

Topdanmark A/S expects higher returns and solvency ratio in 2021

6.4.2021 08:43:17 CEST | Topdanmark A/S | Inside information

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6 April 2021

Announcement no. 06/2021

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Based on preliminary figures for Q1 2021 and a revaluation of the property portfolio, the result of the model profit forecast for 2021 is raised from DKK 1,000-1,100m to DKK 1,300-1,400m post-tax. Based on this additional return as well as a recalibration of the model for calculation of the profit margin in Topdanmark Livsforsikring A/S (Life), we expect a positive effect on the solvency ratio in Topdanmark A/S of approx. 30pp. The main reasons for this are:

- The financial markets have been more favourable than assumed when presenting the assumptions for 2021 in the Annual Report 2020 (announcement no. 02/2021), especially for equity investments and CLOs. In Q1 2021, Topdanmark Forsikring's investments have thus yielded a return higher than previously expected of DKK 170m pre-tax.
- For Life, the return is divided between the customers and shareholders' equity. Compared with the previously assumed, the part of the improved investment return to affect the shareholders' equity in Q1 amounts to approx. DKK 130m pre-tax. Of this, DKK 110m is due to a revaluation of the property portfolio.
- In Q1 2021, the claims trend has been better than assumed in the Annual Report for 2020, especially because there have not been any large weather events. At the same time, the interest rate has increased in Q1 which reduces the assumed combined ratio for the rest of the year. Therefore, the assumed combined ratio for 2021 is improved from 89-90 to 88-89 before run-off. Hereby, the assumed technical result is increased by approx. DKK 100m pre-tax.
- In total, the assumed improvement in investment return and claims trend will cause an increase in taxes of approx. DKK 100m in 2021.
- The model for calculation of profit margin in Life has been recalibrated and adjusted for the significant growth which Life has experienced in recent years. The profit margin for unit-link products is raised from about DKK 300m to a more market consistent level at approx. DKK 1,050m, while the profit margin for with-profit products is largely unchanged.
- The solvency ratio for Topdanmark A/S will be positively affected by the improved profit forecast mentioned, as well as by the higher profit margin in Life. The solvency ratio for Topdanmark A/S is expected to increase by approx. 30pp to approx. 200.

Topdanmark's interim report for Q1 2021 will be published on 26 April 2021 as in accordance with the financial calendar.

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About Topdanmark A/S

Topdanmark is one of the country's largest insurance and pension companies.

For more than 100 years, we have helped our customers care for what matters the most. Prevent and limit damages. Secure financial security before and after retirement. For the benefit of both people and the environment.

It makes us an attractive company - not only for our customers, but also for our employees, shareholders and the world around us.

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