payments.

The Issuer and the capital centres are liable for obligations under the CBs and SMBs in accordance with the provisions of the Act. The capital centres are not subject to cross-liability. If the claims of the holders of CBs and SMBs are not fully satisfied by the funds of the relevant capital centre, they will have preferential rights to the assets available for distribution in the Institute in general.

5.9 Balance principle

According to the Executive Order on Bond Issuance, the Issuer must observe a balance principle and may opt for either a general balance principle (Part 2 of the Executive Order on Bond Issuance) or a specific balance principle (Part 3 of the Executive Order on Bond Issuance).

The CBs and SMBs are issued in accordance with the specific balance principle.

The proceeds from the issuance of Senior Secured Bonds are also subject to the same risk management provisions as the trading book and are, thus, covered by the provisions on interest rate and foreign exchange risk which apply thereto.

If the Issuer decides to change the balance principle for bonds already issued, notice of such a decision will be given in a supplementary prospectus. If the Issuer decides to establish a new capital centre, the choice of balance principle for this capital centre will be notified by way of a base prospectus or a supplement.

5.9.1 The specific balance principle

The provisions on the specific balance principle require the following for each capital centre:

- Differences between future cash outflows to bonds issued and financial hedging instruments and future cash inflows from mortgages, loans to public authorities or against public guarantees, placements according to Section 4(5) of the Executive Order on Bond Issuance as well as financial hedging instruments must be possible to calculated on a day-by-day basis discounted for all future cash inflows and outflows.

- Any future cash deficit for the capital centre resulting from the cash outflow exceeding the cash inflow must not exceed the capital centre's own funds. Future cash deficits for the capital centre do not include liquidity deficits which are matched by liquidity placements if they are invested in low-risk and marketable securities or as deposits with credit institutions qualifying for credit quality rating 2 or higher, subject to a termination notice of up to 12 months.
- The interest rate risk assumed by the capital centre as a result of the differences in cash outflows and inflows, including interest rate risk in respect of surplus funds in the placement of such differences, must not exceed an amount equivalent to 1% of the capital centre's own funds. The differences do not comprise any payment surplus as a result of the borrower repaying the relevant amount(s), in whole or in part, before the capital centre's payment to the holders of the bonds when the borrower is not entitled to any compensation in that regard. For each currency where the capital centre has differences in cash outflows and inflows, the interest rate risk is calculated as the largest decrease in current value of the differences calculated in six different ways as set out in the Executive Order on Bond Issuance.
- The interest rate risk of the capital centre's sets, liabilities, and off-balance items may not exceed 8% of its own funds.
- The foreign exchange risk in respect of the capital centre's assets, liabilities, and off-balance items must not exceed 2% of the capital centre's own funds plus the total foreign exchange risk relating to impairments on foreign currency loans. The foreign exchange risk is calculated using currency indicator 2. Net positions in currencies which do not form part of currency indicator 2 must not exceed DKK 30 million for each individual currency.

5.9.2 Specific provisions on balance principle for issuance of CBs

Exposures originating from financial instruments for risk hedging purposes with credit institutions as counterparties must be accommodated within the framework of the CRR.

5.10 Provisions on capital adequacy

The regulatory framework for capital management is based on the CRR and the CRD (implemented in the FBA), and which, among other things, consist of three pillars:

- Pillar I contains a set of rules for calculating the capital requirement (8% of the risk exposure amount for credit risk, market risk and operational risk).
- Pillar II describes the internal capital adequacy assessment process framework and the supervisory review. Pillar II determine the individual solvency need.
- Pillar III deals with market discipline and sets forth disclosure requirements for risk and capital management and the solvency need.

5.10.1 Provisions on solvency need

Under Danish law, the Issuer must publish its internal capital adequacy each quarter. The internal capital adequacy is the capital considered sufficient for covering the Issuer's risks. The internal capital adequacy is calculated on the basis of the requirement under Pillar I plus a supplement for requirements under Pillar II. Pillar II reflects any uncertainty relating to the risk models, and the capital level is subject to ongoing qualitative adequacy assessments to assess whether it is sufficient for covering the Issuer's risks.

5.10.2 Provisions on leverage risk

The CRR and the CRD require the Issuer to calculate, report on and monitor its leverage ratio, which is defined as ("**Tier 1 capital**") as a percentage of total risk exposures (unweighted).

5.10.3 Provisions on capital buffer requirements

The Issuer is subject to a series of new capital requirements that will increase the need for overcollateralisation as well as require that a larger portion of the own funds consists of CET1. The new requirements to the own funds will be phased in gradually towards 2019 and consist of a capital conservation buffer of 2.5%, a countercyclical capital buffer of 0-2.5% and a systemic buffer of 0-5%, which may be increased to over 5% if so approved by the European Commission (all calculated as a percentage of the risk-weighted exposures).

5.10.4 Capital adequacy in the capital centres

The Institute in general and each capital centre must have own funds representing at least 8% of the total risk exposure (subject to a minimum of EUR 5 million). This requirement applies to the Issuer as a whole and to its individual capital centres.

In the event that a capital centre is unable to meet the capital adequacy requirement, funds must be transferred from the Institute in general unless such transfer would prevent the Institute in general from meeting the 8% own funds requirement. Excess capital may be transferred from individual capital centres to the Institute in general.

5.11 Liquidity provisions

The CRR and the CRD contain liquidity provisions in the form of the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**"). As a result of the LCR requirements, the Issuer and other credit institutions must have a liquidity buffer which will enable them to withstand a 30-day intensive liquidity stress test, i.e. when there is no access to other sources of financing. The NSFR is expected to be implemented in 2020. The NSFR is intended to provide a sound financing structure by promoting long-term financing, and the NSFR requirements mean that the long-term financing of credit institutions, i.e. financing with a maturity of more than one year, must, at any time, amount to at least 100% of the financing need of the institution for the next 12 months.

The provisions may also have a bearing on investors in connection with their purchase of Bonds as the possibility of including the Bonds in the investor's liquidity buffer will, on an ongoing basis, depend on the amount of Bonds outstanding. The Issuer does not guarantee that a certain amount of Bonds will be outstanding at all times. The Issuer may redeem part (or all) of Bonds prematurely in the ordinary course of business.

5.12 Provisions on supplementary collateral

If the value of the cover assets no longer equals the value of the CBs issued – for example as a result of the declining market value of the mortgaged vessels – the Issuer must provide supplementary collateral to satisfy the requirement and notify the DFSA.

In the event that the Issuer fails to provide supplementary collateral, all CBs issued in the capital centre in question will lose their CB designation. Bonds having lost the CB designation may be designated SMBs, provided that they complied with the statutory requirements for SMBs when the loan offer was made.

If, subsequently, the bonds again satisfy the requirements for CBs, the DFSA may allow such bonds to be re-designated CB. The requirement regarding supplementary collateral does not apply to loans financed by SMBs.

5.13 MiFID II

The Issuer issues Bonds on an ongoing basis, which are admitted to trading and officially listed on Nasdaq Copenhagen A/S, but the Issuer only sells the Bonds to eligible counterparties which are able to sell the Bonds to others. The Issuer is, thus, generally not covered by the Danish provisions which implement MiFID II as well as MiFIR.

5.14 Provisions on right to raise debt capital

Under Section 2j of the Act, the Issuer is entitled to raise debt capital, including through the issuance of bonds, to meet requirements for the provision of supplementary collateral or to increase overcollateralisation in a capital centre (Senior Secured Bonds).

The documentation must specify to which capital centre the proceeds from the debt capital are to be allocated. The proceeds raised must be invested in low-risk and marketable securities.

As from the time when the loan is raised, the assets must be placed in a separate account in a separate custody account or otherwise be designated as deriving from the relevant loan. Assets used as supplementary collateral must be recognised in the relevant capital centre.

5.15 Provisions on recovery and resolution of credit institutions

The Issuer is only covered by the parts of the Bank Recovery and Resolution Directive ("**BRRD**") which require a recovery plan to be prepared. Chapter 16 of the FBA, which implements parts of the BRRD, applies for the Issuer, please see Section 48 of the Executive Order.

The objective of the BRRD is to ensure the continuity of critical functions in distressed institutions and to avoid a significant adverse effect on the financial system as well as to obviate the need for the public to participate in the resolution of a failing institution. As a result of the BRRD, the Issuer must prepare and maintain a plan for how to avoid a rapid deterioration of the institution's financial situation, see Section 71a of FBA. The plan must be updated at least every other year.

5.16 Arrears

The borrower is liable to the capital centre and the Institute in general, respectively, if payments on a mortgage loan are not made in due time. In addition, the Issuer has the option to seek satisfaction by arranging a compulsory sale of the mortgaged asset in order to raise funds for repayment. During any period in which the borrower fails to service its loan, the Issuer will pay the Bondholders for as long as funds are available in the capital centre or in the Institute in general.

5.17 Bankruptcy

If the Issuer becomes insolvent, the DFSA and any creditor with a claim against the Issuer may file for bankruptcy proceedings to be commenced against the Issuer. Once a bankruptcy order has been issued, there may be no transfer of funds between capital centres and the Institute in general.

The Act confers a primary preferential right on the holders of CBs, SMBs and certain counterparties relating to derivatives in the event of bankruptcy.

5.17.1 Specifically on issuance in capital centres

If the Issuer is declared bankrupt, the Act provides that capital centre funds, less costs incurred in connection with bankruptcy proceedings, etc., including liquidator fees, salaries, etc., will be used first to satisfy claims notified by holders of SMBs and CBs of the relevant capital centre and claims for interest accrued after the date of the bankruptcy order on the claims in question. The Act provides the holders of Senior Secured Bonds with the status of secondary secured creditors, pursuant to Section 3a of the Act. Any excess funds will be included in the assets available for distribution pursuant to Section 32 of the Danish Bankruptcy Act.

The holders of CBs and SMBs issued in a capital centre may only direct their claim against the relevant capital centre as any uncovered residual claims against the assets available for distribution rank pari passu with residual claims of the holders of SMBs and Derivative Contracts with preferential treatment in the Institute in general and prior to the Issuer's unsecured creditors (pursuant to Section 97 of the Danish Bankruptcy Act) but subsequent to other preferential creditors pursuant to Sections 94-96 of the Danish Bankruptcy Act.

If the Issuer is declared bankrupt pursuant to Section 3a(3) of the Act, counterparties to financial instruments concluded for the purpose of hedging the risks in a capital centre will rank on par for bankruptcy rules purposes with the holders of CBs and SMBs in the relevant capital centre if the agreement on the financial instrument provides that the Issuer's reconstruction proceedings or bankruptcy is not an event of default.

5.17.2 Specifically on issuance in the Institute in general

If the Issuer is declared bankrupt, the Act provides that funds, less costs incurred in connection with bankruptcy proceedings, etc., including liquidator fees, salaries, etc., in the Institute in general will be used to satisfy claims notified by holders of debenture bonds (in Danish: *kasseobligationer*) and SMBs issued through the Institute in general and claims for interest accrued after the date of the bankruptcy order on the claims in question. Funds used as described above, however, may not exceed the assets underlying the debenture bonds or

SMBs, including the mortgage instruments, deposits and securities plus an amount equivalent to 8% of the risk-weighted value of the assets underlying the debenture bonds and SMBs which the Issuer may have issued outside the capital centres.

Any excess funds will be included in the assets available for distribution pursuant to Section 32 of the Danish Bankruptcy Act. Pursuant to Section 3a(3) of the Act counterparties to financial instruments concluded for the purpose of hedging the risks between loans and debenture bonds or SMBs issued through the Institute in general will rank on par for bankruptcy law purposes with the holders of debenture bonds or SMBs issued in the Institute in general if the agreement on the financial instrument provides that the Issuer’s suspension of payments or bankruptcy is not an event of default.

5.17.3 Generally on bankruptcy

Holders of debenture bonds, SMBs or CBs or Senior Secured Bonds may not claim early repayment of payment obligations based on a bankruptcy order issued against the Issuer. If a bankruptcy order is issued against the Issuer, this will not deprive the Issuer’s borrowers of their right to repay loans, in whole or in part, in accordance with the repayment terms applying to the loan.

The bankruptcy estate cannot effect payment in satisfaction of claims by holders of debenture bonds, SMBs or CBs at an earlier date than when the Issuer was entitled to be released by effecting such payment. To the furthest extent possible, the trustee must, in the performance of his duties, continue or resume the performance of the Issuer’s obligations in the form of interest and repayments to the holders of debenture bonds, SMBs or CBs and claims from creditors under agreements on financial instruments concluded by the Issuer for the purpose of hedging risks between assets and bonds issued. To the extent that sufficient funds are not available, interest will be payable before redemption or before other repayments are made.

There can be no transfer of funds from one capital centre to another or to the Institute in general after a petition for suspension of payments has been filed, or a bankruptcy order has been issued. The amount which the holders of debenture bonds, SMBs, CBS and other securities are entitled to receive as secured creditors, thus, consists of the assets of a capital centre at any time calculated after allocation of income and expenses.

Registration Document

The numbering used in this registration document follows Annex IV of the Prospectus Regulation.

1 Persons responsible

1.1 Persons responsible

The Board of Directors, 25 February 2019:

Eivind Kolding
Professional Board Member
(Chairman)

Peter Nyegaard
CFO and Partner, Axcel
(Vice Chairman)

Marcus F. Christensen
Employee representative

Anders Damgaard
Group CFO, PFA Pension

Christian Frigast
Partner, Axcel

Thor Jørgen Guttormsen
Professional Board Member

Jacob Meldgaard
CEO, Torm A/S

Michael Nellemann Pedersen
Management Executive, PKA A/S

Christopher Rex
Employee representative

Henrik Sjøgreen
CEO, FIH A/S

Henrik Rohde Søgaard
Employee representative

The Executive Board, 25 February 2019

Erik I. Lassen
Chief Executive Officer

Lars Jebjerg
Chief Financial Officer

Michael Frisch
Chief Commercial Officer

For additional information about the principal activities performed by the Board of Directors and the Executive Board outside the Issuer, to the extent the activities are significant with respect to the Issuer, reference is made to the most recent annual report (Section "Management and directorships") of the Issuer as well as to www.shipfinance.dk/the-company/board-of-directors/

1.2 Statement concerning Registration Document

Reference is made to the statement in Item 2.3 (*Statement*).

The information contained in this Base Prospectus should be read in conjunction with the Final Terms as well as the published documents referenced in this Base Prospectus and set out in Appendix 1.

This Base Prospectus was prepared as at 25 February 2019 and replaces the base prospectus for Danmarks Skibskredit bond programme published on 4 October 2017, including supplements nos. 1 – 2.

2 Auditors

2.1 The Issuer's auditors

The Issuer's auditors are:

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56
Weidekampsgade 6
2300 Copenhagen S Denmark

State-authorised public accountant Kasper Bruhn Udam, identification No 29421 and state-authorised public accountant Bjørn Philip Rosendal, identification No 40039.

The auditors are members of FSR – Danish Auditors.

The Issuer is not required to and currently does not have an internal audit function. To support the work of the auditors, an internal control function has been established, which reports to the Executive Board.

2.2

The auditors have not resigned or been dismissed during the period covered by the historical financial information. In the same period, the auditors have been reappointed.

3 Selected financial information

3.1

The table below shows selected financial information concerning the Issuer for the most recent financial years:

KEY FIGURES, DKK MILLION	2018	2017
Net interest income from lending	477	541
Net interest income from financial activities	163	135
Total net interest income	640	676
Net interest and fee income	672	696
Market value adjustments	(135)	37
Staff costs and administrative expenses	(158)	(141)
Loan impairment charges	(35)	(163)
Profit before tax	343	427
Net profit for the year	262	334
Loans	36.735	34.492
Issued bonds	43.549	42.467
Equity	9.229	9.307
Total assets	62.349	58.161

KEY RATIOS	2018	2017
Common Equity Tier 1 capital ratio	19.0	19.7
Tier 1 capital ratio	19.0	19.7
Total capital ratio	19.0	19.7
Return on equity before tax (%)	3.7	4.6
Return on equity after tax (%)	2.8	3.6
Income/cost ratio *)	2.8	2.4
Income/cost ratio (excluding loan impairment charges)	3.4	5.1
Foreign exchange position (%)	4.8	10.8
Gearing of loans	4.0	3.7
Annual growth in lending (%)	6.5	(13.4)
Loan impairment charges for the year as % of gross lending	0.1	0.4
Total allowance account as % of gross lending	6.4	7.0
Rate of return on assets (%)	0.4	0.6

The key figures are calculated in accordance with Appendix 5 of the Danish FSA's instructions for financial reports for credit institutions, etc.

*) In accordance with the instructions, the income/cost ratio must be calculated including loan impairment charges.
The list of key ratios also includes income/cost ratio excluding loan impairment charges.

Annual reports are available on the Issuer’s website on www.skibskredit.dk

4 Risk factors

For information about risk factors that may affect the Issuer's ability to fulfil its obligations in respect of issuing the Bonds and managing loans, see the introductory paragraph on risk factors in Item 5 (*Risk factors*).

The Issuer's Board of Directors is responsible for defining limits to and monitoring the Issuer's risks as well as approving overall instructions and policies. Risk exposures and activities are regularly reported to the Executive Board.

The Board of Directors has delegated the day-to-day responsibility to the Executive Board, which is in charge of implementing overall instructions. Continuous risk monitoring and management are the responsibility of the risk officer, who is a member of the Executive Board.

5 Information about the Issuer

5.1 The Issuer's history and development

5.1.1

The registered name of the Issuer is Danmarks Skibskredit A/S.

The Issuer also operates under the following secondary names:

Danish Ship Finance A/S
Danmarks Skibskreditfond A/S
Dansk Skibsfinansiering A/S

5.1.2

The Issuer's registered office is situated in Sankt Annae Plads 3 1250 Copenhagen K, Denmark, Municipality of Copenhagen.

The Issuer's company reg. (CVR) no. is 27 49 26 49.

The Issuer's LEI no. is 549300T70JXFWEXCK295.

The Issuer's GIIN no. is Q8HZ6L 99999 SL 208.

5.1.3 The Issuer's history and development

The history of Danmarks Skibskredit dates back to 1961 when the company commenced its ship financing operations under the auspices of Danmarks Skibskreditfond (Denmark's Ship Credit Fund). Danmarks Skibskreditfond was founded on 6 June 1961 by Danish banks, insurance companies, shipping companies, shipyards – represented by their trade associations - and Danmarks Nationalbank (the Danish central bank).

In 2005, Danmarks Skibskreditfond was converted into a public limited company (in Danish: *aktieselskab*). The conversion was effected via a merger with a 100% owned subsidiary, which continued as the surviving company.

The merger between Danmarks Skibskreditfond and Danmarks Skibskredit was based on the framework agreement dated 17 January 2005 between Danmarks Skibskreditfond, the Danish Ministry of Economic and Business Affairs and Danmarks Nationalbank. The agreement laid down the framework for the conversion of Danmarks Skibskreditfond into a public limited company. The main objective of the conversion was to reform the framework for the Company's future operations, including a partial adjustment of the provisions to match those applicable to other financial businesses.

5.1.4

The Issuer is a privately held Danish-based public limited company (in Danish: *aktieselskab*) which operates under Danish law.

The supreme governing body is the general meeting. For further details on the legislation governing the Issuer, see (*Legislative framework for the Issuer's activities*).

The Issuer's registered office is situated at:

Sankt Annae Plads 3
1250 Copenhagen K
Denmark
Telephone: (+45) 33 33 93 33
Email: danmarks@skibskredit.dk
Website: www.skibskredit.dk

5.1.5

At the date of this Base Prospectus, no events have occurred which would be relevant to the evaluation of the Issuer's solvency since the Issuer's last published quarterly, half-yearly or annual report.

5.2 Investment

5.2.1

At the date of this Base Prospectus, no significant investments have been made since the Issuer's most recently published financial report.

5.2.2

At the date of this Base Prospectus, the Issuer has not committed to making any significant future investments.

5.2.3

The Issuer has not committed to making any significant future investments, and therefore, it is not relevant to consider any anticipated sources of funds needed to fulfil such commitments.

6 Business overview

6.1 Principal activities

6.1.1

The object of the Issuer is to operate as a ship finance institute, including engaging in any operations permitted according to legislation applicable to a Danish ship finance institute from time to time. The object of the Issuer is to provide ship financing in Denmark. In addition, the Issuer provides ship financing in the international market as long as those activities do not unnecessarily limit the Company’s Danish operations.

6.1.2

The Issuer has not recently launched any new products or new activities of a material nature.

6.2 Principal markets

The Issuer’s principal market is the Danish market. Except Denmark, the principal markets are the rest of Europe, North America and Asia.

6.3

In this Base Prospectus, the Issuer does not describe its competitive setting.

7 Organisational structure

7.1

The Issuer is a subsidiary of Danmarks Skibskredit Holding A/S, which holds 86.6% of the shares. In addition, Den Danske Maritime Fond (the Danish Maritime Fund) holds 10% of the shares, while the remaining 3.4% is held by a small number of minority shareholders.

Danmarks Skibskredit Holding A/S is a holding company, mainly owned by Axcel (AX IV HoldCo P/S), PFA Pension and PKA (The Social Workers’, Social Pedagogues’ and Office Staff Pension Fund, the Healthcare Professionals’ Pension Fund and the State Registered Nurses’ and Medical Secretaries’ Pension Fund) (close to 33% each). Members of the Board of Directors, Executive Board, Danish Ship Finance Holding A/S and employees of Danmarks Skibskredit holds 2%.

The Issuer currently has no subsidiaries but may take over companies from time to time in the course of restructuring and settling non-performing loans.

7.2

The Issuer does not depend directly on other entities in the Group in terms of carrying out its principal activities.

The determination of the Issuer’s own funds and internal capital adequacy is affected by the Group’s overall financial position. Similarly, the Issuer’s credit rating is also affected by the Group’s overall financial position. Any material changes in the Group’s overall financial position may, therefore, have derived effects on the Issuer’s possibility of conducting its principal activities, i.e. granting of loans.

8 Trend information

8.1

At the date of this Base Prospectus, there has been no material adverse change in the Issuer’s prospects since the date of the most recently published annual report.

8.2

At the date of this Base Prospectus, the Issuer is not aware of any trends, uncertainty, requirements, obligations or events which may reasonably be expected to have a material impact on the Issuer’s prospects for the current financial year.

9 Profit forecast or estimates

No profit forecast or estimate for the Issuer has been prepared. This is not generally regarded as material to the pricing of the Bonds and is, therefore, not included in this Base Prospectus.

9.1

The Issuer has decided not to include a profit forecast or estimate in this Base Prospectus.

10 Board of Directors, Executive Board and Supervisory Board

10.1

The members of the Board of Directors and the Executive Board are listed in Item 2.2 above.

For additional information about the principal activities performed by the Board of Directors and the Executive Board outside the Issuer, to the extent the activities are significant with respect to the Issuer, reference is made to the most recent annual report (Section “Management and directorships”) of the Issuer as well as to www.shipfinance.dk/the-company/board-of-directors/

The registered address for the Board of Directors and the Executive Board of Danmarks Skibskredit is:

Danmarks Skibskredit A/S
Sankt Annae Plads 3

1250 Copenhagen K
Denmark

The Issuer is subject to the supervision of:
The Danish Financial Supervisory Authority
Aarhusgade 110
DK-2100 Copenhagen

10.2 Board of Directors, Executive Board and Supervisory Board – conflicts of interest

The Issuer notes that one of the members of the Board of Directors of the Issuer is a representative of one of the Issuer's customers.

In order to avoid conflicts of interest, the Issuer has policies in place, the purpose of which are to prevent the abuse of information about the Issuer's affairs.

11 Board practices

11.1

Audit Committee
The Issuer has set up an Audit Committee in accordance with the Danish Executive Order on audit committees in enterprises and consolidated enterprises, subject to the supervision of the DFSA. The audit committee is appointed by the Board of Directors among the members of the Board of Directors. The committee is composed of Anders Damgaard, Peter Nyegaard, Henrik Sjøgreen and Michael Nellemann Pedersen. Anders Damgaard (chairman), who is the independent member with experience in accounting and auditing, draws on his qualifications as Group CFO of PFA Pension, Forsikringsaktieselskab.

The objective of the committee is to assist the Board of Directors with the following:

- Monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity.
- Monitoring the effectiveness of the control systems and risk management systems with respect to the Company's financial reporting without compromising its independence.
- Monitoring the statutory audit of the financial statements etc., taking into account any findings and conclusions of the most recent quality control check of the audit activities.
- Monitoring and verifying the auditors' independence and approving the auditors' provision of non-audit services as well as ensuring that the auditors' fee for non-audit services does not exceed 70% of the average auditors' fee.
- Being responsible for the procedure of selecting and recommending auditors for appointment by the general meeting.
- Informing the entire Board of Directors of the outcome of the statutory audit, including the financial reporting process.

The committee is responsible for assisting the Board of Directors in meeting its responsibilities in relation to the said areas. The committee is, thus, not a decision-making but a preparatory and monitoring body.

The committee submits regular reports to the Board of Directors on the performance of its duties and areas of responsibility.

The committee submits its reports orally at the meetings of the Board of Directors and in the form of minutes of meetings.

Remuneration Committee
The Issuer has set up a Remuneration Committee consisting of members of the Board of Directors.

The Remuneration Committee undertakes preparatory work and assists the Board of Directors in matters related to remuneration, with particular focus on members of the Board of Directors and the Executive Board, material risk-takers and other employees.

The Remuneration Committee monitors pay developments in general. Furthermore, it ensures that the incentive programmes are designed to create sustained and long-term value and that the remuneration policy is complied with.

The Remuneration Committee consist of Eivind Kolding (Chairman), Christian Frigast, Thor Jorgen Guttormsen and Jacob Meldgaard.

11.2

At the date of this Base Prospectus, there are no corporate governance recommendations for a bond issuing ship finance institute whose shares are not listed. However, the Board of Directors has prepared a set of guidelines which are available on the Issuer's website www.skibskredit.dk.

12 Major shareholders

12.1

The Issuer is a subsidiary of Danmarks Skibskredit Holding A/S, which holds 86.6% of the shares. In addition, Den Danske Maritime Fond (the Danish Maritime Fund) holds 10% of the shares, and the remaining 3.4% is held by a small number of minority shareholders.

Danmarks Skibskredit Holding A/S is a holding company which is mainly owned by Axcel, PFA Pension and PKA (close to 33% each).

The Act, the Danish Companies Act (in Danish: *selskabsloven*) and the FBA lay down rules to prevent the abuse by a major shareholder of a controlling interest. The Issuer has not taken any special precautions to prevent Danmarks Skibskredit Holding A/S's abuse of its controlling interest in the Issuer.

The Issuer is not aware of any agreements which may lead to a change in the control of the Issuer.

12.2

The Issuer is aware of Danmarks Skibskredit Holding A/S having issued Tier 2 capital instruments, which, on certain conditions, (if common equity Tier 1 is lower than 7%) may be converted into shares of Danmarks Skibskredit Holding A/S, which may result in a change of control of Danmarks Skibskredit Holding A/S and, thus, indirectly of the Issuer.

Finally, the Issuer is aware that the shareholders in Danmarks Skibskredit Holding A/S have entered into a shareholders' agreement which may subsequently, under certain circumstances, result in a change of control of Danmarks Skibskredit Holding A/S and, thus, indirectly of the Issuer.

At the date of this Base Prospectus, the Issuer is not aware of any other agreements which may in future lead to a change in the control of the Issuer.

13 Financial information concerning the Issuer's assets, liabilities, financial position and profits and losses

13.1 Historical financial information

Audited financial information, including status, balance sheet, an income statement and accounting policies as well as notes for the last two financial years, is set out in the annual report 2017 and the annual report 2018 for the Issuer, see Appendix 1.

The above-referenced financial information was prepared in accordance with the provisions of the Executive Order on the Presentation of Financial Statements as well as additional Danish disclosure requirements for annual reports. The historical financial information is presented in a form that will be used in the Issuer's annual report to be published having regard to accounting standards and policies as well as legislation covering such annual reports.

13.2 Financial statements

The Issuer prepares financial statements. For additional information, reference is made to the annual report 2018 for the Issuer, see Appendix 1.

13.3 Auditing of historical annual financial information

The historical financial information has been audited by the auditors of the Issuer.

Deloitte Statsautoriseret Revisionspartnerselskab, Weidekampsgade 6, 2300 Copenhagen S, Denmark, have audited the annual report for 2018. They are both members of FSR – Danish Auditors.

State-authorised public accountant Kasper Bruhn Udam, identification No 29421 and state-authorised public accountant Bjørn Philip Rosendal, identification No 40039.

This Base Prospectus does not include any audited information other than the financial information.

13.3.1

The Issuer states that its historical financial information has been audited and refers to the Section entitled ("*Auditor's report*"), see the annual report mentioned in Item 13.2, published via Nasdaq Copenhagen A/S.

13.3.2

This Base Prospectus does not refer to any audited information other than the annual reports mentioned in Item 13.2.

13.3.3

All financial information provided in the registration document has been extracted from the Issuer's audited financial statements.

For additional information, reference is made to the most recent annual report.

13.4 Age of the latest financial information

13.4.1

The latest audited financial information is not older than 18 months from the date of this Base Prospectus.

13.5 Interim and other financial information

13.5.1

The Issuer's latest annual report is from 2018, published on 25 February 2019. The information in the interim financial report has not been audited. The annual reports and interim financial reports are available on the Issuer's website www.shipfinance.dk/investor-relations/reports-and-announcements/.

13.5.2

KEY FIGURES, DKK MILLION	2018	2017
Net interest income from lending	477	541
Net interest income from financial activities	163	135
Total net interest income	640	676
Net interest and fee income	672	696
Market value adjustments	(135)	37
Staff costs and administrative expenses	(158)	(141)
Loan impairment charges	(35)	(163)

Profit before tax	343	427
Net profit for the year	262	334
Loans	36.735	34.492
Issued bonds	43.549	42.467
Equity	9.229	9.307
Total assets	62.349	58.161

KEY RATIOS	2018	2017
Common Equity Tier 1 capital ratio	19.0	19.7
Tier 1 capital ratio	19.0	19.7
Total capital ratio	19.0	19.7
Return on equity before tax (%)	3.7	4.6
Return on equity after tax (%)	2.8	3.6
Income/cost ratio *)	2.8	2.4
Income/cost ratio (excluding loan impairment charges)	3.4	5.1
Foreign exchange position (%)	4.8	10.8
Gearing of loans	4.0	3.7
Annual growth in lending (%)	6.5	(13.4)
Loan impairment charges for the year as % of gross lending	0.1	0.4
Total allowance account as % of gross lending	6.4	7.0
Rate of return on assets (%)	0.4	0.6

The key figures are calculated in accordance with Appendix 5 of the Danish FSA's instructions for financial reports for credit institutions, etc.

*) In accordance with the instructions, the income/cost ratio must be calculated including loan impairment charges.
The list of key ratios also includes income/cost ratio excluding loan impairment charges.

13.6 Legal and arbitration proceedings

As of the date of this Base Prospectus, the Issuer is not involved in any legal or arbitration proceedings.

The Issuer has no information of any proceedings pending or threatened that might be brought against the Issuer or that may have or in the immediate past had a material influence on the Issuer's financial position or profitability.

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

Since the period covered by the historical financial information, there have been no significant changes in the Issuer's financial or trading position which may affect the price of the Bonds.

14 Additional information

14.1 Share capital

The Issuer's share capital is DKK 333,333,334, divided into shares of DKK 1, corresponding to the Issuer having issued 333,333,334 shares. The share capital is fully paid up. The shares are divided into two share classes. The class A shares in the nominal amount of DKK 300,000,000 are held by Danmarks Skibskredit Holding A/S, and a small number of minority shareholders. The class B shares in the nominal amount of DKK 33,333,334 are held by Den Danske Maritime Fond (the Danish Maritime Fund).

The two classes of shares differ with respect to voting and dividend rights. Class A shares carry 10 votes each at the Issuer's general meeting whereas class B shares carry one vote each. Furthermore, before any dividends are distributed to all of the shareholders, the class B shareholder will receive a preference dividend of 15% of the Issuer's annual profit after tax as long as Den Danske Maritime Fond (the Danish Maritime Fund) owns the class B shares. However, dividend payments to the class B shareholder must not exceed a maximum amount corresponding to 1% of the Issuer's tied-up capital. If the Issuer records a loss after tax in any one year, such loss will be deducted when calculating the basis for distributing preference dividends to the class B shareholder the following year. Similarly, the class A shareholders will not receive any dividends or distributions in connection with a capital reduction until the tied-up reserve capital used, in whole or in part, to cover prior-year losses has been fully restored.

The shares are issued to named holders and recorded in the Issuer's register of shareholders.

No share certificates are issued.

According to article 3.3 of the Issuer's articles of association, any transfer of shares is subject to the consent of the Board of Directors.

For further information, reference is made to Item 12.1.

14.2 Memorandum and Articles of Association

The Issuer is registered with the Danish Business Authority in the Central Business Register under Company Registration (CVR) no. 27 49 26 49.

The object of the Company is to provide ship financing in Denmark. In addition, the Company may provide ship financing in the international market as long as such activities do not unnecessarily limit the Company's Danish operations.

The existing objects clause of the Issuer is not included in the memorandum of association.

15 Material contracts

At the date of this Base Prospectus, the Issuer has not entered into any material contracts outside the scope of the Issuer's usual area of business that could cause the Issuer to assume obligations or acquire rights that would affect the Issuer's ability to meet its obligations to the Bondholders.

16 Third party information, statements by experts and declarations of any interest

16.1.1

No such third party information or statements by experts are included in this Base Prospectus.

17 Documents available for inspection

The Board of Directors and the Executive Board declare that this Base Prospectus and the following documents are available for inspection during the life of this Base Prospectus:

- The articles of association of the Issuer
- The annual reports, financial information and any other documents included, in whole or in part, in this Base Prospectus

The documents are available for inspection in person upon application to the Issuer at the following address:

Sankt Annae Plads 3, 1250 Copenhagen K, Denmark, weekdays between 9 am and 4 pm, and in electronic form at www.skibskredit.dk.

Securities note

For numbering, see Annex V of the Prospectus Regulation.

1 Persons responsible

1.1

Reference is made to Item 1.1 of the registration document.

1.2

Reference is made to Item 1.2 of the registration document.

2 Risk factors

2.1

Reference is made to the description of risk factors in Item 4 (*Risks factors*) of this Base Prospectus.

3 Essential information

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

The Issuer is not aware of any conflicts of interest of importance to the issuance of Bonds under this Base Prospectus. Any conflicts of interest will be stated in the Final Terms applying to the individual bond Tranche.

3.2 Reasons for the offer and use of proceeds

The Bonds are issued in accordance with the Act, the Executive Order and the Executive Order on the Issue of Bonds, the Balance Principle and Risk Management.

Funds generated by the issuance and sale of Bonds under this Base Prospectus will be used for the purpose of providing financing and related financial services in connection with new vessels and conversions as well as towards the acquisition, sale and refinancing of ships.

Funds generated by the issuance of CBs may also be invested in the assets eligible under CRR Article 129(1), paras (a)-(c) and (g), and (2). Funds generated by the issuance of SMBs may, according to the Executive Order, be invested in low-risk and marketable securities.

It is not relevant to state the total expected net proceeds from issuances under this Base Prospectus as the amount of the Bonds issuances depends on the Issuer's ongoing lending activities.

Bonds may be issued as an advance block issuance under fixed-price agreements or as a block issuance based on the Issuer's loan offers made and the estimated lending activities. Excess funds from a block issuance may not exceed an amount equal to the sum of the Issuer's outstanding loan offers disbursed and its Tier 1 capital.

Liquidity surpluses may occur, for example, as a result of block issuance and early repayments of loans. Liquidity surpluses must, until lending can take place, until the amount can be disbursed, or until the underlying bonds can be redeemed, be invested in low-risk and marketable securities (as defined in the Executive Order), or placed as deposits in credit institutions qualifying for a quality step 2 or higher subject to a period of notice of up to 12 months.

The Bond issuance and the framework for liquidity surpluses and deficits, etc. are governed in more detail by the Executive Order on the Issue of Bonds, the Balance Principle and Risk Management.

The use of the proceeds from the issuance of Senior Secured Bonds is defined in the Act, and the proceeds may only be used to meet an obligation to provide supplementary collateral or to increase overcollateralisation in the issuing capital centre.

The proceeds from Senior Unsecured Debt will be used by the Issuer for general corporate purposes, including for the provision of supplementary collateral in capital centres through which CBs or SMBs are issued.

4 Information concerning the securities to be offered/admitted to trading

4.1

Securities falling within the scope of the Act and relevant executive orders may be issued under the Base Prospectus. The securities being offered under this Base Prospectus are bonds issued by Danmarks Skibskredit A/S, meaning CBs, pursuant to Section 2d of the Act, and SMBs, pursuant to Section 2a of the Act. In addition, Senior Secured Bonds may be issued under this Base Prospectus for purposes of providing supplementary collateral or increasing overcollateralisation in capital centres pursuant to Section 2j of the Act. Finally, Senior Unsecured Debt may be issued under this Base Prospectus, meaning unsecured and unsubordinated claims against the Issuer.

The Bonds are issued in one or more bond series, each with its own ISIN code. The ISIN code will be stated in the Final Terms.

The Bonds are subject to Danish law, and any legal action concerning the Bonds is subject to Danish law and jurisdiction.

4.2

The issuance of the Bonds is governed by the Act, the Executive Order and the Executive Order on Bond Issuance. For a more detailed review of the legal framework, reference is made to Item **Fejl! Henvisningskilde ikke fundet.** (*Legislative framework for the Issuer's activities*).
Terms and conditions included in Appendix 2 to the Base Prospectus (the "**Terms and Conditions**") together with the Final Terms set out the terms and conditions for the Bonds.

In the event of inconsistency between the Terms and Conditions and other parts of the Base Prospectus, the Terms and Conditions will prevail. In the event of inconsistency between the Terms and Conditions and the applicable Final Terms, the applicable Final Terms will prevail.

4.3

The Bonds are issued in book-entry form and registered in the name of the holder with no physical securities being issued.

The Issuer may decide to issue bonds in other countries and apply for listing on other regulated markets, and, similarly, the Issuer may decide to apply for registration of the Bonds with other central securities depositories.

The place of recording of the individual bond series is stated in the Final Terms.

4.4

The Final Terms specify the currency or currencies used for issuing the Bonds. Unless otherwise provided, the relevant bond series will be denominated in DKK.

4.5

In the event of bankruptcy of the Issuer, holders of CBs and SMBs and certain counterparties to Derivative Contracts will have a preferential right (after deduction of expenses relating to the bankruptcy estate and similar expenses) to all the assets in the capital centre through which the CBs and SMBs are issued. If the capital centres do not have sufficient assets to satisfy the claims of the holders of CBs and SMBs, the residual claims of the holders of CBs and SMBs will rank pari passu with residual claims of the holders of SMBs and Derivative Contracts with preferential treatment in the Institute in general and prior to the Issuer's unsecured creditors (pursuant to Section 97 of the Danish Bankruptcy Act), but subsequent to other preferential creditors pursuant to Sections 94 – 96 of the Danish Bankruptcy Act.

In case of the Issuer's bankruptcy, the Senior Secured Bonds provide their holders with a secondary preferential right for payment against the Issuer in respect of all assets in the capital centre through which they are issued. In addition, any residual claim against the Institute in general will be treated as an unsecured claim in respect of the assets of the Institute in general which will be available for distribution in case of bankruptcy in accordance with Section 97 of the Danish Bankruptcy Act.

In case of the Issuer's bankruptcy, claims from the holders of Senior Unsecured Debt against the Issuer may only be satisfied by the assets available for distribution of the Institute in general after any claims mandatorily preferred by law.

The Issuer accepts no liability for any loss incurred by the Bondholders as a result of force majeure events, including legislative measures, actual or threatened war, riots, civil unrest, natural disasters or labour disputes (regardless of whether the Issuer itself is a party to the dispute, or the dispute affects only part of the Issuer's functions), preventing the Issuer from making due payment and which the Issuer ought not to have anticipated at the issuance of the Bonds.

Bondholders may suffer a loss as a result of a force majeure event.

4.6

The Bonds carry interest as described in Item 4.7 of this Securities Note.

The Issuer issues Bonds in multiple capital centres. The Final Terms describe in which capital centre each specific ISIN is issued.

Any claims by the Bondholders with respect to the Bonds may only be made against the capital centre in which the specific ISIN is issued. Bondholders may exercise their rights by contacting the Issuer.

The Issuer determines the opening of other series in the respective capital centres. The Issuer also determines when to transfer funds to the respective capital centres.

The reserve fund (cover pool) must be of a size sufficient to meet the requirements of the applicable legislation in force from time to time. To the extent that a capital centre meets the statutory capital adequacy requirements, any excess funds may be transferred from the capital centre in question to the Issuer's funds in the Institute in general.

The Issuer may, at any time and without notice, separate and transfer Bonds issued under this Base Prospectus, including the related ship mortgages and other collateral as well as any attached financial instruments to another capital centre.

Borrowers in the individual series are not jointly and severally liable to the Issuer for the obligations of the series and are not entitled to receive a share of the series reserve fund upon redemption of their loans.

The Bonds are cancelled in accordance with the general provisions of Danish legislation. The Issuer is liable for any delayed or defective performance of its contractual obligations resulting from the Issuers negligence.

The Issuer's liability towards the Bondholders is subject to a general limitation to ensure that the Issuer will have no liability, even in areas where stricter liability applies, for losses incurred as a result of:

- Breakdown of/non-access to IT systems or corruption of data of these systems as a result of any of the undermentioned events, regardless of whether the Issuer or an external supplier operates the systems; interruption of the Issuer's power supply or telecommunications channels, statutory intervention or administrative acts, natural disasters, war, rebellion, civil commotion, sabotage, acts of terrorism or vandalism (including computer virus attacks and hacking).
- Strikes, lockouts, boycotts or blockades, regardless of whether the conflict is aimed at or initiated by the Issuer itself or its organisation and regardless of the cause of the conflict. This also applies where the conflict affects only parts of the Issuer or its organisation.
- Other circumstances beyond the Issuer's control.

The Issuer is not exempt from liability if:

- at the time of signing the agreement, the Issuer ought to have foreseen the event that caused the loss or ought to have prevented or remedied the cause of loss; or
- if statutory provisions in any case impose liability upon the Issuer for the circumstances causing the loss.

Any modifications to the terms of the Bonds may, depending on the circumstances, requqire the consent of all the Bondholders as well as the approval of the Issuer.

4.7 Interest

4.7.1

The Bonds may be issued with a fixed, zero or a floating coupon rate. The Final Terms state the interest rate at which the Bonds are issued and whether or not it is possible to switch between fixed, zero and floating rates in the period until maturity of the Bonds.

For floating rate Bonds, the method used to set the floating rate will be stated in the Final Terms, including the reference rate chosen and any interest rate spread applicable.

4.7.2

Bonds may have one, two, four, twelve or another number of annual payment dates. The number of annual payment dates for the individual ISIN are set out in the Final Terms.

Interest is paid on a proportionate basis on each payment date according to the defined day count convention stated in the Final Terms. The day count convention may be:

- Actual/actual per payment period (fixed day count fraction): Coupon is paid as a fixed proportion of annual interest on each payment date.
- Actual/360: Coupon is paid on each payment date according to the actual number of days in the payment period relative to 360 days, i.e. the coupon paid on each payment date corresponds to the interest rate multiplied by the actual number of days in the payment period divided by 360.
- Calendar-day weighted: Coupon is paid on the basis of the number of actual calendar days and the actual number of days in the time period elapsed in the calendar year.

Another day count convention than the ones described may be agreed. In such cases, the day count convention will be described in the Final Terms for the specific Bonds.

Additional interest and accrued interest may be changed following changes in market conventions.

The Issuer pays interest and redemption amounts to the Bondholders by transferring, on the due date, the funds to accounts with banks, payment agents, securities brokers, etc. designated by the account-holding bank to a central securities depository and/or clearing bank.

If the due date is not a banking day, payment takes place on the next banking day.

The Bondholders may not claim payment of interest or other amounts as a result of deferred payment or the validation rules of the account-holding bank.

Provisions for interest payments in the event of negative interest rate
If, for a payment period, the interest rate on a Bond becomes negative, the Issuer will have a claim against the Bondholders corresponding to the absolute value of the negative interest amount.

In such case, the Issuer will be entitled, but not required, to redeem Bonds (in whole or in part) for settlement at par value, equivalent to a value of up to the nominal negative interest coupon. The Bondholders' payment of the negative interest coupon will be made by set-off against the redeemed Bonds.

In case of extraordinary redemption as a result of the negative interest coupon, the redemption pool will be based on par value. In case of extraordinary redemption at par value, the nominal redemption amount may deviate from the amount that could have been obtained if the redeemed Bonds had been sold in the market.

The proceeds from the redemption will fall due for payment to the Bondholders on the due date of the payment period.

4.7.3

The start date of interest accrual is stated in the Final Terms.

4.7.4

The due dates for the payment of interest are stated in the Final Terms for the specific Bonds.

4.7.5

The Bonds become time-barred in accordance with the general provisions of Danish legislation. Claims for payment of interest, fees and similar charges become time-barred three years after the due date, and claims for payment of principal become time-barred ten years after the due date according to the Danish Limitation Act. Interest amounts and payments due on Bonds do not carry interest from the due date and accrue to the Issuer if they are not collected before the expiry of the limitation period.

4.7.6

Not relevant; because there are no underlying securities.

4.7.7

In the case of a floating coupon rate, the coupon rate for the individual Bond series will be determined on the basis of a chosen reference rate and any spread with a fixed interval.

The relevant reference rate, as well as the definition of fixing dates, is stated in the Final Terms.

The spread is specified for each specific Bond series and is stated in the Final Terms.

The coupon rate of floating rate Bonds may be determined on a quarterly, semi-annually or annual basis, or at another specified interval. The number of fixings is specified in the Final Terms.

When opening a floating rate Bond, the Issuer may fix the initial interest rate. The initial interest rate and the period for which the rate is valid will be specified in the Final Terms.

4.7.8

The interest rate of the floating rate Bonds is the reference rate on the fixing date, possibly multiplied by a multiplier plus a margin for each Bond series. The reference rate and any multiplier and margin will be stated in the Final Terms.

4.7.9

The Final Terms state the chosen indexation and where public information, if any, about the development in the reference rate is made available.

4.7.10

The basis for determining the coupon rate can be disturbed in the event that the chosen reference rate ceases to be published or quoted. If the chosen reference rate ceases to be published or quoted, the Issuer will determine the reference rate at its own discretion using a corresponding money market rate.

4.7.11

Not applicable; there are no adjustment rules in connection with events affecting the basis of the interest calculation.

4.7.12

The Issuer calculates the floating rate of the Bonds.

4.7.13

In the Final Terms, the Issuer may set out one or more derivative components with respect to the interest payment, including interest rate caps and/or floors, applicable to the whole or part of the time the Bonds are outstanding, and/or for all or parts of the Bonds issued in a specific ISIN.

If derivative components have been incorporated into the interest payment, this will be set out in the Final Terms for the Bonds in question.

4.8

The amortisation of each Bond series is specified in the Final Terms.

Provisions regarding payment to the Bondholders
Payments to the Bondholders will be effected through the clearing centre where the Bonds are registered. Payment made in due time by the Issuer to the relevant clearing centre according to the terms and conditions of the Bonds will discharge the Issuer's liabilities.

In the event that the Issuer's payment to the clearing centre is not passed on to Bondholders – irrespective of the reason – the Issuer is not legally obliged to make a payment again.

Early redemption on the Issuer's initiative to CBs and SMBs
Conditions for early redemption may be set out in the Final Terms of the issuance in question.

The Issuer reserves the right to effect early redemption in the following cases:

- In the event of a negative interest coupon, the Issuer will have a claim against the Bondholders equivalent to the absolute value of the negative interest coupon. In such case, the Issuer will be entitled, but not required, to redeem Bonds for settlement at par value, equivalent to a value of up to the nominal negative interest coupon. The Bondholders' payment of the negative interest coupon will be made by set-off against the redeemed Bonds. In case of extraordinary redemption at par value, the nominal redemption amount may deviate from the amount that could have been obtained if the redeemed Bonds had been sold in the market. The proceeds from the redemption will fall due for payment to the Bondholders on the due date of the payment period. Before the redemption, the Issuer must calculate the total redemption to be made.

- The Issuer reserves the right to redeem the Bonds in full or in part before maturity, alternatively, to offer investors an exchange of their existing Bonds for new Bonds, in full or in part, (i) if the terms of the loans financed by the Bonds are changed as a result of legislative amendments, orders issued by the authorities and/or changes in market conditions or (ii) if the Issuer under the terms of the Bonds becomes obliged to pay additional amounts as a result of any change in laws or regulations (or the interpretation thereof) relating to tax. Redemption by the Issuer of Bonds may take place at the predetermined redemption price of the Bond Series in the event of early redemption immediately or later.

Early redemption on the Issuer's initiative with respect to Senior Secured Bonds
The Issuer reserves the right to effect early redemption in the event that the Issuer can issue other Senior Secured Bonds at a lower interest rate than that currently paid.

Early redemption on the Issuer's initiative with respect to Senior Unsecured Debt
The Issuer reserves the right to effect early redemption in the event that the Issuer can issue other Senior Unsecured Debt at a lower effective interest rate than the rate currently paid.

No early repayment
The terms of the CBs, the SMBs and the Senior Secured Bonds do not contain any events of default which relate to the Issuer and/or the capital centres, and, if a bankruptcy order is issued

against the Issuer, the holders of CBs, SMBs and Senior Secured Bonds may not claim early repayment of payment obligations on the basis of such order.

Similarly, any failure by the Issuer to comply with its obligations to provide supplementary collateral with regard to the CBs cannot be claimed as grounds for early repayment of payment obligations.

Extendable maturity

The Issuer may in the Final Terms determine that the maturity date of the Bonds may be extended. In this case, the terms and conditions for such an extension of the maturity date will be set out in the Final Terms.

If the Issuer in the Final Terms determines that the maturity date of the Bonds may be extented, then the extension of the maturity of the principal amount outstanding of the relevant CBs from the Maturity Date to the Extended Maturity Date will not result in any right of the relevant Bondholders to accelerate payments or take action against the Issuer, and no payment will be payable to the relevant Bondholders in that event other than as set out in the relevant terms and conditions of the Bonds as completed by the applicable Final Terms.

4.9

The effective interest rate may not be stated in the Final Terms as the Bonds will be issued on tap, and the effective interest rate depends on price as well as transaction date.

The effective rate 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 effective rate then equals the discount rate. Payments are discounted to the settlement date.

The effective interest rate on the Bonds offered will depend on the selling price at the time of issuance, the time of issuance relative to the maturity date of the Bonds and the exact composition of the series of payments of the Bonds, which may be changed after the time of issuance.

4.10

Representation of the Bondholders is not possible.

4.11

The Bonds are issued on the basis of a decision by the Issuer's Executive Board dated 25 February 2019. Any additional decisions, authorisations and approvals according to which Bonds under this Base Prospectus are specifically prepared and/or issued will be stated in the Final Terms of the specific Bonds.

4.12

The date of expected new issues of Bonds is set out in the Final Terms.

4.13

The Bonds are negotiable mass instruments of debt (in Danish: *massegaeldsbreve*). The transferability of the Bonds is not subject to any restrictions.

4.14

The following is not a comprehensive analysis of the tax consequences arising in respect of the Bonds. Prospective purchasers of Bonds are advised to consult their tax advisers about the tax consequences under the tax laws of the country of which they are residents of a purchase of Bonds, including, but not limited to, the consequences of receipts of interest and sale or redemption of Covered Bonds.

Danish Taxation

Below is a summary of the most essential Danish tax rules applying in connection with the acquisition, ownership and sale of Bonds. The summary is provided for general information purposes only and does not in any way aim to constitute tax or legal advice.

<u>Investors subject to full tax liability in Denmark</u>

Investors subject to full tax liability in Denmark are usually natural persons residing in Denmark or staying in Denmark for a period of at least six months only interrupted by short stays abroad for holiday or the like or whose vital interests are in Denmark.

Any interest income and capital gains from Bonds held by natural persons are taxable, whereas any capital loss is tax-deductible. Any gains or losses on the Bonds are subject to the de minimis threshold of DKK 2,000 specified in Section 14 of the Danish Capital Gains Act (in Danish: *kursgevinstloven*).

Companies etc. registered as domiciled in Denmark or with the seat of management in Denmark are usually subject to full tax liability in Denmark. Any interest income or any capital gains from Bonds held by companies subject to full tax liability are taxable, whereas any capital loss is tax-deductible.

Natural persons and companies not subject to full tax liability in Denmark and without permanent establishment in Denmark and to which the Bonds are attributable are generally not taxable in Denmark.

Under applicable law in Denmark, no payment of withholding tax is required.

Interest due as well as possession, redemption and transfer of Bonds must be reported to the Danish tax authorities in accordance with applicable rules.

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

<u>Investors not subject to full liability in Denmark</u>

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

According to the Danish tax laws in effect as of the date of this Base Prospectus, (i) payments of interest or principal amounts to any Bondholder are not taxable in Denmark, (ii) no withholding tax will be required on such payments, and (iii) any gain realised upon the sale, exchange or retirement of a Bond will not be taxable in Denmark.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "**FATCA**", a "**foreign financial institution**" (as defined by FATCA) may be required to withhold certain of its payments ("**foreign passthru payments**") to persons failing to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions, including Denmark, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from its payments. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Bonds, including whether withholdings would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA, or an IGA with respect to payments on instruments such as the Bonds, such withholding would not aplly prior to the date that is two years after the date on which final regulation defining foreign passthru payments are published in the U.S. Federal register, and the Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register would generally be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Bonds that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

4.15 Events of default

The terms of the CBs, the SMBs and the Senior Secured Bonds do not contain any events of default which concern the Issuer and/or the Capital Centres, and if a bankruptcy order is issued against the Issuer, the holders of Ship Mortgage Bonds (CB and SMB) or Senior Secured Bonds may not claim early repayment of payment obligations on the basis of such order.

Similarly, any failure by the Issuer to comply with its obligations to provide supplementary collateral with regard to the CBs may not be claimed as grounds for early repayment of payment obligations.

Senior Unsecured Debt
On and at any time after the occurrence of any event or circumstance set out below which is continuing, any holders of Senior Unsecured Debt may, by giving written notice (an "**Acceleration Notice**") to the Issuer (at its registered offices), declare all (but not a part) of the amounts outstanding under the relevant Senior Unsecured Debt immediately due and payable, at which time they become immediately due and payable unless the event or circumstance can be remedied and has been remedied prior to the Issuer receiving the Acceleration Notice:

- **Non-Payment:** If the Issuer does not pay on the due date any amount payable pursuant to a Senior Unsecured Debt at the place at and in the currency in which it is expressed to be payable unless payment is made within seven business days of the relevant Bondholders having given the Issuer written notice (at its registered offices) of the non-payment; or
- **Breach of other obligations:** If the Issuer does not fulfil its other obligations in relation to the Senior Unsecured Debt, unless this is remedied within thirty business days of the relevant Bondholders having given the Issuer written notice (at its registered office) of the breach of other obligations; ; or
- **Credit process:** If any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects the Issuer's asset and is not discharged within sixty days; or
- **Insolvency proceedings:** Any corporate action, legal proceedings or other procedure or step is taken in relation to the reconstruction, a moratorium of any indebtedness, winding-up, bankruptcy, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer.

5 Terms and conditions of the offer

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

5.1.1

The bond series are open for new issuance during a determined issue period. The Issuer may issue additional Bonds on the same terms during the issue period. The Issuer will typically sell Bonds in blocks to securities dealers, who may choose to sell the issuance, in whole or in part, to other investors.

The terms and conditions applicable to the Bonds are stated in the Final Terms.

5.1.2

The final amount of the offer will not be known until the bond series is closed. The closing date for a new issuance is set out in the Final Terms. The outstanding amount of Bonds issued under this Base Prospectus varies along with the Issuer's loan volume.

The outstanding amount of SMBs and CBs listed on Nasdag Copenhagen A/S will be stated on Nasdaq Copenhagen A/S's website, www.nasdaqomxnordic.com, on an ongoing basis.

5.1.3

The issue period of the bond series is not determined in advance. The Issuer may decide to terminate the offer during parts of the opening period. The opening period is stated in the Final Terms.

5.1.4

The Issuer has not determined limitations for the number of subscriptions of each investor. The Final Terms will lay out any possibility of reducing the number of subscriptions and the method to pay back any excess amounts that investors may have paid.

5.1.5

The minimum amount for investment is equivalent to the denomination of the Bonds, which is stated in the Final Terms.

5.1.6

Delivery and settlement of the Bonds will, according to the Final Terms appended to this Base Prospectus as Appendix 3, take place via VP Securities A/S or another central securities depository with which the Bonds are registered. Payment is made to investor accounts with banks and clearing centres cooperating with VP Securities A/S.

Settlement of the Bonds may take place on the VP settlement platform, or on the TARGET2-Securities (T2S) platform, if the required conditions for T2S settlement as set out in VP's Rule Book are fulfilled. The T2S platform provides harmonised and commoditised delivery-versus-payment settlement and corporate actions processing in central bank money.

VP may be entitled to disclose certain information regarding the investors to the Issuer for the purpose of the Issuer to perform its obligations under the issuance of the Bonds.

Generally, the Bonds are traded with a two-day settlement, but exemptions may be made.

The method and time of payment and delivery of the securities are specified in the Final Terms.

5.1.7

Trading in Bonds admitted to trading on a regulated market is made public in accordance with the provisions of the Danish Capital Market Act (in Danish: *kapitalmarkedsloven*), or other relevant legislation as well as the specific rules applying to the relevant market.

The final amount of the offer will not be known until the bond series is closed. The closing date for new issuance is set out in the Final Terms.

The final issuance size will be displayed on Bloomberg under the relevant ISIN code.

5.1.8

There are no subscription rights attached to the Bonds.

5.2 Plan of distribution and allotment

5.2.1

The Issuer will regularly agree on the issuance of Bonds with individual investors. The investors are mainly financial institutions, which purchase the Bonds for purposes of resale on the bond market.

5.2.2

On the date of issuance, an agreement will be made with the individual investors on the number of Bonds the investor in question intends to buy. The Bonds usually have a two-day settlement.

5.3 Pricing

5.3.1

The offer price of the Bonds is determined on market terms and bid/ask prices. Consequently, the price will change over the life of the Bonds.

The investor is, in addition, only required to pay ordinary transaction costs (brokerage fees etc.).

5.4 Placing and underwriting

5.4.1

As the issuer of the Bonds, the Issuer is responsible for the coordination of the entire issuance.

The Bonds issued according to the Final Terms appended to this Base Prospectus are registered with VP Securities A/S or another central securities depository with which the Bonds are registered. The selected place of registration is stated in the Final Terms. The place of registration handles the payment of interest and redemption.

5.4.2

The Bonds will be registered in VP Securities A/S which will effect payment of interest and drawings. Payment is made to investor accounts with banks and clearing centres cooperating with VP Securities A/S.

The Issuer has not yet entered into any agreement with paying agents.

The Issuer may decide to issue Bonds in countries other than Denmark and to apply for admission to trading of the Bonds on other regulated markets, as well as to register the Bonds with other securities depositories or enter any agreement with paying agents. If the Issuer decides to apply for admission to trading of the CBs on other regulated markets, the decision will be announced in an addendum to the Base Prospectus.

The Issuer may from time to time in respect of a relevant Tranche of Bonds enter into an underwriting agreement or purchase agreements under which a third party undertakes to place such Bonds.

VP Securities A/S
Weidekampsgade 14
2300 Copenhagen S
Denmark

5.4.3

The Issuer has not entered into any underwriting agreement or agreements under which a third party undertakes to place the Bonds.

5.4.4

Not applicable; no underwriting agreement or purchase agreement has been entered into in respect of the Bonds as at the date of this Base Prospectus, but the Issuer may enter into such agreements from time to time in respect of any relevant Tranche of Bonds.

6 Admission to trading and dealing arrangements

6.1

Issues under this Base Prospectus are or are expected to be admitted to trading and official listing on Nasdaq Copenhagen A/S or another regulated market. However, the Issuer may resolve to decide not to apply for official listing and admission to trading of new issuances.

The first day of listing will be stated in the Final Terms.

6.2

The regulated market on which the Bonds are admitted to trading is stated in the Final Terms.

6.3

The Issuer may enter into an agreement on the quotation of Bonds issued under this Base Prospectus. The agreements may at any time – possibly subject to a notice period – be terminated by the parties to the agreement. The agreements may cover all or only some Bonds under this Base Prospectus. The Issuer is under no obligation to maintain market maker agreements or to enter into new agreements.

7 Additional information

7.1

Not applicable; no advisers are stated in the Securities Note to this Base Prospectus.

7.2

Only the annual reports to which the Base Prospectus refers, has been audited by the Issuer's auditors. The Base Prospectus has not been checked or audited by the Issuer's auditors.

7.3

This Base Prospectus does not contain statements or reports from experts.

7.4

This Base Prospectus does not contain information from third parties.

7.5

The Issuer is rated by S&P. S&P is established in the Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council on credit rating agencies, see Article 4(1).

At the date of the Base Prospectus, the Issuer and any Bonds issued under this Base Prospectus have been assigned the following credit ratings by (S&P):

Rating	**S&P**
Issuer rating	BBB+ (negative)
"Institute in general"	A (negative)

The CB's issued from Capital Centre A has not been rated on the date of this Prospectus, but the bonds are expected to be assigned a rating.

S&P has determined a negative outlook for the Issuer's credit rating. S&P's outlook assesses the potential direction of Issuer's long-term credit rating over the intermediate term, but an outlook is not necessarily a precursor of a rating change or future action by S&P. Given the negative outlook by S&P there is a risk that the Issuer's rating may be lowered in the short to medium term. The Issuer points out that S&P may change its rating and that the Issuer may decide not to have the issued Bonds covered by a rating. The Issuer may also decide to terminate its credit rating cooperation with the rating agency or choose other rating agencies. The rating of the Bonds will be stated in the Final Terms for the specific Bonds.

Annex XXX

For numbering, see Annex XXX of Commission Regulation (EC) No. 862/2012.

1 Information to be provided regarding consent by the Issuer or person responsible for drawing up the prospectus

1.1

The Issuer has explicitly consented to the use of this Base Prospectus by financial intermediaries for subsequent resale or final placement of the Bonds, provided that the financial intermediary has, in advance, obtained the Issuer's consent and published this consent on such financial intermediary's website together with information about the terms and conditions pertaining to the consent to use this Base Prospectus. The Issuer accepts liability for the contents of this Base Prospectus.

1.2

A consent may be in force as long as this Base Prospectus is valid unless the Base Prospectus has previously been withdrawn, cancelled or replaced.

1.3

The opening date and opening period (offer period) of the Bonds are set out in the Final Terms.

1.4

This Base Prospectus is valid in Denmark and may be used by financial intermediaries in their countries. However, the permission for such use may be subject to intermediation restrictions, which the financial intermediaries must publish on their websites.

1.5

Any terms and conditions pertaining to the consent to financial intermediaries will be stated in the Clause entitled "General Terms" of the Final Terms for the specific issuance.

1.6

If a financial intermediary uses the Base Prospectus to offer Bonds, the financial intermediary must inform investors of the terms and conditions for the offering at the time of the offering.

9 Additional information to be provided where a consent is given to one or more specified financial intermediaries

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

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 the Issuer's website: www.skibskredit.dk/investor-relations/.

10 Appendices

11 Appendix 1: List of documents incorporated by reference in this Base Prospectus

Danmarks Skibskredit A/S – annual report 2017

Item 3.1 of the Registration Document refers, for selected financial information, to the Items entitled "Key figures", "Activities during the year" and "Income statement and balance sheet" in the above annual report.

Item 13.1 of the Registration Document refers, for selected financial information, to the Items entitled "Key figures", "Activities during the year" and "Income statement and balance sheet", "Statement by the Executive Board and the Board of Directors", "Independent auditor's report" and the financial review.

Danmarks Skibskredit A/S – annual report 2018

Item 3.1 of the Registration Document refers, for selected financial information, to the Items entitled "Key figures", "Activities during the year" and "Income statement and balance sheet" in the above annual report.

Item 10.1 of the Registration Document refers to the Item "Management and directorships" in the above annual report.

Item 13.1 of the Registration Document refers, for selected financial information, to the Items entitled "Key figures", "Activities during the year", "Income statement and balance sheet", "Statement by the Executive Board and the Board of Directors", "Independent auditor's report" and the financial review.

Item 13.3.1 of the Registration Document refers to the Item entitled "Independent auditor's report" in the above annual report for information on the audit of historical financial information.

Item 13.3.3 of the Registration Document refers to the above-mentioned annual report in its entirety.

All documents referred to in the Appendix are available on the Issuer's website www.skibskredit.dk.

12 Appendix 2: Terms & Conditions

1. Introduction

(a) The following are the terms and conditions (the "**Terms and Conditions**") of the Bonds issued under the base prospectus dated 25 February 2019 (the "**Base Prospectus**"). Unless otherwise defined, capitalised terms in these Terms and Conditions shall have the same meaning as given to such terms in the Base Prospectus. Any reference to a provision of law is a reference to that provision as amended or re-enacted from time to time.

(b) The Terms and Conditions will be incorporated by reference into the applicable Final Terms, and together they complete the terms and conditions of the Bonds. References to the "**applicable Final Terms**" are, unless otherwise stated, to the Final Terms (or the relevant provisions thereof) applicable to the relevant Tranche.

(c) In the event of inconsistency between the Terms and Conditions and other parts of the Base Prospectus, the Terms and Conditions will prevail. In the event of inconsistency between the Terms and Conditions and the applicable Final Terms, the applicable Final Terms will prevail.

(d) All information set out in these terms and conditions also applies to the Final Terms, unless otherwise stated in the applicable Final Terms. A reservation is made for minor differences, which sometimes occur between the wording of the Final Terms and that of these terms and conditions, whereas material changes or additional information will be incorporated by way of a new base prospectus or a supplement to the Base Prospectus.

2. Form, title, denomination and currency

2.1 Form of the Bonds

(a) The Bonds are issued in book-entry form dematerialized form settled through the Danish central securities depository or another central securities depository with which the Bonds are registered and registered in the name of the holder with no physical securities being issued.

(b) Danmarks Skibskredit has entered into an agreement with VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, CVR no 21 59 93 36 ("**VP**") concerning VP services on 4 October 2017. Within the framework of this agreement, Danmarks Skibskredit may in its own data systems record bonds electronically in dematerialised form which are approved by VP before they are recorded.

2.2 Title to the Bonds

(a) The title to the Bonds exclusively appears from the entry in the records of VP or another central securities depository with which the Bonds are registered as the case may be. Accordingly, title to the Bonds can only be transferred by recording of the transfer with VP or another central securities depository with which the Bonds are registered as the case may be in accordance with the rules and procedures for the time being of these securities depositaries.

(b) All payments under the Bonds will be made to the account appearing from the records on the Date of Recording (as defined below) with VP or another central securities depository with which the Bonds are registered. In the event that the Issuer's payment to the clearing centre is not passed on to Bondholders – irrespective of the reason – the Issuer is not legally obliged to make a payment again.

(c) Bonds and interest coupons cannot be separated.

2.3 Denomination and Currency

The Bonds are in the denomination and the currency specified in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms the Bonds are denominated in DKK.

2.4 Access to information on the Bondholders

If stated in the Final Terms under "Access to information on Bondholders", the securities depositary shall be entitled to disclose certain information regarding the Bondholders to Danmarks Skibskredit for the purpose of Danmarks Skibskredit performance of its obligations under the Bonds in accordance with Section 36(3) of the Danish executive order on electronical recording etc. of securities in dematerialised form with a securities depositary (in Danish: bekendtgoerelse nr. 819 af 26 juni 2013 om registrering m.v. af fondsaktiver i en vaerdipapircentral).

3. Definitions

In these terms and conditions the following terms and expressions have the meanings set forth below

"**Banking Day**" means either:

(a) a day on which both Danish payment systems and Danish banks located in Denmark are open for business ("**Danish Banking Day**");

(b) a day on which the TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) payment system is open for payments in EUR (a "**TARGET Banking Day**"); or

(c) such other days as is set out in the Final Terms.

"**Calculation Agent**" means the Issuer or such agent as may be stated in the applicable Final Terms.

"**Closing Date**" means the last day on which Bonds may be issued in the relevant Series as set out in the Final Terms.

"**Date of Recording**" means the day immediately prior to the Payment Date when the relevant securities depositary is open for recording in the relevant currency.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest:

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

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

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

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

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

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(c) if "Actual/360 is specified in the applicable Final Terms the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date in the payment period divided by 360; and

(a) any other day count fraction set out in the Final Terms

"**Determination Date**" is set out in the Final Terms.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**DKK**” means Danish kroner, the lawful currency in Denmark at the time of the approval of the Base Prospectus.

“**EUR**” means euro, the single European currency of the participating member states.

“**Fixed Rate Bond**” means a Bond on which interest is calculated at a fixed rate payable in arrear on one or more Payment Dates in each year as indicated in the applicable Final Terms;

“**Floating Rate Bond**” means a Bond on which interest is calculated at a floating rate, payable in arrear on one or more Payment Dates in each year as indicated in the applicable Final Terms;

“**Interest Commencement Date**” means the date specified in the applicable Final Terms from and including which the Bonds bear interest, which may or may not be the Issue Date.

“**Interest Coupon**” means:

(d) with respect to Fixed Rate Bonds rate of interest on the Bonds expressed as a percentage rate pr. Annum as set out in the applicable Final Terms; and

(e) with respect to Floating Rate Bonds the aggregate of the Reference Rate and the Interest Rate Spread, each as set out in the applicable Final Terms.

“**Interest Rate Spread**” means the percentage per annum set out in the Final Terms. The Interest Rate Spread may be positive, negative or zero.

“**Maturity Date**” means the day after the last day of the last Payment Period on which the relevant Bonds mature for redemption as set out in the Final Terms.

“**Payment Dates**” means days on which the principal and/or the accrued interest for the preceding Payment Period fall(s) due for payment (together with redeemed amounts), as set out in the Final Terms.

“**Payment Period**” is defined by the first and the last day of such period as set out in the Final Terms.

“**Place of Listing**” means the Regulated Market on which the Bonds are expected to be admitted to trading as set out in the Final terms.

“**Place of Recording**” means the securities depositary where the Bonds are recorded electronically in dematerialised form as set out in the Final Terms.

“**Principal**” means the originally nominal amount of a Bond or the principal amount outstanding for the time being of that Bond.

“**Redemption Schedule**” the method or timetable for redemption of the Bonds set out in the Final Terms, if elected.

"**Reference Rate**" means:

(a) the 1-, 3-, 6- or 12-month Copenhagen Interbank Offered Rate quoted daily by Nasdaq Copenhagen A/S ("**CIBOR**");

(b) the 1-, 3-, 6- or 12-month Copenhagen Interbank Tomorrow/Next Average swap rate quoted daily by Nasdaq Copenhagen A/S ("**CITA**"); or

(c) the 1-, 3-, 6- or 12-month Euro Interbank Offered Rate quoted daily by the European Banking Federation (FBE) and the Financial Markets Association (ACI) — with Reuters as the current calculation agent ("**EURIBOR**").

If Nasdaq Copenhagen A/S (or any other stock exchange replacing it) cease quoting the relevant CIBOR and/or CITA rate, or should Danmarks Skibskredit deem that the relevant CIBOR or CITA rate (as the case may be) no longer reflects the Danish reference rate market, Danmarks Skibskredit may determine the bond interest rate on the basis of another, market-consistent reference rate.

If Reuters (or the calculation agent that may succeed Reuters) ceases quoting the relevant EURIBOR rate or if the relevant EURIBOR rate, in Danmarks Skibskredit's opinion, no longer reflects the European money market, Danmarks Skibskredit may calculate the bond interest rate on the basis of market-consistent 1-, 3-, 6- or 12-month money market rates.

Danmarks Skibskredit may also determine the bond interest rate on the basis of another, market-consistent reference rate, should one or more public authorities significantly dispute the use of the agreed Reference Rate as reference rate, or should the financial sector enter into an agreement with a public authority about the use of a reference rate other than the agreed Reference Rate.

Other reference rates may be agreed upon, in which case they will be defined and specified in the Final Terms.

"**Regulated Market**" means a market pursuant to article 4(1)(21) of Directive 2014/65/EU of the European Parliament and of the Council dated 15 May 2014 on markets for financial instruments.

"**Relevant Date**" means the date on which such payment first becomes due.

"Sub-Unit" means, with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

"**Tax Jurisdiction**" means Denmark or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by Danmarks Skibskredit).

"**VP**" means the Securities Depositary VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark, CVR no: 21 59 93 36.

"**Zero Coupon Bond**" means a Bond on which no interest is payable.

4. Status of the Bonds

4.1 CBs and SMBs

(a) The CBs and SMBs constitute unconditional and unsubordinated obligations of the Issuer. The CBs and the SMBs are covered bonds, pursuant to the Act's Section 2d and 2a respectively and are issued through the Capital Centre, including the Institute in general, in accordance with, and subject to, the Legislation. The Issuer may, at any time and without notice, separate and transfer CBs and SMBs as well as any attached financial instruments to another capital centre.

(b) In the event of bankruptcy of the Issuer, holders of CBs and SMBs and certain counterparties to Derivative Contracts with preferential treatment will have a preferential right (after deduction of expenses relating to the bankruptcy estate and similar expenses) to all the assets in the capital centre through which the CBs and SMBs are issued. If the capital centres do not have sufficient assets to satisfy the claims of the holders of CBs and SMBs, the residual claims of the holders of CBs and SMBs will rank pari passu with residual claims of the holders of SMBs and Derivative Contracts with preferential treatment in the Institute in general and prior to the Issuer's unsecured creditors (pursuant to Section 97 of the Danish Bankruptcy Act), but subsequent to other preferential creditors pursuant to Sections 94 – 96 of the Danish Bankruptcy Act.

(c) SMBs can be issued by a Capital Center, the Institute in General or any new capital centers established by Danmarks Skibskredit. CBs can be issued by a Capital Center or any new capital centers established by Danmarks Skibskredit. Any new Capital Center may become subject to this Base Prospectus through the issuance of a supplement to this Base Prospectus.

4.2 Senior Secured Bonds

(a) The Senior Secured Bonds constitute unconditional obligations of the Issuer. The Senior Secured Bonds are secured claims against the Capital Center pursuant Section 2j of the Act and are issued through the Capital Centre in accordance with, and subject to, the Legislation.

(b) In case of the Issuer's bankruptcy, the Senior Secured Bonds provide their holders with a secondary preferential right for payment against the Issuer in respect of all assets in the capital centre through which they are issued. In addition, any residual claim against the Institute in general will be treated as an unsecured claim in respect of the assets of the Institute in general which will be available for distribution in case of bankruptcy in accordance with Section 97 of the Danish Bankruptcy Act.

(c) Senior Secured Bonds can be issued by Capital Center, the Institute in General or any new capital centers established by Danmarks Skibskredit.

4.3 Senior Unsecured Debt

(a) In case of the Issuer's bankruptcy, claims from the holders of Senior Unsecured Debt against the Issuer may only be satisfied by the assets available for distribution of the Institute in general after any claims mandatorily preferred by law.

(b) Senior Unsecured Debt can be issued by the Institute in General.

5. Interest

The applicable Final Terms will indicate whether the Bonds are Fixed Rate Bonds, Floating Rate Bonds or Zero Coupon Bonds, and, if relevant, the conditions for switching the interest basis of the Bonds and/or any applicable derivative components in the interest basis of the Bonds.

5.1 Fixed Rate Bonds

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

(b) Interest shall be calculated in respect of any period by applying the Interest Coupon to aggregate outstanding nominal amount of the relevant Fixed Rate Bonds and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant specified currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

5.2 Floating Rate Bonds

Each Floating Rate Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on the Payment Date(s) in each year specified in the applicable Final Terms. Such interest will be payable in respect of each Payment Period.

(a) *Minimum Interest Coupon and/or Maximum Interest Coupon*: If the applicable Final Terms specifies a "Minimum Interest Coupon" for any Payment Period, then, in the event that the Interest Coupon in respect of such Payment Period is less than such "Minimum Interest Coupon", the Interest Coupon for such Payment Period shall be such "Minimum Interest Coupon". If the applicable Final Terms specifies a "Maximum Interest Coupon" for any Payment Period, then, in the event that the Interest Coupon in respect of such Payment Period determined in accordance with the provisions of paragraph (b) above is greater than such "Maximum Interest", the Interest Coupon for such Payment Period shall be such "Maximum Interest Coupon".

(b) *Negative Interest Coupon*: If in a Payment Period, the Interest Coupon is lower than zero, Danmarks Skibskredit will have a claim against the Bondholders equal to the absolute value of the Interest Coupon. The claim in the event of negative Interest Coupon falls due on the Payment Date of the relevant Payment Period.

(c) *Determination and calculation of the Interest Coupon*: The Interest Coupon is calculated by Danmarks Skibskredit. The Interest Coupon may be positive, negative or zero, and is rounded to four decimals. The Issuer will at or as soon as practicable after each time at which the Interest Coupon is to be determined, determine the Interest Coupon for the relevant Payment Period. Danmarks Skibskredit will calculate the amount of interest payable on the Floating Rate Bonds for the relevant Payment Period by applying the Interest Coupon to the aggregate outstanding nominal amount of the relevant Floating Rate Bonds, and, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

(d) *Fixing methods*: The Interest Coupon of Floating Rate Bonds in the same Series may be reset on the basis of one of the following fixing methods as set out in the Final Terms:

(i) *[x] last Banking Day:* An Interest Rate Spread is added to the Reference Rate quoted on the [x] last Banking Day before the beginning of a new Payment Period. The Interest Rate Spread may be negative. The Interest Coupon calculated accordingly will be the bond interest rate for the subsequent fixing period; or

(ii) Such other fixing method may be set out in the applicable Final Terms.

(e) *Notification of Interest Coupon:* The Issuer will cause the Interest Coupon for each Payment Period and the relevant Payment Date to be notified to any stock exchange on which the relevant Floating Rate Bonds are for the time being listed and notice thereof to be published in accordance with Clause 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth Danish Banking Day thereafter. Each Interest Coupon so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Payment Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Bonds are for the time being listed and to the Bondholders in accordance with Clause Clause 14 (*Notices*) as soon as possible.

(f) *Certificates to be final:* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Clause 5.2, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer and all Bondholders and (in the absence of wilful default or bad faith) no liability to the Bondholders shall attach to the Issuer or in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Each Bond (or in the case of the redemption of part only of a Bond, that part only of such Bond) will cease to bear interest (if any) from the Maturity Date or the date for its redemption if earlier than the Maturity Date.

Addition and accrual of interest may be adjusted as a result of changes in market conventions.

5.4 Interest Payments up to the Extended Maturity Date

If an Extended Maturity Date is specified in the applicable Final Terms as applying to the Bonds and the maturity of the Bonds is extended beyond the Maturity Date in accordance with Clause 6.7 (*Extension of Maturity Date*):

(a) the Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the Extended Maturity Date or, if the Bonds are redeemed prior to the Extended Maturity Date, the Payment Date on which they are redeemed, subject to Clause 5.3 (*Accrual of interest*)In that event, interest shall be payable on the Bonds at the rate determined in accordance with paragraph (B) below on the principal amount outstanding of the Bonds on each Payment Date after the Maturity Date in respect of the Payment Period ending immediately prior to the relevant Payment Date, subject as otherwise provided in the applicable Final Terms. The final Payment Date shall fall no later than the Extended Maturity Date;

(b) Interest Coupon payable from time to time under paragraph (A) above will be as specified in the applicable Final Terms and, where applicable, determined by the Issuer so specified, three Banking Days after the Maturity Date in respect of the first such Payment Period and thereafter as specified in the applicable Final Terms; and

(c) in the case of Bonds which are Zero Coupon Bonds, for the purposes of this Claus 5.4, the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with the Terms and Conditions.

6. Redemption and Purchase

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Bond will be redeemed by the Issuer on the Maturity Date or in accordance with the Redemption Schedule specified in the applicable Final Terms, subject as provided in Clause 6.7 (Extension of Maturity Date) if an "Extended Maturity Date" is specified in the applicable Final Terms.

6.2 Redemption due to negative Interest Coupon

If in a Payment Period, the Interest Coupon of a Floating Rate Bond is at any time below zero and this results in Danmarks Skibskredit having a claim against the Bondholders equal to the absolute value of the Interest Coupon in accordance with paragraph (b) of Clause 5.2 (*Floating Rate Bonds*), then the Issuer will be entitled, but not required to redeem Bonds (in whole or in part), for settlement at the "Early Redemption Amount" specified in the applicable Final Terms, equivalent to a value of negative Interest Coupon.

6.3 Redemption for tax reasons, changes in law or changes in the market condition

Bonds may be redeemed at the option of Danmarks Skibskredit in whole, but not in part, at any time (if this Bond is not a Floating Rate Bond) or on an Payment Date (if this Bond is a Floating Rate Bond), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Bonder holder and in accordance with Clause 14 (*Notices*), the Bondholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment date due under the Bonds, Danmarks Skibskredit has or will become obliged to pay additional amounts as provided or referred to in paragraph (C) of Clause 9 (Taxation) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Bonds and such obligation cannot be avoided by Danmarks Skibskredit taking reasonable measure available to it; and/or

(b) the terms of the loans financed by the Bonds are changed as a result of legislative amendments, orders issued by the authorities and/or changes in market conditions;

in each case provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which Danmarks Skibskredit would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

Bonds redeemed pursuant to this Clause 6.3 will be redeemed at their "Early Redemption Amount" specified in the applicable Final Terms with interest accrued to (but excluding) the date of redemption.

6.4 Redemption at the option of the Issuer (Issuer Call)

If "Issuer Call" is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Bondholders in accordance with Clause 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Bonds then outstanding on any "Optional Redemption Date" and at the "Optional Redemption Amount(s)" specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant "Optional Redemption Date". Any such redemption must be of a nominal amount not less than the "Minimum Redemption Amount" and not more than the "Maximum Redemption Amount", in each case as may be specified in the applicable Final Terms.

6.5 Redemption at the option of the Bondholders (Investor Put)

If "Investor Put" is specified as being applicable in the applicable Final Terms, upon the holder of any Bond giving to the Issuer in accordance with Clause 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Bond on the "Optional Redemption Date" and at the "Optional Redemption Amount" together, if appropriate, with interest accrued to (but excluding) the "Optional Redemption Date".

6.6 Cancellation

All Bonds which are redeemed will forthwith be cancelled.

6.7 Extension of Maturity Date

(a) *Automatic Extension*: If an "Extended Maturity Date" is specified in the applicable Final Terms as applying to the Bonds and the Issuer fails to redeem the Bonds in full on the Maturity Date or within three Banking Days thereafter, the maturity of the outstanding Bonds and the date on which the Bonds will be due and repayable for the purposes of the Terms and Conditions will be automatically extended up to but no later than the

“Extended Maturity Date”, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Bonds on any Payment Date falling in any month after the Maturity Date up to and including the “Extended Maturity Date” or as otherwise provided for in the applicable Final Terms. If the Maturity Date is extended in accordance with this Clause 6.7, the Issuer shall give notice to the Bondholders (in accordance with Clause 14 (*Notices*)) of its intention to redeem all or any of the principal amount outstanding of the Bonds at least five Banking Days prior to the relevant Payment Date. Any failure by the Issuer to notify the Bondholders shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Payment Date, or give rise to rights to any such person.

(b) *Zero Coupon Bonds*: In the case of Bonds which are Zero Coupon Bonds to which an “Extended Maturity Date” is specified under the applicable Final Terms, for the purposes of this Clause 6.7 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with the Terms and Conditions.

(c) *Extension Irrevocable*: Any extension of the maturity of Bonds under this Clause 6.7 shall be irrevocable. Where this Clause 6.7 applies, any failure to redeem the Bonds on the Maturity Date or any extension of the maturity of Bonds under this Clause 6.7 shall not constitute an event of default or acceleration of payment for any purpose or give any Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Bonds other than as expressly set out in the Terms and Conditions.

(d) *Payments*: In the event of the extension of the maturity of Bonds under this Clause Clause 6.7, the Interest Coupon and Payment Dates on the Bonds from (and including) the Maturity Date to (but excluding) the “Extended Maturity Date” shall be determined and made in accordance with the applicable Final Terms and Clause Clause 5.4 (*Interest Payments up to the Extended Maturity Date)*.

(e) *Partial Redemption after Maturity Date:* In the case of any partial redemption of the Bonds, the Bonds to be redeemed will be selected individually by lot, not more than four days prior to the date fixed for redemption.

(f) *Restriction on Further Issues*: If the maturity of the Bonds is extended up to the “Extended Maturity Date” in accordance with this Clause 6.7, subject as otherwise provided for in the applicable Final Terms, for so long as any of the Bonds remains outstanding, the Issuer shall not issue any further bonds under the Programme or otherwise, unless the proceeds of issue of such further bonds are applied by the Issuer on issue to redeem in whole or in part the Bonds in accordance with the terms hereof.

7. Issuer's acquisition of Bonds

Danmarks Skibskredit and any of Danmarks Skibskredit's subsidiaries may at any time purchase Bonds (or part thereof) in the open market and at any price prior to their maturity and keep such Bonds or cancel them.

8. Payments

(a) Danmarks Skibskredit pays interest and redemption amounts to the Bondholders by transferring, on the due date, the funds to (accounts with banks, payment agents, securities brokers, etc. designated by the account-holding bank to) a central securities depository and/or clearing bank.

(b) The Bondholders' payments to Danmarks Skibskredit prompted by the negative Interest Coupon will be made through set-off upon the due date of the Payment Period.

(c) The payment collection method reflects the current technical solution in the relevant securities depositary. If the relevant securities depositary materially changes its technical solution, Danmarks Skibskredit may change its payment collection method accordingly. In that case, Danmarks Skibskredit will update the Base Prospectus by issuing a supplement or a new Base Prospectus.

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

(i) the "Following Banking Day Convention", such Payment Date shall be postponed to the next day which is a Banking Day; or

(ii) the "Modified Following Banking Day Convention", such Payment Date shall be postponed to the next day which is a Banking Day unless it would thereby fall into the next calendar month, in which event such Payment Date shall be brought forward to the immediately preceding Banking Day; or

(iii) the "Preceding Banking Day Convention", such Payment Date shall be brought forward to the immediately preceding Banking Day.

(e) If the date for payment of any amount in respect of any Bond is not a Payment Date, the holder thereof shall not be entitled to payment until the next following Payment Date in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

(f) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9. Taxation

(a) Danmarks Skibskredit does not accept any liability for tax withheld or for collection of withholding tax irrespective of where the Bonds are recorded electronically in dematerialised form.

(b) If (i) “Tax Gross Up” is specified as being non-applicable in the applicable Final Terms, and (ii) Danmarks Skibskredit is obliged to withhold tax or collect withholding tax pursuant to rules introduced after the Bonds have been issued, then Danmarks Skibskredit will do so, and Danmarks Skibskredit will not be obliged to pay any additional amounts to Bondholders nor will Danmarks Skibskredit accept liability for any deduction in the amount disbursed to Bondholders.

(c) If “Tax Gross Up” is specified as being applicable in the applicable Final Terms then all payments of principal and interest in respect of the Bonds by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, Danmarks Skibskredit will pay such additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Bonds, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Bond:

(i) presented for payment in Denmark;

(ii) the holder of which is liable for such taxes in respect of such Bond by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Bond; or

(iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Date

10. Events of default

10.1 CBs, SMBs and Senior Secured Bonds

(a) Holders of CBs, SMBs and Senior Secured Bonds may not rely on the issuance of a bankruptcy order against Danmarks Skibskredit as a ground for acceleration of payments by Danmarks Skibskredit. Correspondingly, a bankruptcy order against Danmarks Skibskredit will not bar Danmarks Skibskredit's borrowers in respect of loans funded by the CBs and SMBs from prepaying their mortgage loans in full or in part in accordance with the prepayment terms of the relevant loans.

(b) The bankruptcy estate cannot meet a payment obligation prior to the pre-determined due date, thereby discharging itself from such obligation.

(c) Finally, Danmarks Skibskredit's failure to fulfil its obligation to provide supplementary security does not constitute an event of default either.

10.2 Senior Unsecured Debt

On and at any time after the occurrence of any event or circumstance set out below which is continuing the holders of Senior Unsecured Debt may by giving written notice (an “**Acceleration Notice**”) to the Issuer (at its registered offices) declare all (but not a part) of the amounts outstanding under the relevant Senior Unsecured Debt to be immediately due and payable, at which time they shall become immediately due and payable, unless the event or circumstance is capable of remedy and has been remedied prior to the Issuer receiving the Acceleration Notice:

(a) *Non-Payment:* If the Issuer does not pay on the due date any amount payable pursuant to a Senior Unsecured Debt at the place at and in the currency in which it is expressed to be payable unless payment is made within seven banking days of the relevant Bondholders have given the Issuer written notice (at its registered offices) of the non-payment; or

(b) *Breach of other obligations:* If the Issuer does not fulfil its other obligations in relation to the Senior Unsecured Debt unless payment is made within thirty banking days of the relevant Bondholders have given the Issuer written notice (at its registered offices) of the non-payment; or

(c) *Credit process:* If any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects the Issuer's asset and is not discharged within sixty days.

(d) *Insolvency proceedings*: Any corporate action, legal proceedings or other procedure or step is taken in relation to the suspension of paymentsreconstruction, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer.

11. Prescription

Claims for payment under the Bonds become time-barred pursuant to the Danish Act on Limitations (in Danish: *lov nr. 522 af 6 juni 2017 om foraeldelse af fordringer (foraeldelsesloven)*). Claims for principal payments become statute-barred after 10 years, and claims for interest payments become statute-barred after 3 years from the date on which the creditor's claim for payment crystallised pursuant to section 2 of the Danish Act on Limitations.

12. Additional issues

(a) The Issuer shall be at liberty from time to time without the consent of the Bondholders to create and issue further Bonds having terms and conditions the same as the Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Bonds.

(b) If a Closing Date has been elected in the applicable Final Terms Danmarks Skibskredit is entitled to close a Series for further Bond issuance at any date before the stated Closing Date.

13. Conflicts of interest

With respect to the Bonds, the stakeholders are the borrowers in respect of loans funded by the CBs and SMBs, the Bondholders, Danmarks Skibskredit and public authorities.

Danmarks Skibskredit is not aware of any interests and/or conflicts of interest of importance to the offering of the Bonds. Any interests and/or conflicts of interest which are of significant importance to Danmarks Skibskredit in connection with bond issuance, including a specification of the persons involved and the nature of the interest, will be described in the Final Terms.

14. Notices

All notices regarding the Bonds will be deemed to be validly given, if such notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

15. Representation of Bondholders

The terms applying to Bonds issued under this Base Prospectus do not contain any provisions on representation of the Bondholders.

16. Governing law and venue

16.1 Governing law

The Bonds (and any non-contractual obligations arising out of or in connection with the Bonds) are governed by, and shall be construed in accordance with, Danish law.

16.2 Submission to jurisdiction

(a) The Danish courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Bonds, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Bonds (a "**Dispute**") and all Disputes will be submitted to the exclusive jurisdiction of the Danish courts.

(b) For the purposes of this Clause 16.2, each of the Issuer and any Bondholders taking proceedings in relation to any Dispute waives any objection to the Danish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

17. Danmarks Skibskredit's liability for damages

(a) Danmarks Skibskredit will be liable for damages resulting from any delay or default in performing its obligations if such delay or default is due to error or negligence.

(b) Even in areas where stricter statutory liability applies, Danmarks Skibskredit is not liable for losses due to

(i) Interruption/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below regardless of whether Danmarks Skibskredit or an external supplier is responsible for the operation of the systems;

(ii) failures in Danmarks Skibskredit's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrection, civil unrest, sabotage, terrorism or vandalism (including computer viruses and hacking);

(iii) strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by Danmarks Skibskredit or its organisation and regardless of the reason for the conflict.

(iv) This shall also apply where the conflict only affects part of Danmarks Skibskredit or its organisation; and

(v) other circumstances beyond Danmarks Skibskredit's control.

(c) Danmarks Skibskredit's exemption from liability does not apply if

(i) Danmarks Skibskredit should have anticipated the circumstance causing the loss when the agreement or contract was concluded or should have avoided or overcome the cause of the loss; or

(ii) Danmarks Skibskredit is liable for the circumstance causing the loss pursuant to Danish law.

13 Appendix 3: Form of Final Terms

Final Terms of [•] for certain Bonds issued by Danmarks Skibskredit A/S

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** –The Bonds are not intended from 1 January 2018 to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][*Include unless the Final Terms specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable"*]

[*Date*]

Danmarks Skibskredit A/S

Issue of [Aggregate Nominal Amount of Tranche] [Title of Bonds]
under the Bond Programme

The Final Terms only apply to the specific issuance(s) of [SMBs/CBs/•] the ("**Bonds**") described in the Final Terms.

Terms used herein shall be deemed to be defined as set forth in the Base Prospectus dated [●] 2017 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. When used in these Final Terms, "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the EEA.

This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and together with the Terms and Conditions included in Appendix 2 to the Base Prospectus (as supplemented or amended from time to time) completes the terms and conditions for the Bonds, therefore it must be read in conjunction with the Terms and Conditions included in Appendix 2 to the Base Prospectus (as supplemented or amended from time to time). Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at [ ] and copies may be obtained from the registered office of the Issuer.

Series/Capital Centre	[Capital Centre A/Institute in General]
Bond type	[SMBs/CBs/ Senior Secured Bonds/Senior Unsecured Debt/•]
Tranche No.	[•]
Date on which the Bonds will be consolidated and form a single Serie:	The Bonds will be consolidated and form a single Series with [ ] on [the Issue Date]
ISIN	[•]
Trading	**[**Nasdaq Copenhagen A/S] [Other] [The bonds are not intended for trading and official listing]
First day of listing	[•]
Currency	[DKK/EUR/•]
Denomination	[•]
Issue Price	[ ] per cent. of the Principal [plus accrued interest from [ ]]
Issue Date	[•]
Number of interest payment dates per year	[•]
Principal	[•]
Number of outstanding Bonds	[•]
Interest Basis	[Fixed Rate Bonds][Floating Rate Bonds] [Zero Coupon Bonds]. [if applicable, description of the conditions to switch between fixed, zero and floating rates until maturity and if relevant, the derivative components with respect to the interest payment applicable to the whole

	or part of the time the Bonds are outstanding, and/or for all or parts of the Bonds issued].
Interest Coupon	[[ ] per cent. pr. Annum Fixed Rate] [Reference Rate + Interest Rate Spread per cent. Floating Rate] [Zero Coupon]
Reference rate	[Not applicable][month [[currency] EURIBOR/CIBOR/CITA] [•][[currency] EURIBOR/CIBOR/CITA] is provided by [legal name of benchmark administrator] (the "**Administrator**"). On the date of these Final Bond Terms, the Administrator is [not] included in the ESMA's register of administrators and benchmarks established and maintained by the European Securities and Markets Authority in accordance with Article 36 of Regulation (EU) 2016/1011 (the "Benchmarks Regulation"). [As far as the Issuer is aware, the transitional provisions of Article 51 of the Benchmarks Regulation apply, and the Administrator is not currently required to obtain authorisation or registration.]
Interest Rate Spread(s)	[Not applicable][•]
[Derivative Components]	[Not applicable][•]
Minimum Interest Coupon	[Not applicable][•]
Maximum Interest Coupon	[Not applicable][•]
Fixing methods	[Not Applicable][[x] last Banking Day][•]
Day Count Fraction	[30/360] [Actual/Actual (ICMA)][Actual/360][•]
Determination Date	[•]
Interest Commencement Date	[•]
Banking Day	[Danish Banking Day] [TARGET Banking Day] [•]
Banking Day Convention	[Following Banking Day Convention]/[Modified Following Banking Day Convention]/[Preceding Banking Day Convention]/[Not Applicable]
First bond yield	The first interest rate is [•]%. The first interest period runs from and including [•] to [•].

Effective interest rate	The effective interest rate cannot be provided as the Bonds are issued on tap, and the effective interest rate depends on the price and transaction date.
Interest rate floor/cap	[Insert description].
Price at redemption due to negative interest	[Not applicable] [100] [Market price] [other description]
Amortisation	The Bond is a [bullet loan/ annuity loan/ serial loan/ or other amortisation]. The Issuer may make an extraordinary redemption prior to the maturity date if the interest becomes negative in the payment period.
Extended Maturity	[Applicable] [Not applicable] [Description of the conditions for such maturity extension]
Extended Maturity Date	[•]
Redemption/ Payment Basis	Subject to any purchase and cancellation or early redemption, the Bonds will be redeemed on the Maturity Date at 100 per cent of their nominal amount.
Payment	If the date of interest accrual or redemption of the principal amount is not a banking day in Denmark, payment will be deferred to the next succeeding banking day. Bondholders will have no claim for interest or other amounts on account of such deferred payment. A banking day means a day on which banks in [country] are generally open for business.
Payment Dates	[•]
Payment Period	[•]
Redemption dates	[Not applicable] [The first redemption date is on [•]. Subsequent redemption may take place annually on each payment date [•]].
Termination	[Not applicable] [The Bonds are convertible and may be terminated for expiry on a payment date in the event of the borrower's extraordinary redemption.] [The Bonds are non-terminable by the creditor.]
Opening date	[•]
Closing date	[•]

Maturity date	[•]
Value date	[In general, when the Bonds are traded, the value date is two banking days, but exceptions may be made.]
Calculation agent	[Issuer] [•]
Restrictions on the individual investor's right to subscribe for the Bonds:	[•]
Place of Recording	VP Securities A/S Weidekampsgade 14 P.O. Box 4040 2300 Copenhagen S Denmark [other central securities depository]
Names and addresses of the financial intermediaries	[•]
Access to information on Bondholders	[Yes][No]
Rating	[Yes] [No][the bond being issued [is expected/not expected to be] rated by []
Rating trigger	[Yes/No]
Sales trigger	[Yes/No]
Early Redemption Amount	[Not applicable][•]
Issuer Call	[Applicable][Not applicable] Optional Redemption Date(s): [•] Optional Redemption Amount: [•] If redeemable in part Minimum Redemption Amount: [•] Maximum Redemption Amount: [•]

Investor Put	[Applicable][Not Applicable] Optional Redemption Date(s): [•] Optional Redemption Amount: [•]
Notice periods	Minimum period: [•] days Maximum period: [•] days
Redemption Schedule	[Not Applicable][•]
Tax Gross Up	[Applicable][Not Applicable]
Terms and conditions	Together with ”Terms and Conditions”, included as Appendix 2 to the “Base Prospectus for Danmarks Skibskredit A/S Bond Programme”, including the related supplements or appendices, these Final Terms constitute the terms and conditions for the issued Bonds
General terms	[ ]
Conflicts of interest	[Yes/No] [Insert description].
Statement	The Issuer hereby states: a) that the Final Terms have been prepared in accordance with Art. 5(4) of Directive 2003/71/EC and must be read in the context of this Base Prospectus including any supplements b) that the Base Prospectus including any supplements has been made available electronically on the Issuer’s website www.skibskredit.dk c) that the Base Prospectus and any supplements and the Final Terms must be read in order to obtain all information d) that the summary of the specific issue is attached as an appendix to the Final Terms.
Prohibition of sales to EEA Retail Investors	[Not Applicable][•]

Bonds with [fixed/floating] rate:

ISIN	Name	Opening date	Maturity date

These Final Terms are signed on behalf of the Issuer’s management by special authorisation given by the Issuer’s Board of Directors.

For additional information, reference is made to this base prospectus (including any supplements) in force from time to time for bonds issued by Danmarks Skibskredit A/S.

Erik I. Lassen (Chief Executive Officer)	Lars Jebjerg (Chief Financial Officer)

Michael Frisch
(Chief Commercial Officer)

Appendix A to "Final Terms": Summary of the relevant issue – including information on the Final Terms – is appended to the Final Terms

14 Appendix 4: Subscription and Sale

The Issuer has not, as at the date of this Base Prospectus, entered into any Programme dealer or underwriting agreement with any third party in relation to potential contractual arrangements for offering and/or placing Bonds, but the Issuer may, from time to time, enter into such agreements or arrangements with any Dealer in respect of any Tranche of Bonds.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it will not offer, sell or deliver such Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issuance of Bonds on a syndicated basis, the relevant lead manager, of all Bonds of the Tranche of which such Bonds are part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer will be also be deemed to agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to agree) that it will send to each Dealer to which it sells any Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

From 1 January 2018, unless the Final Terms in respect of any Bonds specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Bonds specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

(i) if the applicable Final Terms specify that an offer of those Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the applicable Final Terms, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150 natural or legal persons, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Bonds referred to in (ii) to (iv) above require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

UNITED KINGDOM

Each Dealer in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that:

(i) in relation to any Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issuance of the Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

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

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended; the "**FIEA**") and each Dealer in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it will not offer or sell any Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Article 6, Paragraph 1, Item 5, of the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

DENMARK

Each Dealer will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any of the Bonds directly or indirectly in the Kingdom of Denmark by way of public offering unless in compliance with the Danish Capital Market Act, Consolidation Act no. 12 of 1 August 2018 as amended and executive orders issued thereunder and in compliance with Executive Order no. 623 of 24 April 2015 issued pursuant to the FBA to the extent applicable.

GENERAL

Each Dealer in relation to an issuance of Bonds will be deemed to represent and agree (and, if a subscription agreement will be entered into in relation to an issuance of Bonds, will be required to represent and agree) that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of such Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and neither the Issuer nor, if applicable, any other Dealers in relation to such issuance of Bonds have any responsibility therefor.

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

15 Appendix 5: Definitions

In this Base Prospectus, the following terms and expressions have the meanings set forth below:

"**Base Prospectus**"	This base prospectus dated 25 February 2019.
"**BCBS**"	The Basel Committee on Banking Supervision.
"**Board of Directors**"	The management body in charge of the overall and strategic management of the Issuer.
"**Bonds**"	The CBs, SMBs, Senior Secured Bonds and Senior Debt issued (or to be issued) by the Issuer under this Base Prospectus and pursuant to the Programme.
"**Bondholder**"	The investors owning the Bonds.
"**Capital Centres**"	A capital centre consists of a series of bonds or a group of series of bonds with a joint series reserve fund (cover pool) and joint liability. A series is defined as means a tranche of bonds, together with any further tranche or tranches of bonds, which are (a) expressed to be consolidated and form a single series and (b) identical in all respects, including as to listing and ISIN, except for their respective issue dates, interest commencement dates and/or issue prices.
"**CBs**"	Covered bonds (means debt instruments secured by a cover pool of mortgage loans to which investors have a preferential claim in the event of default) (in Danish: *saerligt daekkede obligationer*).
"**CET1**"	Common Equity Tier 1 capital.
"Company"	The Issuer
"**Cross-Currency Swaps**"	A cross-currency swap is an over-the-counter derivative in a form of an agreement between two parties to exchange interest payments and principal on loans denominated in two different currencies.
"Danish Stock Exchange"	The Copenhagen Stock Exchange or CSE (Danish: Koebenhavns Fondsboers), since 2014 officially called Nasdaq Copenhagen, is an international marketplace for Danish securities, including shares, bonds, treasury bills and notes, and financial futures and options.

“**Dealer**”	Any dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Securities.
“**DFSA**”	The Danish Financial Supervisory Authority.
“**DKK**”	Danish kroner.
“ECAI”	External Credit Assessment Institutions
“**EBA**”	The European Banking Authority.
“**ESRB**”	The European Systemic Risk Board.
“**Executive Order**”	Executive Order no. 79 of 27 January 2015 on a ship finance institute, as amended.
“Exempt bonds”	Bonds for which no prospectus is required to be published under the Prospectus Directive.
“**EUR**”	Euro, being the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.
“**Final Terms**”	The terms which, together with this Base Prospectus and information incorporated by reference, will apply to a Tranche of Bonds.
“**Institute in general**”	The Issuer, excluding any capital centres established by the Issuer. The Institute in general is considered a capital centre. (in Danish: *Instituttet i oevrigt*).
“**ISIN**”	International Securities Identification Number.
“NSFR”	The net stable funding ratio.
“Programme”	Issue of covered bonds, ship mortgage bonds, senior secured bonds and senior unsecured debt under this Base Prospectus dated 25 February 2019.
“RO”	Ship mortgage bonds to which investors have a preferential claim in the event of default. (in Danish: skibskreditobligationer).
“SDO”	Covered bonds (means debt instruments secured by a cover pool of mortgage loans to which investors have a

	preferential claim in the event of default) (in Danish: *saerligt daekkede obligationer*).
"**SMBs**"	Ship mortgage bonds to which investors have a preferential claim in the event of default.
"**Senior Secured Bonds**"	Bonds with a secondary claim on the assets in the cover pool issued for the purpose of providing supplementary security or increasing overcollateralisation in capital centres
"**Senior Unsecured Debt**"	Unsecured and unsubordinated claims against the Issuer.
"**Issuer**"	Danmarks Skibskredit A/S (Danish Ship Finance A/S).
"LCR"	The liquidity Coverage Ratio
"Legislation"	See Appendix 6 in this Base Prospectus
"**LTV**"	Loan-To-Value.
"**Series**"	Bonds will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Securities of each Series will all be subject to identical terms, except that the issue date and the issue price thereof may be different in respect of different Tranches.
"Terms and Conditions"	The terms and conditions of the Bonds included in Appendix 2 to the Base Prospectus (as supplemented or amended from time to time)
"Tier 1 Capital"	Tier 1 capital, used to describe the capital adequacy of a institute, is core capital, which includes equity and disclosed reserves.
"**Tranche**"	Bonds which are identical in all respects (including as to listing and trading admission).
"**USD**"	American dollars.

16 Appendix 6: Legislation

List of legislation referred to in the Base Prospectus:

- The "Executive Order" means Executive Order no. 79 of 27 January 2015 on a ship finance institute.
- The "Executive Order on Bond Issuance" and "Obligationsbekendtgørelsen" means Executive Order no. 1425 of 16 December 2014 on bond issuance, the balance principle and risk management.
- The "Executive Order on the Valuation and LTV Requirements of Mortgage Credit Institutions" means Executive Order no. 416 of 27 April 2017 on the valuation and LTV requirements of mortgage credit institutions.
- The "Danish Executive Order on audit committees in enterprises and consolidated enterprises" means Executive Order no. 1912 of 22 December 2015 on the execution of the audit in financial undertakings and financial groups and the consolidated act no. 1287 of 20 November 2018 governing auditors and audits "Revisorloven".
- The "BRRD" means Directive 2014/59/EC of 15 May 2014 of the European Parliament and of the Council.
- The "Danish Limitation Act" means Consolidated Act no. 1238 of 9 November 2015 on the statutory limitation of claims.
- The "Capital Requirements Directives (CRD)" means Directive 2013/36/EU of 26 June 2013 of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC consolidated on 9 July 2018.
- The "Capital Requirements Regulation (CRR)" means Regulation (EU) no. 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012 consolidated on 1 January 2018.
- The "Danish Bankruptcy Act" means Consolidated Act no. 11 of 6 January 2014.
- The "Danish Capital Gains Act" means Consolidated Act no. 1283 on the tax treatment of gains and losses on claims, debts and financial contracts of 25 October 2016.
- The "Act" means Consolidated Act no. 1780 of 12 December 2018 on a ship finance institute.
- The "Danish Financial Business Act" means Consolidated Act no. 1140 of 26 September 2017 on financial business.
- "MiFID II" means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
- "MiFIR" means Regulation (EU) No. 600/2014 of the European Parliament and of the Council on markets in financial instruments.
- The "Prospective Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/24/EC.
- The "Prospectus Regulation" means Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation of information by reference and publication of such prospectuses and dissemination of advertisements last consolidated on 28 August 2013.
- The "Valuation Order" means Order no. 288 of 27 March 2014 on the valuation of mortgages and loans in ships as security for the issuance of covered bonds.

- The "Danish Capital Market Act" means Consolidated Act no. 12 of 01 August 2018 governing Capital Markets.
- The "Danish Companies Act" means Consolidated Act no. 1089 of 14 September 2015 on limited liability companies.
- The "Executive Order on Investor Protection in connection with Securities Trading" means the Executive Order no. 1580 of 17 December 2018 on investor protection in connection with securities trading.
- The "Securities Act" means the US Securities Act of 1933.
- The "Benchmarks regulation" means the Regulation (EU) No. 2016/1011 of 8 June 2016

Reference to the above legislation includes all subsequent amendments.

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