

# Interim report for Q1 2022

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# Management's review

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# Highlights

## Q1 2022

- Profit after tax of DKK 115m (Q1 2021: DKK 635m)
- EPS was DKK 1.3 (Q1 2021: DKK 7.2)
- Combined ratio: 86.9 (Q1 2021: 83.4)
- Combined ratio excluding run-off profits: 88.8 (Q1 2021: 85.9)
- Premiums increased by 4.1% in non-life insurance.
- After return on non-life insurance provisions, the investment return was DKK 142m (loss) (Q1 2021: DKK 240m).
- Profit from discontinued operations was DKK 10m after tax (Q1 2021: 157m).
- Life insurance premiums in discontinued operations increased by 3.5%.

## Profit forecast model for 2022

- The assumed combined ratio for 2022 has been improved from 85.5-88 to 83-86, excluding run-off in Q2-Q4, partly due to the reclassification of illness and accident to discontinued operations.
- The profit forecast for 2022 has been improved from DKK 1,200-1,450m to DKK 2,250-2,500m after tax, excluding run-off in Q2-Q4 but including the expected net gain of DKK 1.2bn from the divestment of Topdanmark Liv Holding A/S (closing assumed as at 31 December 2022).
- The expected premium growth in non-life has been lowered from 4-5.5% to 3-4.5%, due to the reclassification of illness and accident to discontinued operations.

## Divestment of Topdanmark Liv Holding A/S

- As announced on 18 March 2022, Topdanmark Forsikring A/S has signed an agreement to divest Topdanmark Liv Holding A/S and all subsidiaries hereof to Nordea Life Holding AB.
- The divestment is expected to be completed in the second half of 2022.
- Net gain of approx. DKK 1.2bn is expected to be booked on closing and is included in the updated profit forecast model.
- The transaction is expected to release approx. DKK 3bn of solvency capital providing Topdanmark with the potential of carrying out an extraordinary distribution of dividend following the closing of the transaction.
- From Q1 2022, the reporting setup has been

updated to reflect the divestment. All subsidiaries held for sale are reported on the line "Profit after tax, discontinued operations". Comparative figures have been restated in income statements. Please refer to pages 11-12 for further information.

## Conference call

A conference call will be held today at 13:00 (CEST) in which Peter Hermann, CEO, and Lars Kufall Beck, CFO, will be available for questions based on the results. The call will be conducted in English.

To participate in the conference call, please call:

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

SE dial-in number: +46 856 642 695

UK dial-in number: +44 333 300 9260

US dial-in number: +1 631 913 1422 (US callers, please use PIN 87500789#)

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:



Peter Hermann  
Chief Executive Officer



Lars Kufall Beck  
Chief Financial Officer



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# Financial highlights

(DKKm)	Full year 2021	Q1 2021	Q1 2022
Premiums earned, non-life insurance	9,541	2,333	2,428
	9,541	2,333	2,428
<b>Results:</b>			
Non-life insurance	2,461	621	153
Parent company etc.	(35)	(5)	(15)
Profit before tax, continuing operations	2,426	617	138
Tax, continuing operations	(537)	(139)	(33)
Profit after tax, continuing operations	1,889	478	105
Profit after tax, discontinued operations	248	157	10
<b>Profit</b>	<b>2,138</b>	<b>635</b>	<b>115</b>
Run-off profits, net of reinsurance	255	57	47
Shareholders' equity of parent company at 1 January	7,185	7,185	7,705
Profit	2,138	635	115
Dividend paid	(1,800)	(1,800)	(3,105)
Dividend own shares	48	48	65
Share-based payments	133	40	56
Other movements in shareholders' equity	0	(1)	0
<b>Shareholders' equity of parent company end of period</b>	<b>7,705</b>	<b>6,107</b>	<b>4,836</b>
Deferred tax on security funds	(306)	(306)	(306)
<b>Shareholders' equity of Group end of period</b>	<b>7,399</b>	<b>5,801</b>	<b>4,530</b>
Total assets, parent company	8,233	6,928	5,679
Total assets, Group	120,368	112,977	117,933
Provisions for insurance and investment contracts:			
Non-life insurance	17,102	18,285	15,932
Life insurance	89,593	82,743	0
Discontinued operations	0	0	90,004
<b>Financial ratios (parent company)</b>			
Post-tax profit as a percentage of shareholders' equity *	30.5	33.9	6.0
Post-tax EPS continuing operations (DKK)	21.5	5.5	1.2
Post-tax EPS continuing operations, diluted (DKK)	21.5	5.4	1.2
Post-tax EPS (DKK)	24.4	7.2	1.3
Post-tax EPS, diluted (DKK)	24.3	7.2	1.3
Dividend per share issued, proposed (DKK)	34.5	-	-
Net asset value per share, diluted (DKK)	87.4	69.6	54.7
Listed share price end of period	367.0	290.2	376.4
Number of shares end of period ('000)	87,978	87,597	88,125
Average number of shares ('000)	87,703	87,544	88,051
Average number of shares, diluted ('000)	87,948	87,738	88,417
<b>Ratios non-life insurance **</b>			
Gross claims ratio	62.9	65.0	68.8
Net reinsurance ratio	1.0	1.0	1.4
Claims ratio, net of reinsurance	63.9	66.0	70.2
Gross expense ratio	16.2	17.5	16.6
Combined ratio	80.1	83.4	86.9
Combined ratio excl. run-off profits	82.8	85.9	88.8

\* Post-tax profit as a percentage of shareholders' equity has been annualised.

\*\* Due to the divestment of Topdanmark Liv Holding, the non-life ratios have been restated to include only continuing operations.

# Results for Q1 2022

Trend in profit (DKKm)	Full year 2021	Q1 2021	Q1 2022
Non-life insurance			
- Technical result	1,897	386	319
- Investment return after return and value adjustments of non-life insurance provisions	564	234	(140)
- Other items	1	1	(26)
Profit on non-life insurance	2,461	621	153
Parent company etc.	(35)	(5)	(15)
Profit before tax, continuing operations	2,426	617	138
Tax, continuing operations	(537)	(139)	(33)
Profit after tax, continuing operations	1,889	478	105
Profit after tax, discontinued operations	248	157	10
<b>Profit</b>	<b>2,138</b>	<b>635</b>	<b>115</b>

Topdanmark's post-tax profit for Q1 2022 was DKK 115m (Q1 2021: DKK 635m).

The technical result decreased by DKK 67m to DKK 319m. The decrease is driven by higher weather-related claims mainly caused by the storms Malik and Nora. Furthermore, Q1 2021 was positively impacted by COVID-19. The underlying technical result continued to improve as a result of the underlying growth, as well as continued progress on efficiency and pricing initiatives.

Other items included a DKK 25m provision for a potential extraordinary contribution to the Danish Guarantee Fund for Non-life Insurers related to the bankruptcy of Gefion Insurance A/S.

The investment return adjusted for return and value adjustments of non-life insurance provisions

decreased by DKK 374m to DKK 140m (loss). This development should be seen in the light of the volatility in the financial markets during Q1 2022 caused in part by the war in Ukraine, whereas the investment return in Q1 2021 was impacted by favourable market conditions, especially for equity investments and CLOs.

The profit from discontinued operations (encompassing the life operations held for sale) decreased by DKK 147m to DKK 10m after tax. Q1 2022 was affected by the negative development mainly deriving from investment return on shareholders' equity as well as the negative result on illness and accident. In Q1 2021, the investment return was positively impacted by a valuation adjustment of the property portfolio.

## Non-life insurance in Q1 2022

Financial highlights – Non-life insurance (DKKm)	Full year 2021	Q1 2021	Q1 2022
Gross premiums earned	9,541	2,333	2,428
Claims incurred	(6,000)	(1,516)	(1,671)
Expenses	(1,545)	(408)	(404)
Net reinsurance	(99)	(23)	(35)
Technical result	1,897	386	319
Investment return after return and value adjustments of non-life insurance provisions	564	234	(140)
Other items	1	1	(26)
<b>Profit on non-life insurance</b>	<b>2,461</b>	<b>621</b>	<b>153</b>
Run-off profits, net of reinsurance	255	57	47
Gross claims ratio	62.9	65.0	68.8
Net reinsurance ratio	1.0	1.0	1.4
Claims ratio, net of reinsurance	63.9	66.0	70.2
Gross expense ratio	16.2	17.5	16.6
Combined ratio	80.1	83.4	86.9
Combined ratio excl. run-off profits	82.8	85.9	88.8

## Premiums earned

Premiums earned increased by 4.1% to DKK 2,428m. The private segment accounted for a 2.7% increase, and the SME segment accounted for a 5.5% increase.

The distribution agreement with Nordea continues to have good traction and more than compensated for the outflow from the old agreement with Danske Bank in Q1 2022. We expect the trend to continue throughout 2022.

## Claims ratio

<b>Claims ratio, net of reinsurance</b>	<b>Full year</b>	<b>Q1</b>	<b>Q1</b>
	<b>2021</b>	<b>2021</b>	<b>2022</b>
Claims ratio, net of reinsurance	63.9	66.0	70.2
Run-off	2.7	2.4	1.9
Weather-related claims	(1.9)	(1.4)	(6.7)
Large-scale claims	(1.3)	(1.1)	(1.2)
Other	0.2	0.4	(0.5)
<b>Claims before run-off, weather, large-scale claims and other</b>	<b>63.6</b>	<b>66.3</b>	<b>63.8</b>
Discounting	0.3	0.0	0.5
COVID-19		1.7	
<b>Underlying (undiscounted) claims ratio, net of reinsurance</b>	<b>63.9</b>	<b>68.0</b>	<b>64.3</b>

The claims ratio, net of reinsurance, increased to 70.2 in Q1 2022 from 66.0 in Q1 2021.

The run-off profit, net of reinsurance, was DKK 47m (Q1 2021: DKK 57m), representing a 0.5pp negative effect on the claims ratio. Run-off was largely in line with preceding quarters following positive trends in house insurance since 2021. In addition, run-off profits were generated in workers' compensation.

Weather-related claims amounted to DKK 163m in Q1 2022 (Q1 2021: DKK 33m), representing a 5.3pp deterioration of the claims ratio. The level of weather-related claims was thus DKK 78m above the normalised modelled level of DKK 85m. This was mainly a result of the storm Malik, the most severe storm to hit Denmark in six years, which resulted in estimated net claims of DKK 100m (capped by our reinsurance programme), as well as the subsequent storm Nora, which however caused significantly fewer claims. Besides the two mentioned large storm events, weather conditions have been in line with modelled expectations for the quarter. In comparison, Q1 2021 saw no major weather-related events, however the very low temperatures caused many water pipes to freeze and burst.

The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) was almost unchanged at DKK 28m in Q1 2022 (Q1 2021: DKK 26m).

The claims ratio was positively impacted by the higher interest rates. The discounting effect was 0.5pp higher compared with Q1 2021.

The claims ratio adjusted for run-off, weather-related claims, large-scale claims and other positions including change of risk margin improved by 2.5pp to 63.8 in Q1 2022.

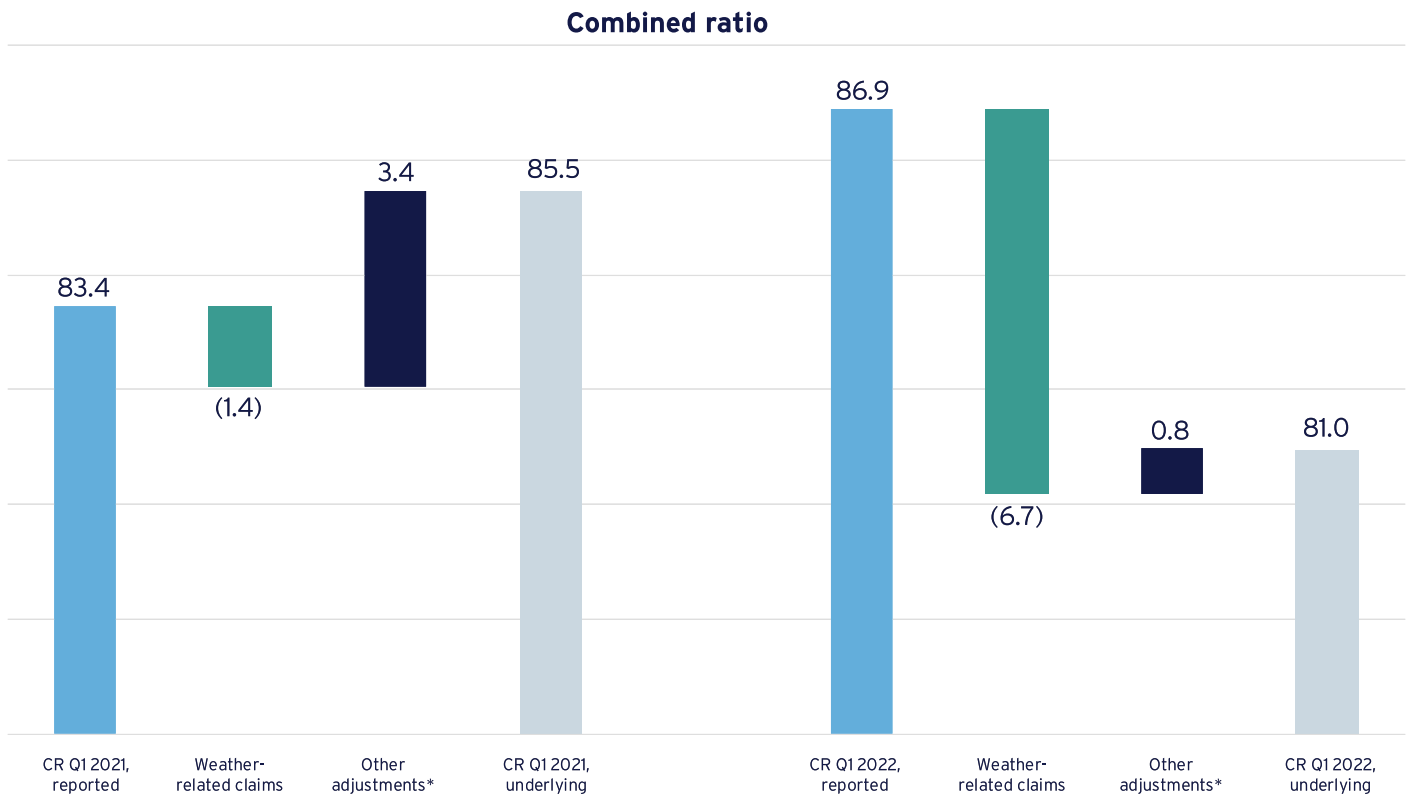
The underlying claims ratio, which is adjusted further for discounting and COVID-19 impact, improved by 3.7pp to 64.3.

## Expense ratio

The expense ratio was 16.6, down from 17.5 in Q1 2021. The decrease in the expense ratio was driven by our continued efforts to realise our efficiency programme targets.



## Combined ratio



\* Run-off, large-scale claims, risk margin, discounting and COVID-19.

The combined ratio was 86.9 in Q1 2022 (Q1 2021: 83.4). Excluding run-off, the combined ratio was 88.8 (Q1 2021: 85.9).

by a strong improvement within house insurance, where the claims ratio improved by 17pp adjusted for weather-related events.

Adjusting the reported numbers by the same items as in the underlying claims ratio, the underlying combined ratio was 81.0, an improvement of 4.5pp from the level in Q1 2021. This was partly driven

## Segment reporting

### Private

Private (DKKm)	Full year 2021	Q1 2021	Q1 2022
Gross premiums earned	4,674	1,163	1,194
Claims incurred	(2,837)	(713)	(787)
Expenses	(730)	(192)	(191)
Net reinsurance	(60)	(22)	(8)
<b>Technical result</b>	<b>1,047</b>	<b>236</b>	<b>209</b>
Run-off profits, net of reinsurance	123	32	29
Gross claims ratio	60.7	61.3	65.9
Net reinsurance ratio	1.3	1.9	0.6
Claims ratio, net of reinsurance	62.0	63.2	66.5
Gross expense ratio	15.6	16.5	16.0
Combined ratio	77.6	79.7	82.5
Combined ratio excl. run-off profits	80.2	82.4	84.9

The private segment offers policies to individual households in Denmark. This segment no longer includes illness and accident insurance offered through the life company which is now reported under discontinued operations.

Premiums earned increased by 2.7% to DKK 1,194m.

The technical result was DKK 209m in Q1 2022, representing a decrease of DKK 27m compared with Q1 2021.

The claims ratio increased by 3.3pp to 66.5 due to weather-related claims above the level of Q1 2021. Weather-related claims amounted to DKK 61m in Q1 2022 (Q1 2021: DKK 17m), representing a 3.6pp deterioration of the claims ratio.

Run-off of DKK 29m was DKK 3m lower than in Q1 2021.

The underlying result improved due to activities for improvement of profitability and generally low levels of claims in most areas, mainly within house insurance and income protection insurance.

The expense ratio improved to 16.0 from 16.5 in Q1 2021 further contributing to the underlying improvement in combined ratio.

The combined ratio was 82.5 in Q1 2022 (Q1 2021: 79.7). Excluding run-off, the combined ratio was 84.9 (Q1 2021: 82.4).

## SME

SME (DKKm)	Full year 2021	Q1 2021	Q1 2022
Gross premiums earned	4,878	1,173	1,237
Claims incurred	(3,173)	(805)	(887)
Expenses	(817)	(216)	(214)
Net reinsurance	(39)	(2)	(27)
<b>Technical result</b>	<b>850</b>	<b>150</b>	<b>109</b>
Run-off profits, net of reinsurance	132	25	18
Gross claims ratio	65.0	68.6	71.7
Net reinsurance ratio	0.8	0.2	2.2
Claims ratio, net of reinsurance	65.8	68.8	73.9
Gross expense ratio	16.7	18.4	17.3
Combined ratio	82.6	87.2	91.2
Combined ratio excl. run-off profits	85.3	89.3	92.6

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

Premiums earned increased by 5.5% to DKK 1,237m.

The technical result in Q1 2022 decreased by DKK 41m to DKK 109m primarily due to realised weather-related claims exceeding the level of Q1 2021. Weather-related claims amounted to DKK 102m in Q1 2022 (Q1 2021: DKK 16m), representing a 6.8pp deterioration of the claims ratio.

Run-off was DKK 18m in Q1 2022 (Q1 2021: DKK 25m). Run-off profits were driven mainly by workers' compensation.

Large-scale claims were in line with Q1 2021. The claims ratio in agriculture was significantly lower than Q1 2021, and workers' compensation was positively affected by increasing interest rate levels as well as our pricing efforts. In addition, the underlying result improved due to a low level of fire-related claims on agricultural properties.

The expense ratio improved to 17.3 from 18.4 in Q1 2021.

The combined ratio increased to 91.2 in Q1 2022 (Q1 2021: 87.2). Excluding run-off, the combined ratio was 92.6 in Q1 2022 (Q1 2021: 89.3) with the negative development being driven by weather-related claims. Adjusted for weather-related claims, the combined ratio improved as a result of our continued work on efficiencies, pricing efforts and a low level of fire-related claims on agricultural properties.

## Discontinued operations (Topdanmark Liv Holding A/S)

Discontinued operations (DKK m)	Full year 2021	Q1 2021	Q1 2022
Investment return on shareholders' equity	318	149	36
Sales and administration	26	2	3
Insurance risk	4	(1)	(1)
Risk return on shareholders' equity	155	40	37
Profit on life insurance	502	190	75
Illness and accident	(187)	30	(48)
Profit before tax, discontinued operations	316	220	28
Tax	(67)	(63)	(18)
<b>Profit after tax, discontinued operations</b>	<b>248</b>	<b>157</b>	<b>10</b>

Profit after tax from discontinued operations amounted to DKK 10m (Q1 2021: DKK 157m).

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](#).

### Developments in Q1 2022

The negative development derives mainly from investment return on shareholders' equity as well as the result of illness and accident.

The investment return on shareholders' equity was DKK 36m (Q1 2021: DKK 149m), affected by the development in the financial markets including the increasing interest rate curve. Q1 2021 was affected by high property value adjustments.

The illness and accident result was negatively impacted by the increasing inflation expectations, in particular at the longer end of the inflation curve (+10 years). Furthermore, the result was negatively impacted as losses on the hedge portfolio were supplemented by a spread widening between EUR and DKK swap yield curves.

Furthermore, the final reconciliation of liable pension yield tax (PAL) for 2021 was performed and an adjustment was made in Q1 2022 as a result of the negative illness and accident result experienced in 2021.

Finally, the corporate tax charge of DKK 18m included a prior year adjustment of DKK 9m, stemming from deduction of interest cost.

### Trend in premiums

Gross premiums increased by 3.5% to DKK 2,782m in Q1 2022, of which premiums on unit-linked pension schemes were DKK 2,602m, representing a 5.0% increase compared with Q1 2021.

Regular premiums increased by 3.7% to DKK 904m in Q1 2022. Single premiums increased by 3.4% to DKK 1,879m in Q1 2022.

Gross premiums earned for illness and accident increased by 9.0% to DKK 184m in Q1 2022 (Q1 2021: DKK 169m).

### Divestment of Topdanmark Liv Holding A/S

As stated in company announcement no. 07/2022 dated 18 March 2022, Topdanmark Forsikring A/S has signed an agreement to divest Topdanmark Liv Holding A/S and all subsidiaries hereof to Nordea Life Holding AB. Closing of the transaction is, among other things, subject to relevant regulatory approvals. We continue to expect the divestment to be completed in the second half of 2022.

The purchase price corresponds to goodwill of DKK 1.5bn to be booked on closing. As part of the transaction, we expect to pay transaction costs as well as costs for unwinding and restructuring of approx. DKK 0.3bn in total. Thus, net proceeds are expected to amount to approx. DKK 1.2bn after tax. This is reflected in our updated profit forecast model for 2022. Note that unwinding costs will be expensed on an ongoing basis towards closing and be booked under discontinued operations. Restructuring costs will in part be booked under Other items in Non-life. However, please note, that all costs (transaction, unwinding and restructuring) are included in the line item discontinued operations in the updated profit forecast model.

All things being equal, the divestment is expected to impact the solvency in Topdanmark A/S positively by approx. 150pp, among other things, because the solvency requirement is expected to drop to approx. DKK 2bn. This corresponds to approx. DKK 3bn in extra solvency cover which provides Topdanmark with the potential of carrying out an extraordinary distribution of dividend following the closing of the transaction. The calculation of surplus capital encompasses all known consequences of the divestment, including the ineligibility for solvency purposes of part of the outstanding Tier 2 instruments given the drop in solvency requirement.

From Q1 2022, the reporting setup has been updated to reflect the divestment. All subsidiaries held for sale are reported on the line "Profit after tax, discontinued operations". This includes all life operations as well as the part of illness and accident products underwritten by Life but previously reported as part of Non-life. Consequently, non-life premiums have been reduced, and the technical result improved as the illness and accident products underwritten by Life report a deficit. Within Non-life, the expense ratio is therefore higher, but the claims ratio is significantly lower, resulting in an improved combined ratio (comparative figures have been restated). Note that Non-life is still affected positively by the synergies between Life and Non-life until closing, after which synergies of DKK 80-100m p.a. will be lost. Comparative figures have been restated in income statements, but not in balances.

## Investment activities

Investment return	Portfolio 31 March					
	2021 (DKKbn)	2022	Return Q1 2021 (DKKm)	%	Return Q1 2022 (DKKm)	%
Danish equities	0.2	0.2	11	4.9	(13)	(6.3)
Foreign equities	0.9	0.8	63	7.4	(63)	(7.5)
Unlisted equities and hedge funds	0.3	0.4	14	4.0	(5)	(1.3)
Government and mortgage bonds	14.0	12.5	(206)	(1.5)	(406)	(3.3)
Index linked bonds	0.3	0.6	(6)	(1.9)	(3)	(0.6)
CLOs	0.6	0.7	66	11.6	(28)	(3.8)
Properties	1.2	0.8	33	2.8	5	0.5
Expenses, money markets etc.	1.9	3.5	(1)	0.0	8	0.2
Subordinated loan capital	(1.7)	(1.9)	(10)	(0.5)	(7)	(0.4)
	17.8	17.5	(35)	(0.2)	(513)	(2.8)
Asset management (2021: 3 months)			13			
Investment return			(22)		(513)	
Return and value adjustments of non-life insurance provisions			262		371	
Investment return after return on non-life insurance provisions			240		(142)	

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 investment return of the Topdanmark Group excluding life insurance was a loss of DKK 513m in Q1 2022 (Q1 2021: DKK 22m (loss)). Return and value adjustments of non-life insurance provisions were DKK 371m in Q1 2022 (Q1 2021: DKK 262m).

The return on investments after return and value adjustments of non-life insurance provisions in Q1 2022 was DKK 142m (loss) and thus DKK 154m lower than the assumed return, when calculated by means of

Topdanmark's forecast model at the beginning of 2022. The lower return should be seen in the light of the war in Ukraine, which has brought great uncertainty to the economic outlook and spread expansions on the financial markets. The war has further increased inflation and lifted the medium- and long-term inflation expectations.

In Q1 2022, the Danish mortgage bond market which is dominated by AAA bonds lost from some spread

widening to DKK swaps. The losses on assets hedging the provisions were supplemented by a modest spread widening between EUR and DKK swap yield curves causing a loss on the hedging of provisions.

Topdanmark's policy is to accept a certain level of financial risk, given its strong liquidity and stable, high earnings from insurance operations.

The equity exposure was DKK 965m 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. 20% of the portfolio by the end of Q1 2022, and the foreign portfolios are based on MSCI World DC in local currency for foreign equities.

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. Consequently, the return on "Government and mortgage bonds" and the return and value adjustments 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 against gains on assets and vice versa.

The property portfolio only comprises owner-occupied property (DKK 810m). 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. The property portfolio is currently fully let.

"Expenses, money markets etc." comprises in addition to money market deposits and currency positions, other returns and expenses not included in specified classes.

We use 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 47bp at the beginning of the year and 46bp at the end of the first quarter.

## Solvency calculation and capital requirements

Solvency cover (DKKm)	31 Dec 2021	31 Mar 2021	31 Mar 2022
Shareholders' equity	7,399	5,801	4,530
Proposed dividend	(3,105)	0	0
Deferred tax on security funds	306	306	306
Profit margin	2,761	2,359	2,632
Intangible assets	(1,641)	(1,524)	(1,686)
Other	(189)	(151)	(158)
Tax effects	(302)	(247)	(271)
Subordinated loan tier 1	400	400	400
Subordinated loans tier 2	1,500	1,350	1,500
<b>Own funds</b>	<b>7,129</b>	<b>8,293</b>	<b>7,254</b>
Solvency requirement	3,495	3,410	3,279
<b>Solvency cover (%)</b>	<b>204</b>	<b>243</b>	<b>221</b>

Potential dividend for the interim periods was not deducted.

Solvency II provides insurance companies with the opportunity to develop their own full or partial internal risk model for solvency calculation. We use such a partially 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 our solvency calculations while we use the standard model for life products.

The solvency cover for the Group increased to 221% end Q1 2022 from 204% at the end of 2021, mainly due to a lower solvency requirement caused by lower stress on equity exposure and rising interest rates.

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, first call date in 2025, maturity in 2030.
- DKK 1,000m, first call date in 2026, maturity in 2031.

## Parent company etc.

The parent company, Topdanmark, does not perform any independent activities. The profit of the parent company etc. includes the profits from subsidiaries not within the insurance business (primarily Topdanmark Asset Management up to and including Q2 2021), financial costs and other expenses.

The profit of the parent company decreased by DKK 10m to DKK 15m (loss) in Q1 2022.

## Taxation

The tax charge on continuing operations was DKK 33m of the pre-tax profit of DKK 138m, corresponding to an effective tax rate of 23.9% (Q1 2021: 22.5%).

## Efficiency programme

The main focus areas of the efficiency programme are:

- Automation, digitalisation and fraud
- Risk and pricing
- Procurement and cost efficiency.

The annual gross efficiency gains are targeted to be DKK 500m in 2025 of which DKK 260m in 2022. Please refer to the Annual Report 2021 for the full details of the programme.

So far, Topdanmark's efforts to become more efficient are progressing according to plan.

## New IT systems

Topdanmark has initiated the process of implementing the new IT system in non-life, and so far the implementation is progressing according to plan.

Please refer to the Annual Report 2021 for the full details of the implementation plan.

## Profit forecast model for 2022

<b>Profit forecast model from Annual Report 2021 (before reclassification of discontinued operations) (DKKm)</b>	<b>Results 2021</b>	<b>Forecast 2022 30 December 2021</b>		
Non-life insurance				
- Technical result	1,659	1,300	-	1,550
- Investment return after return and value adjustments of non-life insurance provisions etc.	615	50	-	75
Profit on non-life insurance	2,274	1,350	-	1,625
Life insurance	503	250	-	300
Parent company etc.	(35)	(65)	-	(55)
Pre-tax profit	2,742	1,535	-	1,870
Taxation	(604)	(335)	-	(420)
<b>Profit for the year</b>	<b>2,138</b>	<b>1,200</b>	<b>-</b>	<b>1,450</b>

The results for 2021 and the profit forecast 2022 from 30 December 2021 are presented before reclassification due to the divestment of Topdanmark Liv Holding A/S.

<b>Current profit forecast model 2022 (DKKm)</b>	<b>Results 2021</b>	<b>Forecast 2022 31 March 2022</b>		
Non-life insurance				
- Technical result	1,897	1,425	-	1,675
- Investment return after return and value adjustments of non-life insurance provisions	564	(115)	-	(100)
- Other items	1	(25)	-	(25)
Profit on non-life insurance	2,461	1,285	-	1,550
Parent company etc.	(35)	(65)	-	(55)
Profit before tax, continuing operations	2,426	1,220	-	1,495
Tax, continuing operations	(537)	(270)	-	(345)
Profit after tax, continuing operations	1,889	950	-	1,150
Profit after tax, discontinued operations	248	1,300	-	1,350
<b>Profit</b>	<b>2,138</b>	<b>2,250</b>	<b>-</b>	<b>2,500</b>

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Traditionally, we do 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 our profit forecast model will already deviate from actual expectations by the time it is published. Therefore, as 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.

### **Non-life insurance**

In the Annual Report 2021, we assumed premium growth of 4-5.5% and a combined ratio of 85.5-88 for 2022. The underlying assumptions can be found in the Annual Report 2021. Since this report, the following major changes to assumptions have occurred:

- Illness and accident products underwritten by Life have been reclassified to discontinued operations following the announced divestment of Topdanmark Liv Holding A/S. This has affected the premium growth outlook in non-life negatively by approx. 1pp and the combined ratio outlook positively by approx. 2pp.
- In Q1 2022, there were run-off profits of DKK 47m, corresponding to a 0.5pp improvement of the combined ratio for 2022.
- Weather-related claims amounted to DKK 163m in Q1, which is DKK 78m higher than assumed, corresponding to a deterioration of the assumed combined ratio for 2022 by 0.8pp.
- Claims frequency in travel insurance has normalised faster than anticipated, contributing negatively by around 0.8pp to the assumed combined ratio for 2022.
- Continued improving underlying trends mainly within house insurance as a result of our profitability-enhancing measures.
- Discounting increased substantially during Q1 2022.
- The investment return in Q1 2022 was affected by volatility in the financial markets and thus approx. DKK 150m lower than assumed.
- A DKK 25m provision for a potential extraordinary contribution to the Danish Guarantee Fund for Non-life Insurers related to the bankruptcy of Gefion Insurance A/S was booked under Other items in Q1 2022.

As a result, the assumed combined ratio is lowered to 83-86. This includes an expense ratio at approximately the same level as in 2021. Synergies between Non-life and Life (approx. DKK 80-100m p.a.) are included in the forecast until closing, which is assumed as at 31 December 2022.

The underlying business momentum remained solid, but due to the reclassification of illness and accident products underwritten by Life to discontinued operations, the assumed premium growth is reduced to 3-4.5%.

The overall assumed pre-tax result for non-life insurance is DKK 1,285-1,550m, excluding run-off in Q2-Q4.

### **Parent company**

The profit forecast model for the parent company plus subsidiaries outside of the insurance group assumes an unchanged pre-tax profit of DKK 55-65m (loss).

### **Taxation**

Given a corporation tax rate of 22%, the tax charge on continuing operations is expected to be DKK 270-345m.

### **Discontinued operations**

In the Annual Report 2021, Topdanmark assumed a pre-tax profit in the life division of DKK 250-300m in 2022. The underlying assumptions can be found in the Annual Report 2021.

Topdanmark continues to assume an increase in regular premiums of between 0-5% in 2022. Assumptions about the level of single premiums are not disclosed.

Since the announcement of the Annual Report 2021, illness and accident products underwritten by Life have been reclassified to discontinued operations. In Q1, illness and accident was negatively impacted by the increasing interest rate curve, and an adjustment of liable pension yield tax for 2021 was made.

Further, the gross gain of approx. DKK 1.5bn from the divestment of Topdanmark Liv Holding A/S as well as transaction costs will be booked on closing in the second half of 2022. In addition, unwinding costs will be expensed on an ongoing basis towards closing. It should be noted that according to IFRS 5, no amortisation of intangibles will be made in the period until closing of the transaction, causing higher profit until closing and an equally lower net gain booked on closing.

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With the changed reporting setup, discontinued operations are disclosed net of tax. Consequently, the expected profit after tax on discontinued operations is DKK 1,300-1,350m. It should be noted that this expectation is based on an assumed closing of the divestment of Topdanmark Liv Holding A/S as at 31 December 2022.

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

### **Total Group profit**

Topdanmark's overall post-tax profit according to the profit forecast model for 2022 is DKK 2,250-2,500m representing an EPS of DKK 25.5-28.4. The assumed profit is exclusive of run-off in Q2-Q4.

The profit forecast model assumes an annual 7.0% return on equities, and unchanged foreign exchange rates from the level as at 31 March 2022.

Furthermore, it is assumed that the return on interest-bearing assets that hedge the discounted provisions exactly suffices to cover discounting and value adjustments of the provisions, while the return on the remaining interest-bearing assets is assumed to be 0.95% (risk-free interest rate plus 1.0pp).

## **Financial calendar**

<b>2022 Half-year Report</b>	15 July 2022
<b>Q1-Q3 2022 Interim Report</b>	25 Oct 2022

## **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) → Investor → [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.



# **Financial statements for Q1 2022 - Group**

## Income statement • Group

(DKKm)	Note	Full year 2021	Q1 2021	Q1 2022
<b>NON-LIFE INSURANCE</b>				
Gross premiums written		9,620	4,306	4,441
Ceded reinsurance premiums		(601)	(334)	(358)
Change in the provisions for unearned premiums		128	(1,973)	(2,104)
Change in profit margin and risk margin		(130)	16	119
Change in the reinsurers' share of the provisions for unearned premiums		4	201	212
<b>Premiums earned, net of reinsurance</b>		<b>9,021</b>	<b>2,217</b>	<b>2,311</b>
Claims paid		(5,629)	(1,516)	(1,504)
Reinsurance cover received		268	51	72
Change in the provisions for claims		(378)	(6)	(153)
Change in risk margin		17	9	(12)
Change in the reinsurers' share of the provisions for claims		150	40	19
<b>Claims incurred, net of reinsurance</b>	1	<b>(5,573)</b>	<b>(1,421)</b>	<b>(1,578)</b>
<b>Bonuses and rebates</b>		<b>(78)</b>	<b>(16)</b>	<b>(28)</b>
Acquisition costs		(985)	(264)	(260)
Administrative expenses		(541)	(138)	(140)
Reinsurance commission and share of profits		81	18	20
<b>Insurance operating expenses, net of reinsurance</b>		<b>(1,444)</b>	<b>(384)</b>	<b>(380)</b>
<b>TECHNICAL RESULT FROM NON-LIFE INSURANCE</b>		<b>1,926</b>	<b>395</b>	<b>324</b>
Income from associates and joint ventures		4	2	2
Income from investment properties		16	4	1
Interest income and dividends etc.		368	134	77
Value adjustments		(113)	(155)	(576)
Interest charges		(48)	(14)	(10)
Expenses on investment activities		(22)	0	(12)
<b>Total investment return</b>		<b>205</b>	<b>(30)</b>	<b>(519)</b>
Return and value adjustments of non-life insurance provisions		346	262	371
Other income		81	20	19
Other expenses		(132)	(31)	(57)
<b>PROFIT BEFORE TAX, CONTINUING OPERATIONS</b>		<b>2,426</b>	<b>617</b>	<b>138</b>
Tax, continuing operations		(537)	(139)	(33)
<b>PROFIT AFTER TAX, CONTINUING OPERATIONS</b>		<b>1,889</b>	<b>478</b>	<b>105</b>
Profit after tax, discontinued operations	4	248	157	10
<b>PROFIT</b>		<b>2,138</b>	<b>635</b>	<b>115</b>
EPS continuing operations (DKK)		21.5	5.5	1.2
EPS continuing operations, diluted (DKK)		21.5	5.4	1.2
EPS (DKK)		24.4	7.2	1.3
EPS, diluted (DKK)		24.3	7.2	1.3

## Statement of comprehensive income • Group

Profit	2,138	635	115
Items which cannot subsequently be reclassified as profit or loss:			
Revaluation / Reversed revaluation owner-occupied properties	0	(2)	0
Taxation	(0)	0	(0)
Other comprehensive income	0	(1)	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,138</b>	<b>633</b>	<b>115</b>

## Assets • Group

(DKKm)	Note	31 December 2021	31 March 2021	31 March 2022
<b>INTANGIBLE ASSETS</b>		1,641	1,524	1,110
Operating equipment		91	107	68
Owner-occupied properties		810	832	810
<b>TOTAL TANGIBLE ASSETS</b>		902	940	879
Investment properties		2,927	4,022	0
Equity investments in associates and joint ventures		2,324	2,000	78
Total investments in associates and joint ventures		2,324	2,000	78
Equity investments		5,085	5,009	1,099
Unit trusts		16	2	0
Bonds		32,995	36,639	13,681
Loans guaranteed by mortgages		5	5	5
Deposits with credit institutions		2,620	3,996	503
Derivatives		127	352	0
Total other financial investment assets		40,848	46,002	15,288
<b>TOTAL INVESTMENT ASSETS</b>		46,099	52,024	15,366
<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS</b>		68,149	54,983	0
Reinsurers' share of the provisions for unearned premiums		99	264	277
Reinsurers' share of the life insurance provisions		2	4	0
Reinsurers' share of the provisions for claims		576	476	554
Total reinsurers' share of provisions		677	745	831
Receivables from policyholders		313	383	304
Receivables from insurance companies		105	71	202
Receivables from associates and joint ventures		227	252	0
Other receivables		311	555	131
<b>TOTAL RECEIVABLES</b>		1,633	2,006	1,468
Deferred tax assets		86	40	60
Assets held for sale	4	-	-	98,600
Liquid funds		1,136	742	54
Other		79	23	134
<b>TOTAL OTHER ASSETS</b>		1,302	804	98,848
Accrued interest and rent		423	423	82
Other prepayments and accrued income		218	271	179
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>		641	695	262
<b>TOTAL ASSETS</b>		120,368	112,977	117,933

## Shareholders' equity and liabilities • Group

(DKKm)	Note	31 December 2021	31 March 2021	31 March 2022
Share capital		90	90	90
Revaluation reserve		2	(0)	2
Security fund		1,146	1,146	1,146
Other reserves		83	81	85
Total reserves		1,229	1,227	1,231
Profit carried forward		2,973	4,484	3,207
Proposed dividend		3,105	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,399</b>	<b>5,801</b>	<b>4,530</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>		<b>1,900</b>	<b>1,749</b>	<b>1,900</b>
Provisions for unearned premiums		1,446	3,632	3,337
Profit margin, non-life insurance contracts		1,316	1,154	1,219
With-profit products		22,319	22,928	0
Unit-linked products		65,749	58,559	0
Total life insurance provisions		88,068	81,487	0
Profit margin, life insurance and investment contracts		1,525	1,255	0
Provisions for claims		13,994	13,173	11,069
Risk margin, non-life insurance contracts		189	206	165
Provisions for bonuses and rebates		157	120	143
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>106,695</b>	<b>101,028</b>	<b>15,932</b>
Pensions and similar commitments		28	30	24
Deferred tax liabilities		94	85	2
Deferred tax on security funds		306	306	306
Other liabilities		0	0	25
<b>TOTAL PROVISIONS</b>		<b>428</b>	<b>421</b>	<b>358</b>
<b>DEPOSITS RECEIVED FROM REINSURERS</b>		<b>11</b>	<b>29</b>	<b>0</b>
Debt relating to direct insurance operations		180	173	25
Debt relating to reinsurance operations		42	135	254
Amounts due to credit institutions		451	925	922
Current tax liabilities		84	139	12
Liabilities relating to assets held for sale	4	-	-	92,790
Derivatives		605	674	152
Other debt		2,468	1,836	1,042
<b>TOTAL DEBT</b>		<b>3,829</b>	<b>3,882</b>	<b>95,198</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		<b>108</b>	<b>67</b>	<b>15</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>120,368</b>	<b>112,977</b>	<b>117,933</b>
Financial assets and liabilities	2			
Contingent liabilities	3			
Discontinued operations	4			
Related parties	5			
Accounting policies	6			

## Cash flow statement • Group

(DKKm)	Full year 2021	Q1 2021	Q1 2022
<b>Cash flow from operations</b>			
Gross premiums	9,561	4,154	4,400
Claims	(5,593)	(1,550)	(1,600)
Expenses	(1,440)	(288)	(364)
Reinsurance ceded	(261)	(124)	(1)
Cash flow from non-life insurance	2,266	2,191	2,435
Interest income etc.	298	77	50
Dividends	78	58	4
Interest charges etc.	(71)	(12)	(22)
Corporation tax	(529)	(61)	(148)
Other items	204	(35)	11
<b>Cash flow from operations, continuing operations</b>	2,247	2,219	2,330
Cash flow from operations, discontinued operations	2,206	121	294
<b>Cash flow from operations</b>	4,453	2,341	2,625
<b>Cash flow from investments</b>			
Intangible assets, operating equipment	(255)	(65)	(73)
Properties	16	(0)	438
Equity investments	174	(6)	2
Bonds	517	(1,274)	(1,072)
Derivatives	(290)	(111)	(34)
<b>Cash flow from investments, continuing operations</b>	162	(1,455)	(739)
Cash flow from investments, discontinued operations	(4,272)	(64)	(1,014)
<b>Cash flow from investments</b>	(4,110)	(1,519)	(1,753)
<b>Cash flow from financing</b>			
Dividend paid	(1,752)	(1,550)	(2,679)
Exercise of share options	50	18	27
Redemption of subordinated loan capital	(850)	0	0
Issue of subordinated loan capital	1,000	0	0
Amounts due to credit institutions	(58)	372	651
<b>Cash flow from financing, continuing operations</b>	(1,609)	(1,159)	(2,002)
Cash flow from financing, discontinued operations	(842)	(796)	377
<b>Cash flow from financing</b>	(2,451)	(1,956)	(1,624)
Change in cash and cash equivalents, continuing operations	800	(396)	(410)
Change in cash and cash equivalents, discontinued operations	(2,908)	(739)	(343)
Cash and cash equivalents at 1 January	5,835	5,835	3,756
Value adjustment of cash and cash equivalents	29	37	(4)
Cash and cash equivalents, discontinued operations	-	-	(2,443)
Cash and cash equivalents end of period	3,756	4,737	557
Cash and cash equivalents comprise:			
Liquid funds	1,136	742	54
Deposits with credit institutions	2,620	3,996	503
	3,756	4,737	557

## Statement of changes in equity • Group

(DKKm)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Proposed dividend	Total
<b>2021</b>							
Shareholders' equity at 31 December previous year	90	1	1,146	79	3,763	1,800	6,879
Profit				4	(971)	3,105	2,138
Other comprehensive income		0					0
Total comprehensive income		0		4	(971)	3,105	2,138
Dividend paid						(1,800)	(1,800)
Dividend, own shares					48		48
Share-based payments					76		76
Exercise of share options					50		50
Taxation					7		7
Transactions with owners					181	(1,800)	(1,619)
<b>Shareholders' equity at 31 December 2021</b>	<b>90</b>	<b>2</b>	<b>1,146</b>	<b>83</b>	<b>2,973</b>	<b>3,105</b>	<b>7,399</b>
<b>Q1 2021</b>							
Shareholders' equity at 31 December prior year	90	1	1,146	79	3,763	1,800	6,879
Profit				2	633		635
Other comprehensive income		(1)					(1)
Total comprehensive income		(1)		2	633		633
Dividend paid						(1,800)	(1,800)
Dividend, own shares					48		48
Share-based payments					21		21
Exercise of share options					18		18
Taxation					1		1
Other transactions					88	(1,800)	(1,712)
<b>Shareholders' equity at 31 March 2021</b>	<b>90</b>	<b>0</b>	<b>1,146</b>	<b>81</b>	<b>4,484</b>	<b>0</b>	<b>5,801</b>
<b>Q1 2022</b>							
Shareholders' equity at 31 December previous year	90	2	1,146	83	2,973	3,105	7,399
Profit				2	113		115
Other comprehensive income		0					0
Total comprehensive income		0		2	113		115
Dividend paid						(3,105)	(3,105)
Dividend, own shares					65		65
Share-based payments					23		23
Exercise of share options					27		27
Taxation					7		7
Transactions with owners					121	(3,105)	(2,984)
<b>Shareholders' equity at 31 March 2022</b>	<b>90</b>	<b>2</b>	<b>1,146</b>	<b>85</b>	<b>3,207</b>	<b>0</b>	<b>4,530</b>

## Segment information • Group

### Income statement

(DKKm)	Private	SME	Elimin- ated	Non-life	Parent etc.	Elimin- ated	Group
<b>Q1 2021</b>							
<b>Non-life insurance</b>							
Gross premiums earned	1,163	1,173	(2)	2,333			2,333
Claims incurred	(713)	(805)	2	(1,516)		3	(1,513)
Expenses	(192)	(216)	0	(408)		6	(402)
Net reinsurance	(22)	(2)	(0)	(23)			(23)
Technical result from non-life insurance	236	150	0	386		9	395
Total investment return				(28)	8	(9)	(30)
Return and value adjustments of non-life insurance provisions				262			262
Other items				1	(12)		(11)
<b>Profit before tax, continuing operations</b>				621	(5)	0	617
Tax, continuing operations							(139)
<b>Profit after tax, continuing operations</b>							478
Profit after tax, discontinued operations							157
<b>Profit</b>							635
<b>Q1 2022</b>							
<b>Non-life insurance</b>							
Gross premiums earned	1,194	1,237	(3)	2,428			2,428
Claims incurred	(787)	(887)	2	(1,671)		2	(1,669)
Expenses	(191)	(214)	1	(404)		4	(400)
Net reinsurance	(8)	(27)	(0)	(35)			(35)
Technical result from non-life insurance	209	109	(0)	319		6	324
Total investment return				(510)	(3)	(6)	(519)
Return and value adjustments of non-life insurance provisions				371			371
Other items				(26)	(12)		(38)
<b>Profit before tax, continuing operations</b>				153	(15)	0	138
Tax, continuing operations							(33)
<b>Profit after tax, continuing operations</b>							105
Profit after tax, discontinued operations							10
<b>Profit</b>							115

# Notes to the financial statements • Group

(DKKm)	Full year 2021	Q1 2021	Q1 2022
<b>Note 1. Claims incurred, net of reinsurance - Non-life insurance</b>			
Run-off result:			
Gross business	269	23	50
Reinsurance ceded	(14)	34	(3)
Run-off result, net of reinsurance (profit)	255	57	47

## Note 2. 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.

In Q2 2021, management assessed that, in general, the markets for structured credit products (CLOs) could be defined as active again in accordance with the definition in IFRS 13. Therefore, according to the applied accounting policies, these assets were transferred back from level 3 to level 2.

	31 December 2021	31 March 2021	31 March 2022
Financial assets recorded at fair value based on non-observable input (level 3):			
1 January	512	512	35
Purchases	24	34	0
Value adjustments on assets transferred to level 2	35	0	0
Transferred to level 2	(530)	0	0
Repayments	(10)	(0)	0
Value adjustments	4	38	1
	35	584	36

The portfolio consists of bonds 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 approx. to fair value.

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

## Note 3. Contingent liabilities

Other liabilities	1	1	1
Capital commitments made to loan funds and private equity funds etc.	112	120	111

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.



## Notes to the financial statements • Group

(DKKm)	Full year 2021	Q1 2021	Q1 2022
<b>Note 4. Discontinued operations</b>			
<b>LIFE INSURANCE</b>			
Premiums, net of reinsurance	10,359	2,687	2,782
Allocated investment return, net of reinsurance	10,791	3,797	(3,827)
Pension return tax	(1,521)	(533)	288
Claims and benefits paid, net of reinsurance	(8,951)	(2,393)	(1,996)
Change in the life insurance provisions, net of reinsurance	(9,114)	(2,558)	2,821
Change in profit margin	(1,158)	(888)	66
Insurance operating expenses, net of reinsurance	(585)	(155)	(140)
<b>TECHNICAL RESULT FROM LIFE INSURANCE</b>	<b>(178)</b>	<b>(42)</b>	<b>(6)</b>
<b>NON-LIFE INSURANCE</b>			
Premiums earned, net of reinsurance	626	169	184
Claims incurred, net of reinsurance	(808)	(188)	(185)
Bonuses and rebates	(8)	(2)	(2)
Insurance operating expenses, net of reinsurance	(48)	(13)	(21)
<b>TECHNICAL RESULT FROM NON-LIFE INSURANCE</b>	<b>(238)</b>	<b>(34)</b>	<b>(23)</b>
Total investment return	11,177	3,866	(3,951)
Return and value adjustments of non-life insurance provisions	157	130	180
Investment return transferred to life insurance	(10,791)	(3,797)	3,827
Other income	189	97	1
<b>PROFIT BEFORE TAX</b>	<b>316</b>	<b>220</b>	<b>28</b>
Tax	(67)	(63)	(18)
<b>PROFIT AFTER TAX, DISCONTINUED OPERATIONS</b>	<b>248</b>	<b>157</b>	<b>10</b>

Topdanmark Forsikring A/S has signed an agreement to divest of Topdanmark Liv Holding A/S and all subsidiaries hereof to Nordea Life Holding AB for a purchase price corresponding to a goodwill of DKK 1.5bn.

Consequently, according to IFRS 5, the result from the life insurance group has been presented as discontinued operations in the income statement. Comparatives have been restated.

	31 December 2021	31 March 2021	31 March 2022
<b>ASSETS HELD FOR SALE</b>			
Intangible assets	588	626	575
Tangible assets	17	19	17
Investment assets	30,517	33,789	30,310
Investment assets related to unit-linked products	68,149	54,983	66,105
Receivables	443	481	516
Other assets	1,006	590	670
Prepayments and accrued income	409	395	409
<b>TOTAL ASSETS</b>	<b>101,129</b>	<b>90,884</b>	<b>98,600</b>
<b>LIABILITIES RELATING TO ASSETS HELD FOR SALE</b>			
Shareholders' equity	1,588	2,490	1,600
Other subordinated loan capital	300	300	300
Provisions for insurance and investment contracts	92,717	85,690	90,004
Other provisions	59	60	336
Deposits received from reinsurers	11	29	5
Debt	6,411	2,258	6,280
Accruals and deferred income	44	56	75
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>101,129</b>	<b>90,884</b>	<b>98,600</b>
<b>TOTAL LIABILITIES EXCL. GROUP INTERNAL ELIMINATIONS</b>	<b>95,284</b>	<b>87,251</b>	<b>92,790</b>

## Notes to the financial statements • Group

(DKKm)	Full year 2021	Q1 2021	Q1 2022
<b>Note 4. Discontinued operations - continued</b>			
<b>Gross premium income</b>			
Regular premiums	3,450	871	904
Single premiums	6,910	1,816	1,879
Gross premiums, Life and pension	10,360	2,688	2,782
Gross premium income, illness and accident	621	169	184
<b>Gross premium income, discontinued operations</b>	<b>10,981</b>	<b>2,856</b>	<b>2,966</b>

<b>Financial assets and liabilities</b>	<b>31 December 2021</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
Fair value measurement for financial assets and liabilities is described in note 2, financial assets.			
Financial assets recorded at fair value based on non-observable input (level 3):			
1 January	6,766	6,766	45
Purchases	640	630	0
Value adjustments on assets transferred to level 2	235	0	0
Transferred to level 2	(6,933)	0	0
Repayments	(679)	(416)	0
Value adjustments	16	250	1
	45	7,230	46

The portfolio consists of bonds 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 approx. to fair value.

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

### Contingent liabilities

Contract liabilities	222	480	120
Adjustments to VAT liabilities	121	115	100
Capital commitments made to loan funds and private equity funds etc.	301	284	294

## Notes to the financial statements • Group

### Note 5. Related parties

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In 2022, Q1, Topdanmark A/S paid dividend of DKK 1,501m (Q1 2021: DKK 840m) to Sampo plc. and received dividend of DKK 3,100m (Q1 2021: DKK 1,800m) from Topdanmark Forsikring A/S.

In Q3 2021, Topdanmark Forsikring A/S redeemed subordinated notes of DKK 850m, of which DKK 270m was held by Sampo plc.

In Q4 2021, Topdanmark Forsikring A/S issued subordinated notes of DKK 1,000m subscribed by If P&C Insurance Ltd.

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

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### Note 6. Accounting policies

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The announcement of the Q1 2022 results has been prepared in accordance with IAS 34 on interim reports for listed companies and additional Danish disclosure requirements on interim report 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 Group has implemented those IFRS standards and interpretations taking effect from 2022. None of these has affected recognition or measurement.

Topdanmark Forsikring A/S has signed an agreement to divest of Topdanmark Liv Holding A/S and all subsidiaries hereof.

Consequently, Topdanmark Liv Holding Group has been classified as discontinued operation with the effect, that profit from the life insurance group is presented in Topdanmark Group's income statement in one line as Profit after tax, discontinued operations. Comparatives are restated.

Assets and liabilities relating to the life insurance group are presented separately in the balance sheet of the Topdanmark Group as Assets held for sale, and Liabilities relating to assets held for sale, with no restatement of comparatives.

Investment assets are measured at fair value, while intangible and tangible assets are measured at the lowest carrying amount and market value. Provisions for insurance and investment contracts are measured at fair value.

#### *Segmentation*

Due to the divestment of the life insurance group, the segmentation going forward consists of the two non-life segments, Private and SME, as well as the Parent company. The Private segment includes non-life insurance policies offered by Topdanmark Forsikring A/S to individual households in Denmark, whereas the result from Illness and Accident insurance policies sold through the life company has been included in discontinued operations. Comparatives are restated.

Apart from this, the accounting policies remain unchanged compared with 2021. Please refer to the Annual Report 2021 for the full accounting policies of the Group.

This announcement has not been audited nor subjected to review.

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# **Financial statements for Q1 2022 - Parent company**

## Income statement • Parent company

(DKKm)	Full year 2021	Q1 2021	Q1 2022
Income from subsidiaries	2,197	649	127
Value adjustments	(7)	(3)	0
Interest charges	(11)	(3)	(3)
<b>Total investment return</b>	<b>2,179</b>	<b>643</b>	<b>125</b>
Other expenses	(52)	(12)	(12)
<b>PROFIT BEFORE TAX</b>	<b>2,127</b>	<b>631</b>	<b>112</b>
Tax	11	4	3
<b>PROFIT</b>	<b>2,138</b>	<b>635</b>	<b>115</b>

## Statement of comprehensive income • Parent company

Profit	2,138	635	115
Other comprehensive income from subsidiaries	0	(1)	0
Other comprehensive income	0	(1)	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,138</b>	<b>633</b>	<b>115</b>

## Balance sheet • Parent company

(DKKm)	31 December 2021	31 March 2021	31 March 2022
<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 subsidiaries	7,169	5,608	4,221
Total investment in subsidiaries	7,169	5,608	4,221
Equity investments	1	1	1
Total other financial investment assets	1	1	1
<b>TOTAL INVESTMENT ASSETS</b>	<b>7,170</b>	<b>5,609</b>	<b>4,223</b>
Receivables from subsidiaries	998	1,284	1,452
Other receivables	62	29	0
<b>TOTAL RECEIVABLES</b>	<b>1,059</b>	<b>1,314</b>	<b>1,452</b>
Liquid funds	1	2	1
<b>TOTAL OTHER ASSETS</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>TOTAL ASSETS</b>	<b>8,233</b>	<b>6,928</b>	<b>5,679</b>

## Shareholders' equity and liabilities

Share capital	90	90	90
Other reserves	3,440	1,475	493
Total reserves	3,440	1,475	493
Profit carried forward	1,069	4,542	4,253
Proposed dividend	3,105	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,705</b>	<b>6,107</b>	<b>4,836</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>	<b>400</b>	<b>399</b>	<b>400</b>
Amounts due to subsidiaries	35	70	53
Current tax liabilities	83	139	12
Other debt	11	214	378
<b>TOTAL DEBT</b>	<b>129</b>	<b>422</b>	<b>443</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>8,233</b>	<b>6,928</b>	<b>5,679</b>

# Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the interim report for Q1 2022 for Topdanmark A/S.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards 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

31 March 2022 as well as the result of the Group's and the parent company's activities and the Group's cash flows for the financial period from 1 January to 31 March 2022.

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 can be affected.

There have been no events in the period from 31 March 2022 until the presentation of the consolidated financial statements which could change the assessment of the interim report for Q1 2022.

Ballerup, 27 April 2022

## Executive Board:

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Peter Hermann  
(CEO)

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Lars Kufall Beck  
(CFO)

## Board of Directors:

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Ricard Wennerklint  
(Chairman)

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Jens Aaløse  
(Deputy Chairman)

---

Elise Bundgaard

---

Maria Hjorth

---

Mette Jensen

---

Cristina Lage

---

Ole Lomholt Mortensen

---

Petri Niemisvirta

---

Morten Thorsrud

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**Topdanmark** 