

Nordea

LIV & PENSION

Nordea Liv & Pension, livsforsikringselskab A/S

(incorporated as a public limited company in Denmark with CVR no. 24260577)

SEK 2,250,000,000 Floating Rate Callable Subordinated Tier 2 Notes due 8 June 2028

Issue price 100.00 per cent.

The SEK 2,250,000,000 Floating Rate Callable Subordinated Tier 2 Notes due 8 June 2028 (in Danish: kapitalbeviser) (the "Notes") will be issued by Nordea Liv & Pension livsforsikringselskab A/S, CVR no. 24260577 (the "Issuer" or "Nordea Liv & Pension"). The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, as described in Condition 4 (Status of the Notes) in "Terms and Conditions of the Notes".

Subject as provided herein, the Notes will bear interest on their Outstanding Principal Amounts (as defined in Condition 2 (Definitions) in "Terms and Conditions of the Notes"), payable quarterly in arrear on 8 March, 8 June, 8 September and 8 December in each year (each an "Interest Payment Date"), from (and including) 8 June 2018 (the "Issue Date") to (but excluding) 8 June 2028 (the "Maturity Date") at a rate per annum equal to the aggregate of (i) the aggregate of the Reference Rate (as defined in Condition 2 (Definitions) in "Terms and Conditions of the Notes") and a margin of 2.75 per cent.

The Issuer may elect to defer a payment of interest in respect of the Notes in certain specified circumstances and must defer a payment of interest in respect of the Notes in certain specified circumstances. See Condition 6 (Interest deferral) in "Terms and Conditions of the Notes". Any deferred interest payments shall, so long as the same remains unpaid, constitute "Arrears of Interest" and shall bear interest as described in Condition 6 (Interest deferral) in "Terms and Conditions of the Notes". Arrears of Interest, together with all corresponding interest thereon, will be payable in the circumstances described in Condition 6 (Interest deferral) in "Terms and Conditions of the Notes".

Unless previously redeemed or purchased and cancelled, the Notes will mature on the Maturity Date. The Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on 8 June 2023 (the "First Call Date") or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (and all corresponding interest on such Arrears of Interest). Upon the occurrence of a Capital Disqualification Event or a Tax Event (each a "Special Event" and each as defined in Condition 2 (Definitions) in "Terms and Conditions of the Notes"), the Issuer may, at its option, at any time redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (and all corresponding interest on such Arrears of Interest). Any such redemption, including at maturity, is subject to certain conditions as set out in Condition 7.7 (Conditions to redemption etc.) and the Issuer will be required to defer redemption of the Notes in certain circumstances. See Condition 7 (Redemption and purchase) in "Terms and Conditions of the Notes".

Each amount of interest payable under the Notes is calculated by reference to the Stockholm Interbank Offered Rate ("STIBOR") for three-month terms which appears on the Reuter Screen "SIDE" page under the heading "FIXINGS" as of 11.00 a.m. (Stockholm time) on the second Business Day prior to the start of each Interest Period (as defined in Condition 2 (Definitions) in "Terms and Conditions of the Notes") which is provided by Swedish Bankers' Association. As at the date of this Prospectus, the Swedish Bankers' Association does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "Benchmarks Regulation"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Swedish Bankers' Association is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Application has been made to Nasdaq Copenhagen A/S for the Notes issued under the Prospectus to be listed on the official list of Nasdaq Copenhagen A/S (the "Official List") and to be admitted to trading on Nasdaq Copenhagen A/S' regulated market. References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed on the Official List and admitted to trading on Nasdaq Copenhagen A/S' regulated market. Nasdaq Copenhagen A/S' regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments. The Notes are issued in uncertificated book entry form cleared through VP Securities A/S ("VP").

This Prospectus has been prepared by the Issuer for the admittance to trading of the Notes on Nasdaq Copenhagen A/S's regulated market. This Prospectus has been prepared as a prospectus issued in compliance with the Prospectus Directive (as defined below) and relevant implementing legislation in Denmark for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the "Group") and the Notes which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the Notes and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Group. This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Notes may be offered and sold outside the United States to non U.S. persons in reliance on Regulation S ("Regulation S") under the U.S. Securities Act. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "Subscription and Sale".

An investment in the Notes involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial situation. For a discussion of these risks see "Risk Factors" below.

Lead Manager

Nordea Bank AB (publ)

Important Information

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

The Issuer has confirmed to Nordea Bank AB (publ) (the "**Lead Manager**") that this Prospectus is true, accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; that there are no other facts in relation to the information contained or incorporated by reference in this Prospectus the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer or the Lead Manager to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Lead Manager.

No representation or warranty is made or implied by the Lead Manager or any of their respective affiliates, and neither the Lead Manager nor any of their respective affiliates (other than the Issuer) makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof, that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof, that the information contained in this Prospectus is true subsequent to the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering, sale and/or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Lead Manager or any of them to subscribe for or purchase, any Notes.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments, i.e. euro, is different from the currency in which such potential investor's financial activities are principally denominated; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. The Notes are complex financial instruments and may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal 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) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 (as amended, "**MiFID II**"); (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. Consequently no key information document required by Regulation (EU) no. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance/Professional investors and eligible counterparties target market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients each as defined in MiFID II; and ii) all channels for distribution to eligible counterparties and professional clients are appropriate; Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

1 Responsibility statement

1.1 The Issuer's responsibility

Nordea Liv & Pension accepts responsibility for this Prospectus in pursuance of Danish law.

1.2 Responsible persons

The following persons are responsible for this Prospectus on behalf of Nordea Liv & Pension

Board of Directors:

Anne Broeng

(Chairman, Professional board member)

Peter Gæmelke

(Vice chairman, Self-employed farmer and professional board member)

Karsten Knudsen

(Professional board member)

Mads Skovlund Pedersen

(Deputy Head of Banking at Nordea Bank DK)

Kent Petersen

(Chairman at Finansforbundet)

Lene Klejs Stuhr

(HR Director at Agilent Technologies)

Chrilles Svendsen

(Professional board member)

Gustaf Unger

(CEO at Nordea Life Holding AB)

Anne Marie Nielsen

(Customer Advisor at Nordea Liv & Pension)

Mogens Edvard Pedersen

(Pension Advisor at Nordea Liv & Pension)

Per Lyngh Sørensen

(IT Developer at Nordea Liv & Pension)

Tommy Østerberg

(IT-expert Developer at Nordea Liv & Pension)

Pursuant to the powers conferred on them, they have authorised two members of the Executive Board to jointly sign this Prospectus and future supplements.

Executive Board:

Steen Michael Erichsen

(CEO)

Gitte Minet Aggerholm

(Director)

1.3 Statement

We, the Board of Directors and the Executive Board of the Issuer, hereby declare that we, as the persons responsible for this Prospectus on behalf of the Issuer, have taken all reasonable care to ensure that, to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of its contents.

Ballerup, 6 June 2018

Steen Michael Erichsen

(CEO)

Gitte Minet Aggerholm

(Director)

Table of contents

1	Responsibility statement	4
2	Risk Factors.....	6
3	Overview of the Notes	16
4	Documents incorporated by reference.....	19
5	Use of proceeds	20
6	Terms and Condition of the Notes	21
7	Description of the Issuer	37
8	Taxation	50
9	Subscription and sale.....	52
10	General information.....	54

2 Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations in relation to the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Risks related to the market generally and risks related to the structure of the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

If one or more of the risks described below materialize, the investors may lose some or all of their investment in the Notes.

The following is a general description of certain risks associated with the Issuer and the Notes and it does not consider an investor's specific knowledge and/or understanding about the risks typically associated with the Issuer and the ownership of the Notes or the lack of such knowledge and/or understanding, or circumstances that may apply to a particular investor.

2.1 Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

The Issuer is exposed to a variety of risks through the life insurance activities. If the Issuer fails to manage this exposure, it may incur financial losses and its reputation may be damaged. The Issuer defines and manages exposure to the following main types of risk:

2.1.1 Underwriting risk

Underwriting risk is defined as the risk of loss, or of an adverse change in the value of insurance liabilities. Underwriting risk can be divided into biometric risk and non-biometric risk. Biometric risk consists of mortality risk, longevity risk and disability risk. The non-biometric risks include lapse risk (transition to paid-up and surrender), expense risks and life catastrophe risk. The change in value of the insurance liabilities can be caused by a change in the level, trend, or volatility of mortality rates, longevity rates, disability rates or lapse risks. Changes in value can also be caused by a change in expenses. The occurrence of such events may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2 Market risk

Market risk is defined as the sensitivity of the market value of assets or liabilities to changes in the level or volatility of market prices, interest rates and other relevant risk factors. Market risk arises primarily from insurance with profit participation (traditional pension products) and unit-linked insurance (market return products) with embedded guarantees, where failure to live up to guarantees will ultimately fall on the Issuer. In addition, the market return products generate future profits that are included in the Solvency II balance sheet. A potential reduction in the size of the market return products, as a result of market movements, would reduce these future profits and thereby the available own funds in the Solvency II balance sheet. Market risk also arises from the investment of shareholder capital. The occurrence of such events may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.1 Equity risk

Investment in equities is carried out in both traditional pension products as well as in market return products, although the balance is skewed heavily towards the market return products. Equities encompasses holdings in traditional listed equities as well as unlisted equities, private equity and certain infrastructure investments.

Thus, the Issuer is exposed to a decrease in equity prices impacting financial guarantees on traditional pension products and some guaranteed market return products. The Issuer is also exposed to fall in equity prices through reduced market values of non-guaranteed unit-linked savings products since this would reduce future profits and impact the available own funds for solvency calculation purposes. In the event equity markets decline, this may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.2 Credit spread risk

The credit spreads measure the excess return above the government bond rate gained on a given credit investment in return for a higher probability of default. Thus, credit spread risk is a measure of the Issuer's loss when the credit quality of investments deteriorates.

The Issuer is exposed to movements in credit spreads via its credit portfolios within the traditional pension products as well as in the market return products. The mechanism for the two products is the same as with equities. With traditional pension products the impact is transmitted directly through the guarantees, and with market return products the impact is transmitted through a reduction in future profits. The most significant overall contributor to credit spread risk is investments in Danish mortgage backed securities.

Changes in spreads can have an impact on investment returns which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.3 Market concentration risk

Concentration risk is a measure of the market risk the Issuer assumes when concentrating investments along issuers, counterparties, regions or industry. Under the Solvency II regulation, market concentration by counterparty covers equities, properties and credit risky assets. There is no difference in investment approach between traditional pension products or market return products which leads to one scheme being more likely to have concentration risk than the other. In practice however, since traditional pension products are skewed towards fixed income investments, the concentration risk is higher here.

Defaults or poor performance can impact investment return which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.4 Interest rate risk

Interest rate risk arises primarily from fixed income investments in the traditional pension product. These investments are predominantly made with a focus on managing the interest rate risk arising from the imbedded guarantees. Thus, the Issuer is exposed to movements in interest rates through the duration mismatch between assets and liabilities. Fluctuations in interest rates may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.5 Property risk

The Issuer holds commercial, industrial and residential properties within its traditional pension products as well as market return products. In the Solvency II calculation the effect of the Issuer's property exposures is analogous to equities. Deteriorations in the property market may have a material adverse effect on the Issuer's business, results of operations or financial condition.

The Issuer's property exposure is mainly related to domestic market within residential- and office buildings.

Key risks in relation to investments in residential buildings are:

- Over supply of residential apartments, which can lead to vacancy and/ or decreasing rent
- Structural shift in tenant demand in term of geographical placement

- Increasing interest rates can lead to lower valuation of the residential buildings

Key risks in relation to investments in office buildings are:

- Increasing requirements for investments and maintenance in existing properties
- Structural shift in tenant demand in terms of geographical placement
- Structural shift in demand for new building with high efficiency in terms of square meter per employee

This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.6 Currency risk

The Issuer invests actively in global assets in both the traditional pension products and the market return products. Currency risk arises when the value of assets denominated in a foreign currency moves as a result of movements in the level of the foreign currency exchange rate. Fluctuations in exchange rates may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.7 Concentration risk

Concentration risk arises if i.e. a large part of the portfolio is invested in one share, or if a large proportion of a portfolio - although there are a variety of individual investments - may be affected by the same event.

The portfolio of real estate investments consists largely of properties located in Denmark. The high proportion of Danish properties can be said to constitute a concentration risk. Defaults or poor performance can impact investment return which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.2.8 Infrastructure investments

The Issuer invests in infrastructure, but only through funds. The process for sourcing infrastructure investments is the same as for other asset classes and follows a standard sourcing procedure. Infrastructure investments are associated with liability and regulatory risks, and defaults or poor performance which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.3 Counterparty risk

The Issuer is exposed to counterparty default risk through its cash and deposits held by counterparties as well as the derivatives used to hedge portfolios. Counterparty default risk reflects potential losses from unexpected default of the Issuer's counterparties and debtors over the following 12 months, bringing into account risk-mitigating contracts, reinsurance, securitisations and derivatives as well as receivables from intermediaries, and any other credit exposures which are not covered in the credit spread risk sub-module of the Solvency II module. An increase in credits spreads would generally lead to a decrease in market value of the investments which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.4 Liquidity risk

The Issuer is exposed to liquidity risk, which is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due.

Liquidity risk arises from both illiquidity of investment assets (market liquidity risk) and from changed cash-flows on liabilities as a result of changed claims, lapses or surrenders (funding liquidity risk). Liquidity risk can also arise from short-term payments affecting the short term liquidity need. Volatility and

disruption in the capital and credit markets, can have an impact on investment returns which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.5 Operational risk

The Issuer is exposed to a risk of direct or indirect loss or damaged reputation resulting from inadequate or failed internal processes, or from people, systems or external events. Regarding capital requirements operational risk also covers legal risk and compliance risk.

Operational risk is inherent in all activities within the organisation, in outsourced activities and in all interactions with external parties.

If the Issuer fails to manage operational risk, it may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.1.6 Other material risks

Business risk is defined as the risk associated with uncertainty in the business environment such as market environment, client behaviour and technological progress as well as the financial effects of reputational risk.

The valuation of technical provisions is performed by the use of a regulatory discounting curve. The curve is based on the EUR swap curve and hence a market rate curve. However the long-end of the curve is subject to an Ultimate Forward Rate "UFR" that does not correspond to market rates which introduces a basis risk. Another basis risk to the discounting curve is the Volatility Adjustment which is an add-on/spread to the curve based on Danish mortgage bonds. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

Strategic risk is defined as long-term implications associated with the selected business strategy such as product range, customer segments, markets, distribution channels and technological platforms. These may arise due to improper implementation of decisions or lack of responsiveness to industry changes.

Risks related to the legal environment arise as a result of the increasing regulatory pressure. This could potentially impact the reputation, the processes and the costs which may have a material adverse effect on the Issuer's business, results of operations or financial condition. This may, in turn, adversely impact the ability of the Issuer to fulfil its obligations under or in connection with the Notes.

2.2 Regulatory risks

2.2.1 Changes in the legal and regulatory systems

The legal and regulatory systems in Denmark as well as in the European Union have an impact on the Group's business, and potential changes thereto could have material adverse effect on the Issuer's business.

The Issuer is subject to governmental regulation in Denmark, and the Issuer's ability to conduct its operations requires the holding and maintenance of certain licences, permissions or authorisations, as well as compliance with rules and regulations promulgated from time to time. The insurance laws and regulations applicable to the Issuer include among others the following: licences to operate life and pensions business; solvency requirements; the Contribution Principle; taxes on investment returns; and tax rules concerning policyholders' premiums and savings. The loss of any such licence or amendments to such regulations (or any action taken by an applicable regulator pursuant to such regulations) could potentially have an adverse effect on the business of the Issuer and its financial condition and results.

Inconsistent application of directives by regulators in different Member States of the European Union may place the Issuer's business at a competitive disadvantage. The inconsistent application of directives could concern accounting rules, solvency rules, tax rules or the legal and regulatory system in general.

2.2.2 Legal Proceedings

Owing to its size and business volume, the Issuer is a party to various lawsuits and disputes from time to time and has an on-going dialogue with public authorities such as the Danish Financial Supervisory Authority ("**Danish FSA**"). In view of its size and business volume, the Issuer does not expect the outcome of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. However, pending and future lawsuits and disputes could have a material effect on the Issuer's financial results and financial conditions.

2.2.3 Contribution Principle

The Issuer has to run its business in accordance with the Executive Order on the Contribution Principle. The principle has to ensure a fair distribution between the customers and the Issuer's shareholders and among the customers themselves. Consequently, the Danish FSA has been notified of the Issuer's profit policy and the portfolio of Nordea Liv & Pension's traditional pension products are grouped into four interest rate groups, two cost groups and three risk groups. Despite this, there is a risk that the Danish FSA or the courts in Denmark may conclude that the Issuer does not satisfy the Contribution Principle, which could negatively affect the Issuer's financial results and financial conditions.

2.3 Risks related to the market generally

2.3.1 Absence of public markets for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although the Notes will be admitted trading on Nasdaq Copenhagen A/S, there is no assurance that an active trading market will develop.

2.3.2 The market value of the Notes may be influenced by factors beyond the Issuer's control

Many factors, most of which are beyond the Issuer's control, will influence the market value of the Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Notes in the secondary market. Such factors include the creditworthiness of the Issuer and in particular the Issuer and the Group's compliance with the Solvency Capital Requirement and the Minimum Capital Requirement, supply and demand for the Notes, the Interest Rate applicable to the Notes from time to time, exchange rates and macro-economic, political, regulatory or judicial events which affect the Issuer or the markets in which it operates.

2.3.3 Exchange risks and exchange controls

The Issuer will pay principal and interest on the Notes in Swedish Kroner. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Swedish Kroner. These include the risk that exchange rates may significantly change (including changes due to devaluation of Swedish Kroner or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Swedish Kroner would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

2.3.4 Interest rate risk

The Notes bear interest at the Interest Rate determined periodically in respect of each Interest Payment Date. An investment in the Notes during that time involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

2.4 Risks related to the structure of the Notes

2.4.1 The Issuer's obligations under the Notes are subordinated

The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer as described in Condition 4 (*Status of the Notes*).

The Issuer may issue other obligations or capital instruments that rank or are expressed to rank senior to the Notes or *pari passu* to the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its policyholders and beneficiaries and any other unsubordinated creditors and its other creditors that rank or are expressed to rank senior to the Notes in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes. In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its senior creditors, payments relating to other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* to the Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer's *pari passu* creditors, further reduce the assets available to pay amounts due under the Notes on a liquidation or bankruptcy of the Issuer.

2.4.2 Interest payments under the Notes may be deferred in certain circumstances

The Issuer may defer a payment of interest (in whole but not in part) on any Optional Interest Payment Date. In addition, the Issuer is required to defer any payment of interest (in whole but not in part) on any Interest Payment Date on which a Mandatory Deferral Event has occurred and is continuing. A Mandatory Deferral Event will occur if, in relation to any date on which:

- (a) a payment of interest is due to be made in respect of the Notes; and/or
- (b) a repayment of principal is due to be made in respect of the Notes; and/or
- (c) the Notes are to be redeemed, (as applicable),

a Capital Adequacy Event has occurred and is continuing, or the relevant payment of interest and/or repayment of principal and/or redemption of the Notes (as applicable) would in itself cause a Capital Adequacy Event. Noteholders should note that, the circumstances that could trigger a Capital Adequacy Event (and thus a Mandatory Deferral Event) relate to each of the Issuer and the Group (and not just to the Issuer).

Any such deferral of interest will not constitute a default under the Notes for any purpose. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest. Each amount of Arrears of Interest will bear interest at the prevailing Interest Rate (such interest being defined herein as "**Additional Interest Amounts**"). Arrears of Interest (together with any Additional Interest Amounts but excluding any interest that has been deferred) may, subject to certain conditions, be paid by the Issuer at any time, but in any event shall be payable by the Issuer on the earliest to occur of (a) ten Business Days following a Compulsory Interest Payment Event, (b) the next Optional Interest Payment Date in respect of which the Issuer does not defer the relevant payment of interest, (c) the redemption of the Notes and (d) a liquidation or bankruptcy of the Issuer as described in the Terms and Conditions of the Notes. The Noteholders have no right to require payment of Arrears of Interest and/or any Additional Interest Amounts thereon.

Any actual or anticipated deferral of interest will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such deferral and may be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Group. Noteholders should be aware that any announcement relating to the future deferral of interest payments or any actual deferral of interest payments may have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

2.4.3 Notes subject to optional redemption by the Issuer or upon the occurrence of a Special Event

Subject as provided herein, in particular to Condition 7.4 (*Mandatory redemption deferral*) and 7.7 (*Conditions to redemption etc.*), the Issuer may, at its option, redeem all (in whole but not in part) of the Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled). Subject as aforesaid, upon the occurrence of a Special Event, the Issuer may also, at its option, at any time redeem all (in whole but not in part) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.4.4 Redemption, including at the Maturity Date, and purchases of the Notes are subject to certain conditions and redemption payments under the Notes must be deferred in certain circumstances

Notwithstanding the scheduled maturity of the Notes on the Maturity Date, the Issuer must defer redemption of the Notes on the Maturity Date or on any other date set for redemption of the Notes if a Mandatory Deferral Event has occurred and is continuing on the relevant date of redemption. See "Interest payments under the Notes may be deferred in certain circumstances" above for a description of a Mandatory Deferral Event and Condition 7.4 (*Mandatory redemption deferral*). In addition, any redemption of the Notes or any purchase of the Notes pursuant to Conditions 7.1 (*Scheduled redemption*), Condition 7.2 (*Early redemption upon the occurrence of a Special Event*), Condition 7.3 (*Redemption at the option of the Issuer*) or Condition 7.5 (*Purchase*), as the case may be, is subject to certain conditions being fulfilled, as provided in Condition 7.7 (*Conditions to redemption etc.*). In particular, the Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to such provisions (if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer or the Group under the Relevant Rules), if no Insolvent Insurer Winding-up has occurred and is continuing on the relevant due date for repayment or redemption.

Any such deferral of redemption of the Notes will not constitute a default under the Notes. If a redemption of the Notes is deferred, subject to certain conditions, the Notes will be redeemed by the Issuer on the earliest of (a) ten Business Days following the date on which the relevant Mandatory Deferral Event has ceased (provided that if, on such tenth Business Day, a further Mandatory Deferral Event has occurred and is continuing, the Notes shall not fall due for repayment or redemption on such date and the deferral provisions of Condition 7.4 (*Mandatory redemption deferral*) shall apply *mutatis mutandis* to determine the subsequent date for repayment or redemption of the Notes, (b) subject, in any case, as provided in Condition 7.4 (*Mandatory redemption deferral*), the date falling ten Business Days following the date on which the conditions set out in Condition 7.7 (*Conditions to redemption etc.*) are fulfilled or (c) the date on which a liquidation or bankruptcy of the Issuer occurs. Therefore, the Noteholders may receive their investment back at a point in time later than initially expected or not at all.

If the Notes are not redeemed for the reasons set out above, Noteholders will not receive any additional compensation as a result of the postponement of such redemption. For the avoidance of doubt, this statement does not affect the accrual of any Additional Interest Amounts in respect of any outstanding Arrears of Interest.

Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provision of the Notes, including with respect to deferring redemption on the scheduled Maturity Date, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral features, including dated securities where redemption on the scheduled maturity date cannot be deferred,

and the Notes may accordingly be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Group. Noteholders may also find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

2.4.5 Substitution or variation of the Notes without Noteholder consent upon the occurrence of a Special Event

At any time, upon the occurrence of a Special Event, the Issuer may, at its option, and without the consent or approval of the Noteholders (but subject as set out in the Conditions), elect to 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.

In the case of any such substitution, exchange, conversion, variation or amendment of the Notes into an own-fund item which constitutes Qualifying Notes as described above, Qualifying Notes are securities issued or guaranteed by the Issuer that have, inter alia, terms not materially less favourable to the Noteholders than the terms of the Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two of its board members or executive board members to the VP Agent). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Notes are not materially less favourable to Noteholders than the terms of the Notes.

2.4.6 Limited enforcement events

The Notes will contain limited enforcement events relating to:

- (a) non-payment by the Issuer of any amounts due under the Notes. In such circumstances, as described in more detail in Condition 13 (Enforcement) and subject as provided below, a Noteholder may institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder; and
- (b) the liquidation or bankruptcy of the Issuer. In such circumstances, as described in more detail in Condition 13 (Enforcement), the Notes will become due and payable at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts)

Even if the Issuer cannot meet its obligations regarding capital raised as subordinated loan capital, the Issuer will not be considered insolvent. Accordingly, a Noteholder of the Notes may not itself file for the liquidation or bankruptcy of the Issuer. If proceedings with respect to the liquidation or bankruptcy of the Issuer should occur, the Noteholders of the Notes would be required to pursue their claims on such Notes in proceedings with respect to the Issuer in Denmark. In addition, to the extent that the Noteholders are entitled to any recovery with respect to the Notes in any such Danish bankruptcy proceedings, such Noteholders would be entitled to a recovery in Danish Kroner or, as the case may be, other currencies, which would be based on the relevant conversion rate in effect on the date the Issuer entered into such liquidation or bankruptcy proceedings.

2.4.7 Floating interest rate

The Notes will bear interest at a floating rate from and including the Issue Date. The floating rate will be payable quarterly, and will be determined by the VP Agent as soon as practicable after 11:00 a.m. (Stockholm time) on the second Business Day prior to the start of each Interest Period as the then prevailing Reference Rate plus the Margin (subject as provided in the Terms and Conditions).

The floating rate interest income is subject to changes to the Reference Rate and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from Interest Payments or early redemptions by the Issuer. If the market yield declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields.

2.4.8 Changes to Solvency II or other applicable law or regulation may increase the risk of the occurrence of a deferral of Interest Payments or the occurrence of a Capital Disqualification Event

Solvency II requirements adopted in Denmark, whether as a result of further changes to Solvency II or changes to the way in which the Relevant Regulator interprets and applies these requirements to the Danish insurance industry, may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Group's Solvency Capital Requirement, and such changes may make the Group's regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency II in Denmark subsequent to the date of this Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Group's Solvency Capital Requirement and thus increase the risk of deferral of Interest Payments, the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer, which will lead to a reduction of the Outstanding Principal Amount of the Notes, as a result of which a Noteholder could lose all or part of the value of its investment in the Notes.

Additionally, the Issuer and the Group may be required to raise further capital pursuant to applicable law or regulation or the official interpretation thereof in order to maintain the then applicable Minimum Capital Requirement and Solvency Capital Requirement.

2.4.9 Uncertainties remain in manner in which Solvency II will be interpreted

The defined terms in the Terms and Conditions will depend in some cases on the interpretation of Solvency II. Solvency II is the EU-wide regime for the prudential regulation of insurance and reinsurance undertakings. Originally adopted by the European Parliament and Council in 2009, Solvency II became effective on 1 January 2016.

Certain portions of the Solvency II Directive required transposition into Danish law, and although the Solvency II Regulation is directly applicable in each Member State, the Solvency II Regulation leaves a number of interpretational issues to be resolved through binding technical standards that have been adopted, and will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator. The manner in which the framework and requirements under Solvency II will be applied to the Issuer and the Group remains uncertain to a degree.

2.4.10 Restrictions on right to set-off

Subject to applicable law, no Noteholder who shall be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

2.4.11 No limitation on issuing senior or *pari passu* securities

There is no restriction on the amount of securities which the Issuer may issue, which securities rank senior to, or *pari passu*, with the Notes. The issue of any such securities may reduce the amount recoverable by Noteholders in connection with a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and/or may increase the likelihood of a deferral of Interest Payments under the Notes or the Issuer's ability to redeem the Notes. Accordingly, in connection with a liquidation or bankruptcy of the Issuer, after payment of the claims of senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to Noteholders.

2.4.12 No restriction on dividends

The Terms and Conditions do not contain any restriction on the ability of the Issuer to pay dividends on or repurchase its ordinary shares. This could decrease the profits that are available for distribution and therefore increase the likelihood of a deferral of payments of interest.

2.4.13 Meeting of Noteholders, modification and waivers

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

2.4.14 All trades in the Notes shall be in a minimum nominal amount of SEK 2,000,000

Pursuant to the Terms and Conditions, all trades in the Notes shall be in a minimum nominal amount of SEK 2,000,000. Following a sale of Notes by a Noteholder, the Noteholder may hold less than a nominal amount of SEK 2,000,000, and in such case the Noteholder cannot sell the remaining Notes without purchasing Notes to increase its holding above SEK 2,000,000. Since all trades in the Notes must be in a minimum nominal amount of SEK 2,000,000, the Noteholder must then purchase Notes in a nominal amount of at least SEK 2,000,000. Accordingly, an investment in the Notes is only suitable for investors who can bear the risks associated with the restriction on selling and/or buying the Notes in nominal amounts less than SEK 2,000,000.

2.4.15 Change of law

The Terms and Conditions are governed by Danish law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Danish law or administrative practice after the date of issue of the Notes.

3 Overview of the Notes

The following description of key features of the Notes does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Prospectus shall have the same meanings in this description of key features of the Notes. References to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Notes.

Issuer:	Nordea Liv & Pension, livsforsikringselskab A/S.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain risks related to the market generally and certain risks related to the structure of the Notes. These are set out under "Risk Factors".
Notes:	The SEK 2,250,000,000 Floating Rate Callable Subordinated Tier 2 Notes due 8 June 2028.
Lead Manager:	Nordea Bank AB (publ).
Issue Date:	8 June 2018.
First Call Date:	8 June 2023.
Maturity Date:	8 June 2028.
Issue Price:	100.00 per cent.
Status of the Notes:	<p>The Notes (in Danish: <i>kapitalbeviser</i>) will, on issue, be eligible to constitute Tier 2 Basic Own Funds of the Issuer under the Solvency II requirements.</p> <p>The Notes constitute direct, unsecured and subordinated obligations of the Issuer, and shall at all times rank:</p> <ul style="list-style-type: none">(a) <i>pari passu</i> without any preference among themselves;(b) <i>pari passu</i> with (i) the Existing Tier 2 Liabilities and (ii) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;(c) senior to holders of any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and(d) junior to present or future claims of (i) all policyholders and beneficiaries and any other unsubordinated creditors of the Issuer, (ii) creditors in respect of obligations or instruments which constitute Tier 3 Own Funds and (iii) other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank <i>pari passu</i> with or junior to the Notes.
Interest and Interest Dates:	Subject as provided herein, the Notes will bear interest on their Outstanding Principal Amounts, payable quarterly in arrears on each Interest Payment Date.

Interest deferral:	<p>The Issuer may elect to defer a payment of interest (in whole but not in part) on any Optional Interest Payment Date other than a Mandatory Interest Deferral Event or a Mandatory Interest Deferral Date.</p> <p>A payment of interest in respect of the Notes will be mandatorily and automatically deferred (in whole but not in part) on a Mandatory Interest Deferral Date.</p> <p>Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been deferred) will be payable in the circumstances described in Condition 6 (<i>Interest deferral</i>).</p>
Redemption at maturity:	<p>Subject to Condition 7.4 (<i>Mandatory redemption deferral</i>) and Condition 7.7 (<i>Conditions to redemption etc.</i>), unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been deferred), on the Maturity Date.</p>
Optional redemption by the Issuer on the First Call Date or any Interest Payment Date thereafter:	<p>Subject to Condition 7.4 (<i>Mandatory redemption deferral</i>) and Condition 7.7 (<i>Conditions to redemption etc.</i>), the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts).</p>
Optional redemption by the Issuer upon the occurrence of a Special Event:	<p>Subject to Condition 7.4 (<i>Mandatory redemption deferral</i>) and Condition 7.7 (<i>Conditions to redemption etc.</i>), upon the occurrence of a Special Event, the Issuer may, at its option, at any time redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest.</p>
Mandatory Redemption Deferral:	<p>A redemption or repayment of the Notes pursuant to Condition 7.1 (<i>Scheduled redemption</i>), Condition 7.2 (<i>Early redemption upon the occurrence of a Special Event</i>) or Condition 7.3 (<i>Redemption at the option of the Issuer</i>) will be mandatorily and automatically deferred on any Mandatory Redemption Deferral Date.</p>
Substitution or variation upon the occurrence of a Special Event	<p>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.</p>
Negative pledge:	None.
Cross default:	None.
Enforcement Events:	<p>There will be enforcement events relating only to non-payment (allowing a Noteholder to institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder) and the liquidation or bankruptcy of the Issuer, provided that a Noteholder may not itself file for the liquidation or bankruptcy of</p>

the Issuer.

Meetings of Noteholders and modifications:

The Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Issuer may also make any modification to the Notes to correct a formal, minor, technical or manifest error without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

Taxation:

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer will pay such additional amounts in respect of Interest Payments but not in respect of any payments of principal as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

Form of the Notes:

The Notes are issued in uncertificated and dematerialised book-entry form through VP.

Denominations:

The Notes will be registered in VP in multiples of SEK 1,000,000. All trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of SEK 2,000,000 and, if more, in even multiples of SEK 1,000,000. If a Noteholder holds a nominal amount in a custody account of less than SEK 2,000,000, such Notes may not be traded unless such Noteholder purchases or transfers additional Notes in the custody account so that the requirements as to tradeable amounts are satisfied.

Listing and admission to trading:

Application has been made to Nasdaq Copenhagen A/S for the Notes to be admitted to the Official List and trading on its regulated market with effect from the Issue Date.

Governing law:

The Notes and the Terms and Conditions of the Notes will be governed by, and construed in accordance with Danish law.

Ratings:

Unrated.

Selling restrictions:

There are restrictions on the transfer of the Notes prior to the expiration of the distribution compliance period, see "Subscription and Sale" below. For a description of additional restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States of America, the United Kingdom, and Denmark, see "Subscription and Sale" below.

4 Documents incorporated by reference

The following documents which have previously been published and have been filed with the Danish FSA shall be incorporated in, and form part of, this Prospectus:

- (a) The audited consolidated annual financial statements for the financial year 2017 with comparative figures for the financial year 2016 of the Issuer's 2017 annual report (the "**Issuer's 2017 Annual Report**"), which include, *inter alia*, the following information:
 - (i) Management's statement (page 17);
 - (ii) Consolidated Balance Sheet (pages 24-25);
 - (iii) Consolidated Income Statement (page 22) and Consolidated Statement of Comprehensive Income (page 23);
 - (iv) Cash Flow Statement; (page 27);
 - (v) Accounting Policies and Notes (pages 28-62); and
 - (vi) Independent auditors' report (pages 18-21); and
- (b) The articles of association of the Issuer

The financial statements listed above are direct and accurate English translations of the original versions.

Any information contained in a document incorporated by reference in, and forming part of, this Prospectus but not incorporated by reference pursuant to the above paragraphs is either (i) not considered by the Issuer to be relevant for investors or (ii) included elsewhere in this Prospectus.

If documents which are incorporated by reference in this Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference into this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer, from the website of the Issuer at www.nordealivogpension.dk.

5 Use of proceeds

The net proceeds of the issue of the Notes will be applied to prepay two subordinated Tier II loans provided by Nordea Life Holding AB with the principal amounts of MDKK 800 and 1,500, respectively, and for general corporate purposes.

6 Terms and Condition of the Notes

The following is the text of the Terms and Conditions of the Notes. The Notes will not be evidenced by any physical bond, note or document of title other than statements of account made by VP Securities A/S. Ownership of the Notes will be recorded and transfer effected only through the book entry system and register maintained by VP Securities A/S.

1 Introduction

The SEK 2,250,000,000 Floating Rate Callable Subordinated Tier 2 Notes due 8 June 2028 (in Danish: *kapitalbeviser*) (the "**Notes**", which expression shall in these terms and conditions (the "**Conditions**"), unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further issues*) and forming a single series with the Notes) are issued by Nordea Liv & Pension, livsforsikringselskab A/S, CVR no. 24260577 (the "**Issuer**").

The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer on 22 May 2018. A VP agency agreement dated 22 May 2018, as amended or supplemented from time to time (the "**VP Agency Agreement**"), has been entered into in relation to the Notes between the Issuer and Nordea Danmark, Filial af Nordea Bank AB (publ), Sverige as agent (the "**VP Agent**"). A tri-partite agreement dated 23 May 2018, as amended or supplemented from time to time (the "**Tri-partite Agreement**"), has been entered into in relation to the Notes between the Issuer, the VP Agent and VP Securities A/S, the Danish central securities depository ("**VP**"). The Notes will be created and held in uncertificated book entry form in accounts with VP. The VP Agent will act as agent of the Issuer in respect of all dealings with VP in respect of the Notes.

2 Definitions

2.1 In these Conditions the following expressions have the following meaning:

"**Additional Interest Amount**" has the meaning given to such term in Condition 6.4 (*Effect of interest deferral*);

"**Arrears of Interest**" has the meaning given to such term in Condition 6.4 (*Effect of interest deferral*);

"**Business Day**" means a day which is both a day on which commercial banks are open for general business in Copenhagen and Stockholm;

"**Capital Adequacy Event**" means:

- (a) there is non-compliance with the Solvency Capital Requirement at the time for payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such payment;
- (b) there is non-compliance with the Minimum Capital Requirement at the time for payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such payment; or
- (c) at any time, if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer or the Group under the Relevant Rules, the Relevant Regulator has notified the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer and/or the Group, that in accordance with Relevant Rules the Issuer must take specified action in relation to deferral of payments of interest and/or principal under the Notes;

a "**Capital Disqualification Event**" is deemed to have occurred if, as a result of any replacement of or change to (or change to the interpretation by the Relevant Regulator or any court or authority entitled to do so of) the Relevant Rules, the whole or any part of the Notes are no longer capable of counting as Tier 2 Basic Own Funds for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

"Compulsory Interest Payment Date" means any Interest Payment Date which:

- (a) falls no more than six months following the occurrence of a Compulsory Interest Payment Event; and
- (b) is not a Mandatory Interest Deferral Date;

"Compulsory Interest Payment Event" means:

- (a) a dividend or any other distribution was declared or paid in respect of any Junior Securities; and/or
- (b) any redemption, purchase or acquisition of any Junior Securities has been effected by the Issuer or any of its Subsidiaries,

save, in any such case, where the terms of the relevant Junior Securities (i) (in the case of (a) above) do not enable the Issuer or the relevant other person to defer, pass on or eliminate an interest payment, dividend or other distribution or (ii) (in the case of (b) above) require redemption;

"Conditions" has the meaning given to such term in the preamble to these Conditions;

"Danish Financial Business Act" means the Danish Financial Business Act (in Danish: *lov om finansiel virksomhed*), Consolidated Act no. 1140 of 26 September 2017 (as amended);

"Day Count Fraction" means, in respect of any relevant period, the actual number of days in the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due divided by 360;

"Enforcement Event" has the meaning given to such term in Condition 13 (*Enforcement*);

"Existing Tier 2 Liabilities" means two subordinated Tier II loans provided by Nordea Life Holding AB with the principal amounts of MDKK 800 and 1,500, respectively;

"Extraordinary Resolution" means a resolution passed at a meeting of Noteholders (whether originally convened or resumed following an adjournment) duly convened and held in accordance with Condition 14 (*Meetings of Noteholders, modification, waiver and authorisation*) by a majority of at least 75 per cent. of the votes cast;

"First Call Date" means 8 June 2023;

"Group" means the Issuer and its Subsidiaries;

"Group Insurance Undertaking" means an Insurance Undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Relevant Rules;

"Insurance Undertaking" has the meaning given to such term in the Solvency II Directive;

"Insolvent Insurer Winding-up" means:

- (a) any liquidation (in Danish: *likvidation*) or bankruptcy (in Danish: *konkurs*) of any Group Insurance Undertaking; or
- (b) the appointment of an administrator of any Group Insurance Undertaking,

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders or beneficiaries under contracts of insurance of that Group Insurance Undertaking may or will not be met;

"Interest Payment" means, in respect of any Interest Payment Date, the amount of interest due and payable on such Interest Payment Date;

"Interest Payment Date" means 8 March, 8 June, 8 September and 8 December in each year, commencing on 8 September 2018, save that if any Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business

Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.

"Interest Payment Deferral Waiver Conditions" means, in relation to a payment of interest (including, for the avoidance of doubt, any payment of Arrears of Interest and any corresponding Additional Interest Amounts pursuant to Condition 6.5 (*Payment of Arrears of Interest*)):

- (a) the Relevant Regulator has exceptionally waived the deferral of distributions;
- (b) the relevant payment does not further weaken the solvency position of the Issuer or the Group; and
- (c) the Minimum Capital Requirement is complied with after the relevant payment of interest is made;

"Interest Period" means the period from (and including) one Interest Payment Date (or in the case of the first Interest Period, from the Issue Date) to (but excluding) the next (or in the case of the first Interest Period, the first) Interest Payment Date (or, if earlier, the date on which accrued interest otherwise becomes due and payable pursuant to these Conditions);

"Issue Date" means 8 June 2018;

"Junior Securities" means any class of share capital of the Issuer, any obligations or capital instruments of the Issuer which constitute Tier 1 Own Funds and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes;

"Mandatory Deferral Event" means, in relation to any date on which:

- (a) a payment of interest (including, for the avoidance of doubt, any payment of Arrears of Interest and any corresponding Additional Interest Amounts pursuant to Condition 6.5 (*Payment of Arrears of Interest*)) is due to be made in respect of the Notes; and/or
- (b) a repayment of principal is due to be made in respect of the Notes; and/or
- (c) the Notes are to be redeemed (as applicable),

a Capital Adequacy Event has occurred and is continuing, or the relevant payment of interest and/or repayment of principal and/or redemption of the Notes (as applicable) would in itself cause a Capital Adequacy Event;

"Mandatory Interest Deferral Date" means any Interest Payment Date on which a Mandatory Deferral Event has occurred and is continuing;

"Mandatory Redemption Deferral Date" means any date on which a repayment of principal is due or on which the Notes are to be redeemed and, in either case, on which a Mandatory Deferral Event has occurred and is continuing;

"Margin" means 2.75 per cent. per annum;

"Maturity Date" means 8 June 2028, subject to Condition 7.4 (*Mandatory redemption deferral*) and Condition 7.7 (*Conditions to redemption etc.*);

"Minimum Capital Requirement" means the Minimum Capital Requirement of the Issuer, the Minimum Capital Requirement of the Group or the Group minimum Solvency Capital Requirement (as applicable) referred to in the Relevant Rules;

"Noteholder" means the person evidenced as the owner of a Note by a book entry in the records of VP;

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date;

"Outstanding Principal Amount" means, in respect of a Note, the outstanding principal amount of such Note, and **"Outstanding Principal Amounts"** means the sum of the Outstanding Principal Amount of each Note;

“Policyholder Claims” means claims of policyholders or beneficiaries under contracts of insurance in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder or such a beneficiary pursuant to a contract of insurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

“Qualifying Notes” means, at any time, any securities (other than the Notes) issued or guaranteed by the Issuer that:

- (a) contain terms which at such time comply with the Relevant Rules in relation to Tier 2 Basic Own Funds classification (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or more of the Special Event redemption events which are included in the Notes);
- (b) carry the same rate of interest from time to time applying to the Notes prior to the relevant substitution, exchange, conversion, amendment or variation pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*);
- (c) preserve any existing rights under the Notes to any accrued interest and any Arrears of Interest and Additional Interest Amounts, in each case which has/have not been paid;
- (d) have the same currency of payment, denomination and Outstanding Principal Amounts as the Notes prior to the relevant substitution, exchange, conversion, amendment or variation pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*);
- (e) rank *pari passu* with the Notes prior to the relevant substitution, exchange, conversion, amendment or variation pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*);
- (f) shall not at such time be subject to a Special Event;
- (g) have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two of its board members or executive board members to the VP Agent (and copies thereof will be available at the VP Agent’s specified office during its normal business hours) not less than five Business Days prior to the relevant substitution, exchange, conversion, amendment or variation of the Notes pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*); and
- (h) that if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution, exchange, conversion, amendment or variation pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*), are listed or admitted to trading on a Regulated Market or (B) the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market, immediately prior to the relevant substitution, exchange, conversion, amendment or variation pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*), are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer;

“Reference Banks” means the principal Swedish office of four major banks engaged in the Swedish interbank market as selected by the Issuer on the advice of an investment bank of international repute.

“Reference Rate” means the Stockholm Interbank Offered Rate (“**STIBOR**”) for three-month terms which appears on the Reuters Screen “SIDE” page under the heading “FIXINGS” (or such other page as may replace it on that service or, as the case may be, on such other information

service that may replace that service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant rate);

"Regulated Market" means regulated market for the purposes of Directive 2014/65/EU;

"Regulatory Clearance Condition" means, in respect of any proposed act on the part of the Issuer, the Relevant Regulator having approved or consented to such act (in any case only if and to the extent required by the Relevant Regulator or the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Basic Own Funds) from time to time);

"Relevant Jurisdiction" means Denmark or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes;

"Relevant Regulator" means the Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*) and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer in accordance with the Relevant Rules;

"Relevant Rules" means the regulatory capital rules from time to time as applied to the Issuer (whether having the force of law or otherwise) by the Relevant Regulator, including Solvency II and any legislation, rules or regulations of the Relevant Regulator relating to such matters;

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"SEK", "Swedish Krone" and "öre" means the lawful currency of Sweden;

"Solvency II" means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation, implementing technical standards or by further directives, guidelines published by the European Insurance and Occupational Pensions Authority (or any successor entity) or otherwise) including, without limitation, the Solvency II Regulation;

"Solvency Capital Requirement" means the Solvency Capital Requirement for the Issuer and the Solvency Capital Requirement for the Group (as applicable) referred to in, or any other capital requirement howsoever described in the Relevant Rules;

"Solvency II Directive" means Directive 2009/138/EC of the European Union of 25 November, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

"Solvency II Regulation" means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II);

"Special Event" means a Capital Disqualification Event or a Tax Event;

"Tax Event" means, as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings on or after the Issue Date, the Issuer receives an opinion of external counsel in Denmark that:

- (a) it would be required to pay such additional amounts as are referred to in Condition 12 (*Taxation*); or
- (b) it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes,

and (in the case of (a) only) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

“**Tier 1 Own Funds**” has the meaning given to such term by the Relevant Rules from time to time;

“**Tier 2 Basic Own Funds**” has the meaning given to such term by the Relevant Rules from time to time; and

“**Tier 3 Own Funds**” has the meaning given to such term by the Relevant Rules from time to time.

3 Form, denomination and title

3.1 Form of Notes, denomination, nominal amount and trades

The Notes are issued in uncertificated and dematerialised book-entry form through VP.

The Notes are denominated in SEK. The Notes shall be registered in VP in multiples of SEK 1,000,000. All trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of SEK 2,000,000 and, if more, in even multiples of SEK 1,000,000. If a Noteholder holds a nominal amount in a custody account of less than SEK 2,000,000, such Notes may not be traded unless such Noteholder purchases or transfers additional Notes in the custody account so that the requirements as to tradeable amounts are satisfied.

The ISIN code of the Notes is DK0030420492.

3.2 Transferability and title

The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes under Condition 3.1 (*Form of Notes, denomination, nominal amount and trades*) or under laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.

Legal title to the Notes will pass by electronic registration in the book entry system and register maintained by VP in accordance with the rules and procedures of VP from time to time. A Noteholder shall (except as otherwise required by law) be treated as the absolute owner of the relevant Notes for all purposes and no Person shall be liable for so treating such Noteholder.

4 Status of Notes

The Notes (in Danish: *kapitalbeviser*) will, on issue, be eligible to constitute Tier 2 Basic Own Funds of the Issuer under the Solvency II requirements.

The Notes constitute direct, unsecured and subordinated obligations of the Issuer, and shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (i) the Existing Tier 2 Liabilities and (ii) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (c) senior to holders of any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to present or future claims of (i) all policyholders and beneficiaries and any other un-subordinated creditors of the Issuer, (ii) creditors in respect of obligations or instruments which constitute Tier 3 Own Funds and (iii) other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

No Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

5 Interest

5.1 Interest Rate

- (a) The interest in respect of the Notes for each Interest Period (the “**Interest Rate**”) shall be the aggregate of:
- (i) the Reference Rate; and
 - (ii) the Margin.

If the Reference Rate is unavailable, the VP Agent will request each of the Reference Banks to provide the VP Agent with the rate at which deposits in SEK are offered by it to prime banks in the Swedish interbank market for three months at approximately 11.00 a.m. (Stockholm time) on the second Business Day prior to the start of each Interest Period and for a Representative Amount. If at least two of the Reference Banks provide such rates, the Interest Rate shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the VP Agent of such rates, plus the Margin. If fewer than two rates are provided as requested, the Interest Rate for that Interest Period will be the arithmetic mean of the rates quoted by major banks in Sweden selected by the VP Agent, at approximately 11.00 a.m. (Stockholm time) on the first day of such Interest Period for loans in SEK to leading Swedish banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Interest Rate cannot be determined in accordance with the above provisions, the Interest Rate shall be the Interest Rate applicable to the preceding Interest Period, all as determined by the VP Agent. The Interest Rate cannot in any event be less than zero.

- (b) Each Note bears interest on its Outstanding Principal Amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Subject to Condition 6 (*Interest deferral*), interest shall be payable on the Notes quarterly in arrear on each Interest Payment Date, in each case as provided in this Condition 5.

In respect of each Interest Period, the amount of interest payable shall be equal to the product of the Outstanding Principal Amount and the Interest Rate and the Day Count Fraction, rounding the resulting figure to the nearest øre (half an øre being rounded upwards).

5.2 Interest accrual

Interest shall cease to accrue on each Note from (and including) the date of redemption thereof pursuant to Condition 7 (*Redemption and purchase*) unless payment is improperly withheld or refused, in which event interest shall continue to accrue.

5.3 Determination of the Interest Rate

Subject as provided in Condition 5.1 (*Interest Rate*), the VP Agent will, as soon as practicable after 11:00 a.m. (Stockholm time) on the second Business Day prior to the start of each Interest Period, determine the applicable Interest Rate in respect of such Interest Period.

5.4 Publication of the Interest Rate

The Issuer shall cause notice of the Interest Rate to be given to the Noteholders in accordance with Condition 10 (*Notices*) as soon as reasonably practicable after the determination of such Interest Rate in accordance with Condition 5.3 (*Determination of the Interest Rate*) and in any event no later than the commencement of the relevant Interest Period.

5.5 Determination of Interest Rate binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, by the VP Agent and the Issuer, shall (in the absence of manifest error) be binding on the Issuer, the VP Agent and all Noteholders and (in the absence of wilful default and gross negligence) no liability to the Noteholders shall attach to the Issuer or the VP Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Interest deferral

6.1 Optional interest deferral

The Issuer may elect to defer a payment of interest (in whole but not in part) on an Optional Interest Payment Date.

6.2 Mandatory interest deferral

A payment of interest in respect of the Notes will be mandatorily and automatically deferred (in whole but not in part) on a Mandatory Interest Deferral Date.

Notwithstanding that a Mandatory Deferral Event has occurred, the Issuer may make the relevant payment of interest if the Interest Payment Deferral Waiver Conditions are fulfilled.

6.3 Deferral not default

If a payment of interest is deferred pursuant to Condition 6.1 (*Optional interest deferral*) or Condition 6.2 (*Mandatory interest deferral*), as the case may be, the amount of interest so deferred shall not become due and payable on the scheduled Interest Payment Date, the Issuer shall not have any obligation to make such payment on such date, and any such deferral and non-payment shall not constitute a default by the Issuer under the Notes or for any other purpose.

6.4 Effect of interest deferral

Following any deferral of interest as described above, any interest not paid on any Interest Payment Date pursuant to Condition 6.1 (*Optional interest deferral*) or Condition 6.2 (*Mandatory interest deferral*), as the case may be, shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Each amount of Arrears of Interest will bear interest at the prevailing Interest Rate. The amount of such additional interest ("**Additional Interest Amounts**") will be calculated from (and including) the date on which (but for such deferral) the relevant Arrears of Interest would otherwise have been due to (but excluding) the date the relevant Arrears of Interest is paid and otherwise *mutatis mutandis* as provided in Condition 5 (*Interest*).

6.5 Payment of Arrears of Interest

Any Arrears of Interest (together with all corresponding Additional Interest Amounts) may be paid by the Issuer, in whole or in part, at any time at its discretion, provided that, if a Mandatory Deferral Event has occurred and is continuing on the relevant payment date, the Interest Payment Deferral Waiver Conditions have been fulfilled.

Any Arrears of Interest (together with all corresponding Additional Interest Amounts) will become due and payable, in whole but not in part, upon the earliest of:

- (a) ten Business Days following a Compulsory Interest Payment Event;
- (b) the next Optional Interest Payment Date in respect of which the Issuer does not defer the relevant payment of interest;
- (c) redemption of the Notes; and
- (d) a liquidation or bankruptcy of the Issuer,

provided that, in the case of (a) and (b) above, if a Mandatory Deferral Event has occurred and is continuing on the relevant payment date, the Interest Payment Deferral Waiver Conditions have been fulfilled.

6.6 Notice of deferral of Interest Payments

The Issuer shall give not less than five nor more than thirty Business Days' prior notice to the Noteholders in accordance with Condition 10 (*Notices*):

- (a) of any deferral of a payment of interest on an Optional Interest Payment Date or, as applicable, a Mandatory Interest Deferral Date or of the occurrence of a Mandatory Deferral Event, as the case may be; provided that:
 - (i) if a Mandatory Deferral Event occurs less than five Business Days before the relevant Interest Payment Date, the Issuer shall give such notice as soon as practicable under the circumstances on or before the relevant Interest Payment Date; and
 - (ii) or the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Interest Payment Date; and
- (b) of any date upon which amounts in respect of Arrears of Interest (together with any corresponding Additional Interest Amounts) are to be paid, which notice shall specify the Business Day on which such Arrears of Interest and corresponding Additional Interest Amounts (or part thereof) will (subject to no Mandatory Deferral Event having occurred and continuing as at such Business Day) be settled; provided that for the avoidance of doubt, any delay in giving such notice shall not result in the relevant Arrears of Interest and corresponding Additional Interest Amounts becoming due and payable as a result of such delay.

7 Redemption and purchase

7.1 Scheduled redemption

Subject to Condition 7.4 (*Mandatory redemption deferral*) and Condition 7.7 (*Conditions to redemption etc.*), unless previously redeemed or purchased and cancelled, the Notes shall be redeemed on the Maturity Date at their Outstanding Principal Amounts together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts).

7.2 Early redemption upon the occurrence of a Special Event

Subject to Condition 7.4 (*Mandatory redemption deferral*) and Condition 7.7 (*Conditions to redemption etc.*), upon the occurrence of a Special Event, the Issuer may, at its option, at any time having given no less than thirty nor more than sixty days' notice to the Noteholders in accordance with Condition 10 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled) provided however that where the Special Event is a Tax Event and such Tax Event relates to an obligation to pay additional amounts as referred to in the definition of Tax Event, no such notice of redemption may be given earlier than ninety days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts as referred to in the definition of Tax Event.

The Issuer, having satisfied itself that a Special Event has occurred, shall notify the Noteholders in accordance with Condition 10 (*Notices*) of the occurrence of such Special Event.

7.3 Redemption at the option of the Issuer

The Issuer may, at its option (but subject to Condition 7.4 (*Mandatory redemption deferral*) and 7.7 (*Conditions to redemption etc.*) and having given no less than thirty nor more than sixty days' notice to the Noteholders in accordance with Condition 10 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts).

7.4 Mandatory redemption deferral

A redemption or repayment of the Notes pursuant to Condition 7.1 (*Scheduled redemption*), Condition 7.2 (*Early redemption upon the occurrence of a Special Event*) or Condition 7.3 (*Redemption at the option of the Issuer*) will be mandatorily and automatically deferred on any Mandatory Redemption Deferral Date.

Notwithstanding that a Mandatory Deferral Event has occurred, the Issuer may so repay or redeem the Notes if:

- (a) the Relevant Regulator has exceptionally waived the deferral of the relevant repayment or redemption;
- (b) the Notes have been exchanged for or converted into a Tier 1 Own Funds item or another Tier 2 Basic Own Funds item of at least the same quality; and
- (c) the Minimum Capital Requirement is complied with after the relevant repayment or redemption.

In the event of any such deferral of (a) repayment of principal in respect of the Notes or (b) a redemption of the Notes, in either case on a Mandatory Redemption Deferral Date, the Notes shall instead become due for repayment or redemption at their Outstanding Principal Amounts together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts) upon the earliest of:

- (a) ten Business Days following the date on which the relevant Mandatory Deferral Event has ceased (provided that if, on such tenth Business Day, a further Mandatory Deferral Event has occurred and is continuing, the Notes shall not fall due for repayment or redemption on such date and the deferral provisions of this Condition 7.4 shall apply mutatis mutandis to determine the subsequent date for repayment or redemption of the Notes);
- (b) subject, in any case, as provided in this Condition 7.4, ten Business Days following the date on which the applicable conditions in Condition 7.7 (*Conditions to redemption etc.*) are fulfilled; and
- (c) a liquidation or bankruptcy of the Issuer.

Notwithstanding any other provisions in these Conditions, the deferral of the redemption of the Notes in accordance with this Condition 7 will not constitute a default by the Issuer under the Notes or for any other purpose and will not give the Noteholders any right to accelerate the Notes such that amounts of principal, interest, Arrears of Interest or any corresponding Additional Interest Amounts would become due and payable on the Notes earlier than otherwise scheduled pursuant to these Conditions.

The Issuer shall give such prior notice to the Noteholders as is practicable in the circumstances in accordance with Condition 10 (*Notices*):

- (a) of any such deferral of redemption or repayment; and
- (b) any subsequent date of redemption or repayment pursuant to this Condition 7.4.

7.5 Purchase

The Issuer or any of its Subsidiaries may, subject to Condition 7.7 (*Conditions to redemption etc.*), at any time purchase Notes in the open market or otherwise and at any price. Such Notes may be held, resold or cancelled.

7.6 Substitution or variation upon the occurrence of a Special Event

Subject to Condition 7.7 (*Conditions to redemption etc.*), upon the occurrence of a Special Event, the Issuer may, at its option, at any time and having given no less than thirty nor more than sixty days' notice to the Noteholders (in accordance with Condition 10 (*Notices*)) without any requirement for the consent or approval of the Noteholders 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.

Any such notice shall specify the relevant details of the manner in which the relevant substitution, exchange, conversion, amendment or variation shall take effect and, if applicable, where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Notes. A substitution, exchange, conversion, amendment or variation pursuant to this Condition 7.6 will be effected without any cost or charge to the Noteholders.

7.7 Conditions to redemption etc.

The Notes may only be redeemed, purchased, cancelled, substituted, exchanged, converted, amended or varied (as applicable) pursuant to Condition 7.1 (*Scheduled redemption*), 7.2 (*Early redemption upon the occurrence of a Special Event*), Condition 7.3 (*Redemption at the option of the Issuer*) or Condition 7.5 (*Purchase*) or Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*), as the case may be, if:

- (a) the Regulatory Clearance Condition is satisfied in respect of such redemption, purchase, cancellation, substitution, exchange, conversion, amendment or variation (as applicable);
- (b) to the extent required by the Relevant Rules, the relevant date of any redemption or purchase of the Notes pursuant to Condition 7.2 (*Early redemption upon the occurrence of a Special Event*) or Condition 7.5 (*Purchase*), as the case may be, is on or after the date falling five years after the Issue Date, unless such redemption or purchase is funded out of the proceeds of a new basic own fund item of at least of at least the same quality;
- (c) no Mandatory Deferral Event has occurred and is continuing on the relevant due date for repayment or redemption (subject as provided in Condition 7.4 (*Mandatory redemption deferral*));
- (d) if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer or the Group under the Relevant Rules, no Insolvent Insurer Winding-up has occurred and is continuing on the relevant due date for repayment or redemption; and
- (e) in the case of a redemption of the Notes as a result of a Special Event pursuant to Condition 7.2 (*Early redemption upon the occurrence of a Special Event*) or the substitution, exchange, conversion, amendment or variation as a result of a Special Event pursuant to Condition 7.6 (*Substitution or variation upon the occurrence of a Special Event*), the Issuer has delivered a certificate signed by two of its board members or executive board members to the VP Agent (and copies thereof will be available at the VP Agent's specified office during its normal business hours) not less than five Business Days prior to the date set for redemption, substitution, exchange, conversion, amendment or variation (as applicable) stating that (i) such Special Event has occurred or will occur no more than ninety days following the date fixed for redemption substitution, exchange, conversion, amendment or variation (as applicable), as the case may be, and (ii) it would have been reasonable for the Issuer to conclude, judged at the Issue Date, that such Special Event was unlikely to occur.

7.8 Cancellations

The Notes shall be cancelled by causing such Notes to be deleted in the records of VP so that the cancelled Notes may not be reissued or resold, and subsequently the Issuer has no obligations in respect of the cancelled Notes.

8 Payments

8.1 Payments in respect of Notes

Payments of principal and interest in respect of the Notes will be made to the Noteholders shown in the relevant records of VP in accordance with and subject to the rules and regulations from time to time governing VP.

8.2 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment. If the date for payment of any amount in respect of any Note is not a Business Day, the holder of such Note shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest or other payment in respect of such delay.

8.3 VP Agent

In acting under the VP Agency Agreement and in connection with the Notes, the VP Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. The Issuer reserves the right at any time to vary or terminate the appointment of the VP Agent and to appoint a successor and additional or successor agent in respect of its dealings with VP.

There will at all times be a VP Agent authorised to act as an account holding institution with VP. Notice of any change in the VP Agent or in its specified office shall promptly be given to the Noteholders in accordance with Condition 10 (*Notices*).

9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be subject to limitation under the Danish Limitation Act (in Danish: *lov om forældelse af fordringer*) and shall become void unless proceedings have been commenced or the limitation period has otherwise been suspended or interrupted pursuant to the rules of the Danish Limitation Act within 10 years (in the case of principal) or three years (in the case of interest) from the date when the creditor was entitled to claim payment within the meaning of section 2 of the Danish Limitation Act.

10 Notices

Notices to the Noteholders shall be given in accordance with the procedures of VP in force from time to time and in a manner which complies with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date it is published in accordance with the procedure of VP.

11 Information undertaking in respect of financial reporting

The Issuer undertakes to disclose on its website and so long as the Notes are listed on any stock exchange, in a manner which complies with the rules of such stock exchange on or by which the Notes are for the time being listed or admitted to trading:

- (a) as soon as the same become available, but in any event within 120 days after the end of each of its financial years, its audited consolidated financial statements for that financial year; and
- (b) as soon as the same become available, but in any event within sixty days after the end of each financial quarter of each of its financial years (other than in respect of the fourth quarter) its financial statements for that financial quarter.

12 Taxation

12.1 Payment without withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In any such event, the Issuer will pay such additional amounts in respect of Interest Payments but not in respect of any payments of principal ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (a) the holder of which is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) in circumstances where such withholding or deduction would not be required if the Noteholder or any person acting on its behalf had obtained and/or presented any form or certificate or had made a declaration of non-residence or similar claim for exemption to the rele-

vant tax authority upon the making of which the Noteholder would have been able to avoid such withholding or deduction; or

- (c) where a claim for payment is made by the Noteholder more than thirty days after the Relevant Date except to the extent that a holder would have been entitled to Additional Amounts on claiming payment on the last day of the period of thirty days assuming (whether or not such is in fact the case) that day to have been a Business Day.

12.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 12.2.

13 Enforcement

The following events or circumstances (each an “**Enforcement Event**”) shall be enforcement events:

- (a) subject to Condition 6.1 (*Optional interest deferral*), Condition 6.2 (*Mandatory interest deferral*), Condition 6.5 (*Payment of Arrears of Interest*) and Condition 7.4 (*Mandatory redemption deferral*), if the Issuer shall fail to meet its payment obligations under the Notes and such payment obligations are not met within seven Business Days after the Issuer has received notice thereof, any Noteholder may, at its own discretion and without further notice, institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Noteholder, provided that a Noteholder may not at any time file for liquidation or bankruptcy of the Issuer. Any Noteholder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and
- (b) if an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their Outstanding Principal Amounts together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts).

14 Meetings of Noteholders, modification, waiver and authorisation

14.1 Meeting of Noteholders

A meeting of Noteholders shall, subject to these Conditions and, if applicable, to the satisfaction of the Regulatory Clearance Condition, have power by Extraordinary Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether or not those rights arise under the Notes;
- (b) to sanction the substitution of the Notes for other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Notes or these Conditions proposed by the Issuer;
- (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- (e) to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- (f) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes or these Conditions.

14.2 Convening meetings of Noteholders

The Issuer may at any time convene a meeting of the Noteholders and shall convene such a meeting if required in writing by Noteholders holding Notes in principal amount equal to at least

10 per cent of the Outstanding Principal Amount.

The meeting shall be called by the Issuer in accordance with Condition 10 (*Notices*) by giving at least eight days' but not more than thirty days' notice to the Noteholders.

The Issuer shall call the meeting no later than fourteen days after having received request to convene a meeting from the relevant Noteholders containing the subject of such meeting. If the Issuer does not call the meeting within the deadline, the Noteholders shall be entitled to call the meeting.

The notice of a Noteholders' meeting shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies.

All meetings shall be held at the Issuer's registered address or in the Greater Copenhagen Area (in Danish: *Storkøbenhavn*).

14.3 Attendance

At the meeting, each Noteholder must document its holdings of Notes by presenting a custody account statement from VP or an authorised institution that is dated no earlier than seven Business Days prior to the meeting, or any other reasonable proof of holding.

The following may attend and speak at a meeting:

- (a) Noteholders and proxies;
- (b) the chairman; and
- (c) the Issuer and the VP Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

14.4 Chairman

The chairman of the meeting shall be such person as the Issuer may nominate or, if no nomination is made, the person elected by the Noteholders present at such meeting.

14.5 Quorum

No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within fifteen minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than eight and not more than thirty days later, and at a time and place as the chairman may decide. If a quorum is not present within fifteen minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding Notes or representing Noteholders holding Notes in principal amount of not less than 50 per cent. of the Outstanding Principal Amount, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of proposals:

- (a) to change any date fixed for payment interest in respect of the Notes, to reduce the amount of interest payable in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption;
- (b) to change the currency of payment of the Notes; or
- (c) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution,

in which case the quorum shall be one or more persons holding Notes or representing Noteholders holding Notes in principal amount of not less than two-thirds of the Outstanding Principal Amount, or at any adjourned such meeting not less than one-third of the Outstanding Principal Amount.

No resolution may be passed if it is clear that that resolution is likely to give certain Noteholders or others an undue advantage over other Noteholders.

14.6 Voting

Each Noteholder holds one vote in respect of each SEK 1,000,000 of such Note. No voting rights shall attach to Notes held by the Issuer and/or its Subsidiaries and any Notes held by the Issuer and/or its Subsidiaries shall not be deemed to be outstanding for the purposes of determining a quorum at any meeting of Noteholders or for the purposes of Condition 14.5 (*Quorum*).

14.7 Effect and publication of an Extraordinary Resolution

An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to the Noteholders in accordance with Condition 10 (*Notices*) but failure to do so shall not invalidate the resolution. For the avoidance of doubt, an Extraordinary Resolution passed by the Noteholders shall only be binding on the Issuer where the Issuer has consented to the relevant resolution.

14.8 Minutes

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

14.9 Written resolutions

In addition, a resolution in writing signed by or on behalf of 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders and vote on such Notes, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Condition 14.7 (*Effect and publication of an Extraordinary Resolution*) shall apply *mutatis mutandis* to any such written resolutions.

14.10 Modifications

The Issuer and the VP Agent may, without the consent of the Noteholders, agree to any modification to the Notes or these Conditions to correct a formal, minor, technical or manifest error. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 10 (*Notices*) as soon as practical thereafter.

15 Representative

No trustee, agent or representative of the Noteholders has been appointed.

16 Further issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so as to form a single series with the Notes.

17 Waiver and remedies

No failure to exercise, and no delay in exercising, on the part of a Noteholder, any right in these Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

18 Governing law and jurisdiction

Disputes arising out of or in connection with these Conditions, which are not resolved amicably, shall be resolved in accordance with Danish law and before Copenhagen City Court (in Danish: Københavns Byret).

These Terms and Conditions of the Notes have been approved by the Issuer on 6 June 2018.

For and on behalf of Nordea Liv & Pension, livsforsikringselskab A/S:

Name: Steen Michael Erichsen

Title: (CEO)

Name: Gitte Minet Aggerholm

Title: (Director)

7 Description of the Issuer

7.1 Introduction/overview

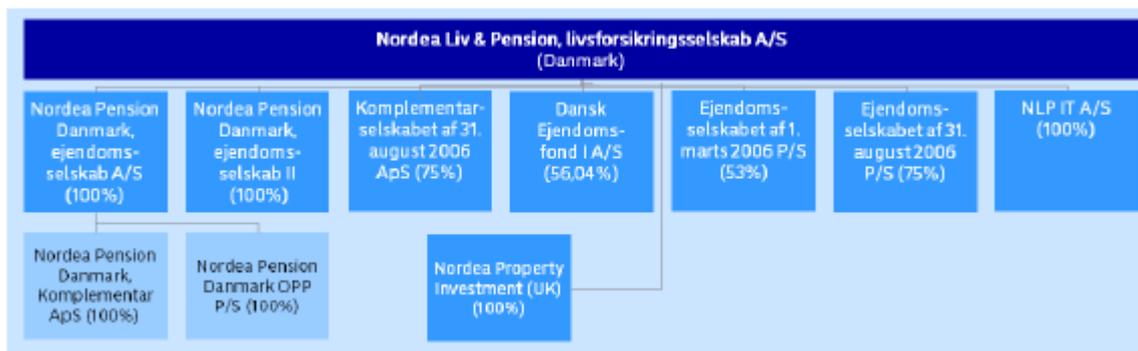
Nordea Liv & Pension is a Danish life insurance company with authorisation from the Danish FSA. The company is owned by Norliv – Foreningen for kunder i Nordea Liv & Pension (“**Norliv**”) (70 per cent.) and Nordea Life Holding AB (30 per cent.). Norliv aims to increase its ownership to 100 per cent. within the next couple of years.

The registered office of Nordea Liv & Pension is at Klausdalsbrovej 615, DK-2750 Ballerup, Denmark in the municipality of Ballerup. Nordea Liv & Pension is incorporated in Denmark as a public limited liability company under the laws of Denmark and is registered with the Danish Business Authority under CVR no. 24260577.

Based on an internal assessment of publicly disclosed annual reports, Nordea Liv & Pension is the third largest commercial pension provider in Denmark measured by gross written premiums with total assets under management (AUM) of DKK 180.5b and gross written premiums (GWP) of DKK 19b as of Q4 2017.

The product range of Nordea Liv & Pension includes all types of life insurance and pension products, which are provided both to corporate and individual customers. The products are distributed through the Issuer’s own internal sales force, Tryg Forsikring A/S, Nordea Danmark, Filial af Nordea Bank AB (publ) and through all major insurance brokers in Denmark.

Nordea Liv & Pension has 10 subsidiaries, 9 of which are related to investment in real estate and 1 is an IT company formed in November 2017, NLP IT A/S to which the Issuer transferred the intangible asset comprising the core system N16. The Issuer is not dependent upon other entities within the group.



7.2 History and development

The Issuer’s legal name is Nordea Liv & Pension, livsforsikringselskab A/S. The Issuer was incorporated 1 January 1991. The domicile is located in Ballerup, Denmark.

The Issuer was originally founded as a life-insurer in 1898, and took form through several acquisitions. For many years it was a part of the mutual insurance group under the name Andels-Anstalten Tryg. In 1999, Tryg merged with UniDanmark which today is known as Nordea. In 2002, the non-life activities were sold back to Tryghedsgruppen while the life insurance activities continued in Nordea in Nordea Liv & Pension.

Foreningen Norliv was formed as an offshoot from Tryghedsgruppen in 2015 with a total wealth of DKK 8 billion. The association is owned by the customers of Nordea Liv & Pension, and is governed by a board of representatives elected by the customers.

In 2017, Norliv bought a stake of 25 per cent. of the shares in Nordea Liv & Pension from Nordea, and in 2018 Norliv acquired a further 45 per cent. taking its ownership to 70 per cent. Norliv aims to increase its ownership to 100 per cent. within the next couple of years through share repurchases from Nordea.

A shareholder agreement between Norliv and Nordea Life Holding AB where "reserved matters" are defined in order to secure the minority owner’s interest. Further, there has been made an agreement between Nordea Life Holding AB and Norliv, which means that Nordea Liv & Pension has a right and obligation to buy shares back from Nordea Life Holding AB (at a fixed price) provided a solvency ratio of at

least 160 per cent. The price is agreed to DKK 2.34b for the remaining 30 per cent. shares currently owned by Nordea Life Holding AB. After the purchase, the shares are cancelled, and hence Norlivs ownership in percentage increases. Norliv also has a discretionary right to purchase the remaining shares in Nordea Life & Pension from Nordea Life Holding AB (within the same fixed price as Nordea Liv & Pension will buy back) within 2 weeks after any dividend payout. This share buyback agreement between Norliv and Nordea Life Holding AB is valid until Norliv acquires 100 per cent. ownership of Nordea Liv & Pension. Acquisition of the remaining shares will take place as fast as possible and on condition that repurchases do not bring the solvency ratio below the acceptable level of capital policy.

7.3 Market

The Issuer operates in the Danish commercial life insurance market, and is primarily competing against other commercial companies. The market is characterized by a fierce price competition with a tendency toward a general consolidation through mergers and acquisitions. The market is dominated by a few big players, where entry barriers are high due to strict legislation and capital requirements. The Issuer is the third largest life insurance company in Denmark measured by gross written premiums, with a share of approximately 18 per cent. of the Danish life and pensions market in terms of premium income (calculated excluding labour market insurance companies).

7.4 Product range

The Issuer has a product range which encompasses all types of life insurance and pension products, which is provided to both corporate and individual customers. The products are distributed to the Danish market through the Issuer's own internal sales, Tryg Forsikring A/S, Nordea Danmark, Filial af Nordea Bank AB (publ.) and through all major insurance brokers in Denmark.

The products include both Traditional pension products and Market return products.

Traditional pension products are grouped into four different interest rate groups ("RGs") according to their average technical interest rates. RG1 has a guaranteed rate less than 2 per cent., RG2 has a guaranteed rate between 2 per cent. and 3 per cent., RG3 has a guaranteed rate between 3 per cent. and 4 per cent. and RG4 has guarantees higher than 4 per cent. HøjrentePension lies within RG1 and this is the Issuer's new Traditional pension product which offers the customer security from a stable return but with limited risk. HøjrentePension is based on collective investments and does not require customers to make decisions as to how their savings are invested. Annuities offered in this product are revalued at retirement (start of benefit period). The old Traditional pension product "Pension med gennemsnitsrente" has not been offered for new corporate customers since February 2016 and will not be offered for new private customers from Q4 2018.

Market return products consist of the products VækstPension, LinkPension and Livrente+ Invest. Common for the Market return products is that the customers select the risk profiles themselves.

VækstPension is a lifecycle product where the investment risk is automatically gradually reduced when the customer is approaching retirement. The customer can choose between actively managed or index based investment and between four different risk profiles (low risk, medium risk, high risk and with investment guarantee). VækstPension is the Issuer's main savings product, and the product that most new customers chooses. Only 6 per cent. of AuM in VækstPension have an investment guarantee.

LinkPension is a unit-linked insurance product where each customer can decide which unit trusts its savings are to be invested in. The customers in LinkPension have access to a wide selection of funds and have the opportunity to choose between balanced funds and pure stock-, bonds- or property funds. Livrente+ Invest is a unit-linked insurance product targeted towards Nordea Private Banking customers and Premium customers. The customers have with few exceptions the possibility of investing in all securities handled by VP Securities A/S in Denmark and available on Nordea's trading platform Nordea Investor.

In addition to the savings products, the issuer offers a range of risk products, including health insurance, critical illness and life cover.

In recent years the Issuer has seen an increase in annual premiums and AuM, which reflects the Issuer's ability to attract new corporate customers. The share of gross written premiums arising from market return products has increased in line with the strategic focus of the Issuer.

DinKapital was launched in autumn 2016 with the first policies to be issued by 1 January 2017. DinKapital is in step one offered to corporate pension schemes and allows the employees the option to deposit 5 per cent. of their future payments into DinKapital. From Q4 2018, DinKapital will be offered to individual customers as well. DinKapital can only be linked to the savings products VækstPension, LinkPension and HøjrentePension). DinKapital is part of the Issuer's own funds as a tier 2 capital element and in return the customers receive an interest rate of currently 5 per cent. (interest rate will be determined annually, but can be adjusted monthly). DinKapital has been approved as tier 2 capital by the Danish FSA.

7.5 Strategy

The current strategy of the Issuer was launched in the beginning of 2016.

The aim of the strategy is to modernise the Issuer's customer offerings, and simplifying processes and systems. A number of actions supporting the strategy are initiated each year.

The strategy is focussed on 4 strategic initiatives:

Customer relations

The Issuer engages with its customers through corporate pension schemes as well as individual private pension schemes, where the majority is through corporate pension schemes. The Issuer aims to increase the frequency of contact with its individual customers in order to assess the customers' choices of insurance coverage, risk appetite and savings rate at relevant stages of their lives. The purpose is to give the customers an increased sense of security in their choice of pension provider and coverage. The Issuer aims at offering customers the best products and service concepts and to communicate in a simple and understandable way .

Digitalization

To improve the interaction with the corporate customers, the Issuer will utilize new digital channels to improve customer communication and self-service. Furthermore, the Issuer will analyse how data can be used to target customers more accurately with relevant information.

Simplification

The purpose is to simplify the Issuer's IT-environment and business processes. A major part of this theme is the implementation of a new core IT policy administration system and exit of the old policy administration systems in the following years. The new system will increase the Issuer's agility towards changes in regulation and improve efficiency.

Employees

The Issuer will continue to focus on improving the skills and motivation of the company employees and ensure that they adapt to the ever-changing requirements they are met with. The aim is to ensure that the Issuer's employees have an ongoing focus on ensuring optimal customer care, compliance and competitive investment returns.

7.6 Investment

The same investment philosophy and investment strategy is applied across all products, but different characteristics mean that it is unfolded differently in the different products. For example, there is limited risk capacity in the traditional product.

The overall strategy is based on an intention to invest in both listed assets (equity and bonds) and unlisted ("alternative") assets, including real estate, private equity, forest, infrastructure and illiquid credit.

The products are in practice composed of a wide range of building blocks such as Danish equities, mortgage bonds, infrastructure, private equity and private debt funds. Currently, about 40 building blocks are in use, and each building block typically uses one asset manager.

Thus, a large number of asset managers with expertise in different asset classes are used. These managers manage the specific investments through purchases and sales of specific securities or other investment assets based on analyses of the relevant financial sub-market. The individual asset manager compiles his portfolio within an investment guideline decided by the company specifying the investment universe, the benchmark and, if necessary, any further restrictions on the given mandate. In addition, investment funds are also used with predefined investment guidelines in the form of prospectuses. The preferred solution is to establish a separate and clearly described mandate with a manager rather than simply selecting a typical broader fund solution. This ensures both the quality of a specialized manager and a solution tailored to the Issuer's needs.

Asset managers are selected based on their expertise in the relevant area. The selection takes place in close cooperation with external experts following a thorough assessment process that includes a wide range of criteria. All new managers must be approved by the Issuer's investment committee. Subsequently, the individual asset manager is assessed on an ongoing basis and if he does not meet expectations, a replacement will take place after a new round of selection.

For each asset class there is a strategy with a number of sub-strategies, such as an equity strategy, a credit strategy and a real estate strategy. For example, in the equity strategy, it is a key element that the Issuer wants to invest in all corners of the global equity market, i.e. in all regions (developed markets, emerging markets, etc.), across all sizes of companies (small cap, mid cap and large cap) and in all style types of companies (value, growth, stable, etc.).

Finally, the portfolios contain a tactical overlay that uses derivatives and builds on the more short-term market expectations.

The Issuer thus carries out the overall allocation of asset classes (in terms of investment strategy and tactical overlay) as well as the selection of asset managers and the formulation of investment guidelines while the specific selection of securities and other investment assets is carried out by external asset managers. However, the portfolio of various derivatives used in risk management and tactical overlay is managed internally.

The tables below show the composition at the end of 2017 of the investments broken down by asset classes and the returns in 2017 for the traditional pension product and the market return products, respectively. For the traditional pension product, which consists of four interest rate groups, the total figures are shown. Similarly, for the market return products, only the overall figures are shown.

The tables below show that the returns for the individual asset classes were approximately the same. The significant differences in total returns, 3.7 per cent. for Traditional compared to 10.3 per cent. for Market Return Products, reflects the very different composition of the assets. In most of the market return products, there is a high allocation to risky assets, primarily listed equity, while in the traditional product there is a high allocation to fixed income due to the liabilities' dependency to interest rate.

Investment composition and return, the traditional pension products, end 2017

Asset class	Composition in per cent.	Return in per cent.
Bonds etc.	70.4	2.2
Equities	8.3	13.5
Alternative investments	10.9	0.2
Real estate	10.4	6.3
Total	100.0	3.7

Investment composition and return, the market return products, end 2017

Asset class	Composition in per cent.	Return 2017 in per cent.
Bonds etc.	20.2	2.3

Equities	66.0	11.8
Alternative investments	7.9	0.3
Real estate	6.0	5.7
I alt	100.0	10.3

7.7 Financial overview

The following overview of the Issuer's financials is based upon the fiscal year 2017 annual report for the group, which is presented according to the International Financial Reporting Standards (IFRS). For fiscal years 2013 to 2016, the public annual reports have been used.

Financial figures

The table below shows a breakdown of profits before tax for Nordea Liv & Pension on group level:

Profit before tax					
DKK million	2017	2016	2015*	2014*	2013*
Technical result, Traditional pension products	577.7	618.2	631.4	679.4	693.8
Technical result, Market return products	123.8	181.2	163.4	88.0	48.7
Technical result, other	58.3	-37.9	0.2	0.7	9.1
Health and accident result	16.4	10.1	-1.9	2.3	46.5
Total technical result	776.1	771.6	793.1	770.4	798.1
Investment return	-58.9	18.3	-8.9	13.2	23.5
Transferred shadow account	26.8	404.0	-277.2	225.8	-64.7
Other profit/loss	6.6	5.7	-14.2	-5.8	7.5
Profit before tax	750.7	1,199.6	492.8	1,003.7	764.4

**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.*

The Issuer's total technical result has been positive and stable over the last 5 years, where the result from traditional pension products has been slowly declining and the result from market return products increasing as over 90 per cent. of new sales occur in the latter part of the business.

In 2017, the result from market return products has been lower than the previous years. This is due to non-recurring expenses when on boarding new corporate customers, which are common in the Danish commercial life insurance market. The result of market return products is however expected to increase in the years to come as a result of the increasing business, and as a result of increased sales in market return products.

Profit before tax has been positive over the last 5 years and is expected to be positive going forward. The fluctuating levels of profit before tax are mostly due to changes in the transferred shadow account. The legislation in relation to the shadow account, and when it can be recognised as revenue, has changed in 2016. The Issuer has recognised the shadow account as revenue in 2016 and 2017, and at year-end 2017 the Issuer has no outstanding on the shadow account balance. As a consequence of change in legislation shadow accounting is not expected to occur going forward.

Investment return, that encompasses investment return on equity, has been negative in the last two years. The shareholder's equity is invested in short duration bonds with high credit quality, resulting in negative investment returns. Further, the shareholder's equity is servicing the interest rates on the DKK 932.5 Tier 1 loan provided by Norliv. A part of DinKapital is also included as part of investment return on equity.

Premiums including investment contracts

The following two tables show a breakdown of the Issuer's gross premium portfolio (including investment contracts) across product segments and type:

Premiums (products)					
DKK billion	2017	2016	2015	2014	2013
Traditional pension products	3.4	3.5	4.0	4.3	5.4
Market return products	15.4	12.1	9.3	8.0	6.8
Health and accident	0.1	0.1	0.1	0.1	0.1
Total premiums	19.0	15.7	13.4	12.4	12.3

Premiums (type)					
DKK billion	2017	2016	2015	2014	2013
Regular premiums	9.4	8.6	7.8	8.1	8.3
Single premiums	9.6	7.1	5.6	4.3	4.0
Total premiums	19.0	15.7	13.4	12.4	12.3

Over the last 5 years, the total gross written premiums have increased from DKK 12.3 billion in 2013 to DKK 19.0 billion in 2017, corresponding to a growth of 54 per cent. over the period. As shown in the upper table above, the customers' preferred products are in the market return product segment, which accounted for 82 per cent. of the gross written premiums in 2017. Due to a general tendency in the market towards market return products, the traditional part of the business has experienced a slow decline over the last 5 years, a tendency that is expected to continue in the future.

Over the last couple of years, the Issuer has experienced an increase in regular premiums as a result of increase in sales.

Provisions

As of end 2017, the total provisions amounted to DKK 172.9 billion in Nordea Liv & Pension:

Provisions					
DKK billion	2017	2016	2015	2014	2013
Provisions for unit-linked contracts	74.8	59.6	52.4	44.8	34.1
Life insurance provisions	93.4	95.6	88.1	95.2	98.7
Other provisions (incl. outstanding claims)	4.8	4.1	9.8	10.3	5.3
Provisions in Nordea Liv & Pension	172.9	159.4	150.3	150.4	138.1

On average, the provisions market return products have increased yearly by 23 per cent. from 2013 to 2017. As with premiums, this is a general tendency in the market towards unit-linked products combined with an increase in sales and positive investment returns. End 2017, the provisions for unit-linked contracts amounted to 45 per cent. of the total provisions in Nordea Liv & Pension (end 2013: 25 per cent.).

Traditional pension provisions primarily relate to the traditional business of the Issuer, which as of end 2017 was grouped into four interest rate groups.

The table below specifies life insurance provisions from 2013 to 2017:

Life insurance provisions					
DKK billion	2017	2016	2015	2014	2013
Traditional - interest rate group 1*	49.3	49.5	45.4	47.3	50.2
Traditional - interest rate group 2	9.4	9.6	8.8	9.5	9.1
Traditional - interest rate group 3	11.8	12.8	12.3	13.3	12.3
Traditional - interest rate group 4	20.8	21.6	20.2	23.7	25.4
Other provisions	2.0	2.2	1.3	1.4	1.8
Life insurance provisions in Nordea Liv & Pension	93.4	95.6	88.1	95.2	98.7

*The former interest rate group 0 is included in interest rate group 1

The Issuer's traditional business is slowly running off, which is a reflection of the tendency in the market in general, as more and more customers are choosing market return products. The increase in life insurance provisions (traditional pension provisions) from 2015 to 2016 is due to strengthening of the provisions caused by the guarantees and low interest rates. The strengthening of the reserves is absorbed by the collective bonus potential and hence, the shareholder's capital will not be affected as long as the collective bonus potential is positive.

Solvency and financial strength

The table below shows the solvency capital requirement (SCR) as of end 2017 and end 2016 for the Issuer:

DKKb		end 2017	end 2016
PIM ¹ with VA ²	SCR	7.6	8.1
	Own Funds	13.6	14.0
	Solvency ratio	179%	172%
PIM without VA	SCR	7.8	8.4
	Own Funds	12.7	11.6
	Solvency ratio	163%	138%
SF ³ with VA	SCR	8.1	8.8
	Own Funds	12.9	13.2
	Solvency ratio	159%	150%
MCR ⁴	PIM with VA	346%	339%
	PIM without VA	313%	242%
	SF with VA	307%	297%

1) PIM ~ *Partiel internal model for longevity*

2) VA ~ *Volatility adjustment*

3) SF ~ *Standard formula (no partial internal model on longevity)*

4) MCR ~ *Minimum Capital Requirement*

The solvency capital requirement (SCR) is calculated to DKK 7.6 billion end 2017 with the use of a partial internal model for longevity (PIM) and with use of volatility adjustment (VA). The use of a partial internal model for longevity has been approved by the Danish FSA. Own funds amounted to DKK 13.6 billion, and hence the solvency ratio equaled 179 per cent. The proposed dividend of DKK 0.4 billion for fiscal year 2017 is deducted from the shown own funds. Without the deduction of proposed dividend, the solvency ratio would amount to 184 per cent. compared to end 2016, own funds are at the same level.

The table below shows the breakdown of eligible own funds in DKK billion as of end 2017 and end 2016:

Tier	Own fund item	end 2017	end 2016
Tier 1	Ordinary share capital	0.6	0.6
	Reconciliation Reserve	9.6	10.1
	Subordinated Debt	0.9	0.9
Tier 2	Subordinated Debt	2.3	2.3
	DinKapital	0.1	0.0
Total	Eligible own funds	13.6	14.0

The table below shows the breakdown of solvency capital requirement (SCR) as of end 2017 and end 2016:

Dkkb	end 2017	end 2016
Insurance risk	4.7	3.3
Market risk	10.9	10.4
Insurance risk and market risk, total	15.5	13.7
Diversification	-5.6	-4.0
Used buffers	-2.9	-1.7
Other risk, including operational risks	1.2	0.8
Company tax, etc.	-0.6	-0.7
Solvency capital requirement (SCR)	7.6	8.1

7.8 Risk Management

The board of directors is responsible for the overall risk appetite and for deciding on principles for how risk appetite should be managed.

The starting point for defining the risk appetite is the overall business strategy and the available capital base. The Risk Appetite Framework ("RAF") considers key risks relevant to the Issuer and is on an aggregated level represented in terms of financial risk, insurance risk, strategic risk, operational risk compliance risk.

For each type of risk, overall lines and limits has been set to reflect the risk appetite of the Issuer.

The Risk Appetite Framework is updated at least annually to ensure the continuous adequacy and effectiveness of the risk management strategies.

Risks are monitored against risk appetite statements, lines and limits.

Risks are managed at all levels of the organisation both through strategic decision making and through daily management of the business. When managing the risks, the identified risks are either accepted at the current risk level; avoided by eliminating the cause of the risk or managed by taking measures that either impact the likelihood or the impact of the event should the risk occur (e.g. reinsurance, hedging).

Risk and capital reporting is carried out regularly to support the business decisions and to monitor/ control that the business is in line with the risk appetite as well as existing lines and limits. The frequency of the different types of reports varies from weekly to annual reports. The audience depends on the report content and include reports for the executive management, the board of directors and the supervisory authorities.

The risk and capital reporting is mainly focused on the current and projected solvency position, key risks and trends, sensitivities, results of risk monitoring and incident reporting. Clear reporting lines and responsibilities have been established to ensure effective reporting.

Nordea Liv & Pension's risk management practices are organized in three lines of defense. The first line of defense is represented by the business units, the operations and service organizations. Each unit operates in accordance with risk policies and delegated mandates. The units are responsible for employees having adequate skills, operating procedures, systems and controls in place to comply with policies and mandates and to exercise sound risk management. The second line of defense is represented by Risk Management, Compliance and the Actuarial Function. The second line of defense monitors and controls whether the business units, the operations and service organizations adhere to the general policies and mandates of the Issuer. The third line of defense is represented by the Internal Audit Function which monitors and audits the business including second line of defense. The Internal Audit Function reports directly to the Board of Directors.

7.9 Regulatory overview

The Issuer is a Danish life-insurance company.

7.9.1 Overview of recent relevant legislation

Life-insurance companies are governed by the Danish Financial Business Act and executive orders issued pursuant thereto in relation to rules on authorisation, business of conduct, corporate governance, capital and placement of funds, liquidity, annual reports, intervention in or cessation, solvency and financial situation reporting, supervision and etc.

On 1 January 2016, the EU Solvency II framework ("**Solvency II**") regulating insurance companies came into force. Solvency II reviews the prudential regime for insurance and reinsurance undertakings in the European Union. The Solvency II Directive (Directive 2009/138/EC) was adopted in November 2009, and amended by Directive 2014/51/EU of the European Parliament and of the Council in April 2014 (the so-called "**Omnibus II Directive**"). Solvency II was implemented into Danish legislation by Act No. 308 of 28 March 2015 amending the Danish Financial Business Act, and which entered into force on 1 January 2016. In October 2014, the European Commission adopted the Delegated Regulation (Delegated Regulation (EU) 2015/35) containing implementing rules for Solvency II. In March 2015, the European Commission adopted the first set of Solvency II Implementing Regulations laying down implementing technical standards with regard to the supervisory approval procedures for undertaking-specific parameters, ancillary own funds, matching adjustment, special purpose vehicles, internal models, and joint decision on group internal models.

7.9.2 Supervision

The Issuer is licensed and subject to supervision by the Danish FSA.

Under the Danish Financial Business Act, the Danish FSA grants regulatory permission to companies to provide insurance for one or more classes recognised by the EU insurance directives. An insurance company may not engage in activities other than insurance operations and related activities, unless specifically permitted to do so. Danish insurance companies are required to report their annual accounts to the Danish FSA. They are also required to submit detailed annual financial reports and key figures for their insurance operations to the Danish FSA. In addition, external and internal auditors' long-form audit reports relating to the annual accounts must be filed with the Danish FSA. The Danish FSA is also entitled to ask for any additional information from the life insurance company. From time to time, the Danish FSA will conduct a thorough on-site inspection of each insurance company. The Danish FSA may review other issues such as IT security, reinsurance adequacy and asset valuation at any time. The statements of the Danish FSA's inspections in respect of the Issuer are published on Issuer's website.

The technical basis for life-insurance activities shall be notified to the Danish FSA no later than the same time as the company starts using the basis etc. The same shall apply to any subsequent change of these matters. The notification includes information on

- (a) the types of insurance the company intends to use;
- (b) the basis of calculation of insurance premiums, cash surrender values, and paid-up policies;
- (c) rules for calculating and distributing the results to policyholders and other beneficiaries under insurance contracts;
- (d) the company's principles for reinsurance, including limits to amounts;
- (e) the rules for when policyholders are to provide health information for an assessment of risks;
- (f) rules for calculating life-assurance provisions for individual insurance contracts and for the company as a whole, and
- (g) the rules according to which pension schemes with annuity payments, effected or agreed as compulsory schemes with an insurance company, may be transferred to or from a company in connection with transition to another employment or in connection with a transfer of ownership or reorganisation of an undertaking

The elements in (a)-(e) must be adequate and reasonable for the individual policyholder and others eligible under the insurance contract. The rules for calculation and distribution of results must be accurate and clear and lead to a reasonable distribution. The elements of calculations (interest rates, expenses,

and biometric elements) that form the basis for calculating insurance premiums, cash surrender values, and paid-up policies, shall be selected with prudence. If the basis for calculating insurance premiums, surrender values and paid-up policy benefits includes the possibility to divide the insurance premiums paid into a part for which a guaranteed pension is accumulated and a part attributable to either the collective bonus potential or bonus potential on paid-up policy benefits, it shall, however, be sufficient that the basis as a whole is based on appropriate assumptions.

The board of management is responsible for ensuring that the insurance company has sufficient expertise to calculate insurance provisions. As a life insurance company, the board of directors are required to employ an actuary who is responsible for carrying out the actuarial functions necessary, including calculations and investigations. A member of the board of management or the board of directors cannot hold the position as the actuary. The actuary must ensure that the company complies with its technical basis. The actuary shall, in this connection, review the actuarial contents of the company's activities and material, and ensure that the technical basis complies with the conditions for the notification of the technical basis. The responsible actuary submits a report to the Danish FSA annually. However, the responsible actuary shall immediately notify the Danish FSA of any disregard of the conditions to the technical basis.

The actuary is entitled to request from the board of management any information necessary for the execution of his duties. The Danish FSA may request from the actuary the information necessary to assess the financial position of the company.

Insurance companies are obligated to respect the interest of policyholders and beneficiaries in the best possible way in the insurance company's investment strategy in accordance with the prudent person-principle. The prudent person-principle entails that insurance companies shall only invest in assets and instruments whose risks can properly be identified, measured, monitored, managed, controlled and reported. The aim is to ensure the security, quality, liquidity and profitability of the insurance company's investments. In the case of a conflict of interest, insurance companies shall ensure that the investment is made in the best interest of the policy holders and beneficiaries.

7.9.3 Policyholders' Right of Priority to Certain Assets

In order to protect policyholders, the Danish Financial Business Act requires that the value of the assets of an insurance company corresponds, at a minimum, to the value of a company's total insurance provisions. The insurance company shall, in accordance with the Danish Financial Business Act, keep a register of such assets and the value of financial contracts reducing the risk of such assets not being sufficient to cover the insurance obligations. The registered assets shall serve exclusively for the satisfaction of the policyholders and beneficiaries and not the general creditors of the insurance company. Policyholders have a right of priority to these assets in the event of an insurance company's insolvency.

7.10 Management

Members of the Boards of Directors and the Executive Board of the Issuer are required to submit a Fit & Proper reporting form to the Danish FSA prior to their appointment to determine whether or not they have adequate experience and are fit and proper to be involved in running an insurance business.

The Danish Financial Business Act and executive orders issued pursuant thereto hold specific requirements on management pertaining to managing and operating the insurance business. The requirements are primarily designed to prevent a conflict of interest between the company and the relevant member of management.

The Board of Directors of the Issuer consists of 12 members. Eight of the members are elected by a general meeting of the shareholders, four members are appointed by the employees on the basis of an agreement between the three staff associations in accordance with Danish legislation.

Board of Directors elected by the general meeting:

Anne Broeng (*chairman*)

Board Member and Chairman of the Audit committee VKR Holding A/S

Board Member and Chairman of the Audit committee Velux A/S

Vice-chairman Bruhn Holding ApS
Board Member Bikubenfonden
Board Member Kollegiefonden Bikuben
Board Member and Chairman of the risk committee Danske Commodities A/S
Board Member F. Salling Invest A/S
Board Member F. Salling Holding A/S
Board Member Kobmand Herman Sallings Fond
Board Member Kobmand Ferdinand Sallings Mindefond
Board Member and Chairman of the Audit committee NNIT A/S
Board Member Nasdaq OMX Nordic Oy
Board Member ATP og Lonmodtagernes Garantifond
Board Member Aquaporin A/S

Peter Gæmelke (*vice chairman*)

Chairman Lovenholm fonden
Chairman Danske Spil A/S
Chairman NGF Nature Energy Biogas A/S
Chairman Norliv - Foreningen for kunder i Nordea Liv & Pension
Chairman Museum Committee, Det Gronne Museum
Vice-chairman Gl. Estrup Herregardsmuseum
Board Member DLR Kredit A/S
Board Member Kirkbi A/S
Board Member Tryghedsgruppen smba
Board Member Askov Hojskole

Karsten Knudsen

Chairman Vækst-Invest Nordjylland A/S
Board Member Dampskibsselskabet Norden A/S
Board Member K/S Vantaa, Finland
Vice-chairman Nordsoenheden
Board Member A/S Motortramp
Board Member Obel-LFI Ejendomme A/S
Chairman Polaris IV Invest Fonden
Board Member Skovselskabet af 13. december 2017 A/S
Board Member Aktieselskabet Dampskibsselskabet Orient's Fond

Mads Skovlund Pedersen

Board Member Danbolig A/S
Vice-chairman Danish Employers' Association for the Financial Sector

Kent Petersen

Chairman Finansforbundet

Vice-chairman Norliv - Foreningen for kunder i Nordea Liv & Pension

Vice-chairman Nastved Autocenter A/S

Board Member Copenhagen Language Center

Board Member Copenhagen FinTech

Member Executive Committee, FTF

Lene Klejs Stuhr

Manager Agilent Technologies Denmark ApS

Manager Dako Denmark A/S

Board Member AGILENT DGG POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA

Chrilles Svendsen

Gustaf Unger

CEO Nordea Life Holding AB

Chairman Nordea Livförsäkring Sverige AB (publ)

Chairman Livforsikringsselskapet Nordea Liv Norge AS

Chairman Nordea Life Assurance Finland Ltd.

Board of Directors elected by the employees:

Anne Marie Nielsen

Mogens Edvard Pedersen

Per Lyngh Sørensen

Tommy Østerberg

The business address of the Board of Directors is at Klausdalsbrovej 615, 2750 Ballerup and at Lautrupvang 10, 2750 Ballerup from 1 July 2018.

The directors have no potential conflicts of interest between their obligations to Nordea Liv & Pension and their private interests and/or other obligations.

Executive Board:

Steen Michael Erichsen (*CEO*)

CEO at Nordea Liv & Pension

Board member at Forsikring & Pension

Gitte Aggerholm (*Director*)

Director at Nordea Liv & Pension

Chairman of the board at NLP IT A/S

Chairman of the board at Administrationsaktieselskabet Forenede Gruppeliv

The business address of the Executive Board is at Klausdalsbrovej 615, 2750 Ballerup and at Lautrupvang 10, 2750 Ballerup from 1 July 2018.

The members of the Executive Board have no potential conflicts of interest between their obligations to Nordea Liv & Pension and their private interests and/or other obligations.

7.11 Board committees and corporate governance

The Board of Directors has set up an Audit Committee which operates as a preparatory committee for the Board of Directors with respect to Nordea Liv & Pension's accounting and auditing matters, including related risk matters.

Audit committee

The Audit Committee operates as a preparatory committee for the Board of Directors with respect to Nordea Liv & Pension's accounting and auditing matters, including related risk matters. This also includes issues that the Board, the Committee itself, the Chief Audit Executive or the external auditor believe require preparatory work before being brought to the entire Board.

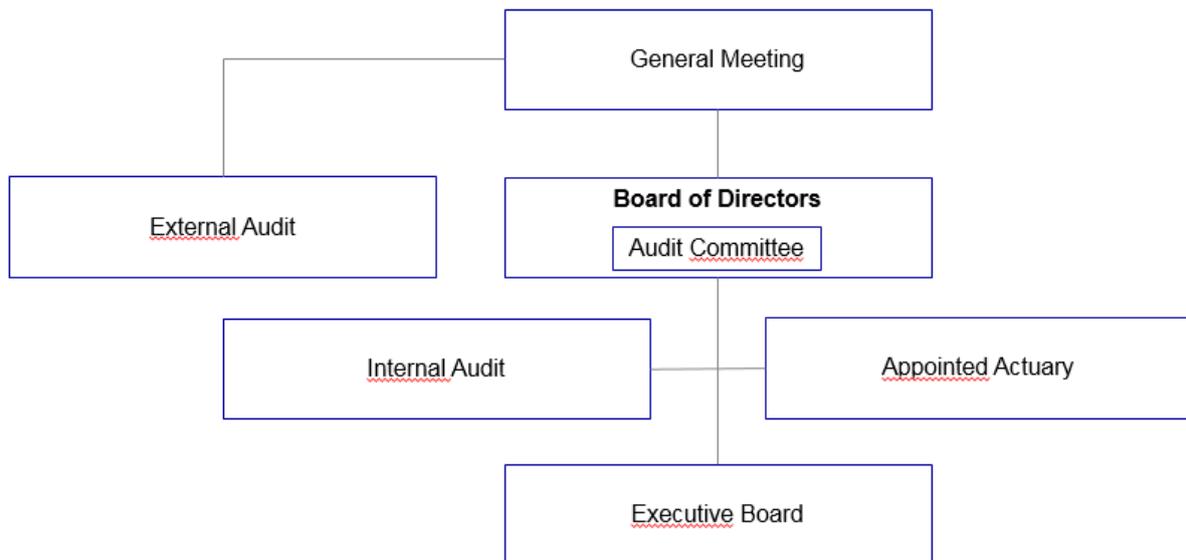
Members:

Karsten Knudsen (chairman)

Chrilles Svendsen.

Corporate Governance

The Board of Directors is responsible for the overall and strategic management of Nordea Liv & Pension, while the Executive Board is in charge of its day-to-day management, observing the policies and guidelines issued by the Board of Directors.



8 Taxation

Persons considering the purchase, ownership or disposition of the Notes should consult their own tax advisers concerning the tax consequences in the light of their particular situations. No representations with respect to the tax consequences of any particular Noteholder are made hereby.

Kingdom of Denmark

The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force at the date hereof and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.

Taxation at source

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in Consolidated Act no.1164 of 6 September 2016, as amended. This will not have any impact on Noteholders who are not in a relationship whereby they control, or are controlled by, the Issuer or where the Noteholders and the Issuer are not controlled by the same group of persons.

Resident Noteholders

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains are taxable to individuals and corporate entities in accordance with the Consolidated Act no. 1283 of 25 October 2016 (as amended) on taxation of debt, debt claims and financial contracts (in Danish "*Kursgevinstloven*") (the "**Danish Taxation Gains Act**"). Gains and losses on Notes issued to corporate entities are generally included in the taxable income in accordance with a mark-to-market principle (in Danish "*lagerprincippet*"), i.e. on an unrealised basis. Gains and losses on Notes issued to individuals are generally included in the taxable income on a realised basis and if the annual gains or losses do not exceed DKK 2,000, the gains or losses will be exempt from taxation.

Gains and losses on Notes, which are subject to adjustments on principal or interest as set out in section 29(3) of the Danish Taxation Gains Act will be taxable on an annual basis in accordance with a mark-to-market principle (in Danish "*lagerprincippet*") as further specified in the Danish Taxation Gains Act.

A variety of features regarding interest and principal may apply to the Notes. The applicable taxation of capital gains to corporate entities or individuals will depend on the features applicable to the Notes in question.

Pension funds and other entities governed by the Danish act on taxation of pension yield (in Danish "*Pensionsafkastbeskatningsloven*") would, irrespective of realisation, be taxed on annual value increase or decrease of the Notes according to a mark-to-market principle (in Danish "*lagerprincippet*") as specifically laid down in the act.

Non-Resident Noteholders

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholders are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "Taxation at source" above. Thus, no Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark, other than in certain

cases on payments in respect of controlled debt in relation to the Issuer as referred to under "Taxation at source" above.

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

9 Subscription and sale

The Lead Manager has, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 6 June 2018, agreed to subscribe and pay for the Notes at the issue price of 100.00 per cent. of the principal amount of the Notes. A minimum subscription amount equivalent to the amount of SEK 2,000,000 applies. The Issuer will pay a commission to the Lead Manager pursuant to the Subscription Agreement. The Issuer will also reimburse the Lead Manager in respect of certain of its expenses, and has agreed to indemnify the Lead Manager against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

9.1 Selling restrictions

United States

The Notes have not been and will not be registered under the U.S. Securities Act 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 the registration requirements of the U.S. Securities Act. The Issuer and the Lead Manager represent that it has not offered or sold, and agree that it will not offer or sell, any Notes constituting part of its allotment in the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S under the U.S. Securities Act ("**Regulation S**"). Accordingly, neither the Issuer, the Lead Manager, their affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person to which it sells the Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the respective meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

United Kingdom

The Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Denmark

The Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Capital Markets Act, Consolidation Act No. 12 of 8 January 2018 as amended and Executive Orders issued thereunder and in compliance with Executive Order No. 747 of 7 June 2017 issued under the Danish Financial Business Act to the extent applicable.

Sweden

The Lead Manager has represented that no offer for subscription or purchase of Notes have been or will be made, and no invitations to subscribe for or purchase Notes have been or will be issued, and no draft or definitive document in relation to any such offer, invitation or sale have been or will be distributed, except in circumstances that will not result in a requirement to prepare a prospectus for an offer to the public pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*), as it may be amended from time to time.

General

No representation is made that any action has been or will be taken by the Issuer or the Lead Manager in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material, in all cases at their own expenses.

10 General information

- (1) Application has been made to Nasdaq Copenhagen A/S for Notes issued under the Prospectus to be listed on Nasdaq Copenhagen A/S. Prices and outstanding amounts of Notes admitted to trading on Nasdaq Copenhagen A/S are displayed on a current basis on the website of Nasdaq Copenhagen A/S, nasdaqomxnordic.com. The Notes are not expected to be listed on any regulated or similar markets other than Nasdaq Copenhagen A/S. The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately DKK 245,000.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the Denmark in connection with the approval of the Prospectus and the issuance of the Notes. The approval of the Prospectus and the issuance of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 22 May 2018.
- (3) Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
- (4) There has been no material adverse change in the prospects of the Issuer or of the Group since 31 December 2017, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer and no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2017.
- (5) The Issuer is unaware of any trends, uncertainties, demands, commitments or events which may reasonably be expected to significantly affect the future outlook for the Issuer for the current financial year. No events have occurred since the publication of the recently audited financial statements of the Issuer that have a significant effect on the assessment of the Issuer's capital adequacy.
- (6) Profit expectations or forecasts for the Issuer have not been included in this Prospectus due to the fact that such expectations or forecasts are not considered material to the listing of the Notes.
- (7) No material contracts have been entered into other than in the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes.
- (8) Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (9) The Notes are issued in uncertificated book entry form cleared through VP Securities A/S ("**VP**"). The International Securities Identification Number (ISIN) for the Notes is DK0030420492. The address of VP is Weidekampsgade 14, 2300 Copenhagen S. The method of, and deadline for, payment and delivery of the Notes may be agreed between the Issuer and the investors in the Notes. Legal title to the Notes will exclusively be evidenced by book entries in the register of VP. The Notes will not be exchangeable for physical notes. Registration and settlement of transactions in respect of the Notes will take place in accordance with the rules and procedures for the time being of VP.
- (10) A bridge currently exists between each of VP, Clearstream Banking, société anonyme ("**Clearstream**") and Euroclear Bank, SA / NV ("**Euroclear**", and together with Clearstream and VP and referred to as the "**Securities Depositories**" and each referred to as a "**Securities Depository**"). Holders of accounts with Clearstream and/or Euroclear will be able to purchase Notes

without holding an account with VP. Holders of accounts with any Securities Depository will be able to transfer Notes to account holders with any other Securities Depository in accordance with the rules and procedures for the time being of the relevant Securities Depository. The Common Code for the Notes is 183476980.

(11) Copies and, where appropriate English translations of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer in Denmark:

- (i) the Articles of Association of the Issuer;
- (ii) the Articles of Incorporation of the Issuer;
- (iii) the Issuer's 2017 Annual Report; and
- (iv) a copy of this Prospectus.

The Issuer's 2017 Annual Report can be viewed online at www.nordealivogpension.dk/Images/89-263313/Annual_Report_2017_Nordea_Liv_og_pension-2017%2008.05.2018%20ENG.pdf.

Information contained in the above documents, other than information listed in the table on page 19 concerning documents incorporated by reference, is for information purposes only and does not form part of this Prospectus. This Prospectus is published on the website of Nasdaq Copenhagen A/S (<http://www.nasdaqomx.com>).

(12) PriceWaterHouseCoopers Statsautoriseret Revisionspartnerselskab, Strandvejen 44, DK-2900 Hellerup, represented by Danish State-Authorised Public accountants Erik Stener Jørgensen and Per Rolf Larssen have audited the Issuer's consolidated and unconsolidated financial statements, without qualification, in accordance with International Financial Reporting Standards as adopted by the European Union for each of the financial years ended 31 December 2016 and 2017. The Issuer's external auditor is a member of FSR – Danish Auditors.

(13) This Prospectus does not refer to audited information other than that contained in the Issuer's 2017 Annual Report. The Issuer is obligated to submit an audited annual report to the Danish FSA no later than four months after the financial year has ended. Accordingly, the most recently audited financial information will never be more than sixteen months old.

(14) The Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of its business activities, the Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Lead Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with customary risk management policies. Typically, the Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

(15) The yield on the Notes cannot be indicated as of the date of this Prospectus as the Notes bear interest at a floating rate.

REGISTERED OFFICE OF THE ISSUER

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To the Issuer

PriceWaterHouseCoopers Statsautoriseret Revisionspartnerselskab

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Gorrissen Federspiel Advokatpartnerselskab

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