

# Half-year report for 2022

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# Management's review

# Highlights

## H1 2022

- Profit after tax of DKK 380m (H1 2021: DKK 1,157m)
- EPS was DKK 4.3 (H1 2021: DKK 13.2)
- Combined ratio: 83.1 (H1 2021: 81.3)
- Combined ratio excluding run-off: 84.9 (H1 2021: 83.6)
- Premiums increased by 3.9% in non-life insurance.
- After return on non-life insurance provisions, the investment return was DKK 437m (loss) (H1 2021: DKK 340m).
- Profit from discontinued operations was DKK 117m after tax (H1 2021: DKK 200m).
- Life insurance premiums (incl. investment contracts, and illness and accident) in discontinued operations increased by 6.3%.

## Q2 2022

- Profit after tax of DKK 265m (Q2 2021: DKK 522m)
- EPS was DKK 3.0 (Q2 2021: DKK 5.9)
- Combined ratio: 79.4 (Q2 2021: 79.3)
- Combined ratio excluding run-off: 81.1 (Q2 2021: 81.4)
- Premiums increased by 3.7% in non-life insurance.
- After return on non-life insurance provisions, the investment return was DKK 295m (loss) (Q2 2021: DKK 112m).
- Profit from discontinued operations was DKK 107m after tax (Q2 2021: DKK 43m).
- Life insurance premiums (incl. investment contracts, and illness and accident) in discontinued operations increased by 1.7%.

## Profit forecast model for 2022

- The assumed combined ratio for 2022 has been improved from 83-86 to 82-84.5, excluding run-off in H2.
- The profit forecast for 2022 has been lowered from DKK 2,250-2,500m to DKK 2,100-2,350m after tax, excluding run-off in H2 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 is unchanged at 3-4.5%.

## Other events

- The divestment of Topdanmark Liv Holding A/S is progressing according to plan and is still expected to close in the second half of 2022.
- As the first Danish-registered financial company, Topdanmark has joined the Science Based Targets initiative, committing to a net-zero ambition by 2050.

## 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 76 84 90

SE dial-in-number: +46 4 0682 0620

UK dial-in-number: +44 203 769 6819

US dial-in-number: +1 646 787 0157

(Pin code for all callers: 587062)

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



Robin Hjelgaard Løfgren  
Head of Investor Relations  
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# Financial highlights

(DKKm)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Premiums earned, non-life insurance	9,541	2,373	2,462	4,706	4,890
	9,541	2,373	2,462	4,706	4,890
<b>Results:</b>					
Non-life insurance	2,461	604	213	1,225	366
Parent company etc.	(35)	2	(17)	(2)	(32)
Profit before tax, continuing operations	2,426	606	196	1,223	334
Tax, continuing operations	(537)	(127)	(38)	(266)	(71)
Profit after tax, continuing operations	1,889	479	158	957	263
Profit after tax, discontinued operations	248	43	107	200	117
<b>Profit</b>	<b>2,138</b>	<b>522</b>	<b>265</b>	<b>1,157</b>	<b>380</b>
Run-off profits, net of reinsurance	255	51	42	107	89
Shareholders' equity of parent company at 1 January	7,185	6,107	4,836	7,185	7,705
Profit	2,138	522	265	1,157	380
Dividend paid	(1,800)	0	0	(1,800)	(3,105)
Dividend own shares	48	0	0	48	65
Share-based payments	133	30	36	70	92
Other movements in shareholders' equity	0	0	(55)	(1)	1
<b>Shareholders' equity of parent company end of period</b>	<b>7,705</b>	<b>6,659</b>	<b>5,081</b>	<b>6,659</b>	<b>5,137</b>
Deferred tax on security funds	(306)	(306)	(362)	(306)	(362)
<b>Shareholders' equity of Group end of period</b>	<b>7,399</b>	<b>6,353</b>	<b>4,719</b>	<b>6,353</b>	<b>4,775</b>
Total assets, parent company	8,233			7,394	5,706
Total assets, Group	120,368			115,683	109,937
Provisions for insurance and investment contracts:					
Non-life insurance	17,102			17,801	14,895
Life insurance	89,593			85,115	0
Discontinued operations	0			0	83,154
<b>Financial ratios (parent company)</b>					
Post-tax profit as a percentage of shareholders' equity *	30.5	32.7	21.2	33.5	11.9
Post-tax EPS continuing operations (DKK)	21.5	5.5	1.8	10.9	3.0
Post-tax EPS continuing operations, diluted (DKK)	21.5	5.5	1.8	10.9	3.0
Post-tax EPS (DKK)	24.4	6.0	3.0	13.2	4.3
Post-tax EPS, diluted (DKK)	24.3	5.9	3.0	13.2	4.3
Dividend per share issued, proposed (DKK)	34.5	-	-	-	-
Net asset value per share, diluted (DKK)	87.4			75.7	58.0
Listed share price end of period	367.0			326.4	369.4
Number of shares end of period ('000)	87,978			87,665	88,200
Average number of shares ('000)	87,703	87,631	88,162	87,587	88,107
Average number of shares, diluted ('000)	87,948	87,867	88,473	87,800	88,445
<b>Ratios non-life insurance **</b>					
Gross claims ratio	62.9	62.9	61.5	63.9	65.1
Net reinsurance ratio	1.0	0.1	1.5	0.6	1.5
Claims ratio, net of reinsurance	63.9	63.0	63.0	64.5	66.6
Gross expense ratio	16.2	16.2	16.4	16.8	16.5
Combined ratio	80.1	79.3	79.4	81.3	83.1
Combined ratio excl. run-off profits	82.8	81.4	81.1	83.6	84.9

\* 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 H1 2022

Trend in profit (DKKm)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Non-life insurance					
- Technical result	1,897	492	507	879	825
- Investment return after return and value adjustments of non-life insurance provisions	564	113	(292)	346	(432)
- Other items	1	(1)	(2)	1	(27)
Profit on non-life insurance	2,461	604	213	1,225	366
Parent company etc.	(35)	2	(17)	(2)	(32)
Profit before tax, continuing operations	2,426	606	196	1,223	334
Tax, continuing operations	(537)	(127)	(38)	(266)	(71)
Profit after tax, continuing operations	1,889	479	158	957	263
Profit after tax, discontinued operations	248	43	107	200	117
<b>Profit</b>	<b>2,138</b>	<b>522</b>	<b>265</b>	<b>1,157</b>	<b>380</b>

Topdanmark's post-tax profit for H1 2022 was DKK 380m (H1 2021: DKK 1,157m).

The technical result decreased by DKK 54m to DKK 825m. The decrease was driven by higher weather-related claims in Q1 2022 mainly caused by the storms Malik and Nora. Furthermore, H1 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 efficiencies and pricing initiatives.

Other items included a DKK 25m provision in Q1 2022 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 on non-life insurance provisions decreased by DKK 778m to DKK 432m (loss). This development should be seen in the light of the volatility in the financial markets during H1 2022 caused in part by the war in Ukraine and rising inflation, whereas the investment return in H1 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 83m to DKK 117m after tax. H1 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.

## Results for Q2 2022

The profit for Q2 2022 was DKK 265m (Q2 2021: DKK 522m).

The technical result increased by DKK 15m to DKK 507m. The increase was driven by higher premiums and improved underlying trends most notably within house and property insurance. These effects more than outweighed the impact of higher claims frequencies following the normalisation of COVID-19 impacts since last year.

After return on non-life insurance provisions, the investment return in non-life insurance decreased by DKK 405m to DKK 292m (loss).

The profit from discontinued operations increased by DKK 64m to DKK 107m due mainly to a one-off tax gain of approx. DKK 50m.



# Non-life insurance in H1 2022

## Premiums earned

Financial highlights – Non-life insurance (DKKm)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Gross premiums earned	9,541	2,373	2,462	4,706	4,890
Claims incurred	(6,000)	(1,493)	(1,513)	(3,009)	(3,185)
Expenses	(1,545)	(385)	(404)	(793)	(808)
Net reinsurance	(99)	(3)	(38)	(26)	(72)
Technical result	1,897	492	507	879	825
Investment return after return and value adjustments of non-life insurance provisions	564	113	(292)	346	(432)
Other items	1	(1)	(2)	1	(27)
<b>Profit on non-life insurance</b>	<b>2,461</b>	<b>604</b>	<b>213</b>	<b>1,225</b>	<b>366</b>
Run-off profits, net of reinsurance	255	51	42	107	89
Gross claims ratio	62.9	62.9	61.5	63.9	65.1
Net reinsurance ratio	1.0	0.1	1.5	0.6	1.5
Claims ratio, net of reinsurance	63.9	63.0	63.0	64.5	66.6
Gross expense ratio	16.2	16.2	16.4	16.8	16.5
Combined ratio	80.1	79.3	79.4	81.3	83.1
Combined ratio excl. run-off profits	82.8	81.4	81.1	83.6	84.9

Premiums earned increased by 3.9% to DKK 4,890m. The private segment accounted for a 2.7% increase, while the SME segment accounted for a 5.1% increase.

for the outflow from the old agreement with Danske Bank in H1 2022. We expect the trend to continue throughout 2022.

The distribution agreement with Nordea continues to have good traction and more than compensated

## Claims ratio

Claims ratio, net of reinsurance	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Claims ratio, net of reinsurance	63.9	63.0	63.0	64.5	66.6
Run-off	2.7	2.1	1.7	2.3	1.8
Weather-related claims	(1.9)	(1.1)	(0.8)	(1.2)	(3.7)
Large-scale claims	(1.3)	(1.3)	(1.3)	(1.2)	(1.2)
Other	0.2	0.5	0.6	0.4	0.0
<b>Claims before run-off, weather, large-scale claims and other</b>	<b>63.6</b>	<b>63.3</b>	<b>63.2</b>	<b>64.8</b>	<b>63.5</b>
Discounting	0.3	0.3	1.0	0.2	0.7
COVID-19		1.3		1.5	
<b>Underlying (undiscounted) claims ratio, net of reinsurance</b>	<b>63.9</b>	<b>64.9</b>	<b>64.2</b>	<b>66.4</b>	<b>64.2</b>

The claims ratio was 66.6 in H1 2022, up from 64.5 in H1 2021.

The run-off profit, net of reinsurance, was DKK 89m (H1 2021: DKK 107m), representing a 0.5pp negative effect on the claims ratio. Run-off was largely in line with preceding quarters following positive trends in house and property insurance since 2021. In addition, run-off profits were generated in workers' compensation.

Weather-related claims amounted to DKK 183m in H1 2022 (H1 2021: DKK 58m), representing a 2.5pp deterioration of the claims ratio. The level of weather-related claims was thus DKK 53m above the normalised modelled level of DKK 130m. This was mainly a result of the storms Malik and Nora in Q1 2022, while weather conditions in Q2 2022 were more benign. In comparison, H1 2021 saw no major weather-related events.



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The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) was almost unchanged at DKK 59m in H1 2022 (H1 2021: DKK 56m).

The claims ratio was positively impacted by the higher interest rates. The discounting effect was 0.5pp higher compared with H1 2021.

Inflation within construction materials continued to rise during the first half of 2022, most notably within energy-consuming materials such as tiles, cement and insulation. In the short term, we are in a good position to handle rising cost inflation through procurement, and our efforts within this area continue as part of the efficiency programme.

We take note of the current volatility, and we continue to closely monitor the market situation. To that end, we may proceed with pricing initiatives across different product lines and/or customer segments in the coming periods.

In general, and over time, we continue to see around 2-4% overall inflation in claim expenses, varying between different business lines. Over time, it is our target to maintain our profitability by pricing at least in line with inflation.

The claims ratio adjusted for run-off, weather-related claims, large-scale claims and other positions including change of risk margin improved by 1.3pp to 63.5 in H1 2022.

The underlying claims ratio, which is adjusted further for discounting and COVID-19 impact, improved by 2.2pp to 64.2.

### **Expense ratio**

The expense ratio was 16.5, down from 16.8 in H1 2021. The decrease in the expense ratio was driven by our continued efforts to realise our efficiency programme targets. Synergies between Non-life and Life (approx. DKK 80-100m p.a.) affect the expense ratio positively until closing of the sale of Topdanmark Liv Holding A/S in H2 2022.

### **Combined ratio**

The combined ratio was 83.1 in H1 2022 (H1 2021: 81.3). Excluding run-off, the combined ratio was 84.9 (H1 2021: 83.6).

### **Reinsurance**

The storm reinsurance programme has been renewed for one year as at 1 July 2022 and still covers claims up to DKK 5.1bn with retention of DKK 100m. The renewal was made within the framework of the assumptions made in the profit forecast model for 2022.

## **Non-life insurance in Q2 2022**

Premiums earned in Q2 2022 increased by 3.7% to DKK 2,462m. The growth in premiums was 2.7% and 4.7% in the private segment and the SME segment, respectively.

The claims ratio was 63.0 in Q2 2022, and thus unchanged from Q2 2021.

Weather conditions were benign and related claims amounted to DKK 20m, almost unchanged compared with the Q2 2021 level but somewhat below the normalised modelled level of DKK 45m.

Large-scale claims amounted to DKK 31m, largely in line with the level in Q2 2021 and the normalised modelled level of DKK 25m. Q2 2022 was predominantly affected by one large fire-related claim in the SME segment.

Increasing interest rates improved the claims trend by 0.7pp.

The run-off profit, net of reinsurance, was DKK 42m, largely in line with preceding quarters but slightly below the level from Q2 2021 (DKK 51m), representing a 0.4pp negative effect on the claims ratio.

The claims ratio adjusted for run-off, weather-related claims, large-scale claims and other positions including change of risk margin improved by 0.1pp to 63.2.

The underlying claims ratio, which is adjusted further for discounting and COVID-19 impact, improved by 0.7pp to 64.2.

The expense ratio was 16.4 (Q2 2021: 16.2).

The combined ratio was 79.4 (Q2 2021: 79.3). Excluding run-off, the combined ratio was 81.1 (Q2 2021: 81.4).

## Segment reporting

### Private

Private (DKKm)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Gross premiums earned	4,674	1,154	1,185	2,317	2,379
Claims incurred	(2,837)	(728)	(733)	(1,441)	(1,520)
Expenses	(730)	(183)	(188)	(375)	(378)
Net reinsurance	(60)	(9)	(12)	(30)	(20)
<b>Technical result</b>	<b>1,047</b>	<b>234</b>	<b>251</b>	<b>470</b>	<b>461</b>
Run-off profits, net of reinsurance	123	25	23	57	52
Gross claims ratio	60.7	63.1	61.9	62.2	63.9
Net reinsurance ratio	1.3	0.8	1.0	1.3	0.8
Claims ratio, net of reinsurance	62.0	63.9	62.9	63.5	64.7
Gross expense ratio	15.6	15.9	15.9	16.2	15.9
Combined ratio	77.6	79.7	78.8	79.7	80.6
Combined ratio excl. run-off profits	80.2	81.9	80.7	82.2	82.8

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 2,379m.

The technical result was DKK 461m in H1 2022, representing a decrease of DKK 9m compared with H1 2021.

The claims ratio increased by 1.2pp to 64.7 in H1 2022, mainly due to the two storms in Q1 2022. Weather-related claims amounted to DKK 75m in H1 2022 (H1 2021: DKK 31m), representing a 1.8pp deterioration of the claims ratio.

The claims ratio decreased by 1.0pp to 62.9 in Q2 2022.

### SME

SME (DKKm)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Gross premiums earned	4,878	1,222	1,280	2,395	2,517
Claims incurred	(3,173)	(767)	(783)	(1,572)	(1,670)
Expenses	(817)	(203)	(216)	(418)	(430)
Net reinsurance	(39)	6	(25)	4	(52)
<b>Technical result</b>	<b>850</b>	<b>258</b>	<b>256</b>	<b>409</b>	<b>365</b>
Run-off profits, net of reinsurance	132	25	18	50	36
Gross claims ratio	65.0	62.8	61.2	65.6	66.3
Net reinsurance ratio	0.8	(0.5)	2.0	(0.2)	2.1
Claims ratio, net of reinsurance	65.8	62.3	63.2	65.5	68.4
Gross expense ratio	16.7	16.6	16.9	17.5	17.1
Combined ratio	82.6	78.8	80.0	82.9	85.5
Combined ratio excl. run-off profits	85.3	80.9	81.5	85.0	86.9

Run-off of DKK 52m was DKK 5m lower than in H1 2021 corresponding to a negative impact of 0.2pp on the claims trend.

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 15.9 from 16.2 in H1 2021.

The combined ratio was 80.6 in H1 2022 (H1 2021: 79.7).

Excluding run-off, the combined ratio was 82.8 (H1 2021: 82.2).

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

Premiums earned increased by 5.1% to DKK 2,517m.

The technical result in H1 2022 decreased by DKK 44m to DKK 365m primarily due to high weather-related claims in Q1 2022. The technical result in Q2 2022 was in line with Q2 2021. Weather-related claims amounted to DKK 108m in H1 2022 (H1 2021: DKK 27m), representing a 3.2pp deterioration of the claims ratio.

Run-off was DKK 36m in H1 2022 (H1 2021: DKK 50m). Run-off profits were driven mainly by workers' compensation.

The underlying result improved in H1 2022 due to activities for improvement of profitability and generally lower levels of claims in most areas. Workers' compensation was positively affected by increasing interest rate levels.

The expense ratio was 17.1 in H1 2022 which is 0.4pp below H1 2021.

The combined ratio increased to 85.5 in H1 2022 (H1 2021: 82.9).

Excluding run-off, the combined ratio was 86.9 in H1 2022 (H1 2021: 85.0).

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

Discontinued operations (DKK m)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Investment return on shareholders' equity	318	25	60	174	96
Sales and administration	26	9	17	11	20
Insurance risk	4	(4)	6	(5)	6
Risk return on shareholders' equity	155	38	28	78	65
Profit on life insurance	502	68	111	258	186
Illness and accident	(187)	(35)	(26)	(5)	(73)
Profit before tax, Topdanmark Liv Holding Group	316	33	85	253	113
Unwinding costs	-	-	(2)	-	(2)
Profit before tax, discontinued operations	316	33	83	253	111
Tax	(67)	10	24	(53)	6
<b>Profit after tax, discontinued operations</b>	<b>248</b>	<b>43</b>	<b>107</b>	<b>200</b>	<b>117</b>

## Life insurance in H1 2022

The result from life insurance was DKK 117m (H1 2021: DKK 200m).

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 H1 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 96m (H1 2021: DKK 174m), affected by the development in the financial markets including the increasing interest rate curve. In Q1 2021, the investment return was positively affected by a valuation adjustment of the property portfolio.

The illness and accident result was DKK 73m (loss) (H1 2021: DKK 5m (loss)), negatively impacted by the increasing inflation expectations and volatile financial markets. In addition, a one-off adjustment to liable pension yield tax relating to 2021 was made in Q1 2022.

The result of sales and administration increased by DKK 9m to DKK 20m, mainly as no amortisation on IT intangibles is carried out in the period between signing and closing of the divestment of Topdanmark Liv Holding A/S. This has no impact on the expected implied goodwill of the transaction as lower amortisations until closing will equally lower the gain

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to be realised upon closing. Underlying, the result of sales and administration is negatively affected by lower AUM due to adverse market developments.

The insurance risk result has increased by DKK 11m to DKK 6m. The insurance risk result may fluctuate from one quarter to the next.

Finally, tax line showed an income of DKK 6m due to a one-off positive adjustment of approx. DKK 50m made in Q2 2022 stemming from an increased deferred tax asset related to Topdanmark Ejendom A/S, partly offset by the adjustment for the prior year made in Q1 2022. Please refer to the section Taxation on page 14.

### **Trend in premiums**

Life insurance premiums (including investment contracts and illness and accident) increased by 6.3% to DKK 6,198m in H1 2022, of which life insurance premiums (including investment contracts) on unit-linked pension schemes were DKK 5,525m, representing a 7.6% increase compared with H1 2021.

Regular premiums (including investment contracts) increased by 4.2% to DKK 1,794m, and single premiums (including investment contracts) increased by 7.2% to DKK 4,038m.

## **Life insurance in Q2 2022**

The result from life insurance was DKK 107m (Q2 2021: DKK 43m).

The higher result in Q2 2022 compared with Q2 2021 was due to a higher result in investment return on shareholders' equity as well as the one-off adjustment to the tax line mentioned above. The risk return on shareholders' equity decreased by DKK 10m to DKK 28m as the collective bonus potential in one interest rate group was reduced to zero in Q2 2022 following weak financial markets.

Life insurance premiums (including investment contracts and illness and accident) increased by 1.7% to DKK 2,893m in Q2 2022 of which life insurance premiums (including investment contracts) on unit-linked pension schemes were DKK 2,584m, representing a 2.2% increase compared with Q2 2021.

Regular premiums (including investment contracts) increased by 4.8% to DKK 886m, and single premiums (including investment contracts) decreased by 0.1% to DKK 1,824m.

## **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. The approval process is progressing according to plan, and we continue to expect the divestment to be completed in the second half of 2022.

# Investment activities

Investment return	Portfolio 30 June		Return Q2 2021		Return Q2 2022		Return H1 2021		Return H1 2022	
	2021	2022	(DKK)M	%	(DKK)M	%	(DKK)M	%	(DKK)M	%
	(DKKbn)									
Danish equities	0.2	0.2	20	9.8	(23)	(11.6)	30	15.1	(36)	(17.2)
Foreign equities	0.8	0.7	47	5.8	(109)	(13.9)	111	13.6	(172)	(20.3)
Unlisted equities and hedge funds	0.4	0.4	21	6.1	11	2.9	35	10.3	6	1.5
Government and mortgage bonds	14.1	10.9	(59)	(0.4)	(432)	(3.6)	(265)	(1.9)	(838)	(6.8)
Index linked bonds	0.6	0.6	(1)	0.1	6	1.1	(6)	(1.8)	3	0.5
CLOs	0.7	0.4	43	6.8	(84)	(13.0)	109	19.2	(112)	(16.3)
Properties	1.2	0.8	12	1.0	9	1.0	45	3.8	13	1.5
Expenses, money markets etc.	1.6	4.1	6	0.3	3	0.1	6	0.3	11	0.3
Subordinated loan capital	(1.7)	(1.9)	(10)	(0.6)	(7)	(0.4)	(20)	(1.1)	(14)	(0.7)
	17.7	16.2	79	0.5	(627)	(3.6)	44	0.3	(1,140)	(6.3)
Asset management (2021: 6 months)			2				4			
Investment return			81		(627)		48		(1,140)	
Return and value adjustments of non-life insurance provisions			30		332		292		702	
Investment return after return on non-life insurance provisions			112		(295)		340		(437)	

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.

In total, the return on investment after return and value adjustments of non-life insurance provisions in H1 2022 fell by DKK 777m to DKK 437m (loss). The lower return should be seen in the light of the continued rise in inflation rates and yield levels supplemented by increasing uncertainty as to the economic outlook and spread expansions on the financial markets.

Losses on equities and structured credits were the primary drivers of the investment return in Q2 2022. In Q2 2022, the Danish mortgage bond market, which is dominated by AAA bonds, was influenced by the sharp rise in yield levels, yield volatility and loan restructuring activity. The loss suffered on assets hedging the provisions due to these factors and the impact of a further widening between EUR and DKK swap yield curves exceeded the profit from revaluations of provisions in Q2 2022.

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 869m 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 OMCCAP for Danish equities, representing approx.

20% of the portfolio by the end of Q2 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 stress, 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." comprise 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 33bp at the end of the second quarter.

## Solvency calculation and capital requirements

Solvency cover (DKKm)	30 Jun 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Shareholders' equity	6,353	7,399	4,530	4,775
Proposed dividend	0	(3,105)	0	0
Deferred tax on security funds	306	306	306	362
Profit margin	2,616	2,761	2,632	2,356
Intangible assets	(1,564)	(1,641)	(1,686)	(1,788)
Other	(163)	(189)	(158)	(143)
Tax effects	(293)	(302)	(271)	(191)
Subordinated loan tier 1	400	400	400	400
Subordinated loans tier 2	500	1,500	1,500	1,408
<b>Own funds</b>	<b>8,155</b>	<b>7,129</b>	<b>7,254</b>	<b>7,179</b>
Solvency requirement	3,311	3,495	3,279	2,816
<b>Solvency cover (%)</b>	<b>246</b>	<b>204</b>	<b>221</b>	<b>255</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 255% end Q2 2022 from 221% at the end of Q1 2022, mainly due to a lower solvency requirement caused by significantly lower stress on equity exposure and rising interest rates. In addition, Topdanmark Forsikring A/S has lowered its exposure to CLOs in Q2 2022.

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 30m to DKK 32m (loss) in H1 2022.

## Taxation

The tax charge on continuing operations was DKK 71m of the pre-tax profit of DKK 334m, corresponding to an effective tax rate of 21.2% (H1 2021: 21.8%).



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On 9 June 2022, the Danish parliament passed legislation introducing a new special tax on the Danish financial sector to fund a previously passed early retirement scheme. Effectively, the new legislation raises the corporate tax rate for financial sector companies from 22% in 2022 to 25.2% in 2023 and 26% from 2024 onwards.

The higher corporate tax rate applies to financial institutions with a licence, while subsidiaries without a licence (such as real estate companies, IT companies, etc.) are not subject to the increased tax rate. As Topdanmark has both types of companies within its group structure, the 4pp increase in tax rate is considered a worst-case scenario in terms of potential impact on the Group net profit. For now, it is too early to assess the exact impact on net profit for the coming years.

The higher corporate tax rate caused two one-off adjustments in the Q2 2022 accounts. Other comprehensive income was affected by a one-off negative adjustment of approx. DKK 50m stemming from increased deferred tax liabilities relating to security funds. In addition, the financial statement is affected by a one-off positive adjustment of approx. DKK 50m on the line "Profit after tax, discontinued operations" stemming from an increased deferred tax asset relating to Topdanmark Ejendom A/S. In total, the impact on own funds is net neutral.

## 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.

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 the implementation is progressing according to plan.

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

## Topdanmark joins the Science Based Targets initiative

In June 2022, Topdanmark joined the Science Based Targets initiative (SBTi), an international alliance supported by the UN, which helps companies ensure that their climate goals live up to the Paris Agreement's goal of CO2 reduction. Topdanmark has committed itself to the most ambitious level which entails working towards a complete green transformation, a CO2 neutral world in 2050, and a temperature rise below 1.5 degrees.

By joining SBTi, we get a strategic engine which supports development within five areas in Topdanmark: products and services that help our customer reduce CO2 emissions, CO2 neutral technologies and initiatives in claims handling, dialogue and ambitious requirements for investments and commercial customers, prevention and climate adaptation as well as internal operations.

We are already well on track with our existing goal of becoming CO2 neutral in 2030 in terms of our operations, business travel and air travel. We have initiated a process in which we calculate total CO2 emissions in our entire value chain (baseline). In compliance with SBTi's requirements, the next step will be to define short-term goals (minimum five years) for scopes 1, 2 and 3 as defined by the Greenhouse Gas (GHG) Protocol. Furthermore, Topdanmark will set up voluntary goals for other scope 3 emissions e.g., claims handling through our suppliers. In May 2024, we will present our goals to SBTi for a validation of whether the goals live up to the Paris Agreement and a temperature rise below 1.5 degrees. Later we will define long-term goals in compliance with the criteria of a forthcoming standard for financial service companies acceding to 'net zero'.



# Profit forecast model for 2022

Current profit forecast model 2022 (DKKm)	Results 2021	Forecast 2022 31 March 2022			Forecast 2022 30 June 2022		
Non-life insurance							
- Technical result	1,897	1,425	-	1,675	1,525	-	1,750
- Investment return after return and value adjustments of non-life insurance provisions	564	(115)	-	(100)	(405)	-	(390)
- Other items	1	(25)	-	(25)	(25)	-	(25)
Profit on non-life insurance	2,461	1,285	-	1,550	1,095	-	1,335
Parent company etc.	(35)	(65)	-	(55)	(65)	-	(55)
Profit before tax, continuing operations	2,426	1,220	-	1,495	1,030	-	1,280
Tax, continuing operations	(537)	(270)	-	(345)	(230)	-	(280)
Profit after tax, continuing operations	1,889	950	-	1,150	800	-	1,000
Profit after tax, discontinued operations	248	1,300	-	1,350	1,300	-	1,350
<b>Profit</b>	<b>2,138</b>	<b>2,250</b>	<b>-</b>	<b>2,500</b>	<b>2,100</b>	<b>-</b>	<b>2,350</b>

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, 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 interim report for Q1 2022, we assumed premium growth of 3-4.5% and a combined ratio of 83-86 for 2022. The underlying assumptions can be found in the interim report for Q1 2022. Since this report, the following major changes to assumptions have occurred:

- In Q2 2022, there were run-off profits of DKK 42m, corresponding to a 0.4pp improvement of the combined ratio for 2022.
- Weather-related claims amounted to DKK 20m in Q2, which is DKK 25m lower than assumed, corresponding to an improvement of the assumed combined ratio for 2022 by 0.3pp.
- Discounting increased substantially during Q2 2022.
- The investment return in Q2 2022 was affected by volatility in the financial markets and thus approx. DKK 300m lower than assumed.

As a result, the assumed combined ratio is improved to 82-84.5. This includes an expense ratio at approx. 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 assumed premium growth is unchanged at 3-4.5% as the underlying business momentum remained solid in Q2 while the macroeconomic uncertainty remains at a historically high level.

The overall assumed pre-tax result for non-life insurance is DKK 1,095-1,335m excluding run-off in H2.

## 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 230-280m.

## Discontinued operations

In the interim report for Q1 2022, Topdanmark assumed a profit after tax on discontinued operations of DKK 1,300-1,350m in 2022. The underlying assumptions can be found in the interim report for Q1 2022.

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 interim report for Q1 2022, a one-off tax adjustment of approx. DKK 50m was made in Q2 2022 stemming from an increased deferred tax asset relating to Topdanmark Ejendom A/S. Offsetting this impact, risk return was impacted by lower collective bonus potentials in Q2 2022, which could also affect H2 2022 depending on financial market conditions. In addition, lower AUM caused by volatile financial markets affects the outlook for life insurance income negatively, while increasing inflation expectations affect the outlook for illness and accident insurance negatively.

As a result, the assumed profit after tax on discontinued operations is unchanged at DKK 1,300-1,350m. This expectation is still 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 2,100-2,350m representing an EPS of DKK 23.8-26.7. The assumed profit is exclusive of run-off in H2.

The profit forecast model assumes an annual 7.0% return on equities, and unchanged foreign exchange rates from the level as at 30 June 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 1.14% (risk-free interest rate plus 1.0pp).

## Financial calendar

Q1-Q3 2022 Interim Report	25 Oct 2022
Announcement of 2022 Annual Results	24 Jan 2023
Deadline for submitting items for the AGM agenda	8 Feb 2023
2022 Annual Report	23 Feb 2023
AGM	23 Mar 2023
Q1 2023 Interim Report	25 Apr 2023
2023 Half-year Report	14 July 2023
Q1-Q3 2023 Interim Report	24 Oct 2023

## New accounting policies as of 2023

From 1 January 2023, Topdanmark will apply IFRS 17 and IFRS 9, including any consequential amendments to other standards.

These standards bring changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, Topdanmark will restate comparative figures and will present the effect of the standards in the opening equity in the statement of financial position as at 1 January 2022.

Topdanmark is currently performing an analysis of the financial effect from the initial application of the standards.

The continuing operations in Topdanmark Forsikring A/S consist of non-life insurance contracts. These contracts consist in all material aspects of short-term contracts eligible for the premium allocation approach (PAA) under IFRS 17. The simplification is broadly similar to current accounting.

Consequently, IFRS 17 is not expected to have a significant financial effect on the continuing operations in Topdanmark Forsikring. We expect:

- Minor negative impact on shareholders' equity, mainly related to measurement of risk adjustment
- Result to be largely unchanged.

Presentation of income statement and balance sheet will change following IFRS 17. As a consequence, the key ratios will change. We expect to disclose the effects in Q4 2022.

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The discontinued operations in Topdanmark Livsforsikring A/S consist of the Group's life and savings contracts which by nature are long-term contracts, and a portfolio of short-term illness and accident contracts. Under IFRS 17, these contracts will be measured applying the general measurement model and variable fee approach as well as the simplifications from PAA.

For the discontinued operations the analysis is ongoing:

- We do not expect the shareholders' equity as at 31 December 2022 to change due to the implementation of IFRS 17.
- The reason being that the divestment of the life operation is based on DK GAAP, and we expect the closing date of the transaction to be before 31 December 2022.
- Any changes to shareholders' equity as at 1 January 2022 following the implementation of IFRS 17 and IFRS 9 will be offset in the gain from divestment of the life operation in 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 H1 2022 - Group**

## Income statement • Group

(DKK)m	Note	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
<b>NON-LIFE INSURANCE</b>						
Gross premiums written		9,620	1,785	1,826	6,091	6,267
Ceded reinsurance premiums		(601)	(57)	(61)	(391)	(419)
Change in the provisions for unearned premiums		128	532	520	(1,441)	(1,583)
Change in profit margin and risk margin		(130)	83	144	99	263
Change in the reinsurers' share of the provisions for unearned premiums		4	(94)	(97)	107	115
<b>Premiums earned, net of reinsurance</b>		<b>9,021</b>	<b>2,248</b>	<b>2,333</b>	<b>4,465</b>	<b>4,644</b>
Claims paid		(5,629)	(1,371)	(1,505)	(2,887)	(3,008)
Reinsurance cover received		268	67	98	118	170
Change in the provisions for claims		(378)	(131)	(20)	(137)	(174)
Change in risk margin		17	12	14	21	2
Change in the reinsurers' share of the provisions for claims		150	62	2	103	21
<b>Claims incurred, net of reinsurance</b>	1	<b>(5,573)</b>	<b>(1,361)</b>	<b>(1,411)</b>	<b>(2,782)</b>	<b>(2,989)</b>
<b>Bonuses and rebates</b>		<b>(78)</b>	<b>(26)</b>	<b>(28)</b>	<b>(42)</b>	<b>(57)</b>
Acquisition costs		(985)	(265)	(263)	(528)	(523)
Administrative expenses		(541)	(115)	(136)	(253)	(276)
Reinsurance commission and share of profits		81	19	20	37	40
<b>Insurance operating expenses, net of reinsurance</b>		<b>(1,444)</b>	<b>(361)</b>	<b>(379)</b>	<b>(745)</b>	<b>(759)</b>
<b>TECHNICAL RESULT FROM NON-LIFE INSURANCE</b>		<b>1,926</b>	<b>500</b>	<b>514</b>	<b>895</b>	<b>839</b>
Income from associates and joint ventures		4	0	(1)	2	0
Income from investment properties		16	4	1	8	1
Interest income and dividends etc.		368	74	102	207	179
Value adjustments		(113)	20	(714)	(135)	(1,290)
Interest charges		(48)	(12)	(9)	(27)	(19)
Expenses on investment activities		(49)	(12)	(13)	(23)	(25)
<b>Total investment return</b>		<b>178</b>	<b>73</b>	<b>(635)</b>	<b>33</b>	<b>(1,153)</b>
Return and value adjustments of non-life insurance provisions		346	30	332	292	702
Other income		108	36	21	67	40
Other expenses		(132)	(34)	(37)	(65)	(94)
<b>PROFIT BEFORE TAX, CONTINUING OPERATIONS</b>		<b>2,426</b>	<b>606</b>	<b>196</b>	<b>1,223</b>	<b>334</b>
Tax, continuing operations		(537)	(127)	(38)	(266)	(71)
<b>PROFIT AFTER TAX, CONTINUING OPERATIONS</b>		<b>1,889</b>	<b>479</b>	<b>158</b>	<b>957</b>	<b>263</b>
Profit after tax, discontinued operations	4	248	43	107	200	117
<b>PROFIT</b>		<b>2,138</b>	<b>522</b>	<b>265</b>	<b>1,157</b>	<b>380</b>
EPS continuing operations (DKK)		21.5	5.5	1.8	10.9	3.0
EPS continuing operations, diluted (DKK)		21.5	5.5	1.8	10.9	3.0
EPS (DKK)		24.4	6.0	3.0	13.2	4.3
EPS, diluted (DKK)		24.3	5.9	3.0	13.2	4.3

## Statement of comprehensive income • Group

Profit	2,138	522	265	1,157	380
Items which cannot subsequently be reclassified as profit or loss:					
Deferred tax on security fund (change in the tax percentage)	0	0	(56)	0	(56)
Revaluation / Reversed revaluation owner-occupied properties	0	0	0	(2)	1
Taxation	(0)	0	0	0	(0)
Other comprehensive income	0	0	(55)	(1)	(55)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,138</b>	<b>522</b>	<b>209</b>	<b>1,156</b>	<b>325</b>

## Assets • Group

(DKK m)	Note	31 December 2021	30 June 2021	30 June 2022
<b>INTANGIBLE ASSETS</b>		1,641	1,564	1,184
Operating equipment		91	101	63
Owner-occupied properties		810	832	810
<b>TOTAL TANGIBLE ASSETS</b>		902	933	873
Investment properties		2,927	3,679	0
Equity investments in associates and joint ventures		2,324	2,013	57
Total investments in associates and joint ventures		2,324	2,013	57
Equity investments		5,085	4,719	1,075
Unit trusts		16	2	0
Bonds		32,995	37,104	11,841
Loans guaranteed by mortgages		5	5	5
Deposits with credit institutions		2,620	4,548	406
Derivatives		127	252	0
Total other financial investment assets		40,848	46,629	13,327
<b>TOTAL INVESTMENT ASSETS</b>		46,099	52,321	13,384
<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS</b>		68,149	58,115	0
Reinsurers' share of the provisions for unearned premiums		99	181	191
Reinsurers' share of the life insurance provisions		2	4	0
Reinsurers' share of the provisions for claims		576	538	552
Total reinsurers' share of provisions		677	723	743
Receivables from policyholders		313	306	255
Receivables from insurance companies		105	88	179
Receivables from associates and joint ventures		227	243	0
Other receivables		311	503	186
<b>TOTAL RECEIVABLES</b>		1,633	1,862	1,362
Current tax assets		0	0	42
Deferred tax assets		86	57	72
Assets held for sale	4	-	-	92,567
Liquid funds		1,136	178	36
Other		79	26	116
<b>TOTAL OTHER ASSETS</b>		1,302	261	92,833
Accrued interest and rent		423	376	66
Other prepayments and accrued income		218	251	235
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>		641	627	301
<b>TOTAL ASSETS</b>		120,368	115,683	109,937

## Shareholders' equity and liabilities • Group

(DKK)m	Note	31 December 2021	30 June 2021	30 June 2022
Share capital		90	90	90
Revaluation reserve		2	(0)	2
Security fund		1,146	1,146	1,090
Other reserves		83	81	84
<b>Total reserves</b>		<b>1,229</b>	<b>1,227</b>	<b>1,174</b>
Profit carried forward		2,973	5,035	3,509
Proposed dividend		3,105	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,399</b>	<b>6,353</b>	<b>4,775</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	3,055	2,794
Profit margin, non-life insurance contracts		1,316	1,065	1,101
With-profit products		22,319	22,709	0
Unit-linked products		65,749	60,789	0
<b>Total life insurance provisions</b>		<b>88,068</b>	<b>83,499</b>	<b>0</b>
Profit margin, life insurance and investment contracts		1,525	1,616	0
Provisions for claims		13,994	13,348	10,698
Risk margin, non-life insurance contracts		189	197	156
Provisions for bonuses and rebates		157	136	147
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>106,695</b>	<b>102,916</b>	<b>14,895</b>
Pensions and similar commitments		28	29	23
Deferred tax liabilities		94	84	2
Deferred tax on security funds		306	306	362
Other liabilities		0	0	25
<b>TOTAL PROVISIONS</b>		<b>428</b>	<b>418</b>	<b>412</b>
<b>DEPOSITS RECEIVED FROM REINSURERS</b>		<b>11</b>	<b>24</b>	<b>0</b>
Debt relating to direct insurance operations		180	175	19
Debt relating to reinsurance operations		42	47	120
Amounts due to credit institutions		451	982	305
Current tax liabilities		84	288	0
Liabilities relating to assets held for sale	4	-	-	86,566
Derivatives		605	676	303
Other debt		2,468	1,993	631
<b>TOTAL DEBT</b>		<b>3,829</b>	<b>4,162</b>	<b>87,943</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		<b>108</b>	<b>60</b>	<b>12</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>120,368</b>	<b>115,683</b>	<b>109,937</b>
Financial assets and liabilities	2			
Contingent liabilities	3			
Discontinued operations	4			
Related parties	5			
Accounting policies	6			



## Cash flow statement • Group

(DKKkm)	Full year 2021	H1 2021	H1 2022
<b>Cash flow from operations</b>			
Gross premiums	9,561	5,990	6,231
Claims	(5,593)	(2,898)	(3,133)
Expenses	(1,440)	(700)	(780)
Reinsurance ceded	(261)	(201)	(63)
Cash flow from non-life insurance	2,266	2,191	2,255
Interest income etc.	298	137	141
Dividends	78	63	32
Interest charges etc.	(98)	(48)	(44)
Corporation tax	(529)	(46)	(252)
Other items	231	63	(61)
<b>Cash flow from operations, continuing operations</b>	2,247	2,360	2,072
Cash flow from operations, discontinued operations	2,206	763	1,186
<b>Cash flow from operations</b>	4,453	3,123	3,258
<b>Cash flow from investments</b>			
Intangible assets, operating equipment	(255)	(129)	(173)
Properties	16	(1)	438
Dividends from associates and joint ventures	0	0	19
Equity investments	174	194	(60)
Bonds	517	(1,746)	343
Derivatives	14	13	(91)
<b>Cash flow from investments, continuing operations</b>	467	(1,668)	476
Cash flow from investments, discontinued operations	(4,577)	(502)	(2,655)
<b>Cash flow from investments</b>	(4,110)	(2,170)	(2,179)
<b>Cash flow from financing</b>			
Dividend paid	(1,752)	(1,752)	(3,040)
Exercise of share options	50	29	43
Redemption of subordinated loan capital	(850)	0	0
Issue of subordinated loan capital	1,000	0	0
Amounts due to credit institutions	(58)	(233)	35
<b>Cash flow from financing, continuing operations</b>	(1,609)	(1,957)	(2,963)
Cash flow from financing, discontinued operations	(842)	(134)	1,121
<b>Cash flow from financing</b>	(2,451)	(2,091)	(1,842)
Change in cash and cash equivalents, continuing operations	1,105	(1,265)	(415)
Change in cash and cash equivalents, discontinued operations	(3,213)	127	(348)
Cash and cash equivalents at 1 January	5,835	5,835	3,756
Value adjustment of cash and cash equivalents	29	29	(3)
Cash and cash equivalents, discontinued operations	-	-	(2,549)
Cash and cash equivalents end of period	3,756	4,726	442
Cash and cash equivalents comprise:			
Liquid funds	1,136	178	36
Deposits with credit institutions	2,620	4,548	406
	3,756	4,726	442

## Statement of changes in equity • Group

(DKK m)

	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>H1 2021</b>							
Shareholders' equity at 31 December prior year	90	1	1,146	79	3,763	1,800	6,879
Profit				2	1,155		1,157
Other comprehensive income		(1)					(1)
Total comprehensive income		(1)		2	1,155		1,156
Dividend paid						(1,800)	(1,800)
Dividend, own shares					48		48
Share-based payments					38		38
Exercise of share options					29		29
Taxation					3		3
Transactions with owners					118	(1,800)	(1,682)
<b>Shareholders' equity at 30 June 2021</b>	<b>90</b>	<b>0</b>	<b>1,146</b>	<b>81</b>	<b>5,035</b>	<b>0</b>	<b>6,353</b>
<b>H1 2022</b>							
Shareholders' equity at 31 December previous year	90	2	1,146	83	2,973	3,105	7,399
Profit				0	380		380
Other comprehensive income		1	(56)				(55)
Total comprehensive income		1	(56)	0	380		325
Dividend paid						(3,105)	(3,105)
Dividend, own shares					65		65
Share-based payments					42		42
Exercise of share options					43		43
Taxation					7		7
Transactions with owners					157	(3,105)	(2,948)
<b>Shareholders' equity at 30 June 2022</b>	<b>90</b>	<b>2</b>	<b>1,090</b>	<b>84</b>	<b>3,509</b>	<b>0</b>	<b>4,775</b>

## Segment information • Group

### Income statement

(DKK m)	Private	SME	Elimin- ated	Non-life	Parent etc.	Elimin- ated	Group
<b>H1 2021</b>							
<b>Non-life insurance</b>							
Gross premiums earned	2,317	2,395	(5)	4,706			4,706
Claims incurred	(1,441)	(1,572)	4	(3,009)		6	(3,003)
Expenses	(375)	(418)	1	(793)		11	(781)
Net reinsurance	(30)	4	(0)	(26)			(26)
Technical result from non-life insurance	470	409	0	879		17	895
Total investment return				54	(4)	(17)	33
Return and value adjustments of non-life insurance provisions				292			292
Other items				1	2		3
<b>Profit before tax, continuing operations</b>				1,225	(2)	0	1,223
Tax, continuing operations							(266)
<b>Profit after tax, continuing operations</b>							957
Profit after tax, discontinued operations							200
<b>Profit</b>							1,157
<b>H1 2022</b>							
<b>Non-life insurance</b>							
Gross premiums earned	2,379	2,517	(6)	4,890			4,890
Claims incurred	(1,520)	(1,670)	6	(3,185)		4	(3,180)
Expenses	(378)	(430)	0	(808)		9	(799)
Net reinsurance	(20)	(52)	(0)	(72)			(72)
Technical result from non-life insurance	461	365	(0)	825		13	839
Total investment return				(1,134)	(6)	(13)	(1,153)
Return and value adjustments of non-life insurance provisions				702			702
Other items				(27)	(26)		(54)
<b>Profit before tax, continuing operations</b>				366	(32)	0	334
Tax, continuing operations							(71)
<b>Profit after tax, continuing operations</b>							263
Profit after tax, discontinued operations							117
<b>Profit</b>							380

# Notes to the financial statements • Group

(DKKm)	Full year 2021	H1 2021	H1 2022
<b>Note 1. Claims incurred, net of reinsurance - Non-life insurance</b>			
Run-off result:			
Gross business	269	70	100
Reinsurance ceded	(14)	37	(12)
Run-off result, net of reinsurance (profit)	255	107	89

## 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	30 June 2021	30 June 2022
Financial assets recorded at fair value based on non-observable input (level 3):			
1 January	7,278	7,278	80
Transferred to assets held for sale	-	-	(45)
Purchases	664	664	0
Value adjustments on assets transferred to level 2	270	0	0
Transferred to level 2	(7,463)	(7,463)	0
Repayments	(689)	(441)	0
Value adjustments	21	287	3
	80	324	38

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	2	0
Capital commitments made to loan funds and private equity funds etc.	112	120	116

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

(DKK m)	Full year 2021	H1 2021	H1 2022
<b>Note 4. Discontinued operations</b>			
<b>LIFE INSURANCE</b>			
Premiums, net of reinsurance	10,359	5,222	5,170
Allocated investment return, net of reinsurance	10,791	6,411	(11,144)
Pension return tax	(1,521)	(926)	553
Claims and benefits paid, net of reinsurance	(8,951)	(4,666)	(4,049)
Change in the life insurance provisions, net of reinsurance	(9,114)	(4,587)	9,503
Change in profit margin	(1,158)	(1,249)	215
Insurance operating expenses, net of reinsurance	(585)	(297)	(264)
<b>TECHNICAL RESULT FROM LIFE INSURANCE</b>	<b>(178)</b>	<b>(90)</b>	<b>(15)</b>
<b>NON-LIFE INSURANCE</b>			
Premiums earned, net of reinsurance	626	343	366
Claims incurred, net of reinsurance	(808)	(360)	(378)
Bonuses and rebates	(8)	(5)	(3)
Insurance operating expenses, net of reinsurance	(48)	(27)	(43)
<b>TECHNICAL RESULT FROM NON-LIFE INSURANCE</b>	<b>(238)</b>	<b>(49)</b>	<b>(58)</b>
Total investment return	11,177	6,479	(11,314)
Return and value adjustments of non-life insurance provisions	157	138	356
Investment return transferred to life insurance	(10,791)	(6,411)	11,144
Other income	189	187	1
<b>PROFIT BEFORE TAX TOPDANMARK LIV HOLDING GROUP</b>	<b>316</b>	<b>253</b>	<b>113</b>
Unwinding costs	-	-	(2)
Tax	(67)	(53)	6
<b>PROFIT AFTER TAX, DISCONTINUED OPERATIONS</b>	<b>248</b>	<b>200</b>	<b>117</b>

Topdanmark Forsikring A/S has signed an agreement to divest of Topdanmark Liv Holding A/S and all subsidiaries thereof 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	30 June 2021	30 June 2022
<b>ASSETS HELD FOR SALE</b>			
Intangible assets	588	614	603
Tangible assets	17	19	16
Investment assets	30,517	34,463	29,192
Investment assets related to unit-linked products	68,149	58,115	60,911
Receivables	443	499	582
Other assets	1,006	155	923
Prepayments and accrued income	409	354	404
<b>TOTAL ASSETS</b>	<b>101,129</b>	<b>94,219</b>	<b>92,629</b>
<b>LIABILITIES RELATING TO ASSETS HELD FOR SALE</b>			
Shareholders' equity	1,588	2,535	1,711
Other subordinated loan capital	300	300	300
Provisions for insurance and investment contracts	92,717	88,055	83,154
Other provisions	59	59	445
Deposits received from reinsurers	11	24	5
Debt	6,411	3,197	6,950
Accruals and deferred income	44	49	64
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>101,129</b>	<b>94,219</b>	<b>92,629</b>
<b>TOTAL LIABILITIES EXCL. GROUP INTERNAL ELIMINATIONS</b>	<b>95,284</b>	<b>90,743</b>	<b>86,566</b>

## Notes to the financial statements • Group

(DKK m)	Full year 2021	H1 2021	H1 2022
<b>Note 4. Discontinued operations - continued</b>			
<b>Gross premium income</b>			
Regular premiums	3,450	1,712	1,787
Single premiums	6,910	3,511	3,383
Gross premiums, insurance contracts	10,360	5,222	5,170
Investment contracts:			
Regular premiums	27	10	7
Single premiums	610	256	655
Gross premiums, investment contracts	636	266	662
Gross premiums, insurance and investment contracts, Life and pension	10,996	5,489	5,832
Gross premium income, illness and accident	621	339	366
<b>Gross premium income, discontinued operations</b>	<b>11,618</b>	<b>5,828</b>	<b>6,198</b>

	30 June 2022
<b>Financial assets and liabilities</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):	
Transferred from continuing operations	45
Repayments	(5)
Value adjustments	4
	44

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.

	31 December 2021	30 June 2021	30 June 2022
<b>Contingent liabilities</b>			
Contract liabilities	222	431	49
Adjustments to VAT liabilities	121	116	102
Capital commitments made to loan funds and private equity funds etc.	301	243	268

## 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 H1 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 thereof.

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.

Discontinued operations also include unwinding costs.

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 fair value when classified as held for sale. 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 H1 2022 - Parent company**

## Income statement • Parent company

(DKKm)	Full year 2021	Q2 2021	Q2 2022	H1 2021	H1 2022
Income from subsidiaries	2,197	535	279	1,184	406
Value adjustments	(7)	0	(1)	(3)	(1)
Interest charges	(11)	(3)	(3)	(5)	(5)
<b>Total investment return</b>	<b>2,179</b>	<b>532</b>	<b>276</b>	<b>1,175</b>	<b>400</b>
Other expenses	(52)	(13)	(14)	(25)	(26)
<b>PROFIT BEFORE TAX</b>	<b>2,127</b>	<b>519</b>	<b>262</b>	<b>1,150</b>	<b>374</b>
Tax	11	3	3	7	6
<b>PROFIT</b>	<b>2,138</b>	<b>522</b>	<b>265</b>	<b>1,157</b>	<b>380</b>

## Statement of comprehensive income • Parent company

Profit	2,138	522	265	1,157	380
Other comprehensive income from subsidiaries	0	0	(55)	(1)	(55)
Other comprehensive income	0	0	(55)	(1)	(55)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,138</b>	<b>522</b>	<b>209</b>	<b>1,156</b>	<b>325</b>

## Balance sheet • Parent company

(DKKm)	31 December 2021	30 June 2021	30 June 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	6,116	4,518
Total investment in subsidiaries	7,169	6,116	4,518
Equity investments	1	1	1
Total other financial investment assets	1	1	1
<b>TOTAL INVESTMENT ASSETS</b>	<b>7,170</b>	<b>6,117</b>	<b>4,519</b>
Receivables from subsidiaries	998	1,243	1,141
Other receivables	62	30	0
<b>TOTAL RECEIVABLES</b>	<b>1,059</b>	<b>1,273</b>	<b>1,141</b>
Current tax assets	0	0	42
Liquid funds	1	1	1
<b>TOTAL OTHER ASSETS</b>	<b>1</b>	<b>1</b>	<b>44</b>
<b>TOTAL ASSETS</b>	<b>8,233</b>	<b>7,394</b>	<b>5,706</b>
<b>Shareholders' equity and liabilities</b>			
Share capital	90	90	90
Other reserves	3,440	2,388	790
Total reserves	3,440	2,388	790
Profit carried forward	1,069	4,181	4,257
Proposed dividend	3,105	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,705</b>	<b>6,659</b>	<b>5,137</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>	<b>400</b>	<b>399</b>	<b>400</b>
Amounts due to subsidiaries	35	37	154
Current tax liabilities	83	288	0
Other debt	11	11	16
<b>TOTAL DEBT</b>	<b>129</b>	<b>336</b>	<b>170</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>8,233</b>	<b>7,394</b>	<b>5,706</b>

# Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the half-year report for 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

30 June 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 30 June 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 30 June 2022 until the presentation of the consolidated financial statements which could change the assessment of the interim report for H1 2022.

Ballerup, 15 July 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)

---

Jens Aaløse  
(Deputy Chairman)

---

Elise Bundgaard

---

Maria Hjorth

---

Mette Jensen

---

Cristina Lage

---

Petri Niemisvirta

---

Michael Noer

---

Morten Thorsrud

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**Topdanmark** 