

RISK FACTORS IN CONNECTION WITH THE PROPOSED ISSURANCE OF THE DKK [●] FLOATING RATE SUBORDINATED CALLABLE TIER 2 CAPITAL NOTES BY ALM. BRAND A/S IN [●] 2021

Alm. Brand A/S, CVR no. 77333517 (the "Issuer") proposes to issue DKK [●] Floating Rate Subordinated Callable Tier 2 Capital Notes (kapitalbeviser) (the "Notes") in [●] 2021.

In connection with the proposed issue of the Notes, the Issuer would like to highlight the following risks to prospective investors in the Notes. This document is an appendix to the Investor Presentation prepared by the Issuer dated [●] 2021.

The Notes are subject to the terms and conditions as further described in the document "Terms and Conditions" and references to the "Conditions" in this document are references to such "Terms and Conditions".

Any investment in the Notes is subject to a number of risks and involves a high degree of financial risk. Prospective investors should carefully consider all information included in this document (including any information or material incorporated by reference) including the risks described below, before they decide to invest in the Notes. This section addresses both general risks associated with the industry in which each of the Group, Codan Denmark and the Enlarged Group operates, and the specific risks associated with their businesses. If any such risks were to materialise, the Group's, or following completion of the Acquisition, the Enlarged Groups' business, results of operations cash flows, financial position and/or prospects could be materially and adversely affected resulting in a decline in the value of the Notes and a loss of part or all of the prospective investor's investment. Further, this document describes certain risks relating to the structure of the Notes and the market generally and certain risks pertaining to the Issuer's contemplated acquisition of Codan Denmark.

The risks and uncertainties discussed below are those that the Management currently views as material in terms of the Group, and, following completion of the Acquisition, the Enlarged Group, but these risks and uncertainties are not the only ones that it faces. Additional risks and uncertainties, including risks that are not known to the Issuer at present or that the Management currently deems immaterial or less likely to materialise, may also arise or become material or more likely to materialise in the future, which could, individually or in the aggregate, materially and adversely affect the Group's and Codan Denmark's businesses, results of operations, cash flows, financial position and/or prospects resulting in a decline in the value of the Notes and a loss of part or all of the prospective investor's investment. In particular, with respect to certain risks and uncertainties discussed below, the Management has assessed the probability of such risk or uncertainty materialising and, if such risk or uncertainty did materialise, the expected impact on the Issuer (the "Forward-Looking Assessments"). By their very nature, such Forward-Looking Assessments are inherently uncertain and are subject to a wide variety of significant assumptions and business, economic, and competitive risks and uncertainties (including events and circumstances that may or may not occur in the future and may not be within the Issuer's control) that could cause actual results to differ materially from the Forward-Looking Assessments presented in this document. The Issuer urges prospective investors to treat the Forward-Looking Assessments with caution and not place undue reliance on the Forward-Looking Assessments.

The most material risks, as currently assessed by the Management, taking into account the expected magnitude of their negative impact on the Group, Codan Denmark and the Enlarged Group and their business are set out first in each category of risk factors below. These "Risk Factors" (including the Forward-Looking Assessments) speak only as of the date of this document, and the Issuer undertakes no obligation and does not intend to update such statements in the future.

Unless otherwise defined in this document, hereunder in section 6 – "Definitions and Glossary", capitalised terms used in this document shall have the meaning given to them in section 19 – "Defined Terms" of the Conditions.

1. RISKS RELATING TO THE ACQUISITION

1.1 The Acquisition is subject to a number of conditions that remain outstanding at the date of this document, which may not be satisfied or waived or the receipt of which may prevent or delay completion of the Acquisition.

The obligations of the parties to complete the Acquisition is subject to a number of conditions that remain outstanding as of the date of this document, including:

- i) completion of the Demerger and registration thereof with the Danish Business Authority and the approval of the Demerger by the Danish FSA;
- ii) completion of the Reorganisation;
- iii) completion of the fundraising, being the receipt by the Company (or its agent) of net proceeds of at least DKK 11,750,000,000 (or such lower amount as may be agreed by the Seller in writing) pursuant to a pre-emptive offering of new shares to its Shareholders (as is the purpose of the Offering) pursuant to the Stand-by Underwriting Agreement, the Underwriting Agreement and subscription undertakings from the Association and potentially certain other anchor investors;
- iv) approval from the Danish FSA in accordance with section 61 of the Danish Financial Business Act of the Issuer as well as any holder of direct or indirect qualifying interest in the Issuer as acquirer of Chopin Forsikring and Privatsikring (the business of which is referred to in this document as Codan Denmark) after the completion of the Demerger; and
- v) approval from the Danish Competition and Consumer Authority required to consummate the transactions contemplated by the Share Purchase Agreement.

Although the Issuer has given certain contractual commitments to satisfy the conditions to the Acquisition for which it is responsible, including to use best endeavours to ensure the satisfaction of the required regulatory approvals referenced above, and in the case of the required competition approval from the Danish Competition and Consumer Authority, to accept any conditions as may be required by Danish Competition and Consumer Authority to obtain such approval, fulfilment of the conditions are generally not within the Issuer's control and there is no guarantee that the conditions for completion of the Acquisition that have not been satisfied as of the date of this

document will be satisfied (or waived, if applicable) or, if satisfied, when this may occur. The Acquisition may, therefore, not complete (if the conditions are not satisfied (or, if capable of waiver, waived) by the Long Stop Date or may be delayed.

Further, the Seller is wholly or partly responsible for leading the process for fulfilling certain of the conditions, including seeking certain of the required approvals, in particular in relation to completion of the Demerger and completion of the Reorganisation. Any failure or delay hereof may result in a delay in the completion of the Acquisition and/or lead to the abandonment of the Acquisition.

Any delay in the completion of the Acquisition due to delays in obtaining the necessary regulatory approvals or for other reasons, may impact the Enlarged Group's ability to realise the expected benefits and synergies as outlined for the years 2022 – 2025. In addition, a delay may result in additional costs for the Group and Codan Denmark relating to the obtainment of the necessary regulatory approvals and/or to the satisfaction of other outstanding conditions for the Acquisition. A delay may also prolong the anticipated time frame for the integration process. Please refer to section 1.5 – "The Enlarged Group's management and resources may be diverted away from core business activities due to personnel being required to assist in the integration process".

If the Acquisition does not complete, the Group has nevertheless also incurred, and will incur additional, significant legal, accounting and transaction fees and other costs relating to the Acquisition. Although the Issuer considers the risk that the Acquisition will not complete less likely, any failure to complete the Acquisition may have a material adverse effect on the Group's existing business, financial condition, results of operations and future prospects of the Group (including the Group's ability to successfully compete) and, in the case of a delay, may have a material adverse effect on the Group's cash flows, business, financial condition, results of operations and prospects of the Group or following completion of the Acquisition, the Enlarged Group including delaying the realisation of anticipated synergies, resulting in an adverse effect on the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

1.2 Regulators or other authorities may seek to impose new or more stringent conditions on the Group or the Enlarged Group prior to approving completion of the Acquisition.

The Acquisition is subject to a number of regulatory approvals having been obtained from regulators, including the Danish FSA and the Danish Competition and Consumer Authority. These and other regulators may impose unexpected conditions for the completion of the Acquisition, changes to the terms of the Acquisition, or additional requirements, limitations or costs on the business of the Group. As examples, such conditions may relate to conditions for the governance structure of the Enlarged Group or to solvency requirements for the Enlarged Group. In addition, the Danish Competition and Consumer Authority has, the power to demand divestiture of specific customer portfolios or business areas, or to impose specific behavioural commitments or a waiver of certain terms, for example in partnership agreements.

Any such legal or regulatory conditions, changes, requirements, limitations or costs may materially change the economic rationale for the Acquisition, limit the contractual rights of the Group, limit the revenues of the Group or the Enlarged Group, impose additional regulatory capital requirements on the Group or the Enlarged Group, restrict the ability of the Group or the Enlarged Group to generate, distribute or release cash, increase the costs of the Group or the Enlarged Group, reduce

the ability of the Group or the Enlarged Group to achieve cost and capital synergies, and in some cases lead to the abandonment of the Acquisition or otherwise adversely affect the Group's or the Enlarged Group's practices or otherwise adversely affect the business, financial condition, results of operations and prospects of the Group or the Enlarged Group. In addition, any delays in obtaining such regulatory approvals may adversely affect the realisation of anticipated synergies.

Although the Issuer considers the risk of not obtaining the necessary regulatory approvals less likely any failure or delay in obtaining such regulatory approvals or any such additional requirements, or limitations set by the regulators or any additional costs incurred in this respect, may materially adversely affect the Group's or following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

1.3 The Group has no right to terminate the Acquisition or adjust the purchase price for Codan Denmark if there is a decline in value of Codan Denmark or regulators impose additional requirements on the acquisition affecting value.

The Group has no right to terminate the Acquisition or adjust the purchase price even in the event of a material adverse change in the value of Codan Denmark or if regulators impose additional requirements, limitations or costs on the business of the Enlarged Group as conditions for providing approval for the Acquisition. In the event that there is an adverse event affecting the value of Codan Denmark, an adverse requirement, limitation or cost is imposed by a regulatory requirement affecting the value of the Acquisition, or the value of Codan Denmark declines for any reason, the Acquisition may nonetheless have to complete and the value of Codan Denmark could be less than the consideration agreed by the Issuer to pay irrespective of any such value decline. The Group may therefore have to pay as consideration for its interests in Codan Denmark an amount in excess of market value at the time of completion of the Acquisition and such excess may be material, resulting in an adverse effect on the Group's or following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

1.4 The Group has prior to the Acquisition, conducted limited due diligence investigations on Codan Denmark, which may impact the factors considered in attributing value to Codan Denmark or result in unforeseen difficulties and costs in integrating Codan Denmark into the Group.

The scope of the Group's due diligence investigation of Codan Denmark prior to entering into the Share Purchase Agreement has been limited in scope. Applicable competition law restrictions have limited the information that may be shared and as such limited the Group's ability to directly perform due diligence on Codan Denmark in relation to competitively sensitive areas of Codan Denmark's business. The limited due diligence conducted increases risk that this may expose the Group to unknown risks, valuation adjustments and liabilities. Moreover, the Group may encounter integration challenges that it did not foresee when announcing the Acquisition, in each case, due to the Group's limited due diligence investigation of Codan Denmark.

Both prior to and following completion of the Acquisition, new issues may be identified, such as material liabilities or risks within Codan Denmark. Such issues may not be covered by the Group's warranty and indemnity insurance, as only losses arising from a breach of the warranties will be covered (subject to the caps and limitations included in the insurance policy), which could have a

material adverse effect on the Group's or following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

1.5 The Enlarged Group's management and resources may be diverted away from core business activities due to personnel being required to assist in the integration process.

The Enlarged Group's management and resources may be diverted away from core business activities due to the integration process which is expected to take approximately four years with expected completion in 2025. Any delays in obtaining the necessary regulatory approvals may prolong the integration process. The integration process will divert the management's time from its other responsibilities which could potentially lead to the interruption of operations of the Enlarged Group or a loss of customers or key personnel, which may affect customer retention and the realisation of anticipated synergies. As certain speciality business lines are dependent on highly specialized business professionals, in areas such as underwriting and claims handling of Renewable Energy and Marine business, actuaries, vital IT-competences, risk engineers etc., who are difficult and/or expensive to replace, a loss of key personnel could impact the Enlarged Group's ability to compete in certain business areas and/or affect the Enlarged Group's existing portfolio business. Loss of key personnel could also lead to reputational damage. Any diversion of the management's time from its other responsibilities because of the integration process may have a material adverse effect on the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

1.6 The Enlarged Group may fail to realise all or part of the expected benefits and synergies of the Acquisition.

The Enlarged Group may not realise the anticipated benefits and cost synergies of the Acquisition which are to a large extent dependent on the timely and successful integration of Codan Denmark into the Enlarged Group. Completion of the Acquisition is expected to occur during H1 2022. While the Issuer believes that it has demonstrated experience in integrating businesses and can draw on its skilled resource pool as a result of its previous integrations of, among others, Saxo Privatbank A/S in 2018 and Trafik G/S in 2017, Codan Denmark is the largest integration of a company in the Group's history and is expected to have a larger degree of complexity due to the size and structure of Codan Denmark.

The integration of Codan Denmark may take longer than expected, prove more costly than anticipated, and/or difficulties currently unknown may arise in connection with the integration. The technological infrastructure includes complex computer and data processing insurance platforms, which may prove the integration of Codan Denmark's information technology systems and processes into the Group more difficult than anticipated. Following the carve-out of RSA Scandinavia from the RSA Group, which took place on 1 June 2021, as well as following the Demerger expected to be executed in H1-2022, Codan Denmark is and will be dependent on the RSA Group and Tryg in a number of areas which may prove to be difficult to separate in practice and may thus potentially delay the integration process despite the transitional services arrangements that have been established. RSA and Codan Forsikring have entered into a transitional service agreement (TSA1) on 1 June 2021 covering these areas, over which the Issuer has no influence. At the date of the Demerger expected for H1-2022, RSA and Codan Forsikring will transfer TSA1 from Codan Forsikring to Chopin Forsikring, which will be holding Codan

Denmark. In addition, a transitional service agreement (TSA2) is expected to be established between Chopin Forsikring and Tryg with effect from the date of the Demerger. Any delays or difficulties encountered in connection with the above-mentioned processes or transitional arrangements could adversely affect the integration process and the implementation of the Enlarged Group's plans and may result in the Enlarged Group not realising some of the anticipated benefits and cost synergies of the Acquisition and lead to the integration process proving to be more difficult, time-consuming or expensive than expected.

Delays resulting from a delay in the completion of the Acquisition as described in "Risk Factors", 1.1 – "The Acquisition is subject to a number of conditions that remain outstanding at the date of this document, which may not be satisfied or waived or the receipt of which may prevent or delay completion of the Acquisition", may result in the Enlarged Group encountering difficulties in achieving the anticipated synergies of the Acquisition. In addition, the limited due diligence conducted on Codan Denmark, as described in section 1.4 – "The Group has prior to the Acquisition, conducted limited due diligence investigations on Codan Denmark, which may impact the factors considered in attributing value to Codan Denmark or result in unforeseen difficulties and costs in integrating Codan Denmark into the Group.", may lead to new issues being identified that may negatively affect the basis for the assessment of the achievable benefits and synergies. Likewise, unexpected loss of key personnel in specialised areas such as underwriting and claims handling of renewable energy and marine business, actuaries, vital IT-competences, risk engineers etc. who are difficult and/or expensive to replace, as described in section 1.5 – "The Enlarged Group's management and resources may be diverted away from core business activities due to personnel being required to assist in the integration process.", may also negatively affect the basis for the assessment of the achievable benefits and synergies. Finally, any unexpected loss of key partnerships and customers due to the Acquisition or integration challenges, or other undiscovered dis-synergies may impact the realisation of all or part of the expected benefits and synergies of the Acquisition.

While the Issuer believes that the anticipated benefits and cost synergies of the Acquisition provide a realistic scenario as at the date of this document, there can be no assurance that these anticipated synergies nor the value or timing thereof will be achieved following the Acquisition amongst others for the specific reasons highlighted. Any failure to realise the anticipated benefits and synergies may affect the Issuer's expectations for return on investment and earnings impact. In addition, any failure to realise the anticipated benefits and synergies may have a material adverse effect on the Enlarged Group's cash flows, business, financial condition, results of operations and prospects as well as on the value of the Notes.

1.7 The Group may realise a loss on its investment in Codan Denmark as Codan Denmark for a limited period of time have to operate on a separate basis under the control of the Seller after the carve-out of RSA's Scandinavian business from RSA on 1 June 2021 and after the contemplated Demerger and until completion of the Acquisition subject to agreed transitional arrangements.

Following the carve-out of RSA's Scandinavian business from RSA on 1 June 2021, Codan Forsikring, holding Codan Denmark, and following the contemplated Demerger (expected for H1-2022) Chopin Forsikring, holding Codan Denmark, will no longer be able to rely on the wider RSA infrastructure and platforms, including many technological systems thereby having to operate on a

separate basis with any support from RSA, and after the Demerger also from Tryg, limited to specifically agreed transitional arrangements - primarily TSA1 and TSA2. Any failure by RSA or Tryg to support Codan Denmark in accordance with the agreed transitional arrangements, or any lack of sufficient remedies under the agreed transitional arrangements or any failure to include necessary transitional arrangements into the agreed arrangements could have a material adverse effect on the business, financial condition, results of operations and prospects of Codan Denmark and as a consequence hereof a material adverse effect on the value of the Group's investment in Codan Denmark.

A loss or diminishment of the Group's investment in Codan Denmark would have a material adverse effect on the Group's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

1.8 The Group may be exposed to compulsory demerger liability arising from the Demerger.

Under Danish law, where a creditor of a limited liability company participating in a demerger is not paid, each of the other participating limited liability companies are jointly and severally liable for the actual and contingent obligations existing at the date of publication of the Demerger Plan, subject, however, to a maximum amount equal to the net value contributed to that company (compulsory demerger liability). Accordingly, there is a risk that Chopin Forsikring will be held liable for claims raised against Codan Forsikring or Tryg related to the business received as part of the Demerger. Likewise, Tryg has a risk of being held liable for claims raised against the contributing company or Chopin Forsikring related to the business received as a part of the Demerger.

The demerger liability is secondary in the way that Chopin Forsikring or Tryg will not be liable unless a creditor has unsuccessfully made a claim against Chopin Forsikring or Tryg respectively. The risk of statutory demerger liabilities materialising will persist until a claim becomes statute barred. Under Danish law, this would generally be after three years with potential for suspension up to a maximum of ten years. In relation to claims that are not known by the creditors, however, it could under special circumstances be up to 30 years, depending on the merits of the claim.

The demerger liability is governed by a Demerger Agreement expected to be effective at the time of the Demerger and expected to contain an indemnification from Tryg Forsikring against Chopin Forsikring and vice versa if the demerger liability relates to the part of the demerged business which Tryg or Chopin Forsikring receives in connection with the Demerger. Hence, the actual risk related to the demerger liability is concentrated on claims against the contributing company, e.g., potential tax claims.

1.9 The Group will have no influence on the process or the execution of the Demerger.

The Group will have no influence on the Demerger process setting out the terms and timing of the Demerger as well defining the ultimate split of the business of Codan Forsikring into Codan Norway and Trygg-Hansa to be transferred to Tryg, and Codan Denmark to be transferred to Chopin Forsikring respectively. The Issuer is not a party to the Demerger Agreement, which together with the Separation Agreement will set out the terms and principles for the Demerger and will only be entitled to review and to be consulted on on-going development, the drafting and the negotiations between Tryg and Intact in respect of the Demerger Plan, the Demerger Agreement and the

Demerger Balance Sheet. Any delays, inaccuracies, inconsistencies, mistakes, or unfavourable scoping of the Codan DK Business to be transferred to Chopin Forsikring as the target may have a material adverse effect on the Group's and, following completion of the Acquisition, the Enlarged Group's anticipated synergies related to the Acquisition.

1.10 The Group will have no ability to control Codan Denmark prior to completion of the Acquisition.

The Seller will have full control over Chopin Forsikring and Codan Denmark until completion of the Acquisition and will be in charge of leading the process for fulfilling certain of the conditions, including the seeking of certain of the required approvals, in particular in relation to completion of the Demerger and completion of the Reorganisation. Any failure, including failure to comply with regulation and/or breach of contractual obligations, or delay hereof may result in delays in the Acquisition (including any realisation of synergies), adverse impact and/or lead to the abandonment of the Acquisition.

In addition, the Seller will ultimately continue to have the overall responsibility for the governance and prudent operation of the whole of Chopin Forsikring and Codan Denmark, until completion of the Acquisition. The Sellers are not contractually obliged to procure that the Issuer will have any operational control or influence over Chopin Forsikring and Codan Denmark and/or that decisions of the Issuer in respect thereof are implemented.

The terms and duration of the period of ownership by the Seller until completion of the Acquisition could result in a diminishment in the value of Codan Denmark. This may occur through, for example, losses of key employees or poor financial performance of Codan Denmark in the period up until the completion of the Acquisition or for other reasons, all of which may have a material adverse effect on Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's anticipated synergies related to the Acquisition, cash flows, business, financial condition, results of operations and prospects.

2. RISKS RELATING TO THE BUSINESS AND INDUSTRIES IN WHICH THE GROUP AND CODAN DENMARK OPERATE AND IN WHICH THE ENLARGED GROUP WILL OPERATE

2.1 The frequency and severity of claims incurred by the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are affected by the incidence of adverse and extreme weather events and climate change and such factors may accordingly adversely affect their cash flows, business, financial condition, results of operations and prospects.

The frequency and severity of claims incurred by the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are affected by the incidence of adverse and extreme weather events and climate change. Severe weather events such as rainstorms, windstorms, snowstorms, severe winter weather, hailstorms, floods, and fires, all of which may be exacerbated by the increasing effects of climate change, may cause significant damage to insured homes and commercial property, particularly in heavily populated areas where there is a commensurate concentration of risk.

The frequency and severity of extreme weather events, including those related to climate change, are subject to long-term external influences. Climate change impacts disaster risk through the likely increase in extreme weather events. Thus, climate change could result in a higher level of weather claims, which would in turn lead to increases in reinsurance costs and prices for impacted insurance products, including home and contents and building insurance products. The impact of long-term external influences such as climate change should be considered in assessing the Group's results for any given period.

The Issuer and Codan Denmark are focused on identifying tendencies towards increased weather-related claims over a period of years due to climate changes. However, as such extreme weather events have occurred with a low frequency it may take a long period of time to establish whether the frequency of adverse and extreme weather events has increased. Accordingly, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group may not have sufficiently accounted for extreme weather events hereunder as a consequence of a potential increased likelihood of extreme weather events due to climate changes.

As an example, harsh winters result in higher levels of claims due to auto accidents and broken pipes from cold weather, as harsh winters leads to poorer conditions for motorists, which increases the risk of car damage and accidents as well as cold weather can cause water in pipes to freeze to such an extent that the pipes cannot withstand the pressure.

Although the Issuer deems that there is a limited risk that adverse and extreme weather events and climate changes will impact the Group in a manner not already accounted for by the Group, such events and changes, which are outside the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's control can, if materialized, lead to increased claims expenses which are not taken into account in the risk assessment that lies behind the insurance premium determination and risk management and may accordingly adversely affect their and the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.2 Competition in the market for general non-life and life insurance may adversely impact the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group if they fail to keep pace with changes in the industry, including new challenges presented by traditional and non-traditional competitors, hereunder multi-national insurance companies and other companies, or fail to continue to provide attractive and innovative products and services, use of the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's products and services could decline and may thereby adversely affect their cash flows, business, financial condition, results of operations and prospects.

The Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's prospects depend on a continued increase in demand for the products and services offered and the ability to focus on new customer segments, roll-out of adjacent product categories, as well as on continued positive economic development in Denmark. If the market lacks growth or if there is a general decline in conventional insurance products and demand for the products of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group, it will be difficult

to further develop the customer base or be able to focus on new customer segments and adjacent product categories as expected, which may have a material adverse effect on the cash flows, business, financial condition, results of operations and prospects.

The market in which the Group and Codan Denmark operate and, following completion of the Acquisition, the Enlarged Group will operate, is highly competitive with a number of existing small, medium and large competitors and potentially new entrant competitors. Certain of the Group's and Codan Denmark's current competitors have been reorganising and/or consolidating which has led to increased financial capacity of such competitors to invest in new products and solutions. Accordingly, the market is characterised by rapid and significant technological change, new product and service introductions, changing customer needs and preferences and the entrance of non-traditional competitors, and this is likely to continue or even increase in the coming years. In order to remain competitive, the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group will need to anticipate and respond to these changes, which require continued investment in, and time spent on, innovation and research and development.

If the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group fail to identify and keep pace with these changes or to continue to develop and introduce attractive and innovative products and services, the use of their products and services could decline, but the Group expects the probability for such failure to be limited. For example, advancements in technology facilitating self-driving cars could potentially reduce the number of car accidents altering the motor insurance industry. Any lack of, or delay in, offering new products and services, or failure to differentiate the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's products and services or accurately predict and address market trends and demand, could render their products and services less desirable to their customers or even obsolete, which, in turn, could have a material adverse effect on their cash flows, business, financial condition, results of operations and prospects.

In order to service its large corporate segment, Codan Denmark must be able to service and support multinational companies with interests outside Denmark with local policies. In territories where it is not possible to issue a Freedom of Service (FOS) policy, Codan Denmark is relying on the support of the RSA global network, who will arrange for a local policy to be issued and reinsured back to Codan Denmark. It could have a material adverse effect on its results of operations and future prospects should Codan Denmark no longer be able to service the multinational segment.

Moreover, the projects that the Group and Codan Denmark have undertaken and, following completion of the Acquisition, the Enlarged Group will undertake, in order to enhance its technological solutions and respond to evolving market trends require significant investments, may prove to be unsuccessful or insufficient. Further, there can be no assurances that the trends, products or services which such enhancements are designed to address will develop as expected or that these undertakings will be successful. If the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group invests in acquisitions and/or research and development to target new products, services and solutions for markets or trends that do not develop as anticipated or at all, the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group could have difficulty recovering the costs that it has incurred in relation to any acquisitions or in researching and developing these new products, services and solutions and, to the extent that such investments have been capitalised, incur significant write-offs, all of which may, if materialised,

have a material adverse effect on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.3 The Group's and Codan Denmark's prospects depend and, following completion of the Acquisition, the Enlarged Group's prospects will depend on customer retention and a continued increase in demand for the products and services offered, the ability to focus on new customer segments, roll-out of adjacent product categories and the economic development in Denmark.

The Danish insurance market is mature and thus growth is incremental. If the market lacks growth or if there is a general decline in conventional insurance products and demand for the Group's, Codan Denmark's or, following completion of the Acquisition, the Enlarged Group's products does not increase, it will not be able to retain its customers and/or develop its customer base or be able to focus on new customer segments and adjacent product categories as expected, which may have a material adverse effect on its cash flows, business, financial condition, results of operations and prospects.

The success of certain limited non-life insurance products that are less resilient to an economic downturn than other non-life insurance products is closely tied to the general economic development in Denmark. The Danish economy experienced negative growth in 2020. However, the Danish Central Bank expects a GDP growth in Denmark of 3.8% in 2021 compared to 2020. The Danish non-life insurance market has experienced limited growth and is expected to continue to experience only limited growth, as the market has a high penetration. Furthermore, the market is experiencing decreasing premiums for employee and private insurance products, which puts further limitations on growth. The outlook for providing non-life insurance in the Danish commercial market remains uncertain as business bankruptcies have been relatively low through 2020 and 2021 despite a spike in the number of bankruptcies that were seen at the end of 2020 and the first months of 2021. Danish commercial insurers now face a risk of a potentially substantial increase in bankruptcies which may reduce the growth in the insurance market and also potentially increase the insurance claims as government-issued aid packages phase out.

Specific segments of Codan Denmark's business are dependent on international development. Specific lines of Codan Denmark's business within the commercial segment that are more international focused are dependent on continued increase in demand internationally. This is particularly true for the business line Renewable Energy. Continuous market demand and investor appetite to provide investments into these segments are accordingly key and the lack hereof may affect the cash flows, business, financial condition, results of operations and prospects of Codan Denmark.

Although the Group has not experienced such impacts in the past, negative developments in, or the general weakness of, the Danish economy may have a negative impact on the spending patterns of existing or potential customers and the willingness of such customers to make investments or sign up for their services and products. A weakening economy may also lead to a higher number of missed premium payments and the cancellation of policies. Therefore, a negative economic development in Denmark could have adverse effect on the Danish non-life insurance

market and thereby on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.4 The Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are dependent on strategic partnerships and brokers to distribute their products. A loss of business provided by such strategic partners and brokers could have a material adverse effect on the Enlarged Group's assets, strategic position, result of operation and forecasts which may impact its cash flows, business, financial condition, results of operations and prospects.

Strategic partnerships are fundamental to the Group's and Codan Denmark's distribution of their products and will, following completion of the Acquisition, be fundamental to the Enlarged Group's distribution of its products. The Group has entered into strategic partnerships with Volkswagen Semler Finans Danmark A/S and Sydbank A/S for distribution of the Group's products. In 2020, 2.2% of the Group's non-life and life insurance products were distributed by strategic partners and the Management expects and forecasts this share to increase significantly in the coming years.

Similarly, a key distribution channel for Codan Denmark in the market for private insurance is strategic partnership agreements. Approximately 37% of Codan Denmark's private segment's sales in 2020 (based on new business) were generated through its exclusive bancassurance partnerships which provide Codan Denmark with a significant network of approximately 25% of banking customers in Denmark. Furthermore, partnerships provide point-of-contact across various age groups in Denmark. For example, Codan Denmark has access to a network of over 900,000 elderly customers through a partnership with Ældre Sagen and to a cohort of students and employed high earners through a partnership with Djøf. In addition, in Codan Denmark's commercial segment insurance brokers form an important distribution channel.

Such partners are distributing the Group's and Codan Denmark's products to potential new customers. It is the Group's and Codan Denmark's ambition, and it will be the Enlarged Group's ambition, following completion of the Acquisition, to continue growing strategic partnerships to increase the partners' distribution of products and to ensure that the Enlarged Group through such partnerships is able to differentiate itself from its competitors.

In addition to such strategic partnerships, the Group and Codan Denmark have entered into agreements with a number of insurance intermediaries and brokers which are also distributing the Group's and Codan Denmark's products to existing and potentially new customers. Further, Codan Denmark also uses a global network of insurers to operate international insurance programmes where local insurance partnerships are needed for operational or compliance purposes. The network has been utilized for many years and following the ownership changes, Codan Denmark's status in the network has changed from an internal user to an external strategic network partner which will result in higher requirements for participation. If the Enlarged Group does not have access to the network subsequent to the Acquisition, the Enlarged Group will need to find alternative local insurance providers in the relevant countries. This may extend the renewal process for the customers insurance policies and could potentially result in loss of customers and imply costs or loss of revenue. This may increase the risk of not being able to meet the requirements of

participating in the global network of insurers. If such risk materialises, it may impact Codan Denmark's cash flows, business, financial condition, results of operations and prospects.

Accordingly, the Group and Codan Denmark are, and following completion of the Acquisition, the Enlarged Group will be, dependent on such strategic partnerships to ensure continued and increased distribution of products. While the agreements for strategic partnerships and distribution vary in form and content, with some being pure referral agreements, not all strategic partners, insurance intermediaries and independent brokers are committed to recommend or sell the Group's or Codan Denmark's products. As such, insurance intermediaries and brokers may in some cases represent more than one insurance company, including direct competitors, and therefore the Enlarged Group will face competition within such insurance intermediaries and brokerages. The parties to the cooperation agreement between Codan Forsikring, Privatsikring, Nykredit Realkredit A/S and other parties have in certain circumstances and subject to certain conditions such as, but not limited to, change of control provisions certain rights which, if materialised, could have a material adverse effect on the Group's and, after completion of the Acquisition, the Enlarged Group's assets, value and results of operations and future prospects hereof.

Entering into and maintaining strategic partnerships may require substantial development efforts and may also imply a change in, among others, risk profile, underwriting results, capital needs and internal governance requirements which may have a material adverse effect on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

Partnerships may affect the perception and accordingly the value of the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's brand and other intangible property rights. If the partnerships or the partners do not perform well and provide the customers with a sound customer experience, including regulatory compliant and service oriented claims handlings, this may materially negatively affect the customers' perception of the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's brand and other intangible property rights and accordingly negatively affect especially their assets, strategic position, results of operations and forecast. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.5 Failure in the Group's, Codan Denmark's and/or, following completion of the Acquisition, the Enlarged Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, and poor data quality could lead to a breach of regulations and contractual obligations and have a material adverse effect on their reputation, cash flows, business, financial condition, results of operations and prospects.

The Group's and Codan Denmark's technological infrastructure is critical to the operations of their respective businesses and delivery of products and services to clients. Even with the back-up recovery systems and contingency plans that are in place, the Group and Codan Denmark cannot assure and, following completion of the Acquisition, the Enlarged Group will be unable to assure that interruptions, failures or breaches in capacity, security or data (including use of corrupt data) of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. This also includes the intentional or unintentional release of proprietary information

about the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group, their clients or their employees. Such leaked information may be used against their interests, their clients or their employees, including in litigation and arbitration proceedings.

Following completion of the Acquisition, Codan Denmark's IT systems and data are planned to be integrated into the Group's current IT systems which imply an elevated risk of failures, losses and/or break downs in the Enlarged Group's IT systems, data and operations. See also section 2.10 – "The Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group may experience unexpected delays or costs in connection with existing or future IT projects." for further information on risks associated with large IT projects.

The Group and Codan Denmark rely on their operational processes and communication and information systems to conduct their business, including pricing of their products, their underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with their reporting obligations. The Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group are also dependent on third-party providers of administration and IT services and other back-office functions. In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of their systems are in progress to update systems and infrastructure, it is still possible that interruptions, failures with conversions, failures or breaches in security of these processes and systems will occur and, if they do occur, that they may not be adequately addressed.

Further, the Group and Codan Denmark are and, following completion of the Acquisition, the Enlarged Group will be dependent on valid and complete data for a number of purposes, including calculation of underwriting risks. If the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group fail to gather, store and utilise data, the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group may not be able to perform calculations on (among others) such risks. None- or miscalculation of such risks may have a negative impact on the Group's, Codan Denmark's or, following completion of the Acquisition, the Enlarged Group's financial position.

Poor data quality, including mismanagement of data, may lead to non-decisive management decisions due to poor or lack of management information relating to both data quality and data analysis. Similarly, it may lead to business inefficiency, complexity and overspend on compensating and fixing errors due to improper data governance.

Any interruption in the Group's or Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Enlarged Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Enlarged Group's brands, reputation and have a material adverse effect on its cash flows, business, financial condition, results of operations and prospects.

Failure in the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's own or outsourced information technology systems, including as a result of cybercrime or

information security weaknesses, and/or poor data quality, all of which could lead to a breach of regulations and contractual obligations and have a material adverse effect on their reputation, cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.6 Cyber-crime has the potential to significantly compromise the confidentiality, integrity and availability of information systems and business data, and the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group may not be able to protect itself against threads hereof.

As providers of non-life and life insurance, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are dependent on the possession of a large amount of customer information and data, including usernames, administrative codes and personal details. The Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group may not be able to fully protect themselves against threads of cyber-crime and may incur substantial losses if their information systems are compromised.

The scope of cyber-attacks has in recent years developed such that cyber-attacks now occur on a frequent basis and the risk of being subject to cyber-attacks are high. While the vast majority of these attacks do not reach a level of sophistication that could pose a threat to the Group or Codan Denmark, and, following completion of the Acquisition, the Enlarged Group, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group may not be able to stop cyber-attacks despite efforts to continually monitor and assess their security organisation in terms of resources and service offerings. Cyber risk exposure may also increase as a result of complications stemming from the migration of data from Codan Denmark onto the Group IT infrastructure. Disruptive cyber-attacks could result in temporary shut-down of IT-systems and result in substantial losses. For the integration process between the Group and Codan Denmark, the Enlarged Group will be subject to increased cyber risks due to the number of changes when migrating platforms and the many human changes in a business merger.

There can be no assurance that IT security incidents or breaches will not occur in the future, or that future security incidents, breaches and other issues will not have a material impact on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's business or that their procedures will be sufficient to address such future IT security incidents, breaches and other issues. Further, cyber risks are exacerbated by the age and complexity of the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's technology and network architecture. The occurrence of any cyber threats, such as the theft or unauthorised use or publication of their confidential information or other proprietary business information as a result of an IT security incident, could expose them to liability, adversely affect their competitive position and reputation, and reduce marketplace acceptance of their insurance products, whether or not the incident is ultimately determined to be their fault. Consequently, if the Group's, Codan Denmark's or, following completion of the Acquisition, the Enlarged Group's IT systems are compromised, this could have a material adverse effect on their business, financial conditions, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

Accordingly, cyber-crime has the potential to significantly compromise the confidentiality, integrity and availability of information systems and business data, and the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group may not be able to protect itself against threats hereof.

2.7 The Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, including due to an inadequate analysis of the underwriting risks, all of which could result in significant underwriting losses.

The Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's results will depend to a significant extent on whether their claims experience is consistent with the assumptions they use in underwriting, setting the prices for their products and establishing the liabilities for their obligations for future claims. To the extent that their actual claims experience is less favourable than the underlying assumptions they use in establishing such liabilities, they could be required to increase the reserves made for their liabilities, which could result in losses.

Due to the nature of the risks the Group and Codan Denmark incur and of the risks the Enlarged Group, following completion of the Acquisition, will incur in underwriting insurance, they cannot determine precisely the amounts that they will ultimately pay to meet such liabilities covered by the insurance policies written. Their respective claims reserves may prove to be inadequate to cover the actual claims, particularly when payments of claims may not occur until well into the future. The Group and Codan Denmark maintain and, following completion of the Acquisition, the Enlarged Group will maintain claims reserves to cover their estimated ultimate liability for claims and claims adjustment expenses. Such reserves are maintained also for claims which are estimated to be made but have not been made yet (so-called incurred but not reported (IBNR) claims). Accordingly, claims reserves represent estimates of the ultimate cost, including related expenses, to bring all pending and incurred but not reported claims to final settlement. These estimates are based on data and actuarial and statistical projections and assumptions. The estimates are also based on other variable factors, including changes in the legal and regulatory environment and general economic conditions.

Further, the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group are dependent on data and internal mathematical models which are complex and increasingly make use of sophisticated computational tools to set claims reserves and price their products. Should these data or models not be accurate, or should the implementation of these models be erroneous, there is a risk that the pricing of products or the reserving for future claims payments may be incorrect for a period.

Following completion of the Acquisition, the Enlarged Group's earnings will depend significantly upon the extent to which its actual claims experience is consistent with the projections and the assumptions it uses in setting claims reserves and subsequent premium levels. In addition, any changes in actuarial assumptions may lead to changes in the level of regulatory capital required.

Changes in the claims experiences and actuarial assumptions or other variable factors, including changes in legislation, could result in claims in excess of the Group's, Codan Denmark's or,

following completion of the Acquisition, the Enlarged Group's claims reserves. Significant negative developments may require them to increase their reserves with a corresponding reduction of their net income in the period in which the deficiency is identified. For long-tail claims which carry a long settlement period and include mainly motor, personal accident, disease, workers' compensation and child insurance, it has been necessary for the Group and Codan Denmark, and may, following completion of the Acquisition, continue to be necessary for the Enlarged Group, to revise estimated potential claims exposure and, therefore, related claims reserves. Macroeconomic conditions can also impact estimates for claims reserves. The Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims due to falling interest rates. Consequently, actual claims and related expenses paid may differ from estimates reflected in the claims reserves in the financial statements, although prices may be adjusted to minimise any differences. To the extent the Enlarged Group's current claims reserves are insufficient to cover actual claims, it would have to increase its claims reserves and incur a corresponding charge to its earnings. In addition, if the Enlarged Group's claims reserves would be excessive because of an over-estimation of risk, it may set premiums at levels too high for it to be able to compete effectively, which may result in a loss of customers and premium income and could have a material adverse effect on the Enlarged Group's future financial condition, results of operations and cash flows. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

Parts of Codan Denmark's commercial segment business are, by the nature of the risks, exposed to low frequency high severity claims that may take time to emerge. This is particularly the case for some aspects of "technical lines". Recent experience has seen higher large losses than previous experience would suggest. The Enlarged Group is dependent on retaining its employees with contact to tech line suppliers and customers. If, such employees are not retained, the Enlarged Group may not be able to fully serve its customers or attract new customers, which may affect the cash flow, business and result of operation.

Alm. Brand Liv og Pension provides insurance based on information of the insured in accordance with industry standards. However, in some situations Alm. Brand Liv og Pension requires additional information about the potentially insured person before accepting to provide insurance cover. Effective from 1 November 2019, Alm. Brand Liv og Pension signed up to the insurance industry's common principles on acceptance and continuation in the event of a change of provider of corporate pension schemes (the change-of-provider agreement) as part of the company's growth strategy. Receipt of schemes under the change-of-provider agreement is based on more lenient health information in the form of an employer's statement. Especially in relation to this, there is an increased risk of providing insurance where the risk of payment of insurance cover is not fully reflected in the price of the insurance, or that Alm. Brand Liv og Pension enters into insurance agreements where such risks exceed Alm. Brand Liv og Pensions risk tolerance due to a reduced analysis of the underwriting risks. See also section 3.1 – "The Issuer is investigating strategic alternatives for its life insurance division Alm. Brand Liv og Pension. The outcome of this may have a material adverse effect on its and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects." regarding potential strategic alternatives for Alm. Brand Liv og Pension.

Accordingly, although the Issuer considers the probability of this risk materialising less likely, underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, including due to an inadequate analysis of the underwriting risks, all of which, if materialised, may result in significant underwriting losses. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.8 The Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group may be exposed to failures in underwriting, operating controls or risk management systems that could increase claims incidence and force premiums to be raised or cause claims reserves to be insufficient or have other material adverse effects on their business.

In case of any mismanagement, fraud or failure to satisfy fiduciary responsibilities, to comply with underwriting guidelines and authorisation limits, to comply with applicable anti-money laundering and other similar rules and requirements, the negative publicity resulting from these activities or the accusation by a third party of such activities, could have a material adverse effect on the Group's and on Codan Denmark's businesses, and following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. If the Enlarged Group's underwriting guidelines or internal controls are ineffective or if its employees do not properly follow those guidelines, the Enlarged Group may not have proper reserves for claims attributable to the relevant product line, it may not be able to adjust its prices accordingly and/or its risk appetite may be incorrectly set. For example, the Group and Codan Denmark may have agreed to provide insurance cover or pay out an insurance amount due to a human error but where the error has not been reported internally to the management. The Enlarged Group may be at risk both from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased and from employees who undertake, or fail to follow procedures designed to prevent, fraudulent activities.

When concluding major insurance policies, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group estimates the expected maximum loss ("EML") that may be made under the insurance policy. The EML is protected by reinsurance. If the EML exceeds the respective Reinsurance Treaty limit, facultative reinsurance is taken out on the insurance policy in question. A substantial error in the assessment of the EML may accordingly imply that the actual damage becomes greater than the assessed EML. In these cases, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group itself will retain the part of the damage that exceeds the reinsurance cover. Similarly, if the reinsurance cover is taken out later than taking on the insurance risk, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group bears the insurance risk until reinsurance has been taken out. An insurance event in this period will result in a loss for the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group, which is not, or is not fully, covered by reinsurance. Any such, or similar, events can have a significant negative impact on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's business, operating profit, financial position and future prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

Similarly, the Group and Codan Denmark uses, and, following completion of the Acquisition, the Enlarged Group will use, derivatives to hedge against certain market risks e.g., interest rate risk, inflation risk and FX risk. The Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group will be, dependent on third parties for the daily calculation of the market values of its derivative collateral under such derivative agreements. If use of derivatives is inadequate or ineffective or if these third parties (mostly large banks) miscalculate the collateral required and the counterparty fails to fulfil its obligations under the derivative, it could result in unexpected losses, which could have a material adverse effect on the cash flows, business, financial condition, results of operations and prospects of the Group and, following completion of the Acquisition, the Enlarged Group. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.9 Any decrease in the availability and amount of reinsurance, increases in the cost of reinsurance and/or the inability or refusal of reinsurers to meet their financial obligations could materially adversely affect the results of operations and financial position of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group.

An important element of the Group's and Codan Denmark's, and, following completion of the Acquisition, the Enlarged Group's risk management strategy is to purchase reinsurance, thereby transferring parts of the risk they underwrite to reinsurers. Under a reinsurance contract, the assuming reinsurer becomes liable to the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group to the extent of the risk ceded although the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group remains liable to the insured as the insurers.

The Group has a reinsurance programme in place which ensures that a single loss occurrence or a random accumulation of larger claims do not result in an unacceptable loss of capital relative to the Group's risk appetite.

The Group's reinsurance programme provides both a large and a wide coverage. The programme consists of 12 coverages covering, among others, claims related to catastrophe, frequency (such as fire, windstorms and rainfall), workers' compensation, personal accidental, liability, travel and cyber. The largest obtained reinsurance coverage in a programme is the catastrophe programme covering up to DKK 4.3 billion with a retention of DKK 75 million.

In addition to the above, the Group uses facultative coverage of risks exceeding the reinsurance contracts' capacity and/or if the conditions exceed the reinsurance contracts' coverage. Reinsurance supplemented by facultative coverage covers fire claims with retention of DKK 30 million, while personal injury on accident and workers' compensation claims are covered with retention of DKK 20 million.

From 1 July 2019, the risk of a terrorist attack is covered under a state terrorism insurance scheme, comprising claims related to attacks involving nuclear, biological or chemical agents. Alm. Brand Forsikring therefore no longer covers these risks, but still covers claims related to conventional terrorist attacks, which are also covered under the company's catastrophe reinsurance programme.

For 2021 the reinsurance programme for Codan Denmark comprises of cover for all major lines of business from excess of loss (XOL) per risk covers for property and engineering with a retention of DKK 100 million over per risk/per event covers for renewable energy with a retention of USD 22.5 million and a catastrophe programme starting at GBP 25 million for non-North American (CAD 75 million for North American) losses and covering up to GBP 1.325 billion.

The retention for personal accident and workers' compensation for the Group is DKK 100 million, whereas the casualty exposures are covered after DKK 25 million.

Facultative protection will be bought should capacity over and above the treaty capacity be needed or if the cover granted on the policy is broader than the one in the treaties.

Although reinsurance does not discharge the Group or Codan Denmark and, following completion of the Acquisition, will not discharge the Enlarged Group from its primary obligation to pay under an insurance policy for losses incurred, reinsurance will make the reinsurer liable for the reinsured portion of the risks. Consequently, the Enlarged Group will be subject to credit risk with respect to its current and future reinsurers. The insolvency of any reinsurers, their inability or refusal to pay claims under the terms of any of their agreements with the Enlarged Group or any uncertainty or dispute regarding the interpretation thereof could have a material adverse effect on the Enlarged Group's financial condition and/or results of operations.

There is also a possibility that the Enlarged Group may be unable to renew reinsurance agreements at rates equivalent to those of its existing cover and there is the possibility that cover may not be available at all. Reinsurance may also be diminished or removed altogether.

Purchase of reinsurance and the price for reinsurance is to some extent dependent on personal relations and the reinsurers knowledge of the insurance company in question. Accordingly, the Group, Codan Denmark and, following completion of the Acquisition the Enlarged Group is dependent on retaining its employees with contact to reinsurers. If all or most of such employees cease to be employees of the Group, Codan Denmark and, following completion of the Acquisition the Enlarged Group, the Group, Codan Denmark and, following completion of the Acquisition the Enlarged Group risks not being able to purchase reinsurance or that the price of reinsurance increases.

If there is a failure in the process of taking out reinsurance, including as a consequence of a human or operational failure, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group may not have taken out the reinsurance cover which is otherwise expected. In this case new or additional reinsurance may not be taken out to a sufficient level or may need to be taken out at a higher price, whereby the insurance risk is not sufficiently mitigated, or the Group may suffer a loss.

Reinsurance against communicable diseases, including pandemics, has limited availability and in the event of future pandemics, such reinsurance may cease to be available altogether. The Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group therefore faces the risk that some aspects of its reinsurance cover may be more expensive or even unavailable in the market at all or for certain periods, which may have a corresponding adverse effect on the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group although

it may accordingly reduce its direct underwriting for the cover in question thereby reducing risk exposure.

Although the Issuer sees a limited probability of a decrease in the availability and amount of reinsurance, increases in the cost of reinsurance and/or the inability or refusal of reinsurers to meet their financial obligations, if materialised, could materially adversely affect the results of operations and financial position of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.10 The Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group may experience unexpected delays or costs in connection with existing or future IT projects.

The Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group may experience unexpected delays or costs because of their undertaking of large-scale information technology projects. For example, the Group is currently in the process of moving all its systems to a cloud-only setup. Similarly, the integration of Codan Denmark's IT system into the Group's IT systems will entail substantial work efforts and imply risk of failures and break downs which may impact the possibilities of carrying out business and servicing customers. Also, the development of IT solutions to support the development of the partnerships requires substantial work efforts and implies substantial costs and risks, which may prove to be larger than anticipated.

The Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group will from time to time be updating their IT systems. While these upgrades are planned and usual, there is an elevated probability of delays due to complications in their implementation resulting in delayed use of the systems and/or unexpected costs for the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group, which may negatively impact their operations and result in increased costs or losses. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

Generally, large-scale IT projects and other development projects face various difficulties resulting in increased costs and resources required for the implementation of the IT projects. Accordingly, the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group may similarly risk incurring additional costs related to existing or future IT projects.

2.11 Integrating Codan Denmark into the Group will increase the complexity of the Group due to the increased size and the integration of Codan Denmark's processes, products and systems, whereby the risks or failures, errors and mistakes increases potentially resulting in costs or losses.

Following completion of the Acquisition, Codan Denmark's processes, products and systems will be integrated into the Group's business thus creating the Enlarged Group. This may result in more complex structures, processes, systems and products compared to before the Acquisition including in some case more complex products than previously provided by the Group.

Increased complexity generally increases the risks of failures or mismanagement whereby the risks of losses or loss of revenue increases.

In addition, the Enlarged Group will, following completion of the Acquisition, be substantially larger than the Group prior to completion of the Acquisition. The increase in size may reduce the management's overview of and insight into the business of the Enlarged Group.

Though both the Group and Codan Denmark are Danish insurance companies, there may be differences in the company culture and the core values of the two companies. Integration and alignment of the company culture and core values in the Enlarged Group may take several years. Until then, differences in culture and core values may increase the risks of failures and mismanagement due to misunderstandings, unfunctional processes or ineffectiveness. Further, if integration is delayed or otherwise not successful, the Enlarged Group is unlikely to achieve the anticipated synergies from the Acquisition. Such failures and mismanagement may adversely affect the results of the operations and the financial position of the Enlarged Group. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.12 If the Enlarged Group is unable to successfully implement its strategic initiatives, or if the strategic initiatives do not yield the anticipated benefits, this may have a material adverse effect on the Enlarged Group's cash flows, business, financial condition, results of operations and prospects and the projected financial information included in this document may differ materially from the Enlarged Group's actual results.

The management and employees of the Enlarged Group will execute on its strategic initiatives in order to realise anticipated synergies from the Acquisition. These synergies depend to a large extent on the successful integration of Codan Denmark into the Enlarged Group, see also section 1.6 – "The Enlarged Group may fail to realise all or part of the expected benefits and synergies of the Acquisition."

There can be no assurance that the management will be able to implement such initiatives or that it can do so to the extent necessary or within the required time frame as issues may arise and integration may be more complicated than assumed at the outset. Completion of the Enlarged Group's strategic initiatives is furthermore subject to a number of external factors, including market conditions and the Enlarged Group's ability to attract new and retain existing customers, see also section 2.3 – "The Group's and Codan Denmark's prospects depend and, following completion of the Acquisition, the Enlarged Group's prospects will depend on customer retention and a continued increase in demand for the products and services offered, the ability to focus on new customer segments, roll-out of adjacent product categories and the economic development in Denmark." As part of this, the Enlarged Group risks losing customers and market shares if the Enlarged Group is not able to execute on a strong customer retention strategy. Similarly, implementation of a strategy may imply a change in risk profile, underwriting results, capital needs and internal governance requirements which may imply extended risks.

If the above-mentioned risks materialise, the Group may not be able to, among others:

- leverage investments on a bigger scale leading to more attractive return on investment;

- pursue ambitious research and development projects leveraging costs on a bigger scale with shorter payback time;
- utilize a larger pool of data to improve its product offering and lower potential claims;
- improve talent attraction leading to smarter solutions and better services;
- unify stakeholder objectives through its improved platform, leveraging economies of scale to improve customer solutions and services; and
- over time generate net revenue synergies from cross-selling and other initiatives.

Accordingly, failure by management to complete the strategic initiatives to the necessary extent may have a material adverse impact on the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.13 The Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are vulnerable to adverse market perception arising as a result of reputational damage, especially as they operate in a highly regulated industry.

The foundation for the Group's and Codan Denmark's business is a high level of integrity and trust with their customers and stakeholders. Any mismanagement, fraud or failure to satisfy fiduciary responsibilities, or any negative publicity resulting from their activities, the activities of any third parties to whom the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group have partnerships with or have outsourced any services to, or any accusation by third parties in relation to their activities (in each case, whether well founded or not) associated with the Group, Codan Denmark, or, following completion of the Acquisition, the Enlarged Group or the industry generally, e.g. possible discrimination against minorities or any non-compliance with EU sanctions regulations and the freezing of funds, could have an adverse effect on the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects, including:

- reducing public confidence in the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group;
- decreasing their ability to retain current policyholders;
- increasing the likelihood that the Danish FSA or other regulators will not approve acquisitions in cases of very severe violations or breaches of the financial regulation and other applicable regulatory requirements or will subject the Enlarged Group to closer scrutiny than would otherwise be the case;
- increasing costs of borrowing, including in debt capital markets transactions;
- adversely affecting the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's ability to obtain reinsurance or to obtain reasonable pricing on reinsurance; and

- decreasing customers' willingness to acquire particular products.

There have been a number of highly publicised cases involving fraud or other misconduct by employees in the financial services industry in recent years. On 7 July 2021 the Danish FSA reported the Group and Codan Denmark together with a number of other Danish insurance companies to the Danish police for not providing insurance cover for certain treatments related to pregnancy. This may potentially result in fines to the Group and Codan Denmark, which may impact the financial situation of the Group and Codan Denmark and/or lead to reputational damage.

It is not always possible to deter or prevent employee misconduct and the precautions the Group and Codan Denmark take to prevent and detect this activity may not be effective in all cases. They therefore run the risk that employee misconduct could occur, with possible adverse effects on them as set out.

Any of the above could have an adverse effect on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.14 Market risk may materially adversely affect the value of the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's investments in their equity portfolios, adversely impact their financial position and results of operations, and result in volatility in their results.

The Group and Codan Denmark invest and, following completion of the Acquisition, the Enlarged Group will invest a portion of its assets in equities in accordance with the investment policies and guidelines. Equities are generally subject to greater volatility and hence more risk compared to fixed income securities. The Group investment assets are marked to market on daily basis and its respective investment portfolios are therefore affected by fluctuations in both equity and bond prices. Factors beyond the Groups control, such as general economic conditions, stock market conditions or other conditions, may materially adversely affect the market value and investment return on the Group's investment portfolio.

As of 31 December 2020, the Group's equity investment of own assets amounted to DKK 397 million, or 3% of its portfolio. About 3% of the total portfolio of investment assets are placed in equities, and less than 0,1% of the assets are placed in unlisted equities, primarily in the form of strategic sector equities. Sector equities are held for the purpose of supporting the insurance activities. Codan Denmark's equity investment assets amounted to DKK 267 million, or 2.3% of its portfolio.

There is a moderate risk of future market declines and the Enlarged Group can provide no assurance as to the amount or timing of future unrealized losses or impairments of its equity investments, which may, in each case, materially adversely impact its results of operations and shareholders' equity. Volatility in the prices of equity securities will also lead to significant changes in both the valuation of the portfolio as well as investment returns on the portfolio from period to period.

As of Q4 2020, the Group outsourced a number of its asset management activities to an external asset manager. Failure by the external asset manager to properly perform and monitor investment management activities and/or failure by the Group to properly monitor the external asset manager's asset management activities on behalf of the Group could lead to, among others, poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures, which may lead to an increased market risk. Similarly, the Group's and, following completion of the Acquisition, the Enlarged Group's market risks may increase whereby the Group and, following completion of the Acquisition, the Enlarged Group is exposed to increased risks of losses due to volatility in prices of securities and other financial instruments. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.15 Foreign exchange rate fluctuations may adversely impact the value of the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's investments, adversely impact their financial position and results of operations and result in volatility in their results.

The Group prepares its consolidated financial statements in Danish kroner. Fluctuations in currency exchange rates impact the value of the Group's investments and the return on its investments in Danish kroner. The impact of these fluctuations in currency exchange rates is mitigated by the fact that a significant portion of the Group's and Codan Denmark's investment portfolios are denominated in Euro, to which the Danish kroner is pegged. However, the Group may be subject to additional currency exchange rate impacts should the Danish kroner cease to be pegged to the Euro.

It is the Group's current policy to have a very limited exchange rate risk and are accordingly hedging such risks. Accordingly, the Issuer considers the probability of these risks materialising as limited. Nonetheless, there is a risk of failures in the processes of hedging these risks whereby the risks are not mitigated to a sufficient level. If such risks materialise, it may materially adversely affect the financial position and results of operations of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group.

Codan Denmark write some insurance business in other currencies than DKK. In order to limit the impact from fluctuation in currency exchange rates Codan Denmark seek to match insurance liabilities with asset per currency either by holding investment assets in the designated insurance liability currencies or by using FX hedging. However, there may be failures in the processes of hedging these risks whereby the risks are not mitigated to a sufficient level. If such risks materialise, it may adversely affect the cash flows, business, financial condition, results of operations and prospects of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.16 Changes in interest rates may materially adversely affect the value of the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's fixed income investment portfolio and investment returns on the fixed income portfolio, and accordingly adversely impact their financial position and results of operations, and result in volatility in their results.

Investment returns are an important part of the Group's and Codan Denmark's overall profitability. Accordingly, fluctuations in long- or short-term interest rates may materially adversely affect their and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects, and particularly the value of and investment income with respect to the fixed income portfolios. The Group's investment assets are marked to market on a daily basis and are therefore affected by interest rate fluctuations except unlisted investment assets. In addition, investment income will be impacted; in particular, decreasing during sustained periods of lower interest rates, as higher-yielding fixed income securities are called, mature or sold and the proceeds are reinvested at lower rates.

The Group and Codan Denmark are and, following the Acquisition the Enlarged Group, will be generally required to discount all of its claims reserves using market-based interest rates. Depending on the nature of the claims covered by the claims reserves (whether such claims are settled quickly or over a long period of time), interest rate fluctuations will have a lesser or greater impact on the value of the Group's, Codan Denmark's and following the Acquisition, the Enlarged Group's, liabilities. A general increase in interest rates will lead to a decrease in the Group's, Codan Denmark's and, following the Acquisition, the Enlarged Group's claims reserves but at the same time lead to a decrease in the value of its bond portfolio. Given that a perfect match is not possible, there is a moderate risk that such offsetting movements are not necessarily equal.

As of 31 December 2020, the Group's claims reserve according to the IFRS and Solvency II amounted to DKK 24,698 billion gross of reinsurance and DKK 24,476 billion net of reinsurance. If interest rates for all maturities had been 100 basis points higher on that date, the discounting effect would have been higher and the Group's claims provisions would have been DKK 267 million lower due to discounting and the impact of interest-bearing securities would be DKK 455 million lower, leading to a net impact of DKK -188 million.

As of 31 December 2020, Codan Denmark's claims and premium reserves according to Solvency II amounted to DKK 9,070 million gross of reinsurance and DKK 8,459 million net of reinsurance. If interest rates for all maturities had been 100 basis points higher on that date, the discounting effect would have been higher and Codan Denmark's claims and premium provisions would have been DKK 291 million lower due to Solvency II discounting and the impact of interest-bearing securities would be DKK 307 million lower, leading to a net impact of DKK 16 million.

A mismatch resulting from changes in value described above is likely to result in fluctuations in the Group's, Codan Denmark's and, following the Acquisition, the Enlarged Group's earnings. It is not always possible or, in certain cases, desirable, for the Group, Codan Denmark or, following the Acquisition, the Enlarged Group to match these cash flows and, as a result, such a mismatch will normally exist and interest rate fluctuations will therefore impact its financial results, and such impact could be material. As a result of fluctuations in interest rates, its results of operations could be more volatile.

The Issuer assesses that there is a moderate risk of changes in interest rates adversely affecting the cash flows, business, financial condition, results of operations and prospects of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.17 COVID-19 has materially impacted, and is expected to continue to impact, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group. This may negatively affect the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

The COVID-19 pandemic and related impacts have caused a recession in the EU and elsewhere. The decline in gross domestic product (GDP) in the EU has led to and is likely to lead further to lower consumer spending and increased financial market volatility. In addition, this may lead to reduced returns on and loss of value of pensions and other investments, which may reduce consumer confidence and levels of disposable income. During certain periods, COVID-19 has also resulted in reduced access to credit markets. Any such consequences may lead to decreased demand for certain limited products and services of the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group. The impact of COVID-19 on working practices, such as remote working rather than physical meetings, might also have an adverse effect on the integration of Codan Denmark into the Group.

The long-term impacts of the COVID-19 pandemic remain unclear. For example, additional resurgences of COVID-19 cases and new variants throughout Q4 2020 and during 2021 have led to further national or local lockdowns or other restrictive measures being reinstated throughout Europe and significant social distancing and other protective measures may remain in place in 2021 and beyond. This could result in even more severe macroeconomic impacts with gross domestic product (GDP) and consumer spending suffering further reductions. In particular, emerging strains of COVID-19 with materially higher transmission rates have led to further national lockdowns and restrictive measures globally. COVID-19 vaccines may not be sufficiently effective, particularly against the emerging strains, and a return to normality may take time or never occur. As a result, the Enlarged Group could experience changed customer behaviour potentially leading to persistently increased competition and lower margins on new insurance policies. Future developments around COVID-19 may impact the global economy and/or financial markets as well as customer behaviour and demand for insurance products, e.g. decreased demand for travel insurance all of which may negatively affect the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.18 The Group and Codan Denmark are and, following completion of the Acquisition, the Enlarged Group will be subject to the GDPR. Failure to comply with the GDPR could have an adverse effect on their reputation, cash flows, results of operations and prospects.

As insurance companies, the Group and Codan Denmark are and, following completion of the Acquisition, the Enlarged Group will be, processing and storing a large amount of personal data, including sensitive personal data. Due to the commitment to provide and expand the digital offering to customers together with a simplification and automation of the processes and customer interactions, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are, and are likely in the future to be processing even more extensive personal data. In addition, the Group and Codan Denmark are, and, following completion of the Acquisition, the

Enlarged Group will be, using outsourcing providers which may also process such personal data, including in countries outside the European Union or the European Economic Area.

Accordingly, each of the Group and Codan Denmark, and, following completion of the Acquisition, the Enlarged Group will be, dependent upon its ability to comply with, among others, the GDPR, which may impose additional obligations, costs and risk upon the businesses of the Group, Codan Denmark, and, following completion of the Acquisition, the Enlarged Group. Penalties under the GDPR may amount to a maximum of 4% of annual global revenue, in the event of any non-compliance with the data protection regulations. Under the GDPR, companies are required to notify local data protection authorities, such as the Danish Data Protection Agency, in the event of a data breach which may require the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group to communicate the data breach to the exposed customers and may lead to civil liability, fines and/or reputational damage.

Though the Group and Codan Denmark are continuously investing in compliance with the GDPR and have procedures in place to prevent GDPR breaches, such procedures have not always been, and may in the future not be, wholly effective. Accordingly, the Group and Codan Denmark are in the ordinary course of business reporting data breaches to the Danish Data Protection Agency, none of which, however, have resulted in fines from the Danish Data Protection Agency.

The Group, Codan Denmark, and, following completion of the Acquisition, the Enlarged Group, may incur substantial expense in complying with obligations to be imposed by the Court of Justice of the European Union's interpretation of the GDPR. For example, the Group and Codan Denmark may incur expenses in complying with GDPR obligations regarding transfers of personal data to countries outside the European Union or the European Economic Area, including the United States as a consequence of the ruling from the Court of Justice of the European Union's case C-311/18 Data Protection Commissioner v Facebook Ireland Limited and Maximilian Schrems of 16 July 2020. Failure by the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group to comply with the GDPR could have an adverse effect on their reputation, cash flows, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.19 Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

As an inevitable part of carrying out insurance business, the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are from time to time involved in, and may become more involved in, legal proceedings (including class actions) that may be costly if they are not determined in the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's favour. Also, they may divert the management's attention away from running the business. In the ordinary course of their insurance activities, the Group and Codan Denmark are each, and, following completion of the Acquisition, the Enlarged Group will continue to be, routinely involved in legal, mediation and arbitration proceedings with respect to liabilities which are the subject of policy claims.

In some domestic insurance markets, insurers have experienced an increased number of court cases where customers are testing insurance conditions in court. In general, this has not proven common in Scandinavia, but if the courts rules in favour of customers there is an increased probability that more cases will be seen in markets where the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group, operate as well. Insurance companies in general, hereunder Codan Denmark, have experienced an increased number of court cases where customers are testing insurance conditions in court.

If the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group are involved in any other protracted legal, mediation or arbitration proceedings and/or are found to be liable in respect of any claim or litigation or subject to any costly settlement, there could be a material adverse effect on their business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.20 The Group and Codan Denmark are, and, following completion of the Acquisition, the Enlarged Group will be, subject to extensive regulatory requirements. Failure to comply with such requirements, obtain, hold or renew licenses, permissions, authorisations or notifications, or changes to the legal and regulatory systems under which the Enlarged Group will operate could have a material adverse effect on its reputation, cash flows, business, financial condition, results of operations and prospects.

The Group and Codan Denmark are, and, following completion of the Acquisition, the Enlarged Group will be, subject to extensive governmental regulation. The regulations may differ between the different parts of the insurance industry; such complexity increases the risk of violating any regulations, which could result in fines or reduced operating concessions being imposed by the relevant regulatory authorities. In addition, the Group and Codan Denmark depend upon their ability to obtain and maintain certain licenses, permissions, authorisations or notifications to conduct their business, hereunder their licenses as non-life and life insurers with the Danish FSA. Failure to obtain, hold or renew such licenses, permissions, authorisations or notifications could, following completion of the Acquisition, have a material adverse effect on the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

Laws and regulations applicable to the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group

- require the maintenance of solvency levels and capital adequacy;
- set conditions for obtaining and maintaining government approval;
- require the licensing of insurers and their management;
- regulate the marketing, sale and content of certain policies;
- limit insurers' rights to amend, cancel, refuse or renew policies or to withdraw from markets;

- give customers the right to cancel their policies under certain conditions, e.g., the right to cancel the policy within 14 days for non-life insurances and 30 days for life-insurances of entering into it;
- may entail involuntary assignments of high-risk policies, participation in reinsurance facilities and underwriting associations, assessments, and other governmental charges; and
- restrict the amount and type of investment assets held.

Changes in or failure to comply with any applicable laws and regulations or government approvals or conditions or lack of approvals could lead to disciplinary action, the imposition of fines and/or the revocation or lack of renewal of the licenses, permissions, authorisations or notifications to conduct business in the jurisdictions in which the Group and Codan Denmark operate, or to a civil liability. This could have a material adverse effect on the Enlarged Group's ability to continue business following completion of the Acquisition.

Applicable laws, regulations, government approvals and policies, and/or the interpretation or enforcement thereof, may change at any time, which may adversely affect the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. For example, legislative changes may affect the level of insurance compensation for past accident periods impacting the Group's and Codan Denmark's reserving risk. As another example, on 27 April 2021, the Danish Ministry of Industry, Business and Financial Affairs established a working group with the aim of analysing the impact of among others financial conglomerates on the competition in the financial services market and suggesting measures for how to increase such competition. The result of the analysis and the suggestions could, if subsequently adopted as applicable regulation, impact the Group's and Codan Denmark's strategic partnerships and, following completion of the Acquisition, the Enlarged Group's strategic partnerships, which could have a material adverse effect on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's reputation, cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

The Enlarged Group will also be subject to corporate and tax rules. Changes to such rules could result in increased charges, financial loss, penalties, and reputational damage, which may have a material adverse effect on the Enlarged Group's financial condition and results of operations. For example, the Danish government has entered into an agreement with certain political parties in Denmark on imposing a new tax on financial institutions. According to the agreement, the intention is to generate a tax income for Denmark in the amount of DKK 1 billion in 2023 and 1.26 billion in the following years.

Particularly workers' compensation insurance is affected by legislative amendments and changed legal practice as well as by social inflation. Social inflation means that claims expenses increase due to developments in social and socio-economic factors. Such factors tend to drive up the number of insurance-covered claims and average claims expenses. These external risk factors arise due to trends in society and are difficult to predict, thereby making it difficult to price health insurance risks correctly. Because workers' compensation insurance is of a long tail nature and because the legislative framework is more complicated, the potential impact of risk factors on the

results of workers' compensation lines is greater than in personal accident lines. As these factors are outside the control of the Group's, Codan Denmark's and, following the completion of the Acquisition, the Enlarged Group's control, the company may not have priced the insurances at the right level. In addition, due to potential changes in the relevant Danish legislation and the relatively long duration of the insurances, there is a risk that the pricing has not been set at the right level.

The Danish FSA conducts regular inspections on the Group and Codan Denmark. Depending on the findings of the Danish FSA during such inspections, the inspections may lead to fines, orders, reprimands or risk information. The conclusions and reactions from the inspections are published by both the Danish FSA and the company in question.

For example, the Danish FSA conducted an inspection of Alm. Brand Forsikring's partial internal model used for calculating the company's solvency capital requirement in December 2017 and the conclusion from the inspection was published 21 August 2020. Though the Danish FSA found that the overall model contains a sufficient volatility, the Danish FSA found that volatility for a number of the covered industries may be underestimated, which may have consequences for the application of the model. Therefore, the company received a piece of risk information. Risk information served by the Danish FSA is a supervisory reaction applied by the Danish FSA in cases where applicable regulation has not been breached, but the Danish FSA finds certain circumstances to be of risk for future breaches or regulatory concern, including business models associated with risks or similar. The risk information has not impacted the calculations made under the partial internal model. Further, Alm. Brand Forsikring received an order on including all existing risk in the calculation of the solvency capital requirement when making up the volume targets for calculating the premium risk. Finally, the Danish FSA found that the company treated two counterparties from the same group as two single-name exposures in its statement of counterparty risk. The company, similar to other Danish insurance companies, therefore received an order to treat counterparties from the same group as a single name exposure. The order was essentially implemented by Alm. Brand Forsikring during the inspection and did not materially impact Alm. Brand Forsikring's solvency capital requirement.

Similarly, on 24 January 2020, the Danish FSA ordered Alm. Brand Liv og Pension to calculate the provisions for solvency in accordance with the applicable principles in the Solvency II Regulation by end 2022.

The Danish FSA initiated an ordinary inspection of Alm. Brand Forsikring in Q1 2021. It is the Management's expectation that the Danish FSA, based on the inspection, will issue a number of orders to Alm. Brand Forsikring in the first part of Q4 2021. The Management expects that the orders will relate to the adoption of certain policies, expansion of the ORSA-report with updates to the capital plan to reflect Alm. Brand Forsikring's strategy, and the work related to functions and outsourcing contracts. The Management expects that Alm. Brand Forsikring will be able to comply with the orders, if received, within the required timeframe.

On 7 July 2021 the Danish FSA reported the Group and Codan Denmark together with a number of other Danish insurance companies to the Danish police for not providing insurance cover for certain treatments related to pregnancy. This may potentially result in fines to the Group and Codan Denmark, which may impact the financial situation of the Group and Codan Denmark and/or lead to reputational damage which in turn could affect the Group's, Codan Denmark's and, following

completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

Depending on the severity of regulatory findings and reactions as well as the publication of such reactions it may lead to reputational damage and financial losses for the Group, Codan Denmark and, following the completion of the Acquisition, the Enlarged Group. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.21 The Group and Codan Denmark are and, following completion of the Acquisition, the Enlarged Group will be, subject to competition regulation which may reduce its strategic manoeuvrability.

In addition to consumer protection measures imposed on the Group and Codan Denmark by financial services regulators, the companies are also subject to competition and consumer protection laws enforced in Denmark by the Danish Competition and Consumer Authority.

The Group is the third largest non-life insurer in Denmark with a market share of 8.9% and Codan Denmark is the fourth largest non-life insurer in Denmark with a market share of 8.5%, both based on gross premium income in Q3 2020 according to the latest available statistics from the Danish industry organisation Forsikring & Pension. Accordingly, after completion of the Acquisition, the Enlarged Group is expected to be the second largest non-life insurer in Denmark with a market share of 17.4% (based on an addition of the Group's and Codan Denmark's respective market shares in Q3 2020 based on gross premium income). It should be noted that the statistics from Forsikring & Pension considers Topdanmark A/S and IF Skadeforsikring (Filial af Skadeförsäkring AB (publ), Sverige) as separate entities despite some overlap in ultimate ownership. In addition, according to the latest available statistics from Forsikring & Pension, the Group had a market share of 0.8% for life insurance measured by gross premium income and subscriptions in 2020.

Competition laws and regulations may have an effect on the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's future ability to obtain growth through further acquisitions. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

2.22 If the Enlarged Group is unable to retain skilled employees and members of its senior management or attract and retain qualified skilled employees and members of senior management in the future, it may not be able to execute its business strategy.

The Enlarged Group will depend on the continued contributions of its senior management. The loss of one or more of the Enlarged Group's senior management members could adversely affect its business. Competition for senior management in the insurance industry is intense. Further, the rules and the Danish FSA's administrative practice concerning the assessment of the fitness and propriety (fit & proper) of senior management members under applicable Danish legislation have continuously been, and may continuously be, tightened. Qualified individuals are in high demand, and the Enlarged Group may incur significant costs to retain them. Further, the Enlarged Group may be unable to retain members of the Codan Denmark's management or skilled personnel following completion of the Acquisition.

Especially with regards to Codan Denmark's, and accordingly following completion of the Acquisition, the Enlarged Group's, business line "Tech Line", the potential inability of retaining the senior management may be detrimental to the continued operation of the business line.

The Enlarged Group's continued success will also depend on its ability to attract, motivate and retain highly competent managers and specialists, particularly with finance, IT, data analytics, underwriting and actuarial skills. Competition for personnel with such skills and proven ability is intense among insurance companies in Denmark. The Enlarged Group will also compete with other insurers and with financial services groups for skilled personnel, primarily on the basis of its reputation, financial position, remuneration policies and support services. Any inability of the Enlarged Group to attract and retain highly skilled personnel and to motivate and train its staff effectively could adversely affect its competitive position and may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes, but the Issuer considers this risk to be relatively low.

2.23 The Group and Codan Denmark are and, following completion of the Acquisition, the Enlarged Group will be exposed to the risk of mis-selling claims from customers.

The Group's and Codan Denmark's products are, and, following completion of the Acquisition, the Enlarged Group's products will be exposed to mis-selling claims. Mis-selling claims are claims from customers who believe that they received misleading advice from the Group, Codan Denmark or, following completion of the Acquisition, the Enlarged Group's sales personnel or insurance intermediaries' advisers as to which products were most appropriate for the customers, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold were misrepresented to the customers.

For a variety of reasons, including the role of brokers and the standardisation of insurance products in the Danish market, the Group and Codan Denmark have historically faced a limited number of mis-selling claims but there can be no assurance as to the magnitude or consequences of future mis-selling claims. For example, on 7 July 2021 the Danish FSA reported the Group and Codan Denmark together with a number of other Danish insurance companies to the Danish police for not providing insurance cover for certain treatments related to pregnancy. This may potentially result in fines to the Group and Codan Denmark which may impact the financial situation of the Group and Codan Denmark and lead to reputational damage which in turn could affect the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

Customers (whether individual or group customers) who believe that they have been misled or misinformed may in the future seek redress for expectations that the advice or perceived misrepresentations created. Customers who are, for any reason, dissatisfied with their product may hold the insurance company accountable for the advice given by an insurance intermediary, even though the insurance intermediary gives advice on the basis of a mandate from the customer, and the insurance company is legally not responsible for the advice given by an insurance intermediary. Complaints or negative publicity may also arise in respect of any other aspect of the Group's or Codan Denmark's business if customers believe that they have not been treated reasonably or fairly (whether or not this is accurate or well founded) or that the Group or Codan Denmark have not complied with their duty of care. The negative publicity associated with any sales practices, any

compensation payable in respect of any such issues and regulatory changes resulting from such issues, may have an adverse effect on each of the Group's, Codan Denmark's, and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

3. RISKS RELATING TO THE FINANCIAL POSITION OF THE GROUP AND CODAN DENMARK AND, FOLLOWING COMPLETION OF THE ACQUISITION, THE ENLARGED GROUP

3.1 The Issuer is investigating strategic alternatives for its life insurance division Alm. Brand Liv og Pension. The outcome of this may have a material adverse effect on its and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

In continuation of the Acquisition and the sale of Alm. Brand Bank A/S in 2020, the Issuer has informed the market via company announcement no. 13/2021 dated 17 June 2021 of its decision to investigate strategic alternatives for its life insurance division Alm. Brand Liv og Pension. The investigation is intended to identify the strategic alternative, including a potential sale of the division or formation of strategic partnerships, that will enable the strongest market position and profile for the Enlarged Group.

3.2 The Group and Codan Denmark are exposed to credit and counterparty risk in relation to financial institutions, including reinsurers. Deteriorations in the financial soundness of financial institutions may have a material adverse effect on their and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects.

The Group's primary counterparty risks are related to the Group's cash holdings in financial institutions, reinsurance contracts and market risk management. The counterparty risk on reinsurance contracts arises in connection with large claims exceeding the Group's retention threshold. In the event of a very large claim, the Group will experience a large exposure to a number of reinsurance companies which are as a minimum rated A- (A minus) according to Standard & Poor's or A.M. Best. Further, the Group uses reinsurance contracts with other insurance companies to mitigate single risk exposures and cash holdings in connection with the daily operations of the Group. The Group uses derivatives to manage market risks such as interest rate risks, inflation risks and currency risk.

Accordingly, the Group and Codan Denmark are and, following completion of the Acquisition, the Enlarged Group will be dependent of other financial institutions as a result of trading, counterparty and other relationships in the global financial system. Financial institutions with whom the Group and Codan Denmark conduct business act as counterparties to them in such capacities as borrowers, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of

liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover its obligations at the time of the default. The risk may be enhanced in an economic downturn.

The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group. This risk, known as "systemic risk", could adversely impact future product sales as a result of reduced confidence in the insurance industry. It could also reduce results because of market declines and write-downs of assets and claims on third parties.

In such situations, or in other situations, the Enlarged Group may furthermore not be able to adequately manage exposures through ordinary use of derivatives, or appropriate derivative products may not be available on favourable terms, or at all.

The Group generally limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting agreements with the counterparties and by using central counter parties (CCPs), especially London Clearing House, for clearing obligations under derivative agreements. However, the Group is exposed to counterparty risks with regards to bilateral derivative agreements, which are not cleared through a central counter party (CCP), or alternatively deposits in banks. Margin agreements ensure that collateral is provided when the exposure exceeds a certain level. Netting is described in the International Securities and Derivatives Association (ISDA) master agreements and implies that gains and losses on derivative financial instruments may be offset if a counterparty breaches its obligations. Agreements on derivative financial instruments of a longer-term nature can only be concluded if they also have a netting agreement with collateral provided. If deemed expedient, deviations from this general rule may in rare circumstances be accepted subject to management consent.

Codan Denmark is exposed to counterparty risks with regards to bilateral derivative agreements, which are not cleared through a central counter party (CCP), and bank deposits. For bilateral derivative arrangements, margin agreements ensure that cash collateral is provided when the exposure exceeds DKK 2.5 million. If deemed expedient, deviations from this general rule may in rare circumstances be accepted subject to management consent. On 30 June 2021, Codan Forsikring had the following derivatives exposures: short SEK against DKK amounting to SEK 5,500 million; hedge of Trygg-Hansa's balance sheet, which is expected to expire prior to the Demerger; short EUR against DKK amounting to EUR 148 million with Danske Bank as counterparty; a hedge of the net balance sheet FX exposure with Danske Bank as counterparty; long USD against DKK amounting to DKK 24.7 million until end 2022 with Nordea Bank as counterparty. Similarly, for the Group's bilateral derivative arrangements, margin agreements ensure that cash collateral is provided when the exposure exceeds between DKK 2 million and DKK 4 million.

Despite an A- rating for reinsurers and netting agreements, the credit and counterparty risk towards other financial institutions still remains eminent.

Despite the Issuer's assessment that the probability of these risks materialising is relatively low, if they do materialise, it may have a material adverse effect on the cash flows, business, financial condition, results of operations and prospects of the Group, Codan Denmark and, following completion of the Acquisition, the Enlarged Group, however the counterparty exposure for derivatives is deemed limited. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

3.3 Failure to maintain adequate capital could have a variety of negative regulatory and operational implications for the Group and Codan Denmark and, following completion of the Acquisition, the Enlarged Group including requiring additional capital in the future, which will hinge on the credit ratings of the Enlarged Group and may not be available or may only be available on unfavourable terms.

Insurance companies and insurance holding companies such as the Group and Codan Denmark are required to maintain a minimum level of own funds (also referred to as regulatory capital) in excess of the value of their liabilities to comply with a number of regulatory requirements relating to their (and their subsidiaries') solvency and reporting bases. Solvency requirements are governed by Solvency II and other legislative acts enacted on the basis of Solvency II. These regulatory requirements apply to individual insurance subsidiaries on a standalone basis and in respect of the Group and Codan Denmark as a whole. The Group is also from time to time in dialogue with its regulator and legislator in relation to regulatory capital requirements. A part of this dialogue, especially when it is related to regulatory requirements applying to the entire insurance industry, is conducted through relevant industry organisations. The Group's and Codan Denmark's regulatory capital requirements have in the past both increased and decreased and may from time to time in the future increase and decrease for a number of reasons, including as a result of the discount rate set by regulators under Solvency II.

The Group's and Codan Denmark's capital position is also assessed by their regulators, which may include evolving regulatory views on capital adequacy. For example, the European Commission is in the process of reviewing Solvency II which is likely to result in regulatory changes to the Group's and Codan Denmark's solvency requirements. The Group's and Codan Denmark's regulatory capital requirements also depend on the level of risk facing them as well as on internal risk margin calculations, and as such correlate to economic and general insurance market cycles, their ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses, as well as the performance of their investment portfolio.

The Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's capital position can be adversely impacted by a number of factors, in particular factors that may erode the Enlarged Group's capital resources and could impact the quantum of risk to which the Enlarged Group is exposed. Such factors include lower than expected earnings and accumulated market impacts (such as foreign exchange and asset valuation). In addition, any event that erodes current profitability and/or is expected to reduce future profitability or make profitability more volatile could impact the Enlarged Group's capital position.

To the extent that the funds currently available to the Group and Codan Denmark are insufficient to fund the Enlarged Group's future capital and operating requirements and cover claims payments, it may need to raise additional funds through financings or curtail its growth and/or reduce its

assets. Any equity or debt financing, if available at all, may be on terms that are not favourable to the Enlarged Group and a downgrade in the Enlarged Group's credit ratings could impact the terms and availability of such financing and access to the debt capital markets. If the Enlarged Group cannot obtain adequate capital on favourable terms or at all, its cash flows, business, financial condition, results of operations and prospects could be materially adversely affected. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

3.4 Credit ratings may not reflect all risks

The international credit rating agency Fitch Ratings has assigned the Issuer a long-term issuer default rating (IDR) of 'A' and the Notes are expected to be rated BBB by Fitch Ratings. Fitch Ratings is established in the European Economic Area (EEA) and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**") and are, as of the date of this document, included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. The 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. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the Rating Agency at any time.

3.5 A downgrade or a potential downgrade in the Group's and/or Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's credit or financial strength ratings could affect their standing in the market and may decrease premiums and earnings, which may adversely affect their liquidity or capital position, or the cost of raising capital or cause them to incur additional financing obligations.

Credit ratings are an important factor in the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's competitive positions. On 23 September 2021, the Issuer announced that the international credit rating agency Fitch Ratings has rated Alm. Brand Forsikring A/S and the Issuer for the first time. Fitch Ratings has assigned Alm. Brand Forsikring A/S an insurance financial strength rating (IFSR) of 'A+' and has assigned the Company a long-term issuer default rating (IDR) of 'A'. Both ratings are assigned a 'stable outlook' reflecting Fitch Ratings' expectation that the rating will remain at the level assigned in the short to medium term. Rating organisations periodically review the financial performance and condition of insurers. Rating organisations assign ratings based upon a variety of factors according to published criteria. While most of the factors relate to the rated company including the level of capital and diversity of insurance risk and mix of invested assets, some of the factors relate to general economic conditions and other circumstances outside the rated company's control.

A downgrade of any of the Enlarged Group's credit ratings could have a material adverse impact on the ability of the Enlarged Group to write certain types of general insurance business, particularly commercial insurance business. A downgrade could also lead brokers to stop recommending the Enlarged Group's products and lead to the loss of other customers whose confidence in the Enlarged Group may be affected or whose policies require insurance from insurers with a certain rating. While the Enlarged Group could, among other things, consider writing business on a fronted basis (i.e., an arrangement where a higher rated insurer writes certain lines of the Enlarged Group's

business) to mitigate the effects of the loss of broker recommendations, such measures may have an adverse effect on the Enlarged Group's underwriting profitability. A downgrade could also impact the terms and availability of financing and access to the debt capital markets. Similarly, there is a risk that some customer or corporation agreements may be terminated or renegotiated in case of a rating downgrade.

Some of Codan Denmark's commercial business is dependent on having a credit rating. If a credit rating is not available or falls short of S&P A- or equivalent, this may have a material adverse impact on the Group's, Codan Denmark's or, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

3.6 When calculating the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's equity, profits/losses account and solvency, accounting estimates are made and if these estimates and the assumptions proves to be incorrect, or if failures have been made with making these estimates and assumptions, this may materially adversely impact the Group's and Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's equity, profit/loss account and solvency.

Calculating the Group's and Codan Denmark's equity, profits/losses account and solvency involve aggregating data, performing calculations and using accounting estimates. Such estimates are made by the Group's and Codan Denmark's management in accordance with the accounting policies and on the basis of historical experience and assumptions. The estimates most significant for calculating equity, profits/losses account and solvency are related to the calculation of fair values of unlisted financial instruments and receivables. In addition, such estimates are applied in the valuation of mortgage deeds and liabilities under insurance contracts.

If these estimates and the assumptions proves to be incorrect or if there is an error in aggregating the relevant data or performing the calculations, this may impact the Group's and Codan Denmark's, and will impact, following completion of the Acquisition, the Enlarged Group's, equity, profit/loss account and solvency. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

3.7 Changes in accounting standards or policies, including changes to IFRS and the implementation of future orders, standards and interpretations to IFRS, including in relation to the implementation of IFRS 17 (insurance contracts), could materially adversely affect the Enlarged Group's reported results and shareholders' equity.

Accounting standards impact the presentation of, among other things, shareholders' equity and annual profits. The Group has adopted and, following completion of the Acquisition, the Enlarged Group will adopt IFRS as its accounting standard. There is no guarantee that these accounting standards will not change, and adversely affect reported revenues, results or capital position.

The assessment of no significant impact on the statement of financial position or profit and loss is based on the assumption that the Group already carries all financial instruments at fair value through profit and loss.

IFRS 17 applies to all insurance and reinsurance contracts written by an entity and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents insurance contracts and to enable users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows and applies for accounting periods beginning on or after 1 January 2023. The Group is currently implementing the requirements of IFRS 17. The implementation hereof requires substantial resources. If sufficient resources are not readily available to be allocated to the implementation project, the Group may not become compliant by the deadline 1 January 2023. While the Group anticipates a limited impact on key figures due to reclassifications under IFRS 17, it remains uncertain whether and how implementation of IFRS 17 will affect the Group and, following completion of the Acquisition, the Enlarged Group.

These and any other changes to IFRS that may be proposed in the future, whether or not specifically targeted at insurance companies, could adversely affect the Group's, Codan Denmark's and, following completion of the Acquisition, the Enlarged Group's cash flows, business, financial condition, results of operations and prospects. This may have a material adverse effect on the Issuer's ability to satisfy and fulfil its obligations under the Notes.

3.8 Codan Denmark's financial statements and other financial information related to Codan Denmark presented in this document have been based on assumptions of which of Codan Forsikring's assets and liabilities are part of the Codan DK Business and accordingly will be a part of the Enlarged Group following completion of the Acquisition. If these assumptions are incorrect, the financial statements and other financial information related to Codan Denmark presented in this document may not be representative of their results as part of the Enlarged Group.

Following Tryg's and Intact's acquisition of RSA, RSA Scandinavia was carved-out from the RSA Group with effect from 1 June 2021. As at the date of this document the contemplated Demerger expected to be executed by H1-2022 has not yet been executed and hence Codan Denmark is included into the business of Codan Forsikring together with the businesses of Codan Norway and Trygg-Hansa. Following the contemplated Demerger, Codan Norway and Trygg-Hansa will be transferred to Tryg, and Codan Denmark will be transferred to Chopin Forsikring, the shares of which will afterwards be transferred to the Issuer at completion of the Acquisition (expected during H1-2022). Following the Demerger, Chopin Forsikring will be the legal entity holding Codan Denmark and the necessary license by the Danish FSA for conducting insurance business.

As Codan Denmark has not constituted a separate legal entity or group for which consolidated financial statements have been prepared for the periods presented in this document, the combined financial statements of Codan Denmark have been derived from the consolidated financial statements of the RSA for the periods presented. These consolidated financial statements have been prepared and reviewed based on assumptions of which assets and liabilities will be part of Codan Denmark subsequent to the Demerger. These assumptions may be incorrect and accordingly additional or fewer assets or liabilities may be a part of Codan Denmark, and accordingly the Enlarged Group following completion of the Acquisition, than assumed when preparing and reviewing the consolidated financial statements in this document. In such case, the

historical financial performance of Codan Denmark presented in this document may not be indicative of its financial performance as part of the Enlarged Group.

4. RISKS RELATED TO THE STRUCTURE OF THE NOTES

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

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

- a) senior to payments to holders of present or future outstanding Junior Obligations of the Issuer;
- b) *pari passu* without any preference among themselves;
- c) *pari passu* with payments to holders of present or future outstanding Parity Obligations of the Issuer;
- d) junior to payments to holders of present or future outstanding Tier 3 Capital of the Issuer; and
- e) junior to payments to holders of present or future claims of (i) all policyholders and beneficiaries and any other unsubordinated creditors of the Issuer and (ii) creditors in respect of any other obligations or instruments of the Issuer that rank or are expressed or required in accordance with Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital) to rank senior to the Notes.

By virtue of such subordination, in the event of the Issuer's liquidation (*likvidation*) or bankruptcy (*konkurs*), the assets of the Issuer would be applied first in satisfying all claims which rank senior to the Notes, in full, and payments would be made to Noteholders, pro rata and proportionately with payments made to holders of any other obligations which rank *pari passu* with the Notes (if any), only if and to the extent that there were any assets remaining after satisfaction in full of all such claims which rank senior to the Notes. A Noteholder may therefore recover a smaller proportion of that Noteholder's claim than the holders of unsubordinated liabilities or liabilities of the Issuer that are not as subordinated as the Notes or may not recover any part of its investment in the Notes.

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

Furthermore, if the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be subject to liquidation or bankruptcy or that a deferral of Interest Payments might occur, such circumstances can be expected to have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they

purchased their Notes. Noteholders who sell their Notes in such circumstances may lose some or substantially all of their investment in the Notes, whether or not the Issuer is subsequently subject to liquidation or bankruptcy or a deferral of Interest Payments occurs.

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

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

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

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

4.3 The Notes are long-term securities and Noteholders only have a limited ability to exit their investment in the Notes

The Notes are scheduled to be redeemed on the Maturity Date at their Outstanding Principal Amount together with Arrears of Interest (if any) and any other accrued interest up to (but excluding) the Maturity Date. Although the Issuer may, under certain circumstances described in Condition 9 (Redemption, substitution and purchase), redeem the Notes, the Issuer is under no obligation to do so, and Noteholders have no right to call for the Issuer to exercise any right it may have to redeem the Notes.

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

4.4 Redemption of the Notes may be suspended

The Notes are being issued for regulatory prudential purposes and with the intention and purpose of being eligible and counting as Tier 2 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions and which, in particular, require the Notes to be available to absorb any losses of the Issuer.

4.5 A Capital Requirement Breach may depend on factors outside of the Issuer's control

The occurrence of a Capital Requirement Breach is to some extent unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities, if any.

Any indication that the Issuer and/or the Group may be at risk of failing to meet its Solvency Capital Requirement or Minimum Capital Requirement may have an adverse effect on the market price and liquidity of the Notes. The level of the Solvency Capital Requirement or Minimum Capital Requirement of the Issuer and/or the Group may significantly affect the trading price of the Notes. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities, if any.

4.6 A Capital Requirement Breach may also be affected by the Issuer's business decisions and, in making such decisions, the interests of the Issuer may not be aligned with those of the Noteholders

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

4.7 Interest Payments on the Notes may be deferred under certain circumstances

Interest on the Notes shall be deferred if a Mandatory Interest Deferral Date occurs, and such interest on the Notes may only be paid to the Noteholders on certain conditions and in the option of the Issuer. Noteholders will have no rights in respect of the Interest Payment (or any relevant part thereof) which is deferred. In addition, deferral or non-payment of interest in accordance with the Conditions will not constitute a default or event of default on the part of the Issuer for any purpose.

4.8 Floating interest rate

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

The floating rate interest income is subject to changes to the Screen Rate and therefore cannot be anticipated. Furthermore, the Screen Rate may be negative. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment

cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from Interest Payments or early redemptions by the Issuer. If the market yield declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields.

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

Regulation (EU) 2016/1011 (the "Benchmark Regulation") was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and it requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed).

The Benchmark Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may (i) discourage market participants from continuing to administer or contribute to the "benchmark", (ii) trigger changes in the rules or methodologies used in the "benchmark" and/or (iii) lead to the disappearance of the "benchmark". Any such changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

The Conditions provide for certain fallback arrangements if the Screen Rate is not available and a Screen Rate Termination Event should occur, including the possibility of the Issuer appointing an Independent Advisor to determine a Successor Rate or an Alternative Rate for future Interest Periods. If the Issuer is unable to appoint an Independent Advisor, or the Independent Advisor appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the date specified in Condition 7, the Screen Rate applicable to the next succeeding Interest Period shall be equal to the Screen Rate last determined for the preceding Interest Period. Further, if an Independent Advisor (in consultation with the Issuer) or the Issuer determines that an Adjustment Spread is

required to be applied to the Successor Rate or the Alternative Rate and such Adjustment Spread is determined by the Independent Advisor or the Issuer, that Adjustment Spread shall be applied.

4.10 Notes may be traded with accrued interest, which may subsequently be subject to deferral

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

4.11 The Issuer may under certain circumstances redeem the Notes at the Issuer's option

Subject as provided in Condition 9 (Redemption, substitution and purchase), the Issuer may redeem all (but not only some) of the Notes at the Outstanding Principal Amount together with (to the extent that such interest has not been deferred) any accrued and unpaid interest to (but excluding) the date of redemption specified pursuant to the Conditions. Such redemption may occur at the option of the Issuer (i) on the First Call Date or on any Interest Payment Date thereafter, (ii) in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event, or (iii) following the occurrence of (or if there will occur within six months) a Capital Disqualification Event or a Rating Agency Event.

The redemption at the option of the Issuer on or after the First Call Date may limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, a Noteholder may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. The Issuer may freely choose not to redeem the Notes at the First Call Date or at any other time thereafter, and if the Issuer wishes to redeem the Notes, the Relevant Regulator may prevent the Issuer from redeeming the Notes, e.g. if the Notes will not be replaced with own funds instruments of equal or higher quality as the Notes or if the Issuer has failed to demonstrate to the satisfaction of the Relevant Regulator that its own funds, following redemption of the Notes, exceed (as applicable) its or the Group's solvency requirements by a margin that the Relevant Regulator considers to be appropriate.

4.12 Substitution of the Notes without Noteholder consent

Subject as provided in Condition 9 (Redemption, substitution and purchase), the Issuer may, at its option and without the consent or approval of Noteholders, elect to substitute all (but not only some) of the Notes for, or amend or vary the terms of the Notes so that they become or remain Qualifying Tier 2 Notes in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a Tax Event or a Capital Disqualification Event or in the event of a Rating Agency Event.

Qualifying Tier 2 Notes are securities issued by the Issuer that have, inter alia, terms not materially less favourable to the Noteholders than the terms of the Notes. There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Tier 2 Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Tier 2 Notes are not materially less favourable to Noteholders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects, including any adverse tax consequences of such substitution or variation.

4.13 Redemption payments under the Notes must, under certain circumstances, be suspended

Notwithstanding that a notice of redemption has been delivered to Noteholders, the Issuer must suspend redemption of the Notes on any date set for redemption of the Notes pursuant to Condition 9.4 (Suspension of redemption) in the event that, inter alia, the Issuer cannot make the redemption payments in compliance with the Solvency Capital Requirement, the Minimum Capital Requirement or the Regulatory Clearance Condition, or if an Insolvent Insurer Winding-up has occurred and is continuing.

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

Any actual or anticipated suspension of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption suspension provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities without such suspension feature, including dated securities where redemption on the scheduled maturity date cannot be suspended, and the Notes may accordingly be more sensitive generally to adverse changes in the Issuer's financial condition. Noteholders may also find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

4.14 No events of default and limited enforcement rights available to Noteholders

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

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

4.15 Changes to Solvency II or other applicable law or regulation may increase the risk of the cancellation of Interest Payments or the occurrence of a Capital Requirement Breach

Solvency II requirements implemented in Denmark, whether as a result of further changes to Solvency II or changes to the way in which the Relevant Regulator interprets and applies these requirements to the Danish insurance industry, may change. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of regulatory capital requirements, and such changes may make the Issuer's and/or the Issuer's regulatory capital requirements more onerous. Such changes that may occur in the application of Solvency II in Denmark subsequent to the date of the investor presentation and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's regulatory capital requirements and thus increase the risk of cancellation of Interest Payments, the occurrence of a Capital Requirement Breach and subsequent redemption of the Notes by the Issuer, as a result of which a Noteholder could lose all or part of the value of its investment in the Notes.

Additionally, the Issuer and/or the Group may be required to raise further capital pursuant to applicable law or regulation or the official interpretation thereof in order to maintain the then applicable Minimum Capital Requirement and Solvency Capital Requirement.

4.16 Uncertainties remain in relation to how Solvency II will be interpreted

The defined terms in the Conditions will depend in some cases on the interpretation of Solvency II. Solvency II is the EU-wide regime for the prudential regulation of insurance and reinsurance undertakings. Originally adopted by the European Parliament and Council in 2009, Solvency II became effective on 1 January 2016. Certain portions of the Solvency II Directive required transposition into Danish law, and although the Solvency II Regulation is directly applicable in each Member State, the Solvency II Regulation leaves a number of interpretational issues to be resolved through binding technical standards that have been adopted, and will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator. The manner in which the framework and requirements under Solvency II will be applied to the Issuer and/or the Group remains uncertain to a degree.

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

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

4.18 Restrictions on right to set-off etc.

Subject to applicable law, no Noteholder will be entitled to exercise any right of set-off, netting or counterclaim against monies owed to the Issuer by such Noteholder in respect of the Notes.

4.19 No restriction on dividends, share repurchases or cancellations

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

4.20 Meeting of Noteholders, modification and waivers

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

4.21 The Notes are dematerialised securities

Because the Notes are dematerialised securities held in uncertificated book entry form in accounts with the Securities Depository, Noteholders will have to rely on the Securities Depository's procedures for transfer, payment and communication with the Issuer. The Notes will not be evidenced by any physical bond, note or document of title other than statements of account made by the Securities Depository. Ownership of the Notes will be recorded and transfer effected only through the book entry system and register maintained by the Securities Depository.

4.22 Taxation

Any transfer of the Notes may require potential purchasers and sellers of the Notes to pay taxes in accordance with applicable tax laws. Furthermore, withholding or other taxes may from time to time be imposed on Interest Payments or other payments by the Issuer under the Notes and although the Issuer is obligated under the Conditions to compensate Noteholders for certain such taxes, those compensation obligations are subject to exemptions and may not fully compensate a Noteholder or at all. Potential Noteholders are therefore strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment in, holding of and disposal of the Notes.

4.23 Limitation on gross-up obligation under the Notes

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

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

5. RISKS RELATED TO THE MARKET GENERALLY

5.1 Absence of public markets for the Notes

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

5.2 **If any market in the Notes has developed, or does develop, it may become severely restricted, or may disappear, if the financial condition and/or the solvency position of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to make Interest Payments on the Notes or of a Capital Requirement Breach occurring. The market value of the Notes may be influenced by factors beyond the Issuer's control**

Many factors, most of which are beyond the Issuer's control, will influence the market value of the Notes and the price, if any, at which market participants may be willing to purchase or sell the Notes in the secondary market.

Such factors include the creditworthiness of the Issuer and in particular the Issuer's and the Group's compliance with the Solvency Capital Requirement and the Minimum Capital Requirement, supply and demand for the Notes, the Interest Rate applicable to the Notes from time to time, prevailing long-term interest rates, exchange rates and macro-economic, political, regulatory or judicial events which affect the Issuer or the Group or the markets in which they operate.

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes as they fall due deteriorates, for example because of the materialisation of any of the risks regarding the Issuer set out above, the market value of the Notes will be materially and adversely affected.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes as they fall due has not deteriorated, market participants could have a different perception. Moreover, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Issuer could adversely change.

Such estimation may also be significantly adversely affected by events (such as deferral of interest payments, no redemption of the Notes or failure to exercise an issuer call option) affecting individual issuers of subordinated debt securities in the insurance sector or more widely in the financial sector

even though such events do not have any direct impact on, or connection with, the Issuer's or the Group's profitability or likelihood of default.

If any of these risks occurs, third parties would likely only be willing to purchase Notes for a lower price than before the materialisation of the aforementioned risk. Under these circumstances, the market value of the Notes will decrease.

5.3 Exchange risks and exchange controls

The Notes are denominated in DKK. Accordingly, the Issuer will pay principal and interest on the Notes in DKK. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "Noteholder's Currency") other than DKK. These include the risk that exchange rates may significantly change (including changes due to devaluation of DKK or revaluation of the Noteholder's Currency) and the risk that authorities with jurisdiction over the Noteholder's Currency may impose or modify exchange controls. An appreciation in the value of the Noteholder's Currency relative to DKK would decrease (a) the Noteholder's Currency equivalent yield on the Notes, (b) the Noteholder's Currency equivalent value of the principal payable on the Notes and (c) the Noteholder's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

5.4 Credit ratings may change

The Rating Agency reviews its credit ratings and rating methodologies on a recurring basis and may change its credit rating of the Issuer and/or the Notes at any time. Consequently, the Issuer's current credit rating and/or the credit rating of the Notes may not be maintained in the future. Real or expected downgrades, suspensions or withdrawals of credit ratings assigned to the Issuer and/or the Notes, or changes in methodology used to determine these credit ratings, could cause the liquidity or trading prices of the Notes to decline significantly. In addition, any uncertainty about the extent of any anticipated changes to the credit ratings assigned to the Issuer and/or the Notes may adversely affect the liquidity or market value of the Notes. If the ratings of the Issuer and/or the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

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

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

6. DEFINITIONS AND GLOSSARY

Capitalised terms used in this document shall have the meaning given to them in section 19 – "Defined Terms" of the Conditions and as follows:

Acquisition	The contemplated acquisition by the Issuer of the total issued and outstanding share capital of Chopin Forsikring
Alm. Brand Forsikring	Alm. Brand Forsikring A/S, CVR no. 10526949
Alm. Brand Liv og Pension	Forsikringsselskabet Alm. Brand Liv og Pension A/S, CVR no. 64145711
Chopin Forsikring	Chopin Forsikring A/S, CVR no. 41963948, a Danish regulated entity to which the Codan DK Business will be transferred through a Demerger
Codan	Codan A/S, CVR no. 56771212
Codan Denmark	The business as conducted by Codan Forsikring and Privاتفorsikring relating to the Codan DK Business that will be transferred to the Issuer as part of the Demerger being performed by the Sellers
Codan DK Business	The business as conducted by Codan Forsikring and Privاتفorsikring relating to the Danish insurance business, including the assets and liabilities relating to Danish insurance business of the Codan Forsikring and Privاتفorsikring and such other assets and liabilities transferred from Codan Forsikring to Chopin Forsikring as part of the Demerger
Codan Forsikring	Codan Forsikring A/S, CVR no. 10529638
Codan Norway	Until completion of the Demerger, all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring; and after completion of the Demerger, all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Norwegian operations of RSA Scandinavia pursuant to the terms of the Separation Agreement

Conditions	Means the Terms and Conditions of the Notes
COVID-19	The corona-virus disease which was declared a global pandemic by the World Health Organisation on 11 March 2020
COVID-19 Measures	The measures imposed by governments across the world designed to contain the outbreak of the COVID-19, including but not limited to business closures, restrictions on non-essential business activity, travel restrictions, quarantine and cancellations of gatherings and events
Danish Business Authority	Danish Business Authority (<i>Erhvervsstyrelsen</i>), CVR no. 10150817
Danish Competition and Consumer Authority	Danish Competition and Consumer Authority (<i>Konkurrence- og Forbrugerstyrelsen</i>), CVR no. 10294819
Danish Data Protection Agency	Danish Data Protection Agency (<i>Datatilsynet</i>), CVR no. 11883729
Danish FSA	Danish Financial Supervisory Authority (<i>Finanstilsynet</i>), CVR no. 10598184
Danish Ministry of Industry, Business and Financial Affairs	Danish Ministry of Industry, Business and Financial Affairs (<i>Erhvervsministeriet</i>), CVR no. 10092485
Demerger	The contemplated demerger in accordance with sections 254-270 of the Danish Companies Act of Codan Forsikring whereby the Codan DK Business will be transferred to the Chopin Forsikring pursuant to the Demerger Plan
Demerger Agreement	The agreement expected to be entered into between Codan, Codan Forsikring, Tryg Forsikring A/S and Target further detailing the agreements of the parties thereto in respect of the Demerger
Demerger Plan	The demerger plan to be entered into between the entities participating in the Demerger set out in draft form in Schedule 8 to the Share Purchase Agreement
EIOPA	European Economic Insurance and Occupational Pensions Authority

Enlarged Group	The Group and Codan Denmark
EU	European Union
Existing Shares	154,114,000 shares at nominal value DKK 1 issued by the Issuer, comprising the Issuer's entire share capital at the date of this document
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)
IFRS	International Financial Reporting Standards as adopted by the EU
Intact	Intact Financial Corporation, registration no. 940573-365529
Nasdaq Copenhagen	Nasdaq Copenhagen A/S, CVR no. 19042677
Offering	The contemplated offering of new shares, as described in the company announcement no. 11/2021 on 11 June 2021, to Existing Shareholders and to retail and institutional investors and the private placement in the United States only to persons who are reasonably believed to be "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act) and the private placements to institutional investors in the rest of the world (including in accordance with Regulation S) in terms of Remaining Shares
Privatsikring	Forsikringsselskabet Privatsikring A/S, CVR no. 25071409
Reorganisation	The steps necessary for the legal and beneficial ownership of the shares issued by Chopin Forsikring to transfer from Codan A/S to the Seller following completion of the Demerger, currently expected to include: (i) the distributions of the shares issued by Chopin Forsikring to Scandi JV Co A/S; and (ii) the cancellation or buyback of the shares held by Seller in Scandi JV Co in consideration for the transfer of the shares issued by Chopin Forsikring to the Seller

RSA	RSA Insurance Group plc
RSA Group	RSA and its consolidated subsidiaries
RSA Scandinavia	Codan A/S together with its direct and indirect subsidiaries and associated entities including the branches of such subsidiaries
Seller	Scandi JV Co 2 A/S, CVR. no. 41853271
Sellers	The Seller and the Ultimate Sellers together
Separation Agreement	Separation agreement between Intact, Regent Bidco Limited, Tryg, Scandi JV Co A/S and the Seller
Share Purchase Agreement	Conditional share purchase agreement entered into on 11 June 2021, by the Issuer and the Sellers concerning the acquisition of the entire issued and to be issued share capital of Chopin Forsikring
Shareholders	Existing Shareholders and any new shareholders of the Issuer following the Offering
Target	Chopin Forsikring A/S, CVR no. 41963948, a Danish regulated entity to which the Codan DK Business will be transferred through a Demerger
Tryg	Tryg A/S, CVR no. 26460212
Tryg Forsikring	Tryg Forsikring A/S, CVR no. 24260666
Trygg-Hansa	Until completion of the Demerger, the assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring, together with Codan Forsikring's shares in CAB Group AB and Holmia Livförsäkring AB; and after completion of the Demerger, all assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring, Holmia Livförsäkring A/B and RSA Scandinavia's shares in CAB Group AB, and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Swedish operations of RSA Scandinavia pursuant to the terms of the Separation Agreement
TSA1	Transitional services agreement entered into between RSA and Codan Forsikring on 1 June 2021

TSA2

Transitional services agreement entered into between Chopin Forsikring on one side and Trygg-Hansa and Codan Norway on the date of Demerger

Ultimate Sellers

Tryg and Intact