Strategic rationale for divesting Topdanmark Liv



Create a pure-play
Property and Casualty
('P&C') insurance
provider



Improve CR and quality of earnings significantly from exit of I&A



Strengthen existing P&C distribution partnership with Nordea



Strategic response to increased consolidation in the life insurance industry



Significant enhanced dividend capacity from lower capital requirements

Transaction details

1. Transaction value

Goodwill payment of DKK 1.5bn in excess of the book value of shareholders' equity as of the closing date

2. Transaction perimeter

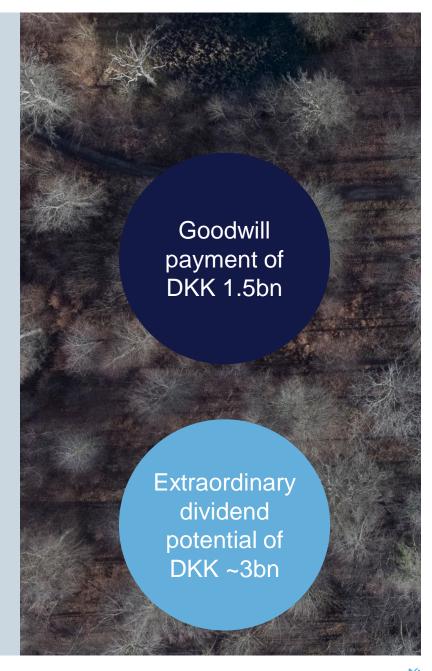
- Topdanmark Liv Holding A/S (including subsidiaries and associated companies)
- Pre-closing dividend of DKK 1.0bn to be paid to Topdanmark prior to closing

3. Closing of the transaction

- Expected closing of the transaction in the second half of 2022
- Conditions precedent to closing includes approval from the Danish FSA, the Competition Authorities and the Danish Business Authority, or the Danish Ministry of Industry, Business and Financial Affairs

4. Extraordinary dividend post transaction

Topdanmark holds the potential to distribute the excess capital of around DKK 3bn to the shareholders in the form of an extraordinary dividend.



Financial impact

1. P&L effect in 2022

2022 net profit expected to be positively impacted by DKK 1.2bn (goodwill of DKK 1.5bn less one-off costs of DKK 0.3bn) assuming closing by the second half of 2022

2. Effect on profit before tax following the sale of Topdanmark Liv

- Positive effect: Negative contribution from I&A (DKK -45m in 2020 and DKK -187m in 2021) to be eliminated
- **Negative effect**: Loss of synergies between Life and P&C business in the range of DKK 80-100m, including expected income generated from the new distribution agreement with Nordea – a process to be initiated to gradually reduce this figure over the coming 2-3 years
 - **Net effect**: Net positive effect on Topdanmark's combined ratio
- **Premiums**: I&A premiums (DKK 638m in 2020 and DKK 630m in 2021) to be eliminated from non-life premiums

3. One-off costs (included in the estimate above)

Expected one-off costs related to the transaction, unwinding and restructuring of DKK 0.3bn

4. Solvency effect from the transaction

The solvency coverage ratio is expected to increase by ~150pp reflecting the lower expected solvency requirement (DKK ~2bn) and the increase in solvency capital base.

