

## **Changes to the corporate structure of Danske Bank**

Danske Bank Plc will be merged to its Danish parent company Danske Bank A/S.

*The company to be merged:*

Danske Bank Plc  
Business ID: 1730744-7  
Address: Hiililaiturinkuja 2, Helsinki, 00075 DANSKE BANK

*The receiving company:*

Danske Bank A/S  
Company register number: 61126228  
Address: 2-12 Holmens Kanal, DK-1092 Copenhagen, Denmark

### **Merger announcement**

The Boards of Directors of Danske Bank A/S and Danske Bank Plc have for their part signed a merger plan on 23 June 2017 and 26 June 2017, respectively, according to which Danske Bank Plc will be merged with its parent company. The merger plan was registered in the Trade Register maintained by the Finnish Patent and Registration Office on 26 June, 2017 and in the Danish Register of Companies on 30 June, 2017.

The intention is to register implementation of the merger towards the end of 2017. Following the merger, the assets and liabilities of Danske Bank Plc will be transferred to the parent company. Once the merger has been registered, the services provided earlier by Danske Bank Plc will be provided by the Danske Bank A/S, Helsinki branch (Business ID 1078693-2), which is to be re-named Danske Bank A/S, Finland branch in connection with the merger.

### **Report regarding deposit guarantees and investor protection**

Legislation requires Danske Bank Plc to inform the depositors and investment service customers of the merger and produce this report regarding deposit guarantee and investor protection. The report explains the arrangements regarding the deposit guarantee and investor protection before the merger and after it, and presents any differences in the scope of Finnish and Danish compensation cover.

#### **Report regarding deposit guarantees**

##### ***Deposit guarantee before the merger***

The deposits of Danske Bank Plc's depositors are guaranteed under Finnish law until the merger. The Deposit Guarantee Fund is administered by the Financial Stability Authority.

The Finnish deposit guarantee scheme covers private persons, companies, foundations and associations, as well as other legal persons except public authorities (the State and its institutions, municipalities), credit institutions, investment firms, fund management companies, alternative investment fund managers, financial institutions, insurance companies, insurance associations, pension foundations and insurance funds.

If the bank faces permanent solvency problems or other financial problems, the Financial Stability Authority will determine the compensation using the assets of the Deposit Guarantee Fund for the assets and interest accumulated for them which are covered by the scheme and deposited in one or

more bank accounts (as well as any receivables of the depositor which are not yet recorded in the account but are in the process of being forwarded to it). The maximum amount of compensation per depositor and bank is EUR 100,000.

In deviation from the above, the compensation may exceed EUR 100,000 in the following situation:

- A claim will be paid in full if the depositor can reliably verify that the claim is based on assets which the depositor has received from the sale of a residence in his own use and that the assets are intended to be used to acquire a new residence for the depositor's own use. This special protection of assets obtained from the sale of a residence is valid for six months after the assets have been deposited.

If compensation is payable, it will be paid as follows:

The maximum time for paying the compensation is:

20 working days up to 31 December 2018,

15 working days up to 31 December 2019,

7 working days from to 1 January 2020.

In deviation from the above, the maximum time for paying compensation will be 12 working days up to 31 December 2019, if the amount of compensation does not exceed EUR 1,000 and if the depositors claim its payment and present sufficient justification related to their personal finances.

In limited individual cases referred to in law, the Financial Stability Authority may extend all the above time limits by up to three months.

Further information on the Finnish deposit guarantee scheme is available in Finnish, Swedish and English at: <http://www.rahoitusvakausvirasto.fi>.

### ***Deposit guarantee after the merger***

When the merger of Danske Bank Plc to Danske Bank A/S has been implemented, the deposits will be guaranteed in compliance with Danish law. The Danish compensation fund is administered by the Danish financial stability authority (*Finansiel Stabilitet*).

The Danish deposit guarantee scheme covers all depositors except banks and other institutions whose membership in the guarantee fund is compulsory, financial institutions, insurance companies, undertakings for collective investment in transferable securities (UCITS), pension companies and pension foundations, as well as public authorities.

If the bank is declared bankrupt or subjected to corporate restructuring (*rekonstruktionsbehandling*), the Danish financial stability authority will pay each depositor a maximum compensation equivalent to EUR 100,000 less any matured but unpaid debts and other payments due to the bank. Assets in a Finnish long-term savings account (ps account) are also deposits qualifying for compensation.

In deviation from the above, compensation may exceed the amount equivalent to EUR 100,000 in the following situation:

- Deposits based on assets obtained from the sale of a residence are protected up to an amount equivalent to EUR 10 million for 12 months from making the deposit. The special protection of assets obtained from the sale of a residence provided by the Danish deposit guarantee scheme is not limited to assets obtained from the sale of a residence in the owner's personal use; instead, it also applies e.g. to deposits related to the purchase or financing of a real estate

property, provided that the property has been used or will be used mainly for non-commercial purposes.

In addition, the Danish deposit guarantee scheme provides a higher guarantee, equivalent to EUR 150,000, for six months to a deposit related to the depositors life situation, when the deposit is based on a payment made in compliance with Danish legislation and relates e.g. to

- marriage, divorce or inheritance
- employment, pay security, accident at work, handicap or death
- nuclear accident
- a post-traumatic reaction which a soldier is diagnosed with having served abroad
- compensation for criminal damage.

However, the Danish deposit guarantee scheme does not provide the higher guarantee to the similar kind of payments paid based on Finnish legislation.

In the Danish deposit guarantee scheme, compensation is paid in the currency of the account, i.e., compensation will be paid in euros if the account is a euro-denominated account. As a rule, compensation will be paid within seven working days from the beginning of the bankruptcy or corporate restructuring procedure. However, the time may be extended by up to three months in case of any uncertainty regarding the identity of the depositor. Payment of the compensation may also take more than seven days if it is paid to depositors of the Finnish branch of Danske Bank A/S via the Finnish Financial Stability Authority.

Further information on the Danish deposit guarantee scheme is available in Danish and English at <http://www.gii.dk>.

### ***Differences in the covers provided by the deposit guarantee schemes***

In the Finnish deposit guarantee scheme, the depositor's possible debts to the bank do not affect the amount of compensation, whereas in the Danish scheme, any matured and unpaid debts and other payments due to the bank are deducted from the compensation to be paid.

Index-based returns on security deposits and similar structured deposits are excluded from the scope of the deposit guarantee in both schemes. Instead, the interest payable on structured deposits is included in the scope of deposit guarantee in both schemes.

In the Finnish scheme, a deposit based on assets obtained from the sale of a residence is compensated for without any maximum limit, but special protection is only valid for six months. In the Danish scheme, the maximum limit of this compensation is equivalent to EUR 10 million, and special protection is valid for 12 months. Furthermore, the special protection of assets obtained from the sale of a residence provided by the Danish scheme is not limited to assets obtained from the sale of a residence in the owners personal use; instead, it also applies e.g. to deposits related to the purchase or financing of a real estate property, provided that the property has been used or will be used mainly for non-commercial purposes. Unlike the Finnish scheme, the Danish scheme does not require that the assets obtained from the sale of own residences are used for purchasing a new residence.

In Finland, the payment liability of the Deposit Guarantee Fund starts once the Financial Stability Authority makes a decision regarding payment of a deposit guarantee compensation. The Financial Stability Authority must decide whether the deposits are to be compensated for using the Deposit Guarantee Fund's assets within five working days from (a) a depositor informing the Authority that

the deposit bank has not paid a matured and undisputable deposit qualifying for compensation or (b) the Authority being informed that the deposit bank has been found insolvent by a decision of a court of law or other public authority. In Denmark, the liability for compensation only starts when bankruptcy or a corporate restructuring process regarding the bank has started.

### ***Special terms and conditions***

If the deposit agreement contains special terms and conditions, they will apply irrespective of the merger.

### ***The depositor's right to terminate the deposit***

Irrespective of the original terms and conditions of the deposit, the depositor has the right to terminate the deposit within six months of receiving this deposit guarantee report if the deposit would be excluded from the deposit guarantee cover in part or in full.

When calculating the amount of deposit guarantee cover after the merger, the total amount of deposits of a Finnish investor in the Finnish branch of Danske Bank A/S, as well as in Danske Bank A/S in Denmark and in Danske Bank A/S branches in other countries will be taken into account.

## **Report on investor protection**

### ***Investor protection before the merger***

Until the merger, the customers of Danske Bank Plc are covered by investor protection, which is compliant with Finnish legislation and provided by the Investors' Compensation Fund.

In Finland, the investment service customers classified by the service provider as non-professional customers are included in the scope of investor protection. The protection covers the investor's receivables in the service provider's possession or administered by the service provider in connection with providing the investment service. The Investors' Compensation Fund will compensate for the investor's clear and undisputable receivables covered by the protection scheme, which the service provider has not refunded in compliance with law or the agreement, if the service provider has been declared bankrupt, or subjected to corporate restructuring proceedings or the service provider has been found to be permanently insolvent.

The compensation fund will not compensate for losses due to the price fluctuations of securities or fund investments, for example.

The amount of compensation payable to one investor is 9/10 of the investor's receivables from one service provider, however not exceeding EUR 20,000.

Further information on the Finnish investor protection scheme is available in Finnish at: <http://www.sjoittajienkorvausrahasto.fi>.

### ***Investor protection after the merger***

When the merger of Danske Bank Plc to Danske Bank A/S has been implemented, the investors will be protected in compliance with Danish law. The Danish compensation fund is administered by the Danish financial stability authority (*Finansiel Stabilitet*).

The Danish investor protection scheme covers all investors except banks and other institutions whose membership in the compensation fund is compulsory, in addition to financial institutions, insurance companies, and undertakings for collective investment in transferable securities (UCITS), pension

companies and pension foundations, as well as public authorities. If the service provider fails to return the investor's securities in its custody, the compensation fund will compensate for the loss incurred by the investor.

When the service provider has been declared bankrupt or subjected to corporate restructuring proceedings, the Danish compensation fund will pay each eligible investor a maximum amount equivalent to EUR 20,000. The matured and unpaid debts and other payments payable by the investor to the service provider will be deducted from the amount.

Further information on the Danish investor protection scheme is available in Danish and English at <http://www.gii.dk>.

### ***Differences in the covers provided by the investor protection schemes***

The Finnish investor protection scheme covers the investment service customers classified by the service provider as non-professional customers, whereas the Danish scheme covers all investor customers except certain public sector and financial sector actors.

In Finland, the amount of compensation payable to one investor is 9/10 of the investor's receivables from one service provider, however not exceeding EUR 20,000. In Denmark, the maximum compensation per investor is an amount equivalent to EUR 20,000 less any matured but unpaid charges owed by the investor to the service provider.

In the Danish scheme, the liability for compensation only starts when the service provider is bankrupt or subjected to corporate restructuring proceedings. In the Finnish scheme, liability for compensation can also arise e.g. in cases when the Financial Supervisory Authority assesses the service provider to be permanently insolvent and the Financial Supervisory Authority has received sufficient information regarding the matter.

### ***The investor's right to terminate the investment service agreement***

Irrespective of the original terms and conditions of the agreement, the investor has the right to terminate the investment service agreement within three months of receiving this investor protection report.

### **Statement by the Finnish Financial Supervisory Authority**

The Finnish Financial Supervisory Authority states that the deposit guarantee description and the investor compensation description included in this document give customers an accurate view of the deposit guarantee and the investor compensation before and after the merger. The differences in the scope of the cover provided by the schemes are also adequately explained.

Legal provisions:

Act on Commercial Banks and Other Credit Institutions in the Form of a Limited Company (28.12.2001/1501) Chapter 2, section 6.

Act on Investment Services (14.12.2012/747), Chapter 13, section 9, paragraph 1.

26 June 2017

FINANCIAL SUPERVISORY AUTHORITY