

EUR 500,000,000 Callable Subordinated Resettable Notes due 2045

Issue price: 99.666 per cent.

The EUR 500,000,000 Callable Subordinated Resettable Notes due 2045 (in Danish: "kapitalbeviser") (the "**Notes**") will be issued by Danica Pension, Livsforsikringsaktieselskab (the "**Issuer**" or "**Danica Pension**"). The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, as described in Condition 4 (Status of the Notes) in "Terms and Conditions of the Notes".

Subject as provided herein, the Notes will bear interest on their Outstanding Principal Amounts (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"), payable annually in arrear on 29 September in each year (each an "**Interest Payment Date**"), from (and including) 29 September 2015 (the "**Issue Date**") to (but excluding) 29 September 2025 (the "**First Call Date**") at the rate of 4.375 per cent. per annum (the "**Initial Rate of Interest**"). The first payment of interest will be made on 29 September 2016 in respect of the period from (and including) the Issue Date to (but excluding) 29 September 2016. The rate of interest will reset on the First Call Date (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes") and on 29 September 2035, in each case to a fixed rate which is equal to the sum of the relevant 10 –year Mid Swap Rate (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes") and a margin of 4.38 per cent. (the "**Margin**"). The Margin is comprised of a margin of 3.38 per cent., which is the applicable margin used to determine the Initial Rate of Interest, and a step-up of 1.00 per cent. See Condition 5 (Interest) in "Terms and Conditions of the Notes".

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

Unless previously redeemed or purchased and cancelled, the Notes will mature on 29 September 2045 (the "**Maturity Date**"). The Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (and all corresponding interest on such Arrears of Interest). Upon the occurrence of a Rating Methodology Event, a Regulatory Event or a Tax Event (each a "**Special Event**" and each as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"), the Issuer may, at its option, at any time redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (and all corresponding interest on such Arrears of Interest). Any such redemption, including at maturity, is subject to certain conditions as set out in Condition 8.8 (Conditions to redemption etc.) and the Issuer will be required to defer redemption of the Notes in certain circumstances. See Condition 8 (Redemption and Purchase) in "Terms and Conditions of the Notes".

At any time, upon the occurrence of a Special Event unforeseen and outside the control of the Issuer, the Issuer may, at its option, either (i) exchange or convert all (but not some only) of the Notes into an own-fund item which constitutes Qualifying Notes (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes") or (ii) repay or redeem all (but not some only) of the Notes out of the proceeds of a new basic own-fund item of at least the same quality. Any such exchange, conversion, repayment or redemption is subject to certain conditions. See Condition 8.7 (Conditional Substitution) in "Terms and Conditions of the Notes".

Prior to 1 January 2016, the Issuer may, subject as provided herein, reduce and cancel part or all of the Outstanding Principal Amount of the Notes and part or all of any accrued but unpaid interest thereon in certain specified circumstances. Any such reduction and cancellation is subject to certain conditions. See Condition 7 (Reduction or Cancellation of Principal and Unpaid Interest) in "Terms and Conditions of the Notes".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive (as defined below). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("EU") law pursuant to the Prospectus Directive.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive and has been prepared for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the "**Danica Pension Group**"), its parent company, Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 ("**Forsikringsselskabet Danica**") and its subsidiaries taken as a whole (the "**Danica Group**") and the issue of the Notes.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from the Issue Date. The Irish Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC.

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

The Notes are expected to be rated BBB by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). S&P is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Prospectus. This list is available on the European Securities and Markets Authority's ("**ESMA**") website at www.esma.europa.eu/page/List-registered-and-certified-CRAs (list last updated on 10 July 2015). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons ("**Coupons**"), which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**") and, together with the Temporary Global Note, the "**Global Notes**", without Coupons, on or after 9 November 2015 (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Notes in definitive form ("**Definitive Notes**") only in certain limited circumstances in accordance with the terms of the Permanent Global Note. Definitive Notes will have attached Coupons and, if necessary, talons ("**Talons**") for further Coupons - see "Overview of Provisions relating to the Notes while in Global Form".

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

Joint-Lead Managers and Joint Bookrunners

J.P. Morgan	UBS Investment Bank
Danske Bank	Goldman Sachs International
	HSBC

The date of this Prospectus is 25 September 2015

This Prospectus should be read and construed together with any documents incorporated by reference herein (see “Documents Incorporated by Reference”).

The Issuer has confirmed to J.P. Morgan Securities plc, UBS Limited, Danske Bank A/S, Goldman Sachs International and HSBC Bank plc (the “**Joint-Lead Managers**”) that this Prospectus is true, accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; that there are no other facts in relation to the information contained or incorporated by reference in this Prospectus the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer or any Joint-Lead Manager to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any of the Joint-Lead Managers.

No representation or warranty is made or implied by the Joint-Lead Managers or any of their respective affiliates, and neither the Joint-Lead Managers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint-Lead Managers to inform themselves about and to observe any such restrictions (see “Subscription and Sale”).

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase the Notes and should not be considered as a recommendation by the Issuer, the Joint-Lead Managers or any of them that any recipient of this Prospectus should subscribe for or purchase the Notes. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

This Prospectus has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Joint-Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Joint-Lead Manager have authorised, nor do they authorise, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or any Joint-Lead Manager to publish or supplement a prospectus for such offer. As used herein, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

In this Prospectus, references to websites or a uniform resource locator (a “**URL**”) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Prospectus.

All references in this Prospectus to “**Danish Kroner**”, “**kroner**”, “**DKr**” or “**DKK**” are to the currency of Denmark, to “**EUR**” or “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, of those members of the European Union which are participating in the European economic and monetary union and all references to “**USD**” are to the currency of the United States of America.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. References herein to this “Prospectus” are to this document, including the documents incorporated by reference.

TABLE OF CONTENTS

	Page
Overview of the Notes	6
Risk Factors	11
Documents Incorporated by Reference	28
Overview of Provisions relating to the Notes while in Global Form	32
Terms and Conditions of the Notes	35
Use of Proceeds	55
Description of the Danica Pension Group and the Danica Group	56
Subscription and Sale	72
Taxation	74
General Information	78

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

OVERVIEW OF THE NOTES

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

Issuer:	Danica Pension, Livsforsikringsaktieselskab.
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under “Risk Factors”.
Notes:	EUR 500,000,000 Callable Subordinated Resetable Notes due 2045.
Joint-Lead Managers:	J.P. Morgan Securities plc, UBS Limited, Danske Bank A/S, Goldman Sachs International and HSBC Bank plc.
Fiscal Agent:	Citibank, N.A., London Branch.
Issue Date:	29 September 2015.
First Call Date:	29 September 2025, subject to Condition 8.4 (<i>Mandatory redemption deferral</i>) and Condition 8.8 (<i>Conditions to redemption etc.</i>).
Maturity:	29 September 2045, subject to Condition 8.4 (<i>Mandatory redemption deferral</i>) and Condition 8.8 (<i>Conditions to redemption etc.</i>).
Issue Price:	99.666 per cent.
Status of the Notes:	<p>The Notes (in Danish: “<i>kapitalbeviser</i>”) will, on issue, be eligible to constitute subordinated loan capital (in Danish: “<i>ansvarlig lånekapital</i>”) and, as of 1 January 2016, will be eligible to constitute Tier 2 Basic Own Funds (in Danish: “<i>efterstillet gæld</i>”) of the Issuer, in each case within the meaning of the Solvency Requirements.</p> <p>The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, and will at all times rank:</p> <ul style="list-style-type: none">(i) <i>pari passu</i> without any preference among themselves;(ii) <i>pari passu</i> with (a) all other present and future subordinated loan capital of the Issuer (qualifying as <i>ansvarlig lånekapital</i> or Tier 2 Basic Own Funds, as applicable); and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case pursuant to the Solvency Requirements and in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;(iii) senior to holders of any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

- (iv) junior to present or future claims of (a) all policyholders and beneficiaries and any other unsubordinated creditors of the Issuer and (b) creditors in respect of any other obligations or instruments of the Issuer that rank or are expressed to rank senior to the Notes.

Interest and Interest Payment Dates: Subject as provided herein, the Notes will bear interest on their Outstanding Principal Amounts, payable annually in arrear on 29 September in each year, at the relevant Rate of Interest. The first payment of interest will be made on 29 September 2016 in respect of the period from (and including) the Issue Date to (but excluding) 29 September 2016.

The Rate of Interest will reset on the First Call Date and on 29 September 2035.

See Condition 5 (*Interest*).

Interest Deferral: The Issuer may elect to defer a payment of interest (in whole but not in part) on any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date.

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

Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled) will be payable in the circumstances described in Condition 6 (*Interest Deferral*).

See Condition 6 (*Interest Deferral*).

Redemption at Maturity: Subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*), unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled), on the Maturity Date.

See Condition 8 (*Redemption and Purchase*).

Optional Redemption by the Issuer on the First Call Date or any Interest Payment Date thereafter: Subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*), the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).

See Condition 8 (*Redemption and Purchase*).

Optional Redemption by the Issuer upon the Occurrence of a Special Event: Subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*), upon the occurrence of a Special Event, the Issuer may, at its option, at any time on or after 29 September 2020 redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).

See Condition 8 (*Redemption and Purchase*).

Mandatory Redemption Deferral: A redemption or repayment of the Notes pursuant to Condition 8.1 (*Scheduled redemption*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*) or Condition 8.3 (*Redemption at the option of the Issuer*) will be mandatorily and automatically deferred on any Mandatory Redemption Deferral Date.

See Condition 8 (*Redemption and Purchase*).

Conditional Substitution: At any time, upon the occurrence of a Special Event unforeseen and outside the control of the Issuer, the Issuer may, at its option, without any requirement for the consent or approval of the Holders, either (i) exchange or convert all (but not some only) of the Notes into an own-fund item which constitutes Qualifying Notes or (ii) repay or redeem all (but not some only) of the Notes out of the proceeds of a new basic own-fund item of at least the same quality, provided that, in the case of either (i) or (ii) above, the Issuer has received the prior written consent of the Relevant Supervisory Authority.

See Condition 8.7 (*Conditional Substitution*).

Reduction or Cancellation of Principal and Unpaid Interest: Prior to 1 January 2016, the Issuer may, subject as provided herein, reduce and cancel part or all of the Outstanding Principal Amount of the Notes and part or all of any accrued but unpaid interest in certain specified circumstances. Any such reduction and cancellation is subject to certain conditions, including, among other conditions, that the equity capital of the Issuer has been lost.

See Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*).

Negative Pledge: None.

Cross Default: None.

Enforcement Events: There will be enforcement events relating only to non-payment (allowing a Holder to institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder) and the liquidation or bankruptcy of the Issuer, provided that a Holder may not itself file for the liquidation or bankruptcy of the Issuer.

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

The Issuer may also, subject to the Issuer having received the prior consent of the Relevant Supervisory Authority, make any modification to the Notes which is not prejudicial to the interests of the Holders without the consent of the Holders. Any such modification shall be binding on the Holders.

Taxation: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark

Form of the Notes:

Denominations:

Listing and Admission to Trading:

Irish Listing Agent:

Governing Law:

Enforcement of the Notes in Global Form:

Ratings:

In addition, the Issuer has been rated by S&P as follows:

senior
unsubordinated
long-term debt
and insurer
financial
strength rating

9

[certified-CRAs](#) (list last updated on 10 July 2015).

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. In addition, there is no guarantee that any rating of the Notes and/or the Issuer assigned by any such rating agency will be maintained by the Issuer following the date of this Prospectus and the Issuer may seek to obtain ratings of the Notes and/or the Issuer from other rating agencies.

Selling Restrictions:

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

RISK FACTORS

Prospective investors should read the entire Prospectus and reach their own views prior to making any investment decision.

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

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it and which it may not currently be able to anticipate.

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

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated. References to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Notes.

Risks relating to the Issuer and the Danica Group

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

The Issuer is a Danish life insurance company and parent company of, *inter alia*, two operating life insurance companies in Norway and Sweden, respectively. The Danica Pension Group is exposed to a number of risks, the categories of which are financial risks, insurance and pension risks, operational risks, business risks and regulatory risks.

Financial risks

Financial risks faced by the Issuer are predominantly investment risks relating to volatility in financial markets and/or macroeconomic factors which impact the results of operations and the financial condition of the Issuer.

Financial risks are managed on the following levels:

- Assets allocated to customers' funds and life insurance obligations in conventional life insurance business ("**Danica Traditionel**"), where the financial risks concern the relationship between the investment securities and the life insurance obligations. Danica Traditionel insurance policies offer guaranteed benefits calculated on the basis of interest rates (technical rates). The guaranteed benefits apply to all future ordinary payments as well as current savings and guarantees under issued policies, and is based on a technical rate. Until 1994, the technical rate was 4.5 per cent. per annum. From 1994 to 1999, the technical rate was 2.5 per cent. per annum, from 1999 to 2011, the technical rate was 1.5 per cent. per annum, and since 2011, the technical rate of interest has been 0.5 per cent. per annum. The policyholders' savings earn a rate of interest that is set at the discretion of the Issuer, and which can be changed at any time. The difference between the technical rate and the actual interest rate accrued on policyholders' savings is called a "bonus". The interest rate paid to policyholders for the six months ended 30 June 2015 was 1.8 per cent. before tax and for the year ended 31 December 2014 was 1.8 per cent. before tax.

Interest rates paid to policyholders above or below investment return rates will, respectively, strengthen or weaken the collective bonus potential. If the future returns on assets allocated to customers' savings are inadequate to cover these guaranteed benefit levels, the Issuer will be required to set aside additional reserves to cover such guarantees. If such reserve strengthening cannot be covered first by the collective bonus potential and then by the bonus potential of paid-up policies, the remaining deficit will be provided by funds allocated from shareholders' equity of the Issuer.

- Assets allocated to the Issuer's outstanding claims provisions. The outstanding claims provisions are based on technical rates meaning that provisions have to be strengthened in case of a decline in the interest rate level. If the increase in provisions is not covered by the actual investment return, the remaining deficit will be provided by funds allocated from shareholders' equity of the Issuer.
- Assets allocated to shareholders' equity. The return on these assets has a full impact on the Issuer's financial results and consequently, negative investment returns will reduce shareholders' equity of the Issuer.
- Assets related to unit-linked contracts with a guarantee. By default, unit-linked contracts are unguaranteed, but customers have the option to buy a guarantee. The guarantee is managed through the investment strategy and by means of derivatives. If the investment return is insufficient to cover the guarantees, it will impact the Issuer's financial results and reduce shareholders' equity of the Issuer.

Financial risks comprises market risks, liquidity risks, counterparty risks and concentration risks.

Market risks

Market risk is the risk of loss due to the market value of the Issuer's assets and liabilities varying according to changes in market conditions as outlined below:

- *Interest rate risks*

The Issuer's investment assets are measured at fair value, and life insurance provisions are calculated for each insurance policy at market value on the basis of a market based zero-coupon yield curve. To ensure a correspondence between the return on investments and the guaranteed benefits, the financial risks are continually monitored. The interest rate risk on the guaranteed benefits of the conventional product is managed and hedged using bonds and interest rate derivatives. However, for periods of time with low or negative interest rates, it is not always possible or, in certain cases, desirable, for the Issuer to match the interest rate sensitivity of the liability cash flows, and even when matched, considerable basis risk may remain. As a result, asset-liability mismatch could exist and interest rate fluctuations will therefore impact the Issuer's financial results and financial conditions, and such impact could be material. As a result of fluctuations in interest rates, the Issuer's financial results and financial conditions could be more volatile.

- *Equity market risks (including risk related to alternative investments)*

Investments in equities are generally subject to greater risk and more volatility than fixed income securities. General economic conditions, stock market conditions and many other factors beyond the Issuer's control may adversely affect the equity markets. In the event of future equity market declines, the Issuer can provide no assurance as to the amount or timing of future unrealised losses or impairments of its equity investments, which may, in each case, materially adversely impact the Issuer's financial results and financial conditions.

The Issuer invests in both listed equities and unlisted equities (alternative investments). The Issuer's listed equity investment assets are marked to market on an ongoing basis, and its equity investment portfolio is therefore affected by fluctuations in equity prices. Unquoted equities are valued at fair value by the Issuer.

- *Risks related to property investments*

A part of the Issuer's investment assets are placed in properties with a concentration in the Danish market. Any deterioration in the Danish property market may materially adversely impact the Issuer's financial results and financial condition. As of year-end 2014, the Issuer's property exposure was mainly related to shopping centres and office buildings.

Key risks in relation to investments in shopping centres are:

- development of new shopping centres that compete within the same geographical areas;
- competition from other retail channels including e-commerce;
- structural shifts in tenant demands (e.g. polarization between highly frequented and less frequented locations); and
- increasing requirements for capital investments in existing shopping centres.

Key risks in relation to investments in office buildings are:

- increasing requirements for capital investments in existing properties;
- structural shifts in tenant demand from regional/suburban locations towards central locations, or from car-oriented locations to locations with close proximity to public transportation hubs; and
- structural shifts from less efficient/older building layouts to new buildings with the ability to provide higher efficiency in terms of square metre per employee.

- *Risks related to the fair values of investments*

Whenever possible, the fair values of investments, which also includes equities, are based on quoted market prices. If there is no quoted market price available, valuation is based on valuation models. These valuation techniques are subjective in nature and involve various assumptions about the relevant pricing factors.

The fair values of investments correspond with the price that would be expected to be received if one were selling an asset in an orderly transaction between market participants at the measurement date. Consequently, the fair values of the Issuer's investments may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. Changes in the valuations may have a material adverse effect on the Issuer's financial results and financial conditions.

- *Currency risks*

Currency risks are the risk of losses due to fluctuations in exchange rates. The Issuer prepares its accounts in Danish Kroner, and most of the liabilities of the Danica Group are denominated in Danish Kroner. Some of the invested assets are denominated in other currencies, but are not necessarily hedged against Danish Kroner. Consequently, fluctuations in exchange rates may have an impact on the investment return which can negatively affect the Issuer's financial results and financial conditions.

- *Credit spread risks*

Credit spread risks are the risk that the value of an interest-related asset changes because investors' preferences for that asset have changed compared to other interest-related assets. The risk materialises if the spread between the asset specific discounting curve and the discounting curves for other interest-related assets is extended or reduced.

Changes in spreads can have an impact on the investment return which can negatively affect the Issuer's financial results and financial conditions.

Liquidity risks

Liquidity risk is the risk of losses as a result of being forced to sell assets below fair value within a short timeframe in order to generate cash to pay liabilities.

The Issuer requires liquidity in order to meet obligations in relation to pension payments, claims payments, operating expenses and other financial obligations. The Issuer's principal sources of liquidity are insurance premiums, deposit funds, and the cash flow from its investment portfolios and liquid assets, i.e. assets that are readily convertible into cash.

From time to time, the capital and credit markets experience increased volatility and disruption. In some cases, this has exerted a downward pressure on the availability of liquidity and credit capacity. Furthermore, it can be difficult to sell unlisted shares and property investments at fair value, particularly when the transaction has to be accomplished within a short timeframe.

Counterparty risks

The Issuer is exposed to counterparty risks which are the risks of losses because counterparties default on their obligations.

Such counterparty risk may be caused by deterioration in the actual or perceived creditworthiness of, or default by, issuers of the securities or other financial instruments forming part of the Issuer's investments to meet its obligations. For instance, assets held to meet obligations to policyholders include government bonds, mortgage bonds, corporate bonds and other debt securities. Counterparty risk may also include the risk of trading counterparties failing to meet all or part of their obligations, such as derivative counterparties or security borrowers failing to pay as required. Counterparty defaults could have a material adverse effect on the Issuer's financial results and financial condition.

An increase in credit spreads would generally lead to a decrease in market value of the investments, which could have a material adverse impact on the Issuer's financial results and financial conditions.

Securities lending

The Issuer engages in securities lending activities, whereby the Issuer lends equity and debt securities from its portfolios to counterparties that use the borrowed securities in their securities trading activities. In securities lending transactions, the legal title of the securities passes from the lender to the borrower. In order to minimise the possibility of default, the Issuer seeks to lend securities only to high-quality borrowers based on pre-set credit limits for each borrower. However, borrowers may still default on their securities-redelivery obligations to the Issuer due to bankruptcy, insolvency, lack of liquidity, operational failure, fraud, governmental intervention or other reasons. While the Issuer mitigates counterparty risk by requiring collateral to support the obligations of counterparties, there is a risk that the collateral obtained will not be sufficient or effective in all circumstances in order to protect against those risks.

Sovereign risks

A number of countries, particularly in the peripheral Eurozone and emerging market countries, currently have high levels of sovereign indebtedness. Concern over the ability of certain countries to service their sovereign indebtedness has on numerous occasions resulted in increases in the yields on their debt, and thus reduced the trading prices of their issued sovereign debt. To the extent that these concerns reappear or worsen, yields on sovereign debt could rise and trading prices could fall further. In addition, there is a risk that certain countries will default on their sovereign indebtedness or adopt inflationary policies which seek to reduce their real levels of indebtedness. The Issuer has both directly and indirectly (via fund of funds) investments in government bonds

from some of these countries. Any of these factors could have an impact on the investment return which may negatively affect the financial results of the Issuer.

Concentration risks

Concentration risk is the risk of losses as a result of high exposure to limited asset classes, industries and counterparts. In general, the Issuer seeks to have a well-diversified investment portfolio which reduces concentration risk. However defaults or poor performance in a single asset class or industry or for a single counterparty may have an impact on the investment return which may negatively affect the financial results of the Issuer.

Insurance and pension risks

Insurance risk relates to underwriting and pricing of insurance products, including inadequate premiums to cover claims and the need to build up buffers. In particular, insurance risk is affected by the development in mortality and disability rates. An increase in life expectancy affects the time during which pensions are payable under certain pension products, whereas the fluctuations in the numbers of deaths, disabilities and subsequent recoveries affects the benefits paid under insurance policies covering death and disability.

Mortality, longevity and disability expectations are based on historical data from the Issuer's own insurance portfolio. In addition, the DFSA has introduced a benchmark for current mortality and longevity expectations. Best estimates on mortality and longevity are therefore calculated by a statistical method defined by the DFSA that describes a weighted average of the DFSA's benchmark and the Issuer's own results. The DFSA's benchmark for the current mortality rate is based on actual mortalities during the recent years for a number of Danish pension companies, while the benchmark for longevity is determined by the average improvements in life-expectancy in Denmark over the last 30 years.

Life insurance provisions are calculated at market value with future benefits being discounted to their present values. Life insurance provisions are calculated on expectations, including expectations as to mortality, longevity and disability. The expectations are based on historical and statistical data. Changes in expectations, including changes in longevity, mortality or disability assumptions, may adversely affect the results of the Issuer.

Regular actuarial analyses of the various risk elements are made in connection with the computation of insurance obligations and the determination of any measures to be taken.

For example, if improvements in longevity in Denmark in the coming years continue at the same level as in the past 15 years, then they will exceed the improvements of the DFSA's benchmark which is a part of the Issuer's model to calculate mortality and longevity expectations. In that case, the Issuer's provisions are not sufficient and consequently, it will be necessary to strengthen the provisions. This is what has happened in recent years, when the Issuer's provisions had to be strengthened with up to DKK 0.5 billion annually. This has reduced the bonus potential (customer buffer) each year. If it is not possible to cover this provision strengthening by the bonus potential, then it will result in a loss to shareholders' equity of the Issuer.

The low level of interest rates increases focus on bonus distributions to prevent redistributions of major amounts between the various groups of insurance. This applies to insurance policies written before 1 July 1994, on which the guaranteed benefits were calculated based on a technical rate of interest of 4.5 per cent., and for insurance policies written subsequently, on which the guaranteed benefits were calculated based on technical rates of interest of 2.5 per cent., 1.5 per cent. or 0.5 per cent.

The Issuer has introduced the account strengthening ("**kontostyrkelse**") concept which constitutes non-guaranteed reserves to secure the policyholders' guaranteed benefits. The *kontostyrkelse* applies to insurance benefits based on a rate of interest of 4.5 per cent. or 2.5 per cent. Revaluations may therefore be earmarked to compensate for investment returns below the guaranteed benefits. The *kontostyrkelse* reserves are added to the individual insurance account and will, under normal circumstances, be included in the transfer value if a customer wants to transfer savings to another scheme or decides to have savings disbursed before the agreed date.

In order to reduce insurance risks, risk relating to deaths and disability is reinsured for any amounts above DKK 10 million by an individual reinsurance program.

Catastrophes such as terror, earthquakes, airplane crashes, pandemics or other accidents could cause a large number of casualties, resulting in unusually high pay-outs by the Issuer. To limit the risks the Issuer has covered such risks through reinsurance on a portfolio basis. The Issuer has no reinsurance against pandemics.

Operational risks

Operational risks primarily affect the Issuer financially through costs, for example caused by damages or injuries to customers. Compliance risks that have an economic impact fall within the definition of operational risk.

The Issuer's main operational risks are:

- failure to comply with agreements;
- faulty calculation systems;
- errors in customer documents;
- failure to comply with regulatory requirements;
- errors in the calculation and distribution of provisions; and
- incorrect calculation of asset-liability management risk.

Changes in critical accounting estimates and assumptions

Whenever possible, the fair values of investments are based on quoted market prices. If there is no quoted market price available, the Issuer uses valuation techniques which are based on market prices of comparable instruments or parameters from comparable active markets. If no observable market inputs are available, valuation models are used. These valuation techniques are subjective in nature and involve various assumptions about the relevant pricing factors. Misjudgements or changes in these assumptions could significantly affect the estimated fair values.

Other areas, that require the Issuer to make estimates and assumptions that affect reported amounts, are mortality, disability and surrender rates. If these estimates and assumptions are wrong or inaccurate, or have been wrong or inaccurate in the past, it could have a negative impact on reported profits in the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Failure in risk management framework

The Issuer's risk management framework is essential to the Issuer's ability to oversee and manage risks related to the business. Consequently, the Issuer is exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.

Business risks

In the future there is a risk that the Issuer will not be able to attract new customers or hold on to existing customers. This could lead to a reduction in both premiums (including investment contracts) and provisions, and thereby reduce its earnings capacity. This could be a consequence of the general economic and business conditions, the Issuer's strategy, the competition in the Danish life insurance market or the Issuer's reputation in the market or other reasons.

Risks related to the general economic and business conditions

The Danica Group has activities in Denmark, Norway and Sweden, however for the most part, the Danica Group's activities are mainly related to the Danish market. Consequently, the general economic and business conditions particularly in Denmark have an impact on the Issuer's business, and changes in these conditions could have an adverse effect on the Issuer's financial results and financial conditions.

For example, recession, an increasing unemployment rate, a low confidence in the future or global events like war or terror can have a negative impact on the Issuer's business because they can affect the willingness and ability of the customers to pay their premiums. Changes to customers' behaviour could also be caused by changes in tax laws or regulations related to state pensions, which could also have an impact on the Issuer's business. The general economic conditions may also affect the financial markets and thereby adversely affect the value of the Issuer's investments.

Strategic risks

The Issuer's strategies, and activities chosen to implement the strategies, are important for the future competitive position and thereby the future financial results and financial condition of the Issuer.

The Issuer closely monitors the developments in the market in order to ensure its competitiveness, but there is a risk that the market develops in an unforeseen direction which could have a negative impact on the Issuer's competitive position.

Furthermore, even if the Issuer pursues a prudent strategy, there is a risk that the Issuer will not succeed in the implementation of that strategy, for example because the activities associated with the implementation are insufficient or time to market is too long compared to initiatives taken by competitors. This could also have a negative impact on the Issuer's competitive positions.

Competition

The Issuer competes in the market for both company pension schemes and private pension savings. The Issuer faces competition from other life insurance companies operating in Denmark, and from the bank sector's pension savings products in relation to private pension savings. In both markets, the most important competitive factors include product prices, the level of investment returns, focus on processing time towards customers and focus on the general level of advice, service and accessibility.

If the Issuer is unable or is perceived to be unable to compete effectively as to one or more of these factors, its competitive position may be adversely affected. This could have a negative impact on the Issuer's financial results and financial conditions. A weakening of the competitive position could make it difficult to attract new customers. This could also have a negative impact on the Issuer's ability to sustain existing customers, particularly if a company were to change to another pension scheme provider. In such cases future premium payments will, and current savings could be, transferred away from the Issuer to the new pension scheme provider. In addition, private customers always have the option to choose another pension savings provider. It could have a negative impact on the Issuer's business if either a few key customers, each with a substantial business volume, decided to leave the Issuer, or if a larger number of customers, each with a smaller business volume decided to leave the Issuer.

The Issuer's competitive position also depends on a well-functioning distribution network. Today, the Issuer's products are mainly marketed through the Issuer's own sales force, branches of Danske Bank A/S and brokers. If the Issuer is not able to maintain a competitive distribution network, it could adversely impact the Issuer's future financial results and financial condition.

In the years to come, the importance of the internet and digital platforms (including social media) is likely to have a growing impact on the distribution of insurance policies and on customer service (including self-service). If the Issuer is not able to develop the right digital solutions on the right electronic platforms, it could

affect the competitive position and have a negative impact on distribution power and the future earnings capacity of the Issuer.

The entry into, or the targeting of, the Danish life insurance market by international insurers with greater financial resources than the Issuer could affect the Issuer's ability to attract and retain existing customers. The Danish life and pensions market is relatively small compared to other European countries. Currently there is little international presence in the Danish life and pensions market, due in part to the tax rules concerning policyholders' premiums and savings deductibility. Potential changes in the tax rules for Danish pension savings and taxes on pension returns may increase competition from international insurers.

In recent years, life insurance companies operating in Denmark have suffered substantial losses on their health and accident businesses. This is due to two things in particular: firstly, claims have increased significantly, in particular claims relating to psychological disorders, not least stress, have increased significantly in the past few years; and secondly, increased price competition has meant that the development in the price of insurance has not matched the rise in claims. This will probably continue in the years to come leading to significant, yearly losses on the Issuer's health and accident business.

Reputational risks

The Issuer's reputation and image impact its ability to retain existing customers and attract new customers which can also have an impact on the Issuer's financial results. The Issuer is committed to treating customers fairly and communicating openly and transparently with both customers and other stakeholders. The Issuer's values are based on the premise that responsible business conduct is a prerequisite for a company's long-term value creation, and thus it has focus on corporate responsibility and socially responsible investment principles.

Nevertheless, its reputation and image could be harmed by unsatisfactory investment returns on customer funds, unsatisfactory processing times, errors in the servicing of customers or the general appearance of the Issuer in the public opinion, no matter whether this is due to events under the Issuer's control or not.

Furthermore, the reputation of the Issuer can be affected – positively or negatively – by the reputation of Danske Bank A/S, who is the ultimate parent company of the Issuer (for more information please see the section "Description of the Issuer's Business").

A loss of reputation could have a negative impact on the Issuer's competitive position and the Issuer's ability to attract and retain key personnel.

Risks related to the performance of asset management

The Issuer is exposed to risks of poor asset management performance. This could either have a negative impact on the Issuer's financial results and financial conditions due to financial risks or have a negative impact on the Issuer's reputation and competitive position.

A poor asset management performance could be a consequence of, for example:

- an inappropriate investment strategy, including strategies related to the allocation of assets to different types of assets, the geographical allocation of assets or the hedging of financial risks; or
- poor performance in the execution of the investment strategy.

Group risks

The Issuer owns life insurance subsidiaries in Norway and Sweden. The Issuer has no legal obligation to support the two subsidiaries with extra capital in case they should need it, no matter whether this is due to poor financial performance, changes in the regulatory framework in the two countries or other reasons. However, it is

important for the Issuer that customers and other stakeholders can trust the Issuer, and in order to maintain that trust and reputation, the current intention is that the two subsidiaries also have to be well capitalised in the future.

Regulatory risks

Changes in the legal and regulatory systems

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

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

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

Change in accounting rules

Currently risk allowances can be booked only if the return on investment adjusted for the change in liabilities is greater than the value of the risk allowance. If risk allowances cannot be booked, they are transferred to the shadow account, which is a receivable not listed on the balance sheet that the Issuer has towards the customers. Amounts transferred to the shadow account can be booked in subsequent years if the return on investment is sufficient.

From 1 January 2016 new accounting rules will be implemented for insurance companies in Denmark. Among other things, this means that the risk allowance can be booked if it does not exceed the sum of all individual and collective buffers. If risk allowance for the year cannot be booked, it is lost – i.e. no transfer to the shadow account. The shadow account as of year-end 2015 is written down over the next 5 years.

In Denmark the life and pension sectors have been under a mark-to-market accounting framework on both the asset and liability side since 2002. The market value of life insurance provisions is today based on a market based discounting curve published by the DFSA.

The new accounting rules as from 1 January 2016 are currently assessed to have no material impact on the annual result of either the Issuer or the Danica Group. Future changes in accounting rules and interpretations of relevant regulations could affect the Issuer's financial results and financial conditions.

Change in solvency rules

As of 1 January 2016, when the new Solvency II regulations are to be implemented in Europe, the discounting curves for market valuation of liabilities will be published by the European Insurance and Occupational Pensions Authority on a monthly basis. The Solvency II interest rate curve is on the same level as the current Danish curve but some of the technical changes to the construction of the curve introduce further volatility and challenge risk management further.

The challenges presented to the risk management of interest rate risk from the new curve could have a material effect on the Issuer's equity.

There are continuing uncertainties regarding the final implementing measures that will be adopted under the Solvency II regime and that could potentially have a negative impact on the Issuer's capital strength and its ability to meet its financial obligations. In particular, inconsistent application of Solvency II by regulators in different Member States of the European Union may place the Issuer's business at a competitive disadvantage if the rules are implemented less onerously in European Union countries in which the Issuer does not operate.

Future changes in solvency rules could affect the Issuer's capital strength and its ability to meet its financial obligations.

Change in tax laws

The Issuer is subject to tax in multiple jurisdictions. Changes in the applicable tax legislation, in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation, specifically with respect to taxation of insurance companies, could have a material adverse effect on the Issuer's financial results and financial conditions. Generally, any breach of relevant tax legislation may result in adjustments of the taxable amount, and the payment of late interest, fines and penalties and could have a negative impact on the Issuer's effective tax rate, cash flow and financial results.

Future changes in tax legislation or its interpretation, when applied to products and services offered by the Issuer, could have a material adverse effect on customers' demands for these products and services.

Legal Proceedings

Owing to its size and business volume, the Issuer is continually a party to various lawsuits and disputes and has an on-going dialogue with public authorities such as the DFSA. In view of its size and business volume, the Issuer does not expect the outcome of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. However, pending and future lawsuits and disputes could have a material effect on the Issuer's financial results and financial conditions.

Competition and consumer protection legislation

The Issuer is required to comply with competition laws and regulations, including those relating to consumer protection, enforced by, among others, the European Commission. The competition laws and regulations applicable to the Issuer relate to matters such as price fixing, collusion and other forms of anticompetitive behaviour.

A determination that the Issuer has failed to comply with any applicable laws and/or regulations relating to matters of competition or consumer protection, or any regulatory action in respect thereof, could result in fines and losses, as well as adverse publicity for the Issuer. This could have a material impact on the Issuer's reputation as well as its business, results of operations and financial position.

Contribution Principle

The Issuer has to run its business in accordance with the Executive Order on the Contribution Principle. The principle has to ensure a fair distribution between the customers and the Issuer's shareholders and among the customers themselves. Consequently, the DFSA has been notified of the Issuer's profit policy and the portfolio of Danica Traditionel insurances is divided into four interest rate groups, four cost groups and three risk groups. Despite this, there is a risk that the DFSA or the courts in Denmark may conclude that the Issuer does not satisfy the Contribution Principle, which could negatively affect the Issuer's financial results and financial conditions.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

Interest rate risks

Notwithstanding that the rate of interest applicable to the Notes will be reset on the First Call Date and on each Reset Date thereafter, an investment in the Notes involves the risk that subsequent changes in market interest rates during the Initial Period or, as the case may be, during a Reset Interest Period may adversely affect the value of the Notes.

In addition, a holder of securities with a fixed interest rate that will be periodically reset during the term of the relevant securities, such as the Notes, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor of the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus including, but not limited to, any taxation issues related to purchasing and/or holding the Notes;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments, i.e. euro, is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to the structure of the Notes

The Issuer's obligations under the Notes are subordinated

Subject to the reduction and cancellation provisions described in the risk factor "Reduction and Cancellation of Outstanding Principal Amounts of the Notes and Accrued but Unpaid Interest" below, the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer as described in Condition 4 (*Status of the Notes*).

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

Reduction and Cancellation of Outstanding Principal Amounts of the Notes and Accrued but Unpaid Interest

Subject as provided in Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*), prior to 1 January 2016, the Issuer may resolve to reduce and cancel part or all of the Outstanding Principal Amounts of the Notes and part or all of any accrued but unpaid interest thereon (but excluding any interest which has been cancelled). The amount of such reduction shall be subject to the prior approval of the Issuer's elected external auditor and the Relevant Supervisory Authority. Investors should note that, while such reduction is not common, it is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer. In addition, investors should note that, following any such reduction and cancellation, the relevant amount of the Outstanding Principal Amount or the relevant amount of accrued but unpaid interest so reduced and cancelled will not be reinstated in any circumstances.

Any actual or anticipated reduction and cancellation of the Outstanding Principal Amounts of the Notes and any accrued but unpaid interest thereon prior to 1 January 2016 will likely have an adverse effect on the market price of the Notes. In addition, as a result of the reduction and cancellation provision of the Notes which applies until (but excluding) 1 January 2016, the market price of the Notes prior to 1 January 2016 may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such reduction and cancellation and may be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Danica Pension Group and/or the Danica Group.

Interest payments under the Notes may be deferred in certain circumstances

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

- (i) a payment of interest is due to be made in respect of the Notes; and/or
- (ii) a repayment of principal is due to be made in respect of the Notes; and/or
- (iii) the Notes are to be redeemed,

(as applicable), a Capital Adequacy Event has occurred and is continuing, or the relevant payment of interest and/or repayment of principal and/or redemption of the Notes (as applicable) would in itself cause a Capital Adequacy Event. Holders should note that, from and after 1 January 2016, the circumstances that could trigger a Capital Adequacy Event (and thus a Mandatory Deferral Event) relate to each of the Issuer, the Danica Pension Group and the Danica Group (and not just to the Issuer).

Any such deferral of interest will not constitute a default under the Notes for any purpose. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest. Each amount of Arrears of Interest will bear interest at the prevailing Rate of Interest (such interest being defined herein as “**Additional Interest Amounts**”). Arrears of Interest (together with any Additional Interest Amounts but excluding any interest that has been cancelled) may, subject to certain conditions, be paid by the Issuer at any time, but in any event shall be payable by the Issuer on the earliest to occur of (a) 10 Business Days following a Compulsory Interest Payment Event, (b) the next Optional Interest Payment Date in respect of which the Issuer does not defer the relevant payment of interest, (c) the redemption of the Notes and (d) a liquidation or bankruptcy of the Issuer as described in the Terms and Conditions of the Notes. The Holders have no right to require payment of Arrears of Interest and/or any Additional Interest Amounts thereon.

Any actual or anticipated deferral of interest will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such deferral and may be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Danica Pension Group and/or the Danica Group. Holders should be aware that any announcement relating to the future deferral of interest payments or any actual deferral of interest payments may have an adverse effect on the market price of the Notes. Holders 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, Holders may lose some or substantially all of their investment in the Notes.

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

Subject as provided herein, in particular to Condition 8.4 (*Mandatory redemption deferral*) and 8.8 (*Conditions to redemption etc.*), the Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled). Subject as aforesaid, upon the occurrence of a Special Event, the Issuer may also, at its option, at any time redeem all, but not some only, of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes are long term securities

The Maturity Date of the Notes is 29 September 2045 and, although the Issuer may redeem or purchase the Notes in certain special circumstances described herein prior to that date, the Issuer is under no obligation to do so. In addition, the Holders have no right to require the Issuer to redeem the Notes at the option of the Holders in any circumstances. Therefore, prospective investors should be aware that they may be required to bear the financial risks associated with an investment in long term securities. See also the risk factor “Redemption, including at the Maturity Date, and purchases of the Notes are subject to certain conditions and redemption payments under the Notes must be deferred in certain circumstances” below.

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

Notwithstanding the scheduled maturity of the Notes on the Maturity Date, the Issuer must defer redemption of the Notes on the Maturity Date or on any other date set for redemption of the Notes if a Mandatory Deferral Event has occurred and is continuing on the relevant date of redemption. See “Interest payments under the Notes may be deferred in certain circumstances” above for a description of a Mandatory Deferral Event and Condition 8.4 (*Mandatory redemption deferral*). In addition, any redemption of the Notes or any purchase of the Notes pursuant to Conditions 8.1 (*Scheduled redemption*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*), Condition 8.3 (*Redemption at the option of the Issuer*) or Condition 8.5 (*Purchase*), as the case may be, is subject to certain conditions being fulfilled, as provided in Condition 8.8 (*Conditions to redemption etc.*). In particular, the Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to such provisions (if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer, the Danica Pension Group or the Danica Group under the Solvency Requirements), if no Insolvent Insurer Winding-up has occurred and is continuing on the relevant due date for repayment or redemption.

Any such deferral of redemption of the Notes will not constitute a default under the Notes. If a redemption of the Notes is deferred, subject to certain conditions, the Notes will be redeemed by the Issuer on the earliest of (a) 10 Business Days following the date on which the relevant Mandatory Deferral Event has ceased (provided that if, on such 10th Business Day, a further Mandatory Deferral Event has occurred and is continuing, the Notes shall not fall due for repayment or redemption on such date and the deferral provisions of Condition 8.4 (*Mandatory redemption deferral*) shall apply *mutatis mutandis* to determine the subsequent date for repayment or redemption of the Notes), (b) subject, in any case, as provided in Condition 8.4 (*Mandatory redemption deferral*), the date falling 10 Business Days following the date on which the conditions set out in Condition 8.8 (*Conditions to redemption etc.*) are fulfilled or (c) the date on which a liquidation or bankruptcy of the Issuer occurs. Therefore, the Holders may receive their investment back at a point in time later than initially expected or not at all.

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

Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provision of the Notes, including with respect to deferring redemption on the scheduled Maturity Date, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral features, including dated securities where redemption on the scheduled maturity date cannot be deferred, and the Notes may accordingly be more sensitive generally to adverse changes in the financial condition of the Issuer and/or the Danica Pension Group and/or the Danica Group. Holders 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, Holders may lose some or substantially all of their investment in the Notes.

Conditional substitution of the Notes without Holder consent

At any time, upon the occurrence of a Special Event unforeseen and outside the control of the Issuer, the Issuer may, at its option, and without the consent or approval of the Holders, elect either (i) to exchange or convert all (but not some only) of the Notes into an own-fund item which constitutes Qualifying Notes; or (ii) to repay or redeem all (but not some only) of the Notes out of the proceeds of a new basic own-fund item of at least the same quality, provided that, in any such case, the Issuer has received the prior written consent of the Relevant Supervisory Authority.

In the case of any repayment or redemption of the Notes as described in (ii) above, Holders should note the risks described in the risk factor above entitled “Notes subject to optional redemption by the Issuer or upon the occurrence of a Special Event”.

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

See Condition 8.7 (*Conditional Substitution*).

Limited enforcement events

The Notes will contain limited enforcement events relating to:

- (i) non-payment by the Issuer of any amounts due under the Notes. In such circumstances, as described in more detail in Condition 11 (*Enforcement Events*) and subject as provided below, a Holder may institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder; and
- (ii) the liquidation or bankruptcy of the Issuer. In such circumstances, as described in more detail in Condition 11 (*Enforcement Events*), the Notes will become due and payable at their Outstanding Principal Amounts, together with accrued interest thereon and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).

Even if the Issuer cannot meet its obligations regarding capital raised as subordinated loan capital, the Issuer will not be considered insolvent. Accordingly, a Holder of the Notes may not itself file for the liquidation or bankruptcy of the Issuer.

If proceedings with respect to the liquidation or bankruptcy of the Issuer should occur, the Holders of the Notes would be required to pursue their claims on such Notes in proceedings with respect to the Issuer in Denmark. In addition, to the extent that the Holders are entitled to any recovery with respect to the Notes in any such Danish bankruptcy proceedings, such Holders would be entitled to a recovery in Danish Kroner or, as the case may be, other currencies, which would be based on the relevant conversion rate in effect on the date the Issuer entered into such liquidation or bankruptcy proceedings.

Risks related to the Notes generally

Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to a common depositary. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

Meetings of Holders and modification

The Terms and Conditions of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including

Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

In addition, the Issuer may, subject to the Issuer having received the prior consent of the Relevant Supervisory Authority, make any modification to the Notes, the Terms and Conditions of the Notes, the Agency Agreement and/or the Deed of Covenant which is not prejudicial to the interests of the Holders without the consent of the Holders. Any such modification shall be binding on the Holders.

Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained

S&P is expected to assign a credit rating to the Notes. In addition, S&P has assigned a credit rating to the Issuer as described in “Overview of the Notes” above. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Prospectus. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

The Issuer is exposed to changing methodology by rating agencies

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer’s operations or financial condition, the Issuer’s willingness or ability to leave individual transactions outstanding and adversely affect the Issuer’s capital market standing.

Change of law

The Terms and Conditions of the Notes will be governed by the laws of England, except for Condition 4 (*Status of the Notes*), Condition 6 (*Interest Deferral*), Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*), Condition 8.4 (*Mandatory redemption deferral*) and Condition 11 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Denmark or administrative practice after the date of this Prospectus.

U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign pass thru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such

custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of the common depositary for the ICSDs (as bearer of the Notes), and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective investors should refer to the section "Taxation – Foreign Account Tax Compliance Act."

Notes where denominations involve integral multiples: Definitive Notes

The Notes have denominations consisting of a minimum denomination of EUR 100,000 plus one or more higher integral multiples of EUR 1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of EUR 100,000. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the Notes such that its holding amounts to a denomination.

If Definitive Notes are issued, Holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

Interests of the Joint-Lead Managers

Certain of the Joint-Lead Managers and their affiliates have engaged, and may in the future, engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

DOCUMENTS INCORPORATED BY REFERENCE

The annual reports of the Issuer for the financial years ended 31 December 2014 and 31 December 2013 (respectively, the “**Issuer Annual report 2014**” and the “**Issuer Annual report 2013**”, and together, the “**Issuer Annual Reports**”) shall be deemed to be incorporated in, and to form part of, this Prospectus, excluding the following sections:

- (i) in respect of the Issuer Annual report 2014:
 - the section ‘Outlook for 2015’ on page 8; and
- (ii) in respect of the Issuer Annual report 2013:
 - the section ‘Outlook for 2014’ on page 8.

The Interim Report of the Issuer as at and for the six months ended 30 June 2015 (the “**Issuer Interim report – first half 2015**”) shall be deemed to be incorporated in, and to form part of, this Prospectus, excluding the following section:

- the section ‘Outlook for 2015’ on page 8.

The report and supplementary/corrective information to the Issuer Annual report 2014 (the “**Issuer supplementary report**”) shall be deemed to be incorporated in, and to form part of, this Prospectus.

The annual reports of the Danica Group for the financial years ended 31 December 2014 and 31 December 2013 (respectively, the “**Danica Group Annual report 2014**” and the “**Danica Group Annual report 2013**”, and together, the “**Danica Group Annual Reports**” and, together with the Issuer Annual Reports, the “**Annual Reports**”) shall be deemed to be incorporated in, and to form part of, this Prospectus, excluding the following sections:

- (i) in respect of the Danica Group Annual report 2014:
 - the section ‘Outlook for 2015’ on page 8; and
- (ii) in respect of the Danica Group Annual report 2013:
 - the section ‘Outlook for 2014’ on page 8.

The Interim Report of the Danica Group as at and for the six months ended 30 June 2015 (the “**Danica Group Interim report – first half 2015**” and, together with the Issuer Interim report – first half 2015, the “**Interim Reports**”) shall be deemed to be incorporated in, and to form part of, this Prospectus, excluding the following section:

- the section ‘Outlook for 2015’ on page 8.

The report and supplementary/corrective information to the Danica Group Annual report 2014 (the “**Danica Group supplementary report**” and, together with the Issuer supplementary report, the “**Supplementary Reports**”) shall be deemed to be incorporated in, and to form part of, this Prospectus.

The financial statements in the Annual Reports have been audited.

The sources of the financial statements (including the auditors’ reports thereon and notes thereto) in the Interim Reports and the Annual Reports incorporated by reference herein are as follows:

<i>Information</i>	<i>Source</i>
Income Statement for the Issuer for the first half year ended 30 June 2015	Issuer Interim report – first half 2015 pg. 10

Statement of Comprehensive Income for the Issuer for the first half year ended 30 June 2015	Issuer Interim report – first half 2015 pg. 10
Balance Sheet for the Issuer for the first half year ended 30 June 2015	Issuer Interim report – first half 2015 pgs. 11 – 12
Statement of Capital for the Issuer for the first half year ended 30 June 2015	Issuer Interim report – first half 2015 pgs. 13 – 14
Notes to the Financial Statements for the Issuer for the first half year ended 30 June 2015	Issuer Interim report – first half 2015 pgs. 15 – 20
Auditors' Review Report for the Issuer for the first half year ended 30 June 2015	Issuer Interim report – first half 2015 pg. 22
Income Statement for the Issuer for the year ended 31 December 2014	Issuer Annual report 2014 pg. 15
Statement of Comprehensive Income for the Issuer for the year ended 31 December 2014	Issuer Annual report 2014 pg. 15
Balance Sheet for the Issuer for the year ended 31 December 2014	Issuer Annual report 2014 pgs. 16 – 17
Statement of Capital for the Issuer for the year ended 31 December 2014	Issuer Annual report 2014 pgs. 18 – 19
Notes to the Financial Statements for the Issuer for the year ended 31 December 2014	Issuer Annual report 2014 pgs. 20 – 44
Auditors' Report for the Issuer for the year ended 31 December 2014	Issuer Annual report 2014 pg. 50
Income Statement for the Issuer for the year ended 31 December 2013	Issuer Annual report 2013 pg. 15
Statement of Comprehensive Income for the Issuer for the year ended 31 December 2013	Issuer Annual report 2013 pg. 15
Balance Sheet for the Issuer for the year ended 31 December 2013	Issuer Annual report 2013 pgs. 16 – 17
Statement of Capital for the Issuer for the year ended 31 December 2013	Issuer Annual report 2013 pgs. 18 – 19
Notes to the Financial Statements for the Issuer for the year ended 31 December 2013	Issuer Annual report 2013 pgs. 20 – 41
Auditors' Report for the Issuer for the year ended 31 December 2013	Issuer Annual report 2013 pg. 47
Income Statement for the Danica Group for the first half year ended 30 June 2015	Danica Group Interim report – first half 2015 pg. 10
Statement of Comprehensive Income for the Danica Group for the first half year ended 30 June 2015	Danica Group Interim report – first half 2015 pg. 10
Balance Sheet for the Danica Group for the first half year ended 30 June 2015	Danica Group Interim report – first half 2015 pgs. 11 – 12
Statement of Capital for the Danica Group for the first half year ended 30 June 2015	Danica Group Interim report – first half 2015 pgs. 13 – 14

Notes to the Financial Statements for the Danica Group for the first half year ended 30 June 2015	Danica Group Interim report – first half 2015 pgs. 15 – 20
Auditors' Review Report for the Danica Group for the first half year ended 30 June 2015	Danica Group Interim report – first half 2015 pg. 27
Income Statement for the Danica Group for the year ended 31 December 2014	Danica Group Annual report 2014 pg. 15
Statement of Comprehensive Income for the Danica Group for the year ended 31 December 2014	Danica Group Annual report 2014 pg. 15
Balance Sheet for the Danica Group for the year ended 31 December 2014	Danica Group Annual report 2014 pgs. 16 – 17
Statement of Capital for the Danica Group for the year ended 31 December 2014	Danica Group Annual report 2014 pgs. 18 – 19
Notes to the Financial Statements for the Danica Group for the year ended 31 December 2014	Danica Group Annual report 2014 pgs. 20 – 47
Auditors' Report for the Danica Group for the year ended 31 December 2014	Danica Group Annual report 2014 pg. 63
Income Statement for the Danica Group for the year ended 31 December 2013	Danica Group Annual report 2013 pg. 15
Statement of Comprehensive Income for the Danica Group for the year ended 31 December 2013	Danica Group Annual report 2013 pg. 15
Balance Sheet for the Danica Group for the year ended 31 December 2013	Danica Group Annual report 2013 pgs. 16 – 17
Statement of Capital for the Danica Group for the year ended 31 December 2013	Danica Group Annual report 2013 pgs. 18 – 19
Notes to the Financial Statements for the Danica Group for the year ended 31 December 2013	Danica Group Annual report 2013 pgs. 20 – 43
Auditors' Report for the Danica Group for the year ended 31 December 2013	Danica Group Annual report 2013 pg. 60

The Issuer Annual report 2014 incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2014/AnnualReportDP2014.pdf>.

The Issuer Annual report 2013 incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2013/AnnualReportDP2013.pdf>.

The Issuer Interim report - first half 2015 incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2015/InterimReportDP2015.pdf>.

The Issuer supplementary report incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2014/RedegorelseDanicaPension2014ENG.pdf>.

The Danica Group Annual report 2014 incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2014/AnnualReportFD2014.pdf>.

The Danica Group Annual report 2013 incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2013/AnnualReportFD2013.pdf>.

The Danica Group Interim report – first half 2015 incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2015/InterimReportFD2015.pdf>.

The Danica Group supplementary report incorporated by reference herein can be viewed online at <http://www.danicapension.dk/en-dk/about-us/Financial-reports/Documents/2014/RedegorelseForsikringsselskabetDanica2014ENG.pdf>

The Annual Reports, the Interim Reports and the Supplementary Reports are English translations of the original reports in the Danish language. The Issuer accepts responsibility for the English translations of the Annual Reports, the Interim Reports and the Supplementary Reports. In case of discrepancies, the Danish versions prevail.

This Prospectus is available for viewing at www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Words and expressions defined in “Terms and Conditions of the Notes” herein shall have the same meanings in this “Overview of Provisions relating to the Notes while in Global Form”.

Temporary Global Note exchangeable for Permanent Global Note

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without Coupons, which will also be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in the Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of the Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange of a part of the Temporary Global Note) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) in either case, receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The Outstanding Principal Amounts of the Notes represented by the Permanent Global Note shall be equal to the aggregate of the original principal amounts specified in the certificates of non-U.S. beneficial ownership as adjusted to reflect any reduction and cancellation pursuant to Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*).

Permanent Global Note exchangeable for Definitive Notes

Interests in the Permanent Global Note will be exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Definitive Notes, if:

- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or
- (ii) any of the circumstances described in Condition 11 (*Enforcement Events*) occurs.

Interests in the Permanent Global Note will also become exchangeable, in whole but not in part only and at the request of the Issuer, for Definitive Notes if, by reason of any change in the laws of Denmark, the Issuer will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes are in definitive form.

Definitive Notes will have attached thereto at the time of their initial delivery Coupons. Definitive Notes will also, if necessary, have attached thereto at the time of their initial delivery Talons and the expression Coupons shall, where the context so requires, include Talons.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and, if necessary, Talons attached, in an aggregate principal amount equal to the Outstanding Principal Amounts of the Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the

surrender of the Permanent Global Note to or to the order of the Fiscal Agent within thirty days of the bearer requesting such exchange.

If Definitive Notes are issued prior to 1 January 2016, each Definitive Note shall state that its accrued but unpaid interest and/or its Outstanding Principal Amount may be reduced and cancelled pursuant to Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*) and that details thereof may be obtained during normal business hours at the Specified Office of the Fiscal Agent.

The Permanent Global Note also provides, *inter alia*, that:

- (i) if Definitive Notes have not been delivered in accordance with the terms of the Permanent Global Note by 6.00 p.m. (London time) on the thirtieth day after the day on which such Permanent Global Note becomes due to be exchanged; or
- (ii) if the Permanent Global Note (or any part thereof) becomes due and payable in accordance with the Terms and Conditions or the date for final redemption of the Permanent Global Note has occurred, and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made on the due date for payment by 6.00 p.m. (London time) on such due date,

then the Permanent Global Note will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.

Terms and Conditions applicable to the Notes

The Terms and Conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the Terms and Conditions set out under “Terms and Conditions of the Notes” below.

The Terms and Conditions applicable to the Notes represented by one or more Global Notes will differ from those Terms and Conditions which would apply to the Notes were they in definitive form to the extent described in this “Overview of Provisions relating to the Notes while in Global Form”.

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the relevant Global Note. The following is a summary of certain of those provisions:

Payments: The Holder of a Global Note shall be the only person entitled to receive payments in respect of the Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the Holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of the Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the Holder of such Global Note. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “**Payment Business Day**” set out in Condition 2.1 (*Definitions*).

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement in Condition 16 (*Notices*) for a notice to be published in a leading English language daily newspaper having general circulation in Europe shall not apply and notices to Holders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Legend concerning United States persons

Global Notes, Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg, as the case may be, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent and the Holders.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which will be endorsed on each Definitive Note. The Terms and Conditions applicable to any Global Note will differ from those Terms and Conditions which would apply to a Definitive Note to the extent described under “Overview of Provisions relating to the Notes while in Global Form” above.

1. Introduction

- 1.1 *Notes:* The EUR 500,000,000 Callable Subordinated Resettable Notes due 2045 (the “**Notes**”) are issued by Danica Pension, Livsforsikringsaktieselskab (the “**Issuer**”).
- 1.2 *Issue and Paying Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 29 September 2015 (as supplemented, amended and/or replaced from time to time, the “**Agency Agreement**”) between the Issuer, Citibank, N.A., London Branch as fiscal agent and paying agent (the “**Fiscal Agent**”, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such and together with any additional or successor paying agents appointed from time to time in accordance with the Agency Agreement, the “**Paying Agents**”).
- 1.3 *Deed of Covenant:* The Notes have the benefit of a deed of covenant dated 29 September 2015 (as supplemented, amended and/or replaced from time to time, the “**Deed of Covenant**”).
- 1.4 *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the “**Holders**”) and the holders of the interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Holders during normal business hours at the Specified Office of each of the Paying Agents.

2. Interpretation

- 2.1 *Definitions:* In these Conditions the following expressions have the following meanings:

“**10-year Mid-Swap Rate**” means, in relation to a Reset Interest Period and the Reference Rate Determination Date in relation to such Reset Interest Period:

- (i) the rate for euro swaps with a term of 10 years which appears on the Screen Page as of 11:00 a.m. (Brussels time) on such Reference Rate Determination Date; or
- (ii) if the 10-year Mid-Swap Rate does not appear on the Screen Page at such time on such Reference Rate Determination Date, the Reset Reference Bank Rate on such Reference Rate Determination Date;

“**10-year Mid-Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (i) has a term of 10 years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg based on 6-month EURIBOR (calculated on an Actual/360 day count basis);

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

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

“Business Day” means a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Copenhagen;

“Calculation Amount” means EUR 1,000 (the **“Original Calculation Amount”**), provided that if the Outstanding Principal Amount of each Note is reduced in accordance with Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*), the Fiscal Agent shall (i) adjust the Calculation Amount on a *pro-rata* basis to account for such reduction and (ii) notify the Holders in accordance with Condition 16 (*Notices*) of the details of such adjustment;

“Capital Adequacy Event” means:

- (i) prior to 1 January 2016, the capital base (in Danish: *“basiskapital”*) of the Issuer is not sufficient to cover the Solvency Capital Requirement or the Minimum Capital Requirement of the Issuer; or
- (ii) from and after 1 January 2016, the own funds regulatory capital (or, if different, whatever terminology is employed by the then Solvency Requirements) of the Issuer eligible to cover the Solvency Capital Requirement of the Issuer and/or the Danica Pension Group and/or the Danica Group is not sufficient to cover the Solvency Capital Requirement of the Issuer, the Danica Pension Group or the Danica Group or the Minimum Capital Requirement (as the case may be); or
- (iii) at any time, if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer, the Danica Pension Group or the Danica Group under the Solvency Requirements, the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer, the Danica Pension Group and/or the Danica Group, that in accordance with Solvency Requirements at such time the Issuer must take specified action in relation to deferral of payments of interest and/or principal under the Notes;

“Code” means the U.S. Internal Revenue Code of 1986;

“Compulsory Interest Payment Date” means any Interest Payment Date which:

- (i) falls no more than 6 months following the occurrence of a Compulsory Interest Payment Event; and
- (ii) is not a Mandatory Interest Deferral Date;

“Compulsory Interest Payment Event” means:

- (i) a dividend or any other distribution was declared or paid in respect of any Junior Securities; and/or
- (ii) any redemption, purchase or acquisition of any Junior Securities has been effected by the Issuer, Forsikringsselskabet Danica or any of their respective Subsidiaries,

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

“Conditional Substitution” has the meaning given to such term in Condition 8.7 (*Conditional Substitution*);

“Contractual Currency” has the meaning given to such term in Condition 17 (*Currency Indemnity*);

“Coupon Sheet” means, in relation to a Note, the coupon sheet relating to that Note;

“Danica Group” means Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 together with its Subsidiaries;

“Danica Pension Group” means the Issuer together with its Subsidiaries;

“Danish Bankruptcy Act” means the Danish Bankruptcy Act (Consolidated Act No. 11 of 6 January 2014, as amended from time to time);

“Danish Financial Business Act” means the Danish Financial Business Act (Consolidated Act No. 182 of 18 February 2015, as amended from time to time);

“Danske Bank Group” means Danske Bank A/S together with its Subsidiaries;

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), **“Actual/Actual (ICMA)”** which means:

- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in such Calculation Period divided by the product of the actual number of days in such Regular Period; and
- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (a) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the actual number of days in such Regular Period; and
 - (b) the actual number of days in such Calculation Period falling in the next Regular Period (or Regular Periods, as the case may be) divided by the actual number of days in such Regular Period (or Regular Periods, as the case may be);

“Delegated Act” means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (as amended from time to time);

“Enforcement Events” has the meaning given to such term in Condition 11 (*Enforcement Events*);

“EUR” means euro;

“Executive Order on Base Capital” means the Executive Order No. 1112 of 9 October 2014 on Calculation of Base Capital for Insurance Companies, Insurance Holding Companies and on Calculation on Capital Adequacy for Investment Firms (as amended from time to time);

“Extraordinary Resolution” has the meaning given to such term in the Agency Agreement;

“First Call Date” means 29 September 2025 subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*);

“Forsikringsselskabet Danica” means Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999;

“Group Insurance Undertaking” means an Insurance Undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Danica Pension Group and/or the Danica Group, as applicable, pursuant to the Solvency Requirements;

“Initial Period” means the period from (and including) the Issue Date to (but excluding) the First Call Date;

“Initial Rate of Interest” means 4.375 per cent. per annum;

“Insolvent Insurer Winding-up” means the winding-up of any Group Insurance Undertaking where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders of that Group Insurance Undertaking may or will not be met;

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

“Interest Payment Date” means 29 September in each year from (and including) 29 September 2016;

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

- (i) the Relevant Supervisory Authority has exceptionally waived the deferral of distributions;
- (ii) the relevant payment does not further weaken the solvency position of the Issuer, the Danica Pension Group and/or the Danica Group; and
- (iii) the Minimum Capital Requirement is complied with after the relevant payment of interest is made;

“Interest Period” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“Issue Date” means 29 September 2015;

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

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

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

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

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

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

“Margin” means 4.38 per cent. per annum;

“Maturity Date” means 29 September 2045, subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*);

“Minimum Capital Requirement” has the meaning given to such term in the Solvency Requirements (and, if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer, the Danica Pension Group or the Danica Group under the Solvency Requirements from time to time, includes any minimum for the Solvency Capital Requirement applicable to the Danica Pension Group or the Danica Group in accordance with the Solvency Requirements);

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

“Original Calculation Amount” has the meaning given to such term in the definition of Calculation Amount;

“Outstanding Principal Amount” means, in respect of a Note, the outstanding principal amount of such Note, as adjusted from time to time for any reduction of the principal amount in accordance with Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*) and **“Outstanding Principal Amounts”** means the sum of the Outstanding Principal Amount of each Note;

“Payment Business Day” means a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

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

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

- (i) contain terms which at such time comply with the Solvency Requirements in relation to Tier 2 Basic Own Funds classification (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or more of the Special Event redemption events which are included in the Notes);
- (ii) carry the same rate of interest, including for the avoidance of doubt any reset provisions, from time to time applying to the Notes prior to the relevant Conditional Substitution pursuant to Condition 8.7 (*Conditional Substitution*);
- (iii) preserve any existing rights under the Notes to any accrued interest and any Arrears of Interest and Additional Interest Amounts, in each case which has/have not been paid;
- (iv) have the same principal amount as the Outstanding Principal Amounts as the Notes prior to the relevant Conditional Substitution pursuant to Condition 8.7 (*Conditional Substitution*);
- (v) rank *pari passu* with the Notes prior to the relevant Conditional Substitution pursuant to Condition 8.7 (*Conditional Substitution*);
- (vi) shall not at such time be subject to a Special Event;
- (vii) have at least the same credit rating(s) as the credit rating(s) assigned to the Notes prior to the relevant Conditional Substitution pursuant to Condition 8.7 (*Conditional Substitution*);
- (viii) have terms not otherwise materially less favourable to the Holders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent’s Specified Office during its normal business hours) not less than 5 Business Days prior to the relevant Conditional Substitution of the Notes pursuant to Condition 8.7 (*Conditional Substitution*); and

- (ix) if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant Conditional Substitution, are listed or admitted to trading on a Regulated Market or (B) the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant Conditional Substitution, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer;

“Rate of Interest” means:

- (i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or
- (ii) in the case of each Interest Period thereafter, the sum of (A) the Reference Rate in respect of the Reset Interest Period in which such Interest Period falls and (B) the Margin,

all as determined by the Fiscal Agent in accordance with Condition 5 (*Interest*);

“Rating Agency” means Standard & Poor’s Credit Market Services Europe Limited (or any successor);

“Rating Methodology Event” means a change in the methodology (or a clarification to, or a change in the interpretation of, such methodology) of the Rating Agency as a result of which the equity content previously assigned by the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, materially reduced when compared with the equity content assigned by the Rating Agency on or around the Issue Date;

“Reference Rate” means, in relation to a Reset Interest Period, the 10-year Mid-Swap Rate determined for such Reset Interest Period by the Fiscal Agent in accordance with Condition 5 (*Interest*);

“Reference Rate Determination Date” means, in relation to a Reset Interest Period, the day falling two TARGET Settlement Days prior to the Reset Date on which such Reset Interest Period commences;

“Regular Period” means each period from (and including) a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means 29 September;

“Regulated Market” means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC);

“Regulatory Event” means, as a result of any replacement of or change to the Solvency Requirements (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so), the full Outstanding Principal Amounts of the Notes cease to count under the Solvency Requirements:

- (i) prior to 1 January 2016, for the purposes of the determination of the solvency margin, capital adequacy ratio or comparable margins or ratios of the Issuer; or
- (ii) from and after 1 January 2016, as Tier 2 Basic Own Funds (howsoever described at the time) of the Issuer, the Danica Pension Group or the Danica Group,

in each case, except where such non qualification is only as a result of any applicable limitation on the amount or, as the case may be, contribution, of such capital under the Solvency Requirements;

“Relevant Date” means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders in accordance with Condition 16 (*Notices*);

“Relevant Supervisory Authority” means the Danish Financial Supervisory Authority and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, the Danica Pension Group and/or the Danica Group, as determined by the Issuer;

“**Reset Date**” means the First Call Date and 29 September 2035;

“**Reset Interest Amount**” has the meaning given to such term in Condition 5.5 (*Determination of Reference Rate in relation to a Reset Interest Period*);

“**Reset Interest Period**” means each period from (and including) the First Call Date or any Reset Date and ending on (but excluding) the next Reset Date;

“**Reset Reference Bank Rate**” means, in relation to a Reset Interest Period and the Reference Rate Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the 10-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at approximately 11:00 a.m. (Brussels time) on such Reference Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the 10-year Mid-Swap Rate in respect of the immediately preceding Reset Interest Period or (ii) in the case of the Reset Interest Period commencing on the First Call Date, 1.037 per cent. per annum;

“**Reset Reference Banks**” means five leading swap dealers in the euro interbank market selected by the Fiscal Agent in its discretion after consultation with the Issuer;

“**Screen Page**” means Reuters Screen “ISDAFIX2” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 10-year Mid-Swap Rate;

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended from time to time) (including by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014);

“**Solvency Capital Requirement**” has the meaning given to such term in the Solvency Requirements;

“**Solvency Requirements**” means:

- (i) prior to 1 January 2016, the Danish Financial Business Act and the Executive Order on Base Capital; and
- (ii) from and after 1 January 2016, Act No. 308 of 28 March 2015 amending the Danish Financial Business Act and any Executive Orders issued pursuant thereto (in each case, as amended from time to time) as well as the Delegated Act and any regulatory capital or capital legislation and regulations (if any) to be introduced in Denmark in connection with the implementation of the Solvency II Directive and which are applicable to the Issuer and/or the Danica Pension Group and/or the Danica Group, including for the avoidance of doubt any regulatory technical standards released by the European Insurance and Occupational Pensions Authority (or any successor or replacement thereof);

“**Special Event**” means a Rating Methodology Event, a Regulatory Event or a Tax Event;

“**Specified Office**” has the meaning given to such term in the Agency Agreement;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System (“**TARGET**”), which was launched on 19 November 2007, or any successor thereto is open for the settlement of payments in euro;

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

- (i) it would be required to pay such additional amounts as are referred to in Condition 10 (*Taxation*); or
- (ii) it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes,

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

“**Tier 1 Basic Own Funds**” has the meaning given to such term in the Solvency Requirements; and

“**Tier 2 Basic Own Funds**” has the meaning given to such term in the Solvency Requirements.

2.2 *Interpretation:* In these Conditions:

- (i) Notes and Holders shall respectively be deemed to include references to Coupons and Couponholders, if relevant;
- (ii) references to Coupons shall be deemed to include references to Talons;
- (iii) any reference to principal shall be deemed to include the Outstanding Principal Amount(s), any additional amounts in respect of principal which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (iv) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions (including, for the avoidance of doubt, Arrears of Interest and any Additional Interest Amounts);
- (v) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;
- (vi) any reference to a numbered “Condition” shall be to the relevant Condition in these Conditions; and
- (vii) any reference to any legislation, any provision thereof or to any instrument, order or regulation made thereunder shall be construed as a reference to such legislation, provision, instrument, order or regulation as the same may have been, or may from time to time be, amended, replaced or re-enacted.

3. Form, Denomination and Title

- 3.1 *Form of Notes and denominations:* The Notes are in bearer form, serially numbered, in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to (and including) EUR 199,000, each with Coupons and, if necessary, Talons attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.

The Outstanding Principal Amounts may be reduced as provided in Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*). Any such reduction to the Outstanding Principal Amounts will not have any effect on the denominations of the Notes.

- 3.2 *Title:* Title to Notes and Coupons will pass by delivery. The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

4. Status of the Notes

The Notes (in Danish: “*kapitalbeviser*”) will, on issue, be eligible to constitute subordinated loan capital (in Danish: “*ansvarlig lånekapital*”) and, as of 1 January 2016, will be eligible to constitute Tier 2 Basic Own Funds (in Danish: “*efterstillet gæld*”) of the Issuer, in each case within the meaning of the Solvency Requirements.

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

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) all other present and future subordinated loan capital of the Issuer (qualifying as *ansvarlig lånekapital* or Tier 2 Basic Own Funds, as applicable); and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case pursuant to the Solvency Requirements and in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to holders of any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) all policyholders and beneficiaries and any other unsubordinated creditors of the Issuer and (b) creditors in respect of any other obligations or instruments of the Issuer that rank or are expressed to rank senior to the Notes.

5. Interest

- 5.1 *Interest rate:* The Notes bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 6 (*Interest Deferral*), Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*) and Condition 9 (*Payments*). The first payment of interest will be made on 29 September 2016 in respect of the period from (and including) the Issue Date to (but excluding) 29 September 2016.

- 5.2 *Accrual of interest:* Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Outstanding Principal Amount in respect thereof is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of:

- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and
- (ii) the day which is seven days after the Fiscal Agent has notified the Holders in accordance with Condition 16 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5.3 *Interest to (but excluding) the First Call Date:* Unless the Calculation Amount has been adjusted as described in the definition thereof, the amount of interest per Calculation Amount payable on each Interest Payment Date in relation to an Interest Period falling in the Initial Period will be EUR 43.75.

If the Calculation Amount has been adjusted as described in the definition thereof, Condition 5.7 (*Calculation of amount of interest per Calculation Amount*) will apply.

5.4 *Interest from (and including) the First Call Date:* The rate of interest for each Interest Period from (and including) the First Call Date will be equal to the sum of (i) the Reference Rate in respect of the Reset Interest Period in which such Interest Period falls and (ii) the Margin, all as determined by the Fiscal Agent.

5.5 *Determination of Reference Rate in relation to a Reset Interest Period:* The Fiscal Agent will, as soon as practicable after 11:00 a.m. (Brussels time) on each Reference Rate Determination Date in relation to a Reset Interest Period, determine the Reference Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period (each a “**Reset Interest Amount**”).

5.6 *Publication of Reference Rate and Reset Interest Amount:* With respect to each Reset Interest Period, the Fiscal Agent will cause the relevant Reference Rate and the relevant Reset Interest Amount determined by it, together with the relevant Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also promptly be given to the Holders in accordance with Condition 16 (*Notices*).

5.7 *Calculation of amount of interest per Calculation Amount:* Save as specified in Condition 5.3 (*Interest to (but excluding) the First Call Date*), the amount of interest payable in respect of the Calculation Amount (including, for the avoidance of doubt, the Reset Interest Amount) for any period shall be calculated by:

- (i) applying the applicable Rate of Interest to the Calculation Amount;
- (ii) multiplying the product thereof by the Day Count Fraction; and
- (iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If, pursuant to Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*), the Outstanding Principal Amounts are reduced during an Interest Period, the Calculation Amount will be adjusted by the Fiscal Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Fiscal Agent.

5.8 *Calculation of amount of interest per Note:* The amount of interest payable in respect of a Note shall be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Original Calculation Amount is required to be multiplied to equal the denomination of such Note.

- 5.9 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Fiscal Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Holders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

6. Interest Deferral

- 6.1 *Optional interest deferral:* The Issuer may elect to defer a payment of interest (in whole but not in part) on an Optional Interest Payment Date.
- 6.2 *Mandatory deferral of interest:* A payment of interest in respect of the Notes will be mandatorily and automatically deferred (in whole but not in part) on a Mandatory Interest Deferral Date.

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

- 6.3 *Deferral not default:* If a payment of interest is deferred pursuant to Condition 6.1 (*Optional interest deferral*) or Condition 6.2 (*Mandatory deferral of interest*), as the case may be, the amount of interest so deferred shall not become due and payable on the scheduled Interest Payment Date, the Issuer shall not have any obligation to make such payment on such date, and any such deferral and non-payment shall not constitute a default by the Issuer under the Notes or for any other purpose.
- 6.4 *Effect of interest deferral:* Following any deferral of interest as described above, any interest not paid on any Interest Payment Date pursuant to Condition 6.1 (*Optional interest deferral*) or Condition 6.2 (*Mandatory deferral of interest*), as the case may be, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Each amount of Arrears of Interest will bear interest at the prevailing Rate of Interest. The amount of such additional interest (“**Additional Interest Amounts**”) will be calculated from (and including) the date on which (but for such deferral) the relevant Arrears of Interest would otherwise have been due to (but excluding) the date the relevant Arrears of Interest is paid and otherwise *mutatis mutandis* as provided in Condition 5 (*Interest*).
- 6.5 *Payment of Arrears of Interest:* Any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled prior to 1 January 2016 pursuant to Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*)) may be paid by the Issuer, in whole or in part, at any time at its discretion, provided that, if a Mandatory Deferral Event has occurred and is continuing on the relevant payment date, the Interest Payment Deferral Waiver Conditions have been fulfilled.

Any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled prior to 1 January 2016, pursuant to Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*)) will become due and payable, in whole but not in part, upon the earliest of:

- (i) 10 Business Days following a Compulsory Interest Payment Event;
- (ii) the next Optional Interest Payment Date in respect of which the Issuer does not defer the relevant payment of interest;
- (iii) redemption of the Notes; and
- (iv) a liquidation or bankruptcy of the Issuer,

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

6.6 *Notices and certificates:* The Issuer shall give not less than five nor more than thirty Business Days' prior notice to the Holders in accordance with Condition 16 (*Notices*):

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

Prior to any Mandatory Interest Deferral Date, the Issuer shall deliver to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent's Specified Office during its normal office hours) a certificate signed by two of its Directors stating that a Mandatory Deferral Event has occurred and is continuing.

7. Reduction or Cancellation of Principal and Unpaid Interest

This Condition 7 shall only apply until (but excluding) 1 January 2016. Accordingly, on 1 January 2016, this Condition 7 shall automatically cease to apply and have no effect.

7.1 *Reduction and cancellation:* Pursuant to section 37 of the Executive Order on Base Capital, the Issuer, by a resolution passed at a general meeting of its shareholders duly convened in accordance with Danish law and the Issuer's Articles of Association, may resolve to reduce and cancel part or all of the Outstanding Principal Amounts of the Notes and part or all of any accrued but unpaid interest thereon upon the occurrence of the circumstances set out in paragraphs (i) through (iii) below:

- (i) the equity capital of the Issuer has been lost;
- (ii) a general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's Articles of Association to reduce to zero the share capital of the Issuer; and
- (iii) following the resolution referred to in (ii) above either (a) sufficient new share capital and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction of the Outstanding Principal Amounts of the Notes and any accrued but unpaid interest thereon (but excluding any interest which has been cancelled), to comply with the Solvency Requirements or (b) the Issuer discontinues its business without a loss to its non-subordinated creditors.

7.2 *Prior approval:* The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditor and the Relevant Supervisory Authority and shall first be effected, *pro rata*, in respect of any accrued but unpaid interest (but excluding any interest which has been cancelled) and only when there is no such outstanding accrued but unpaid interest (but excluding any interest which has been cancelled) will the Outstanding Principal Amounts of the Notes be reduced.

- 7.3 *Effective date and other matters:* The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation on the Outstanding Principal Amounts of the Notes and any accrued and unpaid interest thereon (but excluding any interest which has been cancelled) and Holders will thereafter cease to have any claim in respect of any amounts so reduced and cancelled. The Issuer will give notice of any such reduction and cancellation immediately following the passing of such resolution to the Holders in accordance with Condition 16 (*Notices*). To the extent that part only of the Outstanding Principal Amounts of the Notes have been so reduced, interest will continue to accrue in accordance with the terms hereof on the then Outstanding Principal Amounts of the Notes.

8. Redemption and Purchase

- 8.1 *Scheduled redemption:* Subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*), unless previously redeemed or purchased and cancelled, the Notes shall be redeemed on the Maturity Date at their Outstanding Principal Amounts together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).
- 8.2 *Early redemption upon the occurrence of a Special Event:* Subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*), upon the occurrence of a Special Event, the Issuer may, at its option, at any time on or after 29 September 2020 and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled) provided however that where the Special Event is a Tax Event and such Tax Event relates to an obligation to pay additional amounts as referred to in the definition of Tax Event, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts as referred to in the definition of Tax Event.

The Issuer, having satisfied itself that a Special Event has occurred, shall notify the Holders in accordance with Condition 16 (*Notices*) of the occurrence of such Special Event.

- 8.3 *Redemption at the option of the Issuer:* The Issuer may, at its option (but subject to Condition 8.4 (*Mandatory redemption deferral*) and Condition 8.8 (*Conditions to redemption etc.*)) and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).
- 8.4 *Mandatory redemption deferral:* A redemption or repayment of the Notes pursuant to Condition 8.1 (*Scheduled redemption*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*) or Condition 8.3 (*Redemption at the option of the Issuer*) will be mandatorily and automatically deferred on any Mandatory Redemption Deferral Date.

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

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

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

- (A) 10 Business Days following the date on which the relevant Mandatory Deferral Event has ceased (provided that if, on such 10th Business Day, a further Mandatory Deferral Event has occurred and is continuing, the Notes shall not fall due for repayment or redemption on such date and the deferral provisions of this Condition 8.4 shall apply *mutatis mutandis* to determine the subsequent date for repayment or redemption of the Notes);
- (B) subject, in any case, as provided in this Condition 8.4, 10 Business Days following the date on which the applicable conditions in Condition 8.8 (*Conditions to redemption etc.*) are fulfilled; and
- (C) a liquidation or bankruptcy of the Issuer.

Notwithstanding any other provisions in these Conditions, the deferral of the redemption of the Notes in accordance with this Condition 8 will not constitute a default by the Issuer under the Notes or for any other purpose and will not give the Holders any right to accelerate the Notes such that amounts of principal, interest, Arrears of Interest or any corresponding Additional Interest Amounts would become due and payable on the Notes earlier than otherwise scheduled pursuant to these Conditions.

The Issuer shall give such prior notice to the Holders as is practicable in the circumstances in accordance with Condition 16 (*Notices*):

- (i) of any such deferral of redemption or repayment; and
- (ii) any subsequent date of redemption or repayment pursuant to this Condition 8.4.

Prior to any Mandatory Redemption Deferral Date, the Issuer shall deliver to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent's Specified Office during its normal office hours) a certificate signed by two of its Directors stating that a Mandatory Deferral Event has occurred and is continuing.

- 8.5 *Purchase:* The Issuer, any of its Subsidiaries or any member of the Danske Bank Group may, subject to Condition 8.8 (*Conditions to redemption etc.*), at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Notes may be held, reissued, resold or surrendered to any Paying Agent for cancellation.
- 8.6 *Cancellation:* All Notes which are redeemed will, subject to Condition 8.8 (*Conditions to redemption etc.*), forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.5 (*Purchase*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.
- 8.7 *Conditional Substitution:* At any time, upon the occurrence of a Special Event, unforeseen and outside the control of the Issuer, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice to the Holders (in accordance with Condition 16 (*Notices*)) without any requirement for the consent or approval of the Holders:
 - (i) exchange or convert all (but not some only) of the Notes into an own-fund item which constitutes Qualifying Notes; or

- (ii) repay or redeem all (but not some only) of the Notes out of the proceeds of a new basic own-fund item of at least the same quality,

(any such exchange, conversion, repayment or redemption being a “**Conditional Substitution**”) provided that, in the case of any such Conditional Substitution, the Issuer has received the prior written consent of the Relevant Supervisory Authority.

Any such notice shall specify the relevant details of the manner in which the relevant Conditional Substitution shall take effect and, if applicable, where the Holders can inspect or obtain copies of the new terms and conditions of the Qualifying Notes. A Conditional Substitution will be effected without any cost or charge to the Holders.

8.8 *Conditions to redemption etc.:* The Notes may only be redeemed, purchased or cancelled (as applicable) pursuant to Condition 8.1 (*Scheduled redemption*), 8.2 (*Early redemption upon the occurrence of a Special Event*), Condition 8.3 (*Redemption at the option of the Issuer*), Condition 8.5 (*Purchase*) or Condition 8.6 (*Cancellation*), as the case may be, if:

- (i) the Issuer has received the prior consent of the Relevant Supervisory Authority to such redemption, purchase or cancellation (as applicable);
- (ii) no Mandatory Deferral Event has occurred and is continuing on the relevant due date for repayment or redemption (subject as provided in Condition 8.4 (*Mandatory redemption deferral*));
- (iii) if and to the extent required or applicable in order for the Notes to be eligible to qualify as regulatory capital of the Issuer, the Danica Pension Group or the Danica Group under the Solvency Requirements, no Insolvent Insurer Winding-up has occurred and is continuing on the relevant due date for repayment or redemption; and
- (iv) in the case of a redemption of the Notes as a result of a Special Event, the Issuer has delivered a certificate signed by two of its Directors to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent’s Specified Office during its normal business hours) not less than 5 Business Days prior to the date set for redemption that such Special Event has occurred or will occur no more than ninety days following the date fixed for redemption, as the case may be.

9. Payments

- 9.1 *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of the Note at the Specified Office of any Paying Agent outside the United States. Subject as provided in these Conditions, payments will be in euro made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee, or, at the option of the payee, by a euro cheque.
- 9.2 *Interest:* Payments of interest shall, subject to Condition 9.6 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 9.1 (*Principal*) above.
- 9.3 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.
- 9.4 *Unmatured Coupons void:* On the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 8.2 (*Early redemption upon the occurrence of a Special Event*),

Condition 8.3 (*Redemption at the option of the Issuer*) or Condition 11 (*Enforcement Events*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- 9.5 *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the Holder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.
- 9.6 *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- 9.7 *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- 9.8 *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, any Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

10. Taxation

- 10.1 *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:
- (i) to, or to a third party on behalf of, a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with Denmark other than:
 - (A) the mere holding of the Note or Coupon; or
 - (B) the receipt of principal, interest or other amount in respect of such Note or Coupon; or
 - (ii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days; or
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

- 10.2 *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than Denmark, references in these Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.

11. Enforcement Events

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

- (i) subject to Condition 6.1 (*Optional interest deferral*), Condition 6.2 (*Mandatory deferral of interest*), Condition 6.5 (*Payment of Arrears of Interest*), Condition 8.4 (*Mandatory redemption deferral*) and Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*), if the Issuer shall fail to meet its payment obligations under the Notes and such payment obligations are not met within seven Business Days after the Issuer has received notice thereof, any Holder may, at its own discretion and without further notice, institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder, provided that a Holder may not at any time file for liquidation or bankruptcy of the Issuer. Any Holder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and
- (ii) if an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their Outstanding Principal Amounts together with interest accrued to (but excluding) the date of redemption and any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest that has been cancelled).

12. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

13. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

14. Agents

- 14.1 *Obligations of agents:* In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect of its appointment or incidental thereto.
- 14.2 *Termination of appointments:* The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) and to appoint an additional or successor fiscal agent or paying agent; provided, however, that:

- (i) the Issuer shall at all times maintain a Fiscal Agent;
- (ii) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;
- (iii) if and for so long as the Notes are admitted to listing and/or to trading and/or quotation on any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) each with a Specified Office in the place required by such listing authority, stock exchange and/or quotation system; and
- (iv) the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

14.3 *Change of Specified Offices:* The Paying Agents reserve the right at any time to change their respective Specified Offices to some other Specified Office in the same city. Notice of any change in the identities or Specified Offices of any Paying Agent shall promptly be given to the Holders in accordance with Condition 16 (*Notices*).

15. Meetings of Holders; Modification

15.1 *Meetings of Holders:* The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of Holders to consider matters relating to the Notes, including (without limitation) the modification by Extraordinary Resolution of any provision of these Conditions and the Deed of Covenant insofar as the same may apply to the Notes. Any Extraordinary Resolution duly passed at any such meeting of Holders will be binding on all Holders, whether present or not at the meeting and on all Couponholders.

In addition, a resolution in writing signed by or on behalf of all Holders who for the time being are entitled to receive notice of a meeting of Holders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

15.2 *Modification of Notes:* The Issuer may make, without the consent of the Holders or Couponholders:

- (i) any modification to the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant to correct a manifest error; or
- (ii) subject to the Issuer having received the prior consent of the Relevant Supervisory Authority, any modification to the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant which is not prejudicial to the interests of the Holders and the Couponholders.

Any such modification to the Agency Agreement shall be subject to the consent of the Fiscal Agent. Subject as provided in these Conditions, no other modification may be made to the Notes, these Conditions, the Agency Agreement or the Deed of Covenant except with the sanction of an Extraordinary Resolution and, in the case of a modification to the Agency Agreement, the consent of the Fiscal Agent.

Any such modification shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

16. Notices

Notices to Holders will be deemed to be validly given if published in a leading English language daily newspaper having general circulation in Europe or, if the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Regulated Market of the Irish Stock Exchange (so long as the Notes are listed on the Official List of the Irish Stock Exchange and the rules of that exchange so permit), if published on the website of the Irish Stock Exchange (www.ise.ie).

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

Notwithstanding this Condition 16 (*Notices*), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement for a notice to be published in a leading English language daily newspaper having general circulation in Europe shall not apply and notices to Holders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

17. Currency Indemnity

The currency in which the Notes are denominated is euro (the “**Contractual Currency**”), which is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount of the Contractual Currency expressed to be due to any Holder in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss as aforesaid shall be deemed to constitute a loss suffered by the relevant Holder and no proof or evidence of any actual loss will be required by the Issuer.

18. Waiver and Remedies

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

19. Governing Law and Jurisdiction

- 19.1 *Governing Law:* The Notes, the Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising therefrom or in connection therewith, shall be governed by, and construed in accordance with, English law, except for Condition 4 (*Status of the Notes*), Condition 6 (*Interest Deferral*), Condition 7 (*Reduction or Cancellation of Principal and Unpaid Interest*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*), Condition 8.4 (*Mandatory redemption deferral*) and Condition 11 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law.
- 19.2 *English courts:* The courts of England have jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Notes (including any Dispute relating to any non-contractual obligations arising from or connected with the Notes).
- 19.3 *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 19.4 *Rights of the Holders to take proceedings outside England:* Condition 19.2 (*English courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 0 prevents any Holder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, any Holder may take concurrent Proceedings in any number of jurisdictions.
- 19.5 *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Danske Bank A/S at 75 King William Street, London EC4N 7DT or at any address of the Issuer in Great Britain at which service of process may be served on the Issuer in accordance with the Companies Act 2006. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

20. Rights of Third Parties

No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for general corporate purposes.

DESCRIPTION OF THE DANICA PENSION GROUP AND THE DANICA GROUP

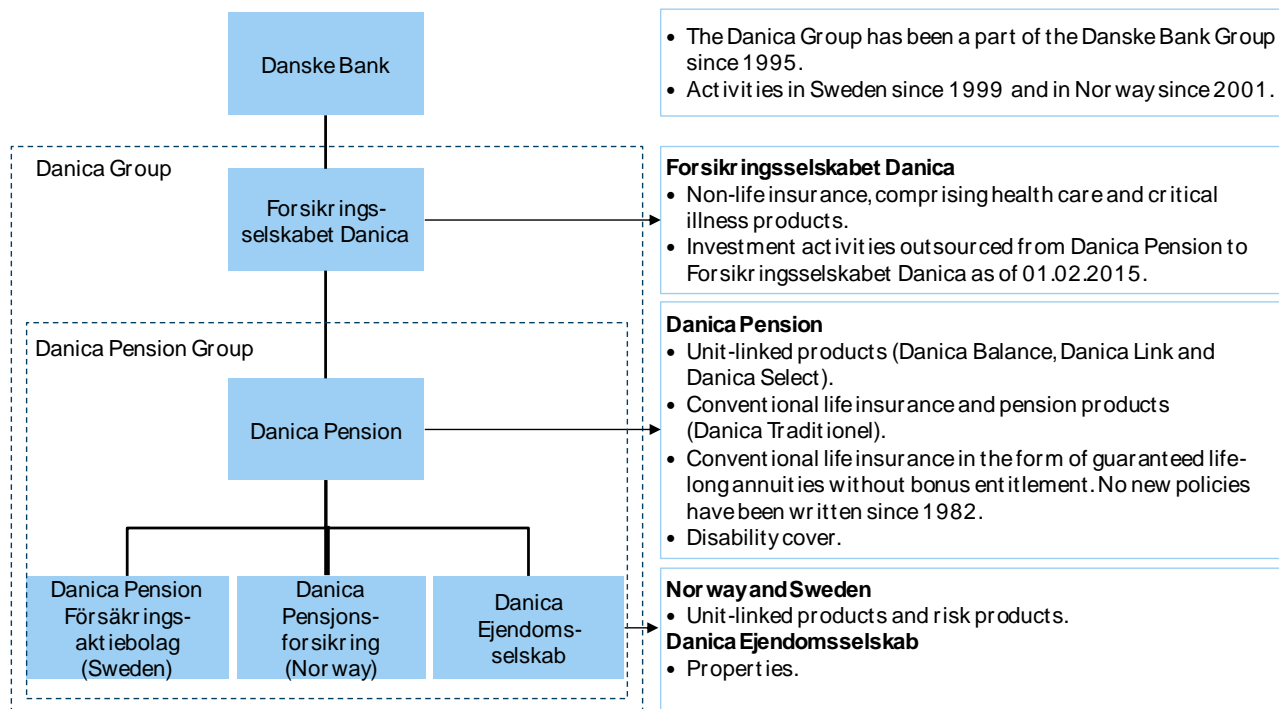
Introduction/Overview

The Issuer, Danica Pension, Livsforsikringsaktieselskab (“**Danica Pension**”), is a Danish life insurance company and is the parent company of three operating subsidiaries, namely a Norwegian life insurance company (“**Danica Pensjonsforsikring AS**”), a Swedish life insurance company (“**Danica Fondförsäkring AB**”) and an investment property company. The Issuer, together with its subsidiaries is referred to as the “Danica Pension Group”.

The Issuer is a wholly-owned subsidiary of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 (“**Forsikringsselskabet Danica**”). Forsikringsselskabet Danica, together with the Danica Pension Group, are referred to as the “Danica Group”.

Forsikringsselskabet Danica is a wholly-owned subsidiary of Danske Bank A/S (“**Danske Bank**” and, together with its subsidiaries, the “**Danske Bank Group**”). The Danica Group is a core part of the Danske Bank Group and is included in the consolidated accounts of Danske Bank.

The corporate structure is shown below:



As of 30 June 2015, the Danica Pension Group accounted for 99 per cent. of total premiums in the Danica Group and 99.9 per cent. of total provisions in the Danica Group.

The Danica Group has over 170 years of experience in the life and pensions market. The Danica Group operates primarily within the life and pension markets in Denmark, but also has life and pension activities in Sweden and Norway. In terms of premium income, the Issuer is one of Denmark’s largest insurance companies¹.

The Danica Group offers life insurance, pension schemes and health and accident insurance to employers and private individuals. These include both conventional products and unit-linked schemes. Products are marketed

¹Source: http://www.forsikringogpension.dk/presse/Statistik_og_Analyse/statistik/pension/markedсандele/Sider/Pensionsselskaber-markedsandelse.aspx.

through a range of distribution channels, including the Danica Group's own sales force and advisers, insurance brokers and the various outlets of Danske Bank.

In 2014, the Danica Group posted net profits of DKK 2.0 billion, an increase of 53 per cent. compared to 2013. With a capital base after cost of capital of DKK 17.5 billion, an excess capital base of DKK 10.4 billion and a collective bonus potential of DKK 2.5 billion, the Danica Group is a financially strong and well-capitalised insurance company. As of 30 June 2015, the capital base was DKK 18.3 billion and the solvency requirement was DKK 10.9 billion, which gave a solvency ratio of 168 per cent.

The Issuer's share capital consists of 11,000,000 shares of a nominal value of DKK 100 each. All shares carry the same rights and, thus there is only one class of shares.

The Danica Group is wholly-owned by Danske Bank and effectively operates as the life and pensions division of the Danske Bank Group. Danske Bank is a market leading bank in Denmark and a Nordic universal bank.

The Issuer is primarily regulated by the Danish Financial Business Act (Consolidated Act No. 182 of 18 February 2015, as amended, regarding financial business (in Danish: "*Lov om Finansiell Virksomhed*") (the "**Danish Financial Business Act**") and overseen by the DFSA. The foreign subsidiaries are overseen by their respective national regulators.

The registered office of the Issuer is at 2-12 Holmens Kanal, DK-1092 Copenhagen and its business address is Parallelvej 17 DK-2800 Kgs. Lyngby, Denmark. The Issuer's general telephone number is +45 70 11 25 25 and its Danish corporate registration number is 24 25 61 46.

The Issuer's History and Development

The Danica Group dates back to 1842, when the state company "Livrente- og Forsørgelses-Anstalten af 1842" was founded. In 1893, the company name was changed to "Statsanstalten for Livsforsikring". In 1990, the company was privatised and bought by the insurance group Baltica and the name of the company was changed to its present name. In 1995, the Danica Group was acquired by Danske Bank and, in 1999, the main part of the non-life insurance business of the Danica Group was sold. Thereafter, the Danica Group has primarily been a life insurance and pension company. The Issuer was incorporated on 14 June 1990 in Denmark and is an insurance company with limited liability. The Issuer carries on business under the Danish Financial Business Act.

The Danica Group entered the Swedish market in 1998 and the Norwegian market in 2001. As at the date of this Prospectus, the activities in these two countries are organised into two subsidiaries, which are 100 per cent. owned by the Issuer.

Market

In Denmark, the life insurance sector is a combination of commercial life insurance companies, mutuals (non-profit companies) and labour market companies. The Issuer is a commercial company and is primarily competing against other commercial companies', mutuals' and the banking sector's sales of instalment pension schemes and retirement saving plans.

The Issuer is one of Denmark's largest life insurance companies, with a share of approximately 25 per cent. of the Danish life and pensions market in terms of premium income and assets (calculated excluding labour market insurance companies)². The Issuer's market position is based on a wide supply of products and a diversified distribution model.

² Calculated by the Issuer based on annual reports for competing life insurance companies.

Since 2010, pension payments in the Danish market have been flat as a result of a saturated market and regulations which have diminished savings incentives³. In 2010, the tax-deductible amount for contributions to instalment pension schemes was reduced to DKK 100,000. The amount was reduced again in 2012 to DKK 50,000.

Price competition remains fierce, particularly with regard to health and accident insurance. For the health and accident insurance business, this has resulted in a non-profitable business segment, and this situation could continue for a longer period. Health and accident products are typically sold as an addition to more profitable pension savings products.

Strategy

The Danica Group operates as the life and pensions division of the Danske Bank Group and co-operates closely with other entities in the Danske Bank Group. There is a close managerial and operational integration within the Danske Bank Group, and the Danica Group shares many of its back-office functions, including Information Technology, with the Danske Bank Group as well as a set of core values with the other entities in the Danske Bank Group.

Denmark

The Danica Group aims to remain one of the leading life and pension insurance groups in Denmark in terms of premium income and financial position, which includes being amongst the market leaders with respect to advice, investment return, product development, service and quality.

In 2014, approximately 67 per cent. of the Danica Group's sales were carried out by the Danica Group's own sales force, 22 per cent. were sold through branches of Danske Bank and the remainder was sold through other channels and brokers. The Danica Group aims to strengthen the collaboration with Danske Bank in relation to business customers as well as private customers.

The Danica Group's competitive position is based on its diversified distribution model, its co-operation with the Danske Bank Group, efficient back-office systems, and innovative product designs, all of which helped the Danica Group to maintain its position in the Danish life and pensions market. The Danica Group continuously aims to improve its product offerings in order to be at the forefront of the developments in the market.

The Danica Group aims to provide high-quality customer service in terms of accessibility, short processing times and professional customer care. Accordingly, the Issuer is currently the only Danish insurance company which has chosen to publish its processing times on an ongoing basis and to introduce daily penalties such that the Issuer will compensate its customers if it does not meet its obligations with respect to promised processing times.

Products

In the Danish market, the Danica Group provides a comprehensive range of insurance-based pension schemes, life insurance and health and accident products to employers and private individuals. These include both conventional policies based on a guaranteed return ("**Danica Traditionel**") and savings and unit-linked schemes in which the customers select the risk profiles themselves ("**Danica Link**"), life-cycle products ("**Danica Balance**") and products whereby the customers select the individual securities themselves ("**Danica Select**").

- *Danica Traditionel*

Danica Traditionel is the Issuer's conventional pension product and dates back to the Issuer's incorporation in 1842. Danica Traditionel is based on collective investments and does not require customers to make any decisions themselves as to how their money is invested.

³ Pension payments to both life insurance companies and banks. Source: Forsikring og Pension (Danish Insurance Association).

As previously outlined, Danica Traditionel offers guaranteed benefits calculated on the basis of interest rates (technical rates) of 4.5 per cent., 2.5 per cent., 1.5 per cent. or 0.5 per cent. New business is written on an interest rate of 0.5 per cent.

The guaranteed benefits apply to all future ordinary payments as well as current savings and guarantees under issued policies. The policies are divided into four interest rate groups based on the technical rates, and each group has its own investment strategy and asset allocation.

In practice, the Issuer announces annually to policyholders an interest rate on policyholders' savings. An interest rate higher than the relevant technical rate will typically increase the relevant policyholders' benefits. The interest rate paid to policyholders for the six months ended 30 June 2015 was 1.8 per cent. per annum before tax in all four interest rate groups. This has not changed compared to the year ended 31 December 2014.

- *Danica Link*

Danica Link was launched in 2001. Danica Link is a unit-linked insurance product where savings can be invested in a number of unit trusts. Each customer has the opportunity to decide which unit trusts its savings are to be invested in, but it can also leave such investment decisions in the hands of the Issuer ("**Danica Valg**"), and only have to choose between five different risk profiles (i.e. Low Risk, Medium Risk, High Risk, 100 per cent. Equities, 100 per cent. Bonds).

Danica Link has no guarantee attached to the savings, meaning that the financial risks related to the investments are borne by the policyholders. However, customers have the option to buy a guarantee from the Issuer, thereby insuring themselves against capital losses on their savings. Danica Link offers to guarantee customers' benefits equal to at least 95 per cent. of their contributions net of costs. The benefits are adjusted annually. Due to legislation and risk spreading, asset allocation is subject to certain restrictions for customers who have chosen to buy a guarantee.

- *Danica Balance*

Danica Balance was launched in 2005. Since then, it has become the Issuer's main savings product and the product that is recommended to most customers. Danica Balance is a life-cycle product, meaning that the asset allocation between different risk categories (i.e. bonds or equities) for each customer is adjusted gradually as the customer gets older and approaches retirement age. Furthermore, the asset allocation for each customer depends on the customer's willingness to take risks. The Issuer manages the investments and, consequently, the product combines the advantages of collective investments with individual adjustments of investments.

By default, Danica Balance is a savings product without a guarantee, but customers have the option to buy a guarantee. The guarantee ensures a guaranteed minimum payment no matter how the investments perform during the guarantee period. The Issuer hedges the guarantee by means of adjusting the asset allocation.

- *Danica Select*

Danica Select was launched in 2012. The product is similar to a custody account with a customer's own securities. Danica Select offers access to more than 15,000 securities on 17 stock exchanges in Europe and North America. As the investment decisions are taken by the customers, it is not possible to attach a guarantee to Danica Select and consequently, the financial risks related to the investments are borne by the customers.

- *Risk products*

The Danica Group has a number of risk products in its portfolio. Health insurance, loss of earning capacity, critical illness and private treatment facilities are the non-life products which are offered. The products are separated from the pension products with respect to both accounting and investment strategy.

In 2014, more than 87 per cent. of new premiums were written in unit-linked products (Danica Balance, Danica Link and Danica Select), 7 per cent. in health & accident products and 6 per cent. in Danica Traditionel.

In recent years, groups of customers have been offered the possibility of switching from their Danica Traditionel product to Danica Balance. Compensation has been paid to the customers for forfeiting their existing guarantees. In the first 6 months of 2015, this has led to internal transfers of about DKK 2.6 billion including compensation. The campaign is in line with an agreement entered into between the Danish pension industry and the Danish Minister for Business and Growth to facilitate customers' moves from guaranteed pension products to unit-linked products, which are more in line with current market trends and which are expected to offer customers higher returns over time. The campaign will continue in the second half of 2015 and is also expected to continue in 2016.

Until the end of 2015, customers have the option of converting their capital pension schemes to retirement savings plans, and thereby receive a tax rebate.

Digitalization

Digital advisory tools are becoming an increasingly important point of contact with customers. Customers are demanding qualitative online advisory tools, and the proportion of customers opting to use online tools is growing rapidly.

In 2013, the Danica Group introduced the advisory tool "Danica Pension Check". On the basis of information about their insurance policies and pension schemes with the Danica Group and other companies, customers can use this online tool to determine whether they have the appropriate savings and insurance coverage by answering six simple questions. To date, more than 35,000 customers have used the Danica Pension Check, and more than 40 per cent. of these customers do not have coverage that matches the Danica Group's recommendations. Based on the Danica Pension Check, two-thirds of these customers choose to follow the recommendations and adjust their pension schemes to fit their needs and almost 80 per cent. get better coverage without having to make any additional contributions to their pension schemes.

Towards the end of 2013, the Danica Group launched "Danica Health Check", a new electronic preventive tool for customers. In collaboration with several corporate customers, the Danica Group has conducted campaigns in which the Danica Group provided this online health check as one of several offers to the corporate customers' employees. More than 12,000 customers have completed online health checks. Such initiatives are very well received by the companies' employees, and the rate of participation is generally very high.

In the spring of 2014, the Danica Group launched an online tool for new employees at corporate customers. By answering a few questions, customers can use this tool to activate their insurance and pension savings and get the right coverage immediately. The Danica Group contacts customers if they require special adaptation of their pension schemes. Customers are free to choose how they wish to communicate with the Danica Group – by phone, online meeting, email or by meeting an advisor face to face.

International activities

In Norway and Sweden, the Issuer's two subsidiaries offer unit-linked products and health and accident insurance to employers as well as to private individuals. Products are distributed via the subsidiary's own sales force, Danske Bank and brokers, and in Norway also as co-branded products.

In 2014, market share was 5 per cent. in Norway in terms of unit-linked premiums and 3 per cent. in Sweden in terms of total premiums⁴.

Both subsidiaries pursue a growth strategy based on a stronger co-operation with Danske Bank A/S, exploitation of other strategic alliances and a strong focus on profitability and customer satisfaction.

The Danica Group aims to strengthen the co-operation across borders between the companies in the Danica Group in order to improve the pension schemes offered to companies with business activities across the Nordic countries.

The Danica Group's international solutions also include multinational pooling, which allows multinational companies to benefit from gathering the employee benefit plans across borders. The Danica Group is working together with three multinational pooling networks: Insurope, Swiss Life and Allianz Global Benefits.

Investment

The Danica Group manages the current challenging low-yield environment through a combination of strict liability hedging and an investment process that ensures high risk-adjusted returns. The investment strategy for Danica Traditionel is divided into two steps.

Firstly, the guaranteed pensions are divided into four different interest rate groups according to their average technical interest rates, and the interest rate sensitivity of each interest group is then hedged separately. The Danica Group uses a combination of bonds and interest derivatives to construct the hedges. The actual hedges are managed actively with the aim of obtaining the cheapest possible hedges as well as enhancing the return of the hedges.

Secondly, an investment portfolio is constructed to deliver high risk adjusted returns and at the same time to be robust in different economic environments. For each of the four interest rate groups, the exposure to the portfolio is determined based on the size of the buffers and the Danica Group's risk appetite.

In order to get the highest possible risk-adjusted returns combined with robustness in the returns, the Danica Group has divided the investment portfolio into three parts.

- The first part consists of alternative investments as they give a relatively high running yield with an acceptable risk, and at the same time, contribute with attractive portfolio characteristics such as inflation protection and diversification. In the current low-yield environment, the Danica Group has a particular focus on alternative investments with bond-like characteristics and high illiquidity premia, as these offer a high yield relative to the risk and, in many cases, also a high level of protection against inflation. Currently the Danica Group also takes advantage of the reduced attractiveness for banks to fund subordinated debt to companies due to new regulations. The Danica Group has unique access to such direct investments through its position in the Danske Bank Group.
- The second part of the investments are the classic listed asset classes such as equity, fixed income etc. which give exposure to the overall market risk at limited investment costs and with generally high liquidity. The Danica Group invests in a number of externally actively managed portfolios, as well as in passively managed index portfolios.
- Finally, overlay strategies in liquid derivatives are used for tactical asset allocation to harvest risk premia or to adjust the overall portfolio properties in order to get the desired characteristics such as protection against rising rates or inflation, ensuring adequate liquidity in market turmoil.

In 2014, the overall return on customer funds in Danica Traditionel before tax on pension returns was 14.0 per cent. The overall return after strengthening of technical provisions due to a lower interest rate level was

⁴ Source: Norwegian Branch Statistic (www.fno.no) and Insurance Sweden Branch Statistic.

7.2 per cent. In the first half of 2015, the return was - 0.3 per cent. before tax on pension returns and 3.0 per cent. following the recognition of lower life insurance provisions due to a higher interest rate level. The table below specifies the return before tax on pension returns in the first half of 2015 and in 2014. The table also shows the asset allocation as of 30 June 2015 and year-end 2014:

Danica Traditionel, customer funds, portfolio and return DKK billion	First half 2015		2014	
	Value	Return	Value	Return
Property investments	18.4	2.4%	21.2	5.6%
Listed equities	8.6	9.5%	6.5	9.3%
Alternative investments	17.2	7.1%	13.9	10.4%
Credit bonds	21.9	2.2%	21.2	5.6%
Bonds etc.:				
- Global bonds	0.0	2.9%	7.1	8.6%
- Nominal bonds	71.9	-2.5%	70.5	8.9%
- Index-linked bonds	14.4	5.4%	14.2	5.2%
- Short-term bonds and cash	9.5	0.5%	12.1	0.9%
Total bonds, etc.	95.8	-0.4%	103.9	7.7%
Other financial assets	7.3	-	9.8	-
Total	169.2	-0.3%	176.5	14.0%
Return after change in additional provisions	-	3.0%		7.2%

Source: The Issuer's annual report 2014 and Interim report for first half of 2015

The table below shows the asset allocation as of 30 June 2015 in each of the four interest rate groups:

Interest rate group number	1	2	3	4
Interval for technical interest rate	0.5-1.5 per cent.	>1.5-2.5 per cent.	>2.5-3.5 per cent.	>3.5-4.5 per cent.
<u>Asset allocation as of 30 June 2015:</u>				
Property investments	7%	10%	9%	16%
Bonds	49%	66%	60%	65%
Credit bonds	21%	11%	14%	8%
Equities and alternative investments	23%	13%	17%	11%
Total	100%	100%	100%	100%

The overall return on Danica Balance, Danica Link and Danica Select in 2014 was 9.4 per cent. before tax. In the first half of 2015, the return was 5.4 per cent. before tax.

Until year-end 2015, the investments of Danish life insurance companies are subject to certain restrictions regarding asset allocation. The Issuer complies with these restrictions. From 1 January 2016, the restrictions will be replaced by the prudent-person principle, which implies that Danish life insurance companies are required to invest their assets so that the interests of the insurance company's policyholders and beneficiaries are safeguarded as best as possible. The Issuer's current investment strategy complies with the prudent-person principle.

Financial overview

The Issuer and Forsikringsselskabet Danica have published their respective Supplementary Reports which, in each case, are incorporated by reference into this Prospectus. The corrections contained within the Supplementary Reports arise from the accounts of the Issuer and have regard to the measurement and presentation of life insurance provisions for a specific company pension scheme. The financial figures in the Prospectus are based on restatements made in the Supplementary Reports.

Financial figures

The table below shows a breakdown of profits before tax for the Danica Group:

	First half	Year	Year	Year	Year	Year
Profit before tax, DKK million	2015	2014	2013	2012	2011	2010
Technical result, Traditionel	700	1,352	1,287	1,223	681	1,126
Technical result, unit-linked business, Denmark	218	429	406	258	279	274
Health and accident result in Denmark (before investment return)	-113	-294	-177	-130	-11	67
Technical result, activities in units outside Denmark	86	136	142	92	12	65
Technical result, Danica Group	891	1,623	1,658	1,443	961	1,532
Investment return	292	459	371	521	518	800
Transferred shadow account	-	610	-438	407	-1,158	584
Special allotments	-43	-81	-158	-17	-94	-641
Profit before tax, Danica Group	1,140	2,611	1,433	2,354	227	2,275
- hereof the Issuer	1,088	2,582	1,390	2,277	92	2,106

Source: The Issuer's and Forsikringsselskabet Danica's Annual Reports 2011-2014, the Issuer's and Forsikringsselskabet Danica's Interim Reports for first half of 2015 and the Issuer's Report and supplementary/corrective information on the annual report for 2014

In 2014, the Danica Group realised a profit before tax of DKK 2,611 million, against DKK 1,433 million in 2013. The improvement was primarily due to the Issuer's ability to book net DKK 610 million from the shadow account, i.e. the risk allowance from previous years that the Issuer had not yet been able to book due to low bonus potential. By comparison, there was a net transfer of DKK 438 million to the shadow account in 2013.

In general, the Danica Group's technical result (i.e. before transfers to and from the shadow account, changes in realised returns on investments, and changes in special allotments) tends to be more stable than profits before tax. As outlined in the table above, in 2011 Technical result, Traditionel was negatively affected by approximately DKK 0.5 billion due to a change in profits related to provisions in a company pension scheme. For additional information, see the Issuer's supplementary report which is incorporated by reference into this Prospectus.

In the first 6 months of 2015, the Danica Group booked a technical result of DKK 891 million and a profit before tax of 1,140 million. Profit before tax for the Issuer was DKK 1,088 million.

Premiums including investment contracts

The following table shows a breakdown of the Danica Group's gross premium portfolio (including investment contracts):

Premiums (including investment contracts), DKK billion	First half	Year	Year	Year	Year	Year
	2015	2014	2013	2012	2011	2010
Danica Balance	8.9	13.5	12.2	12.2	9.4	7.3
Danica Link	0.6	1.8	1.9	1.9	2.3	2.5
Danica Select	0.3	0.5	0.7	0.1	-	-
Danica Traditionel	2.0	4.3	5.0	6.0	7.1	7.5
Internal transfers	-2.6	-1.8	-2.3	-3.3	-1.3	-1.7
Health and Accident	0.6	1.1	1.1	1.2	1.3	1.3
Total premiums, Denmark	9.8	19.4	18.6	18.1	18.8	16.9
Units outside Denmark	5.7	7.4	8.2	6.6	8.5	7.2
Total premiums, Danica Group	15.5	26.8	26.8	24.7	27.3	24.1
- hereof Forsikringsselskabet Danica	0.2	0.3	0.3	0.3	0.4	0.4

Source: Forsikringsselskabet Danica's Annual Reports 2011-2014, Interim Report for first half of 2015 and Report and supplementary/corrective information on the annual report for 2014

In 2014, premiums for the Danish unit-linked products, Danica Balance, Danica Link and Danica Select, rose by 12 per cent. (excluding internal transfers). The unit-linked products contributed 72 per cent. of total premiums in Denmark (73 per cent. in the first half of 2015).

Danica Traditionel contributed 16 per cent. of the Danica Group's total premiums in 2014 (13 per cent. in the first half of 2015). By comparison, Danica Traditionel contributed 31 per cent. in 2010. The migration away from Danica Traditionel is a consequence of lower technical interest rates and the promotion of the unit-linked products.

Premiums from the subsidiaries outside Denmark contributed 28 per cent. of total premiums in the Danica Group in 2014 (37 per cent. in the first half of 2015).

Provisions

As of 30 June 2015, total provisions amounted to DKK 323 billion in the Danica Group:

Provisions, DKK billion	First half 2015	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
Provisions for unit-linked contracts	154	137	120	96	77	66
Life insurance provisions	156	166	163	184	183	179
Other provisions (including outstanding claims)	13	13	11	10	9	11
Provisions in Danica Group	323	316	294	290	269	256
- hereof Forsikringsselskabet Danica	0	0	0	0	0	1

Source: Forsikringsselskabet Danica's Annual Reports 2011-2014, Interim Report for first half of 2015 and Report and supplementary/corrective information on the annual report for 2014

As an average, provisions for unit-linked contracts have increased 20 per cent. per annum from 2010 to 2014, and increased 12 per cent. in the first half of 2015. As of 30 June 2015, provisions for unit-linked contracts amounted to 48 per cent. of total provisions in the Danica Group (year-end 2010: 26 per cent.). Of total provisions for unit-linked contracts, 69 per cent. relate to business in Denmark and the remaining 31 per cent. to business activities in Norway and Sweden.

Life insurance provisions primarily relate to Danica Traditionel. In 2011, provisions regarding Danica Traditionel were divided into four interest rate groups according to their average technical interest rate. Policies with the lowest technical interest rate are in interest rate group 1, thereafter interest rate groups 2 and 3 and finally policies with the highest technical interest rate are in interest rate group 4. The table below specifies life insurance provisions from 2011 to 2014:

Provisions, DKK billion	Year 2014	Year 2013	Year 2012	Year 2011
Danica Traditionel - interest rate group 1	42	44	49	50
Danica Traditionel - interest rate group 2	22	21	23	22
Danica Traditionel - interest rate group 3	16	14	16	16
Danica Traditionel - interest rate group 4	81	78	89	88
Other provisions	5	6	7	7
Life insurance provisions in Danica Group	166	163	184	183

Source: Forsikringsselskabet Danica's Annual Reports 2011-2014, Interim Report for first half of 2015 and Report and supplementary/corrective information on the annual report for 2014

The Danica Traditionel business is slowly running off. In some years, as in 2012 and 2014, provisions increased as a consequence of strengthening of the provisions caused by the guarantees and a lower interest rate level.

Solvency and financial strength

The table below shows the financial strength as of 30 June 2015 and year-end 2014 for the Issuer and the Danica Group. The financial strength reflects the extra security provided for customers' funds, and to this should be added a bonus potential of paid-up policies of DKK 1.2 billion, part of which can be used to offset losses as of 30 June 2015:

Capital base and solvency DKK billion	The Issuer		Danica Group	
	30.06.15	31.12.14	30.06.15	31.12.14
Capital base after cost of capital	18.0	17.2	18.3	17.5
Solvency requirement	8.0	8.3	8.2	8.5
Solvency need	10.8	10.2	10.9	10.4
Required capital base	10.8	10.2	10.9	10.4
Excess capital base	7.2	7.0	7.4	7.1
Collective bonus potential	4.2	2.5	4.2	2.5
Financial strength	11.4	9.5	11.6	9.6

Source: The Issuer's and Forsikringselskabet Danica's Annual Report 2014, Interim Report for first half of 2015 and Report and supplementary/corrective information on the annual report for 2014

Solvency II will come into effect from 1 January 2016. The Danica Group has closely monitored the work on the Solvency II rules, and is well-prepared for the new rules.

As a precursor to the coming Solvency II rules, in 2007 the DFSA introduced a requirement for insurance companies to calculate their solvency need. The solvency need is a risk-based capital requirement, calculated according to the company's own risk assessment, to complement the solvency requirement. All Danish insurance companies are required to maintain a capital base corresponding at least to the higher of the solvency requirement and the solvency need.

As of 1 January 2014, the DFSA implemented a solvency regime very close to the coming Solvency II rules. The pre-implementation of a risk-based approach to the solvency capital requirement ("SCR" rules) calculation has effectively meant that the Issuer is already close to being fully Solvency II compliant. Furthermore, the DFSA introduced a quarterly reporting requirement as from the first quarter of 2014, based on the coming Solvency II schedules, albeit in reduced form, and on the calculation of the solvency need.

The Danica Group is confident that it will be Solvency II compliant in accordance with the Solvency II regulations as of 1 January 2016. The Danica Group can to some extent adjust its capital requirement via its asset allocation and hedging strategy, and consequently it is expected that the excess capital base after 1 January 2016 will be more or less on par with the current level. Based on the actual asset allocation and hedging in the first half of 2015, calculations have shown that the excess capital base based on Solvency II fluctuates around the current level of excess capital base.

The solvency ratio for the Danica Group after Solvency II will be calculated on the basis of standard models but with longevity rates based on sector specific rates.

When calculating the SCR from 1 January 2016, the Issuer intends not to use either the transitional measure on the risk-free interest rates or the transitional measure on technical provisions. The Issuer instead intends to use the transitional measure for standard equity risk stating that type 1 equities purchased on or before 1 January 2016 will be applied a reduced stress of 22 per cent. in 2016 (instead of 39 per cent.). The stress will increase linearly towards the 39 per cent. over a period of 7 years.

The Danica Group supervises capital requirements on a daily basis. The majority of the capital requirements are related to Danica Traditionel.

Based on Solvency II requirements enacted in Danish law as at 1 January 2016 the best estimate (pro forma) of the fully loaded Solvency II ratio of the Issuer as of the first half 2015 is within the range of 160 – 170 per cent. In any case, the Issuer will aim for the Solvency II ratio to be managed above a minimum level of 150 per cent.

Special allotments

Statsanstalten for Livsforsikring, which was privatised in 1990, is today part of the Issuer. Under the terms of the privatisation, the legitimate bonus expectations of the customers of Statsanstalten for Livsforsikring also had to be honoured after the privatisation. Thus, the Issuer has an obligation to allocate part of the margin by which the equity exceeds the capital requirement to certain policyholders who were previously policyholders of Statsanstalten for Livsforsikring. This applies if the margin exceeds the margin in Statsanstalten for Livsforsikring before the privatisation in 1990 or if dividend payments reduce the margin. Paid-up capital and interest thereon may, however, be distributed to shareholders without compensation to previous policyholders of Statsanstalten for Livsforsikring.

Special allotments for a given year will be correlated with the proportion of provisions related to policies from the former Statsanstalten for Livsforsikring compared to total provisions in the Danica Pension Group.

The obligation to allot an additional amount will apply as long as there are still current policies from Statsanstalten for Livsforsikring in the Issuer and can have a significant negative impact on the Issuer's financial results and the Issuer's ability to pay dividends.

Dividend policy

Due to an agreement between the insurance and pension industry and the Danish Ministry of Business and Growth, the Issuer is only allowed to distribute dividends until 1 January 2016 if its solvency exceeds the minimum requirement by 175 per cent. After 1 January 2016, the agreement does not restrict dividend payments from the Issuer (such lack of restriction also applies to the proposed dividend in the annual report for 2015). However, after 1 January 2016, dividend payments will still be restricted by (i) the Issuer's capital requirements and (ii) an intention to have a capital base in the Issuer in excess of the required capital base.

Dividend payments from the Issuer are limited to the Issuer's free reserves. As of year-end 2014, this corresponded to the Issuer's retained earnings of DKK 15.5 billion.

Risk Management

The Board of Directors is in charge of the overall management of the company and generally holds six meetings a year. Limits related to risk and investments are approved by the Board of Directors. The Board of Directors is closely involved in management of strategic risk, and business initiatives are carefully analyzed and monitored before they are implemented.

The Board of Directors has set up an Audit Committee to prepare the work of the Board of Directors on financial reporting and audit matters, including related risk matters, which either the Board of Directors, the committee itself, the external auditors or the head of Internal Audit may choose to review further. The Committee works on the basis of clearly defined terms of reference. The Committee is not authorised to make independent decisions, but instead reports exclusively to the Board of Directors. In 2014, the Audit Committee held six meetings.

The Issuer's Executive Board is in charge of the day-to-day management, including risk management, and has established three committees to manage risk, investment and valuation:

- The Risk Committee chaired by the chief risk officer. The chief financial officer and the chief investment officer (both of whom are also members of the Executive Board), the chief actuarial officer and the head of Finance are members. Danske Bank's chief risk officer is present at the regular meetings. Based on limits approved by the Board of Directors, the Committee has responsibility for the asset-liability

management, solvency requirement and hedging strategies. The Committee has four to six general meetings, but meets more frequently in times of volatile financial markets.

- The Investment Committee is chaired by the chief investment officer. The Danica Group's chief financial officer is a member of the Committee. The Committee has weekly meetings to discuss the developments in the financial markets, risk reporting and asset allocation.
- The Valuation Committee is chaired by the chief financial officer. The chief investment officer, the chief risk officer and the head of Finance are members. The Committee has quarterly meetings regarding the validation of valuations of alternative investments.

Insurance risks are monitored by the actuarial department which also analyses and implements the underwriting, acceptance and reinsurance.

On a daily basis the Issuer's Risk Department ensures that limits approved by the Board of Directors are adhered to and that the capital requirements are met.

Financial reports are prepared every month and sent to the Executive Board and the Board of Directors. Every year, the Board of Directors approves a budget and business plan for the coming year as well as a capital plan and a capital contingency plan.

Operational risk

The Issuer's operational risk policy covers the following activities:

- Identification, monitoring and management of current and potential operational risk exposure.
- Handling of "critical risks", that is, risks that require follow-up and further reporting.
- Reporting to the Executive Board and the Board of Directors on the assessment and management of operational risks.

The Issuer has other policies, including Information Technology security policy, that also support operational risk management. Once a year the Issuer does a risk identification study and prepares an inventory of the main operational risks. All areas of the Issuer are covered by this study, and there is set risk ownership of each risk. In relation to these risks, the current mitigation plans are assessed and found adequate. There is not currently planned further initiatives.

The Issuer has established a reporting structure to continuously monitor the identified operational risks and associated losses. Identified operational losses exceeding DKK 10,000 are continuously recorded in an Operational Risk Information System.

Regulatory overview

Overview of recent relevant European Union Legislation

On 1 January 2016, the EU Solvency II framework ("**Solvency II**") regulating insurance companies will come into force. Solvency II reviews the prudential regime for insurance and reinsurance undertakings in the European Union. The Solvency II Directive (Directive 2009/138/EC) was adopted in November 2009, and amended by Directive 2014/51/EU of the European Parliament and of the Council in April 2014 (the so-called "Omnibus II Directive"). Solvency II was implemented into Danish legislation by Act No. 308 of 28 March 2015 amending the Danish Financial Business Act, which will enter into force on 1 January 2016. Consequently, the coming legislation is known in general terms, but the full impact of the implementation of Solvency II into Danish law is yet to be seen. In October 2014, the European Commission adopted the Delegated Regulation (Delegated Regulation (EU) 2015/35) containing implementing rules for Solvency II. In March 2015, the European Commission adopted the first set of Solvency II Implementing Regulations laying down implementing technical standards with regard to the supervisory approval procedures for undertaking-specific parameters, ancillary own

funds, matching adjustment, special purpose vehicles, internal models, and joint decision on group internal models.

General Principles of Regulation

The Issuer operates primarily through an insurance company domiciled in Denmark. The Issuer's insurance business is authorised by the DFSA.

The basic regulatory power of the DFSA is based on the home state control principle.

Pursuant to the Danish Financial Business Act, it is the DFSA that grants regulatory permission to companies to provide insurance for one or more classes recognised by the EU insurance directives. An insurance company may not engage in activities other than insurance operations and related activities, unless specifically permitted to do so by the insurance regulation or authorised by the relevant FSA. Danish insurance companies are required to report their annual accounts to the DFSA. They are also required to submit detailed annual financial reports and key figures for their insurance operations to the DFSA. In addition, external and internal auditors' long-form audit reports relating to the annual accounts must be filed with the DFSA. The DFSA is also entitled to ask for any additional information from the supervisory board, group management, internal auditors and external auditors and the appointed actuary. From time to time, the DFSA will conduct a thorough on-site inspection of each insurance company. The DFSA may review other issues such as IT security, reinsurance adequacy and asset valuation at any time between the general inspections. The statements of the DFSA's inspections are published on Danske Bank's website (<http://danskebank.com/en-uk/ir/Regulation/Pages/The-Danish-FSA.aspx>).

Danish insurance companies are required, pursuant to the Danish Financial Business Act, to employ an appointed actuary to carry out necessary actuarial functions, including calculation of life provisions. The actuary cannot also be a member of the Executive Board and/or the Board of Directors. One of the key responsibilities of the actuary is to ensure that the life insurance company is in compliance with its technical basis.

In order to protect policyholders, the Danish Financial Business Act requires that the value of the assets of an insurance company corresponds, at a minimum, to the value of a company's total technical provisions and prepaid insurance premiums. The insurance company shall, in accordance with the Danish Financial Business Act, keep a register of such assets. The assets in such register shall be exclusively used for the satisfaction of the policyholders and not the general creditors of the insurance company. Policyholders have a right of priority to these assets in the event of an insurance company's insolvency.

The basic regulatory powers of the Swedish and Norwegian regulators are based on the home state control principle. The regulatory permission to provide insurance is in general similar to that in Denmark.

Swedish and Norwegian insurance companies are required to employ an appointed actuary to carry out necessary actuarial functions, including calculations and investigations. One of the key responsibilities of the actuary is to ensure that the life insurance company is in compliance with its technical basis.

Concession

All insurance companies, whether life or non-life, in the jurisdictions in which the companies operate must be licensed by the relevant financial services authority in order to carry out insurance operations, which in Denmark is the DFSA. The Issuer has obtained the relevant licences relating to the insurance activities conducted by the Issuer and its subsidiaries.

Ownership

Acquisitions in Denmark of more than 10 per cent., 20 per cent., 33 per cent. or 50 per cent. of the shares or voting rights of an insurance company, including an insurance holding company, must each be reported to, and are subject to, pre-approval from the DFSA. DFSA approval is based on the filing of a statutory information questionnaire by the acquirer allowing the DFSA to determine whether or not such acquirer meets the criteria set

out in the Danish Financial Business Act. The DFSA is required to approve an acquisition unless the acquisition endangers the proper and sound management of a financial services company or a financial holding company.

Policyholders' Right of Priority to Certain Assets

In order to protect policyholders, the Danish Financial Business Act requires that the value of the assets of an insurance company corresponds, at a minimum, to the value of a company's total technical provisions and prepaid insurance premiums. The insurance company shall, in accordance with the Danish Financial Business Act, keep a register of such assets. The assets in such register shall be exclusively used for the satisfaction of the policyholders and not the general creditors of the insurance company. Policyholders have a right of priority to these assets in the event of an insurance company's insolvency.

Confidentiality

The Danish Financial Business Act requires that members of the supervisory board and employees of insurance companies and other financial services companies are subject to confidentiality in relation to all information received in the course of their business. With certain exceptions, the confidentiality requirements also apply to the exchange of information regarding the policyholders between the Issuer and its subsidiaries.

The Danish data protection rules (Act no. 429 of 31 May 2000, as amended) regarding personal data, (in Danish: "*Persondataloven*") also require confidentiality in relation to the treatment and disclosure of confidential information concerning policyholders.

Good Practice

The Danish Financial Business Act includes a number of provisions that apply to all financial services companies, including insurance companies. These provisions require that financial services companies shall be operated in accordance with honest and fair business practice and "good practice" within the financial industry. Effective as of 1 January 2005, the Danish Financial Business Act authorised the DFSA to publish the name of any financial services company ordered by the DFSA to rectify a particular matter.

In Denmark, Norway and Sweden, the Danica Group's policyholders can complain about the Issuer and its subsidiaries to a special insurance appeal board if they are not satisfied with the treatment they receive. The Issuer is not currently involved in any complaints with the insurance appeal boards which can impact its business materially.

Internal Audit

Danish insurance companies of a certain size must have an internal audit function. The head of the internal audit function is to be employed by and report directly to the supervisory board. The Issuer has an internal auditor.

Amalgamation and Transfer of Insurance Portfolios

In Denmark, the amalgamation of two financial services companies is subject to prior approval by the DFSA. If an insurance company transfers all or part of its insurance portfolio in connection with an approved amalgamation, it is discharged from its insurance liabilities. If the transfer is by way of an amalgamation between insurance companies, policyholders cannot rely on the amalgamation as a basis for terminating the insurance agreement. The transfer of an insurance portfolio from one insurance company to another is also subject to approval by the DFSA.

Compliance with Financial Regulation

The Issuer and the Danica Group are in compliance with all material rules regulating their businesses.

Management

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

The Danish Financial Business Act includes a number of specific requirements on management's operation of the insurance business that are primarily designed to prevent a conflict of interest between the company and the relevant member of management.

The Board of Directors of the Issuer consists of ten members. Six of the members are elected by a general meeting of the shareholders, three members are elected by employees in accordance with Danish law and one member is appointed by the Minister of Economic Affairs pursuant to the Act on privatisation of Statsanstalten for Livsforsikring. Of the six members elected at a general meeting of the shareholders, five members are senior executives of Danske Bank A/S and one member is an independent member with audit and financial skills. The business address of the Board of Directors and the Executive Board is at 2-12 Holmens Kanal, DK-1092 Copenhagen.

The present members of the Board of Directors and their positions outside of the Danica Group are as follows:

Thomas F. Borgen, Chairman

Chairman of the Executive Board of Danske Bank A/S.

Member of the Board of Director of: Kong Olav V's fond.

Henrik Ramlau-Hansen, Deputy Chairman

Member of the Executive Board of Danske Bank A/S.

Chairman of the Board of Directors of: Kreditforeningen Danmarks Pensionsafviklingskasse.

Member of the Boards of Directors of: Realkredit Danmark A/S; LR Realkredit A/S.

Kim Andersen

Director. (In addition Kim Andersen is Chairman of the Danica Group's Audit Committee).

Member of the Executive Boards of: Audio Consult ApS; KA Invest af 2. Maj 2003 ApS.

Member of the Board of Directors of: Realkredit Danmark A/S (and Chairman of the Audit Committee).

Thomas Falck

Senior Vice President of Danica Pension, Livsforsikringsaktieselskab .

Thomas Mitchell

Head of Personal Banking DK of Danske Bank A/S.

Charlott Due Pihl

Chairman of Staff Association, Danica Pension, Livsforsikringsaktieselskab.

Peter Rostrup-Nielsen

Executive Vice President, Regulatory Affairs.

Member of the Board of Director of: Danske Bank Plc.

Malene Stadil

Senior Vice President, Group Deputy General Counsel of Danske Bank A/S.

Member of the Boards of Directors of: Danske Markets Inc; Danske Corporation; Danske Bank Russia; DDB Invest AB.

Per Søgaaard

Head of Partner Sales, Danica Pension, Livsforsikringsaktieselskab.

Member of the Boards of Director of: Witt & Søn A/S; OT-Europlay A/S.

Ib Katznelson

Appointed by the Minister of Economic Affairs.

The present members of the Executive Board and their positions outside of the Danica Group are as follows:

Per Klitgård

Chief Executive Officer

Member of the Board of: The Danish Insurance Association.

Jacob Aarup-Andersen

Member of the Executive Board, Chief Financial Officer.

Jesper Winkelmann

Member of the Executive Board.

Anders Svennesen

Member of the Executive Board, Chief Investment Officer.

After application of the relevant laws and conflict of interest policies of the Danica Group, no potential conflicts of interest exist between the duties to the Danica Group of the members of the Board of Directors and the Executive Board and their private interests listed above.

SUBSCRIPTION AND SALE

The Joint-Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 25 September 2015, jointly and severally agreed to subscribe and pay for the Notes at the issue price of 99.666 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint-Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint-Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint-Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States of America: *Regulation S Category 2; TEFRA D*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

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

In addition, until forty days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint-Lead Manager has represented and agreed that:

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

Denmark

Each Joint-Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 831 of 12 June 2014 on Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order No. 623 of 24 April 2015 to the Danish Financial Business Act.

General

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

The Subscription Agreement provides that the Joint-Lead Managers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Joint-Lead Managers described in the paragraph headed “General” above.

TAXATION

The following is a general description of relevant tax considerations and is not to be regarded as a complete tax analysis of all tax issues related to the Notes. Prospective holders of the Notes should consult their professional tax advisers if they are in doubt about their own tax position.

Denmark Taxation

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

Taxation at source

Under existing Danish tax laws, no general withholding tax or coupon tax will apply to payment of interest or principal amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in the Danish Corporation Tax Act (in Danish: “*Selskabsskatteloven*”), Consolidated Act No. 680 of 20 May 2015, as amended from time to time. This will not have any impact on holders of the Notes who are not in a relationship whereby they control, or are controlled by, the Issuer, or where the holder of the Notes and the Issuer are not controlled by the same group of shareholders.

Resident Holders of Notes

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

Capital gains are taxable to individuals and corporate entities in accordance with the Danish Capital and Exchange Gains Act (in Danish: “*Kursgevinstloven*”), Consolidated Act No. 1113 of 18 September 2013, as amended from time to time. Gains and losses on Notes held by corporate entities are generally taxed in accordance with a mark-to-market principle (in Danish: “*lagerprincippet*”), i.e. on an unrealised basis.

Gains and losses on Notes issued to individuals are generally taxed on a realised basis. The net gains are taxed as capital income at a rate of up to 42 per cent in 2015. However, this tax rate does not apply if the individual is engaged in financial trade and considered a professional trader. The gains and losses will only be included in the taxable income when the net gain or loss for the year on all debt claims, debt denominated in foreign currency and investment certificates in bond-based investment funds subject to the minimum taxation, exceeds a total of DKK 2,000.

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

Non-Resident Holders of Notes

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

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

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “**Savings Directive**”), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the “**Amending Directive**”) amending and broadening the scope of the requirements described above. The Amending Directive requires EU Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes. The proposal also provides that, if it proceeds, EU Member States will not be required to apply the new requirements of the Amending Directive.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “**grandfathering date**”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term

for U.S. federal tax purposes, whenever issued. If the Notes are characterised as debt for U.S. federal tax purposes they should not be subject to withholding under FATCA unless materially modified after the grandfathering date.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Denmark have entered into an agreement (the “**United States-Denmark IGA**”) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the United States-Denmark IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent and the common depositary given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, Definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

The proposed financial transactions tax (the “FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market with effect from the Issue Date.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 6,790.

2. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 8 September 2015.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN in respect of the Notes is XS1117286580 and the Common Code in respect of the Notes is 111728658. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. Euroclear and Clearstream, Luxembourg are the entities in charge of keeping the records.
4. The Notes (other than the Temporary Global Note) and any Coupons or Talons appertaining to the Notes will bear a legend substantially to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Note or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

5.
 - (i) There has been no significant change in the financial or trading position of the Issuer, the Danica Group or the Danica Pension Group since 30 June 2015, the last day of the financial period in respect of which the most recent financial statements of the Issuer and Forsikringsselskabet Danica have been prepared; and
 - (ii) there has been no material adverse change, apart from changes as outlined in the Supplementary Reports, in the prospects of the Issuer, the Danica Group or the Danica Pension Group since 31 December 2014, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer and Forsikringsselskabet Danica have been prepared.
6. There are no governmental, legal or arbitration proceedings against or affecting the Issuer, Forsikringsselskabet Danica or any of their respective Subsidiaries (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering at least the previous twelve months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer, the Danica Group or the Danica Pension Group.
7. The annual financial statements of the Issuer for the financial years ended 31 December 2014 and 31 December 2013 have, in each case, been audited by Ernst & Young P/S which, at the time of issuing its reports on the 2013 financial statements, was named KPMG Statsautoriseret Revisionspartnerselskab being the relevant independent public auditors of the Issuer for such period. The annual financial statements of Forsikringsselskabet Danica for the financial years ended 31 December 2014 and 31 December 2013 have, in each case, been audited by Ernst & Young P/S, which, at the time of issuing its reports on the 2013 financial statements, was named KPMG Statsautoriseret Revisionspartnerselskab being the relevant independent public auditors of Forsikringsselskabet Danica for such period. KPMG Statsautoriseret Revisionspartnerselskab left the KPMG network and joined the EY network on 1 July 2014 in which connection its name was changed to Ernst & Young P/S. Ernst & Young P/S is a member of “FSR - Danske Revisorer” (Association of State Authorised Public Accountants). The Supplementary Reports have, in each case, been audited by Ernst & Young P/S.

8. The Irish Listing Agent is Arthur Cox Listing Services Limited and the address of its registered office is Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the regulated market of the Irish Stock Exchange.
9. For the period of 12 months following the date of this Prospectus, hard copies of the following documents will be available, upon request, free of charge, from the registered office of the Issuer and from the Specified Offices of the Paying Agent for the time being in London (where applicable, with an English translation thereof):
- (i) the Articles of Association of the Issuer;
 - (ii) the Agency Agreement; and
 - (iii) the Deed of Covenant.
10. For a period of 12 months following the date of this Prospectus, electronic copies of the following documents will be available on the website of the Central Bank at www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx:
- (i) a copy of this Prospectus; and
 - (ii) any supplements to this Prospectus.
11. For a period of 12 months following the date of this Prospectus, electronic copies of the Annual Reports, the Interim Reports and the Supplementary Reports (each as defined in “Documents Incorporated by Reference”) will be available on the website of the Issuer at www.danicapension.dk (see “Documents Incorporated by Reference” for more details).
12. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced (and is clearly sourced where it appears in the Prospectus) and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading.
13. Certain of the Joint-Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint-Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Joint-Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint-Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint-Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
14. The indication of the yield of the Notes is 4.417 per cent. per annum and is calculated as at the date of this Prospectus on the basis of the Issue Price. It is not an indication of future yield.

15. The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

REGISTERED OFFICE OF THE ISSUER

Danica Pension, Livsforsikringsaktieselskab
Parallelvej 17
DK-2800 Kgs. Lyngby
Denmark

JOINT-LEAD MANAGERS AND JOINT BOOKRUNNERS

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

HSBC Bank plc
8 Canada Square
London E14 5HQ

AUDITORS OF THE ISSUER AND FORSIKRINGSELSKABET DANICA

For the current financial year ending 31 December 2015

Deloitte
Statsautoriseret Revisionspartnerselskab
State Authorised Public Accountants
(Denmark)
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C
Denmark

For the financial years ended 31 December 2013 and 31 December 2014

Ernst & Young P/S
Godkendt Revisionspartnerselskab
State Authorised Public Accountants
(Denmark)
Osvold Helmuus Vej 4
Postboks 250
DK-2000 Frederiksberg

FISCAL AGENT AND PAYING AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canary Wharf
London E14 5LB

LEGAL ADVISERS

To the Joint-Lead Managers as to English law *To the Joint-Lead Managers as to Danish law* *To the Issuer as to Danish law*

Allen & Overy LLP
One Bishops Square
London E1 6AD

Gorrissen Federspiel
H.C. Andersens Boulevard 12
DK-1553 Copenhagen V

Flemming S. Pristed
Group General Counsel
Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Arthur Cox Building
Earlsfort Terrace
Dublin 2

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