

# TERM SHEET



## Tryg Forsikring A/S

### FRN Tryg Forsikring A/S Subordinated Callable Bond Issue 2016/2046 (the "Bonds" or the "Bond Issue")

#### Terms and Conditions

<b>ISIN:</b>	NO0010765704
<b>Issuer:</b>	Tryg Forsikring A/S (org. number 24260666)
<b>Type of issue:</b>	Subordinated bond issue with call options for the Issuer.
<b>Purpose:</b>	The purpose of the Bond Issue is that the Bonds shall qualify as tier 2 capital (basic own funds) for the purpose of the Applicable Regulations (as defined below) and as determined by the Issuer's Supervisor (as defined below), and to be assigned equity credit by the Rating Agency.
<b>Currency:</b>	SEK
<b>Bond Issue Amount:</b>	SEK 1,000,000,000
<b>Face Value:</b>	The Bonds will have a nominal value of SEK 1,000,000 each.
<b>Issue Price:</b>	100 per cent. of Face Value
<b>Coupon:</b>	Reference Rate + Margin.
<b>Reference Rate:</b>	3 months STIBOR
<b>Margin:</b>	2.75 percentage points p.a. until 26 May 2026, thereafter 3.75 percentage points p.a.
<b>Maturity:</b>	26 May 2046
<b>Amortisation:</b>	The Bonds shall be repaid in full at Maturity subject to deferral.
<b>Announcement Date:</b>	19 May 2016
<b>Settlement Date:</b>	26 May 2016
<b>Interest Payment Dates:</b>	Quarterly in arrears on each 26 February, 26 May, 26 August and 26 November in each year. The initial Interest Payment Date falling on 26 August 2016.
<b>Interest Payments:</b>	Interest on the Bonds will accrue from and including the Settlement Date be payable quarterly in arrears on the Interest Payment Dates in each year or if not a business day on the first subsequent business day.
<b>Day Count Fraction/business day:</b>	Act/360, modified following business day. Business day is "Copenhagen", "Oslo" and "Stockholm".
<b>Redemption Price:</b>	100 per cent. of Face Value.
<b>Call Price:</b>	Equal to the Redemption Price
<b>Put:</b>	No

**Issuer's Call Option / Optional Redemption:**

*Ordinary Call*

The Issuer may on each Interest Payment Date commencing on the Interest Payment Date on 26 May 2021 redeem all (but not only some) of the Outstanding Bonds at the Call Price with the Issuer's Supervisor's prior consent, provided that if there is a Capital Requirement Breach or repayment or redemption would lead to such breach, redemption may only be made if:

- (i) the Issuer's Supervisor has exceptionally waived their suspension of repayment or redemption of the bonds;
- (ii) the Bonds are exchanged for or converted into another tier 1 or tier 2 basic own-fund item of at least the same quality; and
- (iii) the Minimum Capital Requirement is complied with after the repayment or redemption.

*Conditional Call*

If the Issuer provides satisfactory evidence to the Bond Trustee that

- (i) a Capital Disqualification Event;
- (ii) a Rating Agency Event; and/or
- (iii) a Taxation Event;

(all as defined below) has occurred, the Issuer may provided that (i) no Capital Requirement Breach having occurred or would occur as a result of a redemption, and (ii) prior consent of the Issuer Supervisor, redeem all (but not only some) of the Outstanding Bonds at the Call Price plus accrued and unpaid interest, including Arrears of Interest (if any), without premium or penalty. In case of redemption within the period of 5 years from Issue Date such redemption shall be funded out of the proceeds from new issuance of capital of at least the same quality as the Bond (unless such requirement no longer is required under Solvency II and/or Applicable Regulations).

**Call Notice:**

Upon exercise of the Call Option, the Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee alternatively through the Securities Register with a copy to the Bond Trustee and the Exchange.

**Status:**

The Bonds will constitute direct, unsecured and subordinated debt obligations of the Issuer, and will rank:

- (i) pari passu without any preference among the Bonds;
- (ii) pari passu with all outstanding Parity Obligations;
- (iii) in priority to payments to creditors in respect of Junior Obligations;
- (iv) junior in right of payment to any present or future claims of (a) policyholders of the Issuer and (b) any other unsubordinated creditors of the Issuer.

**Payments:**

On each Interest Payment Date the Issuer shall in arrears pay the accrued interest amount to the bondholders, subject to the terms of deferral set out herein.

The Issuer may not apply any counterclaims in set-off against its payment obligations pursuant to the Bonds.

Amounts payable to the bondholders by the Issuer shall be available to the bondholders on the date the amount is due pursuant to the terms of the Bonds.

If the Coupon becomes negative, the Coupon shall be deemed to be zero.

**Deferral of Interest Payments:**

(i) **“Optional Deferral of Interest”**

The Issuer may on any Optional Interest Deferral Date (as defined below) by notice to the Bond Trustee defer payment of all (but not only some) of the interest accrued but unpaid to that date, provided that no Compulsory Interest Payment Event has occurred during the preceding 6 months.

(ii) **“Mandatory Deferral of Interest”**

Notwithstanding (i) above, the Issuer will on any Mandatory Interest Deferral Date (as defined below) by notice to the Bond Trustee (together with a certificate signed by authorised signatories of the Issuer confirming the relevant Interest Payment Date is a Mandatory Interest Deferral Date) defer payment of all (but not only some) of the interest accrued but unpaid to that date.

**Payment of Deferred Interest:**

Any interest not paid on an Optional Interest Deferral Date or a Mandatory Interest Deferral Date (**“Arrears of Interest”**) may at the option of the Issuer, be paid in whole or in part at the next Interest Payment Date which is not a Mandatory Interest Deferral Date, and shall, subject to prior approval from the Issuer’s Supervisor (to the extent required under the Applicable Regulations), be paid in whole on a Payment Date which is not a Mandatory Interest Deferral Date at the earliest of:

- (a) the date of any redemption of the Bonds in accordance with the Bond Agreement;
- (b) the date of a Bankruptcy Event; or
- (c) the date on which the Issuer pays any distribution, interest payment or makes any payment (including payment in relation to redemption or repurchase) on or in respect of any Junior Obligations or Parity Obligations (both as defined below), or the date on which any dividend or other distribution on or payment (including payment in relation to redemption or repurchase) on or in respect of the Issuer’s share capital is paid.

Interest will not accrue on Arrears of Interest.

An Interest Payment Date shall not be a Mandatory Interest Deferral Date if:

- a) the Issuer has remedied the Capital Requirement Breach prior to such Interest Payment Date and no such Capital Requirement Breach will occur as a result of the interest payment; or
- b) the Issuer's Supervisor has exceptionally waived the deferral of interest payments, (ii) such interest payment does not further weaken the solvency position of the Issuer, and (iii) the Minimum Capital Requirement is complied with after the interest payment is made.

The term "deferral of interest" shall be understood in accordance with the Applicable Regulations.

**Issuer's covenants:**

The Bond Agreement will include standard information obligations, obligations on the Issuer to comply in all material respects with laws and regulations to which it is subject and otherwise only such undertakings as are explicitly set out herein.

**No Events of Default:**

The Bond Agreement shall not contain any event of default

provision and neither the Bond Trustee nor the bondholders may declare any event of default by the Issuer of any of its obligations under the Bond Agreement neither on the basis of the Bond Agreement nor on the basis of general principles of Danish law.

Bondholders may only demand prepayment in the event of actual bankruptcy/liquidation of the Issuer.

**Taxation:**

The Issuer shall pay any stamp duty and other public fees in connection with the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall deduct at source any applicable withholding tax payable pursuant to law.

**Amendment of terms:**

The Issuer and the Bond Trustee shall be entitled to make any amendments of the terms of the Bonds which are of a formal, minor or technical nature or are made to correct a manifest error. As the Bonds are issued for capital adequacy purposes as set out herein, the Bond Trustee shall furthermore be entitled (but without obligation), upon request from the Issuer to make amendments to the terms of Bonds to ensure that these continue to qualify as tier 2 basic own-fund item of the Issuer for the purpose of the Applicable Regulations, where such change is required as a result of any change in the relevant laws and regulations, or in any official interpretation thereof. Other amendments to the terms of the Bonds shall be subject to approval by the bondholders (with a simple or qualified majority, as the case may be). Any amendments shall, if required under the Applicable Regulations, be subject to the prior approval of the Issuer's Supervisor.

**Definitions:**

**"Applicable Regulations"** means such rules and regulations as applicable in Denmark from time to time in accordance with Solvency II.

**"Bankruptcy Event"** means that the Issuer has been declared bankrupt in accordance with Chapter 3 of the Danish Bankruptcy Act.

**"Capital Disqualification Event"** means an event which occurs if, as a result of any replacement of or change to (or change to the interpretation by any court or relevant authority) the Applicable Regulation which becomes effective on or after the Settlement Date (including the implementation of Solvency II), the Bonds or part of the Bonds are no longer, or there is a substantial risk that they will no longer be, eligible in accordance with the Applicable Regulations to count as cover for the capital or solvency requirements (as such terms are described from time to time in the Applicable Regulations) for the Issuer whether on a single or consolidated basis (and including, for the avoidance of doubt, any change to limitation on the amount of such capital).

**"Capital Requirement Breach"** means a breach of the applicable capital requirements or solvency requirements from time to time applicable to the Issuer or the Group (as such requirements are defined under the Applicable Regulations). For the avoidance of doubt a breach of the Solvency Capital Requirement applicable to the Issuer or the Group or the Minimum Capital Requirement (to the extent applicable, where it occurs before non-compliance with the Solvency Capital Requirement) applicable to the Issuer or the Group, as defined in Solvency II is a Capital Requirement Breach.

**"Compulsory Interest Payment Event"** means an event whereby:

- (i) a dividend or any other distribution was declared or paid in respect of any Junior Obligations; and/or

- (ii) any redemption, purchase or acquisition of any Junior Obligations has been effected by the Issuer, or any of its subsidiaries,

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

**"Interest Accrual Date"** means the date on which interest on the Bonds starts to accrue. If NA is specified, Interest Accrual Date does not apply.

**"Issuer's Supervisor"** 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 with respect to its capital.

**"Junior Obligations"** means (i) the Issuer's share capital, or (ii) any other obligations of the Issuer ranking or expressed to rank junior to the Bonds.

**"Mandatory Interest Deferral Date"** means each Interest Payment Date immediately following (i) the date as of which the Issuer is in Capital Requirement Breach, or there is a risk that a Capital Requirement Breach or a Bankruptcy Event would occur as a result of the payment of Interest, and/or (ii) the occurrence of a breach of the capital requirements under the Applicable Regulations would require the Issuer to defer or suspend payment of interest in respect of the Bonds (unless Issuer's Supervisor has waived such requirement).

**"STIBOR" (Stockholm Interbank Offered Rate)** means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to item (b) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period.

**"Optional Interest Deferral Date"** means any Interest Payment Date which is not a Mandatory Interest Deferral Date.

**"Parity Obligations"** means any obligations of the Issuer ranking or expressed to rank pari passu with the Bonds.

**"Rating Agency"** means Moody's Investors Service, or any successor or replacement thereof.

**"Rating Agency Event"** means a change in the rating methodology, or in the interpretation of such methodology, as the case may be, becoming effective after the Settlement Date, as a result of which the capital treatment assigned by a Rating Agency to the Bonds or part thereof, as notified by such Rating Agency to the Issuer or as published by such Rating Agency, becomes, in the reasonable opinion of the Issuer, materially unfavourable for the Issuer, when compared to the capital

treatment assigned by such Rating Agency to the Bonds, as notified by such Rating Agency to the Issuer or as published by such Rating Agency, on or around the Settlement Date.

**"Solvency II"** means Directive 2009/138/EC of 25 November 2009 on the taking-up and pursuit of business of Insurance and Re-insurance (Solvency II) (as amended from time to time).

**"Taxation Event"** means an event occurring as a result of any amendment to, clarification of or change (including any announced prospective change) in the laws or treaties (or regulations thereunder or public interpretation thereof) of Denmark affecting taxation (including any change in the interpretation by any court or relevant authority) or any governmental action, on or after the Settlement Date, and there is a substantial risk that:

- (i) the Issuer is, or will be, subject to a significant amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Bonds;
- (ii) the treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a significant amount of additional taxes, duties or other governmental charges; or
- (iii) the Issuer would be required to gross up interest payments.

#### **The Bond Agreement:**

A bond agreement (the **"Bond Agreement"**) will be entered into by the Issuer and the Bond Trustee acting as the bondholders' representative. The Bond Agreement shall regulate the bondholders' rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail.

Each subscriber in the Bonds, such subscription documented by a subscription agreement, a taped telephone conversation, e-mail or otherwise, is deemed to have granted authority to the Bond Trustee to finalise the Bond Agreement. Minor adjustments to the terms and structure described in this Term Sheet may occur.

On this basis, the Issuer and the Bond Trustee will execute and deliver the Bond Agreement and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become parties to the Bond Agreement. The Bond Agreement specifies that all Bond transfers shall be subject to the terms thereof, and the Bond Trustee and all Bond transferees shall, when acquiring the Bonds, be deemed to have accepted the terms of the Bond Agreement, which specifies that all such transferees shall automatically become parties to the Bond Agreement upon completed transfer having been registered in the VPS, without any further action required to be taken or formalities to be complied with. The Bond Agreement shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request by the Bond Trustee or the Issuer, and such availability shall be recorded in the VPS particulars relating to the Bonds.

**By subscribing for Bonds, the subscriber will be deemed to have accepted all terms set out in the Bond Agreement. Please note in this respect that the Bond Issue is based only upon the investor documentation referenced therein,**

**and in particular that no prospectus, offering memorandum or similar document have or will be prepared.**

<b>Conditions precedent:</b>	Disbursement of the net proceeds of the Bond Issue to the Issuer will be subject to such conditions precedents as are customary in the Danish bond market as of the date of the Bond Agreement.
<b>The Issuer's acquisition of Bonds:</b>	The Issuer or any of its subsidiaries may subject to receiving the prior consent from the Issuer Supervisor at any time purchase Bonds in any manner and at any price, subject to Applicable Regulations. Any Bonds repurchased by the Issuer or any of its subsidiaries will be held by the Issuer or may be cancelled by causing such Bonds to be deleted of the records of the VPS (as defined below).
<b>Approvals:</b>	The Bonds will be issued pursuant to a resolution by the Issuer's Board of Directors.
<b>Listing:</b>	<p>The Issuer shall procure that a Prospectus is prepared and that the Bonds are admitted to trading on the Regulated Market of Oslo Stock Exchange (a "Listing") as soon as possible but not later than 31 December 2016 and to maintain such admission until none of the Bonds is outstanding.</p> <p>Subject to the prior approval of the Joint Lead Arrangers the Listing may be postponed beyond 31 December 2016 but in no event may the Listing be postponed beyond the date falling twelve (12) months following the Closing Date.</p>
<b>Market making:</b>	No market-maker agreement has been made for the Bonds.
<b>Bond Trustee:</b>	Nordic Trustee ASA
<b>Paying Agent:</b>	DNB
<b>Registration:</b>	The Bonds will be registered in the Norwegian Central Securities Depository "VPS" with secondary registration in Euroclear, Brussels. Principal and interest accrued will be credited the bondholders through VPS.
<b>Joint Lead Arrangers:</b>	<p>Nordea Markets, Nordea Bank Danmark A/S, Strandgade 3, DK-1401 Copenhagen K, Denmark</p> <p>Skandinaviska Enskilda Banken, Denmark, branch of Skandinaviska Enskilda Banken AB (Publ), Sverige, Bernstorffsgade 50, DK-1577 København V, Denmark</p>
<b>Governing law and legal venue:</b>	Danish law and Danish courts.
<b>Subscription restrictions:</b>	<p>The Bonds will only be offered or sold within the United States to Qualified Institutional Buyers ("<b>QIBs</b>") as defined in Rule 144A under the U.S. Securities Act.</p> <p>The Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act.</p> <p>Failure to comply with these restrictions may constitute a violation of applicable securities legislation.</p>
<b>Transfer restrictions:</b>	<p>The Bonds are freely transferable and may be pledged, subject to the following:</p> <p>(i) Bondholders located in the United States will not be permitted to transfer the Bonds except (a) subject to an</p>

effective registration statement under the Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act in a transaction on the relevant exchange, and (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available).

**Copenhagen, 19 May 2016**



Tryg Forsikring A/S  
*As Issuer*



Nordea Markets  
*As Joint Lead Manager*



Skandinaviska Enskilda Banken  
*As Joint Lead Manager*