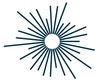

RISK FACTORS – DATED 6 MARCH 2023

*Any investment in the DKK/NOK/SEK Floating Rate Perpetual Restricted Tier 1 Capital Notes (in Danish: kapitalbeviser) (the "**Notes**") is subject to a number of risks and involves a high degree of financial risk. Accordingly, prospective investors should consider and review this document carefully in its entirety and consider all information included in the investor presentation concerning the Issuer dated 6 March 2023 (the "**Investor Presentation**") including the risks described below, before they decide to invest in the Notes. A number of factors affect the business, financial condition, results of operations and prospects of the Group and the insurance industry in which the Group operates.*

This section describes the risk factors considered to be material in relation to the Group based on the information known as at the date of the Investor Presentation and each of these risks will continue to be relevant to the Group. If any of these risks actually materialise, the Group's business, financial condition, results of operations and prospects could be materially adversely affected and, consequently, the value of the Notes could decline. This could in turn have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes. Further, this section describes certain risks relating to the structure of the Notes and market risks associated with the Notes.

The risks described below are not the only risks faced and should be used as guidance only. Additional risks in relation to the Group not presently known to the Issuer's management or that the Issuer's management currently deem immaterial may also, whether individually or cumulatively, have a material adverse effect on the Group's business, financial condition, results of operations and prospects, and could negatively affect the Group's business, financial condition, results of operations and prospects resulting in a decline in the value of, and a loss of part or all of an investor's investment in, the Notes.

The most material risks, as assessed by the Issuer, are set out in order of the expected magnitude of their negative impact on the Group and/or the Notes and its business and the probability of their occurrence in each category. To the extent deemed possible by the Issuer, the Issuer has included an assessment of the probability of the occurrence of the risks set out in the section "Risks that may affect the Issuer's ability to fulfil its obligations under the Notes".

*Words and expressions defined in (i) the draft terms and conditions of the Notes denominated in DKK or SEK; and (ii) the draft terms and conditions of the Notes denominated in NOK, each dated 6 March 2023 (together the "**Conditions**") or elsewhere in the Investor Presentation have the same meanings in this section, unless otherwise stated. References to a numbered "Condition" shall be to the relevant Condition in the Conditions.*

1 RISKS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

1.1 <u>Risks relating to the businesses and industries in which the Group operates</u>

1.1.1 Factors outside the Group's control, including economic conditions, competitive environment or political developments

As a general non-life insurer, the Group's return on investments and results of operations may be materially affected by changes and volatility in the worldwide financial and capital markets and macroeconomic conditions and is exposed to general market risk volatility in respect of the investments in securities and properties which the Group undertakes as part of its investment activities.

Inflation, including the inflation surge seen in 2022 and 2023, also affect non-life insurers, such as the Group, as the insurance claims are also subject to inflation. Even though the Group seeks to mitigate such effects by premium adjustments and inflation hedges it still has an exposure to macroeconomic risk such as inflation.

While the Nordic market for non-life insurance is deemed to be a stable and profitable market, there is a risk that a future competitive situation in the Nordic market for non-life insurance may adversely affect the profitability for the market as a whole, and therefore also the Group's ability to maintain the current level of earnings.

Increased volatility in the financial and capital markets in recent years has been and may in the future be influenced by a wide variety of factors, including:

- geopolitical instability caused by the Russian invasion of Ukraine;
- uncertainty regarding energy supply;
- sharply increasing inflation rates;
- the COVID-19 pandemic and related counter measures that causes uncertainty regarding supply chains;
- uncertainty regarding the future economic relationship between the United Kingdom and the European Union;
- concerns over the slow rates of growth in the global economy and, in particular, the impact of slowing rates of growth in emerging markets;
- high levels of sovereign debt;
- extensive use of macroeconomic and monetary policy tools by governments, central banks and other institutions, and uncertainty about future actions; and
- the failure of governments to agree upon, and implement, necessary fiscal, monetary and regulatory reforms.

Most probably some or all of the risks described above will materialise in full or in part. The materialisation of any of the risks discussed above, e.g. adverse economic conditions, increasing interest rates and volatility in the financial and capital markets, may adversely affect the Group's business, financial condition, results of operations and

prospects. Depending on the magnitude of the materialisation of the risks, this may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.2 If the Group fails to keep pace with changes in the industry, including new challenges presented by traditional and non-traditional competitors, or fails to continue to provide attractive and innovative products and services, the use of the Group's products and services could decline, reducing its revenues and earnings.

The insurance industry in which the Group competes is subject to rapid and significant technological change, new product and service introductions, changing customer needs and preferences as well as the possible entrance of non-traditional competitors. In order to remain competitive, the Group will need to anticipate and respond to these changes, which requires continued investment in, and time spent on, innovation, research and development.

If the Group fails to identify and keep pace with these changes or fails to continue to develop and introduce attractive and innovative products and services, the use of its products and services could decline. As an example, advancements in technology facilitating self-driving cars could potentially reduce the incidence of car accidents altering the motor insurance industry. Any lack of, or delay in offering, new products and services, or failure to differentiate the Group's products and services or accurately predict and address market trends and demand, could render the Group's products and services less desirable to their customers or even obsolete, which, in turn, could have a material adverse effect on its business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.3 The Group's business depends on strategic partnerships and brokers to distribute its products

The Group relies on strategic partnerships, brokers and other insurance intermediaries to distribute many of its products. The Group's strategic partnerships include relationships with unions, car dealers, consumer electronics retailers, banks and other intermediaries that distribute insurance to their members and customers.

While the agreements for strategic partnerships vary in form and content, with some being pure referral agreements, strategic partners, independent brokers and insurance intermediaries are not obligated to recommend or sell the Group's products. As such, strategic partners, brokers and insurance intermediaries represent more than one insurance company, including direct competitors of the Group, and therefore the Group will face competition within such strategic partnerships, brokerages and insurance intermediaries. Consequently, the Group's relationships with its strategic partners, brokers and insurance intermediaries will be important and the failure, inability or unwillingness of its partners and/or brokers to market the Group's products, loss of business or the relationship with a strategic partner, broker and/or insurance

intermediary could have a material adverse effect on its business and results of operations. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.4 Failure of the Group's own or outsourced information technology systems, including as a result of cybercrime, cyberattacks or information security weaknesses could lead to a breach of regulations and contractual obligations

The Group's technological infrastructure is critical to the operations of its business and delivery of products and services to customers. Even with the backup recovery systems and contingency plans that are in place, there is some probability that the Group will not be able to ensure that interruptions, failures or breaches in capacity, security or data (including use of corrupt data) of these processes and systems will not occur and, if they do occur, that they will be adequately addressed. As an example, the Group could be target of distributed denial of services, computer viruses or electrical or telecommunication outages. Furthermore, the Group could experience breakdowns in processes, controls or procedures, and operational errors, including administrative or recordkeeping errors or errors resulting from system failures, faulty computer or telecommunications systems.

The Group relies on its operational processes as well as its communication and information systems to conduct its business, including pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and comply with its reporting obligations. It also depends on third party providers of administration and IT services and other back-office functions. As an example, the Group relies on the date of the Investor Presentation on Tata Consultancy Services as its top partner and supplier for IT development and infrastructure.

The Issuer believes that most probably the Group will face interruption in the ability to rely on its internal or outsourced IT services and depending on the materiality of such interruption, a deterioration in the performance of these services could impair the timing and quality of the Group's services to its customers and, ultimately, result in loss of customers, inefficient or detrimental transaction processing and regulatory noncompliance.

As a retail insurance provider, the Group is in possession of sensitive customer information and data, including usernames, administrative codes, personal details and, to a certain extent, sensitive personal information, and with a growing number of new policies originating online, the Group's information technology infrastructure and systems underpin its business. As such, the Group is exposed to cyber security threats.

Cyberattacks may compromise the confidentiality, integrity and availability of information systems and business data of the Group.

The scope of cyberattacks has in recent years developed such that cyberattacks now occur on a frequent basis and most probably the Group will face cyberattacks in the

future. While the vast majority of these attacks do not reach a level of sophistication that could pose a threat to the Group, the Group may not be able to stop cyberattacks despite efforts to continually monitor and assess its security organisation in terms of resources and service offerings.

The Group occasionally experiences distributed denial of service ("**DDoS**") attacks, which are cyberattacks where the perpetrator seeks to make a machine or network resource unavailable to its intended users by disrupting services of a host connected to the Internet. DDoS attacks may be undertaken with the intention to harm or even destroy IT infrastructure and in more severe cases, with the intention of disrupting critical societal functions. Despite the Group's forward planning and disaster recovery procedures, the occurrence of any DDoS attacks could lead to interruptions, delays or shutdowns, potentially causing harm to its business by making critical data, including personal data, temporarily inaccessible.

Most probably IT security incidents or breaches will occur in the future. To the extent it is not possible to mitigate the adverse impact thereof, future security incidents, breaches and other issues may have a material impact on the Group's business. Further, cyber risk is exacerbated by the age and complexity of the Group's technology and network architecture, which can only be gradually upgraded for reasons such as complexity, cost and planning prerequisites. The occurrence of any cyber threats, such as the theft or unauthorised use or publication of its confidential information or other proprietary business information as a result of an IT security incident, could expose the Group to liability, adversely affect the Group's competitive position and reputation, and reduce marketplace acceptance of the Group's insurance products, whether or not the incident is ultimately determined to be its fault.

Consequently, if the Group's IT systems are compromised by materialisation of any of the facts set out above, this could have a material adverse effect on its business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.5 The Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, all of which could result in significant underwriting losses

The Group's results will depend to a significant extent on whether its claims experience is consistent with the assumptions it uses in underwriting, setting the prices for its products and establishing the liabilities for its obligations for future claims. To the extent that its actual claims experience is less favourable than the underlying assumptions it uses in establishing such liabilities, it could be required to increase the reserves made for its liabilities, which could result in losses.

Due to the nature of the risks the Group incurs in underwriting general insurance, it cannot determine precisely the amounts that it will ultimately pay to meet such liabilities covered by the insurance policies written. The Group's claims reserves may prove to be

inadequate to cover the actual claims, particularly when payments of claims may not occur until well into the future. The Group maintains claims reserves to cover its estimated ultimate liability for claims and claims adjustment expenses for reported and incurred but not reported claims as of the end of each accounting period. Claims reserves represent estimates of the ultimate cost, including related expenses, to bring all pending and incurred but not reported claims to final settlement. These estimates are based on actuarial and statistical projections and assumptions. The estimates are also based on other variable factors, including changes in the legal and regulatory environment and general economic conditions. Further, the Group is dependent on internal mathematical models, which are complex and increasingly make use of sophisticated computational tools to set claims reserves and price its products. Should these models not be accurate, or should the implementation of these models be erroneous, then there is a risk that the pricing of products or the reserving for future claims payments may be incorrect for a period of time.

The Group's earnings will depend significantly upon the extent to which its actual claims experience is consistent with the projections and the assumptions it uses in setting claims reserves and subsequent premium levels. In addition, any changes in actuarial assumptions may lead to changes in the level of capital, including regulatory (own funds) capital that is required to be maintained.

Changes in trends or other variable factors, including changes in legislation, could result in claims in excess of the Group's claims reserves. Significant negative developments may require it to increase its reserves with a corresponding reduction of its net income in the period in which the deficiency is identified. For longtail claims, which carry a long settlement period and include mainly motor, personal accident, disease, workers' compensation and child insurance, it has been necessary for the Group, and may over time continue to be necessary for the Group, to revise estimated potential claims exposure and, therefore, related claims reserves. Consequently, actual claims and related expenses paid may differ from estimates reflected in the claims reserves in the financial statements, although prices may be adjusted to minimise any differences. To the extent the Group's current claims reserves are insufficient to cover actual claims, it would have to increase its claims reserves and incur a corresponding charge to its earnings.

Even though the Group has operating controls in place, the Group is exposed to failures in operating controls. Any mismanagement, fraud or failure to satisfy fiduciary responsibilities, to comply with underwriting guidelines and authorisation limits, to comply with applicable anti-money laundering and other similar rules and requirements in all of the geographies in which it operates, the negative publicity resulting from these activities or the accusation by a third party of such activities, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Issuer believes that most probably some or all of the risks set out above will materialise, and depending on the materiality of the impact thereof this may result in significant underwriting losses that could have a material adverse effect on the Group's future financial condition, results of operations and cash flows. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes

and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.6 The Group is subject to extensive regulatory requirements and operates in a highly regulated industry

The Group is subject to extensive governmental regulation in each of the jurisdictions in which it operates. The regulations may differ between the different parts of the insurance industry and between the various countries in which the Group operates.

Changes in or failure to comply with any applicable laws and regulations or government approvals or conditions or lack of approvals could lead to disciplinary action, the imposition of fines and/or the revocation or lack of renewal of the licence, permission, authorisation or notification to conduct its business in the jurisdictions in which the Group operates, or to a civil liability.

Applicable insurance laws, regulations, government approvals and policies, and/or the interpretation or enforcement thereof, may change at any time. As an example, legislative changes that affect the level of insurance compensation for past accident periods could impact the Group's reserving risk any of which may adversely affect the Group's business, financial condition, results of operations and prospects. In September 2021, a new Directive of Resolution and Recovery of insurance companies has been proposed by the EU Commission (see "*Risks related to the Notes – Risks related to the structure of the Notes – The Issuer and the Notes may in the future become subject to the application of the resolution tools and powers under the Insurance Recovery and Resolution Directive*").

The Group depends upon its ability to comply with the relevant rules and regulations in the jurisdictions where it operates. This includes, *inter alia*, general regulation such as Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**"), which may impose additional obligations, costs and risk upon the businesses of the Group, owing to the large number of private individuals included in its respective customer bases. The GDPR substantially increases penalties, which may amount to a maximum of 4% of annual global revenue, in the event of any noncompliance with the data protection regulations.

The Group must display a high level of integrity and have the trust and the confidence of its customers and stakeholders. Any mismanagement, fraud or failure to satisfy fiduciary responsibilities, or any negative publicity resulting from its activities, the activities of any third parties to whom it has licensed its brands or has outsourced any services, or any accusation by third parties in relation to its activities (in each case, whether well founded or not) associated with the Group or the industry generally, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Changes to or failure by the Group to comply with applicable legislative requirements or the display of any mismanagement, fraud or failure to satisfy its fiduciary responsibilities could have a material adverse effect on the Group's business, financial

condition, results of operations and prospects. This may have a material adverse effect on the Issuer’s ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.7 The Group may fail to realise all or part of the expected benefits and synergies of the acquisition of Trygg-Hansa and Codan Norway

The Group may not realise the anticipated benefits and cost synergies of the acquisition of Trygg-Hansa and Codan Norway (the “Acquisition”) which are to a large extent dependent on the successful integration of Trygg-Hansa and Codan Norway into the Group. While the Group believes that it has demonstrable experience in integrating businesses and is able to draw on its skilled resource pool as a result of its previous integration of Alka Forsikring A/S in Denmark, Trygg-Hansa and Codan Norway are the largest businesses that the Group has ever had to integrate, which the Group expects to give rise to additional complexities due to the size and complexity of Trygg-Hansa and Codan Norway.

Integrating Trygg-Hansa and Codan Norway into the Group may take longer than expected and other difficulties, which are unknown at this time, may arise in connection with the integration. In particular, given the complexity of the financial control systems and technological infrastructure employed by insurance companies, which includes complex computer and data processing platforms, integration of Trygg-Hansa's and Codan Norway's information technology systems and processes into the Group may take longer and may prove more difficult than anticipated. Any delays or difficulties encountered in connection with this integration process could adversely affect the implementation of the Group's plans and may result in the Group not realising some of the anticipated benefits and cost synergies of the Acquisition, as it can prove to be more difficult, time-consuming or expensive to implement the Group's plans than expected.

Delays resulting from the above integration challenges may result in the Group encountering difficulties in achieving the anticipated revenue synergies of the Acquisition, including those that the Group expects from increasing the volume of business with new and existing customers or from the introduction of new products as part of the Group's portfolio. The Group anticipates a reduction of duplicative costs across corporate and group functions, procurement of savings from existing partnerships and investment management cost savings. There can be no assurance that these anticipated revenue and cost synergies will be achieved following the Acquisition or as to their amount or timing, particularly in light of any complications to the integration of Trygg-Hansa and Codan Norway into the Group, and any failure to realise the anticipated benefits and synergies may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.8 The Group is involved in ongoing litigations and may in the future become subject to litigation, regulatory investigations and sanctions

The Group is involved in, and may become involved in, legal proceedings (including class actions and mis-selling claims) that may be costly if they are not determined in its favour and that may divert its management's attention away from the running of its business.

On 28 January 2019, Alka (which is now part of the Group) received an indictment from the Danish prosecution service with a claim for payment of DKK 16.9 million for alleged violations of the Danish Act no. 426 of 3 May 2017 on marketing (the "**Danish Marketing Act**"). The indictment related to an allegedly misleading marketing campaign shown on Danish television and on YouTube in the period from February 2016 to November 2017. The court hearing took place in February 2021 and resulted in the imposition on the Issuer of a fine of DKK 16.9 million. The City Court's decision was appealed by the Issuer and the High Court overturned the decision on the 1 June 2022. The case has now been appealed by the Danish prosecution service to the Supreme Court, where it is expected to be heard on 18 September 2023. Although any potential fine ultimately imposed on the Issuer is expected to be insignificant in the context of the Group's business, even in a worst-case scenario, there is a risk of reputational damage for the Group in relation to this matter if the High Court's decision is overturned on appeal.

In a letter dated 27 October 2020, the Danish Consumer Ombudsman (the "**DCO**") informed the Group that it had assessed that the Group's insurance price increases (which were not notified to the relevant customers) from March 2016 through February 2020 and which were in excess of usual indexation, lacked a legal basis. According to the DCO, customers affected by these price increases and whose claims are not time barred or lost due to passivity have a repayment claim against the Group. In April 2022, the DCO brought the case before the Danish Maritime and Business Court. The hearing is not yet scheduled. In addition to the possible repayment to affected customers, there is also a risk of reputational damage for the Group, which, in particular given its business model, may be susceptible to lower customer retention rates as a result of general scepticism towards autorenewals.

If the Group becomes involved in any other protracted legal, mediation or arbitration proceedings and/or are found to be liable in respect of any claim or litigation or subject to any costly settlement, there could be a material adverse effect on its business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.9 Any decrease in the availability and amount of reinsurance, increases in the cost of reinsurance and/or the inability or refusal of reinsurers to meet their financial obligations could materially adversely affect the results of operations and financial position of the Group

An important element of the Group's risk management strategy is to purchase reinsurance, thereby transferring parts of the risk it underwrites to reinsurers. Under a reinsurance contract, the assuming reinsurer becomes liable to the Group to the extent of the risk ceded although the Group remains liable to the insured as the insurers. In the

year ended 31 December 2022 and the year ended 31 December 2021, 4,9% and 6,6%, respectively, of the Group's gross premiums written were ceded to reinsurers. 1,9% and 2,3% of these premiums were related to the Group's fronting and captive business, respectively.

Although reinsurance does not discharge the Group from its primary obligation to pay under an insurance policy for losses incurred, reinsurance will make the reinsurer liable for the reinsured portion of the risks. Consequently, the Group will be subject to credit risk with respect to its current reinsurers. The insolvency of any reinsurers, their inability or refusal to pay claims under the terms of any of their agreements with the Group or any uncertainty or dispute regarding the interpretation thereof could have a material adverse effect on the Group's financial condition and/or results of operations. As of 31 December 2022, the reinsured portion of the Group's claims reserves amounted to DKK 1,6 billion. Although the Group's reinsurance arrangements are generally with highly rated insurers, there is a possibility that one or more of the reinsurers are not or will not be able to fulfil their obligations to the Group in respect of the relevant reinsurance contracts.

Reinsurance capacity and demand for capacity may vary over time. Available capacity will be affected by the general risk appetite in the economy and the demand for reinsurance can change e.g. as a result of climate change or other shifts in the risk pattern. This in turn may affect the price of reinsurance. Thus, there is a risk that the Group may be unable to renew reinsurance agreements at rates equivalent to those of its existing cover and there is a possibility that cover may not be available at all. Therefore, the Group faces the risk that some aspects of its reinsurance cover may be more expensive or even unavailable in the market at all or for certain periods, which may have a corresponding material adverse effect on the Group's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.10 Foreign exchange rate fluctuations may materially adversely impact the value of the Group's investments, adversely impact its financial position and results of operations, and result in volatility in its results

The Group prepares its consolidated financial statements in Danish kroner. Fluctuations in currency exchange rates impact the value of the Group's investments and the return on its investments in Danish kroner. The Group has a significant portion of its investments outside of Denmark, in particular in Swedish kronor and Norwegian kroner, amounting to 63.8% of its portfolio as of 31 December 2022 (2021: 54.4%).

The impact of these fluctuations in currency exchange rates is mitigated by the fact that the Group's non-Danish kroner revenues and related expenses of its branches outside Denmark, as well as their respective assets and liabilities, are generally denominated in the same currencies; in addition, a significant portion of the Group's investment portfolio is denominated in Euro, to which the Danish kroner is pegged. The Group hedges the majority of the equity investments in its free portfolio, but the hedging is not completely effective. As a result, although the Group's non-Danish branches generally

record their revenues and expenses in the same currency, changes in the exchange rates used to translate foreign currencies into Danish kroner may adversely affect the Group's financial results. The Group may also be subject to additional currency exchange rate impacts should the Danish kroner cease to be pegged to the Euro.

Furthermore, because hedging is not completely effective and may not always be available, changes in exchange rates may materially affect the financial condition and results of the Group, both through changes in the value of investment portfolios as well as changes in the value of revenue from branches. To the extent that the Group's hedges prove ineffective or are not available, the impact of fluctuation in foreign currency exchange rates could adversely affect its business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.11 Market risk may materially adversely affect the value of the Group's investments in its equity, real estate and fixed income investment portfolios

The Group invests a portion of its assets in equities and real estate, which are generally subject to greater risk and more volatility than fixed income securities. The Group's investment assets are marked to market on a daily basis and its investment portfolio is therefore affected by fluctuations in both equity and bond prices. General economic conditions, stock market conditions and many other factors beyond the Group's control may adversely affect the market value of these assets. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

As of 31 December 2022, the Group's equity and real estate investment assets amounted to DKK 3.2 billion and DKK 3.8 billion, respectively, corresponding to 5.1% and 6,1% of the total investment portfolio. In the event of future market declines, the Group can provide no assurance as to the amount or timing of future unrealised losses or impairments of its equity and real estate investments, which may, in each case, materially adversely impact its results of operations and shareholders' equity. The Group's investment portfolios are heavily weighted toward fixed income investments denominated in mostly Nordic currencies, but also in Euro. Accordingly, interest rate movements in international markets will significantly affect the value of these investment portfolios. As of 31 December 2022, the Group's fixed income investment assets amounted to DKK 54 billion (2021: DKK 36 billion), or 86% of its investment portfolio (2021: 83%). Unrealised gains and losses run through the Group's income statement and either increase or decrease (as the case may be) the investment assets on its balance sheet subject to the Group's risk management policies.

The Group's investment assets are marked to market on a daily basis and fluctuations in interest rates may therefore have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

Under the International Financial Reporting Standards as adopted by EU (”**IFRS**”), the Group is generally required to discount all of its claims reserves using market based interest rates. Depending on the nature of the claims covered by the claims reserves (whether such claims are settled quickly or over a long period of time), interest rate fluctuations will have a lesser or greater impact on the value of the Group’s liabilities. A general increase in interest rates will lead to a decrease in the Group’s claims reserves but at the same time lead to a decrease in the value of its bond portfolio. Given that a perfect match is not possible, such offsetting movements are not necessarily equal. As of December 31, 2022, the Group’s claims reserves according to IFRS amounted to DKK 38.8 billion gross of reinsurance and DKK 37.2 billion net of reinsurance (2021: DKK 25.0 billion gross of reinsurance and DKK 23.7 billion net of reinsurance). If interest rates for all maturities had been 100 basis points higher on that date, the discounting effect would have been higher and the Group’s claims provisions would have been DKK 1.633 million lower due to discounting (2021: DKK 1,005 million) and the impact of interest bearing securities would be DKK 1.608 million lower (2021: DKK 955 million), leading to a net impact of DKK 25 million (2021: DKK 50 million).

A mismatch resulting from changes in value described above is likely to result in fluctuations in the Group's earnings. It is not always possible or, in certain cases, desirable, for the Group to match these cash flows and, as a result, such a mismatch will normally exist and interest rate fluctuations will therefore impact the Group’s financial results, and such impact could be material. As a result of fluctuations in interest rates, its results of operations could be more volatile. This may have a material adverse effect on the Issuer’s ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.1.12 The Group is subject to stress tests and other regulatory enquiries. Stress tests and the announcement of the results by regulatory authorities can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole and could among other things negatively impact the Group’s reputation and financing costs and trigger enforcement actions by regulatory authorities

In order to assess the level of capital in the insurance sector, the Danish Financial Supervisory Authority (the ”**DFSA**”), the Swedish Financial Supervisory Authority (the ”**SFSA**”), as well as European Insurance and Occupational Pensions Authority (the ”**EIOPA**”) periodically require solvency calculations and conduct stress tests where they examine resilience of the insurance sector against possible adverse developments. As an example, the 2021 Non-Life Comparative Study, which focused on benchmarking major European internal model insurance undertakings.

The Group is regulated by the DFSA based on the common European EIOPA regime. The Holmia life insurance subsidiary (Holmia Livförsäkring AB) is regulated by the SFSA also based on the common European EIOPA regime.

Announcements by regulatory authorities about carrying out stress tests or similar regulatory analyses can destabilise the insurance sector and lead to a loss of confidence with regard to individual companies or the insurance sector as a whole. In addition, if

the Group were to be part of such a stress test or any other calculations or analyses of public authorities and the Group's results were worse than those of competitors and these results became known, this could adversely affect the Group's financing costs, customer demand for its insurance products and its reputation in general. In 2023, a new regulatory stress test of the Group is planned to take place.

Loss of reputation could result in customers terminating their insurance contracts. Furthermore, poor results in stress tests or similar regulatory analyses could trigger regulatory measures by the DFSA or the SFSA, which could have adverse effects on the Group. If any of the risks above occurs, this could materially and adversely affect the Group's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.2 Risks relating to the financial position of the Group

1.2.1 The Group is exposed to credit and counterparty risk in relation to financial institutions

Insurance companies, such as the Issuer and certain of its subsidiaries, are interdependent as a result of trading, counterparty and other relationships in the global financial system. Financial institutions with whom the Group conducts business act as counterparties to it in such capacities as borrowers, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover its obligations at the time of the default. The risk may be enhanced in an economic downturn. While these risks are managed according to the Group's security policy and the investments policy the Group may experience that its counterparties may not fulfil their obligations toward the Group, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

Furthermore, the interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Group. This risk, known as ”systemic risk”, could adversely impact future product sales as a result of reduced confidence in the insurance industry. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Group believes that, despite increased focus by regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Group

operates and dislocations caused by the interdependence of financial market participants could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.2.2 Failure to maintain adequate capital could have a variety of negative regulatory and operational implications for the Group

Insurance companies such as the Issuer and certain of its subsidiaries are required to maintain a minimum level of own funds (also referred to as regulatory capital) to comply with regulatory requirements. These apply to individual insurance subsidiaries (such as the Issuer) on a standalone basis and in respect of the Group as a whole. The Group's regulatory capital requirements have in the past both increased and decreased, and may from time to time in the future increase and decrease as the Group's risk exposure changes or due to changes and updates in the Solvency II model framework.

The Group's capital position can be adversely impacted by a number of factors, in particular factors that may erode the Group's capital resources. Such factors include lower than expected earnings and accumulated market impacts (such as foreign exchange and asset valuation). In addition, any event that erodes current profitability and/or is expected to reduce future profitability or make profitability more volatile could impact the Group's capital position. In addition to the core equity capital, the Group's regulatory capital also consists of subordinated loans/notes (approximately 25% of the Groups Own Funds as of December 31, 2022). Approximately one third of the subordinated loans/notes have a fixed expiry date. If the Group is not able to refinance a subordinated loan/note at expiry or following a call for redemption thereof, this will have a material adverse effect on the Group's solvency position. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

Any inability to meet regulatory capital requirements in the future would be likely to lead to intervention by regulatory authorities in the interests of policyholder security and could be expected to require the Group to take steps to restore regulatory capital to acceptable levels (including, but not limited to, cancelling Interest Payments on the Notes or completing a Write-Down of the Notes). The Group may also need to increase premiums, increase its reinsurance coverage or divest additional parts of its business and investment portfolio, any of which may be difficult or costly or result in a significant loss, particularly in cases where such measures need to be undertaken in a short time frame. The Group might also have to restrict its ability to release capital thereby reducing the amount of interest paid on certain subordinated capital instruments including the Notes.

To the extent that the funds currently available to the Group are insufficient to fund the Group's future capital and operating requirements and cover claims payments, it may need to raise additional funds through financings or reduce its risk e.g. though additional reinsurance purchase. Any equity or debt financing, if available at all, may be

on terms that are not favourable to the Group and a downgrade in the Group's credit ratings could impact the terms and availability of such financing and access to the debt capital markets. See "*A downgrade or a potential downgrade in the Group's credit or financial strength ratings could affect its standing in the market and may reduce the possibility or increase the cost associated with raising capital*". If the Group cannot obtain adequate capital on favourable terms or at all, its business, financial condition, results of operations and prospects could be materially adversely affected. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.2.3 A downgrade or a potential downgrade in the Group's credit or financial strength ratings could affect its standing in the market and may reduce the possibility or increase the cost associated with raising capital

Credit ratings are an important factor in the Group's competitive position. Rating agencies periodically review the financial performance and condition of insurance companies, including the insurance subsidiaries of the Group.

There can be no assurance that the Group will be able to maintain its current credit ratings, particularly if the Group's leverage ratios and capital position were to adversely change or if the business does not perform in line with the targets or expectations of these rating agencies.

A downgrade of the Group's credit rating could have a material adverse impact on the ability of the Group to write certain types of general insurance business, particularly commercial insurance business. A downgrade could also lead brokers (especially large global brokers) to stop recommending the Group's products and lead to the loss of other customers whose confidence in the Group may be affected or whose policies require insurance from insurers with a certain rating. A downgrade could also impact the terms and availability of financing and access to the debt capital markets.

A downgrade of any of the Group's credit ratings, and the related consequences described above, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

1.2.4 If the Group's use of derivatives to protect against certain risks is inadequate or ineffective, its business, financial condition, results of operations and prospects may be adversely affected.

The Group is exposed to financial market risk such as credit spread fluctuations, currency fluctuations, fluctuations in equity markets, the impact of interest rate and currency rate fluctuations and fluctuations in the fair value of its investments and liabilities. The Group uses common financial derivative instruments such as currency- and interest-swaps, futures and forward contracts which it has entered into with a number of counterparties to hedge or partly hedge certain of these exposures. The Group

may not be able to manage these exposures adequately through the use of derivatives, or appropriate derivative products may not be available on favourable terms, or at all.

Derivatives are used routinely in the day-to-day asset management of the Group. In addition, major derivatives positions are related to the hedging of the currency risk from the investment in foreign branches through foreign exchange currency hedging for non-DKK positions and in the hedging of interest rate and inflation risk in the reserves.

The Group's inability to manage risks successfully through derivatives (including lack of availability of the relevant derivatives or a counterparty's default and the systemic risk that a default is transmitted from counterparty to counterparty) could have a material adverse effect on the Group's revenues, results of operations, risk exposure and capital requirement. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes and/or may lead to cancelling of Interest Payments on the Notes and/or require a Write-Down of the Notes.

2 RISKS RELATED TO THE NOTES

2.1 Risks related to the structure of the Notes

2.1.1 The Issuer's obligations under the Notes are deeply subordinated, and in the event of liquidation or bankruptcy of the Issuer, Noteholders may lose some or all of their investment in the Notes.

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

(a) senior to payments to holders of present or future outstanding Junior Obligations of the Issuer;

(b) *pari passu* without any preference among themselves;

(c) *pari passu* with payments to holders of present or future outstanding Parity Obligations of the Issuer;

(d) junior to Tier 2 Own Funds and Tier 3 Own Funds of the Issuer; and

(e) junior to present or future claims of:

  (i) all policyholders and beneficiaries and any other unsubordinated creditors of the Issuer; and

  (ii) creditors in respect of any other obligations or instruments of the Issuer that rank or are expressed to rank senior to the Notes.

By virtue of such subordination, in the event of the Issuer's liquidation (in Danish: *likvidation*) or bankruptcy (in Danish: *konkurs*), the assets of the Issuer would be applied first in satisfying all claims which rank senior to the Notes, in full, and payments would be made to Noteholders, pro rata and proportionately with payments made to holders of any other obligations which rank *pari passu* with the Notes (if any), only if

and to the extent that there were any assets remaining after satisfaction in full of all such claims which rank senior to the Notes. A Noteholder may therefore recover a smaller proportion of that Noteholder's claim than the holders of unsubordinated liabilities or liabilities of the Issuer that are not as deeply subordinated as the Notes, or may not recover any part of its investment in the Notes.

Furthermore, the Conditions will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date. The incurrence of any such liabilities may reduce the amount (if any) recoverable by a Noteholder in the event of the liquidation or bankruptcy of the Issuer and/or may increase the likelihood of a cancellation of Interest Payments.

In addition, upon a Trigger Event occurring, following a Write-Down of the Notes (which may occur on one or more occasions) which is not followed by a Discretionary Reinstatement (in part or in full to the Initial Principal Amount), Noteholders will have a reduced claim to the extent that the then Outstanding Principal Amount is less than the Initial Principal Amount (which may effectively amount to 0.01 of the currency of the Notes or zero) in the event of the liquidation or bankruptcy of the Issuer. This may be the case even if other existing subordinated indebtedness or share capital remains outstanding and provable in full in the event of the liquidation or bankruptcy of the Issuer, with the effect that any sums recovered in respect of the Notes (if any) may be substantially less than the relative recovery achieved by holders of instruments which rank *pari passu* with or junior to the Notes. There is a risk that Noteholders will lose substantially the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of the Noteholders or of securities subordinated to the same or greater extent as the Notes, in the event of the liquidation or bankruptcy of the Issuer or otherwise.

Furthermore, if the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be subject to liquidation or bankruptcy or that a Trigger Event or a Mandatory Interest Cancellation Event might occur, such circumstances can be expected to 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. Noteholders who sell their Notes in such circumstances may lose some or substantially all of their investment in the Notes, whether or not the Issuer is subsequently subject to liquidation or bankruptcy or a Trigger Event or a Mandatory Interest Cancellation Event occurs.

Although the Notes may pay a higher rate of interest than notes issued by the Issuer which are less subordinated than the Notes, or not subordinated at all, there is therefore a risk that a Noteholder may lose all or some of its investment should the Issuer and/or the Group breach its solvency capital requirements or become insolvent.

2.1.2 Noteholders are structurally subordinated to the creditors of the Issuer's Subsidiaries.

The Notes are the obligations of the Issuer alone. The Issuer's Subsidiaries are separate and distinct legal entities with no obligation to pay, or provide funds in respect of, any amounts due and payable in respect of the Issuer's payment obligations under the Notes.

Payments on the Notes are structurally subordinated to all existing and future liabilities and obligations of the Issuer's Subsidiaries. Claims of creditors of such Subsidiaries will have priority over the Issuer and its creditors, including the Noteholders, as to the assets of such Subsidiaries. The Conditions do not contain any restrictions on the ability of the Issuer or its Subsidiaries to incur additional unsecured or secured indebtedness.

2.1.3 The Notes have no scheduled maturity and Noteholders only have a limited ability to exit their investment in the Notes.

The Notes are perpetual securities and have no fixed maturity date or fixed redemption date. Although the Issuer may, under certain circumstances described in Condition 13 (*Redemption, substitution, variation and purchase*), redeem the Notes, the Issuer is under no obligation to do so, and Noteholders have no right to call for the Issuer to exercise any right it may have to redeem the Notes.

There will be no redemption at the option of the Noteholders in any circumstances. Therefore, Noteholders have no ability to exit their investment, except (i) in the event of the Issuer exercising its right to redeem the Notes in accordance with the Conditions, (ii) by selling their Notes to the extent willing buyers are in the market (see also "*Absence of public market for the Notes"*), or (iii) upon a liquidation or bankruptcy of the Issuer, in which in limited circumstances the Noteholders may receive some of any resulting bankruptcy or liquidation proceeds following payment being made in full to all senior and less subordinated creditors. The proceeds, if any, realised by the actions described in (ii) and (iii) above may be substantially less than the principal amount of the Notes or amount of the Noteholder's investment in the Notes.

2.1.4 Loss absorption following a Trigger Event.

The Notes are being issued for regulatory prudential purposes and with the intention and purpose of being eligible and counting as Tier 1 Own Funds of the Issuer and the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions and which, in particular, require the Notes to be available to absorb any losses of the Issuer and/or the Group.

Accordingly, if a Trigger Event occurs at any time, the Outstanding Principal Amount of the Notes shall be reduced as described in Condition 11 (*Loss absorption following a Trigger Event*) unless exceptionally waived by the Relevant Regulator as set out in Condition 11.6 (*Waiver of loss absorption by Relevant Regulator*). No assurance can be given that the Issuer will apply for such waiver (if at all available) or, if the Issuer does apply for a waiver, that the Relevant Regulator exceptionally grants it.

Noteholders may lose all or some of their investment as a result of such a write-down to the Outstanding Principal Amount and will not be entitled to any compensation or other payment as a result of a reduction as described.

Any such write-down to the Outstanding Principal Amount is subject to compliance with the Relevant Rules. Furthermore, the write-down provisions in Condition 11 (*Loss absorption following a Trigger Event*) are subject to, and will be interpreted in light of, any applicable changes to any such requirements. Notwithstanding any of the provisions relating to a write-down of the Notes as described above, no assurance can be given that the Issuer will not determine that the requirements of the Relevant Rules require a write-down to the Outstanding Principal Amount to be calculated and determined in a different manner than as described in Condition 11 (*Loss absorption following a Trigger Event*). Noteholders should note that, in the case of any such write-down to the Outstanding Principal Amount pursuant to Condition 11 (*Loss absorption following a Trigger Event*), the Issuer's determination of the relevant amount of such write-down will be binding on the Noteholders.

Any such write-down of the Outstanding Principal Amount of the Notes will not constitute an event of default under the Conditions and, following such write-down, Noteholders' claims in respect of principal will, in all cases, be based on the reduced Outstanding Principal Amount to the extent the Outstanding Principal Amount has not subsequently been reinstated as described in Condition 12 (*Discretionary reinstatement*).

In addition, following a write-down of the Outstanding Principal Amount as described above, interest will only accrue on the reduced Outstanding Principal Amount, which will be lower than the Initial Principal Amount of the Notes.

Following any such write-down, the Issuer will not in any circumstances be obliged to reinstate the Outstanding Principal Amount.

2.1.5 The occurrence of a Trigger Event may depend on factors outside of the Issuer's control.

The occurrence of a Trigger Event and, absent any waiver under Condition 11.6 (*Waiver of loss absorption by Relevant Regulator*), write-down of the Outstanding Principal Amount pursuant to Condition 11 (*Loss absorption following a Trigger Event*), is to some extent unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control, including actions that the Issuer and/or the Group is required to take at the direction of the Relevant Regulator and regulatory changes. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities. Any indication that the Issuer and/or the Group may be at risk of failing to meet its Solvency Capital Requirement or Minimum Capital Requirement may have an adverse effect on the market price and liquidity of the Notes. The level of the Solvency Capital Requirement or Minimum Capital Requirement of the Issuer and/or the Group may significantly affect the trading price of the Notes. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities.

2.1.6 The occurrence of a Trigger Event may also be affected by the Issuer's business decisions and, in making such decisions, the interests of the Issuer may not be aligned with those of the Noteholders.

The occurrence of a Trigger Event and the development of the regulatory solvency ratios applicable to the Issuer and the Group more generally may also depend on the Group's decisions relating to their businesses and operations, as well as to management of their solvency position. The Issuer will have no obligation to consider the interests of Noteholders in connection with strategic or other decisions of the Group, including making decisions related to capital management. Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that may affect the business and operations of the Group, including the solvency position of the Group, regardless of whether they result in the occurrence of a Trigger Event that in turn might result in a Write-Down of the Notes or a cancellation of Interest Payments. Such decisions could cause Noteholders to lose all or part of their investment in the Notes.

2.1.7 The Issuer and the Notes may in the future become subject to the application of the resolution tools and powers under the insurance recovery and resolution directive.

On 22 September 2021, the EU Commission published a proposal for an insurance recovery and resolution directive (the "**IRRD Proposal**"). The IRRD Proposal, which is a legislative proposal for an EU-wide framework for the recovery and resolution of insurance companies, is still subject to the EU legislative procedure.

If the IRRD Proposal is finally adopted by the EU and implemented into Danish law in its current form, the Issuer will become subject to the framework set out in the IRRD Proposal. The manner in which the framework and requirements under the IRRD Proposal, if finally adopted by the EU and implemented into Danish law, will be applied to the Issuer is uncertain.

The IRRD Proposal contains various resolution powers which may be used alone or in combination by resolution authorities without the consent of the insurance companies' creditors, including the Noteholders, where the relevant resolution authority considers that (a) an insurance company is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures or supervisory action, including preventive and corrective measures, would prevent the failure of the insurance company within a reasonable timeframe, and (c) a resolution action is necessary in the public interest, including (i) the solvent run-off tool, (ii) the sale of business tool, (iii) the bridge undertaking tool, (iv) the asset and liability separation tool and (v) the write-down or conversion tool.

The application of the write-down or conversion tool with respect to the Notes may result in the write-down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the Conditions, to give effect to such application of the write-down or conversion tool. The

write-down or conversion tool may be applied independently from the operation of the loss absorption mechanism set out in the Conditions.

To the extent any resulting treatment of Noteholders pursuant to the exercise of the write-down or conversion tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the IRRD Proposal based on an independent valuation of the insurance company (which is referred to as the "no creditor worse off principle" under the IRRD Proposal). However, any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes that have been subject to the application of the write-down or conversion tool.

According to the IRRD Proposal, resolution authorities shall apply the write-down or conversion tool in accordance with the priority of claims applicable under normal insolvency proceedings, and so that Tier 1 items (such as the Notes) are reduced first in proportion after losses has been absorbed by shareholders and holders of other instruments of ownership of the insurance company.

The IRRD Proposal also provides resolution authorities with broader powers to implement other resolution measures, which may include (without limitation) the power to amend or alter the maturity of debt instruments (such as the Notes) or amend the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period and the power to transfer to another entity, with the consent of that entity, rights, assets or liabilities of an insurance company under resolution.

The exercise of any resolution tools and powers under the IRRD Proposal, or any suggestion of such exercise, could have a material adverse effect on the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

2.1.8 The level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer's ability to make Interest Payments on the Notes or, following a Write-Down, to carry out a Discretionary Reinstatement.

Under the Conditions, the Issuer is prohibited from making Interest Payments except out of Distributable Items. Furthermore, in the event of a Write-Down of the Notes, the Issuer's ability to subsequently carry out a Discretionary Reinstatement is subject to a number of limiting factors including its generation of Distributable Items. The level of the Issuer's Distributable Items is affected by a number of factors. As part of the Issuer's business is carried out in its Subsidiaries, these factors include its ability to receive funds, directly or indirectly, from its Subsidiaries in a manner which generates Distributable Items. Consequently, the Issuer's future Distributable Items, and therefore the Issuer's ability to make Interest Payments on the Notes or, following a Write-Down, to carry out a Discretionary Reinstatement are a function of the Issuer's existing Distributable Items, future Group profitability and performance and the ability

to distribute profits from the Issuer's Subsidiaries up to the Issuer. In addition, the Issuer's Distributable Items will also be reduced by the servicing of other debt and equity instruments.

The ability of the Issuer's Subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's Subsidiaries, which could in turn restrict the Issuer's ability to fund other operations or to maintain or increase its Distributable Items.

2.1.9 Interest Payments on the Notes are discretionary and must be cancelled under certain circumstances.

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer and is subject to Condition 10.2 (*Mandatory cancellation of Interest Payments*). The Issuer may at any time elect to cancel any Interest Payment, in whole or in part, which would otherwise be payable on any Interest Payment Date.

Any Interest Payment (or any relevant part thereof) which is cancelled will not accumulate and will not become due and payable at any time thereafter. In the event of such cancellation, Noteholders will have no rights in respect of the Interest Payment (or any relevant part thereof) which is cancelled. In addition, cancellation or non-payment of Interest in accordance with the Conditions will not constitute a default or event of default on the part of the Issuer for any purpose.

In addition to the above mentioned, the Issuer must cancel any Interest Payment on the Notes pursuant to Condition 10.2 (*Mandatory Cancellation of Interest Payments*) in the event that, inter alia, there is a non-compliance with the Solvency Capital Requirement or Minimum Capital Requirement at the relevant Interest Payment Date, or non-compliance with the Solvency Capital Requirement or the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment, or where the Interest Payment would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date, or if required to cancel any Interest Payment by the Relevant Regulator or under the Relevant Rules. Cancellation of an Interest Payment is not required if exceptionally waived by the Relevant Regulator as set out in Condition 10.3 (*Waiver of cancellation of Interest Payments by Relevant Regulator*). No assurance can be given that the Issuer will apply for such waiver (if at all available) or, if the Issuer does apply for a waiver, that the Relevant Regulator exceptionally grants it.

Cancelled Interest Payments will not be due and will not accumulate or be payable at any time thereafter and Noteholders will have no rights as a consequence thereof.

Any actual or anticipated cancellation of Interest Payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provision 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 cancellation and may be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Group. 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.

2.1.10 Floating interest rate.

The Notes will bear interest at a floating rate from and including the Issue Date.

The floating rate interest income is subject to changes to the Screen 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.

2.1.11 The regulation and reform of ”benchmarks” may adversely affect the value of the Notes.

Interest rates and indices which are deemed to be ”benchmarks” are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

The Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and it requires benchmark administrators to be authorised or registered (or, if not based in the EU, to be subject to an equivalent regime or otherwise recognised or endorsed).

The Benchmark Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the ”benchmark” are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the ”benchmark”. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of ”benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a ”benchmark” and complying with any such regulations or requirements. Such factors may (i) discourage market participants from continuing to administer or contribute to

the ”benchmark”, (ii) trigger changes in the rules or methodologies used in the ”benchmark” and/or (iii) lead to the disappearance of the ”benchmark”. Any such changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

The Conditions provide for certain fallback arrangements if a Screen Rate Event should occur, including the possibility of the Issuer appointing an Independent Advisor to determine a Successor Screen Rate or an Alternative Screen Rate for future Interest Periods. If the Issuer is unable to appoint an Independent Advisor, or the Independent Advisor appointed by it fails to determine a Successor Screen Rate or an Alternative Screen Rate prior to a Screen Rate Determination Date, the Issuer (acting in good faith) may determine a Successor Screen Rate or, if there is no Successor Screen Rate, an Alternative Screen Rate. If the Issuer also fails to determine a Successor Screen Rate or an Alternative Screen Rate prior to a Screen Rate Determination Date, the Interest Rate applicable to the next succeeding Interest Period shall be equal to the Interest Rate applicable to the preceding Interest Period. Further, if an Independent Advisor (in consultation with the Issuer) or the Issuer determines that an Adjustment Spread is required to be applied to the Successor Screen Rate or the Alternative Screen Rate and such Adjustment Spread is determined by the Independent Advisor or the Issuer, that Adjustment Spread shall be applied.

Due to the uncertainty concerning the availability of Successor Screen Rates and Alternative Screen Rates, the involvement of an Independent Advisor and the potential for further regulatory developments, there is a risk that the relevant fallback provisions set out in Condition 9 (*Screen Rate discontinuation*) may not operate as intended at the relevant time. Prospective Noteholders should consult their own independent advisors and make their own assessment about the potential risks imposed by benchmark reforms (including the Benchmark Regulation) before making any investment decision with respect to the Notes.

2.1.12 Notes may be traded with accrued interest, which may subsequently be subject to cancellation

The Notes may trade, and/or the prices for the Notes may appear, in trading systems with accrued interest. Purchasers of Notes in the secondary market may pay a price which reflects such accrued interest on purchase of the Notes. If an Interest Payment is cancelled, in whole or in part, as described above, a purchaser of Notes in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Notes. This may affect the value of any investment in the Notes.

2.1.13 The Issuer may under certain circumstances redeem the Notes at the Issuer’s option.

Subject as provided in Condition 13 (*Redemption, substitution, variation and purchase*), the Issuer may redeem all (but not only some) of the Notes at their then Outstanding Principal Amount together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest to (but excluding) the date of redemption specified pursuant to the Conditions. Such

redemption may occur at the option of the Issuer (i) on any Optional Redemption Date, (ii) in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event, (iii) following the occurrence of (or if there will occur within six months) a Capital Disqualification Event, (iv) following the occurrence of (or if there will occur within six months) a Rating Agency Event, or (v) following the occurrence of (or if there will occur within six months) an Accounting Event.

The redemption at the option of the Issuer on any Optional Redemption Date may 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 above the price at which they can be redeemed. This may also 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, a Noteholder may 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. The Issuer may freely choose not to redeem the Notes at any Optional Redemption Date, and if the Issuer wishes to redeem the Notes, the Relevant Regulator may prevent the Issuer from redeeming the Notes, e.g. if the Notes will not be replaced with own funds instruments of equal or higher quality as the Notes or if the Issuer has failed to demonstrate to the satisfaction of the Relevant Regulator that its own funds, following redemption of the Notes, exceed (as applicable) its or the Group's solvency requirements by a margin that the Relevant Regulator considers to be appropriate.

2.1.14 Variation or substitution of the Notes without Noteholder consent.

Subject as provided in Condition 13 (*Redemption, substitution, variation and purchase*), the Issuer may, at its option and without the consent or approval of Noteholders, elect to substitute all (but not only some) of the Notes for, or amend or vary the Conditions so that they become or remain (A) Qualifying Tier 1 Notes (i) in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event, or (ii) following the occurrence of (or if there will occur within six months) a Capital Disqualification Event, (B) Rating Agency Compliant Notes following the occurrence of (or if there will occur within six months) a Rating Agency Event, or (C) qualified for counting as a liability in the consolidated financial statements of the Issuer following the occurrence of (or if there will occur within six months) an Accounting Event.

Qualifying Tier 1 Notes are securities issued by the Issuer that have, inter alia, terms not materially less favourable to the Noteholders than the Conditions (as reasonably determined by the Issuer in consultation with a bank or financial advisor of international standing). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Tier 1 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 Tier 1 Notes are not materially less favourable to Noteholders than the Conditions. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

Rating Agency Compliant Notes are securities issued by the Issuer that are Qualifying Tier 1 Notes and assigned by the Rating Agency substantially the same equity content or, at the absolute discretion of the Issuer, a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Ratings Agency Event) as that which was assigned by the relevant Rating Agency to the Notes on or around the Issue Date.

2.1.15 Redemption payments under the Notes must, under certain circumstances, be suspended.

Notwithstanding that a notice of redemption has been delivered to Noteholders, the Issuer must suspend redemption of the Notes on any date set for redemption of the Notes pursuant to Condition 13 (*Redemption, substitution, variation and purchase*) in the event that, *inter alia*, the Issuer cannot make the redemption payments in compliance with the Solvency Capital Requirement, the Minimum Capital Requirement or the Regulatory Clearance Condition, or if an Insolvent Insurer Winding-up has occurred and is continuing.

The suspension of redemption of the Notes does not constitute a default under the Notes for any purpose and does not give Noteholders any right to accelerate the Notes or take any enforcement action under the Notes.

Any actual or anticipated suspension 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 suspension provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities without such suspension feature, including dated securities where redemption on the scheduled maturity date cannot be suspended, and the Notes may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition. 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.

2.1.16 No events of default and limited enforcement rights available to Noteholders.

The Conditions do not provide for any events of default allowing acceleration of the Notes. Noteholders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Noteholders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a Noteholder may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the Conditions) from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Note under the Conditions (including any damages payable in respect thereof).

These features, taken together, mean that there is a significant risk that a Noteholder may not be able to recover its investment in the Notes.

2.1.17 Changes to Solvency II or other applicable law or regulation may increase the risk of the occurrence of a Trigger Event, cancellation of Interest Payments or the occurrence of a Capital Disqualification Event.

Solvency II requirements implemented 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 Issuer's and/or the Group's regulatory capital requirements, and such changes may make the Issuer's and/or 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 the Investor Presentation and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's and/or the Group's regulatory capital requirements and thus increase the risk of cancellation of Interest Payments, the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer, or a Trigger Event occurring, which will lead to a write-down 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/or 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.

2.1.18 Uncertainties remain in manner in which Solvency II will be interpreted.

The defined terms in the Conditions will depend in some cases on the interpretation of Solvency II. 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/or the Group remains uncertain to a degree.

2.1.19 Other capital instruments issued by the Issuer may not absorb losses at the same time, or to the same extent, as the Notes.

The terms and conditions of other regulatory capital instruments issued from time to time by the Issuer or any of its Subsidiaries may vary and accordingly such instruments may not be written down at the same time, or to the same extent, as the Notes, or at all. Further, regulatory capital instruments issued by a member of the Group with terms that require such instruments to be written down when a solvency or capital measure falls below a certain threshold may have different capital or solvency measures for triggering a write-down to those set out in the definition of a Trigger Event or may be

determined with respect to a group or sub-group of entities that is different from the Group, with the effect that they may not be written down on the occurrence of a Trigger Event or written down to a lesser extent than the Notes. Therefore, the Notes may be subject to a greater degree of loss absorption than would otherwise have been the case had such other instruments been written down the same time as or prior to the Notes.

2.1.20 Restrictions on right to setoff etc.

As set out in the Conditions, each Noteholder will be deemed to have waived any right of setoff, netting or counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes whether prior to or in bankruptcy or liquidation. Accordingly, no Noteholder will be entitled to exercise any right of setoff, netting or counterclaim against monies owed to the Issuer by such Noteholder in respect of the Notes. Consequently, a Noteholder may suffer a loss if, in a situation where the Issuer has not complied with its payment obligations under the Notes, it is unable to set off amounts due to it under the Notes against amounts that such Noteholder owes to the Issuer.

2.1.21 No restriction on dividends, share repurchases or cancellations.

The Conditions do not contain any restriction on the ability of the Issuer to pay dividends on, or repurchase or cancel, its share capital. This could decrease the Distributable Items of the Issuer and therefore increase the likelihood of a cancellation of Interest Payments.

2.1.22 Meetings of Noteholders, modification and waivers.

The Conditions contain provisions for calling meetings of Noteholders and written resolutions 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 or responded to the relevant written resolution and Noteholders who voted in a manner contrary to the majority.

2.1.23 All trades in Notes denominated in DKK or SEK must be in a minimum nominal amount.

Pursuant to the Conditions, all trades in the Notes denominated in DKK or SEK must be in a minimum nominal amount to be determined in the Conditions (the "**Minimum Trading Amount**"). Following a sale of Notes by a Noteholder or a write-down of the Notes, that Noteholder may hold remaining Notes with an aggregate nominal amount of less than the Minimum Trading Amount, and in such case that Noteholder cannot sell the remaining Notes without purchasing Notes to increase its holding above the Minimum Trading Amount for a minimum amount of the Minimum Trading Amount.

2.1.24 Limitation on gross up obligation under the Notes.

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the Conditions applies only to payments of interest under the Notes and not to payments of principal. As such, the Issuer will not be required to pay any additional amounts under the Conditions to the extent any withholding or

deduction applies to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal in respect of the Notes, Noteholders may receive less than the full Outstanding Principal Amount under the Notes upon redemption, and the market value of the Notes may be adversely affected.

2.2 Market risks associated with the Notes

2.2.1 Absence of public market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. Although application is intended to be made to have the Notes listed and admitted to trading on the Regulated Market of Nasdaq Copenhagen A/S, no assurance can be given that the application for listing and admission to trading will be approved or that an active trading market will develop. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes as the Notes are publicly traded securities which may from time-to-time experience significant price and volume fluctuations that may be unrelated to the operating performance of the Issuer. Such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. If any market in the Notes has developed, or does develop, it may become severely restricted, or may disappear, if the financial condition and/or the solvency position of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to make Interest Payments on the Notes or of a Trigger Event occurring.

Furthermore, the Notes are deeply subordinated securities with significant equity-like features including, but not limited to, absence of scheduled maturity, discretionary Interest Payments and loss absorption on the occurrence of a Trigger Event. 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.

2.2.2 Exchange risks and exchange controls

The Notes will be denominated in DKK, NOK or SEK (the "**Notes Currency**"). Accordingly, the Issuer will pay principal and interest on the Notes in the Notes Currency. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Noteholder's Currency**") other than Notes Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Notes Currency or revaluation of the Noteholder's Currency) and the risk that authorities with jurisdiction over the Noteholder's Currency may impose or modify exchange controls. An appreciation in the value of the Noteholder's Currency relative to the Notes Currency would decrease (a) the Noteholder's Currency equivalent yield on the Notes, (b) the Noteholder's Currency equivalent value of the principal payable on the Notes and (c) the Noteholder'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, Noteholders may receive less interest or principal than expected, or no interest or principal.

2.2.3 Credit ratings of the Issuer and/or the Notes may change

The Notes are expected to be rated Baa3 by the Rating Agency. As regards to the credit rating of the Issuer, see *"Risks relating to the financial position of the Group – A downgrade or a potential downgrade in the Group's credit or financial strength ratings could affect its standing in the market and may decrease premiums and earnings, which may adversely affect its liquidity or capital position, or the cost of raising capital or cause it to incur additional financing obligations."* The Rating Agency reviews its credit ratings and rating methodologies on a recurring basis and may change its credit rating of the Issuer and/or the Notes at any time. Consequently, the Issuer's current credit rating and/or the credit rating of the Notes may not be maintained in future. Real or expected downgrades, suspensions or withdrawals of credit ratings assigned to the Issuer and/or the Notes, or changes in methodology used to determine these credit ratings, could cause the liquidity or trading prices of the Notes to decline significantly. In addition, any uncertainty about the extent of any anticipated changes to the credit ratings assigned to the Issuer and/or the Notes may adversely affect the liquidity or market value of the Notes. If the ratings of the Issuer and/or the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

Furthermore, a change in, or clarification to, the rating methodology of the Rating Agency becoming effective on or after the Issue Date may entitle the Issuer to redeem the Notes as a Rating Agency Event which may have a negative impact on the trading price of the Notes or a Noteholders expected return from its investment in the Notes.

In addition, rating agencies other than the Rating Agency could seek to rate the Notes and if such unsolicited ratings are lower than the comparable rating assigned to the Notes by the Rating Agency, those unsolicited ratings could have an adverse impact on the value and marketability of the Notes.