

# TOPDANMARK INTERIM REPORT FOR Q1-Q3 2020

23 October 2020, Announcement No. 11/2020

## Key features

### Q1-Q3 2020

- Post-tax profit of DKK 553m (Q1-Q3 2019: DKK 1,115m)
- EPS was DKK 6.3 (Q1-Q3 2019: DKK 12.8)
- Combined ratio: 87.0 (Q1-Q3 2019: 82.1)
- Combined ratio excluding run-off: 88.5 (Q1-Q3 2019: 87.0)
- Premiums increased by 2.8% in non-life insurance and by 3.6% in life insurance.
- Profit on life insurance was DKK 44m (Q1-Q3 2019: DKK 291m).
- After return on non-life insurance provisions, the investment return was DKK 240m (loss) (Q1-Q3 2019: DKK 51m (loss)).

### Q3 2020

- Post-tax profit of DKK 357m (Q3 2019: DKK 285m)
- EPS was DKK 4.1 (Q3 2019: DKK 3.3)
- Combined ratio: 89.8 (Q3 2019: 84.9)
- Combined ratio excluding run-off profits: 91.2 (Q3 2019: 88.6)
- Premiums increased by 2.9% in non-life insurance and decreased by 23.4% in life insurance.
- Profit on life insurance was DKK 69m (Q3 2019: DKK 72m).
- After return on non-life insurance provisions, the investment return was DKK 146m (Q3 2019: DKK 47m (loss)).

### Profit forecast model for 2020

- The assumed combined ratio for 2020 is improved from 88-89 to about 88, excluding run-off in Q4 2020.
- The assumed premium growth for non-life insurance is improved from 2-3% to about 3%.
- The model post-tax profit forecast for 2020 is improved from DKK 550-750m to DKK 750-850m, excluding run-off in Q4 2020.

### Half of the dividend for 2019 is still postponed until the AGM in March 2021

- Following the Danish FSA's recommendation, Topdanmark's Board of Directors has decided to postpone paying out the remainder of the dividend for 2019 until the AGM on 25 March 2021. It is still the intention to distribute in part or in full the remaining DKK 8.5 of the previously announced dividend of DKK 17 per share.

### Assumptions for 2021

- Premium growth in non-life of just above 3%, and a combined ratio of about 90, excluding run-off, are assumed for 2021.
- The assumed combined ratio for 2021 of about 90 excluding run-off is, compared with 2020, negatively impacted by increased investments in Topdanmark's efficiency programme (1.0pp) and by lower interest rates (0.3pp).

### Efficiency programme

The main focus areas of Topdanmark's efficiency programme are:

- Automation/digitalisation of routine-based processes
- Risk and pricing
- Procurement.

It is expected that the level of efficiency gains will absorb the increase in the level of depreciation with a clear margin in the coming years.

### Other events

- In Q3, Topdanmark launched its first external branding campaign in many years. The objective is to support Topdanmark's premium brand in a digital reality. Based on a long-standing customer-centric brand strategy, Topdanmark launched its brand promise 'We're here to help'.
- In Q3, Sydbank announced that the bank will terminate the distribution agreement with Topdanmark. The terms of the termination are yet to be negotiated. The termination will not affect the assumed growth for 2020 and will only have a marginal negative impact on growth in 2021.

### Webcast

In a [webcast](#) Group Communications and IR Director, Steffen Heegaard, will present the financial highlights and comment on the forecast.

### Conference call

A conference call will be held today at 15:30 (CET) where Peter Hermann, CEO and Lars Thykier, CFO will be available for questions based on the interim report and the webcast. The call will be conducted in English.

In order to participate in the conference call, please call:

DK dial-in-number: +45 78 72 32 52

SE dial-in-number: +46 856 642 704

UK dial-in-number: +44 333 300 9260

US dial-in-number: +1 646 722 4956

10-15 minutes before the conference and ask the operator to connect you to the Topdanmark conference call – or listen to the live transmission of the call.

**Please direct any queries to:**

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# Financial highlights

	Full year	Q3	Q3	Q1-Q3	Q1-Q3
(DKKm)	2019	2019	2020	2019	2020
<b>Premiums earned:</b>					
Non-life insurance	9,397	2,359	2,428	7,050	7,245
Life insurance	11,106	3,148	2,411	8,114	8,406
	20,502	5,507	4,839	15,164	15,651
<b>Results:</b>					
Non-life insurance	1,601	285	383	1,114	653
Life insurance	327	72	69	291	44
Parent company etc.	60	13	8	30	25
Pre-tax profit	1,987	371	460	1,436	722
Tax	(441)	(86)	(103)	(321)	(169)
<b>Profit</b>	<b>1,547</b>	<b>285</b>	<b>357</b>	<b>1,115</b>	<b>553</b>
Run-off profits, net of reinsurance	433	86	33	343	114
Shareholders' equity of parent company					
at 1 January	6,322	5,969	6,218	6,322	6,703
Profit	1,547	285	357	1,115	553
Dividend paid	(1,350)	0	0	(1,350)	(765)
Dividend own shares	50	0	0	50	24
Share-based payments	148	12	22	127	82
Other movements in shareholders' equity	(14)	(14)	0	(14)	1
<b>Shareholders' equity of parent company end of period</b>	<b>6,703</b>	<b>6,251</b>	<b>6,598</b>	<b>6,251</b>	<b>6,598</b>
Deferred tax on security funds	(306)	(306)	(306)	(306)	(306)
<b>Shareholders' equity of Group end of period</b>	<b>6,397</b>	<b>5,945</b>	<b>6,292</b>	<b>5,945</b>	<b>6,292</b>
Total assets, parent company	7,274			6,984	7,194
Total assets, Group	98,442			96,258	102,508
Provisions for insurance and investment contracts:					
Non-life insurance	16,175			17,237	17,215
Life insurance	70,603			67,520	73,867
<b>Financial ratios (parent company)</b>					
Post-tax profit as a percentage of shareholders' equity	24.8	4.7	5.6	18.2	8.4
Post-tax EPS (DKK)	17.8	3.3	4.1	12.9	6.3
Post-tax EPS, diluted (DKK)	17.7	3.3	4.1	12.8	6.3
Dividend per share issued, proposed (DKK)	17.0	-	-	-	-
Net asset value per share, diluted (DKK)	76.7			71.7	75.4
Listed share price end of period	328.4			330.6	307.0
Number of shares end of period ('000)	87,067			86,875	87,262
Average number of shares ('000)	86,824	86,872	87,257	86,754	87,203
Average number of shares, diluted ('000)	87,229	87,261	87,453	87,183	87,423
<b>Ratios non-life insurance</b>					
Gross loss ratio	65.1	67.7	72.2	63.5	68.4
Net reinsurance ratio	2.5	3.1	2.6	2.8	2.3
Claims trend	67.6	70.7	74.8	66.4	70.8
Gross expense ratio	16.0	14.2	15.0	15.8	16.2
Combined ratio	83.7	84.9	89.8	82.1	87.0
Combined ratio excl. run-off profits	88.3	88.6	91.2	87.0	88.5

## Results for Q1-Q3 2020

Topdanmark's post-tax profit for Q1-Q3 2020 was DKK 553m (Q1-Q3 2019: DKK 1,115m).

Pre-tax profit was DKK 722m (Q1-Q3 2019: DKK 1,436m).

The technical result decreased by DKK 315m to DKK 945m. The decrease is caused by lower run-off (DKK 229m), and by a higher claims trend on house insurance (DKK 149m) as well as a higher level of weather-related claims (DKK 45m) and large-scale claims (DKK 33m). COVID-19 related issues improved the technical result in Q1-Q3 2020 by an estimated amount of DKK 58m of which DKK 24m is run-off loss included above.

The investment return adjusted for return on non-life insurance provisions decreased by DKK 147m to DKK 292m (loss). The investment return was impacted by the turmoil in the Danish mortgage market during Q1 2020 resulting in a substantial spread widening that impacted the portfolio of Danish mortgage bonds which is used for hedging of the provisions.

The profit on life insurance decreased by DKK 247m to DKK 44m, primarily due to a lower investment return (DKK 203m).

Trend in profit (DKK m)	Full year 2019	Q1-Q3 2019	Q1-Q3 2020
Non-life insurance			
- Technical result	1,534	1,260	945
- Investment return after return and revaluations of non-life insurance provisions etc.	66	(145)	(292)
Profit on non-life insurance	1,601	1,114	653
Life insurance	327	291	44
Parent company etc.	60	30	25
Pre-tax profit	1,987	1,436	722
Tax	(441)	(321)	(169)
<b>Profit</b>	<b>1,547</b>	<b>1,115</b>	<b>553</b>

## Results for Q3 2020

The profit for Q3 2020 was DKK 357m (Q3 2019: DKK 285m).

Pre-tax profit increased by DKK 89m to DKK 460m.

The technical result decreased by DKK 108m to DKK 248m with a higher claims trend on house insurance (DKK 63m) and a run-off level DKK 53m lower than the level of Q3 2019. Furthermore, large-scale claims were DKK 30m above the level in Q3 2019. COVID-19 related issues had an estimated positive impact on the technical result of DKK 46m including a DKK 1m run-off which is included above.

After return on non-life insurance provisions, the investment return in non-life insurance increased by DKK 206m to DKK 136m. The investment return was mainly driven by gains on listed equities.

The profit on life insurance decreased by DKK 3m to DKK 69m.

Trend in profit (DKK m)	Q3 2019	Q3 2020
Non-life insurance		
- Technical result	356	248
- Investment return after return and revaluations of non-life insurance provisions etc.	(70)	136
Profit on non-life insurance	285	383
Life insurance	72	69
Parent company etc.	13	8
Pre-tax profit	371	460
Tax	(86)	(103)
<b>Profit</b>	<b>285</b>	<b>357</b>

## Impact of the COVID-19 situation

Topdanmark has a robust business model with a high degree of diversification between the business activities, a very low liquidity risk and a solid capital base (a solvency cover of 200 at the end of Q3 2020).

In the Q1 Report, the impact of COVID-19 on the combined ratio for 2020 was subject to great uncertainty, but it was assumed to be negative by 1.0-0.5pp depending on actions taken by third parties such as the Danish government.

The assumed premium growth for 2020 was reduced from approx. 2.9% to 0-2.9% (the latter being the level of premium growth in 2019). The reason was the expected adjustment of earlier reported workforce (workers' compensation), revenue (business interruption insurance), and as a consequence of bankruptcies etc.

In the Q2 Report, the negative impact of COVID-19 on the assumed combined ratio for 2020 was improved from 1.0-0.5pp to 0.5-0.0pp, and the assumed premium growth for 2020 has been improved from 0-2.9% to 2-3%.

Based on the development in Q3, the impact of COVID-19 on the combined ratio has been further improved from negative 0.5-0.0pp to positive 0.5-1.0pp cf. the profit forecast model on page 13. Including the investment return, the total impact of COVID-19 is assumed to be DKK 327m (loss) in Q1-Q3 2020.

During the COVID-19 pandemic, Topdanmark's online claims handling platform has been used by a large number of customers. Also, the use of chatbot services

tripled when the amount of customer inquiries within travel insurance peaked.

## **Non-life insurance in Q1-Q3 2020 Premiums earned**

Premiums earned increased by 2.8% to DKK 7,245m. The private segment accounted for a 0.7% increase, while the SME segment accounted for a 5.2% increase. Adjusted for a change in segmentation, premiums were 1.2% and 4.7% in the private segment and SME segment respectively.

In the private segment, premiums were negatively impacted by the termination of the distribution agreement with Danske Bank at the end of H1 2019. However, the new distribution agreement with Nordea starting on 1 January 2020 has been off to a good start.

In Q1-Q3 2020, the switch of distribution partner had a negative impact of 1.1pp on Topdanmark's total non-life premium income, split between 0.6pp growth from the new distribution agreement with Nordea and a decline of 1.7pp from the previous distribution agreement with Danske Bank.

Topdanmark continues to assume that the change of distribution partner will have a negative impact of approx. 0.5pp on Topdanmark's total non-life premium growth in 2020. From 2021, it is still the expectation that the Nordea agreement will compensate fully for the terminated distribution agreement with Danske Bank in terms of premiums.

On 1 October, Sydbank terminated the distribution agreement with Topdanmark. The distribution agreement was established in 2015. At the end of Q3 2020, the Sydbank portfolio represented DKK 0.5bn. of which DKK 256m was written by Topdanmark before the agreement was established. The distribution agreement with Sydbank represented approx. 5% of Topdanmark's new sales in Q1-Q3 2020. Topdanmark and Sydbank will now negotiate the terms of the termination. As Topdanmark has good momentum in new sales and low churn rates, the terminated distribution agreement with Sydbank does not change the assumed growth of 2020.

According to the Top 1-2-3 strategy, Topdanmark intends to grow through organic growth, through distribution partners and through digital sales. When it comes to

growth through distribution partners, Topdanmark will further strengthen its cooperation with existing distribution partners, and in addition to this, look for new distribution partners including banks.

## **Claims trend**

The claims trend deteriorated to 70.8 in Q1-Q3 2020 from 66.4 in Q1-Q3 2019.

The run-off profit excluding COVID-19, net of reinsurance, was DKK 138m (Q1-Q3 2019: DKK 343m), representing a 2.8pp negative effect on the claims trend. Run-off profits were primarily generated in workers' compensation, in illness and accident and on motor third-party liability whereas run-off losses were generated within accident, property and professional liability.

The lower level of run-off profits in Q1-Q3 2020 compared with previous years was affected by outliers in the short tale business lines with substantial run-off losses on professional liability and property, but also by the steady fall of the risk premium on motor third-party liability and accident, which has characterised the last many years, now levelling off. Topdanmark assumes that the risk premium on motor third-party liability and accident will remain stable in the coming years.

In Q1-Q3 2020, weather-related claims amounted to DKK 101m (Q1-Q3 2019: DKK 56m), representing a 0.6pp deterioration of the claims trend. Thereby, the level of weather-related claims was DKK 19m below the assumed normal level.

The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) increased by DKK 33m to DKK 70m in Q1-Q3 2020, representing a 0.5pp deterioration of the claims trend. The large-scale claims were DKK 5m below the assumed normal Q1-Q3 level of DKK 75m.

The claims trend on house insurance deteriorated by DKK 149m in Q1-Q3 2020 corresponding to a negative impact on the claims trend of 2.1pp. Among the reasons are a higher level of water claims due to the rainy start of the year, COVID-19 has caused a higher level of refurbishment on houses increasing the number of water pipe and fungus claims and a couple of very large fire claims.

Claims trend	Q3	Q3	Q1-Q3	Q1-Q3
	2019	2020	2019	2020
Claims trend	70.7	74.8	66.4	70.8
Run-off excl. COVID-19	3.7	1.3	4.9	1.9
Weather-related claims	(1.6)	(1.4)	(0.8)	(1.4)
Large-scale claims	(0.1)	(1.3)	(0.5)	(1.0)
Other	0.1	0.0	0.4	0.4
Claims before run-off, weather, large-scale claims and other	72.8	73.4	70.3	70.7
Rain	0.0	(1.1)	0.0	(0.6)
Discounting	0.0	0.0	(0.7)	(1.0)
COVID-19	0.0	1.9	0.0	0.8
<b>Underlying claims trend</b>	<b>72.8</b>	<b>74.1</b>	<b>69.6</b>	<b>69.9</b>

Run-off loss of DKK 24m related to COVID-19-effects on income protection insurance is included in the line COVID-19.

The claims trend adjusted for run-off, weather-related claims, large-scale claims, and other positions including change of risk margin deteriorated by 0.4pp to 70.7 in Q1-Q3 2020.

As already mentioned, the claims trend in Q1-Q3 2020 was impacted by many water claims on houses owing to a record high level of rain. Claims related to the high level of rain impacted the claims trend negatively by 0.6pp.

The claims trend was negatively impacted by the lower level of interest rates. The discounting effect (movements in the yield curve used for discounting the provisions) had a negative impact on the claims trend of 1.0pp compared with Q1-Q3 2019.

Compared with Q1-Q3 2019, COVID-19 is assumed to have had a positive impact on the adjusted claims trend of DKK 58m (0.8pp) including a run-off loss of DKK 24m. The positive impact of COVID-19 was on motor (0.8pp), on contents (0.4pp), and on travel (0.4pp).

On the other hand, COVID-19 impacted the adjusted claims trend related to income protection insurance negatively by DKK 52m (0.7pp) due to the increase in unemployment.

In addition, COVID-19 is assumed to have a negative impact on illness and accident (0.1pp) and workers' compensation (0.1pp). Illness and accident will be hit by a higher level of customers making use of their health insurance getting treatments in private hospitals as the public hospitals have focused on COVID-19 patients. Both illness and accident as well as workers' compensation will be hit by the higher level of unemployment (harder to reactivate injured employees).

The underlying claims trend, which is adjusted for the extraordinary rain claims in Q1 and Q3 2020, discounting and COVID-19 impact, deteriorated by 0.3pp to 69.9.

### Expense ratio

The expense ratio was 16.2 up from 15.8 in Q1-Q3 2019.

The increase in expense ratio is due to high sales through Nordea, and COVID-19 related expenses.

The level of the expense ratio is impacted by significant investments in digital solutions and automation.

Topdanmark expects that these investments will pay off in the coming years through efficiency gains cf. Assumptions for 2021 on page 15.

### Combined ratio

The combined ratio was 87.0 in Q1-Q3 2020 (Q1-Q3 2019: 82.1). Excluding run-off, the combined ratio was 88.5 (Q1-Q3 2019: 87.0).

The general trend of wages and salaries and the increase in pay roll tax from 15.0% in 2019 to 15.2% in 2020 impacted the combined ratio by 0.4pp.

Financial highlights – Non-life insurance (DKK m)	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Gross premiums earned	9,397	2,359	2,428	7,050	7,245
Claims incurred	(6,121)	(1,596)	(1,753)	(4,477)	(4,957)
Expenses	(1,507)	(334)	(365)	(1,112)	(1,174)
Net reinsurance	(234)	(72)	(63)	(200)	(170)
Technical result	1,534	356	248	1,260	945
Investment return after return and revaluations of non-life insurance provisions	64	(67)	123	(146)	(316)
Other items	2	(4)	12	0	24
<b>Profit on non-life insurance</b>	<b>1,601</b>	<b>285</b>	<b>383</b>	<b>1,114</b>	<b>653</b>
Run-off profits, net of reinsurance	433	86	33	343	114
Gross loss ratio	65.1	67.7	72.2	63.5	68.4
Net reinsurance ratio	2.5	3.1	2.6	2.8	2.3
Claims trend	67.6	70.7	74.8	66.4	70.8
Gross expense ratio	16.0	14.2	15.0	15.8	16.2
Combined ratio	83.7	84.9	89.8	82.1	87.0
Combined ratio excl. run-off profits	88.3	88.6	91.2	87.0	88.5

## Non-life insurance in Q3 2020

Premiums earned in Q3 2020 increased by 2.9% to DKK 2,428m. The private segment increased by 2.0%, and the SME segment increased by 4.1%. Adjusted for the change in segmentation, premiums were 3.4% and 2.5% in the private segment and SME segment, respectively.

The claims trend was 74.8 in Q3 2020 up from 70.7 in Q3 2019.

The large-scale claims were DKK 32m in Q3 2020, which was DKK 30m higher than the large-scale claims of DKK 2m in Q3 2019, representing a deterioration of the claims trend of 1.2pp. Especially the agricultural area was hit in Q3 2020 by few, but large fire claims.

Weather-related claims were DKK 34m in Q3 2020 impacted by an adjustment of a large claim from Q1 2020 of DKK 19m. In Q3 2019, the weather-related claims were DKK 38m, representing an improvement of the claims trend of 0.2pp.

The run-off profit excluding COVID-19, net of reinsurance, was DKK 32m (Q3 2019: DKK 86m), representing a 2.4pp negative effect on the claims trend.

The claims trend was impacted by a DKK 63m deterioration on house insurance (2.6pp) due to some large fire claims, and an increased claims frequency on burst water pipes and fungus claims.

The claims trend adjusted for run-off, weather-related claims, large-scale claims and change of risk margin deteriorated by 0.6pp to 73.4 in Q3 2020.

In Q3 2020, COVID-19 had a positive impact on the adjusted claims trend of DKK 46m (1.9pp).

COVID-19 impacted the claims trend positively on travel insurance (1.2pp), motor (0.6pp), and contents (0.5pp).

In Q3 2020, COVID-19 negatively impacted the adjusted claims trend related to income protection insurance by DKK 11m (0.5pp).

The underlying claims trend, which is adjusted for discounting and the impact of COVID-19, deteriorated by 1.3pp to 74.1.

The expense ratio was 15.0 in Q3 2020 (Q3 2019: 14.2).

The combined ratio was 89.8 in Q3 2020 (Q3 2019: 84.9). Excluding run-off, the combined ratio was 91.2 (Q3 2019: 88.6).

In Q3, Topdanmark launched a new online sales platform targeting the private segment in the Topdanmark brand. Contents and motor products were launched in Q2 2020. Accident, travel and house insurance will follow.

In mid-September, Topdanmark launched a branding campaign in print, and on tv and digital channels. The focus of the campaign is Topdanmark's brand promise: "We're here to help" which is based on the values that the customers already know Topdanmark for.

Though the branding campaign has just started, the awareness KPIs and the traffic figures for the web and inbound telephones are positive.



## Segment reporting

### Private

The private segment offers policies to individual households in Denmark.

Premiums increased by 0.7% to DKK 3,876m. Premiums were negatively impacted by an adjusted segmentation in terms of accounting between the private and SME segment (DKK 18m). With this adjustment, premiums increased by 1.2%.

Topdanmark has good momentum in both new sales and churn rate. However, the switch of distribution partner from Danske Bank to Nordea had a negative impact on premium growth of 1.9pp in Q1-Q3 2020 compared with Q1-Q3 2019.

The technical result was DKK 436m in Q1-Q3 2020, representing a decrease of DKK 202m compared with Q1-Q3 2019.

The claims trend deteriorated by 5.0pp to 73.1. The claims trend was negatively impacted by a lower level of run-off profits (1.5pp) and by a higher claims trend on house insurance cf. page 6.

Compared with Q1-Q3 2019, the claims trend was favourably influenced by a positive development in personal injuries within motor insurance and on theft.

The expense ratio deteriorated to 15.7 from 15.3 in Q1-Q3 2019 due to increased acquisition costs and investments in digitalisation and automation.

The combined ratio was 88.7 (Q1-Q3 2019: 83.4).

Excluding run-off, the combined ratio was 92.1 in Q1-Q3 2020 (Q1-Q3 2019: 88.3).

In Q3 2020, premiums increased by 2.0% to DKK 1,300m. Adjusted for the change in segmentation between the private and the SME segment, premiums increased by 3.4%.

In Q3 2020, the claims trend deteriorated by 5.9pp to 76.8 impacted by a lower level of run-off profits and a higher level of claims from income protection insurance, illness and accident, and especially house insurance. COVID-19 improved the claims trend on motor, contents, and travel insurance.

The combined ratio in Q3 2020 was 92.2 compared with 84.6 in Q3 2019. Excluding run-off, the combined ratio increased to 94.6 in Q3 2020 from 89.7 in Q3 2019.

Private (DKKm)	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Gross premiums earned	5,114	1,275	1,300	3,847	3,876
Claims incurred	(3,555)	(892)	(1,022)	(2,562)	(2,831)
Expenses	(802)	(175)	(200)	(590)	(607)
Net reinsurance	(70)	(12)	23	(58)	(1)
<b>Technical result</b>	<b>686</b>	<b>196</b>	<b>101</b>	<b>638</b>	<b>436</b>
Run-off profits, net of reinsurance	221	65	32	188	130
Gross loss ratio	69.5	70.0	78.6	66.6	73.1
Net reinsurance ratio	1.4	0.9	(1.7)	1.5	0.0
Claims trend	70.9	70.9	76.8	68.1	73.1
Gross expense ratio	15.7	13.7	15.4	15.3	15.7
Combined ratio	86.6	84.6	92.2	83.4	88.7
Combined ratio excl. run-off profits	90.9	89.7	94.6	88.3	92.1

### SME

The SME segment offers policies to Danish-based SMEs and agricultural businesses.

Premiums increased by 5.2% to DKK 3,385m. Adjusted for the change in segmentation between the private and the SME segment, premiums increased by 4.7%. Topdanmark continues to have positive momentum in new sales to SMEs and agricultural businesses.

The technical result decreased by DKK 113m to DKK 509m in Q1-Q3 2020.

The claims trend deteriorated by 3.8pp to 68.2 caused by a lower level of run-off profits (5.0pp) and a higher level of weather-related claims. Furthermore, especially the agricultural area was hit by few, but large fire claims.

The expense ratio was 16.8 compared with 16.3 in Q1-Q3 2019. The expense ratio in Q1-Q3 2020 was impacted by changes in the sales force organisation and by COVID-19 related issues.

The combined ratio was 85.0 in Q1-Q3 2020 against 80.7 in Q1-Q3 2019.

Excluding run-off, the combined ratio was 84.5 in Q1-Q3 2020 (Q1-Q3 2019: 85.5).

In Q3 2020, premiums increased by 4.1% to DKK 1,133m and 2.5% adjusted for the change in segmentation between the private and the SME segment.

The claims trend in Q3 2020 deteriorated by 1.9pp to 72.5 impacted by a lower level of run-off profits and a lower level of weather-related claims, as well as a higher level of fire claims within agriculture.

In Q3 2020, the combined ratio deteriorated by 1.8pp to 87.1. Excluding run-off, the combined ratio improved 0.1pp to 87.2 in Q3 2020.

SME (DKKm)	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Gross premiums earned	4,302	1,088	1,133	3,216	3,385
Claims incurred	(2,583)	(708)	(736)	(1,928)	(2,139)
Expenses	(707)	(160)	(165)	(524)	(568)
Net reinsurance	(164)	(61)	(85)	(142)	(168)
<b>Technical result</b>	<b>848</b>	<b>159</b>	<b>146</b>	<b>622</b>	<b>509</b>
Run-off profits, net of reinsurance	212	22	1	154	(16)
Gross loss ratio	60.0	65.0	65.0	59.9	63.2
Net reinsurance ratio	3.8	5.6	7.5	4.4	5.0
Claims trend	63.8	70.6	72.5	64.4	68.2
Gross expense ratio	16.4	14.7	14.6	16.3	16.8
Combined ratio	80.3	85.3	87.1	80.7	85.0
Combined ratio excl. run-off profits	85.2	87.3	87.2	85.5	84.5

## Life insurance in Q1-Q3 2020

The result from life insurance was a profit of DKK 44m (Q1-Q3 2019: DKK 291m).

Profit on life insurance activities comprises the profit on life insurance plus the investment return of Topdanmark

Liv Holding. These profits are calculated in accordance with the stated policy for the calculation of profit for the life insurance company: see [www.topdanmark.com](http://www.topdanmark.com) → About Topdanmark → Business → Life insurance → Policy for the calculation of profit in life insurance.

Result of life insurance (DKKm)	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Investment return on shareholders' equity	186	16	23	163	(40)
Sales and administration	(22)	17	9	1	(31)
Insurance risk	23	4	(1)	21	0
Risk return on shareholders' equity	141	35	38	106	115
<b>Profit on life insurance</b>	<b>327</b>	<b>72</b>	<b>69</b>	<b>291</b>	<b>44</b>

## Developments in Q1-Q3 2020

Compared with Q1-Q3 2019, the negative development in Q1-Q3 2020 for life insurance primarily derives from investment return on shareholders' equity, and sales and administration. The investment return on shareholders' equity was DKK 40m (loss) in Q1-Q3 2020 (Q1-Q3 2019: DKK 163m) and was impacted by the situation on the financial markets due to COVID-19.

The result of sales and administration decreased by DKK 32m to DKK 31m (loss) derived from costs connected to the implementation of the new core IT system launched in April 2019. The insurance risk result

has decreased by DKK 21m to DKK 0m. The insurance risk result may fluctuate from one quarter to the next.

## Trend in premiums

Gross premiums increased by 3.6% to DKK 8,406m in Q1-Q3 2020, of which premiums on unit-linked pension schemes were DKK 7,816m, representing a 7.5% increase compared with Q1-Q3 2019.

Regular premiums increased by 4.6% to DKK 2,512m in Q1-Q3 2020. Single premiums were DKK 5,894m in Q1-Q3 2020, representing a 3.2% increase.

## Life insurance in Q3 2020

The result in Q3 2020 is at the same level as in Q3 2019.

Gross premiums decreased by 23.4% to DKK 2,411m in Q3 2020 of which premiums on unit-linked pension schemes were DKK 2,257m, a 23.1% decrease compared with Q3 2019.

The negative development in premiums should be seen in the light of gross premiums in Q2 2020 increasing by 33.9% due to the fact that inflow of new single premiums was carried over from Q2 2019 to Q3 2019 because of the implementation of the new core IT system in Q2 2019.

Regular premiums increased by 7.1% to DKK 815m in Q3 2020 whereas single premiums decreased by 33.1% to DKK 1,596m.

Premiums in Q3 2020 was impacted by price increases on illness and accident insurance which is the entry product selling pension schemes to the corporate market.

## Investment activities Topdanmark Group excl. life insurance

The investment return of the Topdanmark Group excluding life insurance was DKK 78m in Q1-Q3 2020 (Q1-Q3 2019: DKK 899m). Return and revaluation of non-life insurance provisions were a loss of DKK 318m in Q1-Q3 2020 (Q1-Q3 2019: loss of DKK 951m).

The investment return including return and revaluation of non-life insurance provisions was a loss of DKK 240m, and thus DKK 385m lower than the assumed return for the first three quarters, when calculated using Topdanmark's forecast model at the beginning of 2020. The lower return should be seen in the light of COVID-19. Lockdowns imposed by numerous countries slowed down the economic activity in large parts of the world. The economic uncertainty has had a negative impact on high risk assets such as CLOs.

The Danish mortgage bond market is dominated by AAA bonds where spreads to swaps in March widened much faster and further than during the financial crisis a decade ago. Despite some easing of tensions up to the end of Q1 2020 and in the following two quarters, the losses from the assets hedging of the interest sensitivity of the provisions still dominate their revaluations by a wide margin.

Topdanmark's policy is to accept a certain level of financial risk, given its strong liquidity and stable, high earnings from insurance operations. Among other things, Topdanmark has invested in equities, property, and CLOs to improve the average investment return.

The investment return in Q1-Q3 2020 on the most significant asset classes is shown in the table below:

Investment return	Portfolio 30 Sep		Return Q3 2019		Return Q3 2020		Return Q1-Q3 2019		Return Q1-Q3 2020	
	2019	2020	Return	%	Return	%	Return	%	Return	%
	(DKKbn)	(DKKbn)	(DKKbn)	(%)	(DKKbn)	(%)	(DKKbn)	(%)	(DKKbn)	(%)
Danish equities	0.3	0.3	1	0.3	34	12.1	32	14.0	31	10.9
Foreign equities	0.7	0.8	10	1.4	40	5.5	124	20.5	(19)	(2.5)
Unlisted equities and hedge funds	0.4	0.3	5	1.4	25	7.2	16	4.7	(21)	(5.9)
Government and mortgage bonds	16.7	16.9	150	0.9	89	0.5	562	3.3	120	0.7
Credit bonds	0.0	0.0	(0)	(0.2)	0	0.0	2	5.2	0	0.0
Index linked bonds	0.3	0.3	13	4.5	(5)	(1.7)	34	12.5	7	2.4
CLOs	0.6	0.5	3	0.4	31	6.4	24	4.3	(69)	(11.9)
Properties	1.3	1.3	11	0.8	14	1.1	75	6.2	40	3.2
Expenses, money markets etc.	1.7	1.8	(1)	(0.1)	(18)	(1.0)	(3)	(0.2)	(42)	(2.4)
Subordinated loan capital	(1.7)	(1.7)	(12)	(0.7)	(12)	(0.7)	(35)	(2.0)	(35)	(2.0)
	20.2	20.4	180	0.9	197	1.0	831	4.2	13	0.1
Asset management			26		22		68		65	
Investment return			206		220		899		78	
Return and revaluations of non-life insurance provisions			(253)		(73)		(951)		(318)	
Investment return after return on non-life insurance provisions			(47)		146		(51)		(240)	

The exposure in foreign equities and credit bonds has been adjusted by the use of derivatives. The return percentages are calculated as the ratio between the return on financial instruments and the size of the exposure of the underlying asset. The return on properties includes revaluation of owner-occupied property, which has been included in other comprehensive income.

The equity exposure was DKK 1,132m pre-tax and excluding associated companies but including the impact

of derivatives. The equity portfolios are well diversified with no large individual positions.

The composition of the portfolios is based on OMXCCAP for Danish equities, representing approx. 30% of the portfolio as of 30 September 2020, and the foreign portfolios are based on MSCI World DC in local currency for foreign equities.

The class “Unlisted equities and hedge funds” includes private equity positions (DKK 49m) and positions in hedge funds where the investment mandates aim at positioning in the credit market (DKK 188m).

The Group's investments have no significant concentration of credit risk except for investments in AAA-rated Danish mortgage bonds.

The class “Government and mortgage bonds” mainly consists of Danish government and mortgage bonds. The interest rate sensitivity of this asset class is to a significant extent equivalent to the total interest rate sensitivity of the technical provisions in Topdanmark Forsikring, and the illness and accident provisions in Topdanmark Livsforsikring (the life insurance company). Consequently, the return on “Government and mortgage bonds” and the return and revaluation of non-life insurance provisions should be assessed on an aggregate level. However, as mentioned above during times of financial distress, proper interest risk management does not necessarily ensure that losses on liabilities are offset by gains on assets and vice versa.

The class “Credit bonds” is composed of a minor share of a well-diversified portfolio of credit bonds, primarily issued from businesses in Europe.

The class “Index linked bonds” comprises bonds, primarily Danish mortgage bonds, for which the coupon and principal are index linked.

The class “CLOs” primarily comprises positions in CLO equity tranches. The underlying assets of CLOs are mostly senior secured loans, while the remainder are primarily investment grade investments.

The property portfolio mainly comprises owner-occupied property (DKK 837m). The properties are valued in accordance with the rules of the Danish FSA (Danish Financial Supervisory Authority) i.e. at market value taking into account the level of rent and the terms of the tenancy agreements. 99% of the property portfolio is currently let when adjusting for properties under construction or being converted for other purposes.

“Expenses, money markets etc.” comprises money market deposits, intra-group balances, the result from currency positions, other returns and expenses not included in the other classes.

“Subordinated loan capital” comprises subordinated loans issued by the parent company and by Topdanmark Forsikring.

Topdanmark uses the Solvency II discounting curve with volatility adjustment (VA) for assessing insurance provisions. The VA component comprises a corrective element for the development in pricing of Danish mortgage bonds, as well as a corrective element for the development in pricing of European business credits. The VA component was 19bp at the beginning of the year and 26bp at the end of Q3 2020.

## Solvency calculation and capital requirements

Solvency II gives the companies the opportunity to fully or partially develop their own internal risk model for solvency calculation. Topdanmark uses a partial internal model developed in-house to calculate the non-life risk.

This model, approved by the Danish FSA, provides the basis for including non-life risks in Topdanmark's solvency calculations.

### Own funds

Principal elements of own funds:

Shareholders' equity

- Proposed dividend

+ Deferred tax on security funds

+ Profit margin

- Intangible assets

+ Tax effect

+ Usable share, subordinated loan tier 1

(max. 20% of tier 1-capital)

+ Usable share, subordinated notes (max. 50% of SCR)

Own funds

Topdanmark has an outstanding subordinated tier 1 loan (restricted tier 1 capital notes) of DKK 400m. This loan is perpetual, but includes an option enabling Topdanmark to redeem the loan as at 23 November 2022.

Topdanmark Forsikring has outstanding subordinated tier 2 notes in two tranches:

- DKK 500m, call as at 11 December 2020, expiry in 2025
- DKK 850m, call as at 11 June 2021, expiry in 2026.

Topdanmark Forsikring has redeemed subordinated notes of DKK 500m issued in 2015: see company announcement of 23 October 2020 from Topdanmark Forsikring. The intention is to replace the subordinated notes with a new subordinated loan with provisions in accordance with the requirements of Solvency II.

Solvency cover (DKKm)	2017	2018	2019	1)	1) 2)
				Q1-Q3 2019	Q1-Q3 2020
Own funds	6,370	6,509	6,660	7,592	7,788
Solvency requirement	3,116	3,322	3,773	4,098	3,888
<b>Solvency cover (%)</b>	<b>204</b>	<b>196</b>	<b>177</b>	<b>185</b>	<b>200</b>

<sup>1)</sup> Potential dividend for the interim period and postponed dividend for 2019 was not deducted.

<sup>2)</sup> Solvency cover adjusted for the redeemed subordinated notes of DKK 500m was 187%.

- A negative impact from COVID-19 of 0.5-0.0pp on the combined ratio
- Combined ratio for 2020 of 88-89, excluding run-off in H2 2020
- An interest level corresponding to the interest rate curve on 30 June 2020
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level as at 30 June 2020
- The changes in the interest rates (the discount curve including changes in VA) are negative by 0.2pp on the guidance for the combined ratio in 2020.

## Parent company etc.

The parent company, Topdanmark, does not perform any independent activities. The profit of the parent company etc. includes the profits of subsidiaries not within the insurance business (primarily Topdanmark Asset Management), finance costs and other expenses. The profit of the parent company decreased DKK 5m to DKK 25m in Q1-Q3 2020.

## Taxation

The tax charge was DKK 169m of the pre-tax profit of DKK 722m, corresponding to an effective tax rate of 23.4% (Q1-Q3 2019: 22.3%).

## Profit forecast model

Traditionally, Topdanmark does not publish actual profit forecasts, but instead, the expected level of results provided that a number of assumptions about the return in the financial markets are met. The return on financial assets changes on a daily basis, and consequently Topdanmark's profit forecast model will already deviate from actual expectations by the time it is published. Therefore, set out at [www.topdanmark.com](http://www.topdanmark.com) → Investors → [Risk management](#), we provide additional information on how changes in the assumptions underlying the profit forecast model will affect the results.

As can be seen, the investment return forecast model is not based on a specific estimate of the expected investment return for the rest of the year, but solely on a long-term standard assumption regarding the return.

In the Q2 Report for 2020, it was stated that Topdanmark's post-tax model profit forecast for 2020 was DKK 550-750m exclusive run-off in H2 2020.

## Non-life insurance

For non-life insurance, Topdanmark assumed a pre-tax profit of DKK 680-850m for 2020 in the Q2 Report 2020. This model profit forecast was based on the following assumptions:

- Premium growth for 2020 of 2-3%
- A normal year as regards to weather-related claims of DKK 95m in H2

After the model profit forecast for 2020 was published in the Q2 Report for 2020, the following assumptions have changed:

- Topdanmark continues to have good momentum in new sales and low churn rates. Therefore, the assumed premium growth for non-life is improved from 2-3% to about 3% in 2020.
- In Q3 2020, there were run-off profits of DKK 33m, corresponding to a 0.3pp improvement of the combined ratio for 2020.
- Weather-related claims were DKK 34m in Q3 2020, which is DKK 11m lower than assumed, corresponding to a 0.1pp improvement of the combined ratio for 2020.
- The extent of large-scale claims was a DKK 32m loss in Q3 2020 which is DKK 7m higher than assumed, corresponding to a 0.1pp deterioration of the combined ratio.
- The claims trend on house insurance was DKK 63m worse than assumed in Q3 2020 corresponding to a 0.6pp deterioration of the combined ratio.
- Discounting rates (including changes in VA) have not changed and therefore not affected the combined ratio.
- Due to a higher level of transparency into the COVID-19 effects, the assumed impact of COVID-19 has improved from negative 0.5-0.0pp to positive 0.5-1.0pp on the combined ratio.
- From 30 June 2020 until 30 September 2020, the pre-tax investment return was DKK 110m higher than assumed.

The assumed combined ratio for 2020 is improved from 88-89 to about 88, excluding run-off in Q4 2020.

Due to an unsatisfactory profit development in illness and accident, Topdanmark is increasing prices with gradual effect from September 2020. The price increases will have an insignificant impact on both combined ratio and premium growth in 2020.

COVID-19 has caused an increased level of unemployment in Denmark. In order to maintain profitability, Topdanmark is increasing prices on income

protection insurance. This will only have a small impact on Topdanmark's premium growth in 2020.

The development in house claims represents a leap in an already unsatisfactory trend. As it is necessary to regain profitability, Topdanmark is increasing prices on house insurance.

The overall assumed pre-tax result for non-life insurance is DKK 850-950m excluding run-off in Q4 2020.

## Life insurance

In the Q2 Report for 2020, Topdanmark assumed a pre-tax profit on life insurance of DKK 0-50m in 2020, based on the following assumptions:

- Around 0% increase in regular premiums
- Full recognition as income of risk return for shareholders' equity from all interest rate groups
- No profit from the shadow account.

Since the Q2 2020 report, the following assumptions have changed:

- Topdanmark has postponed some of the costs implementing a new core IT system until 2021.
- The investment return in Q3 2020 was DKK 20m better than assumed.

Consequently, the assumed pre-tax profit for the life division in 2020 is increased from DKK 0-50m to DKK 50-100m.

The result is very sensitive to fluctuations particularly in the investment return. The risk return and shadow account will not be finally determined before year end.

## Parent company

The profit forecast model for the parent company plus subsidiaries outside of the insurance group assumes a pre-tax profit of DKK 40-50m.

## Taxation

Given a corporation tax rate of 22%, the tax charge is expected to be DKK 190-250m.

## Total Group profit

Topdanmark's overall post-tax model profit forecast for 2020 is upgraded by DKK 150m to DKK 750-850m, representing an EPS of DKK 9.2. The assumed profit is excluding run-off in Q4 2020.

The profit forecast model assumes an annual 7.0% return on equities, and unchanged foreign exchange rates from the level of 30 September 2020.

Furthermore, it is assumed that the return on interest-bearing assets that hedge the discounted provisions exactly suffices to cover discounting and revaluation of the provisions, while the return on the remaining interest-bearing assets is assumed to be 1.48% (risk-free interest rate plus 2.0pp).

Profit forecast 2020 (DKKm)	Results		Forecast 2020		Forecast 2020		
	2019		30 June 2020		30 September 2020		
Non-life insurance							
- Technical result	1,534	1,050	-	1,150	1,150	-	1,200
- Investment return after return and revaluations of non-life insurance provisions etc.	66	(370)	-	(300)	(300)	-	(250)
Profit on non-life insurance	1,601	680	-	850	850	-	950
Life insurance	327	0	-	50	50	-	100
Parent company etc.	60	40	-	50	40	-	50
Pre-tax profit	1,987	720	-	950	940	-	1,100
Taxation	(441)	(170)	-	(200)	(190)	-	(250)
<b>Profit for the year</b>	<b>1,547</b>	<b>550</b>	<b>-</b>	<b>750</b>	<b>750</b>	<b>-</b>	<b>850</b>

## The remaining dividend for 2019

As a consequence of the COVID-19 situation, only DKK 8.5 of the previously announced dividend of DKK 17 per share for 2019 was paid out in connection with the AGM on 2 April 2020.

In the Q1 report 2020, it was stated that when the situation is back to normal, the Board of Directors has the option to distribute in part or in full the remaining DKK 8.5 of the previously announced dividend of DKK 17 per share as extraordinary dividend. If so, this extraordinary dividend would be paid out later in 2020 or after the ordinary general meeting in 2021.

On 26 June 2020, the Danish FSA decided to recommend Danish financial companies not to complete capital distribution for the remainder of 2020. Topdanmark's Board of Directors has discussed the Danish FSA's recommendation and decided to postpone the pay-out of the remainder of the dividend for 2019 until the AGM 25 March 2021. It is still the intention to distribute in part or in full the remaining DKK 8.5 of the previously announced dividend of DKK 17 per share.

It is still the intention that the dividend for 2019 will be distributed on top the ordinary dividend for 2020 at the AGM on 25 March 2021.

## Assumptions for profit forecast model for 2021

### Non-life insurance

For 2021, the assumed premium growth in non-life will be just above 3%, and the assumed combined ratio will be around 90, excluding run-off.

The profit forecast model is based upon the following assumptions among others:

- The switch of distribution partner from Danske Bank which was terminated at the end of Q2 2019 and the new distribution agreement with Nordea as at 1 January 2020 will premium wise level out during 2021.
- The terms of the termination of the distribution agreement with Sydbank has yet to be finally negotiated, but it is expected that it will have a negative impact on growth of approx. 0.2pp.
- The automatic premium indexing in the private segment will be 2.3% in 2021. Approx. 70% of Topdanmark's premiums earned are comprised by automatic premium indexing. Thus, the premium effect of the automatic premium indexing on non-life insurance is approx. 1.6%.
- The claims trend on house insurance has deteriorated in 2020. In order to fulfil Topdanmark's return requirements, Topdanmark will increase prices on house insurance using risk-based pricing. Furthermore, price increases on illness and accident insurance and income protection insurance have been launched. In total, price increases will benefit the assumed combined ratio by approx. 1pp.
- The positive COVID-19 effects are expected to decrease in 2021, among other things, due to the negative COVID-19 impact from workers' compensation and illness and accident being back-end loaded. This is expected to increase the combined ratio by 0.6pp compared with 2020.
- Weather related claims of DKK 170m
- Large-scale claims (large-scale claims of a gross value exceeding DKK 5m) of DKK 100m
- An expense ratio of approx. 16
- A level of interest rates corresponding to the interest rate curve on 30 September 2020
- The assumed combined ratio for 2021 of about 90 excluding run-off is, compared with 2020, negatively impacted by lower interest rates (0.3pp).
- Topdanmark will upscale the level of investments in order to improve the efficiency of the company. The main focus areas are:
  - Automation/digitalisation of routine-based processes
  - Risk and pricing

- Procurement

Compared with 2020 the increased level of investments will impact the combined ratio for 2021 negatively by approx. 1pp. The impact of the efficiency improving measures will start to materialise from 2022 with increasing impact to 2025.

The basis for unfolding the efficiency gains are new core IT systems in both life and non-life. In the life division the new IT system was implemented in 2019. In non-life the IT-system will start being implemented in 2021. Consequently, Topdanmark will start depreciating the cost in relation to the new non-life system in 2021. The assumed level of depreciation will increase from approx. DKK 25m in 2021 to approx. DKK 230m in 2026. It is expected that the level of efficiency gains will absorb the increase in the level of depreciation with a clear margin in the coming years.

### Life insurance

The implementation of a new core IT system has had some teething problems. The problems implementing the IT system are yet to be solved, and some of the costs solving the problems are carried over to 2021. On top of this, the assumptions for the investment return for Life have been lowered. Consequently, the assumed pre-tax profit for the life division in 2021 is DKK 50-100m.

### Early retirement reform

In order to finance an early retirement reform, the Danish government has proposed a special tax on financial companies in Denmark from 2023.

### Financial calendar

Announcement of 2020 Annual Results	22 Jan 2021
Deadline for submitting items for AGM agenda	10 Feb 2021
2020 Annual Report	18 Feb 2021
AGM	25 Mar 2021
Q1 2021 Interim Report	26 Apr 2021
2021 Half-year Report	16 July 2021
Q1-Q3 2021 Interim Report	21 Oct 2021

### Disclaimer

This interim report includes statements relating to the future. Such statements are uncertain and involve both general and specific risks.

Many factors may cause significant deviation from the forecasts and assumptions set out in the interim report. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of unexpected events such as acts of terror or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry, and trends

in the reinsurance market. See also:  
[www.topdanmark.com](http://www.topdanmark.com) → Investors → Risk management.  
The above description of risk factors is not exhaustive.  
Investors and others, who may base decisions relating to  
Topdanmark on statements relating to the future,  
should give their own careful consideration to these and  
other factors of uncertainty.

Topdanmark's statements relating to the future are solely  
based on information known at the time of the preparation  
of this interim report.

## **Accounting policies**

The announcement of the Q1-Q3 2020 interim report has  
been prepared in accordance with IAS 34 on interim  
reports for listed companies and additional Danish  
disclosure requirements on interim reports for listed  
financial services companies.

The results of the parent company have been prepared in  
accordance with the executive order on financial reports  
presented by insurance companies and lateral pension  
funds issued by the Danish FSA.

Topdanmark has implemented the IFRS standards and  
interpretations that take effect from 2020. None of these  
will affect recognition or measurement in 2020.

## **Accounting estimates and judgements**

As described under Accounting policies in the Annual  
Report 2019, management makes a number of estimates  
and judgements in connection with the financial reporting.

In regard to the interim report and due to the current  
situation with COVID-19, management has assessed  
that, in general, the markets for structured credit products  
(CLOs) cannot be defined as being active in accordance  
with the definition in IFRS 13. Therefore, according to the  
applied accounting policies, these assets were  
transferred from level 2 to level 3 by the end of Q1 2020.  
Please see Note 3 in this interim report for further  
information.

This announcement has not been audited nor subjected  
to review.



## Income statement • Group

(DKK)m	Note	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
<b>NON-LIFE INSURANCE</b>						
Gross premiums written		9,494	1,763	1,853	7,901	8,086
Ceded reinsurance premiums		(609)	(153)	(144)	(569)	(538)
Change in the provisions for unearned premiums		1	487	485	(952)	(908)
Change in profit margin and risk margin		(32)	125	106	150	98
Change in the reinsurers' share of the provisions for unearned premiums		4	(2)	(2)	111	105
<b>Premiums earned, net of reinsurance</b>		<b>8,858</b>	<b>2,221</b>	<b>2,297</b>	<b>6,641</b>	<b>6,843</b>
Claims paid		(6,503)	(1,653)	(1,559)	(4,756)	(4,851)
Reinsurance cover received		345	74	93	202	231
Change in the provisions for claims		376	57	(190)	261	(125)
Change in risk margin		18	2	(1)	27	29
Change in the reinsurers' share of the provisions for claims		(53)	(12)	(32)	(5)	(28)
<b>Claims incurred, net of reinsurance</b>	1	<b>(5,817)</b>	<b>(1,532)</b>	<b>(1,688)</b>	<b>(4,270)</b>	<b>(4,745)</b>
<b>Bonuses and rebates</b>		<b>(66)</b>	<b>(17)</b>	<b>(16)</b>	<b>(49)</b>	<b>(31)</b>
Acquisition costs		(949)	(200)	(224)	(705)	(747)
Administrative expenses		(534)	(128)	(133)	(389)	(408)
Reinsurance commission and share of profits		78	21	22	60	61
<b>Insurance operating expenses, net of reinsurance</b>		<b>(1,405)</b>	<b>(308)</b>	<b>(335)</b>	<b>(1,034)</b>	<b>(1,094)</b>
<b>TECHNICAL RESULT FROM NON-LIFE INSURANCE</b>		<b>1,571</b>	<b>364</b>	<b>258</b>	<b>1,287</b>	<b>974</b>
<b>LIFE INSURANCE</b>						
Gross premiums written	2	11,106	3,148	2,411	8,114	8,406
Ceded reinsurance premiums		(1)	(0)	(0)	(1)	(1)
<b>Premiums, net of reinsurance</b>		<b>11,105</b>	<b>3,148</b>	<b>2,411</b>	<b>8,114</b>	<b>8,405</b>
<b>Allocated investment return, net of reinsurance</b>		<b>8,357</b>	<b>1,432</b>	<b>2,356</b>	<b>6,791</b>	<b>(62)</b>
<b>Pension return tax</b>		<b>(1,094)</b>	<b>(212)</b>	<b>(81)</b>	<b>(701)</b>	<b>4</b>
Claims and benefits paid		(4,133)	(1,174)	(1,660)	(3,125)	(4,642)
Reinsurance cover received		4	2	1	3	5
<b>Claims and benefits paid, net of reinsurance</b>		<b>(4,129)</b>	<b>(1,173)</b>	<b>(1,660)</b>	<b>(3,122)</b>	<b>(4,637)</b>
Change in the life insurance provisions		(13,759)	(3,096)	(2,923)	(10,751)	(3,410)
Change in the reinsurers' share		(4)	(2)	(1)	(4)	(5)
<b>Change in the life insurance provisions, net of reinsurance</b>		<b>(13,763)</b>	<b>(3,098)</b>	<b>(2,923)</b>	<b>(10,755)</b>	<b>(3,415)</b>
<b>Change in profit margin</b>		<b>(61)</b>	<b>5</b>	<b>(5)</b>	<b>(26)</b>	<b>(0)</b>
Acquisition costs		(166)	(32)	(38)	(110)	(133)
Administrative expenses		(319)	(74)	(90)	(226)	(274)
<b>Insurance operating expenses, net of reinsurance</b>		<b>(485)</b>	<b>(106)</b>	<b>(128)</b>	<b>(335)</b>	<b>(407)</b>
<b>TECHNICAL RESULT FROM LIFE INSURANCE</b>		<b>(71)</b>	<b>(4)</b>	<b>(30)</b>	<b>(34)</b>	<b>(112)</b>

## Income statement • Group

(DKKm)	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
<b>NON-TECHNICAL ACTIVITIES</b>					
Technical result from non-life insurance	1,571	364	258	1,287	974
Technical result from life insurance	(71)	(4)	(30)	(34)	(112)
Income from associates	165	17	4	69	13
Income from investment properties	135	57	56	106	145
Interest income and dividends etc.	2,301	811	394	1,885	1,370
Revaluations	7,029	852	2,261	5,986	(1,238)
Interest charges	(78)	(19)	(24)	(56)	(79)
Expenses on investment activities	(53)	(14)	(20)	(37)	(62)
<b>Total investment return</b>	<b>9,499</b>	<b>1,705</b>	<b>2,671</b>	<b>7,953</b>	<b>149</b>
Return and revaluations of non-life insurance provisions	(616)	(253)	(73)	(951)	(318)
Investment return transferred to life insurance business	(8,357)	(1,432)	(2,356)	(6,791)	62
Other income	19	(6)	3	15	9
Other expenses	(57)	(3)	(13)	(43)	(41)
<b>PRE-TAX PROFIT</b>	<b>1,987</b>	<b>371</b>	<b>460</b>	<b>1,436</b>	<b>722</b>
Taxation	(441)	(86)	(103)	(321)	(169)
<b>PROFIT FOR THE PERIOD</b>	<b>1,547</b>	<b>285</b>	<b>357</b>	<b>1,115</b>	<b>553</b>
EPS (DKK)	17.8	3.3	4.1	12.9	6.3
EPS, diluted (DKK)	17.7	3.3	4.1	12.8	6.3

## Statement of comprehensive income • Group

Profit for the period	1,547	285	357	1,115	553
Items which cannot subsequently be reclassified as profit or loss:					
Revaluation / Reversed revaluation owner-occupied properties	(18)	(18)	0	(18)	1
Taxation	4	4	0	4	(0)
Other comprehensive income	(14)	(14)	0	(14)	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,533</b>	<b>271</b>	<b>357</b>	<b>1,102</b>	<b>554</b>

## Assets • Group

(DKK)m	31 Dec 2019	30 Sep 2019	30 Sep 2020
<b>INTANGIBLE ASSETS</b>	1,291	1,238	1,452
Operating equipment	113	115	112
Owner-occupied properties	834	832	837
<b>TOTAL TANGIBLE ASSETS</b>	948	947	949
Investment properties	4,034	3,887	4,005
Equity investments in associates	1,668	1,571	1,662
Total investments in associates	1,668	1,571	1,662
Equity investments	5,087	5,050	4,445
Unit trusts	6	6	1
Bonds	43,632	43,723	43,573
Loans guaranteed by mortgages	6	6	6
Deposits with credit institutions	2,745	2,076	3,067
Derivatives	198	689	762
Total other financial investment assets	51,675	51,550	51,853
<b>TOTAL INVESTMENT ASSETS</b>	57,376	57,009	57,520
<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS</b>	36,104	34,105	39,658
Reinsurers' share of the provisions for unearned premiums	95	191	187
Reinsurers' share of the life insurance provisions	12	13	7
Reinsurers' share of the provisions for claims	478	529	452
Total reinsurers' share of provisions	585	732	646
Receivables from policyholders	265	310	318
Receivables from insurance companies	151	87	92
Receivables from associates	286	345	261
Other receivables	225	493	510
<b>TOTAL RECEIVABLES</b>	1,512	1,967	1,827
Assets held temporarily	0	3	0
Deferred tax assets	25	21	32
Liquid funds	550	287	422
Other	28	83	61
<b>TOTAL OTHER ASSETS</b>	603	394	515
Accrued interest and rent	388	363	347
Other prepayments and accrued income	219	234	240
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	607	597	587
<b>TOTAL ASSETS</b>	98,442	96,258	102,508

## Shareholders' equity and liabilities • Group

(DKK)m	Note	31 Dec 2019	30 Sep 2019	30 Sep 2020
Share capital		90	90	90
Revaluation reserve		0	0	1
Security fund		1,146	1,146	1,146
Other reserves		72	72	77
<b>Total reserves</b>		<b>1,218</b>	<b>1,218</b>	<b>1,223</b>
Profit carried forward		3,559	4,636	4,978
Proposed dividend		1,530	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,397</b>	<b>5,945</b>	<b>6,292</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>		<b>1,747</b>	<b>1,747</b>	<b>1,749</b>
Provisions for unearned premiums		1,849	2,843	2,776
Profit margin, non-life insurance contracts		838	644	735
With-profit products		23,618	24,154	22,933
Unit-linked products		46,656	43,073	50,605
<b>Total life insurance provisions</b>		<b>70,274</b>	<b>67,227</b>	<b>73,538</b>
Profit margin, life insurance and investment contracts		329	293	329
Provisions for claims		13,071	13,356	13,351
Risk margin, non-life insurance contracts		253	242	226
Provisions for bonuses and rebates		163	151	127
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>86,778</b>	<b>84,757</b>	<b>91,082</b>
Pensions and similar commitments		30	29	31
Deferred tax liabilities		71	78	83
Deferred tax on security funds		306	306	306
<b>TOTAL PROVISIONS</b>		<b>407</b>	<b>413</b>	<b>420</b>
<b>DEPOSITS RECEIVED FROM REINSURERS</b>		<b>69</b>	<b>68</b>	<b>38</b>
Debt relating to direct insurance operations		194	59	179
Debt relating to reinsurance operations		26	20	18
Amounts due to credit institutions		155	695	876
Current tax liabilities		27	219	122
Derivatives		679	866	702
Other debt		1,867	1,357	974
<b>TOTAL DEBT</b>		<b>2,949</b>	<b>3,217</b>	<b>2,870</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		<b>94</b>	<b>112</b>	<b>58</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>98,442</b>	<b>96,258</b>	<b>102,508</b>

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## Cash flow statement • Group

(DKKkm)	Full year 2019	Q1-Q3 2019	Q1-Q3 2020
<b>Cash flow from operations</b>			
Gross premiums	9,410	7,788	7,972
Claims	(6,433)	(4,728)	(4,844)
Expenses	(1,373)	(1,069)	(1,089)
Reinsurance ceded	(162)	(225)	(206)
Cash flow from non-life insurance	1,443	1,766	1,833
Gross premiums	10,942	7,756	8,305
Claims and benefits	(4,138)	(3,111)	(4,943)
Pension return tax	(122)	(121)	(822)
Expenses	(457)	(312)	(344)
Reinsurance ceded	32	34	(15)
Cash flow from life insurance	6,257	4,244	2,181
Cash flow from insurance activities	7,700	6,011	4,015
Payments on investment contracts	264	224	146
Interest income and dividends etc.	2,347	1,825	1,472
Interest charges etc.	(133)	(88)	(130)
Corporation tax	(414)	(91)	(89)
Other items	42	(135)	(280)
<b>Cash flow from operations</b>	9,805	7,746	5,134
<b>Investments</b>			
Intangible assets, operating equipment	(291)	(201)	(146)
Properties	(467)	(317)	(178)
Purchase of affiliate	-	-	(81)
Equity investments in associates	(0)	0	(8)
Dividends from associates	175	175	27
Equity investments	1,412	1,265	135
Unit trusts	7	6	8
Bonds	(8,717)	(8,281)	(325)
Loans	(1)	(2)	0
Derivatives	(279)	(257)	(153)
Investment assets related to unit-linked products	(1,765)	(1,671)	(4,223)
Balances with associates	80	20	25
<b>Investments</b>	(9,846)	(9,262)	(4,918)
<b>Financing</b>			
Dividend paid	(1,300)	(1,300)	(741)
Exercise of share options	88	82	33
Amounts due to credit institutions	(87)	453	721
<b>Financing</b>	(1,299)	(765)	12
Change in cash and cash equivalents	(1,340)	(2,281)	229
Cash and cash equivalents at 1 January	4,634	4,634	3,294
Revaluation of cash and cash equivalents	0	10	(33)
Cash and cash equivalents end of period	3,294	2,363	3,490
Cash and cash equivalents comprise:			
Liquid funds	550	287	422
Deposits with credit institutions	2,745	2,076	3,067
	3,294	2,363	3,490

The majority of the Group's companies are subject to the relevant legislation on insurance business. Consequently, there are certain restrictions on lending and placement of money.

## Statement of changes in equity • Group

(DKKm)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Proposed dividend	Total
<b>2019</b>							
Shareholders' equity at 31 December previous year	90	14	1,146	67	3,349	1,350	6,016
Profit for the period				5	12	1,530	1,547
Other comprehensive income		(14)					(14)
Total comprehensive income for the period		(14)		5	12	1,530	1,533
Dividend paid						(1,350)	(1,350)
Dividend, own shares					50		50
Share-based payments					62		62
Exercise of share options					88		88
Taxation					(1)		(1)
Other transactions					198	(1,350)	(1,152)
<b>Shareholders' equity at 31 December 2019</b>	<b>90</b>	<b>0</b>	<b>1,146</b>	<b>72</b>	<b>3,559</b>	<b>1,530</b>	<b>6,397</b>
<b>Q1-Q3 2019</b>							
Shareholders' equity at 31 December previous year	90	14	1,146	67	3,349	1,350	6,016
Profit for the period				5	1,110		1,115
Other comprehensive income		(14)					(14)
Total comprehensive income for the period		(14)		5	1,110		1,102
Dividend paid						(1,350)	(1,350)
Dividend, own shares					50		50
Share-based payments					46		46
Exercise of share options					82		82
Taxation					(1)		(1)
Other transactions					177	(1,350)	(1,173)
<b>Shareholders' equity at 30 September 2019</b>	<b>90</b>	<b>0</b>	<b>1,146</b>	<b>72</b>	<b>4,636</b>	<b>0</b>	<b>5,945</b>
<b>Q1-Q3 2020</b>							
Shareholders' equity at 31 December previous year	90	0	1,146	72	3,559	1,530	6,397
Reduction of proposed dividend previous year					765	(765)	0
Profit for the period				5	548		553
Other comprehensive income		1					1
Total comprehensive income for the period		1		5	548		554
Dividend paid						(765)	(765)
Dividend, own shares					24		24
Share-based payments					52		52
Exercise of share options					33		33
Taxation					(4)		(4)
Other transactions					106	(765)	(659)
<b>Shareholders' equity at 30 September 2020</b>	<b>90</b>	<b>1</b>	<b>1,146</b>	<b>77</b>	<b>4,978</b>	<b>0</b>	<b>6,292</b>

## Segment information • Group

### Income statement

(DKK m)	Private	SME	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
<b>Q1-Q3 2019</b>								
<b>Non-life insurance</b>								
Gross premiums earned	3,847	3,216	(14)	7,050				7,050
Claims incurred	(2,562)	(1,928)	12	(4,477)			9	(4,468)
Expenses	(590)	(524)	2	(1,112)			18	(1,094)
Net reinsurance	(58)	(142)	(0)	(200)				(200)
Technical result from non-life insurance	638	622	(0)	1,260			27	1,287
<b>Life insurance</b>								
Gross premiums written					8,114			8,114
Allocated investment return					6,791			6,791
Pension return tax					(701)			(701)
Benefits and change in provisions					(13,902)			(13,902)
Expenses					(340)		4	(335)
Net reinsurance					(1)			(1)
Technical result from life insurance					(38)		4	(34)
Total investment return				856	6,908	61	128	7,953
Pension return tax non-life insurance				(50)	50			0
Return and revaluations of non-life insurance provisions				(951)				(951)
Transferred to technical result					(6,791)			(6,791)
Other items					163	(31)	(160)	(28)
<b>Pre-tax profit</b>				1,114	291	30	0	1,436
Taxation								(321)
<b>Profit</b>								1,115
<b>Q1-Q3 2020</b>								
<b>Non-life insurance</b>								
Gross premiums earned	3,876	3,385	(15)	7,245				7,245
Claims incurred	(2,831)	(2,139)	14	(4,957)			10	(4,947)
Expenses	(607)	(568)	1	(1,174)			19	(1,155)
Net reinsurance	(1)	(168)	0	(170)				(170)
Technical result from non-life insurance	436	509	(0)	945			29	974
<b>Life insurance</b>								
Gross premiums written					8,406			8,406
Allocated investment return					(62)			(62)
Pension return tax					4			4
Benefits and change in provisions					(8,052)			(8,052)
Expenses					(410)		3	(407)
Net reinsurance					(1)			(1)
Technical result from life insurance					(115)		3	(112)
Total investment return				20	(117)	57	189	149
Pension return tax non-life insurance				(18)	18			0
Return and revaluations of non-life insurance provisions				(318)				(318)
Transferred to technical result					62			62
Other items				24	197	(32)	(221)	(32)
<b>Pre-tax profit</b>				653	44	25	0	722
Taxation								(169)
<b>Profit</b>								553

# Notes to the financial statements • Group

(DKK m)	Full year 2019	Q1-Q3 2019	Q1-Q3 2020
<b>Note 1. Claims incurred, net of reinsurance - Non-life insurance</b>			
Run-off result:			
Gross business	388	321	116
Reinsurance ceded	45	22	(2)
Run-off result, net of reinsurance (profit)	433	343	114

## Note 2. Gross premiums written - Life insurance

Individual policies	295	190	165
Policies which are part of a tenure	2,711	1,990	2,130
Group life	269	221	216
<b>Regular premiums</b>	<b>3,275</b>	<b>2,401</b>	<b>2,512</b>
Individual policies	2,179	1,124	3,329
Policies which are part of a tenure	5,652	4,589	2,566
<b>Single premiums</b>	<b>7,831</b>	<b>5,713</b>	<b>5,894</b>
<b>Gross premiums</b>	<b>11,106</b>	<b>8,114</b>	<b>8,406</b>

## Note 3. Financial assets and liabilities

### Fair value measurement

Fair value is the price which would be achieved on the sale of an asset or paid for the transfer of a liability in a normal transaction between the market players at the time of measurement.

The IFRS defines a hierarchy of three levels for measurement of fair value:

#### Level 1

The calculation at fair value is based on the listed prices of transactions in active markets. If there is an active market for listed equity investments, bonds, derivatives etc., the measurement is generally based on the closing price end of year.

#### Level 2

If there is no closing price, another public price is used, which is believed to be the most appropriate, in the form of indicative prices from banks/brokers. Assets of this type are, for example CLOs and CDOs. Valuation methods or other publicly available information is used to value listed securities, where the closing price does not reflect the fair value.

Valuation methods are based on publicly available market data. If there is no active market for the financial instrument, depending on the nature of the asset or liability, the calculation is based on underlying parameters such as interest and foreign exchange rates, volatility or comparison with the market prices of corresponding instruments.

#### Level 3

In certain cases, the valuation cannot be based on publicly available market information alone. In these cases, valuation models that could imply the use of estimates of both the future and the nature of the current market situation are used.

Due to the COVID-19 situation, end of March Topdanmark transferred structured products as CLOs of DKK 6,628m from level 2 to level 3 implying valuation models based on non observable inputs.

Of the CLO portfolio end of Q3 (6.7 bn) 5.7 bn is related to unit-linked products, DKK 0.4 bn to with-profit contracts, and DKK 0.6 bn to non-life.

Collateralized Loan Obligations (CLO) are actively managed loan portfolios investing in Leveraged Loans. Each CLO contains different investment opportunities, ranging from the most secure AAA rated tranche to unrated Sub-Ordinated Notes (Equity). Topdanmark Asset Management invests across the debt-stack and has investments within Equity as well.

CLO investments are measured based on the present value of expected future cashflow. The cashflows are estimated by modelling the collateral pool in each CLO ensuring that the deal is in compliance with e.g. collateral quality tests on each payment date.

If such tests are breached, cashflows for lower rated tranches are diverted to buy additional collateral and/or redeem tranches with the highest rating. Cashflows are to be diverted as long as collateral tests are breached. Lower rated tranches might receive Paid-In-Kind coupons during such periods which are to be paid in full before cashflows to unrated tranches are resumed.



# Notes to the financial statements • Group

(DKK m)

## Note 3. Financial assets and liabilities - continued

Most significant inputs:

Discount rate	AAA	1.0%		
	A & BBB	2.8%		
	BBB and lower	7%		
Expected recovery		62-65%		
Reinvestment price		94.5-99.5%		
Constant default rate		6-2%		
		Reasonably possible changes	Effect on market value	
Sensitivities:				
Discount rate		+1%	DKK 236m loss	
Expected recovery		-1%	DKK 44m loss	
Reinvestment spread		-25bps	DKK 98m loss	
Constant default rate		+0.5%	DKK 261m loss	

	31 Dec 2019	30 Sep 2019	30 Sep 2020
Financial assets recorded at fair value based on non-observable input (level 3):			
1 January	469	469	371
Purchases	49	35	254
Transferred from level 2	0	0	6,628
Repayments	(150)	(128)	(285)
Revaluations (unrealised)	3	7	(87)
	371	383	6,880

Besides CLOs and CDOs added to level 3 in Q1, the portfolio consists of Vindmøllepark (wind farm) guaranteed by EKF (DKK 20m) and bonds (DKK 116m), for which current return depends on payment on life annuity contracts. The fair value is generally equivalent to the cost price in the transaction currency.

The carrying value of financial assets and financial liabilities recorded at amortised cost corresponds approximately to fair value.

The accounting policies for financial assets and liabilities are stated in the latest Annual Report.

## Note 4. Contingent liabilities

Contract liabilities	0	202	241
Adjustments to VAT liabilities	136	120	133
Other liabilities	4	4	2
Capital commitments made to loan funds and private equity funds etc.	398	473	387

All companies in the Topdanmark Group and other Danish companies and branches in the Sampo Group are jointly taxed with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax on interest, royalties and dividend for companies concerned.

In connection with the implementation of a new customer and core system, Topdanmark Forsikring A/S has undertaken to provide support to specific suppliers to fulfil Topdanmark EDB IV ApS' obligations in accordance with the contracts.

## Note 5. Related parties

In 2020, Q2, Topdanmark A/S paid dividend of DKK 357m (Q2 2019: DKK 630m) to Sampo plc. and received dividend of DKK 750m from Topdanmark Forsikring A/S.

There have been no other material transactions with related parties except from ordinary commercial trade between the companies in the Topdanmark Group.

## Note 6. Cash flow statement

As at 1 April 2020, the Group acquired the company Rådhuskontorerne ApS for DKK 81m cash.

The purchase price was compounded as follows:

Investment properties (land)	112
Deferred tax liabilities	(16)
Other debt	(15)
	81

## Income statement • Parent company

(DKK)m	Full year 2019	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Income from affiliates	1,587	295	368	1,146	584
Interest charges	(10)	(3)	(3)	(8)	(8)
<b>Total investment return</b>	<b>1,577</b>	<b>292</b>	<b>365</b>	<b>1,138</b>	<b>576</b>
Other expenses	(41)	(10)	(11)	(31)	(32)
<b>PRE-TAX PROFIT</b>	<b>1,536</b>	<b>282</b>	<b>354</b>	<b>1,107</b>	<b>544</b>
Taxation	11	3	3	9	9
<b>PROFIT FOR THE PERIOD</b>	<b>1,547</b>	<b>285</b>	<b>357</b>	<b>1,115</b>	<b>553</b>

## Statement of comprehensive income • Parent company

Profit for the period	1,547	285	357	1,115	553
Other comprehensive income from affiliates	(14)	(14)	0	(14)	1
Other comprehensive income	(14)	(14)	0	(14)	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,533</b>	<b>271</b>	<b>357</b>	<b>1,102</b>	<b>554</b>

## Balance sheet • Parent company

(DKK)m	31 Dec 2019	30 Sep 2019	30 Sep 2020
<b>Assets</b>			
Operating equipment	3	3	3
<b>TOTAL TANGIBLE ASSETS</b>	<b>3</b>	<b>3</b>	<b>3</b>
Equity investments in affiliates	6,431	5,976	6,217
Total investment in affiliates	6,431	5,976	6,217
Equity investments	0	0	4
Total other financial investment assets	0	0	4
<b>TOTAL INVESTMENT ASSETS</b>	<b>6,431</b>	<b>5,976</b>	<b>6,221</b>
Receivables from affiliates	836	1,002	964
Other receivables	0	0	4
<b>TOTAL RECEIVABLES</b>	<b>836</b>	<b>1,002</b>	<b>969</b>
Liquid funds	3	3	1
<b>TOTAL OTHER ASSETS</b>	<b>3</b>	<b>3</b>	<b>1</b>
<b>TOTAL ASSETS</b>	<b>7,274</b>	<b>6,984</b>	<b>7,194</b>

### Shareholders' equity and liabilities

Share capital	90	90	90
Other reserves	2,682	2,227	2,468
Total reserves	2,682	2,227	2,468
Profit carried forward	2,401	3,934	4,040
Proposed dividend	1,530	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>6,703</b>	<b>6,251</b>	<b>6,598</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>	<b>398</b>	<b>398</b>	<b>399</b>
Amounts due to affiliates	139	110	68
Current tax liabilities	27	218	121
Other debt	7	7	8
<b>TOTAL DEBT</b>	<b>172</b>	<b>335</b>	<b>197</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>7,274</b>	<b>6,984</b>	<b>7,194</b>

## Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the interim report for Q1-Q3 2020 for Topdanmark A/S.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the interim financial statements for the parent company are presented in accordance with the Danish Financial Business Act. Further, the interim report is presented in accordance with additional Danish disclosure requirements on interim reports for listed financial services companies.

In our opinion, the consolidated financial statements and the interim financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as at 30 September 2020 as well as the result from the Group's and the parent company's activities and the Group's cash flows for the financial period from 1 January to 30 September 2020.

We believe that the management review contains a fair view of the development in the Group's and parent company's activities and financial position, together with a description of the most material risks and uncertainties by which the Group and the parent company may be affected.

Ballerup, 23 October 2020

### Executive Board:

Peter Hermann  
(CEO)

Thomas Erichsen

Brian Rothemejer Jacobsen

Lars Thykier

### Board of Directors:

Ricard Wennerklint  
(Chairman)

Jens Aaløse  
(Deputy Chairman)

Elise Bundgaard

Anne Louise Eberhard

Mette Jensen

Cristina Lage

Ole Lomholt Mortensen

Petri Niemisvirta

Morten Thorsrud