

TOPDANMARK ANNOUNCEMENT OF 2019 ANNUAL RESULTS

23 January 2020, Announcement No. 02/2020

Key figures 2019

- Post-tax profit of DKK 1,547m (2018: DKK 1,331m)
- The profit of DKK 1,547m was better than assumed in the interim report for Q1-Q3 2019 in which the profit from the forecast model was DKK 1,300-1,400m
- EPS was DKK 17.7 (2018: DKK 15.4)
- Combined ratio: 83.7 (2018: 83.6)
- Combined ratio excluding run-off: 88.3 (2018: 87.5)
- Premiums increased by 2.9% in non-life insurance and 9.8% in life insurance
- Profit on life insurance was DKK 327m (2018: DKK 228m)
- After return on non-life insurance provisions, the investment return was DKK 179m (2018: DKK 16m).

Q4 2019

- Post-tax profit of DKK 431m (Q4 2018: 259m)
- EPS was DKK 4.9 (Q4 2018: 3.0)
- Combined ratio: 88.3 (Q4 2018: 81.7)
- Combined ratio excluding run-off: 92.1 (Q4 2018: 88.1)
- Premiums increased by 4.4% in non-life insurance and 0.9% in life insurance
- Profit on life insurance was DKK 36m (Q4 2018: DKK 45m)
- After return on non-life insurance provisions, the investment return was DKK 230m (Q4 2018: DKK 116m loss).

Dividend distribution for 2019

- The Board of Directors will recommend to the AGM that a dividend of DKK 1,530m be distributed for 2019, representing DKK 17 per share. This represents a payout ratio of 98.9 and a dividend yield of 5.4.

Profit forecast model for 2020

- Compared with the profit forecast model for 2020 in the interim report for Q1-Q3 2019, the assumed combined ratio for 2020 remains unchanged at about 90 excluding run-off
- The expected premium growth in non-life also remains unchanged at about the same level as in 2019 (2.9%)
- The post-tax profit forecast model for 2020 amounts to DKK 950-1,050m, excluding run-off.

Other events

- As at 23 December 2019, Topdanmark has been included in the OMX C25-index on Nasdaq Copenhagen.

Webcast

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

Conference call

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

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

DK dial-in-number: +45 7815 0109

SE dial-in-number: +46 8505 58368

UK dial-in-number: +44 333 300 9031

US dial-in-number: +1 833 526 8380

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
Direct tel.: +45 4474 4450

Lars Thykier
Chief Financial Officer
Direct tel.: +45 4474 3714

Steffen Heegaard
Group Communications and IR Director
Direct tel.: +45 4474 4017, mobile tel.: +45 4025 3524

Contents

Management's review

- 1 Key figures
- 3 Financial highlights
- 4 Results for 2019
- 4 Results for Q4 2019
- 4 Non-life insurance in 2019
- 6 Non-life insurance in Q4 2019
- 8 Life insurance in 2019
- 9 Life insurance in Q4 2019
- 9 Investment activities
- 10 Solvency calculation and capital requirements
- 11 Parent company etc.
- 11 Taxation
- 11 Profit forecast model
- 12 Distribution of dividend for 2019
- 12 Financial calendar
- 12 Disclaimer
- 13 Accounting policies

Financial statements for 2019 – Group

- 14 Income statement
- 15 Statement of comprehensive income
- 16 Assets
- 17 Shareholders' equity and liabilities
- 18 Cash flow statement
- 19 Statement of changes in equity
- 20 Segment information
- 21 Notes to the financial statements

Financial statements for 2019 – Parent company

- 23 Income statement
- 23 Statement of comprehensive income
- 23 Balance sheet

Topdanmark A/S
Borupvang 4
DK-2750 Ballerup
Tel +45 44 68 33 11
CVR no. 78040017

Email: topdanmark@topdanmark.dk
Internet: www.topdanmark.com

Financial highlights

						Q4	Q4
(DKK)m	2015	2016	2017	2018	2019	2018	2019
Premiums earned:							
Non-life insurance	8,967	8,858	8,985	9,135	9,397	2,249	2,347
Life insurance	6,320	7,430	8,525	10,111	11,106	2,964	2,991
	15,287	16,288	17,510	19,247	20,502	5,213	5,338
Results:							
Non-life insurance	1,325	1,712	1,909	1,420	1,601	256	486
Life insurance	174	189	249	228	327	45	36
Parent company etc.	31	41	77	54	60	30	29
Pre-tax profit	1,530	1,942	2,235	1,702	1,987	331	551
Tax	(360)	(407)	(502)	(371)	(441)	(71)	(120)
Profit	1,170	1,536	1,733	1,331	1,547	259	431
Run-off profits, net of reinsurance	381	470	344	353	433	143	90
Shareholders' equity of parent company at 1 January	5,371	4,948	5,009	6,497	6,322	6,048	6,251
Profit	1,170	1,536	1,733	1,331	1,547	259	431
Dividend paid	0	0	0	(1,710)	(1,350)	0	0
Dividend own shares	0	0	0	73	50	0	0
Share buy-back	(1,667)	(1,524)	(410)	0	0	0	0
Share-based payments	76	50	166	131	148	14	21
Other movements in shareholders' equity	(3)	(1)	0	1	(14)	0	0
Shareholders' equity of parent company end of period	4,946	5,009	6,497	6,322	6,703	6,322	6,703
Deferred tax on security funds	(306)	(306)	(306)	(306)	(306)	(306)	(306)
Shareholders' equity of Group end of period	4,640	4,702	6,191	6,016	6,397	6,016	6,397
Total assets, parent company	5,653	5,779	7,114	6,873	7,274		
Total assets, Group	67,654	73,476	80,958	83,224	98,442		
Provisions for insurance and investment contracts:							
Non-life insurance	16,286	16,264	16,091	16,056	16,175		
Life insurance	40,537	47,351	54,198	56,519	70,603		
Financial ratios (parent company)							
Post-tax profit as a % of shareholders' equity	22.3	30.2	30.5	21.8	24.8	4.2	6.7
Post-tax EPS (DKK)	11.7	16.8	20.2	15.4	17.8	3.0	5.0
Post-tax EPS, diluted (DKK)	11.6	16.7	20.2	15.4	17.7	3.0	4.9
Share buy-back per share, diluted (DKK)	16.6	16.6	4.8				
Dividend per share issued, proposed (DKK)			19.0	15.0	17.0		
Net asset value per share, diluted (DKK)	51.5	57.3	75.6	72.9	76.7		
Listed share price end of period	196.0	179.3	268.1	303.0	328.4		
Number of shares end of period ('000)	95,672	87,216	85,876	86,432	87,067		
Average number of shares ('000)	99,971	91,465	85,700	86,242	86,824	86,410	87,035
Average number of shares, diluted ('000)	100,461	91,721	85,873	86,637	87,229	86,807	87,367
Ratios non-life insurance (%)							
Gross loss ratio	69.0	67.2	61.5	66.2	65.1	63.9	70.0
Net reinsurance ratio	1.9	1.4	4.3	1.2	2.5	1.2	1.4
Claims trend	70.9	68.7	65.8	67.5	67.6	65.0	71.5
Gross expense ratio	15.9	16.4	16.1	16.1	16.0	16.7	16.8
Combined ratio	86.8	85.1	82.0	83.6	83.7	81.7	88.3
Combined ratio excl. run-off profits	91.1	90.4	85.8	87.5	88.3	88.1	92.1

Results for 2019

Topdanmark's post-tax profit for 2019 was DKK 1,547m (2018: DKK 1,331m).

Pre-tax profit was DKK 1,987m (2018: DKK 1,702m).

The technical result increased by DKK 35m to DKK 1,534m. The increase is impacted by higher run-off (DKK 80m) and, compared with 2018, by an improved claims trend in the SME and agricultural business. On the other hand, the result from illness and accident deteriorated by 87m excluding run-off. Furthermore, the yield curve used for discounting the reserves was lower compared with 2018, thus having a negative effect of DKK 90m. (DKK 60m excluding the impact on illness and accident, which is included in the deterioration mentioned above).

The investment return adjusted for return on non-life insurance provisions increased by DKK 145m to DKK 66m. The investment return was impacted by the change in the method for calculating the volatility adjustment (VA) at the end of Q1 2019 which had a one-off negative effect of approx. DKK 200m. In Q2-Q4 2019, market conditions increased the VA by 4bp, thus having a positive effect on the investment return of approx. DKK 25m. Consequently, the VA had a negative impact on the investment return for 2019 of approx. DKK 175m.

The profit on life insurance increased by DKK 99m to DKK 327m due to a higher investment return and an improved risk result.

Results and profit forecast model		Forecast 2019		
(DKKm)	Results 2018	as in Q1-Q3 2019 interim report		Results 2019
Non-life insurance				
- Technical result	1,499	1,450	- 1,500	1,534
- Investment return after return and revaluations of non-life insurance provisions etc.	(79)	(130)	- (80)	66
Profit on non-life insurance	1,420	1,320	- 1,420	1,601
Life insurance	228	320	- 350	327
Parent company etc.	54	40	- 50	60
Pre-tax profit	1,702	1,680	- 1,820	1,987
Taxation	(371)	(380)	- (420)	(441)
Profit for the year	1,331	1,300	- 1,400	1,547

Results for Q4 2019

The profit for Q4 2019 was DKK 431m (Q4 2018: DKK 259m).

Pre-tax profit increased by DKK 220m to DKK 551m.

The technical result decreased by DKK 136m to DKK 275m negatively impacted by illness and accident excluding run-off (DKK 18m), and by a higher level of smaller water claims on houses (DKK 23m), as well as by discounting (DKK 40m/DKK 25m excluding illness and accident) and lower run-off DKK 53m.

After return on non-life insurance provisions, the investment return in non-life insurance increased by DKK 367m to DKK 212m. The higher investment return was primarily due to a higher return on equities (DKK 223m) and due to the VA increasing by 13bp (DKK 60m).

The profit on life insurance decreased by DKK 9m to DKK 36m as a result of a higher administration costs.

Trend in profit (DKKm)	Q4 2018	Q4 2019
Non-life insurance		
- Technical result	411	275
- Investment return after return and revaluations of non-life insurance provisions etc.	(155)	212
Profit on non-life insurance	256	486
Life insurance	45	36
Parent company etc.	30	29
Pre-tax profit	331	551
Tax	(71)	(120)
Profit	259	431

Non-life insurance in 2019 Premiums earned

Premiums earned increased by 2.9% to DKK 9,397m. Premiums were negatively impacted by the termination of the distribution agreement with Danske Bank (0.5pp). The private segment accounted for a 1.1% increase, and the SME segment accounted for a 5.0% increase.

Claims trend

The claims trend was 67.6 in 2019 compared with 67.5 in 2018.

The run-off profit, net of reinsurance, was DKK 433m (2018: DKK 353m), representing a 0.8pp favourable effect on the claims trend. Run-off was primarily generated in motor third-party liability, in workers' compensation, and in illness and accident.

In 2019, weather-related claims defined as such (above DKK 4½m) amounted to DKK 70m (2018: DKK 9m), representing a 0.6pp deterioration of the claims trend. Thereby the level of weather-related claims in 2019 was DKK 100m below the normal level.

The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) decreased by DKK 76m to DKK 52m in 2019, representing a 0.8pp improvement of the claims trend. The large-scale claims were DKK 48m below the normal level of DKK 100m.

Claims trend	Q4	Q4	2018	2019
	2018	2019		
Claims trend	65.0	71.5	67.5	67.6
Run-off	6.4	3.8	3.9	4.6
Weather-related claims	(0.4)	(0.6)	(0.1)	(0.7)
Large-scale claims	(1.1)	(0.6)	(1.4)	(0.6)
Other	0.6	(0.4)	0.3	0.2
Claims before run-off, weather, large-scale claims and other	70.5	73.7	70.2	71.1

The claims trend adjusted for run-off, weather-related claims, large-scale claims and other positions including change of risk margin deteriorated by 0.9pp to 71.1 in 2019.

Compared with 2018, the adjusted claims trend was negatively impacted by illness and accident (0.7pp) and by the yield curve used for discounting the reserves (1.0pp/0.7pp excluding illness and accident).

Illness and accident is the entry product selling pension schemes, and the market participants typically offer the product at loss-making prices. The claims level has increased in recent years while the price level has remained low.

Furthermore, the claims trend in the private segment was negatively impacted by many small water claims on houses owing to a record high level of rain and due to burst waterpipes.

On the other hand, the adjusted claims trend was impacted by fewer claims in the SME and agricultural business.

Expense ratio

The expense ratio was 16.0 compared with 16.1 in 2018.

The payroll tax imposed on Danish financial businesses increased from 14.5% in 2018 to 15.0% in 2019, representing a 0.1pp adverse impact on the expense ratio. In addition, the general trend of wages and salaries impacted the expense ratio by 0.2pp.

Combined ratio

The combined ratio was 83.7 in 2019 (2018: 83.6). Excluding run-off, the combined ratio was 88.3 (2018: 87.5).

Financial highlights – Non-life insurance (DKKm)	Q4	Q4		
	2018	2019	2018	2019
Gross premiums earned	2,249	2,347	9,135	9,397
Claims incurred	(1,436)	(1,644)	(6,051)	(6,121)
Expenses	(376)	(395)	(1,475)	(1,507)
Net reinsurance	(26)	(34)	(111)	(234)
Technical result	411	275	1,499	1,534
Investment return after return and revaluations of non-life insurance provisions	(157)	210	(85)	64
Other items	2	2	6	2
Profit on non-life insurance	256	486	1,420	1,601
Run-off profits, net of reinsurance	143	90	353	433
Gross loss ratio (%)	63.9	70.0	66.2	65.1
Net reinsurance ratio (%)	1.2	1.4	1.2	2.5
Claims trend (%)	65.0	71.5	67.5	67.6
Gross expense ratio (%)	16.7	16.8	16.1	16.0
Combined ratio (%)	81.7	88.3	83.6	83.7
Combined ratio excl. run-off profits (%)	88.1	92.1	87.5	88.3

Non-life insurance in Q4 2019

Premiums earned in Q4 2019 increased by 4.4% to DKK 2,347m.

Illness and accident have been affected by premium regulations related to unexpired risks in 2018 as well as in 2019. Adjusted for these, premiums earned increased by 2.4%.

Premiums in the private segment increased by 2.9%. Adjusted for premium regulations in illness and accident, premiums earned declined 0.5pp affected by a declining illness and accident portfolio.

Premiums earned in the SME segment increased by 6.2%.

The claims trend was 71.5 in Q4 2019 (Q4 2018: 65.0), representing a 6.5pp deterioration.

Large-scale claims amounted to DKK 15m in Q4 2019, which is a decrease of DKK 10m compared with Q4 2018. This represents an improvement of the claims trend of 0.4pp.

Weather-related claims were DKK 14m in Q4 2019. In Q4 2018, the weather-related claims were DKK 9m, representing a deterioration of the claims trend of 0.2pp.

The claims trend was affected by lower run-off profits of DKK 53m, representing a 2.3pp deterioration.

The claims trend adjusted for run-off, weather-related claims, large-scale claims and change of risk margin deteriorated 3.2pp to 73.7 in Q4 2019.

The deterioration of the adjusted claims trend of 3.2pp is primarily due to a negative claims trend in illness and

accident (1.7pp), and by the fact that the yield curve used for discounting the reserves was lower compared with Q4 2018 having a negative impact on the claims trend of 1.8pp (1.2 pp excluding illness and accident).

Furthermore, the claims trend was adversely impacted by a higher level of rain and burst waterpipes claims in house insurance (2.2pp).

The claims trend was positively impacted by a lower level of claims in the SME segment.

The expense ratio was 16.8 in Q4 2019 (Q4 2018: 16.7).

The combined ratio was 88.3 in Q4 2019 (Q4 2018: 81.7). Excluding run-off profits, the combined ratio was 92.1 (Q4 2018: 88.1).

Segment reporting

Private

The private segment offers policies to individual households in Denmark.

Premiums earned increased by 1.1% to DKK 5,114m. Premiums were negatively impacted by the termination of the distribution agreement with Danske Bank at the end of Q2 2019 (0.9pp). Furthermore, premiums were negatively impacted by illness and accident (0.5pp).

The technical result was DKK 686m in 2019, representing a decrease of DKK 157m compared with 2018. The technical result was negatively impacted by 183m on illness and accident of which DKK 96m is due to run-off.

The claims trend deteriorated by 3.5pp to 70.9. Compared with 2018, the claims trend before run-off was primarily negatively influenced by a higher claims level on illness and accident (1.2pp). House insurance was

negatively impacted by many small water claims and burst water pipes (1.6pp). Moreover, the discounting effect due to the lower interest rates had a negative impact. Finally, run-off profits of DKK 221m were DKK 14m below 2018, corresponding to a negative impact on the claims trend of 0.3pp.

On the other hand, the claims trend was influenced by a positive development in personal injuries within motor insurance and on theft.

The expense ratio improved to 15.7 from 15.9 in 2018.

The combined ratio was 86.6 (2018: 83.3).

Excluding run-off, the combined ratio deteriorated to 90.9 2019 (2018: 88.0).

Private (DKK m)	Q4	Q4		
	2018	2019	2018	2019
Gross premiums earned	1,230	1,266	5,056	5,114
Claims incurred	(829)	(993)	(3,327)	(3,555)
Expenses	(205)	(212)	(806)	(802)
Net reinsurance	(26)	(12)	(79)	(70)
Technical result	170	48	843	686
Run-off profits, net of reinsurance	80	32	235	221
Gross loss ratio (%)	67.4	78.5	65.8	69.5
Net reinsurance ratio (%)	2.1	0.9	1.6	1.4
Claims trend (%)	69.5	79.4	67.4	70.9
Gross expense ratio (%)	16.7	16.8	15.9	15.7
Combined ratio (%)	86.2	96.2	83.3	86.6
Combined ratio excl. run-off profits (%)	92.7	98.7	88.0	90.9

SME

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

Premiums earned increased by 5.0% to DKK 4,302m. The growth in premiums was favourably impacted by indexation of premiums in workers' compensation of approx. 9%. Topdanmark continues to have a strong momentum in new sales to SMEs and agricultural businesses.

The technical result increased by DKK 192m to DKK 848m in 2019.

The claims trend improved by 3.8pp to 63.8. The improvement mainly derives from larger run-off profits (2.2pp). The claims trend in the agricultural business returned to a more normal level following 2018, which was negatively impacted by an unusually high level of fire

claims due to dry weather. Furthermore, the claims trend in 2019 was favourably impacted by a lower level of large-scale claims. However, the claims trend was adversely impacted by a higher level of weather-related claims, and a lower discounting effect.

Run-off profits were DKK 212m in 2019 (2018: DKK 118m).

The expense ratio was 16.4, and thus unchanged from 2018.

The combined ratio improved to 80.3 in 2019 (2018: 84.0).

Excluding run-off, the combined ratio improved to 85.2 in 2019 (2018: 86.9).

SME (DKK m)	Q4	Q4	2018	2019
	2018	2019		
Gross premiums earned	1,023	1,086	4,097	4,302
Claims incurred	(611)	(655)	(2,739)	(2,583)
Expenses	(171)	(183)	(671)	(707)
Net reinsurance	0	(22)	(32)	(164)
Technical result	241	226	656	848
Run-off profits, net of reinsurance	64	58	118	212
Gross loss ratio (%)	59.7	60.3	66.9	60.0
Net reinsurance ratio (%)	(0.0)	2.0	0.8	3.8
Claims trend (%)	59.7	62.3	67.6	63.8
Gross expense ratio (%)	16.7	16.9	16.4	16.4
Combined ratio (%)	76.4	79.2	84.0	80.3
Combined ratio excl. run-off profits (%)	82.6	84.5	86.9	85.2

Distribution agreement with Nordea

Topdanmark's previous distribution agreement with Danske Bank was terminated at the end of Q2 2019.

From 1 January 2020, Topdanmark and Nordea have started a non-life agreement for distribution on the Danish market. It is a referral concept in which Nordea will refer costumers to Topdanmark, which will provide the final guidance and sale.

The terminated distribution agreement with Danske Bank is expected to have a negative impact of approx. 1pp on Topdanmark's total non-life premium growth in 2020.

However, the distribution agreement with Nordea is expected to compensate for the loss in growth by approx. 0.5pp in 2020.

From 2021, it is expected that the Nordea agreement in terms of premiums will compensate fully for the terminated distribution agreement with Danske Bank.

So far, the distribution agreement with Nordea is off to a good start.

Life insurance in 2019

The result from life insurance was a profit of DKK 327m in 2019 (2018: profit of DKK 228m).

Profit on life insurance activities comprises the profit on life insurance plus the investment return of Topdanmark Liv Holding. These profits were calculated in accordance with the stated policy for the calculation of profit for the life insurance company: see www.topdanmark.com → About Topdanmark → Business → Life insurance → [Policy for the calculation of profit in life insurance.](#)

Result of life insurance (DKK m)	Q4	Q4	2018	2019
	2018	2019		
Investment return on shareholders' equity	21	23	110	186
Sales and administration	(9)	(23)	(20)	(22)
Insurance risk	3	1	(2)	23
Risk return on shareholders' equity	30	35	140	141
Profit on life insurance	45	36	228	327

Developments in 2019

The profit improvement of DKK 99m comes primarily from investment return on shareholders' equity and insurance risk. Equity investment return improved as a result of developments in the financial markets, and the result of insurance risk has been improved owing to non-recurring adjustments and gains resulting from better than expected disability results.

Sales and administration were positively impacted by DKK 17m in Q3 as reserves for future expenses were reduced.

Trend in premiums

Gross premiums increased by 9.8% to DKK 11,106m in 2019, of which premiums on unit-linked pension schemes were DKK 10,027m, representing a 14.4% increase compared to 2018.

Regular premiums increased by 14.7% to DKK 3,275m in 2019. Single premiums were DKK 7,831m in 2019, representing a 7.9% increase.

Adjusted for the termination of the distribution agreement with Nykredit, gross premiums increased by 11.1% and regular premiums by 17.2%.

Premiums on investment contracts are not included in the gross premiums in the income statement but recognised in the balance sheet representing DKK 747m (2018: DKK 1,415m), which is a decrease of 47.2%.

The total gross premiums within life insurance, including premiums on investment contracts represent DKK 11,852m (2018: DKK 11,526m), which is an increase of 2.8%.

Life insurance in Q4 2019

The lower result in Q4 2019 is due to a lower result in sales and administration derived from costs connected to the implementation of the new life administration system launched in 2019.

Gross premiums increased by 0.9% to DKK 2,991m in Q4 2019 of which premiums on unit-linked pension schemes were DKK 2,757m, a 6.0% increase compared with Q4 2018.

Regular premiums increased by 21.1% to DKK 874m in Q4 2019 whereas single premiums decreased by 5.6% to DKK 2,118m.

Investment activities Topdanmark Group excl. life insurance

The investment return of the Topdanmark Group excluding life insurance was DKK 794m in 2019 (2018: DKK 102m) while return on non-life insurance provisions represented a loss of DKK 616m in 2019 (2018: loss of DKK 86m).

The investment return adjusted for return on non-life insurance provisions was DKK 179m, and thus DKK 117m higher than the assumed return for 2019 when calculated using Topdanmark's forecast model at Q3 2019. The higher return was primarily due to the VA and the equity portfolios. The mismatch between the mortgage bond portfolio and the liabilities improved results in Q4, and thereby the overall gain in Q4 more than offset the loss in Q3.

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

The investment return in 2019 on the most significant classes of assets is shown in the table below:

Investment return	Portfolio 31 Dec											
	2018		2019		Return Q4 2018		Return Q4 2019		Return 2018		Return 2019	
	(DKKbn)		(DKKbn)		%		%		(DKKbn)		(DKKbn)	
Danish equities	0.2	0.3	(33)	(12.8)	29	11.1	(34)	(13.1)	60	26.6		
Foreign equities	0.6	0.8	(105)	(15.0)	50	6.8	(73)	(10.8)	174	28.7		
Unlisted equities and hedge funds	0.3	0.4	(0)	(0.1)	6	1.6	15	4.7	21	6.4		
Government and mortgage bonds	14.4	16.5	43	0.3	(212)	(1.2)	71	0.4	350	2.1		
Credit bonds	0.0	0.0	(2)	(5.0)	0	1.5	(3)	(6.1)	3	6.8		
Index linked bonds	0.3	0.3	4	1.3	(16)	(5.1)	9	3.3	18	6.8		
CDOs	0.6	0.6	(14)	(2.6)	(2)	(0.3)	29	4.7	22	4.0		
Properties	1.2	1.3	12	1.0	8	0.6	47	4.2	83	6.9		
Money markets etc.	3.0	1.3	(11)	(0.4)	(5)	(0.3)	(15)	(0.6)	(9)	(0.6)		
Subordinated loan capital	(1.7)	(1.7)	(12)	(0.7)	(11)	(0.6)	(47)	(2.6)	(46)	(2.6)		
	18.9	19.6	(118)	(0.6)	(153)	(0.7)	(2)	(0.0)	678	3.4		
Asset management			39		48		104		116			
Investment return			(79)		(105)		102		794			
Return and revaluations of non-life insurance provisions			(37)		335		(86)		(616)			
Investment return after return on non-life insurance provisions			(116)		230		16		179			

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

The equity exposure was DKK 852m excluding associated companies but including the impact of derivatives. The equity portfolios are well diversified with no large individual positions.

The composition of the Danish equity portfolio, representing around 30% of the total equity portfolio as at 31 December 2019, is based on OMXCCAP, while the

portfolio of foreign equities is based on MSCI World DC in the original currency.

The class "Unlisted equities and hedge funds" includes private equity positions (DKK 48m) and positions in hedge funds where the investment mandates aim at positioning in the credit market (DKK 215m).

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

The class of "Government and mortgage bonds" comprises primarily Danish government and mortgage bonds. The interest rate sensitivity of this asset class is to a significant extent equivalent to the total interest rate sensitivity of the technical provisions in Topdanmark Forsikring, and the illness and accident provisions in Topdanmark Livsforsikring (the life insurance company). Consequently, the return on "Government and mortgage bonds" should be assessed in connection with return and revaluation of non-life insurance provisions.

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

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

The class "CDOs" primarily comprises positions in CDO equity tranches. The underlying assets of CDOs are mostly senior secured bank loans, while the remainder are primarily investment grade investments.

The property portfolio mainly comprises owner-occupied properties (DKK 834m). The properties are valued in accordance with the rules of the Danish FSA (Danish Financial Supervisory Authority) i.e. at market value taking the level of rent and the terms of the tenancy agreements into consideration. 98% of the property portfolio are currently let when adjusting for properties under construction or being converted for other purposes.

"Money Markets etc." comprises money market deposits, intra-group balances, the result from currency positions and other returns not included in the other classes.

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

Topdanmark uses the Solvency II discount 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. EIOPA revised the methodology for the calculation of the Danish VA commencing at the end of Q1 2019.

At the end of Q1 2019, the changed methodology reduced the Danish VA by approx. 30bp compared with a VA calculated with the former methodology. The VA was

45bp at the beginning of the year and 15bp at the end of Q1 2019.

The Danish VA fell further throughout Q2 2019 to 6bp by the end of first half-year and stayed at that level during Q3. Realignment of the underlying mortgage index lifted the VA in October and after having gained some additional bp it ended 2019 in 19 bp. The revised methodology in assessing the Danish VA makes it positively correlated to changes in the yield curve. The substantial yield curve drop in 2019 and the subsequent prepayment activity on Danish mortgage bonds account for the major part of the difference between the return on government and mortgage bonds, and the return on non-life insurance provisions.

The VA will be floored at zero.

Solvency calculation and capital requirements

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

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

Own funds

Principal elements of own funds:

Shareholders' equity
- Proposed dividend
+ Deferred tax on security funds
+ Profit margin
- Intangible assets
+ Tax effect
+ Usable share, subordinated loan tier 1
(max. 20% of tier 1-capital)
+ Usable share, subordinated notes (max. 50% of SCR)
Own funds

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

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

- DKK 500m, call in 2020, expiry in 2025
- DKK 850m, call in 2021, expiry in 2026.

Solvency cover				
(DKKm)	2016	2017	2018	2019
Own funds	6,348	6,370	6,509	6,660
Solvency requirement	3,643	3,116	3,322	3,773
Solvency cover (%)*	174	204	196	177

*) Proposed dividend has been deducted.

Parent company etc.

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

The profit of the parent company increased by DKK 6m to DKK 60m in 2019.

Taxation

The tax charge was DKK 441m of the pre-tax profit of DKK 1,987m, corresponding to an effective tax rate of 22.2% (2018: 21.8%).

Profit forecast model

Traditionally, Topdanmark does not publish actual profit forecasts, but instead, the expected level of results provided that a number of assumptions about the return in the financial markets are met. The return on financial assets changes on a daily basis, and consequently the profit in Topdanmark's 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 in the 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 Q3 Report, it was disclosed that Topdanmark assumed premium growth for 2020 in non-life at the same level as the premium growth in 2019. This was based upon the following assumptions:

- The termination of the distribution agreement with Danske Bank as at the end of Q2 2019 will have a negative impact on the premium growth of approx. 1pp
- The distribution agreement with Nordea will have a positive impact on premium growth of approx. 0.5pp
- The automatic premium indexing in the private segment will be 2.0% in 2020. Approx. 70% of Topdanmark's premiums earned are comprised by

automatic premium indexing. Thus, the premium effect of the automatic premium indexing on non-life insurance is approx. 1.4%.

Topdanmark still assumes premium growth for 2020 in non-life at about the same level as the premium growth in 2019 which was 2.9%.

In the Q3 Report 2019, Topdanmark also assumed a combined ratio for 2020 of about 90, excluding run-off.

This was based on the following assumptions:

- Weather-related claims of DKK 170m. The weather-related claims, broken down by quarter, are assumed to be as follows:
 - Q1: DKK 50m
 - Q2: DKK 25m
 - Q3: DKK 45m
 - Q4: DKK 50m
- Large-scale claims (large-scale claims of a value exceeding DKK 5m after reinsurance) of DKK 100m
- An expense ratio of approx. 16
- A level of interest rates corresponding to the interest rate curve on 30 September 2019.

Since the announcement of the Q3 Report 2019, the discounting rates (including changes in VA) have increased relatively to the guidance for 2020 in the Q3 Report 2019, representing a 0.7pp improvement of the combined ratio.

On the other hand, costs on investing in Topdanmark's digital transformation will be somewhat higher than previously assumed. Consequently, the expense ratio for 2020 is expected to increase slightly from 16.0 in 2019.

Furthermore, the expected claims trend in illness and accident has deteriorated.

The expected additional costs on the digital investments and the deterioration of the claims trend in illness and accident are expected to more or less balance out the positive discounting effect of 0.7pp.

The assumed combined ratio for 2020 therefore remains unchanged at about 90, excluding run-off.

The overall assumed pre-tax result for non-life insurance is DKK 1,040-1,140m.

Life insurance

Topdanmark assumes an increase in regular premiums of about 0% in 2020. At this time of the year, it is pointless to make assumptions about the level of single premiums.

The profit forecast model for life insurance is based on the following assumptions:

- Full recognition as income of risk return for shareholders' equity from all interest rate groups
- No profit from the shadow account.

Compared with the profit of DKK 327m in 2019, the assumed result in life insurance is negatively impacted due to additional costs on the new core IT system (DKK 25m), one-off gains on sales and administration in Q3 2019 (DKK 17m), and lower assumed investment results (DKK 130m).

Consequently, Topdanmark assumes a pre-tax result for life insurance of DKK 140-170m.

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

Parent company

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

Taxation

Given a corporation tax rate of 22%, the tax charge is expected to be DKK 270-310m.

Total Group profit

Topdanmark's overall post-tax profit according to the profit forecast model for 2020 is DKK 950-1,050m representing an EPS of DKK 11.5. The assumed profit is exclusive of run-off.

The profit forecast model assumes an annual 7.0% return on equities, and unchanged foreign exchange rates from the level as at 30 December 2019.

Furthermore, it is assumed that the return on interest-bearing assets hedging the discounted provisions exactly suffices to cover discounting and revaluation of the provisions, while the return on the remaining interest-bearing assets is assumed to be 1.64% (risk-free interest rate plus 2.0pp).

Profit forecast 2020 (DKK m)	Results 2019	Forecast 2020 30 December 2019		
Non-life insurance				
- Technical result	1,534	950	-	1,000
- Investment return after return and revaluations of non-life insurance provisions etc.	66	90	-	140
Profit on non-life insurance	1,601	1,040	-	1,140
Life insurance	327	140	-	170
Parent company etc.	60	40	-	50
Pre-tax profit	1,987	1,220	-	1,360
Taxation	(441)	(270)	-	(310)
Profit for the year	1,547	950	-	1,050

Distribution of dividend for 2019

Given Topdanmark's solid own funds, the Board of Directors will recommend to the AGM that a distribution of dividend of DKK 1,530m from this year's profit of DKK 1,547m will take place, representing a payout ratio of 98.9.

The recommended dividend distribution represents a dividend yield of 5.4 and a dividend of DKK 17 per share.

The distribution of dividend will take place immediately after the AGM on 2 April 2020.

Financial calendar

Deadline for submitting items for AGM agenda	19 Feb 2020
2019 Annual Report	20 Feb 2020
AGM	2 Apr 2020
Q1 2020 Interim Report	24 Apr 2020
2020 Half-year Report	17 July 2020
Q1-Q3 2020 Interim Report	23 Oct 2020
Announcement of 2020 Annual Results	22 Jan 2021

Disclaimer

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

Many factors may cause significant deviation from the forecasts and assumptions set out in the interim report. Such factors could be, for example, cyclical movements, changes in the financial markets, the

financial effect of unexpected events such as acts of terrorism 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 → Investors → [Risk management](#).

The above description of risk factors is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements in relation to the future, should give their own careful consideration to these and other factors of uncertainty.

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

Accounting policies

The announcement of the 2019 annual 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 annual 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 2019, including IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments". The implementation has had no significant effect on the Group.

Changes in accounting estimates

The Group has updated the assumptions for measurement of the life insurance provisions. This comprises rate of mortality including expected future life expectancies, disability, termination of premiums and surrenders. The updated assumptions have merely had a marginal impact on the life insurance provisions, the profit for the year and the shareholders' equity.

One development project put into use in 2019 is expected to have a useful lifetime of 10 years and is therefore depreciated over 10 years. Hence the maximum expected useful lifetime for development projects has been changed from five years to 10 years.

Development projects under construction which are significant and strategic projects with dedicated internal resources are measured including internal costs from 2019.

Future accounting standards

IFRS

The IASB has issued a number of new and revised standards and interpretations, which have not yet taken effect and/or been approved by the EU of which the most significant are:

IFRS 9 "Financial instruments" came into force on 1 January 2018. However, under certain circumstances, insurance groups may postpone IFRS 9 to 2022 at the time where IFRS 17 "Insurance contracts" will come into force. However, IFRS 17 has not yet been adopted by the EU.

The Topdanmark Group meets the conditions for postponement given that the Group has not previously implemented IFRS 9-standards and since provisions for insurance and investment contracts represent more than 90% of the total liabilities.

As a consequence, the Topdanmark Group has chosen to postpone the implementation of IFRS 9 to the implementation of IFRS 17, which is expected to take effect on 1 January 2022.

The standard classifies the financial assets based on the company's business model for holding of assets and the cash flow generated by the asset. The standard is not expected to substantially affect the presentation of accounts for the Group.

IFRS 17 "Insurance Contracts"

This standard defines the principles for recognition and measurement of insurance contracts. IFRS 17 is expected to come into force on 1 January 2022. However, the standard has not yet been adopted by the EU. Topdanmark has initiated an analysis of the standard. The financial effect has not yet been clarified.

This announcement has not been audited nor subjected to review.

Income statement • Group

(DKK)m	Note	Q4 2018	Q4 2019	2018	2019
NON-LIFE INSURANCE					
Gross premiums written		1,572	1,593	9,205	9,494
Ceded reinsurance premiums		(51)	(40)	(617)	(609)
Change in the provisions for unearned premiums		858	954	35	1
Change in profit margin and risk margin		(164)	(182)	(43)	(32)
Change in the reinsurers' share of the provisions for unearned premiums		(110)	(107)	10	4
Premiums earned, net of reinsurance		2,105	2,218	8,590	8,858
Claims paid		(1,666)	(1,747)	(6,045)	(6,503)
Reinsurance cover received		140	142	362	345
Change in the provisions for claims		220	115	(23)	376
Change in risk margin		13	(9)	31	18
Change in the reinsurers' share of the provisions for claims		(28)	(48)	56	(53)
Claims incurred, net of reinsurance	1	(1,321)	(1,547)	(5,619)	(5,817)
Bonuses and rebates		(17)	(17)	(62)	(66)
Acquisition costs		(236)	(244)	(952)	(949)
Administrative expenses		(134)	(145)	(501)	(534)
Reinsurance commission and share of profits		22	19	78	78
Insurance operating expenses, net of reinsurance		(348)	(370)	(1,375)	(1,405)
TECHNICAL RESULT FROM NON-LIFE INSURANCE		420	283	1,534	1,571
LIFE INSURANCE					
Gross premiums written	2	2,964	2,991	10,111	11,106
Ceded reinsurance premiums		(0)	(0)	(1)	(1)
Premiums, net of reinsurance		2,964	2,991	10,111	11,105
Allocated investment return, net of reinsurance		(3,776)	1,566	(2,326)	8,357
Pension return tax		234	(394)	28	(1,094)
Claims and benefits paid		(1,091)	(1,007)	(4,088)	(4,133)
Reinsurance cover received		0	1	3	4
Claims and benefits paid, net of reinsurance		(1,091)	(1,007)	(4,086)	(4,129)
Change in the life insurance provisions		1,774	(3,008)	(3,318)	(13,759)
Change in the reinsurers' share		(0)	(1)	(4)	(4)
Change in the life insurance provisions, net of reinsurance		1,774	(3,008)	(3,321)	(13,763)
Change in profit margin		(14)	(36)	(34)	(61)
Acquisition costs		(36)	(57)	(143)	(166)
Administrative expenses		(78)	(94)	(277)	(319)
Insurance operating expenses, net of reinsurance		(114)	(150)	(420)	(485)
TECHNICAL RESULT FROM LIFE INSURANCE		(22)	(37)	(48)	(71)

Income statement • Group

(DKKm)	Q4 2018	Q4 2019	2018	2019
NON-TECHNICAL ACTIVITIES				
Technical result from non-life insurance	420	283	1,534	1,571
Technical result from life insurance	(22)	(37)	(48)	(71)
Income from associates	97	96	161	165
Income from investment properties	7	28	45	135
Interest income and dividends etc.	411	416	1,803	2,301
Revaluations	(4,285)	1,043	(3,871)	7,029
Interest charges	(19)	(22)	(81)	(78)
Expenses on investment activities	(11)	(16)	(47)	(53)
Total investment return	(3,799)	1,546	(1,990)	9,499
Return and revaluations of non-life insurance provisions	(37)	335	(86)	(616)
Investment return transferred to life insurance business	3,776	(1,566)	2,326	(8,357)
Other income	6	4	23	19
Other expenses	(13)	(13)	(58)	(57)
PRE-TAX PROFIT	331	551	1,702	1,987
Taxation	(71)	(120)	(371)	(441)
PROFIT FOR THE YEAR	259	431	1,331	1,547
EPS (DKK)	3.0	5.0	15.4	17.8
EPS, diluted (DKK)	3.0	4.9	15.4	17.7

Statement of comprehensive income • Group

Profit for the year	259	431	1,331	1,547
Items which cannot subsequently be reclassified as profit or loss:				
Revaluation / Reversed revaluation on non-occupied properties	0	0	1	(18)
Taxation	0	0	0	4
Other comprehensive income	0	0	1	(14)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	260	431	1,332	1,533

Assets • Group

(DKK m)	2018	2019
INTANGIBLE ASSETS	1,091	1,291
Operating equipment	116	113
Owner-occupied properties	853	834
TOTAL TANGIBLE ASSETS	969	948
Investment properties	3,830	4,034
Equity investments in associates	1,678	1,668
Total investments in associates	1,678	1,668
Equity investments	5,412	5,087
Unit trusts	6	6
Bonds	35,118	43,632
Loans guaranteed by mortgages	6	6
Deposits with credit institutions	4,380	2,745
Derivatives	86	198
Total other financial investment assets	45,010	51,675
TOTAL INVESTMENT ASSETS	50,518	57,376
INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	27,890	36,104
Reinsurers' share of the provisions for unearned premiums	92	95
Reinsurers' share of the life insurance provisions	17	12
Reinsurers' share of the provisions for claims	527	478
Total reinsurers' share of provisions	635	585
Receivables from policyholders	262	265
Receivables from insurance companies	197	151
Receivables from associates	365	286
Other receivables	281	225
TOTAL RECEIVABLES	1,740	1,512
Current tax assets	39	0
Deferred tax assets	17	25
Liquid funds	253	550
Other	199	28
TOTAL OTHER ASSETS	508	603
Accrued interest and rent	310	388
Other prepayments and accrued income	196	219
TOTAL PREPAYMENTS AND ACCRUED INCOME	506	607
TOTAL ASSETS	83,224	98,442

Shareholders' equity and liabilities • Group

(DKKm)	Note	2018	2019
Share capital		90	90
Revaluation reserve		14	0
Security fund		1,146	1,146
Other reserves		67	72
Total reserves		1,213	1,218
Profit carried forward		3,349	3,559
Proposed dividend		1,350	1,530
TOTAL SHAREHOLDERS' EQUITY		6,016	6,397
OTHER SUBORDINATED LOAN CAPITAL		1,746	1,747
Provisions for unearned premiums		1,819	1,849
Profit margin, non-life insurance contracts		807	838
With-profit products		23,134	23,618
Unit-linked products		33,117	46,656
Total life insurance provisions		56,252	70,274
Profit margin, life insurance and investment contracts		268	329
Provisions for claims		13,003	13,071
Risk margin, non-life insurance contracts		275	253
Provisions for bonuses and rebates		152	163
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		72,575	86,778
Pensions and similar commitments		27	30
Deferred tax liabilities		103	71
Deferred tax on security funds		306	306
TOTAL PROVISIONS		436	407
DEPOSITS RECEIVED FROM REINSURERS		81	69
Debt relating to direct insurance operations		373	194
Debt relating to reinsurance operations		18	26
Amounts due to credit institutions		242	155
Current tax liabilities		1	27
Derivatives		703	679
Other debt		934	1,867
TOTAL DEBT		2,271	2,949
ACCRUALS AND DEFERRED INCOME		98	94
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		83,224	98,442
Financial assets and liabilities	3		
Contingent liabilities	4		
Related parties	5		
Sale of affiliate	6		

Cash flow statement • Group

(DKK m)	2018	2019
Cash flow from operations		
Gross premiums	9,214	9,410
Claims	(5,992)	(6,433)
Expenses	(1,352)	(1,373)
Reinsurance ceded	(255)	(162)
Cash flow from non-life insurance	1,615	1,443
Gross premiums	10,164	10,942
Claims and benefits	(4,094)	(4,138)
Pension return tax	(486)	(122)
Expenses	(425)	(457)
Reinsurance ceded	1	32
Cash flow from life insurance	5,160	6,257
Cash flow from insurance activities	6,775	7,700
Payments on investment contracts	1,008	264
Interest income and dividends etc.	1,806	2,347
Interest charges etc.	(124)	(133)
Corporation tax	(402)	(414)
Other items	(135)	42
Cash flow from operations	8,929	9,805
Investments		
Intangible assets, operating equipment	(243)	(291)
Properties	(257)	(467)
Sale of affiliate	124	0
Equity investments in associates	(249)	(0)
Dividends from associates	17	175
Equity investments	147	1,412
Unit trusts	(11)	7
Bonds	626	(8,717)
Loans	(5)	(1)
Derivatives	(427)	(279)
Investment assets related to unit-linked products	(6,537)	(1,765)
Balances with associates	(38)	80
Investments	(6,855)	(9,846)
Financing		
Dividend paid	(1,637)	(1,300)
Exercise of share options	79	88
Amounts due to credit institutions	199	(87)
Financing	(1,359)	(1,299)
Change in cash and cash equivalents	715	(1,340)
Cash and cash equivalents at 1 January	3,941	4,634
Cash and cash equivalents in sold affiliate	(22)	0
Cash and cash equivalents end of period	4,634	3,294
Cash and cash equivalents comprise:		
Liquid funds	253	550
Deposits with credit institutions	4,380	2,745
	4,634	3,294

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

Statement of changes in equity • Group

(DKKm)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Proposed dividend	Total
2018							
Shareholders' equity at 31 December previous year	90	13	1,146	64	3,168	1,710	6,191
Profit for the year				3	(23)	1,350	1,331
Other comprehensive income		1					1
Total comprehensive income for the year		1		3	(23)	1,350	1,332
Dividend paid						(1,710)	(1,710)
Dividend, own shares					73		73
Share-based payments					48		48
Exercise of share options					79		79
Taxation					3		3
Other transactions					203	(1,710)	(1,507)
Shareholders' equity at 31 December 2018	90	14	1,146	67	3,349	1,350	6,016

2019							
Shareholders' equity at 31 December previous year	90	14	1,146	67	3,349	1,350	6,016
Profit for the year				5	12	1,530	1,547
Other comprehensive income		(14)					(14)
Total comprehensive income for the year		(14)		5	12	1,530	1,533
Dividend paid						(1,350)	(1,350)
Dividend, own shares					50		50
Share-based payments					62		62
Exercise of share options					88		88
Taxation					(1)		(1)
Other transactions					198	(1,350)	(1,152)
Shareholders' equity at 31 December 2019	90	0	1,146	72	3,559	1,530	6,397

Own funds	2018	2019
Shareholders' equity	6,016	6,397
Deferred tax on security funds	306	306
Profit margin	1,005	1,138
Intangible assets	(1,091)	(1,291)
Proposed dividend	(1,350)	(1,530)
Other	(69)	(64)
Correction for tax	(63)	(49)
Available share subordinated loan tier 1	400	400
Available share subordinated notes	1,355	1,353
Own funds	6,509	6,660

Segment information • Group

Income statement

(DKKm)	Private	SME	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
2018								
Non-life insurance								
Gross premiums earned	5,056	4,097	(19)	9,135				9,135
Claims incurred	(3,327)	(2,739)	16	(6,051)			14	(6,037)
Expenses	(806)	(671)	3	(1,475)			21	(1,453)
Net reinsurance	(79)	(32)	0	(111)				(111)
Technical result from non-life insurance	843	656	(0)	1,499			35	1,534
Life insurance								
Gross premiums written					10,111			10,111
Allocated investment return					(2,326)			(2,326)
Pension return tax					28			28
Benefits and change in provisions					(7,440)			(7,440)
Expenses					(425)		6	(420)
Net reinsurance					(1)			(1)
Technical result from life insurance					(54)		6	(48)
Total investment return				5	(2,226)	96	136	(1,990)
Pension return tax non-life insurance				(4)	4			0
Return and revaluations of non-life insurance provisions				(86)				(86)
Transferred to technical result					2,326			2,326
Other items				6	178	(42)	(177)	(35)
Pre-tax profit				1,420	228	54	0	1,702
Taxation								(371)
Profit								1,331
2019								
Non-life insurance								
Gross premiums earned	5,114	4,302	(20)	9,397				9,397
Claims incurred	(3,555)	(2,583)	17	(6,121)			12	(6,109)
Expenses	(802)	(707)	2	(1,507)			24	(1,483)
Net reinsurance	(70)	(164)	(0)	(234)				(234)
Technical result from non-life insurance	686	848	(0)	1,534			36	1,571
Life insurance								
Gross premiums written					11,106			11,106
Allocated investment return					8,357			8,357
Pension return tax					(1,094)			(1,094)
Benefits and change in provisions					(17,953)			(17,953)
Expenses					(491)		6	(486)
Net reinsurance					(1)			(1)
Technical result from life insurance					(77)		6	(71)
Total investment return				711	8,508	101	179	9,499
Pension return tax non-life insurance				(31)	31			0
Return and revaluations of non-life insurance provisions				(616)				(616)
Transferred to technical result					(8,357)			(8,357)
Other items				2	222	(41)	(221)	(38)
Pre-tax profit				1,601	327	60	0	1,987
Taxation								(441)
Profit								1,547

Notes to the financial statements • Group

(DKKm) 2018 2019

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

Run-off result:		
Gross business	319	388
Reinsurance ceded	34	45
Run-off result, net of reinsurance (profit)	353	433

Note 2. Gross premiums written - Life insurance

Individual policies	304	295
Policies w hich are part of a tenure	2,228	2,711
Group life	322	269
Regular premiums	2,855	3,275
Individual policies	1,856	2,179
Policies w hich are part of a tenure	5,401	5,652
Single premiums	7,257	7,831
Gross premiums	10,111	11,106

Note 3. Financial assets and liabilities

Financial assets recorded at fair value based on non-observable input (level 3), comprises of a bond portfolio:

1 January	692	469
Purchases	103	49
Repayments	(334)	(150)
Foreign exchange adjustment	9	3
	469	371

The portfolio consists of construction financing of property projects (DKK 208m) and Vindmøllepark (w ind farm) guaranteed by EKF (DKK 39m) and bonds (DKK 124m), for w hich current return depends on payment on life annuity contracts. The fair value is generally equivalent to the cost price in the transaction currency.

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

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

Note 4. Contingent liabilities

Contract liabilities	398	0
Adjustments to VAT liabilities	105	136
Other liabilities	16	4
Capital commitments made to loan funds and private equity funds etc.	609	398

All companies in the Topdanmark Group and other Danish companies and branches in the Sampo Group are jointly taxed w ith 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 w ithhold tax from interest, royalties and dividend for companies concerned.

In connection w ith implementation of a new customer and core system, Topdanmark Forsikring A/S has undertaken to give support tow ards specific suppliers to fulfill Topdanmark EDB IV ApS' obligations in accordance w ith the contracts.

Notes to the financial statements • Group

(DKKm)

Note 5. Related parties

In 2019, Q2, Topdanmark A/S paid dividend of DKK 630m (Q2 2018: DKK 798m) to Sampo plc. and received dividend of DKK 1,300m (Q2 2018: DKK 1,700m) from Topdanmark Forsikring A/S.

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

Note 6. Sale of affiliate

As of 1 April 2018, the Group has disposed of the shares in the subsidiary Nykredit Livsforsikring A/S for DKK 124m in cash. Thus, as per the time of sale, the balance sheet of the company was compounded as follows:

Investment activities related to unit-linked products	1,919
Cash and cash equivalents	22
Other assets	471
Total assets	2,412
Provisions for insurance contracts	(2,138)
Debt	(151)
Shareholders' equity	124

Income statement • Parent company

(DKK)m	Q4 2018	Q4 2019	2018	2019
Income from affiliates	269	441	1,372	1,587
Interest charges	(3)	(3)	(11)	(10)
Total investment return	266	439	1,361	1,577
Other expenses	(9)	(10)	(42)	(41)
PRE-TAX PROFIT	257	429	1,319	1,536
Taxation	3	3	12	11
PROFIT FOR THE YEAR	259	431	1,331	1,547

Statement of comprehensive income • Parent company

Profit for the year	259	431	1,331	1,547
Other comprehensive income from affiliates	0	0	1	(14)
Other comprehensive income	0	0	1	(14)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	260	431	1,332	1,533

Balance sheet • Parent company

(DKK)m	2018	2019
Assets		
Operating equipment	3	3
TOTAL TANGIBLE ASSETS	3	3
Equity investments in affiliates	6,188	6,431
Total investment in affiliates	6,188	6,431
TOTAL INVESTMENT ASSETS	6,188	6,431
Receivables from affiliates	639	836
Other receivables	2	0
TOTAL RECEIVABLES	641	836
Current tax assets	39	0
Liquid funds	2	3
TOTAL OTHER ASSETS	40	3
TOTAL ASSETS	6,873	7,274

Shareholders' equity and liabilities

Share capital	90	90
Other reserves	2,439	2,682
Total reserves	2,439	2,682
Profit carried forward	2,443	2,401
Proposed dividend	1,350	1,530
TOTAL SHAREHOLDERS' EQUITY	6,322	6,703
OTHER SUBORDINATED LOAN CAPITAL	398	398
Amounts due to affiliates	147	139
Current tax liabilities	0	27
Other debt	6	7
TOTAL DEBT	153	172
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,873	7,274