

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products. This document sets out the generic risks of the PRIIP that you may be considering as a financial investment, in order that you can compare to other products. The specific terms of the product that you enter into will set out in the confirmation in relation to that product.

## Product

PRIIP name:	OTC - Collar
Name of PRIIP manufacturer:	Danske Bank A/S - <a href="http://www.danskebank.dk">www.danskebank.dk</a>
Contact number for PRIIP manufacturer:	Call +45 45 14 68 25 for more information
Competent Authority:	Authorised by the Danish Financial Supervisory
Date of production:	The date of this Key Information Document is 18 December 2019

**Alert:** You are about to purchase a product that is not simple and may be difficult to understand.

## What is this product?

### Type

OTC - Collar

### Objectives

The objective of this product is to either

have the right (if you buy the product and pay a net premium) to receive the difference between the floating rate and the "high" strike rate if the floating rate on a given fixing date is higher than the "high" strike rate, **or** be bound to pay the difference between the "low" strike rate and the floating rate if the floating rate on a fixing date is lower than the "low" strike rate.

or

be bound (if you sell the product and receive a net premium) to pay the difference between the floating rate and the "high" strike rate if the floating rate on a given fixing date is higher than the "high" strike rate, **or** have the right to receive the difference between the "low" strike rate and the floating rate if the floating rate on a given fixing date is lower than the "low" strike rate.

The product achieves its objective by (1) Danske Bank agreeing the terms of the Collar with you; (2) you agreeing to pay or receive a fixed premium to/from Danske Bank. The high and low strike rate can be fixed as agreed between the parties to the effect that the net premium is zero.

The following typically applies:

- If the floating interest rate is higher than the "high" strike rate, the party buying the Collar receives the difference between the floating rate and the "high" strike rate.
- If the floating interest rate is lower than the "low" strike rate, the party buying the Collar pays the difference between the "low" strike rate and the floating rate to the seller.
- If the floating interest rate equals the "low" strike rate or the "high" strike rate or is between the two, neither the seller nor the buyer makes any payment.

Terms set out below are illustrative of the terms of an interest rate Collar, but are not the exact terms you agree with Danske Bank. The exact terms are set out in each individual trade confirmation letter.

The illustrative terms are used for subsequent performance scenarios and calculation of costs.

The product terms provide that if certain exceptional events occur (1) Danske Bank may adjust the product; and/or (2) Danske Bank or you may terminate the product early. The exceptional events in question are specified in the product terms and relate principally to the underlying, the product and conditions pertaining to you or Danske Bank. The return (if any) you receive on such early termination is likely to be different from that received in the scenarios described above.

Currency:	EUR
Notional:	10,000.00
Schedule:	Bullet
Index:	Euribor 6 months
Strike:	At-the-money (ATM) -/+50bp

Start Date:	Today
End Date:	Today + 5 years
Buyer receives/ Buyer pays:	Receives Max [Index - high strike ; 0] <b>or</b> Pays Max [Low strike - index ; 0]
Premium:	EUR 40.92
Premium running:	8.2bp

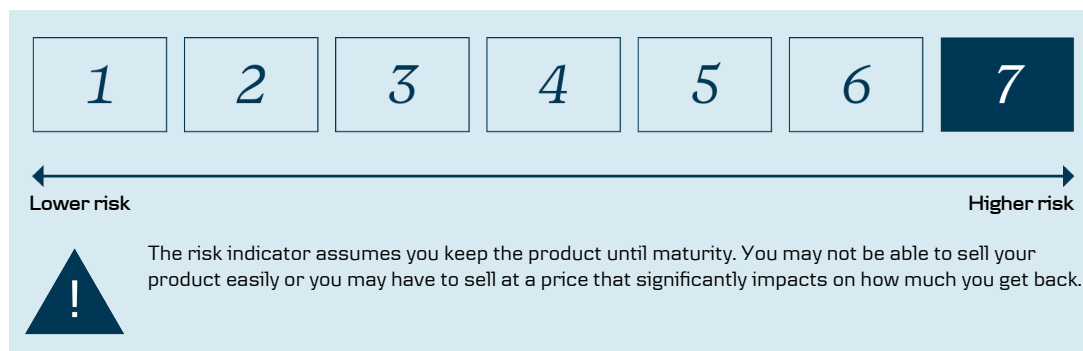
### Intended retail investor

This product is intended for retail investors who for a bought Cap wish to hedge the underlying interest rate risk or for a sold Cap accepts to pay any positive difference between the floating rate and the cap strike in return for receiving a premium.

**Term**

The term of the Interest Rate Cap depends on the period for which you wish to hedge your interest payments with Danske Bank or accept to be exposed to rising rates if you sell the product. The term is agreed on before you enter into the Interest Rate Cap. The Interest Rate Cap is a bilateral agreement that cannot be ordinarily terminated unilaterally neither by you nor by Danske Bank.

## What are the risks and what could I get in return?



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 7 out of 7, which is the highest risk class. This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment.

Performance scenarios		1 year	3 years	5 years
Stressed scenario	What you might get back after costs	EUR -590.75	EUR -557.43	EUR -551.79
	Average return each year	-6.08%	-1.91%	-1.14%
Unfavorable scenario	What you might get back after costs	EUR -103.03	EUR -118.69	EUR -128.74
	Average return each year	-1.20%	-0.45%	-0.29%
Moderate scenario	What you might get back after costs	EUR -18.91	EUR -30.84	EUR -24.12
	Average return each year	-0.36%	-0.16%	-0.08%
Favorable scenario	What you might get back after costs	EUR 65.30	EUR 88.18	EUR 102.34
	Average return each year	0.49%	0.24%	0.17%

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest EUR 10,000.00. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

## What happens if Danske Bank is unable to pay out?

The product is not protected by the Financial Services Compensation Scheme or any other investor compensation or guarantee scheme. This means that if Danske Bank is unable to pay out, you may lose all of your expected payments.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself. They include potential early exit penalties. The figures assume you invest EUR 10,000.00. The figures are estimates and may change in the future.

**Cost over time**

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the end of the recommended holding period
<b>Total costs</b>	EUR 24.12	EUR 24.12	EUR 24.12
Impact on return (RIY) per year	1.21%	0.40%	0.24%

**Composition of costs**

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

**This table shows the impact on return per year**

One-off costs	Entry costs	0.05%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	None		
Incidental costs	None		

The cost for this product is based upon the actual sensitivity to interest rates and their volatility. Actual costs will depend upon credit, funding and capital charges.

These costs are client specific and cannot be specified before the product is priced towards the client.

**How long should I hold it and can I take money out early?**

This product is designed to be held until its maturity date and it is not a product which can be easily sold or transferred. Early termination may occur in the event of a default or disruption situation or if you or Danske Bank agree for it to be terminated early, in which case, early exit penalties may apply.

**How can I complain?**

Complaints about the product, the conduct of Danske Bank and/or the person advising on, or selling the product, should be addressed to Danske Bank, Juridisk Afdeling, Holmens Kanal 2-12, 1092 København K ([klageservice@danskebank.dk](mailto:klageservice@danskebank.dk)).

**Other relevant information**

The risks set out in this document highlight some, but not all, of the risks of investing in this product. Prior to making any investment decision, you should satisfy yourself that you fully understand the risks relating to this product and seek professional advice as necessary.