

Nordea Liv & Pension

An aerial photograph of a rural landscape. A paved road curves through the scene, separating a large green field on the left from a wooded area on the right. A red car is parked on the road. The background shows a field of golden-brown crops.

Nordea Liv & Pension Livsforsikringselskab A/S

10NC5 Tier 2 Investor Presentation

May 29 2018

Nordea Liv & Pension

Introduction to Nordea Liv & Pension



Nordea Liv & Pension (NLP) Management



Steen Michael Erichsen

- CEO Nordea Liv & Pension since 2008
- Before 2008: Director, Nordea Liv & Pension, Director of Sales, Nordea Liv & Pension, Director, Private customers, Nykredit, Director, Insurance, Tryg
- Member of the board of Insurance & Pension Denmark
- London Business School and INSEAD



Gitte Aggerholm

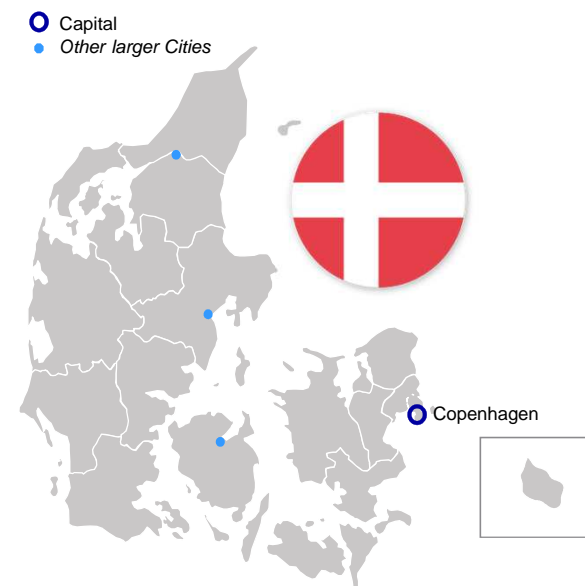
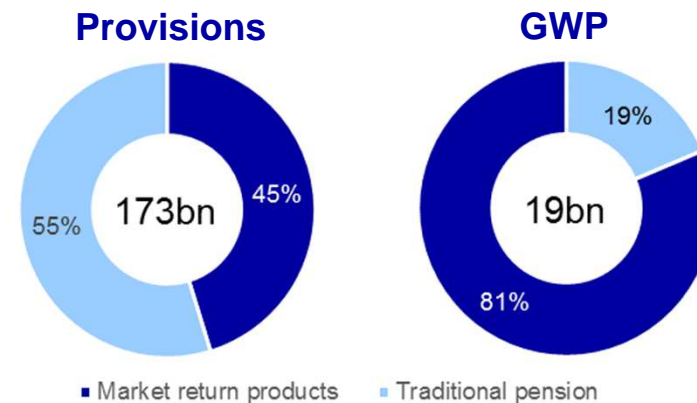
- Director and CFO since May 1st 2018
- CFO, Nordea Liv & Pension 2008-2018. Manager, Tryg and SEB Pension
- Chairman Forenede Gruppeliv
- Master in accounting, Copenhagen Business School

NLP at a glance

History & Ownership

- Originally Nordea Liv & Pension (NLP) was owned by Tryg Forsikring
- In 1999 Tryg's insurance activities were merged with Unibank, which later became Nordea. In 2002 all non-life activities were sold back to TryghedsGruppen (60% shareholder of Tryg)
- From January 1st 2018 NLP is owned by Foreningen Norliv (70%) and Nordea (30%)
 - Foreningen Norliv is an association owned by the customers of NLP
 - In 2017 Norliv bought 25% of NLP from Nordea. In 2018 Norliv bought additional 45%
 - Ownership will increase to 100% through share repurchases over the coming years
 - NLP will change name in 2018 to mark the separation from Nordea
- NLP has seen a strong increase in annual premiums and AUM in recent years
 - The share of unit-linked products has increased in line with the strategic focus
- NLP's strategy focuses on:
 - Commercial driven and customer owned
 - Solid P/L
 - Solid investment returns
 - Strong competitive edge through market leading pension savings products and services. Also, pension customers benefit from extra return from DinKapital and dividend payments from Norliv

Business overview (DKKbn)



Foreningen Norliv – The majority owner of NLP (70%)

Good returns are a precondition for the association being able to create value for its members and Danes in general



Foundation

- Founded by demerger from TryghedsGruppen in 2015
- Assets of DKK 8bn upon founding
- Managed by a board representative consisting of 50 elected customers



Members

- All customers in Nordea Liv & Pension are automatically members of the association
- App. 340.000 members



Mission

- Engage members
- Bonus payments
 - 80% of the associations returns should go on bonus payments
- Non-profit activities
 - 20% of the returns go to non-profit activities that promote mental health in Denmark



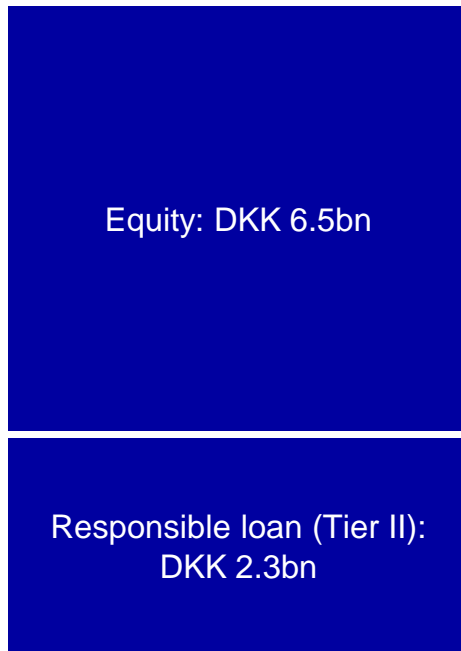
Governance

- Board of Representatives. Norliv members vote in elections for the association's Board of representatives
- Board of Directors manages the association and takes decisions on its investments
- Investment committee
- Secretariat
- Management

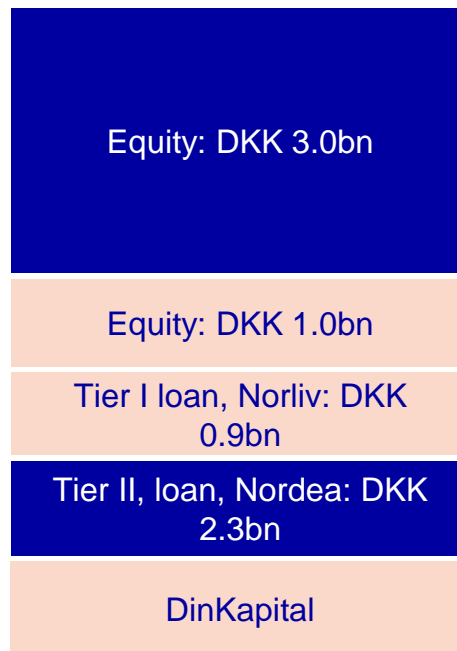
Recent changes in ownership and the capital structure of NLP

New capital structure will be a competitive advantage

Before January 1st 2017



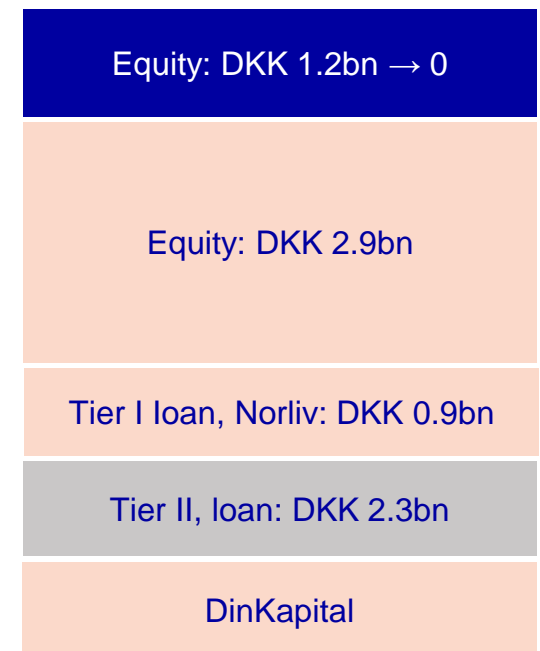
From January 1st 2017



From April 17th 2018



2018 – and foreseeable future



■ Capital from Nordea

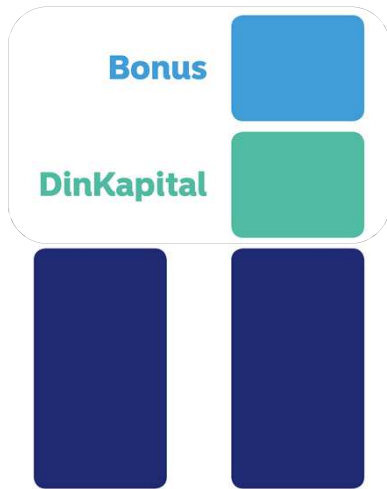
■ Capital from customers (direct or indirect)
■ Listed loan

New capital structure – A market leading value proposition

Customer ownership will add to and strengthen the value proposition over the coming years

Unique value proposition

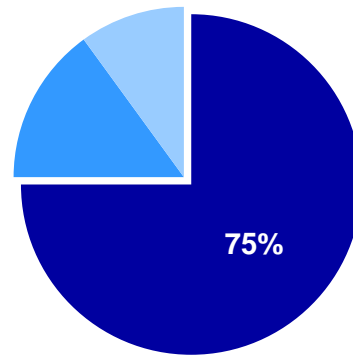
3 sources for return



Market return on investments

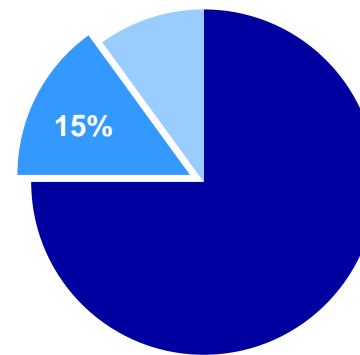
75% of all new customers choose **VækstPension Aktiv**

Active managed market return savings product (unit linked)



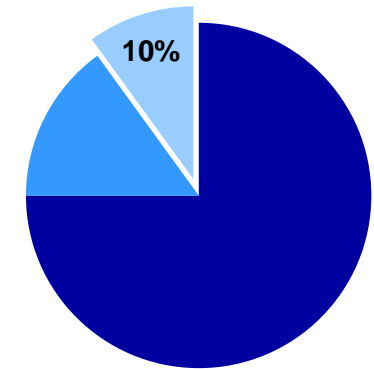
15% of all new customers choose **VækstPension Index**

An indexed market return savings product (unit linked)



10% of all new customers choose **HøjrentePension**

A low-guarantee traditional pensions savings product



NLP is a commercial business owned by the customers

Capital structure and composition

- Solvency
- Market return products (unit linked)
- DinKapital
- Tier II loan

Ownership and transition

- Stand alone: Profitable growth and P/L
- Transition projects
- Governance and policies

IT-core systems and satellite systems

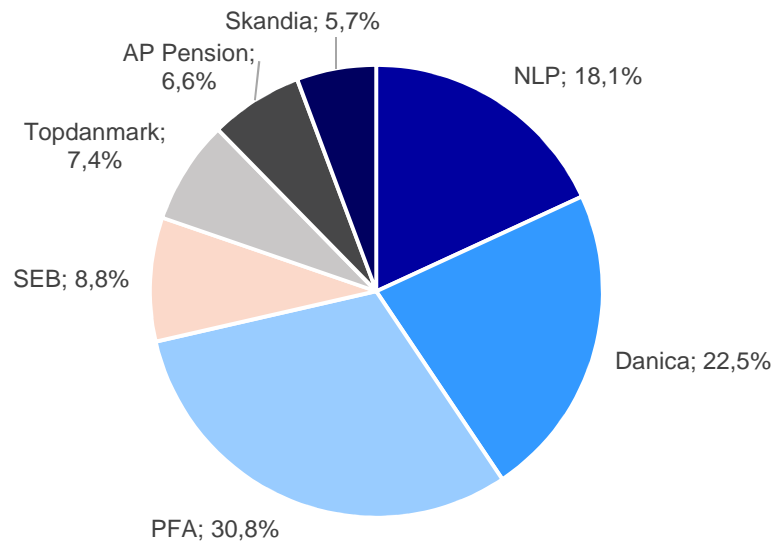
- Cost
- Efficiency
- Scale

New storytelling

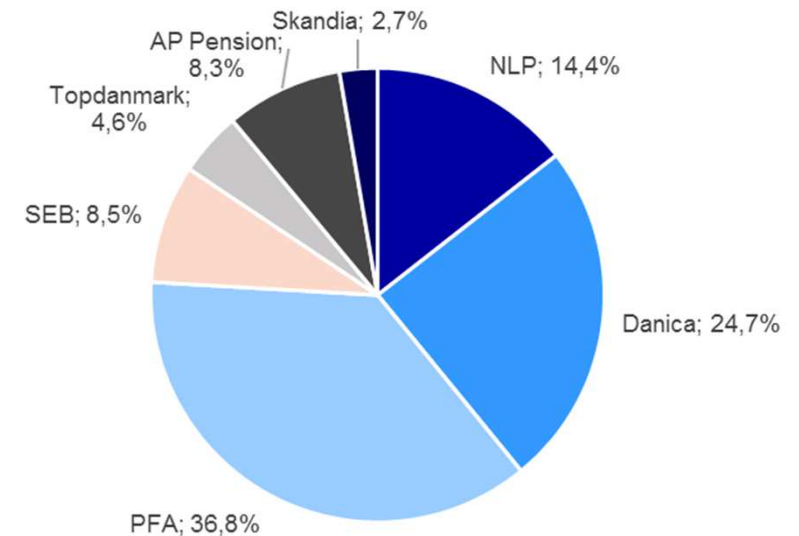
- Name
- Brand
- Identity

NLP is the third largest life and pension provider in the Danish commercial market

Market share (Gross written premiums 2017)



Market share (Provisions 2017)

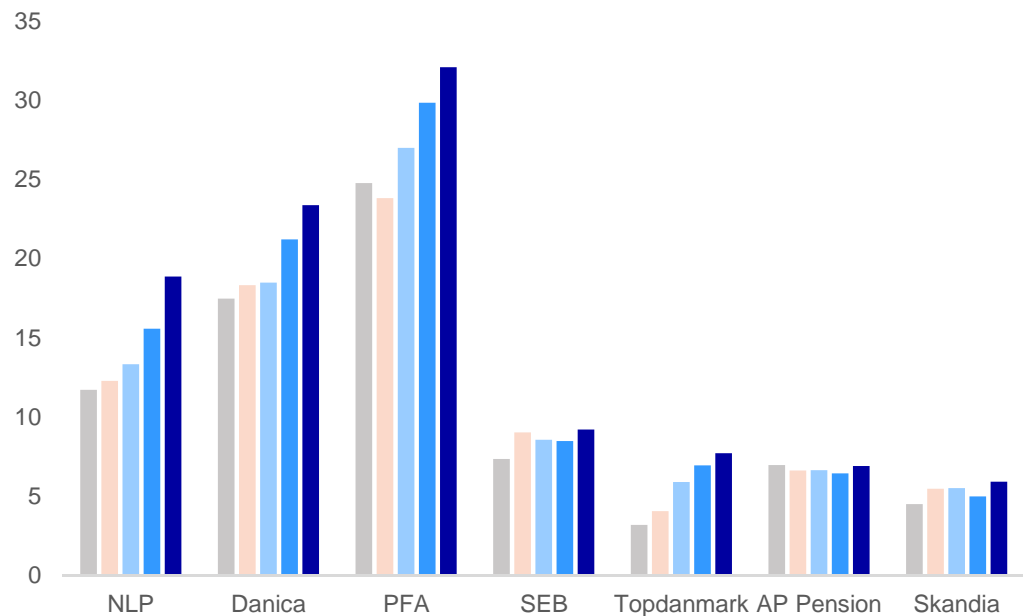


Market overview

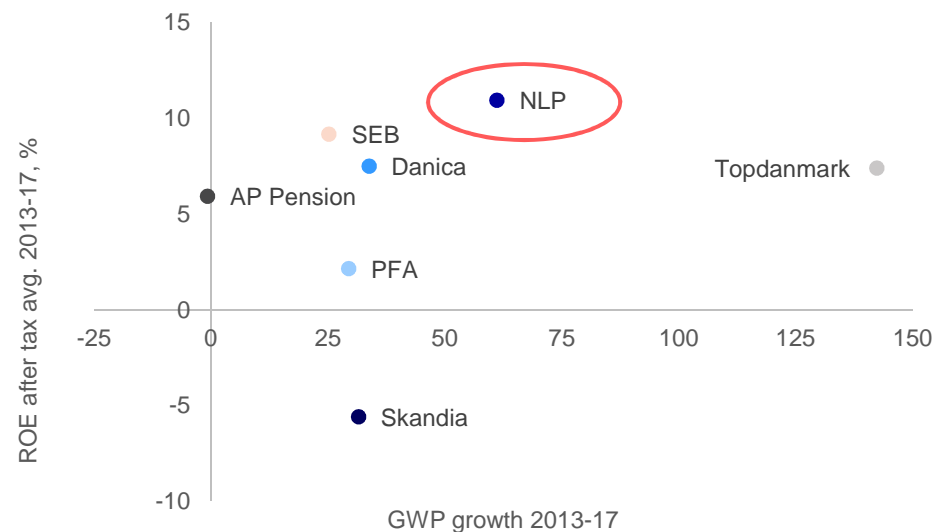
- Expected merger of Danica Pension and SEB in 2018
 - Then 3 pension companies are owned by the customers and 3 by banks/non-customer shareholders
- NLP is the third largest pension provider in the market

Business peer comparison 2013-17

Danish peer comparison GWP (DKKbn)



Danish peer comparison ROE/GWP

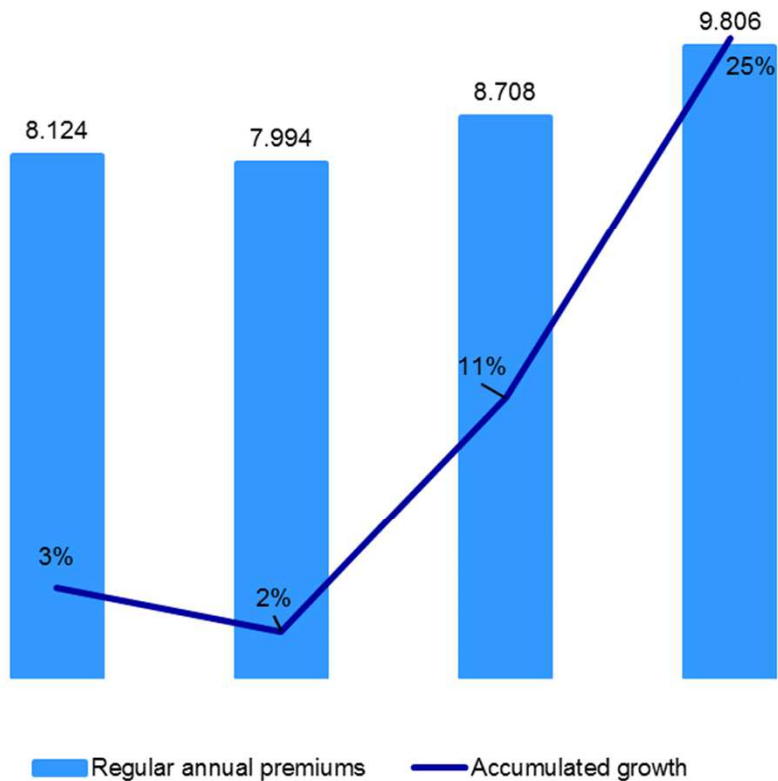


NLP performance 2013-2017

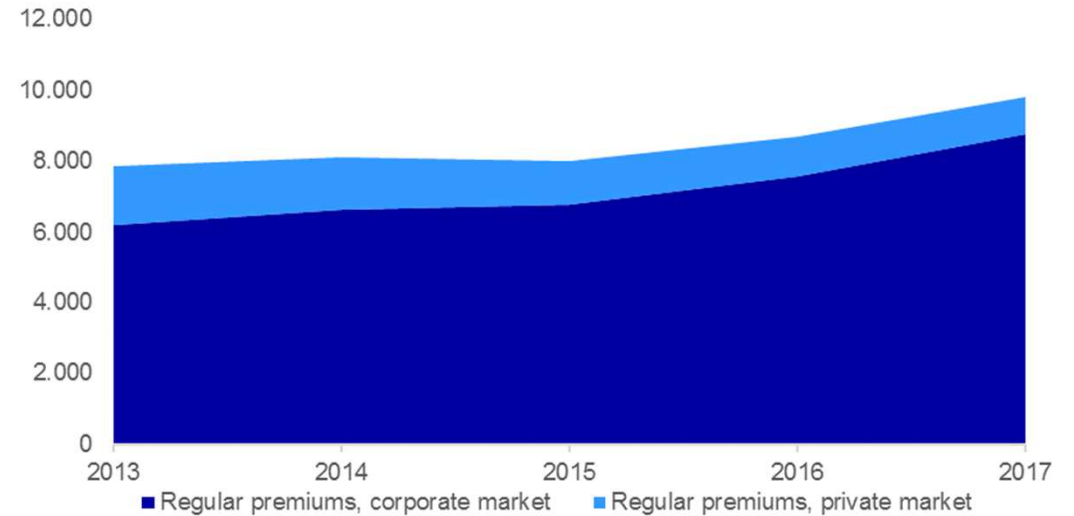
- 61% increase in GWP 2013-17 – combination of high retention (regular premiums up by 25% acc.) and new customers
- Total costs reduced by almost 10% in 2013-17
- ROE equals 11% on average in 2013-17. Track record of positive results
- Solvency ratio 179% end 2017

High customer retention rates

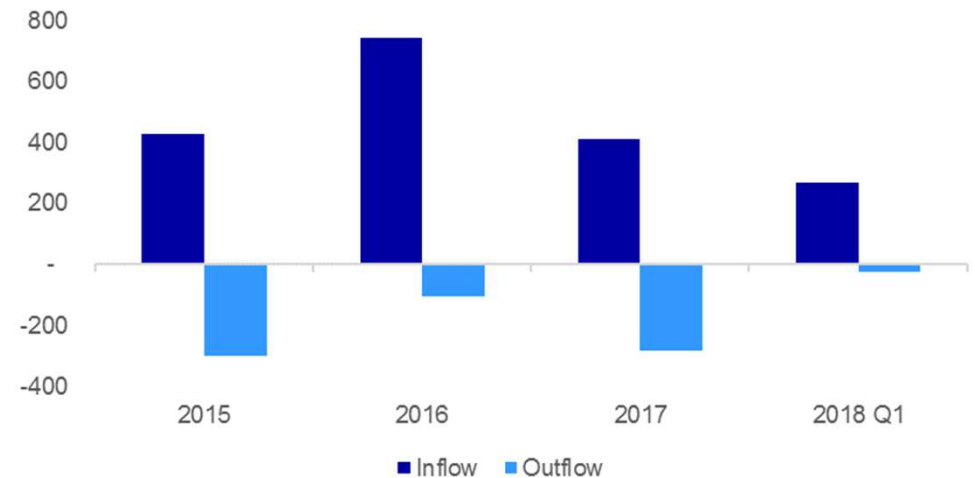
Increasing regular premiums (DKKm)



High retention rates is key to continued strong results (DKKm)



In- and outflow on regular premiums, corporate market (DKKm)



NLP Strategic Overview



Customer relations

- ✓ Multichannel distribution (Nordea Bank, Tryg, brokers and own sales force)
- ✓ Offering customers the best products and service concepts and communicate in a simple and understandable way
- ✓ Increase the frequency of contact with our customers to assess the customers' choices of insurance coverage, risk appetite and savings rate at relevant stages of their lives
- ✓ Customers are confirmed in their choice of pension provider



Digitalization

- ✓ Data driven communication. Increased use of data to target customers more accurately with relevant information
- ✓ Improved digital interaction with the customers, using new digital channels to improve customer communication and self-service
- ✓ BPM and robotics



Simplification

- ✓ Simplify the IT-setup and business processes
- ✓ Full implementation of a new core IT policy administration system. New business is already in new core system. Exit of the two old systems in the following years
- ✓ Reap the benefits of new system – improved efficiency and increased agility towards changes in regulation



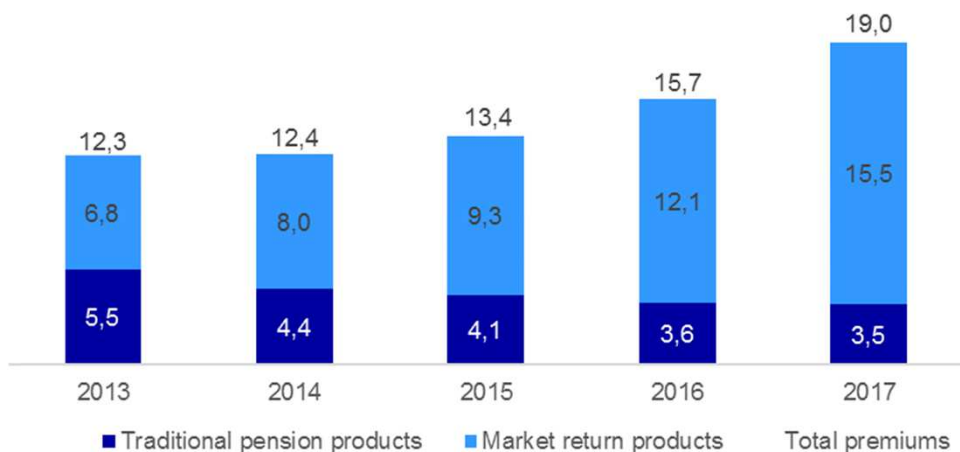
Employees

- ✓ Continued focus on improving the already very strong skills and motivation of the employees and ensure that they adapt to changed requirements
- ✓ Ensure that our employees has an ongoing focus on ensuring optimal customer care, compliance and competitive investment returns

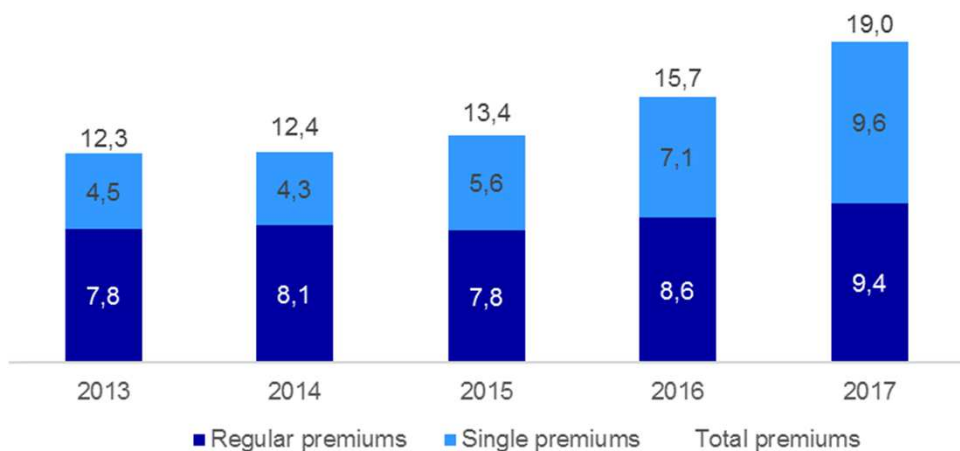
Business Mix – Transition towards market return and capital light products

Annual premiums (DKKbn)

By product



By type



AUM (DKKbn)



- Transition towards market return products in line with strategy
- Market return products are primarily (92%) without guarantee – hence low capital consumption
- Guarantees in the traditional portfolio are decreasing
 - All new traditional customers are offered HøjrentePension with low guarantee
 - High guaranteed portfolios are in run-off

Business transition forecast

NLP a "market return company"

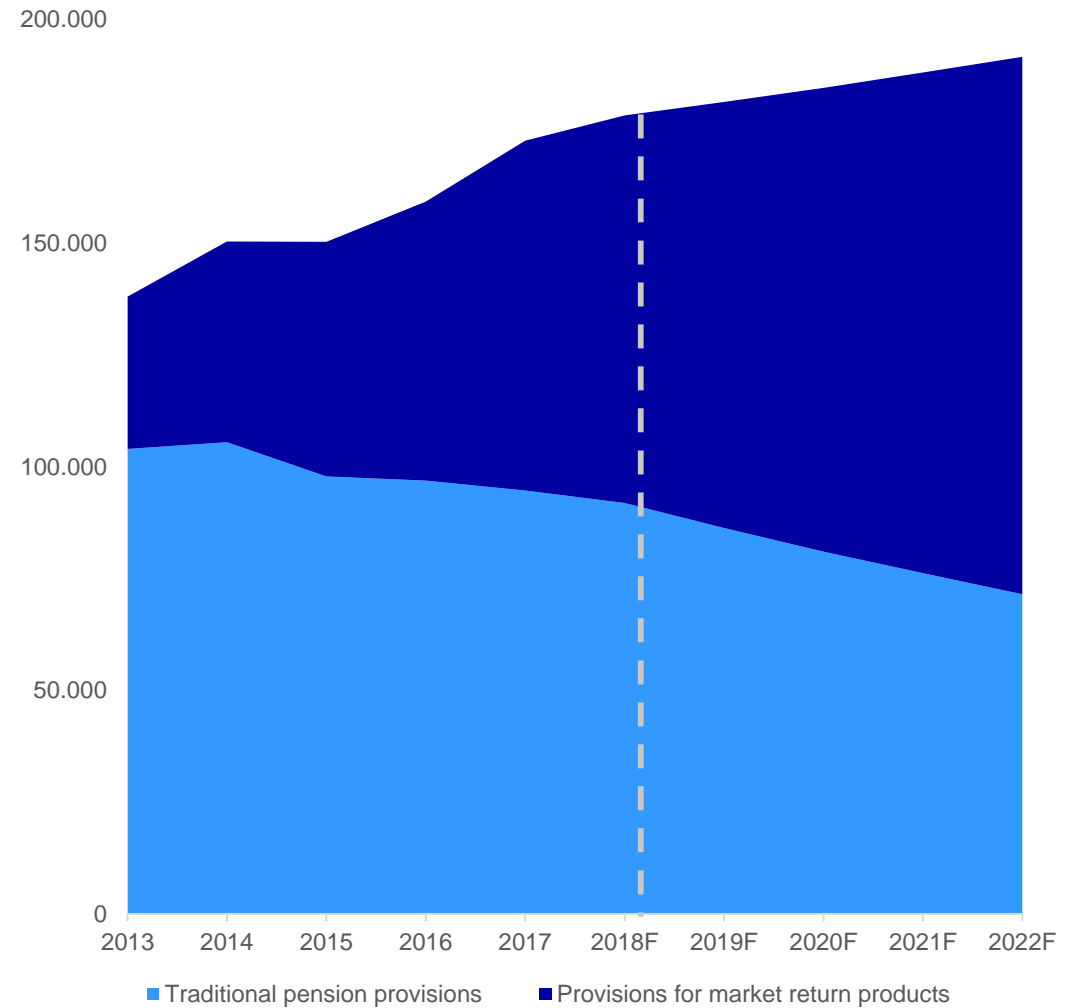
Actions taken to transform the pension company

- Reorientation of the entire pension company
 - Processes
 - Human resources
 - Products – i.a. developing a unique indexed life cycle market return product
 - Sales and advice
 - Migration

Status

- Transition in GWP towards market return (unit linked) products
- Market return product is default
- Traditional with high guarantees are in run-off

Business mix forecast (DKK m)



NLP business targets 2017-2023

Targets:

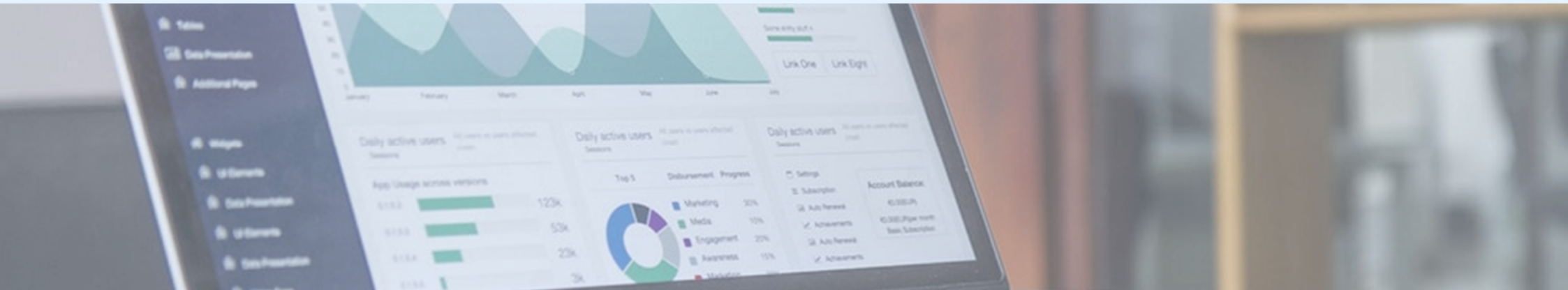
End 2017

By 2023

| | | |
|------------------------------------|-------|-----------------|
| Solvency ratio | 179% | Minimum 160% |
| ROE after tax | 11.7% | 15% |
| Expense ratio on provisions | 0.36% | 0.32% |

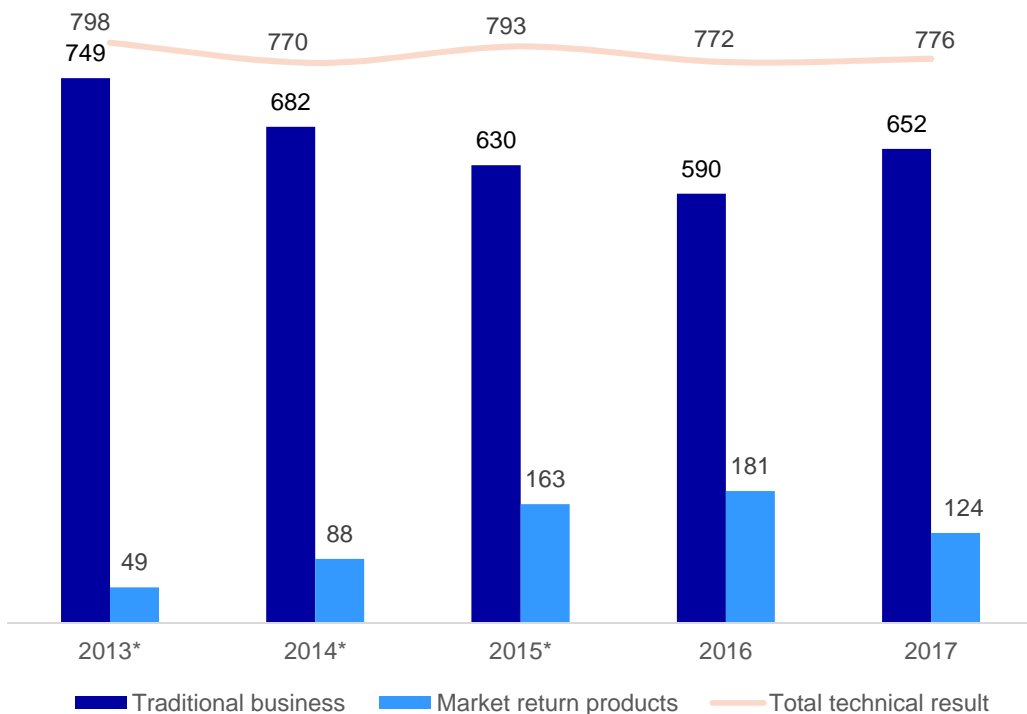
Nordea Liv & Pension

Financial Overview

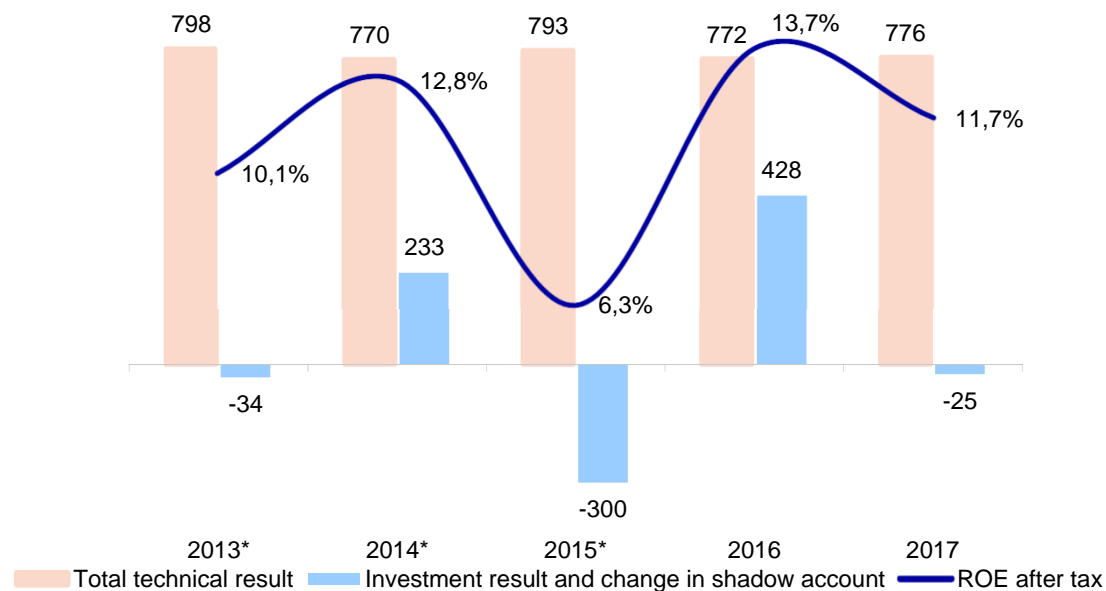


Historic earnings overview

Technical result split by products (DKKm)



EBT (DKKm) and ROE after tax



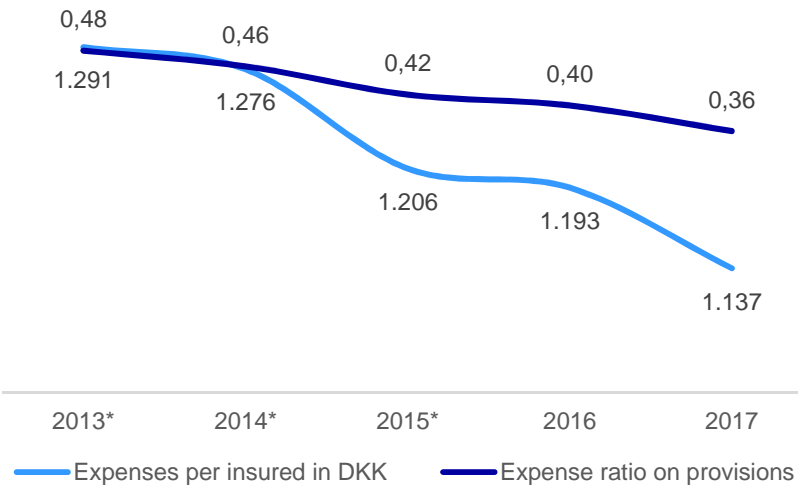
* Comparative figures have not been calculated for 2015 and earlier since these are not possible to calculate according to the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

- As expected the result from the Traditional business is decreasing, whereas the result from Market return products is increasing
- 2017 result from market return products is affected by onboarding costs in respect of new customers, and one-off costs related to the new IT core system and one-off costs

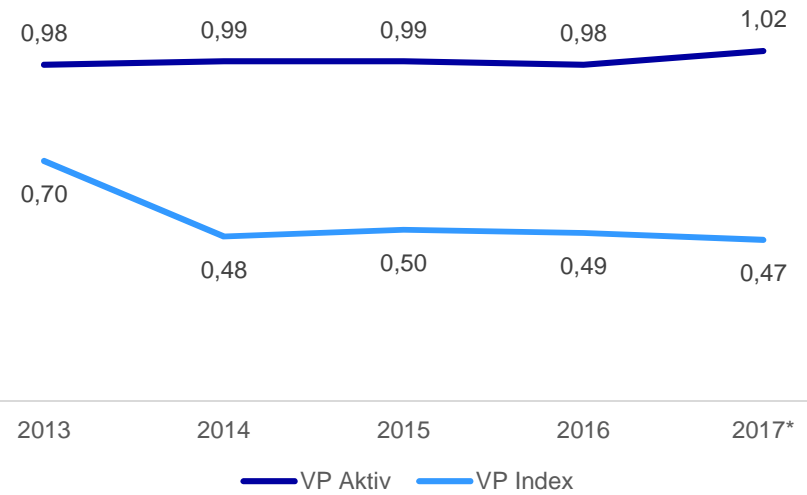
- In 2014-2016 results are affected by changes in shadow account. As of end 2017 the shadow account is eliminated
- New legislation implies that a strong buffer situation (like NLP) will protect the P/L - more stable results going forward

Historic cost overview

NLP cost-income ratio and cost ratio



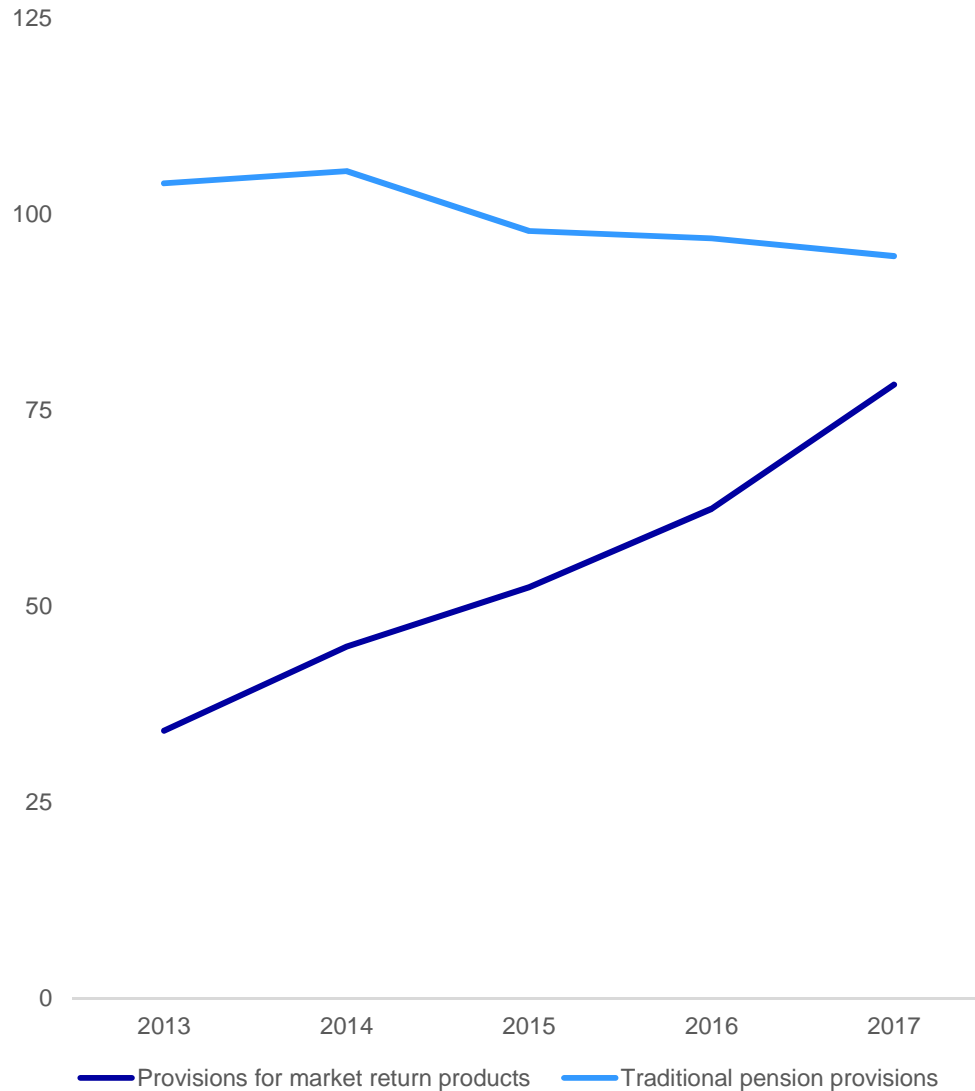
Customers investment costs (VækstPension Aktiv and Index),%



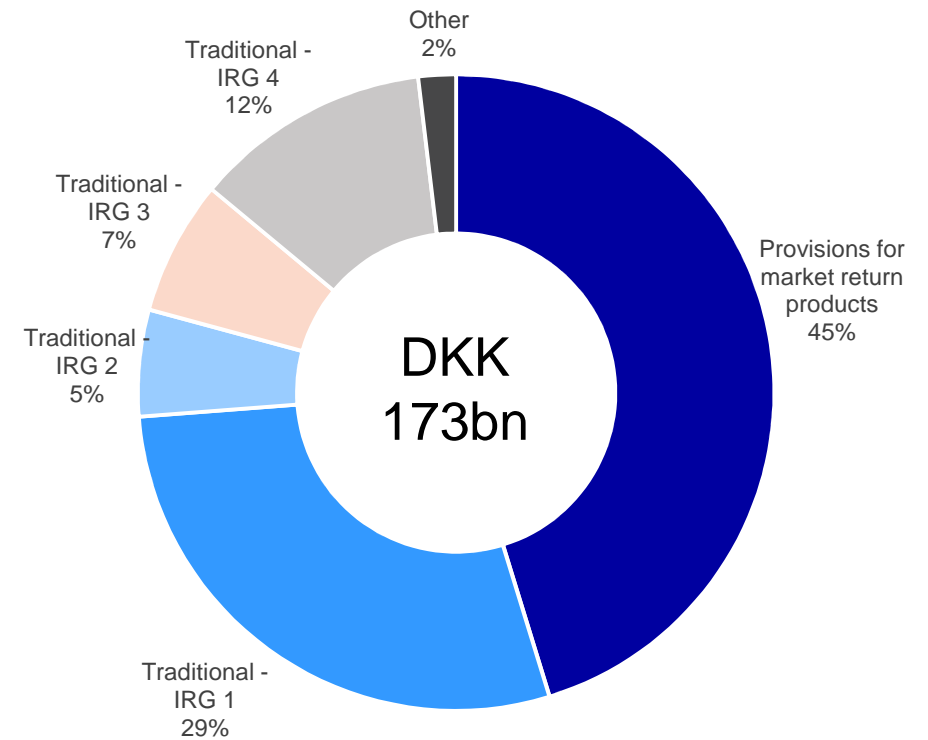
- Total insurance operating expenses, net of reinsurance
- Declining cost ratios reflecting economy of scale in the pension industry
- Stable investment cost for customers

Balance sheet growth and composition

Strong growth in provisions for market return products (DKKbn)

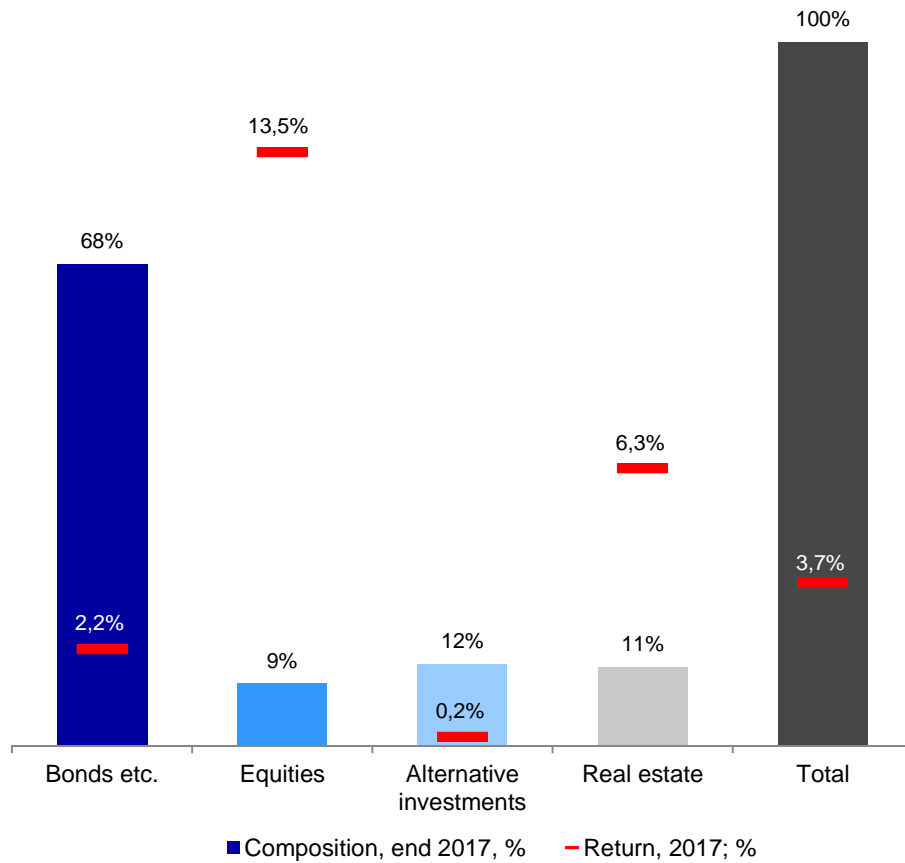


Traditional pension provisions are mainly with low guarantee (2017)

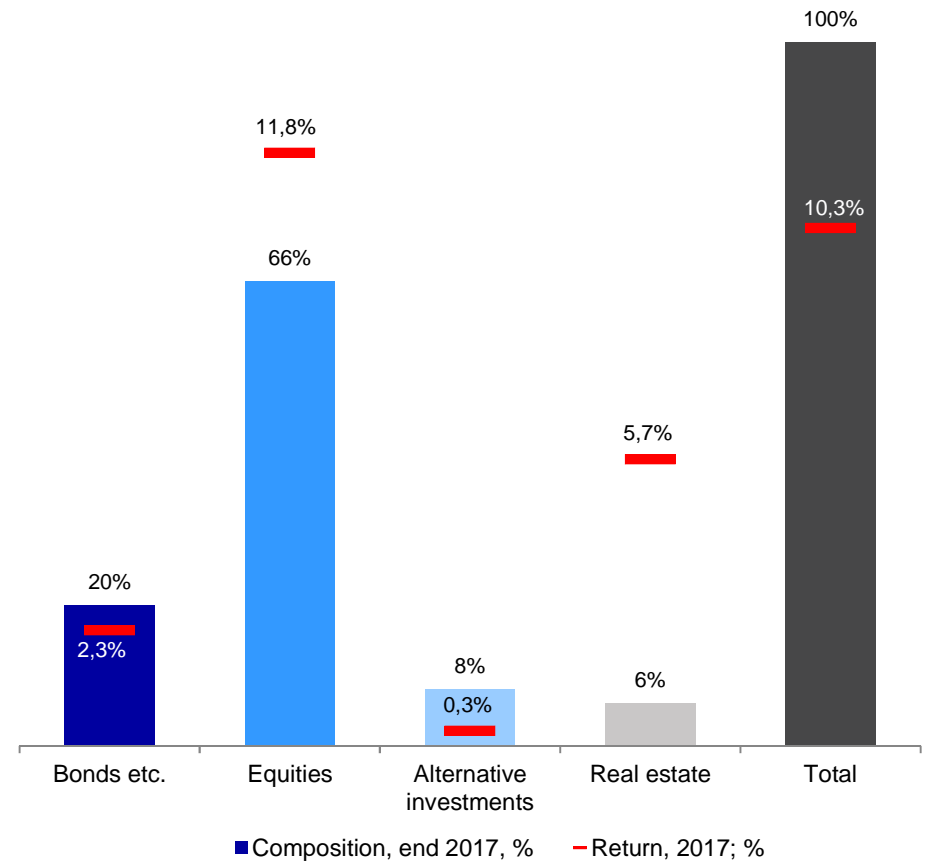


NLP investment portfolio overview

Investment composition and return, traditional products, 2017



Investment composition and return, market return products, 2017

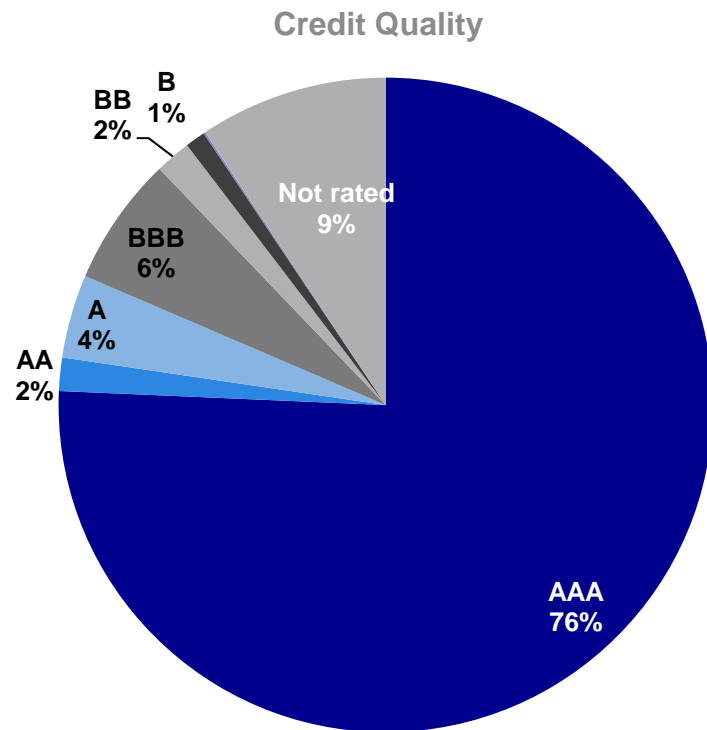


Traditional portfolio breakdown (2017)

| | IRG1 | IRG2 | IRG3 | IRG4 | Total |
|---|--|---|---|---|---|
| Provisions, DKKbn | 49.3 | 9.4 | 11.8 | 20.8 | 91.4 |
| Guarantee, pct. nominal and gross | 1-2 | 2-3 | 3-4 | >4 | |
| Financial buffer, pct. of provisions | 11.3 | 11.5 | 9.1 | 13.0 | 11.4 |
| Portfolio | <p>Legend:</p> <ul style="list-style-type: none"> Bonds etc. Equities Real estate Alternatives | | | | |
| | <p>67% Bonds etc.</p> <p>12% Equities</p> <p>11% Real estate</p> <p>10% Alternatives</p> | <p>69% Bonds etc.</p> <p>9% Equities</p> <p>10% Real estate</p> <p>12% Alternatives</p> | <p>69% Bonds etc.</p> <p>4% Equities</p> <p>13% Real estate</p> <p>14% Alternatives</p> | <p>69% Bonds etc.</p> <p>4% Equities</p> <p>13% Real estate</p> <p>14% Alternatives</p> | <p>68% Bonds etc.</p> <p>9% Equities</p> <p>12% Real estate</p> <p>11% Alternatives</p> |

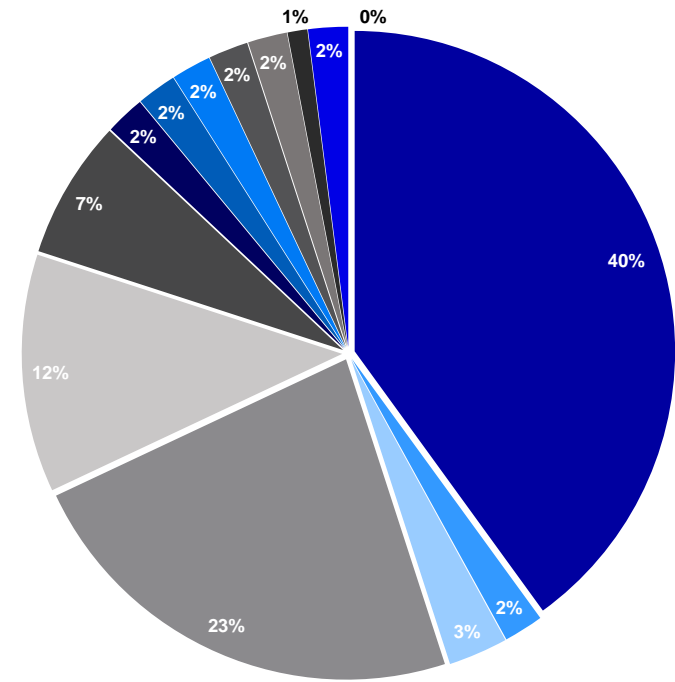
High quality bonds backing the guarantees

Investment portfolio - Traditional product, 2017 (DKK 93.4bn)



Investment portfolio - Traditional product, 2017 (DKK 93.4bn)

Equity allocation grouped by NACE Sector



- Manufacturing
- Professional scientific and technical activities
- Transportation and storage
- Financial and insurance activities
- Information and communication
- Wholesale and retail trade; repair of motor vehicles and mot
- Administrative and support service activities
- Mining and quarrying
- Construction
- Electricity, gas, steam and air conditioning supply
- Real estate activities
- Human health and social work activities
- Accommodation food service activities
- Water supply; sewerage, waste management and remediation act

Nordea Liv & Pension

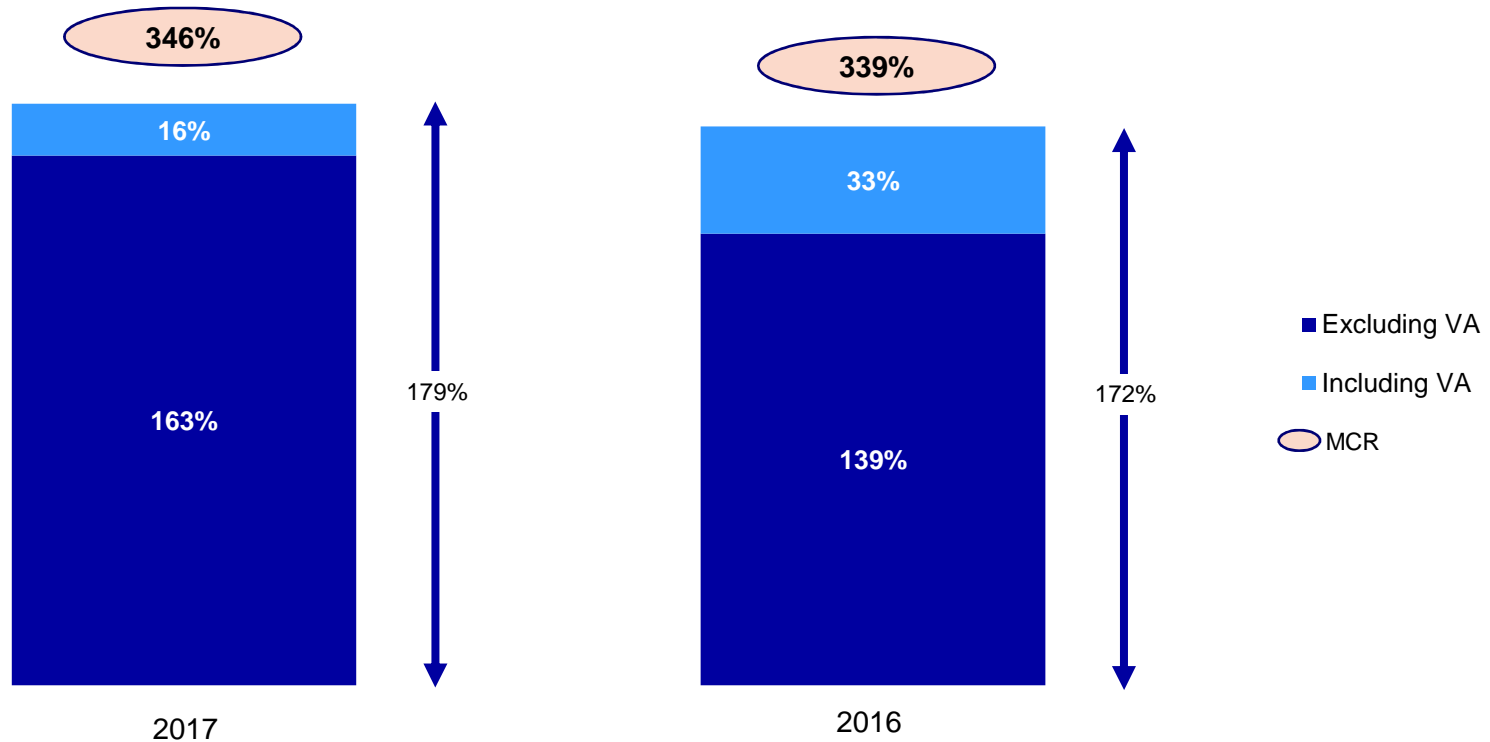
Capital Overview



Regulatory capital overview

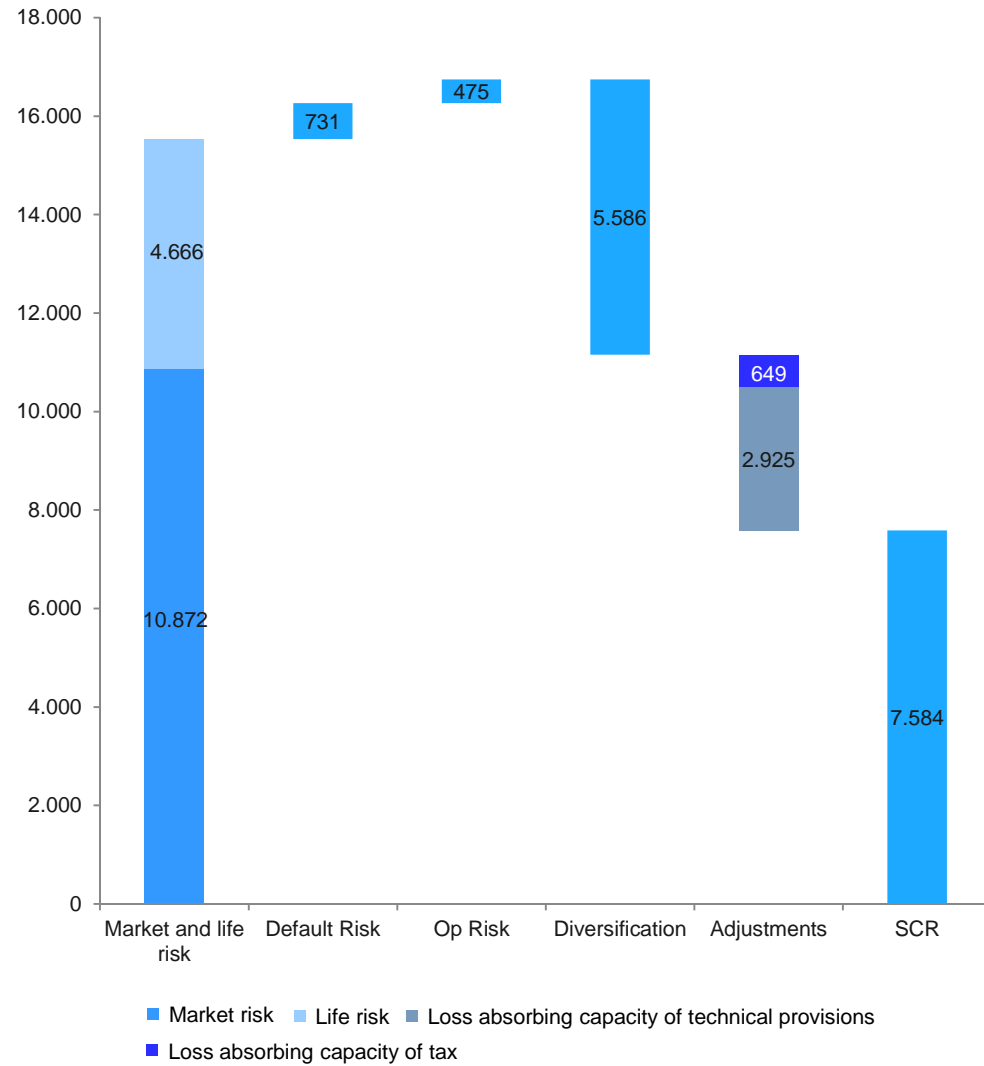
NLP solvency position

- NLP's capital position is managed by the Capital policy adopted by the board of directors which is stating:
 - NLP aims for a solvency ratio within the range of 150% to 170%
 - Dividends can only be distributed when
 - The solvency ratio is above 160% (after dividend)
 - Appropriate capital projections have been performed

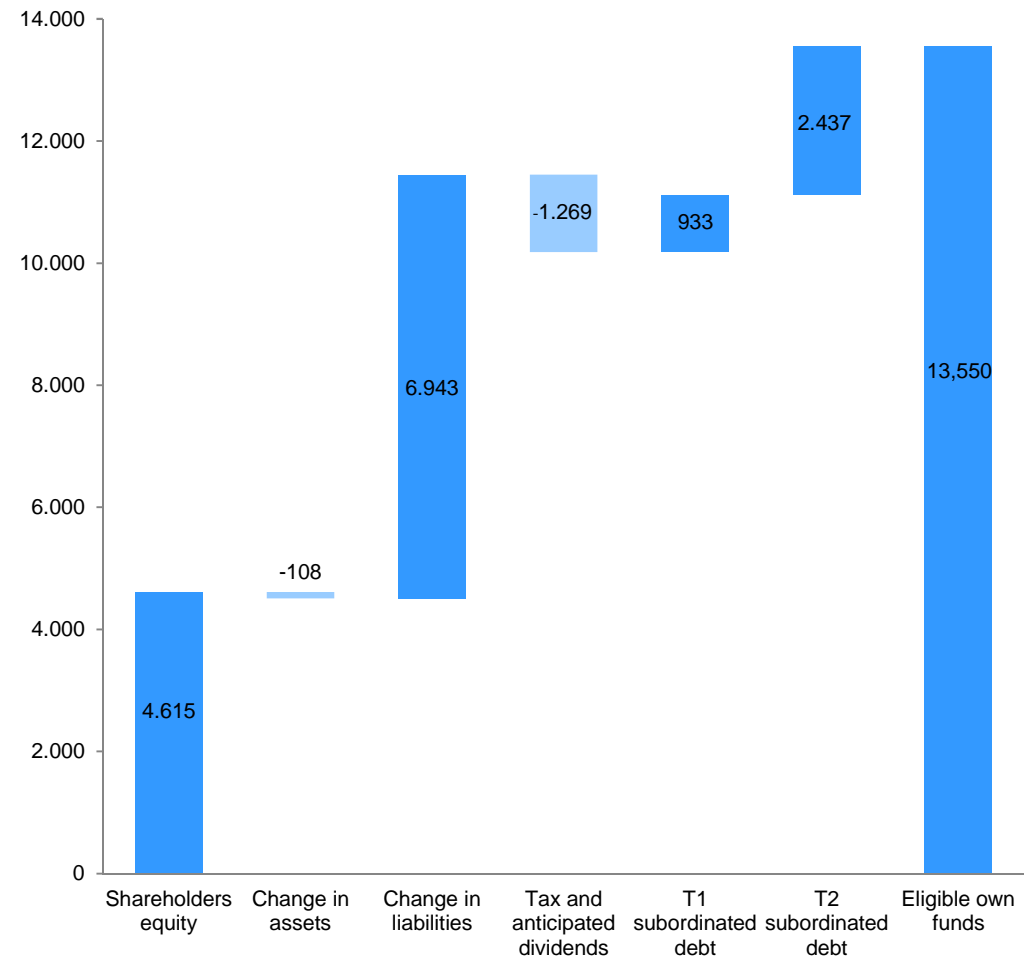


Risk & capital composition: Market risk is the dominating risk factor

SCR split by risk types 2017 (DKKbn)

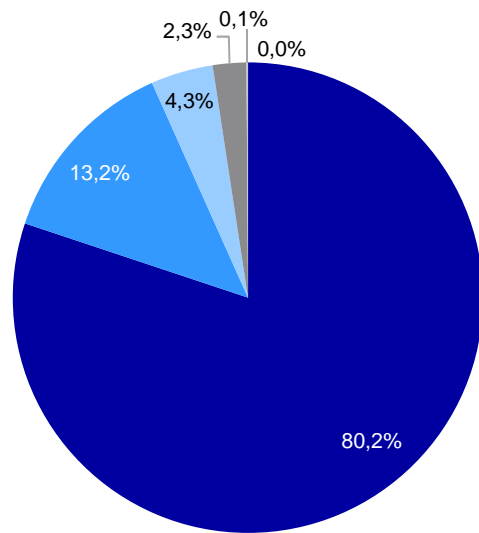


Capital composition 2017 (DKKbn)



Solvency risk breakdown

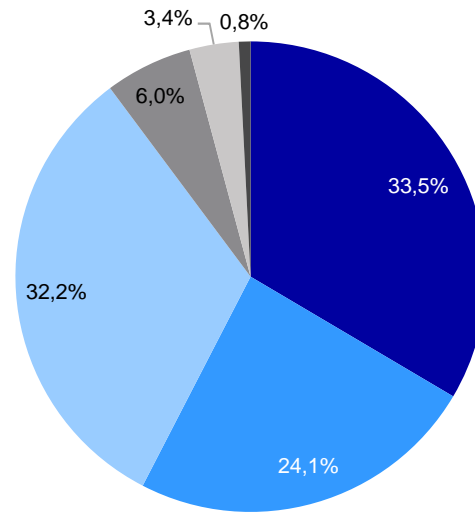
SCR split by risk types 2017



- Market risk
- Life risk
- Operational risk
- Default risk
- Health risk
- Non-life risk

Market risk is essential

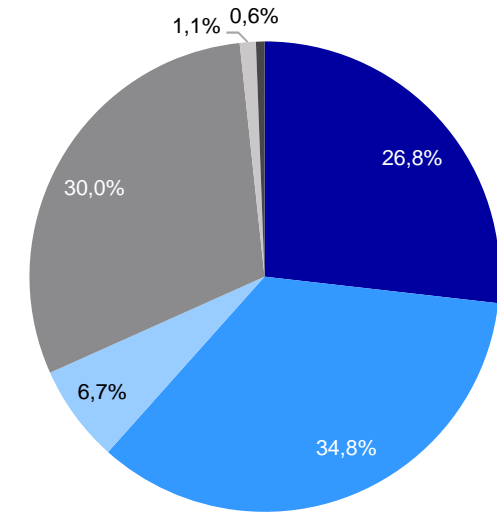
SCR split, Market risk 2017



- Spread
- Type 1 equities
- Type 2 equities
- Interest rate
- Currency
- Property

Interest rate risk is low due to hedging

SCR split, Life risk 2017



- Longevity
- Disability
- Life expense
- Lapse
- Life catastrophe
- Mortality

Improvement of life expectancy is included by law

Nordea Liv & Pension

Transaction Overview



NLP Solvency 2 compliant Tier 2

NLP Livsforsikringselskab A/S term sheet

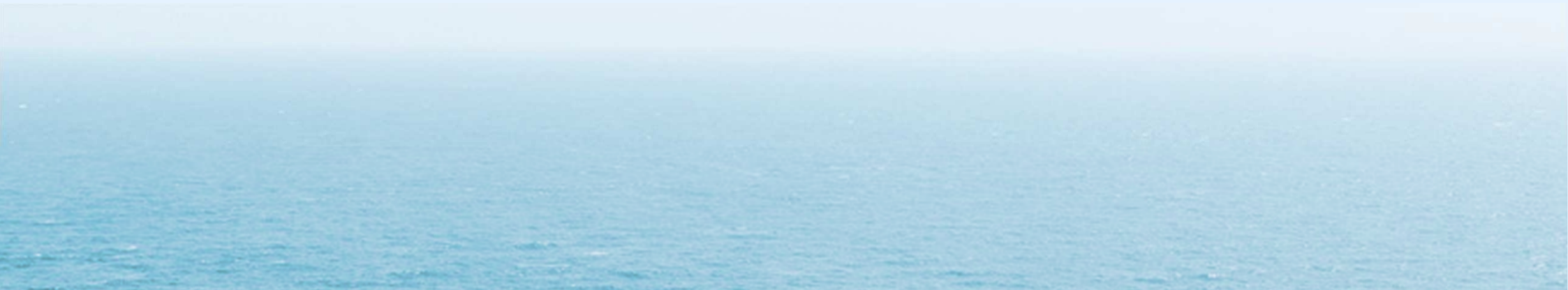
| | |
|-------------------------------------|--|
| Borrower: | NLP Livsforsikringselskab A/S |
| Instrument: | The Notes constitute direct, unsecured and subordinated obligations of the Issuer, Solvency II Tier 2 compliant |
| Issue & Format: | Stand alone, Reg S, Registered |
| Issuer rating: | NR |
| Denomination: | SEK 2,000,000 with increments of SEK 1,000,000 |
| Structure: | 10 year with a 5 year non-call period (10NC5) |
| Maturity Date: | [x] June 2028, subject to Mandatory redemption deferral and Conditions to redemption etc. |
| First Call Date: | [x] June 2023 |
| Purpose: | Replacement of current solvency II Tier 2 compliant loan provided by Nordea Bank AB (publ) (DKK 2.3bn) |
| Call structure: | The issuer may redeem all (but not some only) of the outstanding notes (i) on the First call date (i.a. five years after the issue date) and on every interest payment date falling after the First call date; or (ii) following a Capital Disqualification Event/Tax Event @100% plus accrued interest |
| Interest deferral: | <ul style="list-style-type: none"> - The Issuer may elect to defer a payment of interest - Mandatory upon a breach of the Solvency Capital Requirement and/or Minimum Capital Requirement (MCR) - Cumulative if deferred (both for optional and mandatory deferral) |
| Arrears of interest: | Cash cumulative; optional and mandatory |
| Step-up: | N/A |
| Dividend Pusher / Stopper: | N/A |
| Substitution / Variation: | At any time, upon the occurrence of a Special Event, the Issuer may, at its option, substitute, exchange or convert all (but not some only) of the Notes into an own-fund item which constitutes Qualifying Notes or amend or vary the terms of the Notes so that they become or remain Qualifying Notes, provided that the Regulatory Clearance Condition is satisfied. |
| Listing: | Nasdaq Copenhagen A/S - the Notes to be admitted to the Official List and trading on its regulated market with effect from the Issue Date. |
| Lead Manager and Bookrunner: | Nordea Bank AB (publ). |
| Settlement: | VP Securities A/S |
| Governing law: | The Notes and the Terms and Conditions of the Notes will be governed by, and construed in accordance with Danish law. |
| Fees: | The banks will be paid a fee by the issuer in respect of the placement of the securities |
| Target market (MiFID II): | MiFID II professionals/ECPs-only - Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA. |

Recent Nordic Tier 2 Structure comparison

| | Danica | Tryg | If P&C | Storebrand Livsforsikring | Storebrand Livsforsikring |
|---------------------------------------|--|--|--|--|--|
| Issue Date | September 2015 | May 2016 | November 2016 | November 2017 | March 2018 |
| Issuer Rating | A- S&P | A2 Moody's | Baa1 Moody's / A- S&P | BBB+ S&P | BBB+ S&P |
| Issue Rating | BBB S&P | Baa1 Moody's | Baa2 Moody's / BBB S&P | BBB- S&P | BBB- S&P |
| Size / Currency | EUR 500m | SEK1,000m | SEK2,000m | SEK1,000m | SEK900m |
| Tenor | 30NC10 | 30NC5 | 30NC5 | 30NC5 | 30NC7 |
| Step-Up | 100bps in year 20 | 100bps in year 10 | 100bps in year 10 | 100bps in year 10 | 100bps in year 10 |
| Optional Deferral | Yes | Yes | Yes | Yes | Yes |
| Mandatory Deferral | Issuer required to defer any payment of interest if: (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a regulatory deficiency deferral event has occurred | Subject to a breach of solvency requirements under the applicable regulations (a breach of the SCR or the MCR (where this occurs before non-compliance with the SCR), as defined in Solvency II) | Issuer required to defer any payment of interest if: (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a regulatory deficiency deferral event has occurred | Issuer required to defer any payment of interest if: (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a regulatory deficiency deferral event has occurred | Issuer required to defer any payment of interest if: (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a regulatory deficiency deferral event has occurred |
| Dividend Pusher / Stopper | N/A | Dividend pusher on arrears | Dividend pusher on arrears | Dividend pusher on arrears | Dividend pusher on arrears |
| Early Call Provisions | Capital Disqualification Event: Par Rating Agency Event: Par Tax Event: Par | Capital Disqualification Event: Par Rating Agency Event: Par Tax Event: Par | Capital Disqualification Event: Par Rating Agency Event: Par Tax Event: Par | Capital Disqualification Event: Par Rating Agency Event: Par Tax Event: Par | Capital Disqualification Event: Par Rating Agency Event: Par Tax Event: Par |
| Substitution / Variation | Special Event unforeseen and outside the control of the Issuer | N/A | Following relevant early redemption events | Special Event unforeseen and outside the control of the Issuer | Special Event unforeseen and outside the control of the Issuer |
| Format / Listing | Reg S/Irish Stock Exchange | Reg S/Oslo listing | Reg S/Luxembourg | Reg S/Oslo listing | Reg S/Oslo listing |
| Governing Law | English Law | Danish law | English Law | Norwegian Law | Norwegian Law |
| Regulatory Capital Recognition | Tier 2 Capital | Solvency II Tier 2 Capital | Solvency II Tier 2 Capital | Solvency II Tier 2 Capital | Solvency II Tier 2 Capital |

Nordea Liv & Pension

Appendix



Norliv - The association for clients in NLP

The Norliv association has around 330,000 members, all of whom are customers of NLP

Origin:

- The Norliv association was founded on 6 August 2015 by demerger from TryghedsGruppen. The association has around 340,000 members, all of whom are customers of NLP. Upon its founding, the association had assets of DKK 8bn

Strategy:

- The association aims to ensure a strong democratic basis through members' engagement with and participation in the association's elections, bonuses and other member benefits. The association also works to promote good mental health in Denmark through charitable donations

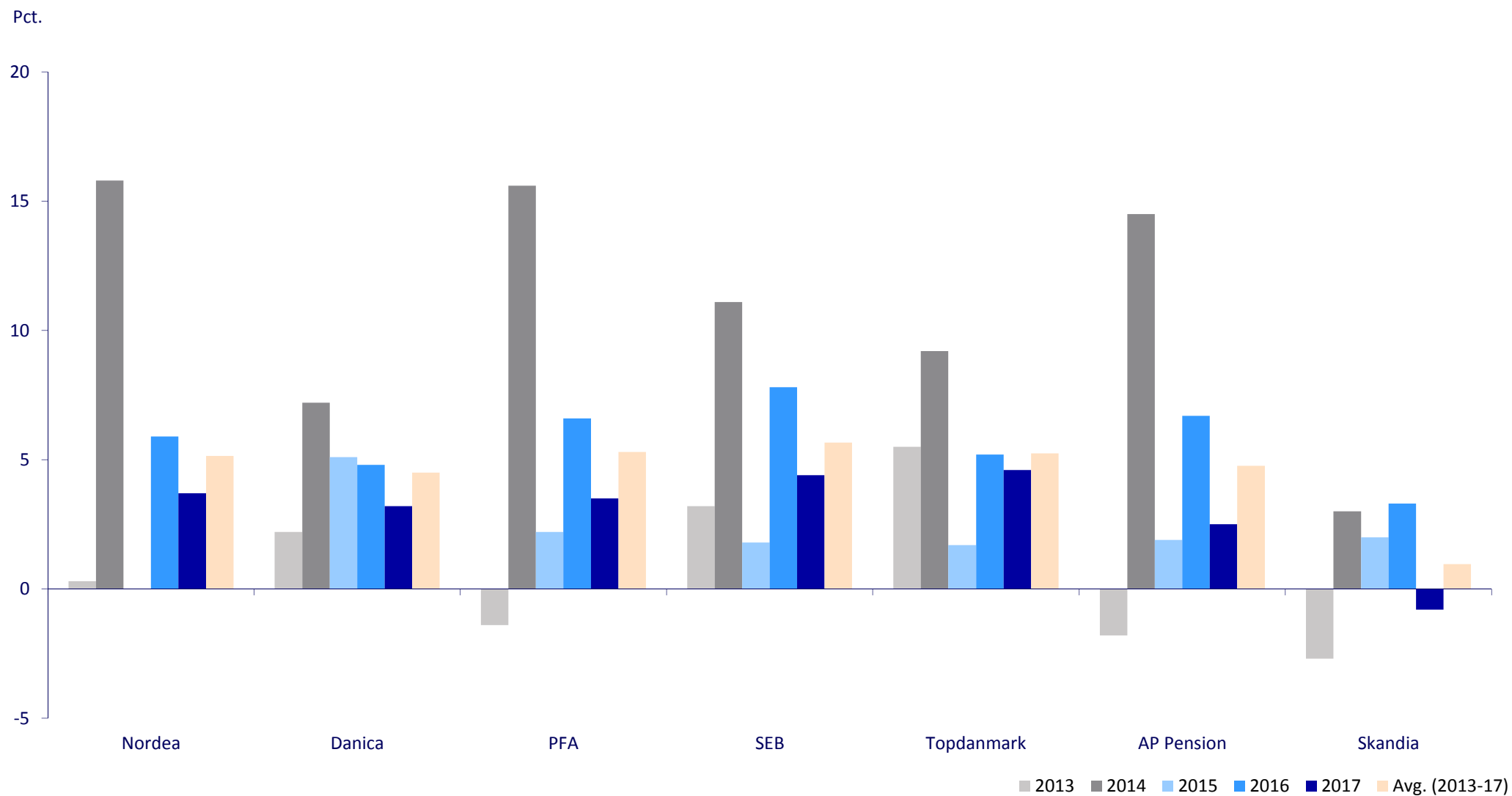
History:

- 2015 Danish Financial Supervisory Authority approves the founding of the association. The association is established with a Board of Representatives based in TryghedsGruppen
- 2016 National elections to the Board of Representatives and formation of the Board of Directors. The Board of representatives agrees a strategy for the association and a sub-strategy for its nonprofit activities. The Board of Representatives resolves to acquire 25% of the members' pension company Nordea Liv & Pension. A secretariat is established
- 2017 Change of name from Foreningen NLP (Association NLP) to Norliv - the association for customers of Nordea Liv & Pension. Members' meetings are held across Denmark. A model for payment of members' bonuses is agreed. Board of Representatives resolves to acquire a further 45% of Nordea Liv & Pension from Nordea
- 2018 Elections to the Board of Representatives in the regions west of the Great Belt. First payment of members' bonuses have been paid out (DKK 368m). Opening of funding applications for activities that promote good mental health

Mission

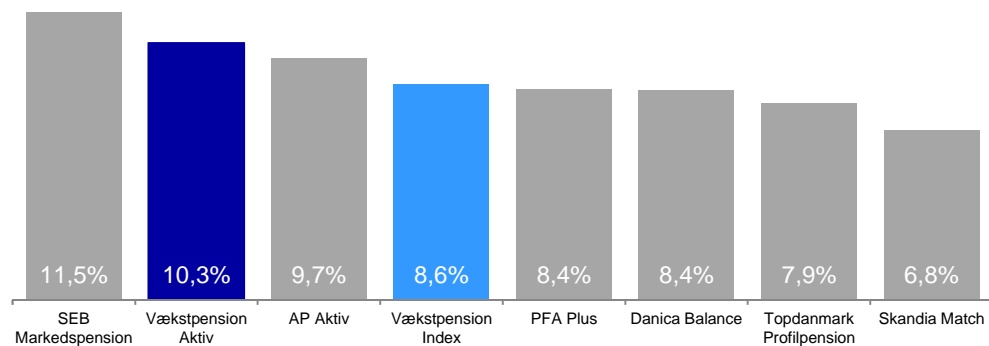
- An important ambition of the association is to engage members in elections to the Board of Representatives, as this is a prerequisite for a thriving association democracy that reflects the members' interests
- Furthermore, the association aims to grant specific member benefits to individual members in the form of a bonus payment. The association's Board of Representatives has resolved that 80% of its returns should go on bonus payments. The total amount of bonus payments is agreed each year at the ordinary meeting of the Board of Representatives in the spring
- The remaining 20% of the returns go to nonprofit activities that promote mental health in Denmark. Mental health issues are a particular growing challenge for Denmark. Stress alone results in around 35,000 people being off work sick every day, added to which are symptoms of anxiety, depression, sleeping difficulty and loneliness, which have also been increasing in recent years. This has enormous welfare consequences for the individual and their family as well as major financial consequences for companies and the public sector. Norliv wants to help address this challenge through preventive efforts.

Investment return peer comparison 2013-17: The traditional portfolio

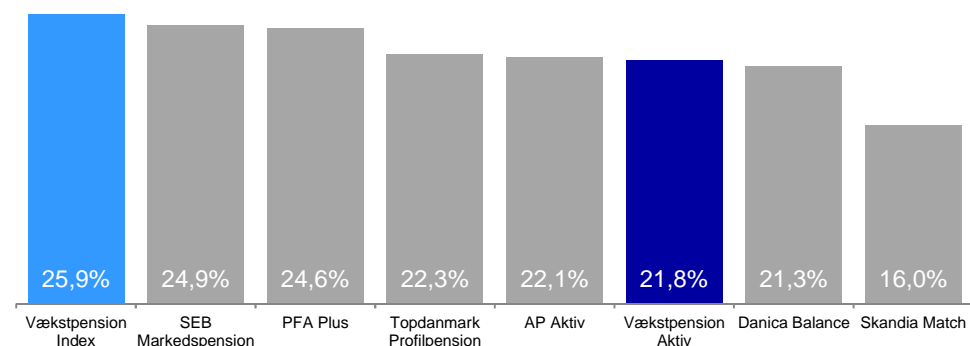


Investment return peer comparison 2013-17: Market return products (life cycle products, medium risk, 15 years until pension)

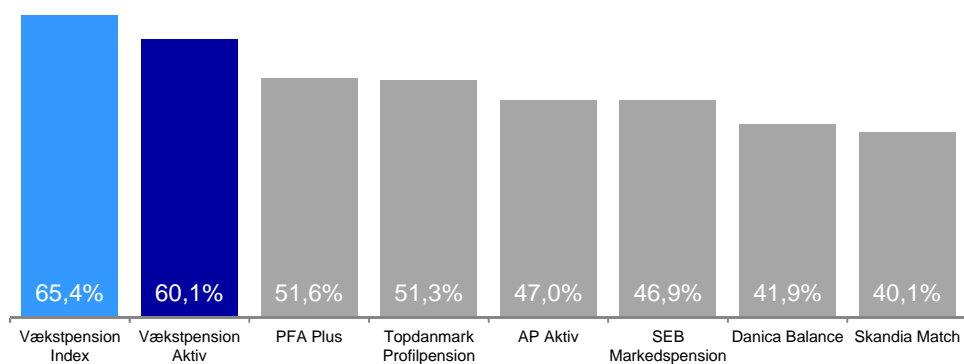
2017, %



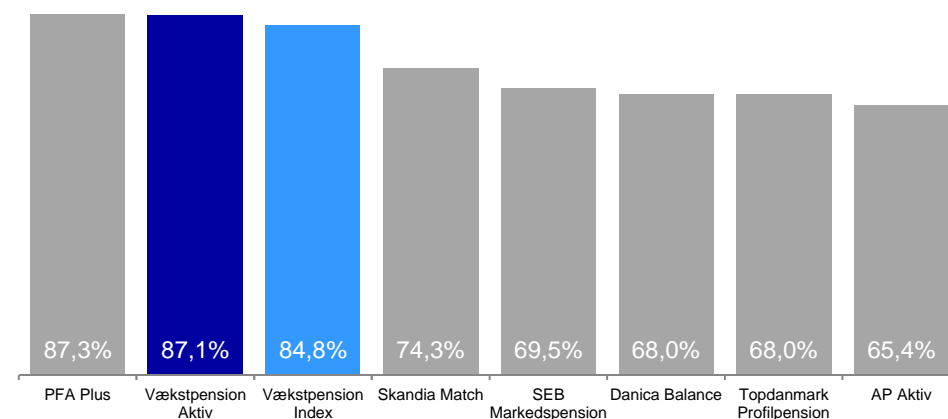
2015-17 accumulated, %



2013-17 accumulated, %



2008-17 accumulated, %

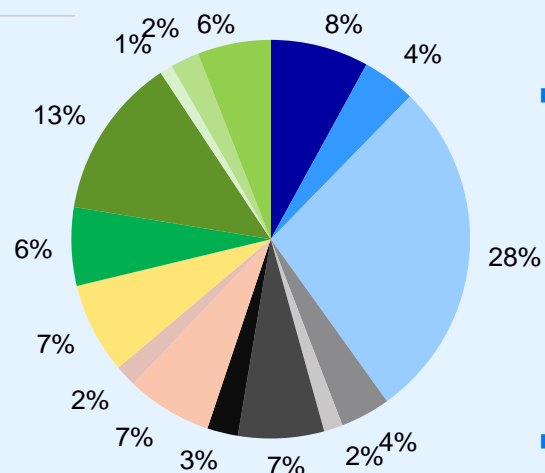


Source: Morningstar Direct database. PFA is exclusive KundeKapital acc. to the pension sectors common guidelines. For Vækstpension Index before introduction 1st June 2012 investment return is based on the development in the underlying stock market indexes minus investment cost.

Vækstpension Investment portfolio

VækstPension Aktiv Medium risk (as of 30 April 2018)

| | | | |
|-------------------------------|--------------------------------------|-------------------------------------|----------------|
| Equities | Developed, large cap | Global Growth | 8,0% |
| | | ● Global Blend | 4,3% |
| | | Global Mix | 27,8% |
| | | Europe Growth | 4,0% |
| | | Global Risk Premia | 1,5% |
| | | ● Global Low Vol | 7,0% |
| | | Global Quality | 2,5% |
| | Developed, small cap | ● Global Small Cap | 1,2% |
| | | US Small Cap | 3,4% |
| | | Europe Small Cap | 2,3% |
| | Developed, Denmark | Domestic | 1,7% |
| | Emerging markets | ● Emerging Markets Mix | 2,4% |
| | | Emerging Markets Low Vol | 1,4% |
| | | Emerging Markets Far East | 2,1% |
| | | Emerging Markets Small Cap | 1,5% |
| | Alternative assets, high risk | Real Estate - High Risk | 0,2% |
| | | Other Alternatives | 0,5% |
| Private Equity | | 5,3% | |
| Private Equity Co-investments | | 0,3% | |
| Frontier Equities | | 0,1% | |
| Total equity | | 77,6% | |
| Fixed Income | Liquid Fixed Income | ● Domestic Government Bonds | 0,7% |
| | | ● Domestic Mortgage Bonds | 4,0% |
| | | ● Corporate Bonds | 3,6% |
| | | Credit | 1,6% |
| | | ● High Yield | 1,6% |
| | | ● Emerging Market Debt | 1,6% |
| | | Alternative assets, low risk | Infrastructure |
| | Illiquid Credit - High Risk | | 1,0% |
| | Illiquid Credit - Low Risk | | 1,3% |
| | Real Estate - PPP | | 0,3% |
| | Real Estate - Low Risk | | 4,1% |
| | Real Estate - Medium Risk | | 1,5% |
| | Total fixed income | | 22,4% |
| | Grand total | | 100,0% |



- Equity allocation across all market segments
 - Geography
 - Company size
 - Sectors
- Allocation across all segments in the fixed income market
 - including non-listed credit
- High share of real estate and alternative investments
 - 8-30% depending on customers individual age and risk profile
- = Investments in VækstPension Index

Nordea Liv & Pension

Q&A

