

Strategic rationale for divesting Topdanmark Liv

I

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

II

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

III

Strengthen existing
P&C distribution
partnership
with Nordea

IV

Strategic response to
increased consolidation
in the life insurance
industry

V

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.

An aerial photograph of a field with dry, brownish vegetation. Two circular callouts are overlaid on the image. The top callout is dark blue and contains the text 'Goodwill payment of DKK 1.5bn'. The bottom callout is light blue and contains the text 'Extraordinary dividend potential of DKK ~3bn'.

Goodwill
payment of
DKK 1.5bn

Extraordinary
dividend
potential of
DKK ~3bn

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.



2022
expected net
profit impact
of DKK
+1.2bn