

Annual Results 2022

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Topdanmark 

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Management's review

Creating a focused non-life company while delivering strong results

A letter to our shareholders from the Chairman of the Board and the Group CEO

2022 was an eventful year for Topdanmark. In March, we announced the sale of our life insurance company to Nordea, and on 1 December 2022 we formally completed the sale. In addition to being a good opportunity for the life insurance company to grow further, we firmly believe that this is a positive development for Topdanmark and our shareholders, as we are now focusing our operations entirely on non-life insurance and on creating efficient and highly profitable operations with very low volatility and low capital requirement. As such, this only further strengthens the capital repatriation case that Topdanmark has embodied for decades.

At the same time, 2022 was a very turbulent year. The Russian invasion of Ukraine brought hardship to millions of innocent people, who all have our deepest sympathy. In addition, rising inflation, weak financial markets, and sharply increasing interest rates affected individuals and companies alike all over the world.

Seen in the light of these severe events, we are very pleased with the financial developments of Topdanmark. Including the DKK 947m net gain from the sale of the life insurance company, we reported a net profit of DKK 2,049m or DKK 1,930m before run-off, significantly higher than our original expectation at the beginning of 2022 of DKK 1,200-1,450m before run-off and before the announced sale of life. As a result, the Board of Directors will propose a record-high total dividend payment of DKK 53.5 per share for 2022. The combined ratio was 83.3 before run-off, which outperformed our original expectation of 85.5-88 before run-off by a clear margin, helped along by the sale of the life activities as well as strong

business momentum with underlying profitability improvements, strong results from our efficiency programme, and premium growth.

At Topdanmark, we continue to firmly believe that long-term shareholder value is created through committed and motivated employees, who ensure first-class customer experiences, which in turn create satisfaction and loyalty to the benefit of our shareholders. To that end, we are very pleased that we once again can report a historically high employee satisfaction level of 81 compared with 80 in 2021. Likewise, we continue to see a stable, high transactional net promoter score (tNPS) in non-life. In addition, we continued to further reshape and improve our products and services throughout 2022 to adapt to changing customer demands, e.g. our updated cyber insurance product for small- and medium-sized companies.

In response to the macroeconomic uncertainty, we have proactively reached out to thousands of customers to learn how, as an insurance company, we can help them in the best possible way. Among other things, Topdanmark has carried out service checks for our commercial and agricultural customers to ensure correct coverage, including mitigating the risk of under-insurance given the high inflation, as well as offered them the possibility of monthly payments to support liquidity. We have also contacted private customers to offer them an insurance check, and eight out of ten customers accepted the offer. The private customers also get the possibility of dividing payments into smaller monthly amounts, which about half have opted to do.



Peter Hermann
Group CEO



Ricard Wennerklint
Chairman of the Board



Climate change and increasingly extreme weather affect our private, agricultural and commercial customers. In 2022, we helped an extraordinary number of customers - almost 20,000 - who were impacted by damage caused by storm or cloudbursts. We have received positive feedback on several preventive measures which we continue to develop and launch to the benefit of the customers, society and us as a company. For example, we have developed customised SMS text warnings with local weather forecasts and good advice to prevent storm damage. These warnings were sent out to more than 80,000 customers who were affected by the severe storms Malik and Nora at the beginning of the year, giving them the opportunity to prepare for the events.

In the past year, we have continued to make good progress on our strategic agenda by preparing our new core IT system, Guidewire, and finetuning our CRM system, Salesforce. In Guidewire, the first implementation wave - agricultural customers - has almost been finalised, and the results are promising. We are now launching the second implementation wave encompassing all private customers. Using state-of-the-art IT systems, we aim to increase our agility and innovative power to deliver new and improved products and services faster and digitally.

Our overarching ambition is to solve 80% of all customer inquiries within 20 seconds.

We have also seen solid traction on our efficiency programme, which aims to improve our profitability by leveraging automation and digitalisation across the value chain, a best-in-class procurement setup, and a stringent focus on risk and pricing. In 2022, we have delivered gross savings of DKK 325m, which is somewhat more than our original expectations of DKK 260m. Due to the strong delivery on the programme so far, and the inclusion of further cost efficiency measures, we increase our ambitions and now expect the programme to deliver DKK 650m of gross savings by 2025.

As a final remark, the Board of Directors and the Group Executive Management would like to thank all employees for their remarkable efforts during the year. Considering the intensely increased macroeconomic uncertainty, we are very proud to see the hard work and dedication put into helping our customers navigate through these challenging times. In addition, we acknowledge the extraordinary strain put on the organisation by the sale of the life insurance company. We are equally very grateful for your tireless efforts in this process.

Highlights

2022

- Profit after tax of DKK 2,049m (2021: DKK 2,138m)
- EPS was DKK 23.2 (2021: DKK 24.3)
- Combined ratio: 81.8 (2021: 80.1)
- Combined ratio excl. run-off: 83.3 (2021: 82.8)
- Premiums increased by 3.8% in non-life insurance.
- After return on non-life insurance provisions, the investment return was DKK -477m (2021: DKK 554m).
- Profit from discontinued operations was DKK 1,089m after tax (2021: DKK 248m).

Q4 2022

- Profit after tax of DKK 1,410m (Q4 2021: DKK 625m)
- EPS was DKK 15.9 (Q4 2021: DKK 7.1)
- Combined ratio: 80.9 (Q4 2021: 77.9)
- Combined ratio excl. run-off profits: 81.7 (Q4 2021: 80.4)
- Premiums increased by 4.0% in non-life insurance.
- After return on non-life insurance provisions, the investment return was DKK 78m (Q4 2021: DKK 193m).
- Profit from discontinued operations was DKK 983m after tax (Q4 2021: DKK 64m).

Dividend distribution for 2022

- The Board of Directors will recommend to the AGM that distribution of a total dividend of DKK 4,815m takes place, representing DKK 53.5 per share, a pay-out ratio of 235 and a dividend yield of 14.6. The total dividend is made up of an ordinary dividend of DKK 990m from this year's profit from continuing operations of DKK 960m, representing DKK 11.0 per share and a pay-out ratio of 103.1, as well as an extra dividend based on the sale of Topdanmark Liv Holding A/S of DKK 3,825m, representing DKK 42.5 per share.
- Subject to the approval from the AGM, the distribution of dividend will take place immediately after the AGM on 26 April 2023.

Profit forecast model for 2023

- The post-tax profit forecast model for 2023 amounts to DKK 1,050-1,310m, excl. run-off.
- The assumed combined ratio for 2023 is adjusted to 83-86 excl. run-off due to rising long interest rates, removal of the VA component, and higher expected

reinsurance prices. These three effects impacted the assumed combined ratio by well above 0.5pp.

- The expected premium growth in non-life is unchanged at 2-3.5%.

Divestment of Topdanmark Liv Holding A/S

On 1 December 2022, the divestment of Topdanmark Liv Holding A/S to Nordea was completed.

Efficiency programme

- In 2022, Topdanmark has made solid progress in its efforts to become more efficient.
- Topdanmark has realised gross efficiency gains of DKK 325m, ahead of original expectations of DKK 260m.
- Due to the strong delivery on the programme so far and the inclusion of further cost efficiency measures, the efficiency programme is now targeted to deliver gross efficiency gains of DKK 650m in 2025.
- In 2023, the gross efficiency gains from the programme are expected to amount to DKK 435m.

Annual General Meeting

The date of the Annual General Meeting has been changed to 26 April 2023 at 15:00 (CET), and it will be a fully virtual AGM.

Conference call

A conference call will be held today at 15:00 (CET) where Peter Hermann, CEO, and Lars Kufall Beck, CFO will be available for questions based on the annual results. The call will be conducted in English. In order 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 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)	2018	2019	2020	2021	2022	Q4 2021	Q4 2022
Premiums earned, non-life insurance	8,609	8,896	9,125	9,541	9,903	2,421	2,518
	8,609	8,896	9,125	9,541	9,903	2,421	2,518
Results:							
Non-life insurance	1,378	1,845	1,347	2,461	1,299	726	565
Parent company etc.	54	60	34	-35	-59	-17	-10
Profit before tax, continuing operations	1,432	1,905	1,381	2,426	1,240	709	554
Tax, continuing operations	-312	-422	-311	-537	-280	-149	-127
Profit after tax, continuing operations	1,120	1,483	1,070	1,889	960	561	427
Profit after tax, discontinued operations	210	64	54	248	1,089	64	983
Profit	1,331	1,547	1,124	2,138	2,049	625	1,410
Run-off profits, net of reinsurance	201	377	-5	255	152	60	20
Shareholders' equity of parent company at 1 January	6,497	6,322	6,703	7,185	7,705	7,040	5,414
Profit	1,331	1,547	1,124	2,138	2,049	625	1,410
Dividend paid	-1,710	-1,350	-765	-1,800	-3,105	0	0
Dividend own shares	73	50	24	48	65	0	0
Share-based payments	131	148	98	133	147	39	37
Other movements in shareholders' equity	1	-14	1	0	0	2	-1
Shareholders' equity of parent company end of period	6,322	6,703	7,185	7,705	6,860	7,705	6,860
Deferred tax on security funds	-306	-306	-306	-306	-362	-306	-362
Shareholders' equity of Group end of period	6,016	6,397	6,879	7,399	6,498	7,399	6,498
Total assets, parent company	6,873	7,274	7,785	8,233	7,095		
Total assets, Group	83,224	98,442	109,288	120,368	23,024		
Provisions for insurance and investment contracts:							
Non-life insurance	16,056	16,175	16,462	17,102	13,279		
Life insurance	56,519	70,603	79,335	89,593	0		
Financial ratios (parent company)							
Post-tax profit as a percentage of shareholders' equity *	21.8	24.8	16.6	30.5	31.4		
Post-tax EPS continuing operations (DKK)	13.0	17.1	12.3	21.5	10.9	6.4	4.8
Post-tax EPS continuing operations, diluted (DKK)	12.9	17.0	12.2	21.5	10.8	6.4	4.8
Post-tax EPS (DKK)	15.4	17.8	12.9	24.4	23.2	7.1	15.9
Post-tax EPS, diluted (DKK)	15.4	17.7	12.9	24.3	23.2	7.1	15.9
Dividend per share issued, proposed (DKK)	15.0	17.0	20.0	34.5	53.5		
Net asset value per share, diluted (DKK)	72.9	76.7	82.0	87.4	77.1		
Listed share price end of period	303.0	328.4	264.2	367.0	365.4		
Number of shares end of period ('000)	86,432	87,067	87,491	87,978	88,518		
Average number of shares ('000)	86,242	86,824	87,266	87,703	88,206	87,933	88,401
Average number of shares, diluted ('000)	86,637	87,229	87,475	87,948	88,505	88,212	88,648
Ratios non-life insurance							
Gross claims ratio	65.1	62.1	66.1	62.9	62.6	59.9	59.7
Net reinsurance ratio	1.3	2.5	3.0	1.0	2.8	1.9	3.6
Claims ratio, net of reinsurance	66.4	64.6	69.0	63.9	65.4	61.8	63.3
Gross expense ratio	16.6	16.5	16.9	16.2	16.4	16.1	17.7
Combined ratio	83.0	81.1	85.9	80.1	81.8	77.9	80.9
Combined ratio excl. run-off profits	85.4	85.4	85.9	82.8	83.3	80.4	81.7

* Post-tax profit as a percentage of shareholders' equity has been annualised.
Due to the divestment of Topdanmark Liv Holding figures have been restated.

Results for 2022

Results and profit forecast model (DKKm)	Results		Results		Forecast 2022 company announcement no. 19/2022		
	Q4 2021	Q4 2022	2021	2022			
Non-life insurance							
- Technical result	534	480	1,897	1,802	1,675	-	1,775
- Investment return after return and value adjustments of non-life insurance provisions	193	81	564	-468	-565	-	-550
- Other items	-1	3	1	-35	-40	-	-40
Profit on non-life insurance	726	565	2,461	1,299	1,070	-	1,185
Parent company etc.	-17	-10	-35	-59	-65	-	-60
Profit before tax, continuing operations	709	554	2,426	1,240	1,005	-	1,125
Tax, continuing operations	-149	-127	-537	-280	-230	-	-250
Profit after tax, continuing operations	561	427	1,889	960	775	-	875
Profit after tax, discontinued operations	64	983	248	1,089	1,025	-	1,075
Profit	625	1,410	2,138	2,049	1,800	-	1,950

Topdanmark's post-tax profit for 2022 was DKK 2,049m (2021: DKK 2,138m).

The technical result decreased by DKK 95m to DKK 1,802m. The decrease was driven by lower run-off and higher weather-related claims in Q1 2022, mainly caused by the storms Malik and Nora. In addition, 2021 was positively impacted by COVID-19. The technical result benefitted from growth and rising interest rates as well as continued progress on our efficiency programme.

In Q1 2022, 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 on non-life insurance provisions decreased by DKK 1,032m to DKK -468m. This development should be seen in the light of the volatility in the financial markets during 2022 caused in part by the war in Ukraine and rising inflation, whereas the investment return in 2021 was impacted by favourable market conditions, especially for equity investments and CLOs.

The profit from discontinued operations (encompassing the life operations that were sold as at 1 December 2022) increased by DKK 841m to DKK 1,089m after tax. The improvement mainly derives from the gain related to the sale of the life operations, partly offset by costs related to the sale. Underlying, 2022 was affected by the negative development mainly deriving from investment as well as risk return on shareholders' equity. In 2021, the investment return was also positively impacted by valuation adjustments of the property portfolio.

The profit of DKK 2,049m is better than assumed in the latest profit forecast model as updated in company announcement no. 19/2022 dated 1 December 2022, showing a post-tax profit of DKK 1,800-1,950m. The profit improvement is mainly due to a higher investment return, run-off profits and lower weather-related claims in Q4, and a slightly higher profit from discontinued operations than assumed.

Results for Q4 2022

The profit for Q4 2022 was DKK 1,410m (Q4 2021: DKK 625m).

The technical result decreased to DKK 480m from the historically high level of DKK 534m in Q4 2021. The decrease was driven by higher claims frequencies across certain business lines following the normalisation of COVID-19 impacts since last year. These effects more than outweighed the effect of higher interest rates and improved underlying trends most notably within house and property insurance.

After return on non-life insurance provisions, the investment return in non-life insurance decreased by DKK 112m to DKK 81m.

The result of discontinued operations amounted to DKK 983m and included the gain related to the sale of the life operations as well as costs related to the sale.

Non-life insurance in 2022

Financial highlights – Non-life insurance (DKK m)	Q4		Q4	
	2021	2022	2021	2022
Gross premiums earned	2,421	2,518	9,541	9,903
Claims incurred	-1,450	-1,504	-6,000	-6,197
Expenses	-391	-445	-1,545	-1,628
Net reinsurance	-46	-90	-99	-276
Technical result	534	480	1,897	1,802
Investment return after return and value adjustments of non-life insurance provisions	193	81	564	-468
Other items	-1	3	1	-35
Profit on non-life insurance	726	565	2,461	1,299
Run-off profits, net of reinsurance	60	20	255	152
Gross claims ratio	59.9	59.7	62.9	62.6
Net reinsurance ratio	1.9	3.6	1.0	2.8
Claims ratio, net of reinsurance	61.8	63.3	63.9	65.4
Gross expense ratio	16.1	17.7	16.2	16.4
Combined ratio	77.9	80.9	80.1	81.8
Combined ratio excl. run-off profits	80.4	81.7	82.8	83.3

Premiums earned

Premiums earned increased by 3.8% to DKK 9,903m. The private segment accounted for a 1.9% increase, while the SME segment accounted for a 5.6% 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 2022. We expect the trend to continue in 2023.

Claims ratio

Claims ratio, net of reinsurance	Q4		Q4	
	2021	2022	2021	2022
Claims ratio, net of reinsurance	61.8	63.3	63.9	65.4
Run-off	2.5	0.8	2.7	1.5
Weather-related claims	-1.3	-1.1	-1.9	-2.8
Large-scale claims	-0.7	-0.9	-1.3	-1.0
Other	-0.3	0.5	0.2	0.3
Claims before run-off, weather, large-scale claims and other	62.0	62.6	63.6	63.4
Discounting	0.6	2.8	0.3	2.0
COVID-19			0.7	
Underlying (undiscounted) claims ratio, net of reinsurance	62.5	65.4	64.7	65.4

The claims ratio, net of reinsurance, was 65.4 in 2022, up from 63.9 in 2021. However, gross of reinsurance, the claims ratio improved year-on-year from 62.9 to 62.6.

The run-off profit, net of reinsurance, was DKK 152m (2021: DKK 255m), representing a 1.2pp negative effect on the claims ratio. Specifically, run-off profits in house and property insurance were lower than in 2021.

Weather-related claims amounted to DKK 276m in 2022 (2021: DKK 182m), representing a 0.9pp deterioration of the claims ratio. The level of weather-related claims was thus DKK 9m below the normalised modelled level of DKK 285m.

Weather-related claims were high in Q1 2022 due to the storms Malik and Nora, while weather conditions in Q2-Q4 2022 were more benign. In comparison, weather conditions in 2021 were very benign apart from Q3 2021 which saw several cloudbursts.

The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) decreased by DKK 24m to DKK 96m in 2022 (2021: DKK 120m), representing a 0.3pp improvement of the claims ratio. The level of large-scale claims was thus almost in line with the normalised modelled level of DKK 100m.

The claims ratio was positively impacted by the higher

interest rates. The discounting effect was 1.7pp higher compared with 2021.

Inflation within construction materials rose significantly in 2022, most notably within energy-consuming materials such as tiles, cement and insulation. However, we see signs that inflation peaked during Q4. 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 inflation, and we continue to closely monitor the market situation. To that end, we have continued our pricing initiatives and started to implement inflation-related pricing initiatives across different product lines and customer segments with effect from 2023. 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 slightly to 63.4 in 2022.

The underlying claims ratio, which is adjusted further for discounting and COVID-19 impact, increased by 0.7pp to 65.4. This was due to a meaningful headwind from normalised claims frequencies after COVID-19, partly offset by improved underlying trends within e.g. house and property insurance. Please note that although we stopped reporting on the estimated COVID-19 impact in Q3 2021, the last quarter of 2021 was also clearly positively impacted by COVID-19.

Expense ratio

The expense ratio was 16.4, almost in line with the level last year of 16.2. General cost inflation was mitigated by our continued efforts to realise our efficiency programme targets. Synergies between non-life and life insurance affected the expense ratio positively until closing of the sale of Topdanmark Liv Holding A/S as at 1 December 2022, causing a higher expense ratio in Q4, which was expected following the closing of the transaction.

Combined ratio

The combined ratio was 81.8 (2021: 80.1). Excluding run-off, the combined ratio was 83.3 (2021: 82.8).

Non-life insurance in Q4 2022

Premiums earned in Q4 2022 increased by 4.0% to DKK 2,518m. The growth in premiums was 2.0% and 5.9% in the private segment and the SME segment, respectively.

The claims ratio was 63.3 in Q4 2022, up from 61.8 in Q4 2021. However, gross of reinsurance, the claims ratio improved year-on-year from 59.9 to 59.7.

Weather conditions were benign during October and November, while we experienced some winter weather and frost during parts of December. Related claims amounted to DKK 27m, DKK 4m lower than in Q4 2021 corresponding to an improvement of the claims ratio of 0.2pp. Weather-related claims were somewhat below the normalised modelled level of DKK 70m.

Large-scale claims amounted to DKK 23m, slightly higher than the level in Q4 2021 (DKK 18m) but marginally below the normalised modelled level of DKK 25m, corresponding to a deterioration of the claims ratio of 0.2pp. Q4 2021 was predominantly affected by a few, but large fire-related claims in the SME segment, impacting the net reinsurance ratio positively compared with Q4 2022.

The claims ratio was positively impacted by the higher interest rates. The discounting effect was 2.2pp higher compared with Q4 2021.

The run-off profit, net of reinsurance, was DKK 20m, largely in line with preceding quarters but somewhat below the level in Q4 2021 (DKK 60m), representing a 1.7pp 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 increased by 0.6pp to 62.6.

The underlying claims ratio, which is adjusted further for discounting, increased by 2.9pp to 65.4 from the very low level in Q4 2021. The increase was mostly due to a headwind from normalised claims frequencies after COVID-19, in particular within travel insurance and personal accident. Furthermore, the provision for weather-related accidents within motor insurance in Q4 2021 was understated by around DKK 20m. Please note that we stopped reporting on the estimated impact of COVID-19 as at Q3 2021, despite the underlying frequency clearly being impacted by

COVID-19 from Q3 2021 onwards as well. Despite the higher frequency levels, profitability remains solid with a full-year claims ratio below 70 within travel insurance and in the mid-60s within personal accident.

The expense ratio was 17.7 (Q4 2021: 16.1) and was negatively affected by dissynergies related to the sale of our life insurance operations as well as the

increased use of external sales channels and one-off costs in Q4 2022. As previously stated, annual dissynergies from the sale of life is estimated at approx. DKK 150m.

The combined ratio was 80.9 (Q4 2021: 77.9). Excluding run-off, the combined ratio was 81.7 (Q4 2021: 80.4).

Segment reporting

Private

Private (DKK m)	Q4		2021		2022	
	2021	2022	2021	2022	2021	2022
Gross premiums earned	1,177	1,200	4,674	4,765		
Claims incurred	-670	-771	-2,837	-3,025		
Expenses	-177	-221	-730	-781		
Net reinsurance	-14	-15	-60	-50		
Technical result	316	192	1,047	909		
Run-off profits, net of reinsurance	34	-8	123	57		
Gross claims ratio	56.9	64.2	60.7	63.5		
Net reinsurance ratio	1.2	1.3	1.3	1.0		
Claims ratio, net of reinsurance	58.1	65.5	62.0	64.5		
Gross expense ratio	15.0	18.4	15.6	16.4		
Combined ratio	73.2	84.0	77.6	80.9		
Combined ratio excl. run-off profits	76.1	83.3	80.2	82.1		

The private segment offers policies to individual households in Denmark.

Premiums earned increased by 1.9% to DKK 4,765m in 2022. Premiums increased by 2.0% in Q4 2022.

The technical result was DKK 909m in 2022, representing a decrease of DKK 138m compared with 2021.

The claims ratio increased by 2.5pp to 64.5 in 2022. Weather-related claims amounted to DKK 133m in 2022 (2021: DKK 99m) mainly due to the two storms in Q1 2022 and cloudbursts in Q3 2022, representing a 0.7pp deterioration of the claims ratio.

Run-off of DKK 57m was DKK 66m lower than in 2021 corresponding to a negative impact of 1.4pp on the claims ratio. Furthermore, the provision for weather-related accidents within motor insurance was understated by around DKK 20m in Q4 2021.

The underlying result improved due to activities for improvement of profitability, mainly within house and holiday home insurance, as well as rising interest rates. On the other hand, claim levels have normalised

after COVID-19.

The expense ratio increased to 16.4 from 15.6 in 2021. Costs were affected by the increased use of external sales channels and one-off costs in Q4 2022. In addition, dissynergies related to the sale of our life operations affected the expense ratio from 1 December 2022.

The combined ratio was 80.9 in 2022 (2021: 77.6).

Excluding run-off, the combined ratio was 82.1 (2021: 80.2).

SME

SME (DKKm)	Q4	Q4		
	2021	2022	2021	2022
Gross premiums earned	1,248	1,321	4,878	5,150
Claims incurred	-783	-735	-3,173	-3,182
Expenses	-214	-224	-817	-848
Net reinsurance	-32	-74	-39	-227
Technical result	220	288	850	893
Run-off profits, net of reinsurance	26	28	132	95
Gross claims ratio	62.7	55.6	65.0	61.8
Net reinsurance ratio	2.5	5.6	0.8	4.4
Claims ratio, net of reinsurance	65.3	61.3	65.8	66.2
Gross expense ratio	17.2	17.0	16.7	16.5
Combined ratio	82.4	78.2	82.6	82.7
Combined ratio excl. run-off profits	84.5	80.3	85.3	84.5

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

Premiums earned increased by 5.6% to DKK 5,150m in 2022. Premiums increased by 5.9% in Q4 2022.

The technical result in 2022 increased by DKK 43m to DKK 893m.

The net reinsurance ratio increased markedly from the very low level in 2021 due to a few large-scale claims in 2021 with significant reinsurance coverage. The gross claims ratio decreased markedly for the same reason.

The level of large-scale claims was DKK 37m below the level of 2021.

In 2022, weather-related claims amounted to DKK 143m (2021: DKK 83m), representing a 1.1pp deterioration of the claims ratio.

Run-off was DKK 95m in 2022 (2021: DKK 132m). Run-off profits were driven mainly by workers' compensation.

In 2022, the underlying result improved due to activities for improvement of profitability, despite normalised claim levels after COVID-19. Workers' compensation insurance was positively affected by increasing interest rate levels.

The expense ratio was 16.5 in 2022 which is 0.2pp below 2021.

In 2022, the combined ratio was 82.7 almost in line with 2021.

Excluding run-off, the combined ratio was 84.5 in 2022 (2021: 85.3).

Discontinued operations (Topdanmark Liv Holding A/S)

Discontinued operations (DKKm)	Q4	Q4		
	2021	2022	2021	2022
Investment return on shareholders' equity	76	23	318	130
Sales and administration	7	13	26	63
Insurance risk	7	-7	4	7
Risk return on shareholders' equity	42	31	155	76
Profit on life insurance	132	60	502	276
Illness and accident	-49	-70	-187	-171
Profit before tax, Topdanmark Liv Holding Group	83	-11	316	105
Net gain	-	949	-	947
Profit before tax, discontinued operations	83	938	316	1,052
Tax	-18	44	-67	37
Profit after tax, discontinued operations	65	983	248	1,089

Please note that for the section on discontinued operations, we compare 11 months in 2022 to the full year of 2021. For Q4 2022, we compare two months in 2022 to three months in 2021. This is due to the closing of the sale of Topdanmark Liv Holding A/S as at 1 December 2022.

Profit after tax from discontinued operations amounted to DKK 1,089m (2021: DKK 248m). The result is mainly affected by the gain from the sale of the life operations, partly offset by costs related to the sale (all booked in the line "net gain"). Underlying, the result is negatively affected by lower investment and risk returns.

The investment return on shareholders' equity was DKK 130m in 2022 (2021: DKK 318m).

The result of sales and administration increased by DKK 37m to DKK 63m, mainly as no amortisation on IT intangibles was carried out in the period between

signing and closing of the divestment of Topdanmark Liv Holding A/S. This effect was offset within the net gain recognised upon closing of the sale.

The insurance risk result increased by DKK 3m to DKK 7m.

The risk return on shareholders' equity decreased by DKK 79m to DKK 76m.

The illness and accident result increased by DKK 16m to DKK -171m as 2021 was impacted by a run-off loss and higher provisions for unexpired risk due to increasing inflation expectations.

Finally, the tax line showed a gain of DKK 37m. Please note that the gain from the sale of the life operations was tax-free while a small part of the extraordinary costs related to the sale was assumed tax deductible.

Investment activities

Investment return	Portfolio 31 Dec		Return Q4 2021				Return Q4 2022			
	2021	2022	(DKKbn)		(DKKbn)		(DKKbn)		(DKKbn)	
			(DKKbn)	%	(DKKbn)	%	(DKKbn)	%	(DKKbn)	%
Danish equities	0.2	0.2	14	7.1	26	16.9	42	22.7	-25	-12.2
Foreign equities	0.8	0.6	63	7.9	45	7.2	180	24.0	-168	-19.9
Unlisted equities and hedge funds	0.4	0.3	4	1.0	11	2.9	36	10.5	14	3.9
Government and mortgage bonds	11.5	12.8	36	0.2	158	1.5	-302	2.2	-1,069	-8.9
Credit bonds	0.0	0.2	0	0.0	-1	0.0	0	0.0	-1	0.0
Index linked bonds	0.6	0.7	5	1.3	38	7.2	-9	-2.0	14	2.6
CLOs	0.7	0.2	21	3.0	-1	-0.2	163	28.7	-115	-14.1
Properties	1.2	0.8	36	2.9	-39	-4.3	110	9.4	-16	-1.8
Expenses, money markets etc.	5.0	3.8	7	0.2	-3	-0.1	18	0.7	8	0.2
Subordinated loan capital	-1.9	-1.1	-5	-0.4	-13	-0.7	-34	-2.1	-36	-1.9
	18.6	18.5	181	1.0	222	1.4	204	1.2	-1,393	-7.9
Asset management (2021: 6 months)			-				4			
Investment return			181		222		208		-1,393	
Return and value adjustments of non-life insurance provisions			11		-144		346		916	
Investment return after return on non-life insurance provisions			193		78		554		-477	

The investment return after return and value adjustments of non-life insurance provisions was DKK -477m (2021: DKK 554m). In Q4 2022, the investment return was DKK 78m (Q4 2021: DKK 193m).

The negative return in 2022 was primarily driven by falling equity markets, spread widening on CLOs, and a net loss from hedging the regulatory part of the Solvency II curve, i.e. the volatility adjustment. The positive return in Q4 was supported by the

equity allocation, inflation-indexed bonds, and Danish mortgage bonds.

During 2022, the financial markets were severely affected by increased macroeconomic volatility which can mainly be attributed to increasing inflation, downward pressure on economic growth, and geopolitical tensions. The ongoing battle between inflation and growth continued as central banks kept trying to mitigate inflation dynamics by tightening

monetary policies.

Q4 2022 was characterised by better sentiment driven by expectations of lower inflation going forward. In combination with better-than-expected growth prospects, this turned sentiment around in Q4 and supported equity and spread markets.

On the “free” portfolio, i.e. the assets not used to match our liabilities, the better sentiment throughout the quarter supported the equity allocation - both Danish and global equities. Furthermore, inflation-indexed bonds benefitted from a spike in expected inflation that further supported the positive investment results in Q4. On the negative side, the property portfolio, which only comprises owner-occupied properties, saw a loss of DKK 39m as a result of a negative value adjustment.

After the sale of Topdanmark Liv Holding A/S, the equity exposure and strategy are shifted from single-stock picking towards ETFs. Furthermore, an exposure to high yield credit is added to the “free” portfolio. Due to market conditions in Q4 2022, Topdanmark Forsikring A/S retains some exposure to CLOs over the year-end. We aim to reduce the CLO exposure further over the coming quarters.

As regards the liability matching part of the investment portfolio, the duration risk between

provisions and the fixed income assets has throughout the year been fully hedged by fixed income assets, primarily Danish mortgage bonds, and interest rate swaps. The fixed income part of the portfolio is dominated by AAA-rated Danish mortgage bonds. Besides hedging duration risk, Danish mortgage bonds are also hedging the volatility component of the Solvency II curve. The fluctuations in the hedging throughout the year can primarily be attributed to the volatility adjustment (VA) on the Solvency II curve which periodically has moved asynchronously with i.a. the spread on Danish mortgage bonds.

The Danish volatility adjustment on the Solvency II curve (VA) decreased during Q4 and ended the year at 16bps which is 31bps lower compared with the beginning of the year. The VA component comprises a corrective element for the development in the pricing of Danish mortgage bonds, as well as a corrective element for the development in the pricing of European business credits. Note that we will stop using the VA component to the solvency II curve as of 1 January 2023.

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

Solvency calculation and capital requirements

Solvency cover (DKKm)	2018	2019	2020	2021	30 Sep	
					2022	2022
Shareholders' equity	6,016	6,397	6,879	7,399	5,052	6,498
Proposed dividend	-1,350	-1,530	-1,800	-3,105	0	-4,815
Deferred tax on security funds	306	306	306	306	362	362
Profit margin	1,005	1,138	1,442	2,761	2,189	1,300
Intangible assets	-1,091	-1,291	-1,529	-1,641	-1,833	-1,314
Other	-69	-64	-169	-189	-120	-10
Tax effects	-63	-49	-41	-302	-149	-105
Subordinated loan tier 1	400	400	400	400	0	400
Subordinated loans tier 2, usable share	1,355	1,353	1,350	1,500	1,185	700
Own funds	6,509	6,660	6,839	7,129	6,685	3,016
Solvency requirement	3,322	3,773	4,016	3,495	2,370	1,518
Solvency cover (%)	196	177	170	204	282	199

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 partial internal model developed in-house to calculate the non-life risk. This model, approved by the Danish FSA, provides the basis for including non-life risks in

our solvency calculations.

The solvency cover for the Group decreased from 282% at the end of Q3 2022 to 199% at the end of Q4 2022 (516% before deduction of the proposed dividend for 2022). The divestment of Topdanmark

Liv Holding A/S positively affected own funds and substantially decreased the solvency requirement in Q4. After deduction of the proposed dividend for 2022, own funds decreased by DKK 3,669m, while the solvency requirement decreased to DKK 1,518m. Partly offsetting the positive impacts of the sale, the stress on equity exposures rose somewhat from the historically low level in Q3 2022, while the exposure to equities also increased due to market movements. As we continue our efforts to reduce the CLO exposure, the solvency requirement will likely decrease further into 2023, all things being equal.

After the divestment of Topdanmark Liv Holding A/S, we have optimised the capital structure of the Group. On 22 December 2022, Topdanmark Forsikring A/S issued a subordinated tier 1 bond (restricted tier 1 capital notes) of DKK 400m to replace the bond of a similar size that was deducted from own funds as at Q3 2022 and redeemed in November 2022. This loan is perpetual but includes an option allowing us to redeem the loan as at 22 December 2027.

Further, on 19 December 2022, Topdanmark Forsikring A/S redeemed DKK 800m of subordinated tier 2 capital. After this redemption, Topdanmark Forsikring A/S has DKK 700m of outstanding subordinated tier 2 notes in a single tranche with maturity in 2031 and first call date in 2026.

Parent company etc.

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

The result for the parent company decreased by DKK 24m to DKK -59m in 2022.

Taxation

The tax charge on continuing operations was DKK 280m of the pre-tax profit of DKK 1,240m, corresponding to an effective tax rate of 22.5% (2021: 22.1%).

Efficiency programme

The main focus areas of the efficiency programme are:

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

We made substantial headway with the programme during 2022, and our efforts to become more efficient are progressing well.

Within automation, digitalisation, and fraud detection, we delivered solid progress. Our fraud detection capabilities increased substantially, for example by way of leveraging machine learning to pinpoint actionable leads. As a result, withheld claims reached index 142 compared with 2020.

Within risk and pricing, we improved our products to the benefit of our customers e.g. within content and motor insurance, allowing us to make small price adjustments. Furthermore, we have finalised our risk-based price increases on house insurance, on average raising prices by 9% for approx. 145,000 customers. We will continue our efforts to improve our products and optimise tariffs across the entire portfolio.

Within procurement and cost efficiency, our progress was strong. We have finalised the first wave of creating a best-in-class procurement function, and we have finalised more than 50 different sourcing projects within claims, IT and indirect spend. Further, costs were reduced through focused efforts to reduce consultancy spend as well as organisational adjustments. Cost efficiencies mainly stem from IT, staff, and back-office functions.

As a result of the above, we delivered DKK 325m gross efficiency gains in 2022, somewhat above our target of DKK 260m.

Due to the strong delivery on the programme so far and the inclusion of further cost efficiency measures, we have increased the targeted savings of the efficiency programme. The efficiency programme now targets DKK 650m of gross efficiency gains in 2025. The original efficiency programme targeted DKK 500m of gross efficiency gains in 2025. This means that we have added gross efficiency measures corresponding to the dissynergies related to the sale of the life operations, and we aim to offset the dissynergies on a net basis to a large extent.

At the end of 2022, we have thus obtained 50% of the targeted gross efficiency gains. In 2023, we will continue our efforts to become more efficient, and gross efficiency gains are expected to reach DKK 435m.

New IT systems

The process of implementing the new IT system made significant progress during 2022, and we have almost finalised Wave 1 of the implementation plan (agricultural customers). In 2023, Wave 2 of the implementation plan (private customers) will be launched. In addition, planning of Wave 3 (commercial customers) will be carried out.

The implementation of the new IT system is progressing according to the implementation plan.

Profit forecast model for 2023

Profit forecast model 2023 (DKKm)	Results 2022	Forecast 2023 30 December 2022		
Non-life insurance				
- Technical result	1,802	1,425	–	1,725
- Investment return after return and value adjustments of non-life insurance provisions	-468	100	–	125
- Other items	-35	-65	–	-60
Profit on non-life insurance	1,299	1,460	–	1,790
Parent company etc.	-59	-60	–	-50
Profit before tax, continuing operations	1,240	1,400	–	1,740
Tax, continuing operations	-280	-350	–	-430
Profit after tax, continuing operations	960	1,050	–	1,310
Profit after tax, discontinued operations	1,089	-	–	-
Profit	2,049	1,050	–	1,310

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, set out at 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 year, but solely on a long-term standard assumption regarding the return.

Non-life insurance

In the Q1-Q3 Report, we assumed premium growth of 2-3.5% and a combined ratio of 82.5-85.5 for 2023. Please note that these ranges are based on the new IFRS 17 accounting standard, which entered into force on 1 January 2023. A separate memo on the impacts of IFRS 17 can be found on www.topdanmark.com. The underlying assumptions of the profit forecast model can be found in the Q1-Q3 Report. Since this report, the following major changes to assumptions have occurred:

- Interest rates have decreased in the long end of the curve, which negatively affects workers' compensation liabilities.
- From 1 January 2023, we have decided to cease to use the volatility adjustment to the Solvency II interest rate curve, which negatively affects the claims level.

- The reinsurance market for natural catastrophe coverage is toughening as exemplified by the industry-wide renewals as at 1 January 2023. Our programme renews as at 1 July 2023, and we expect somewhat higher pricing.
- The above three impacts in combination increased the combined ratio in the profit forecast model by well above 0.5pp.
- Higher targeted gross effects from the efficiency programme.

As a result, the assumed premium growth is unchanged at 2-3.5%, and the assumed combined ratio is adjusted to 83-86. This includes an unchanged expectation of an expense ratio of around 16.5.

The overall assumed pre-tax result for non-life insurance is DKK 1,460-1,790m excl. run-off.

Parent company

The profit forecast model for the parent company plus subsidiaries outside of the insurance group assumes a pre-tax loss of DKK 50-60m.

Taxation

In 2023, the corporate tax rate for financial sector companies increases to 25.2%. We are still assessing the final impact of this on the effective tax rate of the Group. Assuming an effective tax rate of 25.2% for the Topdanmark Group, the tax charge is expected to be DKK 350-430m.

Total Group profit

Topdanmark's overall post-tax profit according to the profit forecast model for 2023 is DKK 1,050-1,310m, representing an EPS of DKK 11.9-14.8. The assumed profit is exclusive of run-off. The result of the profit forecast model corresponds to 69-86% of the current Group solvency requirement.

The profit forecast model assumes unchanged foreign exchange rates from the level as at 30 December 2022. For the liability matching part of the investment portfolio, the model assumes that the return on interest-bearing assets that hedge the discounted provisions exactly suffices to cover discounting and value adjustments of the provisions. For the "free" investment portfolio, the profit forecast model is based on the common return expectations for investments with a 1-5-year horizon as set out by the Council for Return Expectations.

Distribution of dividend for 2022

Given Topdanmark's exceptionally strong solvency position after the divestment of Topdanmark Liv Holding A/S, the Board of Directors will recommend to the AGM that distribution of a total dividend of DKK 4,815m takes place, representing DKK 53.5 per share, a pay-out ratio of 235 and a dividend yield of 14.6. The total dividend is made up of an ordinary dividend of DKK 990m from this year's profit from continuing operations of DKK 960m, representing DKK 11.0 per share and a pay-out ratio of 103.1, as well as an extra dividend based on the sale of Topdanmark Liv Holding A/S of DKK 3,825m, representing DKK 42.5 per share.

Subject to the approval from the AGM, the distribution of dividend will take place immediately after the AGM on 26 April 2023.

Annual General Meeting

The date of the Annual General Meeting has been changed to 26 April 2023 at 15:00 (CET), and it will be held as a fully virtual AGM.

The agenda for the Annual General Meeting will be published in the period from 21 March to 4 April 2023.

Financial calendar

2022 Annual Report	23 Feb 2023
Deadline for submitting items for the AGM agenda	14 Mar 2023
Q1 2023 Interim Report	25 Apr 2023
AGM	26 Apr 2023
2023 Half-year Report	14 July 2023
Q1-Q3 2023 Interim Report	24 Oct 2023

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 → 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-Q4 2022 - Group

Income statement • Group

(DKKm)	Note	Q4 2021	Q4 2022	2021	2022
NON-LIFE INSURANCE					
Gross premiums written		1,684	1,643	9,620	9,730
Ceded reinsurance premiums		-45	-53	-601	-657
Change in the provisions for unearned premiums		1,107	1,287	128	215
Change in profit margin and risk margin		-356	-395	-130	50
Change in the reinsurers' share of the provisions for unearned premiums		-103	-122	4	-6
Premiums earned, net of reinsurance		2,287	2,360	9,021	9,332
Claims paid		-1,463	-1,599	-5,629	-6,040
Reinsurance cover received		66	140	268	400
Change in the provisions for claims		21	83	-378	-173
Change in risk margin		-7	14	17	25
Change in the reinsurers' share of the provisions for claims		15	-81	150	-100
Claims incurred, net of reinsurance	1	-1,368	-1,443	-5,573	-5,888
Bonuses and rebates		-14	-16	-78	-92
Acquisition costs		-236	-282	-985	-1,049
Administrative expenses		-152	-157	-541	-559
Reinsurance commission and share of profits		21	26	81	86
Insurance operating expenses, net of reinsurance		-367	-413	-1,444	-1,521
TECHNICAL RESULT FROM NON-LIFE INSURANCE		538	488	1,926	1,831
Income from associates and joint ventures		0	0	4	-4
Income from investment properties		3	0	16	0
Interest income and dividends etc.		70	71	368	325
Value adjustments		124	187	-113	-1,637
Interest charges		-9	-15	-48	-43
Expenses on investment activities		-13	-25	-49	-63
Total investment return		175	218	178	-1,422
Return and value adjustments of non-life insurance provisions		11	-144	346	916
Other income		2	2	35	8
Other expenses		-17	-9	-59	-93
PROFIT BEFORE TAX, CONTINUING OPERATIONS		709	554	2,426	1,240
Tax, continuing operations		-149	-127	-537	-280
PROFIT AFTER TAX, CONTINUING OPERATIONS		561	427	1,889	960
Profit after tax, discontinued operations	4	64	983	248	1,089
PROFIT		625	1,410	2,138	2,049
EPS continuing operations (DKK)		6.4	4.8	21.5	10.9
EPS continuing operations, diluted (DKK)		6.4	4.8	21.5	10.8
EPS (DKK)		7.1	15.9	24.4	23.2
EPS, diluted (DKK)		7.1	15.9	24.3	23.2

Statement of comprehensive income • Group

Profit	625	1,410	2,138	2,049
Items which cannot subsequently be reclassified as profit or loss:				
Deferred tax on security fund (change in the tax percentage)	0	0	0	-56
Revaluation / Reversed revaluation owner-occupied properties	2	-1	0	0
Other comprehensive income	2	-1	0	-56
TOTAL COMPREHENSIVE INCOME	626	1,409	2,138	1,993

Assets • Group

(DKK m)	Note	2021	2022
INTANGIBLE ASSETS		1,641	1,314
Operating equipment		91	67
Owner-occupied properties		810	765
TOTAL TANGIBLE ASSETS		902	832
Investment properties		2,927	0
Equity investments in associates and joint ventures		2,324	53
Total investments in associates and joint ventures		2,324	53
Equity investments		5,085	1,006
Unit trusts		16	0
Bonds		32,995	13,989
Loans guaranteed by mortgages		5	5
Deposits with credit institutions		2,620	4,044
Derivatives		127	9
Total other financial investment assets		40,848	19,054
TOTAL INVESTMENT ASSETS		46,099	19,107
INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS		68,149	0
Reinsurers' share of the provisions for unearned premiums		99	99
Reinsurers' share of the life insurance provisions		2	0
Reinsurers' share of the provisions for claims		576	427
Total reinsurers' share of provisions		677	526
Receivables from policyholders		313	196
Receivables from insurance companies		105	262
Receivables from associates and joint ventures		227	0
Other receivables		311	175
TOTAL RECEIVABLES		1,633	1,159
Deferred tax assets		86	88
Liquid funds		1,136	61
Other		79	178
TOTAL OTHER ASSETS		1,302	326
Accrued interest and rent		423	99
Other prepayments and accrued income		218	188
TOTAL PREPAYMENTS AND ACCRUED INCOME		641	287
TOTAL ASSETS		120,368	23,024

Shareholders' equity and liabilities • Group

(DKK m)	Note	2021	2022
Share capital		90	90
Revaluation reserve		2	0
Security fund		1,146	1,090
Other reserves		83	46
Total reserves		1,229	1,137
Profit carried forward		2,973	457
Proposed dividend		3,105	4,815
TOTAL SHAREHOLDERS' EQUITY		7,399	6,498
OTHER SUBORDINATED LOAN CAPITAL		1,900	1,100
Provisions for unearned premiums		1,446	983
Profit margin, non-life insurance contracts		1,316	1,406
With-profit products		22,319	0
Unit-linked products		65,749	0
Total life insurance provisions		88,068	0
Profit margin, life insurance and investment contracts		1,525	0
Provisions for claims		13,994	10,602
Risk margin, non-life insurance contracts		189	111
Provisions for bonuses and rebates		157	176
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		106,695	13,279
Pensions and similar commitments		28	20
Deferred tax liabilities		94	3
Deferred tax on security funds		306	362
Other liabilities		0	361
TOTAL PROVISIONS		428	745
DEPOSITS RECEIVED FROM REINSURERS		11	0
Debt relating to direct insurance operations		180	18
Debt relating to reinsurance operations		42	121
Amounts due to credit institutions		451	171
Current tax liabilities		84	108
Derivatives		605	236
Other debt		2,468	698
TOTAL DEBT		3,829	1,353
ACCRUALS AND DEFERRED INCOME		108	49
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		120,368	23,024
Financial assets and liabilities	2		
Contingent liabilities	3		
Discontinued operations	4		
Related parties	5		
Accounting policies	6		

Cash flow statement • Group

(DKKm)	2021	2022
Cash flow from operations		
Gross premiums	9,561	9,781
Claims	-5,593	-5,978
Expenses	-1,440	-1,602
Reinsurance ceded	-261	-110
Cash flow from non-life insurance	2,266	2,091
Interest income etc.	298	233
Dividends	78	54
Interest charges etc.	-98	-106
Corporation tax	-529	-176
Other items	231	-82
Cash flow from operations, continuing operations	2,247	2,014
Cash flow from operations, discontinued operations	2,206	2,448
Cash flow from operations	4,453	4,463
Cash flow from investments		
Intangible assets, operating equipment	-255	-337
Properties	16	438
Sale of affiliate	0	3,860
Dividends from associates and joint ventures	0	19
Equity investments	174	-31
Bonds	517	-2,086
Derivatives	14	-127
Cash flow from investments, continuing operations	467	1,737
Cash flow from investments, discontinued operations	-4,577	-2,847
Cash flow from investments	-4,110	-1,111
Cash flow from financing		
Dividend paid	-1,752	-3,040
Exercise of share options	50	67
Redemption of subordinated loan capital	-850	-1,200
Issue of subordinated loan capital	1,000	400
Amounts due to credit institutions	-58	-99
Cash flow from financing, continuing operations	-1,609	-3,873
Cash flow from financing, discontinued operations	-842	2,591
Cash flow from financing	-2,451	-1,282
Change in cash and cash equivalents, continuing operations	1,105	-122
Change in cash and cash equivalents, discontinued operations	-3,213	2,192
Cash and cash equivalents at beginning of period	5,835	3,756
Value adjustment of cash and cash equivalents	29	-5
Cash and cash equivalents, discontinued operations	0	-1,716
Cash and cash equivalents at end of period	3,756	4,105
Cash and cash equivalents comprise:		
Liquid funds	1,136	61
Deposits with credit institutions	2,620	4,044
Cash and cash equivalents	3,756	4,105

Statement of changes in equity • Group

(DKKkm)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Proposed dividend	Total
2021							
Shareholders' equity at beginning of period	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 on share-based payments					7		7
Transactions with owners					181	-1,800	-1,619
Shareholders' equity at end of period	90	2	1,146	83	2,973	3,105	7,399
2022							
Shareholders' equity at beginning of period	90	2	1,146	83	2,973	3,105	7,399
Profit		-2		-37	-2,727	4,815	2,049
Other comprehensive income			-56				-56
Total comprehensive income		-2	-56	-37	-2,727	4,815	1,993
Dividend paid						-3,105	-3,105
Dividend, own shares					65		65
Share-based payments					78		78
Exercise of share options					67		67
Taxation on share-based payments					2		2
Transactions with owners					211	-3,105	-2,894
Shareholders' equity at end of period	90	0	1,090	46	457	4,815	6,498

Segment information • Group

Income statement

(DKKm)	Private	SME	Elimin- ated	Non-life	Parent etc.	Elimin- ated	Group
2021							
Non-life insurance							
Gross premiums earned	4,674	4,878	-12	9,541			9,541
Claims incurred	-2,837	-3,173	9	-6,000		10	-5,990
Expenses	-730	-817	2	-1,545		20	-1,526
Net reinsurance	-60	-39	0	-99			-99
Technical result from non-life insurance	1,047	850	0	1,897		29	1,926
Total investment return				217	-10	-29	178
Return and value adjustments of non-life insurance provisions				346			346
Other items				1	-25		-24
Profit before tax, continuing operations				2,461	-35	0	2,426
Tax, continuing operations							-537
Profit after tax, continuing operations							1,889
Profit after tax, discontinued operations							248
Profit							2,138
2022							
Non-life insurance							
Gross premiums earned	4,765	5,150	-12	9,903			9,903
Claims incurred	-3,025	-3,182	10	-6,197		9	-6,188
Expenses	-781	-848	2	-1,628		20	-1,608
Net reinsurance	-50	-227	0	-276			-276
Technical result from non-life insurance	909	893	0	1,802		29	1,831
Total investment return				-1,384	-8	-29	-1,422
Return and value adjustments of non-life insurance provisions				916			916
Other items				-35	-50		-85
Profit before tax, continuing operations				1,299	-59	0	1,240
Tax, continuing operations							-280
Profit after tax, continuing operations							960
Profit after tax, discontinued operations							1,089
Profit							2,049

Segment information for discontinued operations, see note 4.

Notes to the financial statements • Group

(DKKkm) 2021 2022

Note 1. Claims incurred, net of reinsurance - Non-life insurance

Run-off result:		
Gross business	269	188
Reinsurance ceded	-14	-36
Run-off result, net of reinsurance (profit)	255	152

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.

Financial assets recorded at fair value based on non-observable input (level 3):

1 January	7,278	80
Transferred to assets held for sale	-	-45
Purchases	664	0
Value adjustments on assets transferred to level 2	270	0
Transferred to level 2	-7,463	0
Repayments	-689	0
Value adjustments	21	2
	80	37

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	0
Capital commitments made to loan funds and private equity funds etc.	112	102

All companies in the Topdanmark Group and other Danish companies and branches of 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	11 months 2022
Note 4. Discontinued operations		
LIFE INSURANCE		
Premiums, net of reinsurance	10,359	8,998
Allocated investment return, net of reinsurance	10,791	-8,894
Pension return tax	-1,521	506
Claims and benefits paid, net of reinsurance	-8,951	-7,568
Change in the life insurance provisions, net of reinsurance	-9,114	7,288
Change in profit margin	-1,158	3
Insurance operating expenses, net of reinsurance	-585	-466
TECHNICAL RESULT FROM LIFE INSURANCE	-178	-134
NON-LIFE INSURANCE		
Premiums earned, net of reinsurance	626	644
Claims incurred, net of reinsurance	-808	-710
Bonuses and rebates	-8	-12
Insurance operating expenses, net of reinsurance	-48	-83
TECHNICAL RESULT FROM NON-LIFE INSURANCE	-238	-162
Total investment return	11,177	-8,900
Return and value adjustments of non-life insurance provisions	157	406
Investment return transferred to life insurance	-10,791	8,894
Other income	189	2
Other expenses	0	-2
PROFIT BEFORE TAX TOPDANMARK LIV HOLDING GROUP	316	105
Net gain	-	947
Tax	-67	37
PROFIT AFTER TAX, DISCONTINUED OPERATIONS	248	1,089

Topdanmark Forsikring A/S has divested of Topdanmark Liv Holding A/S and all subsidiaries hereof to Nordea Life Holding AB.

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.

Notes to the financial statements • Group

Note 5. Related parties

Dividends

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.

Subordinated loans

Q3 2021 redemption of subordinated notes DKK 270m held by Sampo plc.

Q4 2021 issue of subordinated notes DKK 1,000m subscribed by If P&C Insurance Ltd.

Q4 2022 redemption of subordinated notes DKK 800m held by If P&C Insurance Ltd.

Q4 2022 redemption of subordinated notes DKK 133m held by If P&C Insurance Ltd.

Q4 2022 issue of subordinated notes DKK 250m 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.

Note 6. Accounting policies

The announcement of the Q4 2022 results has been prepared in accordance with IAS 34 on interim reports for listed companies and additional Danish disclosure requirements on interim reports for listed financial services companies.

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

Topdanmark has implemented those IFRS standards and interpretations taking effect from 2022. None of these has affected recognition or measurement.

Divestment of Topdanmark Liv Holding

Topdanmark has divested Topdanmark Liv Holding A/S and all subsidiaries thereof.

The divestment was announced 18 March 2022 and completed after regulatory approvals 1 December 2022.

Consequently, Topdanmark Liv Holding Group has been classified as discontinued operation with the effect, that profit from the Group is presented in one line as Profit after tax, discontinued operations.

The continuing business going forward consist of non-life business in the two segments SME and Private. Due to the divestment, Illness and Accident in the Topdanmark Liv Holding Group has been transferred from segment Private to discontinued operations. Comparatives have been restated.

Profit after tax, discontinued operations includes the result from Topdanmark Liv Holding for the period until closing, 1 December as well as the profit from the divestment, including unwinding costs.

Apart from this, the accounting policies, including policies for calculation of financial ratios, 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.

New accounting policies as of 2023

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

Topdanmark will omit the volatility adjustment component from the interest rate curve and apply the EIOPA curve without volatility adjustment.

IFRS 17 / IFRS 9 are expected to have no significant effect on the net result, whereas shareholders' equity will be reduced.

The following table shows the effects on the result and shareholders' equity for 2022.

Net effect after tax (DKK m)	Shareholders' equity		Result 2022
	1/1 2022	31/12 2022	
Current accounting policies	7,399	6,498	2,049
Non-life IFRS 17 / IFRS 9	-91	-104	-13
Non-life VA component	-176	-45	131
Life IFRS 17 / IFRS 9	-13	0	13
Net effect after tax	-280	-149	130
New accounting policies	7,119	6,349	2,179

The effects are based on assessments made to date. The new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until Topdanmark finalises the Annual Report 2023.

In the Annual Report 2022, Topdanmark expects to present restated comparative figures for the Income statement 2022 and the opening balance as of 1 January 2022 as well as the balance sheet as of 31 December 2022.

Financial statements for Q1-Q4 2022 - Parent company

Income statement • Parent company

(DKKm)	Q4 2021	Q4 2022	2021	2022
Income from subsidiaries	642	1,418	2,197	2,098
Interest income and dividends etc.	0	2	0	3
Value adjustments	-3	0	-7	-1
Interest charges	-3	-2	-11	-11
Total investment return	636	1,418	2,179	2,088
Other expenses	-14	-10	-52	-50
PROFIT BEFORE TAX	622	1,408	2,127	2,039
Tax	3	2	11	10
PROFIT	625	1,410	2,138	2,049

Statement of comprehensive income • Parent company

Profit	625	1,410	2,138	2,049
Other comprehensive income from subsidiaries	2	-1	0	0
Other comprehensive income	2	-1	0	0
TOTAL COMPREHENSIVE INCOME	626	1,409	2,138	2,049

Balance sheet • Parent company

(DKK m)	2021	2022
Assets		
Operating equipment	3	3
TOTAL TANGIBLE ASSETS	3	3
Equity investments in subsidiaries	7,169	6,235
Total investment in subsidiaries	7,169	6,235
Equity investments	1	1
Total other financial investment assets	1	1
TOTAL INVESTMENT ASSETS	7,170	6,236
Receivables from subsidiaries	998	833
Other receivables	62	4
TOTAL RECEIVABLES	1,059	837
Liquid funds	1	20
TOTAL OTHER ASSETS	1	20
TOTAL ASSETS	8,233	7,095

Shareholders' equity and liabilities

Share capital	90	90
Other reserves	3,440	0
Total reserves	3,440	0
Profit carried forward	1,069	1,955
Proposed dividend	3,105	4,815
TOTAL SHAREHOLDERS' EQUITY	7,705	6,860
OTHER SUBORDINATED LOAN CAPITAL	400	0
Amounts due to subsidiaries	35	49
Current tax liabilities	83	108
Other debt	11	78
TOTAL DEBT	129	235
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8,233	7,095

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Topdanmark 