

ARTICLES OF ASSOCIATION

Name and registered office

Section 1

Subsection 1

The name of the association is KommuneKredit. The association operates under the authority of Act no. 383 of 3 May 2006 on the credit association for municipal and regional authorities in Denmark.

Subsection 2

The association is also referred to as "Kreditforeningen af kommuner og regioner i Danmark" [the credit association for municipal and regional authorities in Denmark], and also does business as "KommuneLeasing" or "Kommune Leasing".

Subsection 3

The registered office of the association is in the municipality of Copenhagen.

Objects and Activities

Section 2

Subsection 1

The object of the association is to grant loans and financial leasing for public-sector purposes within the framework of the regulations on borrowing by municipal and regional authorities, including the associated financial services, cf. subsection 2, laid down by the Minister of Economic Affairs and the Interior.

Subsection 2

The financial services include:

- 1) hedging of loans by financial instruments,
- 2) consultancy services in connection with loans, financial leasing or derivatives hedging loans, and
- 3) custodian services for the bonds issued by the association.

Subsection 3

The association may offer the services mentioned in subsection 1 and 2 to:

- 1) municipal and regional authorities and local authority partnerships,
- 2) other municipal or regional objects for which the conditions pursuant to subsection 4 are satisfied.

Subsection 4

It is a condition for granting loans and financial leasing to other municipal and regional purposes pursuant to subsection 3(2) that one or more municipal or regional authorities guarantee the loan amount, or that the loan is granted to companies etc. whose articles of association stipulate that the participants are jointly and severally liable for the loans raised, and in which one or a number of municipal or regional authorities are partners or participants.

Subsection 5

The services mentioned in subsection 3 shall be offered in accordance with the EU's regulations on state aid.

Members

Section 3

Any municipal or regional authority having obtained a loan or entered into a leasing contract with the institution or liable for a loan or a leasing contract as provided in section 2 shall be a member of the association.

Section 4

The members shall be directly, jointly and severally liable for all obligations of the association.

Section 5

Subsection 1

A member shall resign from the association when

- 1) it has no loans outstanding with the association,
- 2) it has no leasing contracts with the association, or
- 3) it has no loans or leasing contracts as provided in section 2.

Resigning members shall not be entitled to claim any share of the assets of the association.

Subsection 2

However, a member may not be released from its obligations pursuant to subsection 1 until the financial statement for the year in question has been completed, audited and approved, and the municipal or regional authority in question has satisfied any joint and several liability on the part of such municipal or regional authority pursuant to the

financial statement, unless it provides satisfactory security at the time of resignation.

Capital

Section 6

Subsection 1

The equity capital of the association may not at any time be less than one per cent of the total obligations of the association (equity capital requirement).

Subsection 2

If the equity capital is reduced to less than one per cent of the total liabilities of the association, the amount needed to restore the equity capital to a level satisfying the equity capital requirement shall, within a month of the reduction being discovered and following an assessment by the board of management, be charged to the members by giving one month's notice.

Subsection 3

The assessments pursuant to subsection 2 shall be made proportionately to each member's direct obligations towards the association and guarantees and liabilities for obligations attributable to such member, in such a manner that the obligations are calculated according to the book value of each individual contract in Danish kroner according to the latest approved financial statement of the association, where the equity capital exceeded the minimum requirement.

Subsection 4

The amounts charged, including an interest rate to be approved by the Minister of Economic Affairs and the Interior, shall be repaid to the contributing members as soon as possible without reducing the equity capital to a level below the equity capital requirement, cf. subsection 1.

Section 7

The total obligations of the association, cf. section 6, shall be made up as the book value of the liabilities of the association, excluding its equity capital.

Board of Directors and Board of Management

Section 8

The association shall be headed by a board of directors and a board of management.

The Board of Directors

Section 9

Subsection 1

The board of directors shall consist of nine members.

Subsection 2

The board of directors shall have the overall responsibility for the management of the business of the association and ensure that the affairs of the association are organised in a prudent manner.

Subsection 3

The board of directors shall draw up written instructions for the principal areas of activity of the association, with specification of the division of work between the board of directors and the board of management.

Election of the Board of Directors

Section 10

Subsection 1

Eight board members shall be elected by the members of the association. The regional authorities shall elect two board members and a substitute for each of these, and the municipal authorities shall elect six board members and a substitute for each of these.

Subsection 2

The seats of the board of directors shall be distributed on political parties or local lists, cf. subsection 3, according to the proportional representation method based on total numbers of votes at the most recent regional council elections for such board members as are elected by the regional authorities, and the most recent municipal council elections for such board members as are elected by the municipal authorities, in the municipal and regional authorities, respectively, which are members of KommuneKredit.

Subsection 3

In these articles of association political parties shall be construed as parties which were awarded a letter designation by the Minister of

Economic Affairs and the Interior at the latest municipal and regional council elections. Local lists shall be construed as cooperation between all other lists of candidates presented at the most recent municipal or regional council elections. The board of directors shall lay down the detailed rules regarding the requirements to be satisfied by local lists in order to be considered in connection with the distribution of seats on the board of directors.

Subsection 4

In addition to the members elected in accordance with subsection 1 the board of directors shall elect one member, who shall be independent of the association and is qualified in accounting or auditing. This member is elected by the board of directors prior to 1 June of the year following the most recently held regional or municipal council elections. The election period for this member shall follow the election periods for the rest of the board of directors, cf. section 14. In the event that this member departs the board of directors, the board of directors shall elect a new member in accordance herewith. The conditions of section 10, subsections 2 and 3 as well as sections 11-16 shall not apply to the member elected in accordance with section 10, subsection 4.

Section 11

Subsection 1

The members of the board of directors and their substitutes are to be members of a municipal or regional council in a municipal or

regional authority which is a member of the association.

Subsection 2

The board of directors shall lay down the detailed rules for nomination of candidates at the election to the board of directors.

Section 12

Subsection 1

Elections to the board of directors shall be conducted by its chairman who shall arrange for ballot lists to be distributed to the members of the association no later than one month before the beginning of the election period.

Subsection 2

If only one candidate has been nominated for each vacant directorship or substitute position, the election may be conducted as an uncontested election without observing the abovementioned voting procedure, cf. subsection 1 and section 11, subsection 2, if so determined by the chairman of the board of directors.

Section 13

The board of directors shall finally and conclusively determine all issues regarding the validity of the voting and the elections.

Section 14

Subsection 1

Board members and their substitutes shall be elected for four years at a time.

Subsection 2

The election period shall begin on 1 June in the year following the most recent local and regional council elections and shall end on 31 May in the year following the next succeeding local and regional council elections.

Section 15

If an elected board member is not at the time of his/her appointment to the board of directors a member of a municipal or a regional council in a municipal or regional authority which is a member of the association, so that such board member no longer performs the assignment which was the basis for his/her appointment to the board of directors, he/she shall be replaced by his/her substitute. If the substitute is not a member of a municipal or regional council in a municipal or regional authority which is a member of the association, the board of directors shall arrange for a by-election to take place pursuant to the rules of sections 11-13.

Section 16

Subsection 1

The substitute shall replace the board member during the election period when

- 1) the board member is no longer a member as provided in section 15, cf. subsection 3,
- 2) the board member resigns from the board of directors,
- 3) the board member dies.

Subsection 2

If the substitute is prevented from taking up his/her appointment for the

reasons stated in subsection 1, another board member and a substitute shall be elected for the remaining part of the election period. However, when such period does not exceed one year, the board of directors may resolve that no by-election shall take place.

Subsection 3

If, during an election year for the board of directors, a board member and/or its substitute are no longer members, as provided for in section 15, they may continue to hold their position on the board in the period from 1 January to 31 May.

Section 17

During the first meeting of the board of directors held after new elections were held, the board of directors shall elect a chairman and a vice-chairman. Until then the previous chairman or vice-chairman shall remain in place, provided one of these has been re-elected; if not, the board member who has the highest seniority or, if several board members have the same seniority, the oldest of these. In case of parity of votes the election shall be determined by lot.

Board Meetings

Section 18

Subsection 1

Ordinary board meetings shall be held no less than four times annually.

Subsection 2

Any proposals which the board members wish to submit for treatment by

an ordinary board meeting shall be received by the chairman of the board of directors no later than eight days before such meeting.

Section 19

Subsection 1

The board of management shall present its report on the activities of the institution during the past financial year as well as the financial statement with the auditors' recommendation for approval by the board of directors at an ordinary board meeting before the expiry of the month of March.

Subsection 2

After the approval, the financial statements shall be forwarded to the Minister of Economic Affairs and the Interior and to the members of the association.

Section 20

Extraordinary board meetings shall be held at the request of the chairman of the board of directors, a member of the board of management, at least three members of the board of directors or one of the elected auditors.

Section 21

Subsection 1

The board of directors shall constitute a quorum when at least half of the members are present and participate in the vote. Each board member shall have one vote.

Subsection 2

Resolutions shall be adopted by simple majority of votes.

Subsection 3

In case of parity of votes, the chairman, or in his/her absence the vice-chairman, shall have the casting vote.

Section 22

The board of directors shall keep a minute book of the business transacted, to be signed by the members of the board of directors.

Section 23

The members of the board of directors shall receive a remuneration to be approved by the Minister of Economic Affairs and the Interior.

The Board of Management

Section 24

Subsection 1

The board of directors shall appoint a board of management to be in charge of the daily management of the institution, cf. section 9, subsection 2.

Subsection 2

The amount of salaries and pensions paid to the members of the board of management shall be determined by the board of directors.

The Power to Bind the Association

Section 25

Subsection 1

The association shall be bound by the joint signatures of the chairman or the vice-chairman of the board of

directors and a member of the board of management, or by the joint signatures of two members of the board of management.

Subsection 2

In addition, the association shall be bound by the joint signatures of a member of the board of management and an employee duly authorised for that purpose by the chairman of the board of directors, or of two employees duly authorised for that purpose by the chairman of the board of directors.

Annual Report and Audit

Section 26

Subsection 1

The financial year of the association shall be the calendar year.

Subsection 2

The annual report of the association shall be audited pursuant to the legislation in force by no less than two auditors. The board of directors shall elect one or two auditors who shall be state-authorized public accountants, and the Minister of Economic Affairs and the Interior shall elect an additional auditor.

Subsection 3

The annual report shall include the following items:

- 1) a profit and loss account,
- 2) a balance sheet,
- 3) the endorsement of the board of directors and the board of management,

- 4) notes, including an account of the accounting policies applied and an outline of the equity capital movements, and
- 5) the auditors' opinion.

Subsection 4

A copy of the annual report shall be submitted to the Ministry of Economic Affairs and the Interior.

Section 27

The amount whereby the revenues exceed the costs at the annual closing of the accounts after the necessary pension provisions have been made shall be allocated to the reserves of the association, as the board of directors may decide.

Supervision

Section 28

The Minister of Economic Affairs and the Interior shall be the supervisory authority of the association.

Cessation

Section 29

If the Minister of Economic Affairs and the Interior deems the creditors' security to be materially diminished, and the association has not, before the expiry of a deadline imposed by the Minister of Economic Affairs and the Interior, taken the necessary remedial measures, the Minister of Economic Affairs and the Interior shall be entitled to discontinue the activities of the association or to

arrange for administration of its estate.

Section 30

In case the association ceases its business activities, any reserves not allocated to pension purposes shall, after all claims against the association have been settled, be applied as the board of directors may decide. The manner of application shall be approved by the Minister of Economic Affairs and the Interior.

Amendment of the Articles of Association

Section 31

Any decision to amend the articles of association shall be made by the board of directors.

Such amendments shall not be valid until they are approved by the Minister of Economic Affairs and the Interior.

Entry into force and transitional provisions

Section 32

Subsection 1

The present articles of association shall enter into force on 25 March 2015. At the same time, the former articles of association, which were last amended on 29 November 2013, shall be abrogated.

Subsection 2

The election period for the board members, and their substitutes,

elected in 2006 is extended to include the period beginning 1 January 2013 and ending 31 May 2014.

Subsection 3

The election period for the board members, and their substitutes, elected in 2009 is reduced and will end on 31 May 2014 instead of 31 December 2015.

THE BOARD OF DIRECTORS OF
KOMMUNEKREDIT

Copenhagen, 6 March 2015

Erik Nielsen

Chairman

THE BOARD OF MANAGEMENT

Søren Høgenhaven

Managing Director and Chief Executive
Officer

Johnny Munk

Managing Director

Approved by the Minister of Economic
Affairs and the Interior on 25 March
2015.

Niels Jørgen Mau

On behalf of the minister as
authorised