

TOPDANMARK HALF-YEAR REPORT FOR 2016

16 August 2016 Announcement No. 44/2016

Key features

H1 2016

- Post-tax profit of DKK 594m (H1 2015: DKK 651m)
- EPS remained at DKK 6.3
- Combined ratio was 86.0% (H1 2015: 84.9%)
- Combined ratio excluding run-off profits was 90.1 (H1 2015: 88.8)
- Premiums declined 1.9% in non-life insurance and increased 30.5% in life insurance
- Profit on life insurance was DKK 66m (H1 2015: DKK 68m)
- After unwinding and revaluation of non-life insurance provisions, the investment return was DKK 107m (H1 2015: DKK 88m).

Q2 2016

- Post-tax profit: DKK 430m (Q2 2015: DKK 365m)
- EPS: DKK 4.6 (Q2 2015: DKK 3.6)
- Combined ratio: 86.2 (Q2 2015: 78.7)
- Combined ratio excluding run-off profits: 88.5 (Q2 2015: 84.4)
- Trend in premiums: 1.4% decline in non-life insurance, 28.8% increase in life insurance
- Profit on life insurance: DKK 58m (Q2 2015: DKK 34m)
- After unwinding and revaluation of non-life insurance provisions, the investment return was DKK 198m (Q2 2015: DKK 56m loss).

Profit forecast model for 2016

- The assumed combined ratio for 2016 remained around 89, excluding run-off in H2 2016
- Negative growth in non-life premiums in 2016 still assumed
- The post-tax profit forecast model for 2016 has been adjusted from DKK 900-1,000m to DKK 1,000-1,100m, excluding run-off in H2 2016, representing EPS of DKK 11.5.

Share buy-back

- The share buy-back programme for 2016, executed from 12 February 2016 until the announcement of the 2016 Annual report on 23 February 2017, has been adjusted by DKK 100m to DKK 1,450m, representing a buy-back yield of 9.0. The buy-back is subject to prior approval by the DFSA, cf. page 12.

Webcast

Topdanmark's CEO, Christian Sagild will present the financial highlights and comment on the forecast via a webcast.

Conference call

A conference call will be held today at 15:30 (CET) where CEO Christian Sagild and CFO Lars Thykier will be available for questions based on the half-year report and the webcast. The conference call will be conducted in English.

In order to participate in the conference call, please call one of the numbers below 10-15 minutes before the conference call:

UK dial-in number: +44 (0)20 7031 0088

US dial-in number: +1 646 851 2407

Please quote reference 959677 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:

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Contents

Management's review

- 1 Key features
- 3 Financial highlights
- 4 Results for H1 2016
- 4 Results for Q2 2016
- 4 Non-life insurance
- 8 Life insurance
- 9 Investment activities
- 10 Solvency calculation and capital requirements
- 11 Parent company etc.
- 11 Taxation
- 11 Profit forecast model
- 12 Share buy-back
- 13 Financial calendar
- 13 Disclaimer
- 13 Accounting policies

Financial statements for H1 2016 – Group

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

Financial statements for H1 2016 – Parent company

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

24 Statement by Management

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Financial highlights

(DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Premiums earned:					
Non-life insurance	8,977	2,266	2,234	4,524	4,436
Life insurance	6,320	1,367	1,761	2,984	3,896
	15,297	3,633	3,996	7,508	8,332
Results:					
Non-life insurance	1,342	441	495	772	695
Life insurance	174	34	58	68	66
Parent company etc.	31	4	1	3	3
Pre-tax profit	1,547	479	554	842	763
Tax	(364)	(114)	(124)	(191)	(169)
Profit	1,183	365	430	651	594
Run-off profits, net of reinsurance	381	130	52	176	181
Shareholders' equity of parent company at 1 January	5,339	5,234	4,769	5,339	4,930
Profit	1,183	365	430	651	594
Share buy-back	(1,667)	(412)	(430)	(866)	(767)
Share-based payments	76	3	6	68	20
Other movements in shareholders' equity	(3)	(3)	(0)	(5)	(2)
Shareholders' equity of parent company end of period	4,927	5,188	4,775	5,188	4,775
Deferred tax on security funds	(306)	(306)	(306)	(306)	(306)
Shareholders' equity of Group end of period	4,621	4,882	4,469	4,882	4,469
Total assets, parent company	5,625	5,924	5,447	5,924	5,447
Total assets, Group	67,667	67,052	72,129	67,052	72,129
Provisions for insurance and investment contracts:					
Non-life insurance	16,310	17,617	17,624	17,617	17,624
Life insurance	40,537	38,902	43,186	38,902	43,186
Financial ratios (parent company)					
Post-tax profit as a % of shareholders' equity	22.6	6.9	8.9	12.2	12.1
Post-tax EPS (DKK)	11.8	3.6	4.7	6.4	6.4
Post-tax EPS, diluted (DKK)	11.8	3.6	4.6	6.3	6.3
Net asset value per share, diluted (DKK)	51.3	51.7	52.2	51.7	52.2
Share buy-back per share, diluted (DKK)	16.6	4.1	4.6	8.4	8.2
Listed share price end of period	196.0	179.4	158.5	179.4	158.5
Average number of shares ('000)	99,971	101,187	92,516	102,021	93,553
Average number of shares, diluted ('000)	100,461	101,649	92,709	102,581	93,819
Number of shares end of period ('000)	95,672	99,869	91,286	99,869	91,286
Ratios non-life insurance (%)					
Gross loss ratio	68.9	62.2	60.7	67.8	68.3
Net reinsurance ratio	1.9	1.0	8.9	1.2	0.8
Claims trend	70.8	63.3	69.6	69.0	69.1
Gross expense ratio	15.9	15.4	16.6	15.9	16.9
Combined ratio	86.7	78.7	86.2	84.9	86.0
Combined ratio excl. run-off profits	90.9	84.4	88.5	88.8	90.1

Comparative figures are adapted to the new Danish executive order on Financial Reports.

It has not been possible to prepare comparative figures for life insurance.

Net shareholders' equity effect for life insurance was calculated at DKK 3m at the beginning of 2016.

Thus, Group equity was DKK 4,621m at the end of 2015 and

Group equity was calculated at DKK 4,624m at the beginning of 2016.

Results for H1 2016

Topdanmark's post-tax profit for H1 2016 was DKK 594m (H1 2015: DKK 651m).

EPS was DKK 6.3 (H1 2015: DKK 6.3).

Pre-tax profit declined DKK 79m to DKK 763m.

The technical result declined DKK 60m to DKK 622m. The decline was primarily due to an increase in fire claims (DKK 37m).

After unwinding and revaluation of non-life insurance provisions, the investment return declined DKK 17m to DKK 73m.

Profit on life insurance declined DKK 2m to DKK 66m.

Trend in profit (DKKm)	Full year 2015	H1 2015	H1 2016
Non-life insurance			
- Technical result	1,195	682	622
- Investment return etc.	55	(35)	521
- Unwinding and revaluations			
non-life insurance provisions	93	125	(448)
Profit on non-life insurance	1,342	772	695
Life insurance	174	68	66
Parent company etc.	31	3	3
Pre-tax profit	1,547	842	763
Tax	(364)	(191)	(169)
Profit	1,183	651	594

Results for Q2 2016

Profit for Q2 2016 increased to DKK 430m (Q2 2015: DKK 365m). EPS was DKK 4.6 (Q2 2015: DKK 3.6).

Pre-tax profit increased DKK 75m to DKK 554m.

The technical result declined DKK 174m to DKK 309m. The decline was due to lower run-off profits (DKK 78m), weather-related claims (DKK 34m) and an increase in claims, primarily fire and burst pipes claims, in the personal segment (DKK 33m).

After unwinding and revaluation of non-life insurance provisions, the investment return increased DKK 227m to DKK 185m.

Profit on life insurance increased DKK 24m to DKK 58m impacted by the improved investment return and the risk result.

Trend in profit (DKKm)	Q2 2015	Q2 2016
Non-life insurance		
- Technical result	483	309
- Investment return etc.	(472)	330
- Unwinding and revaluations		
non-life insurance provisions	430	(145)
Profit on non-life insurance	441	495
Life insurance	34	58
Parent company etc.	4	1
Pre-tax profit	479	554
Tax	(114)	(124)
Profit	365	430

Non-life insurance Premiums earned

Premiums earned declined 1.9% to DKK 4,436m.

The personal segment accounted for a 2.1% decline, and the SME and industrial segment accounted for a 1.7% decline.

Developments in motor insurance continue to reflect an increase in the sale of smaller and safer cars, which has resulted in a trend with declining risk premium and declining average premiums. The average premium for motor insurance declined 2.4% from H1 2015 to H1 2016, reducing the Topdanmark Group's total earned premiums by 1.1% in H1 2016, compared to H1 2015.

Topdanmark prioritizes profitability over growth. The focus on profitability-promoting initiatives for less profitable customers in the SME and industrial area, primarily in workers' compensation, generated a loss of major industrial customers that did not meet Topdanmark's ROI requirement.

This loss of customers had a 0.5% adverse effect on premiums earned for the Topdanmark Group.

Claims trend

The claims trend was 69.1% in H1 2016 (69.0% in H1 2015).

There was an increase in fire claims compared to H1 2015, primarily in the personal segment. The claims trend was adversely impacted by 0.8pp for the Topdanmark Group.

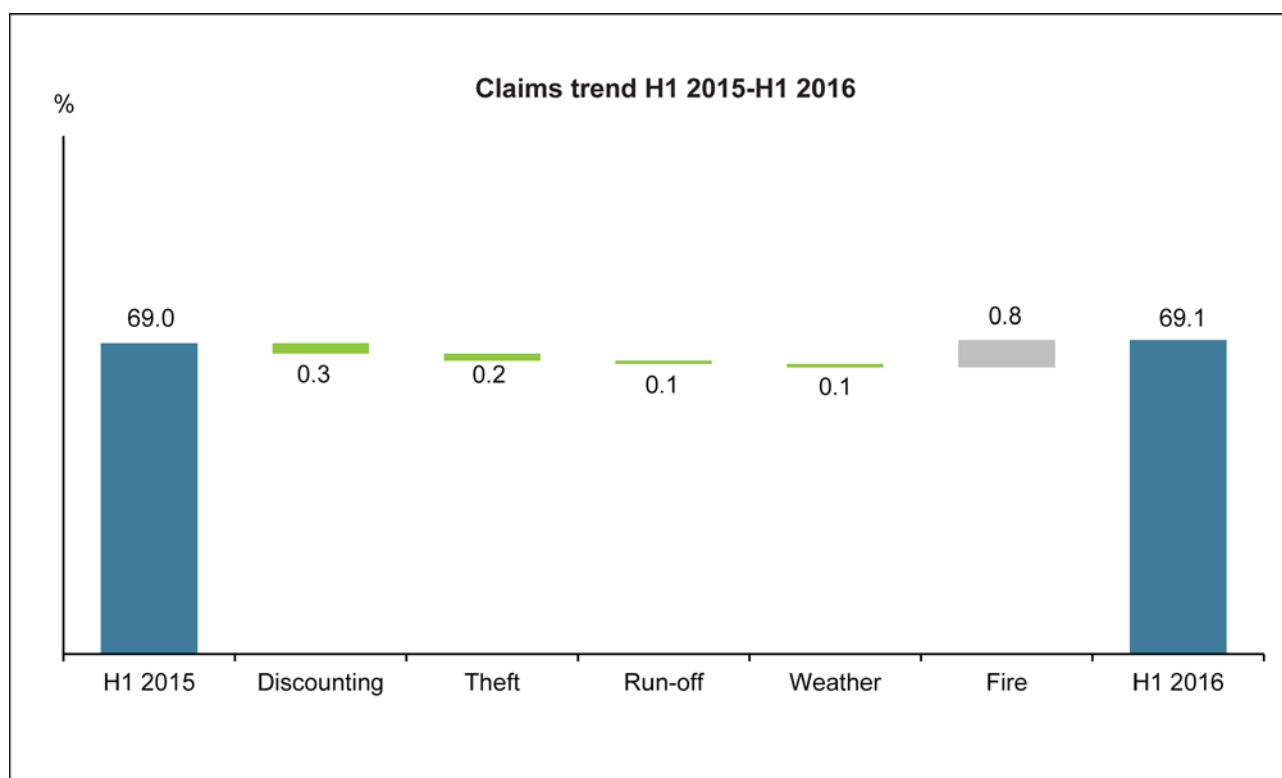
Gross claims were impacted by a large-scale claim at Fredericia Harbour. However, the bulk of the claim is covered by reinsurers. The claim at Fredericia Harbour impacted the claims trend adversely by 0.3pp.

Run-off profits, net of reinsurance, were DKK 181m (H1 2015: DKK 176m), representing a 0.1pp improvement of the claims trend. Motor insurance and illness/accident insurance primarily generated run-off profits in H1 2016. In H1 2015, motor insurance and worker's compensation primarily generated run-off profits.

The difference between the interest rate levels in H1 2016 and H1 2015 resulted in a 0.3pp improvement of the claims trend.

The positive trend in the level of theft claims continued in H1 2016, representing a 0.2pp improvement of the claims trend.

Weather-related claims were DKK 34m in H1 2016 (DKK 40m in H1 2015), representing a 0.1pp improvement of the claims trend.



Expense ratio

In H1 2016, the expense ratio was 16.9% (H1 2015: 15.9%).

The 1pp increase in the expense ratio was due to a number of factors such as the increase in the payroll tax imposed on Danish financial businesses, which increased from 12.2% in 2015 to 13.6% in 2016. Furthermore, the expenditure on wages was impacted by a 1.8% contractual increase.

The expense ratio was also adversely impacted by non-recurring expenses for managerial adjustments, including changes in the Executive Board, cf. company announcement no. 11/2016. The expense ratio was also adversely impacted by the lower level of premiums.

Combined ratio

The combined ratio was 86.0% in H1 2016 (H1 2015: 84.9%). Excluding run-off profits, the combined ratio was 90.1% (H1 2015: 88.8%).

Reinsurance

The storm reinsurance programme has been renewed for one year from 1 July and remains unchanged at DKK 5.1bn including a retention of DKK 100m.

The renewal was incurred within the expense limits assumed in the profit forecast model for 2016. Further information on the storm programme is available in Topdanmark's risk report (page 7: Disaster risks) on www.topdanmark.com → [Investor](#) → [Risk management](#).

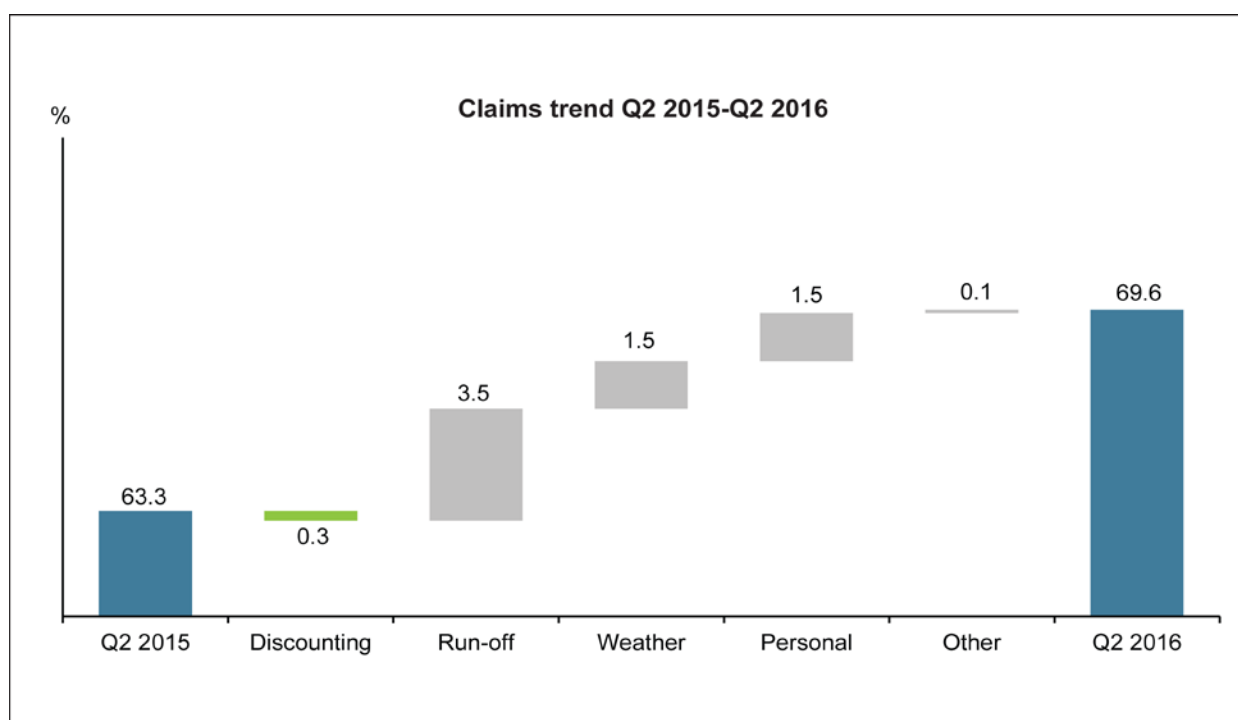
The claims trend was 69.6 in Q2 2016 (Q2 2015: 63.3), representing a 6.3pp increase due to, lower run-off profits (3.5pp), weather-related claims (1.5pp) and personal claims – fire and burst pipes claims (1.5pp).

The expense ratio was 16.6% (Q2 2015: 15.4%). As for H1 2016, the increase in the expense ratio was due to the increase in the payroll tax, the contractual wage increase, non-recurrent expenses for managerial adjustments, including the changes in the Executive Board and the lower level of premiums.

Developments in Q2 2016

Premiums earned declined 1.4% to DKK 2,234m. Premiums declined 1.7% in the personal area and 1.0% in the SME and Industrial segment.

The combined ratio was 86.2 in Q2 2016 (Q2 2015: 78.7). Excluding run-off profits, combined ratio was 88.5 in Q2 2016 (Q2 2015: 84.4).



Financial highlights – Non-life insurance (DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Gross premiums earned	8,977	2,266	2,234	4,524	4,436
Claims incurred	(6,183)	(1,410)	(1,356)	(3,069)	(3,032)
Expenses	(1,426)	(348)	(370)	(720)	(748)
Net reinsurance	(173)	(24)	(199)	(53)	(35)
Technical result	1,195	483	309	682	622
Investment return	15	(481)	322	(53)	506
Unwinding and revaluations non-life insurance provisions	93	430	(145)	125	(448)
Other items	39	9	9	18	16
Profit on non-life insurance	1,342	441	495	772	695
Run-off profits, net of reinsurance	381	130	52	176	181
Gross loss ratio (%)	68.9	62.2	60.7	67.8	68.3
Net reinsurance ratio (%)	1.9	1.0	8.9	1.2	0.8
Claims trend (%)	70.8	63.3	69.6	69.0	69.1
Gross expense ratio (%)	15.9	15.4	16.6	15.9	16.9
Combined ratio (%)	86.7	78.7	86.2	84.9	86.0
Combined ratio excl. run-off profits (%)	90.9	84.4	88.5	88.8	90.1

Segment reporting

Personal

Personal offers policies to individual households in Denmark.

Compared to H1 2015, premiums earned declined 2.1% to DKK 2,474m in H1 2016. In Q2, premiums earned declined 1.7% to DKK 1,237m.

The decline in premiums in H1 2016 was primarily due to a 4.9% decline in motor insurance. The motor insurance premium is impacted by a declining average premium (2.3%), and a decline in the number of cars insured (1.8%). The premium on other personal insurance declined 0.9%.

The technical result declined DKK 32m to DKK 392m in H1 2016.

The claims trend increased 0.1pp to 67.1%. As compared to H1 2015, the claims trend was impacted by increased expenses for fire claims, burst pipes claims and other sudden damage (2.0pp) as well as higher expenses for weather-related claims (0.2pp). On the other hand, the claims trend benefited from higher run-off profits.

The expense ratio increased to 17.0% (H1 2015: 16.2%) due to an increase in the number of sales employees, increased payroll tax and the lower level of premiums.

The combined ratio was 84.2 in H1 2016 (H1 2015: 83.2). Excluding run-off profits, the combined ratio was 90.2% (H1 2015: 87.3).

Personal (DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Gross premiums earned	4,986	1,258	1,237	2,526	2,474
Claims incurred	(3,413)	(745)	(808)	(1,665)	(1,628)
Expenses	(809)	(199)	(214)	(409)	(422)
Net reinsurance	(68)	(34)	(26)	(27)	(32)
Technical result	696	279	190	424	392
Run-off profits, net of reinsurance	221	71	68	103	151
Gross loss ratio (%)	68.5	59.2	65.3	65.9	65.8
Net reinsurance ratio (%)	1.4	2.7	2.1	1.1	1.3
Claims trend (%)	69.8	62.0	67.4	67.0	67.1
Gross expense ratio (%)	16.2	15.8	17.3	16.2	17.0
Combined ratio (%)	86.0	77.8	84.7	83.2	84.2
Combined ratio excl. run-off profits (%)	90.5	83.5	90.2	87.3	90.2

SME and Industrial

The SME and Industrial segment offers policies to Danish-based SME, agricultural and industrial businesses.

Premiums earned declined 1.7% to DKK 1,972m in H1 2016. In Q2, premiums earned declined 1.0% to DKK 1,002m.

The technical result declined DKK 27m to DKK 231m in H1 2016.

The claims trend increased 0.1pp to 71.7%. The large-scale claim at Fredericia Harbour had adverse impact on the claims trend (0.8pp). In contrast, the claims trend was positively impacted by a general improvement of the claims trend, primarily within movables.

The expense ratio increased from 15.5% to 16.6% in H1 2016. Nominally, the expenses increased by DKK 16m due to increased person-related expenses, including higher payroll tax and expenses for the development of a new IT system for the agricultural area.

The combined ratio was 88.3% in H1 2016 (H1 2015: 87.1%). Excluding run-off profits, the combined ratio was 89.8% (H1 2015: 90.7%).

SME and Industrial (DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Gross premiums earned	4,011	1,012	1,002	2,007	1,972
Claims incurred	(2,783)	(667)	(553)	(1,412)	(1,412)
Expenses	(619)	(149)	(156)	(311)	(327)
Net reinsurance	(105)	10	(173)	(25)	(2)
Technical result	505	206	120	258	231
Run-off profits, net of reinsurance	161	59	(16)	72	31
Gross loss ratio (%)	69.4	65.9	55.2	70.4	71.6
Net reinsurance ratio (%)	2.6	(1.0)	17.2	1.3	0.1
Claims trend (%)	72.0	65.0	72.4	71.6	71.7
Gross expense ratio (%)	15.4	14.7	15.6	15.5	16.6
Combined ratio (%)	87.4	79.7	88.0	87.1	88.3
Combined ratio excl. run-off profits (%)	91.4	85.5	86.4	90.7	89.8

Life insurance

The result from life insurance was a profit of DKK 66m in H1 2016 (H1 2015: DKK 68m).

Profit on life insurance activities comprises the profit on life insurance plus the investment return of Liv Holding

(Life Holding). This profit was calculated in accordance with the stated policy on the calculation of profit for the life insurance company: see www.topdanmark.com → [Investor](#) → [Business](#) → [Life insurance](#) → [Policy for the calculation of profit in life insurance](#).

Result of life insurance (DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Investment return on shareholders' equity	57	1	25	5	14
Sales and administration	(45)	(2)	(12)	(18)	(31)
Insurance risk	19	(10)	10	5	11
Risk return on shareholders' equity	137	34	36	68	72
Risk return transferred to (minus)/from shadow account	7	12	0	7	0
Profit on life insurance	174	34	58	68	66
Estimated value of shadow account end of period	12			17	8

The DKK 2m decline in profit was due to a decline in the result of sales and administration (DKK 13m), among other things due to increased expenses for the development of a new administration system.

On the other hand, investment return on shareholders' equity increased (DKK 9m) and the result of insurance risk also increased (DKK 6m).

The shadow account was written down by DKK 12m in H1 2016, after which the shadow account was DKK 8m due to losses in the expense groups in H1 2016.

Trend in premiums

Gross premiums increased 30.5% to DKK 3,896m in H1 2016, of which premiums on unit-linked pension schemes were DKK 3,006m, a 40.7% increase compared to H1 2015.

Unit-linked pension schemes represented 92% of new pension schemes written in H1 2016.

Regular premiums increased by 5.7% to DKK 1,390m in H1 2016. Single premiums were DKK 2,505m in H1 2016, representing a 50.2% increase.

Q2 2016

The result of life insurance increased to DKK 58m in Q2 2016 from DKK 34m in Q2 2015 due to an increase in investment return on shareholders' equity (DKK 24m) and improved result for insurance risk (DKK 20m). However, the result for sales and administration declined (DKK 10m loss).

Gross premiums increased 28.8% to DKK 1,761m in Q2 2016, of which earned premiums on unit-linked pensions schemes were DKK 1,421m, which is a 32.8% increase compared to Q2 2015.

Regular premiums increased 4.1% to DKK 552m in Q2 2016.

Single premiums were DKK 1,210m in Q2 2016, representing a 44.5% increase.

Investment activities Topdanmark Group excl. life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 555m in H1 2016 (H1 2015: DKK 37m loss).

Unwinding and revaluation of non-life insurance provisions were DKK 448 (loss) in H1 2016 (H1 2015: DKK 125m).

In H1 2016, the investment return after unwinding and revaluation of non-life insurance provisions was DKK 107m (H1 2015: DKK 88m).

It is Topdanmark's policy to accept a certain level of financial risk, given its strong liquid position and stable, high earnings from insurance operations. Topdanmark has invested in, among other things, equities, properties and CDOs in order to improve the average investment return. The return on the most significant classes of assets in H1 2016 is disclosed in the following table:

Investment return	Portfolio	Return Q2 2016		Return H1 2016	
	30 June 2016 (DKKbn)	(DKKbn)	%	(DKKbn)	%
Danish equities	0.3	(7)	(2.0)	(13)	(3.9)
Foreign equities	0.6	5	0.9	(10)	(1.8)
Unlisted equities and hedge funds	0.4	35	11.3	6	1.7
Government and mortgage bonds	14.5	171	1.2	371	2.9
Credit bonds	0.3	4	0.5	6	1.3
Index linked bonds	0.5	8	1.7	9	2.0
CDOs	0.6	49	9.1	28	4.9
Properties	1.0	14	1.4	28	2.8
Assets related to I/A	2.3	70	3.1	149	6.9
Money market etc.	1.7	(4)	(0.3)	(12)	(0.6)
Subordinated loan capital	(1.8)	(18)	(0.9)	(36)	(1.7)
Interest-bearing debt	(0.8)	0	0.2	(1)	(0.4)
	19.5	327	1.8	524	2.9
Asset management		16		31	
Investment return		343		555	
Unwinding and revaluations non-life insurance provisions		(145)		(448)	
Investment return after unwinding and revaluations non-life insurance provisions		198		107	

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

The investment return including unwinding and revaluation of non-life insurance provisions was higher than the assumed investment return for Q2 2016 in the profit forecast for 2016 in the interim report for Q1 2016. The higher investment return is attributed to the credit market, and a positive hedging result of insurance provisions.

The post-tax equity exposure was DKK 769m (pre-tax: DKK 986m) excluding associated companies, but including the impact of derivatives. The equity portfolios are well diversified with no large individual positions. The composition of the portfolios is based on OMXCCAP for Danish equities (representing around 30% of the portfolio on 30 June 2016) and MSCI World DC in the original currency for foreign equities.

The class "Unlisted equities and hedge funds" includes private equity positions (DKK 80m) and positions in hedge funds where the investment mandates aim at positioning in the credit market (DKK 218m).

The Group's investments have no significant concentration of credit risk except for AAA-rated Danish mortgage bonds. The class "Government and mortgage bonds" comprises primarily Danish government and mortgage bonds. In addition, there are foreign government bonds mainly from European core countries, covered bonds and derivatives. The assets of the class are interest-rate sensitive - to a significant extent equivalent to the interest-rate sensitivity of the non-life insurance provisions. Consequently, the return on "Government and mortgage bonds" should be assessed in connection with unwinding and revaluation of non-life insurance provisions.

Credit bonds are composed of a well-diversified portfolio, primarily exposed to businesses in Europe and in the US, predominantly in the investment grade segment.

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

The underlying assets of CDOs are mostly senior secured bank loans, while the remainder are primarily CDOs with investment grade investments as the underlying assets. The maturity of the CDO investments is dependent on any changes in the payments made by the underlying assets which in turn are dependent on changes in the general economy and, therefore, it is not possible to outline the maturity distribution for the portfolio.

The property portfolio mainly comprises owner-occupied property (DKK 857m). The properties are valued in accordance with the rules of the DFSA i.e. at market value, taking into account the level of rent and the terms of the tenancy agreements. The overall occupancy rate is 98.0%.

The class "Assets related to I/A" (illness/accident) comprises the investments in Topdanmark Livsforsikring (the life insurance company) corresponding to the level of illness/accident provisions.

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

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

"Interest-bearing debt" comprises other debt.

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. The VA component was essentially unchanged in H1 2016.

Solvency calculation and capital requirements

Solvency II took effect on 1 January 2016.

Solvency II gives 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 insurance risk.

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

The DFSA has granted Topdanmark approval for using the volatility-adjusted Solvency II interest rate curve (see above).

Own funds

Principal elements of own funds:

Shareholders' equity
+ Deferred tax on security funds
+ Profit margin
- Intangible assets
- DFSA approved share buy-back programme
+ Tax effect
+ Usable share, hybrid capital (max. 20% of tier 1)
+ Usable share, subordinated notes (Max. 50% of SCR)

Own funds

On 24 June 2011, Topdanmark Forsikring issued subordinated notes at a value of DKK 400m. These subordinated notes were redeemed on 24 June 2016, which was the first possible date of redemption: cf. company announcement of 21 June 2011 from Topdanmark Forsikring.

In December 2015, Topdanmark issued subordinated notes in two tranches, cf. company announcement of 2 December 2015:

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

The overall outstanding subordinated notes are DKK 1,350m.

At the end of Q2 2016, Topdanmark's own funds were DKK 5,896m (Q1 2016: DKK 6,903m).

Of the overall reduction of DKK 1,007m, DKK 400m were due to planned share buy-back in the period August to December 2016, approved by the DFSA in Q2 2016. Redemption of subordinated notes, cf. above, reduced own funds by another DKK 400m.

The solvency requirement (SCR) was DKK 3,868m (Q1: DKK 3,819m).

Due to lower own funds, the solvency rate was reduced to 152 at the end of 2016 (Q1 2016: 181).

Parent company etc.

The parent company, Topdanmark, does not perform any independent activities.

The result of the parent company etc. includes the results of subsidiaries, excluding the insurance business (primarily Topdanmark Kapitalforvaltning, the asset management company) and finance costs.

The result was a profit of DKK 3m in H1 2016 (H1 2015: DKK 3m).

Taxation

The tax charge was DKK 169m of the pre-tax profit of DKK 763m, corresponding to an effective tax rate of 22.2% (H1 2015: 22.7%).

Profit forecast model

Traditionally, Topdanmark does not publish actual profit forecasts, but instead the expected level of results if a number of assumptions about the return in the financial markets are met. The return in the financial markets changes on a daily basis, and Topdanmark's profit forecast model will already deviate from actual expectations by the time it is published.

Therefore, set out in www.topdanmark.com → [Investor](#) → [Risk management](#) is additional information on how changes in the assumptions underlying the profit forecast model will affect the results.

As can be seen, the investment return forecast model is not based on a specific estimate of the expected investment return for the rest of the year, but solely on a long-term standard assumption for return.

Non-life insurance

In the interim report for Q1 2016, Topdanmark assumed negative premium growth in 2016 and a combined ratio of around 89, excluding run-off for Q2-Q4 2016. Overall, the interim report for Q1 2016 assumed a pre-tax profit of DKK 1,000-1,100m for 2016. This was based on the following assumptions:

- A normal year for weather-related claims of DKK 120m in Q2-Q4 2016
- A level of interest rates corresponding to the interest rate curve on 29 April 2016
- An expense ratio of around 16%
- An annual 7.0% return on equities and unchanged foreign exchange rates at the level of 29 April 2016.

Since the most recent profit forecast model was published in the interim report for Q1 2016, the following assumptions have changed:

- Weather-related claims were DKK 34m in Q2 2016 – DKK 9m higher than assumed - corresponding to a 0.1pp increase of the combined ratio for 2016
- In Q2 2016, there were run-off profits of DKK 52m, corresponding to a 0.6pp improvement of the combined ratio
- The trend in the personal segment was worse than expected in Q2 2016, corresponding to a 0.5pp increase in combined ratio
- Interest rates have decreased, representing a 0.2pp increase of the combined ratio
- From 29 April until 5 August 2016, the trend in the pre-tax investment return was DKK 100m better than expected, due to a positive trend in credits and a positive result after hedging for insurance provisions.

The assumed combined ratio for 2016 remains around 89, excluding run-off in H2 2016.

Premiums earned were on par with the assumed level. Consequently, negative growth in premiums for 2016 is still assumed.

Overall, the assumed pre-tax profit on non-life insurance is DKK 1,100-1,200m.

Life insurance

In the Interim Report for Q1 2016, Topdanmark assumed a pre-tax profit on life insurance of DKK 110-140m, based on the following assumptions:

- Approximately 5% growth in regular premiums
- No profit from the shadow account

The following forecast assumptions have changed:

- The investment return on shareholders' equity and the result of insurance risk were higher than assumed

Overall, the assumed pre-tax profit on life insurance was DKK 160-190m.

The result is highly sensitive to fluctuations particularly in the investment return.

Parent company

The profit forecast model for the parent company plus subsidiaries outside the insurance group assumes a pre-tax profit of DKK 30-40m.

Taxation

Given a corporation tax rate of 22.0%, the tax charge is expected to be DKK 290-330m.

Total Group profit

Topdanmark's overall post-tax profit forecast model for 2016 has been updated by DKK 100m to DKK 1,000-1,100m, representing EPS of DKK 11.5. The assumed profit is exclusive of run-off profits/losses in H2 2016.

This profit forecast model is based on the assumption of an annual 7.0% return on equities and unchanged foreign exchange rates from the level on 5 August 2016.

Furthermore, it is assumed that the return on interest-bearing assets, hedging the discounted provisions, is just sufficient to cover discounting and revaluation of the provisions, while the return on the remaining interest-bearing assets is assumed to be 1.81% (risk-free interest rate plus 2.0pp).

Profit forecast 2016 (DKKm)	Results 2015	Forecast 2016 29 April 2016	Forecast 2016 5 August 2016
Non-life insurance			
- Technical result	1,195	950	1,000
- Investment return, unwinding and revaluations			
non-life insurance provisions	147	50	100
Profit on non-life insurance	1,342	1,000	1,100
Life insurance	174	110	140
Parent company etc.	31	30	40
Pre-tax profit	1,547	1,140	1,280
Taxation	(364)	(240)	(280)
Profit for the year	1,183	900	1,000

Share buy-back

The 2016 Q1 Interim Report stated that it was Topdanmark's intention to buy back Topdanmark shares at a value of DKK 1,350m. The buy-back will be executed from the time of the announcement of annual results, 11 February 2016 until the announcement of the Annual Report for 2016, 23 February 2017.

On the basis of the assumed result for 2016, the buy-back of Topdanmark shares is updated DKK 100m, so that the intended buy-back for 2016 will be DKK 1,450m, representing a buy-back yield of 9.0 calculated on the basis of the price of the Topdanmark share on 5 August 2016.

In the years 2000-2015, the average annual buy-back yield was 9.4%.

At 12 August 2016, Topdanmark has bought back own shares of DKK 599m of the 2016 buy-back programme, corresponding to 3,522,600 shares, which leaves a balance of DKK 851m of the 2016 buy-back programme.

In H1 2016, share buy-back was DKK 767m, DKK 483m of which related to the 2016 buy-back programme and DKK 283 related to the 2015 buy-back programme.

The DFSA has approved a buy-back of DKK 1,000m for 2016. Topdanmark will apply for DFSA approval of share buy-back on a quarterly basis.

At Topdanmark's Annual General Meeting on 7 April 2016, the share capital was written down by 10,000,000 shares. On the expiry for filing objections, the number of shares will be 95,000,000. Subsequently, Topdanmark's holding of own shares will be 4,425,000, and consequently the number of voting shares will be 90,575,000.

Since 1998, when Topdanmark started buying back own shares, it has been decided to cancel DKK 16.8bn of own shares representing a 77.0% write-down of the share capital. The average price of the written-down shares is 53.0.

Topdanmark's buy-back programme is executed under the European Commission's Regulation No. 2273/2003 of 22 December 2003 (the "Safe Harbour" method).

Topdanmark has made an agreement with Danske Bank, which is the lead manager for the share buy-back. The agreement with Danske Bank ensures that trade decisions and execution of the buy-back will be independent of and without influence from Topdanmark.

From 17 August 2016 to 14 November 2016, Danske Bank has been authorised to buy shares in Topdanmark up to a value of DKK 401m.

Until 14 November 2016, the maximum amount Topdanmark can pay for shares under the programme is DKK 401m, and a maximum of 5,000,000 shares can be bought, representing 5.3% of Topdanmark's share capital.

The buy-back must not be made at a price exceeding the higher of (1) the share price of the latest independent transaction and (2) the highest current independent offer price on Nasdaq Copenhagen on the day of trading.

The maximum number of shares in Topdanmark that may be bought on each trading day will represent 25% of the average daily trading volume of the Company's shares, traded on Nasdaq Copenhagen within the 20 trading days preceding the purchase date.

As long as the share buy-back programme runs, at the beginning of each week, Topdanmark will announce the number and the value of the shares bought back in a separate company announcement to Nasdaq Copenhagen.

Financial calendar

Q1-Q3 2016 Interim Report	15 Nov 2016
Deadline for submitting items for AGM agenda	20 Feb 2017
2016 Annual Report	23 Feb 2017
AGM	4 Apr 2017
Q1 2017 Interim Report	23 May 2017
2017 Half-year Report	15 Aug 2017

Disclaimer

This half-year 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 half-year report. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of unexpected events like 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 half-year report.

This publication is a translation. In case of any divergence, the original Danish text shall prevail.

Accounting policies

The 2016 half-year report has been prepared in accordance with IAS 34 on interim reports for listed companies. Furthermore, the half-year report has been prepared in accordance with additional Danish disclosure requirements on interim reports for listed financial services companies.

Accounting policies have been adapted to the changed Danish Executive Order on Financial Statements that took effect on 1 January 2016.

Comparative figures for the Topdanmark Group excluding life insurance have been adapted with effect as from the 2015 opening balance, from which time EIOPA has published interest rate curves and the Topdanmark Group's models for calculation of premium provisions and profit margin have been established in accordance with the new accounting policies.

It has not been practicable to prepare comparative figures for life insurance.

Please see the Q1 Interim Report for further description of the changed accounting policies and the effect of the change in comparative figures.

The half-year report has not been audited or subjected to a review.

The effects of combined ratio on the financial ratios are shown in the table below:

Combined ratio	Year 2015		Q2 2015		H1 2015	
	Accounts	New practice	Accounts	New practice	Accounts	New practice
Claims incurred	69.5	68.9	64.2	62.2	68.5	67.8
Net reinsurance	1.9	1.9	1.0	1.0	1.2	1.2
Claims trend	71.4	70.8	65.2	63.3	69.7	69.0
Expense ratio	15.9	15.9	15.5	15.4	16.1	15.9
Combined ratio	87.3	86.7	80.8	78.7	85.7	84.9
Combined ratio excl. run-off	91.6	90.9	86.6	84.4	89.6	88.8

Income statement • Group

(DKK m)	Full year Note	2015	Q2 2015	Q2 2016	H1 2015	H1 2016
NON-LIFE INSURANCE						
Gross premiums written		8,883	1,602	1,632	5,714	5,632
Reinsurance ceded		(671)	(48)	(56)	(449)	(436)
Change in the provisions for unearned premiums		51	587	545	(1,313)	(1,268)
Change in profit margin and risk margin		105	90	75	149	100
Change in reinsurers' share of the provisions for unearned premiums		3	(117)	(96)	104	122
Premiums earned, net of reinsurance		8,371	2,114	2,100	4,206	4,150
Gross claims paid		(6,254)	(1,510)	(1,664)	(3,172)	(3,179)
Reinsurance cover received		476	151	133	269	181
Change in the provisions for claims		71	81	304	117	175
Change in risk margin		14	22	8	(6)	(20)
Change in reinsurers' share of the provisions for claims		(68)	(35)	(198)	(23)	59
Claims incurred, net of reinsurance	1	(5,761)	(1,289)	(1,417)	(2,816)	(2,784)
Bonuses and rebates		(62)	(13)	(17)	(27)	(28)
Acquisition costs		(920)	(235)	(253)	(475)	(488)
Administrative expenses		(484)	(106)	(111)	(234)	(248)
Reinsurance commission and share of profits		86	24	17	46	39
Total operating expenses, net of reinsurance		(1,318)	(317)	(347)	(662)	(696)
TECHNICAL PROFIT ON NON-LIFE INSURANCE		1,231	494	319	701	642
LIFE INSURANCE						
Gross premiums written	2	6,320	1,367	1,761	2,984	3,896
Reinsurance ceded		(10)	(3)	(1)	(5)	(3)
Premiums, net of reinsurance		6,309	1,365	1,760	2,979	3,893
Allocated investment return, net of reinsurance		1,194	(823)	740	1,386	470
Pension return tax		(165)	172	(84)	(181)	(133)
Claims and benefits paid		(3,240)	(896)	(914)	(1,680)	(1,767)
Reinsurance cover received		7	1	1	3	3
Claims and benefits paid, net of reinsurance		(3,233)	(895)	(913)	(1,678)	(1,764)
Change in life insurance provisions		(3,680)	295	(1,384)	(2,296)	(2,247)
Change in reinsurers' share		(1)	(3)	(3)	(1)	(2)
Change in the life insurance provisions, net of reinsurance		(3,681)	292	(1,387)	(2,297)	(2,249)
Change in profit margin		-	-	(3)	-	(12)
Acquisition costs		(153)	(38)	(37)	(77)	(77)
Administrative expenses		(253)	(60)	(72)	(127)	(141)
Reinsurance commission and share of profits		1	1	0	1	0
Total operating expenses, net of reinsurance		(405)	(97)	(109)	(204)	(218)
TECHNICAL PROFIT / (LOSS) ON LIFE INSURANCE		19	13	4	6	(14)

Income statement • Group

(DKKm)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
NON-TECHNICAL ACTIVITIES					
Technical profit on non-life insurance	1,231	494	319	701	642
Technical profit / (loss) on life insurance	19	13	4	6	(14)
Income from associated companies	93	13	8	55	17
Income from investment properties	94	22	19	55	40
Interest income and dividends etc.	1,938	717	544	1,207	950
Revaluations	(577)	(1,989)	589	164	141
Interest charges	(61)	(19)	(20)	(36)	(44)
Expenses on investment business	(66)	(18)	(13)	(33)	(29)
Total investment return	1,421	(1,273)	1,127	1,412	1,074
Unwinding and revaluations non-life insurance provisions	93	430	(145)	125	(448)
Investment return transferred to life insurance business	(1,194)	823	(740)	(1,386)	(470)
Other income	20	4	5	9	10
Other expenses	(42)	(13)	(16)	(25)	(31)
PRE-TAX PROFIT	1,547	479	554	842	763
Taxation	(364)	(114)	(124)	(191)	(169)
PROFIT FOR THE PERIOD	1,183	365	430	651	594
EPS (DKK)	11.8	3.6	4.7	6.4	6.4
EPS, diluted (DKK)	11.8	3.6	4.6	6.3	6.3

Statement of comprehensive income • Group

Profit for the period	1,183	365	430	651	594
Items which cannot subsequently be reclassified as profit or loss:					
Revaluation of owner-occupied properties	1	0	0	1	1
Other comprehensive income	1	0	0	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,184	366	430	652	595

Assets • Group

(DKKkm)	31 December 2015	30 June 2015	30 June 2016
INTANGIBLE ASSETS	689	642	749
Operating equipment	127	127	138
Owner-occupied properties	857	857	857
TOTAL TANGIBLE ASSETS	984	984	995
Investment properties	3,868	4,092	3,964
Shares in associated companies	172	376	188
Total investment in associated companies	172	376	188
Shares	6,740	6,901	6,061
Unit trusts	0	50	0
Bonds	31,455	34,611	36,663
Loans guaranteed by mortgages	7	11	7
Other loans	32	0	121
Deposits with credit institutions	3,721	1,201	2,247
Derivatives	1,350	1,613	1,709
Total other financial investment assets	43,304	44,387	46,808
TOTAL INVESTMENT ASSETS	47,344	48,855	50,960
INVESTMENT ASSETS RELATED TO MARKET INTEREST PRODUCTS	15,645	13,399	16,523
Reinsurers' share of provisions for unearned premiums	71	157	176
Reinsurers' share of life insurance provisions	32	32	29
Reinsurers' share of the provisions for claims and benefits	582	623	643
Total reinsurers' share of provisions	684	812	849
Amounts due from policyholders	328	398	362
Amounts due from insurance companies	81	84	63
Amounts due from associated companies	353	358	353
Other debtors	259	160	321
TOTAL DEBTORS	1,706	1,813	1,949
Assets held temporarily	0	2	0
Current tax assets	47	0	0
Deferred tax assets	14	12	8
Liquid funds	640	759	359
Other	120	54	94
TOTAL OTHER ASSETS	821	828	462
Accrued interest and rent	285	284	264
Other prepayments and accrued income	193	248	226
TOTAL PREPAYMENTS AND ACCRUED INCOME	477	532	490
TOTAL ASSETS	67,667	67,052	72,129

Shareholders' equity and liabilities • Group

(DKK)m	Note	31 December 2015	30 June 2015	30 June 2016
Share capital		105	115	105
Revaluation reserve		11	11	12
Security fund		1,146	1,146	1,146
Other reserves		47	45	53
Total reserves		1,193	1,191	1,199
Profit carried forward		3,312	3,565	3,153
TOTAL SHAREHOLDERS' EQUITY		4,621	4,882	4,469
SUBORDINATED LOAN CAPITAL		2,154	808	1,754
Provisions for unearned premiums		1,922	3,282	3,231
Profit margin, non-life insurance contracts		817	767	700
Products with guarantees and profitsharing		24,321	25,150	24,231
Unit Linked products		16,216	13,751	18,781
Total life insurance provisions		40,537	38,902	43,012
Profit margin, life insurance and investment contracts		-	-	174
Provisions for claims and benefits		13,121	13,120	13,218
Risk margin, non-life insurance contracts		313	328	346
Provisions for bonuses and rebates		137	120	130
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		56,847	56,519	60,811
Pensions and similar commitments		28	28	28
Deferred tax liabilities		73	74	69
Deferred tax on security funds		306	306	306
TOTAL LIABILITIES PROVIDED		407	409	403
DEPOSITS RECEIVED FROM REINSURERS		62	84	62
Creditors arising out of direct insurance operations		394	341	300
Creditors arising out of reinsurance operations		43	66	49
Amounts due to credit institutions		1,346	1,650	2,565
Amounts due to associated companies		0	4	0
Current tax liabilities		9	97	19
Derivatives		527	986	563
Other creditors		1,133	1,115	1,050
TOTAL CREDITORS		3,452	4,259	4,547
ACCRUALS AND DEFERRED INCOME		123	92	83
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		67,667	67,052	72,129
Financial assets and liabilities	3			
Contingent liabilities	4			

Cash flow statement • Group

(DKK)m	Full year 2015	H1 2015	H1 2016
Cash flow from operations			
Gross premiums written	8,827	5,643	5,571
Claims paid	(6,182)	(3,153)	(3,149)
Expenses	(1,314)	(686)	(713)
Reinsurance ceded	(12)	(20)	(170)
Cash flow from non-life insurance	1,319	1,784	1,539
Gross premiums written	6,398	2,992	3,802
Claims and benefits	(3,365)	(1,798)	(1,569)
Pension return tax	(496)	(490)	(254)
Expenses	(385)	(192)	(219)
Reinsurance ceded	(52)	(29)	1
Cash flow from life insurance	2,099	483	1,761
Total cash flow from insurance business	3,418	2,267	3,301
Payments on investment contracts	525	239	204
Dividends from associated companies	8	8	0
Interest income and dividends etc.	1,999	1,327	937
Interest charges etc.	(131)	(88)	(79)
Corporation tax	(403)	(94)	(115)
Other items	(20)	(15)	(19)
Total cash flow from operations	5,396	3,643	4,228
Investments			
Intangible assets, operating equipment	(200)	(93)	(111)
Properties	48	(154)	(96)
Shares in associated companies	245	(1)	(3)
Shares	1,458	1,318	416
Unit trust shares	33	(16)	(2)
Bonds	1,974	(966)	(4,840)
Loans	(28)	1	(88)
Derivatives	(970)	(560)	6
Investment activities related to market interest products	(5,107)	(2,499)	(1,335)
Balances with associated companies	123	140	0
Total investments	(2,424)	(2,830)	(6,052)
Financing			
Shares bought back	(1,652)	(844)	(769)
Exercise of share options etc.	50	44	14
Sale of own shares	16	18	0
Redemption of subordinated loan capital	(350)	(350)	(400)
Issue of subordinated loan capital	1,345	0	0
Bond loans	(29)	(29)	0
Amounts due to credit institutions	(615)	(311)	1,219
Total financing	(1,235)	(1,473)	64
Change in cash and cash equivalents	1,736	(659)	(1,759)
Cash and cash equivalents at 1 January	2,590	2,590	4,361
Revaluation of cash and cash equivalents	35	29	5
Cash and cash equivalents at 31 December	4,361	1,960	2,606
Cash and cash equivalents comprise:			
Liquid funds	640	759	359
Deposits with credit institutions	3,721	1,201	2,247
	4,361	1,960	2,606

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	Total
2015						
Shareholders' equity at 31 December prior year	115	10	1,146	39	3,825	5,135
Effect of new Executive Order on Financial Statements					(103)	(103)
Equity end of year 2015 according to new Executive Order on Financial Statements	115	10	1,146	39	3,723	5,033
Profit for the year				8	1,175	1,183
Other comprehensive income		1		0	0	1
Total comprehensive income for the year		1		8	1,175	1,184
Cancellation of own shares	(10)				10	0
Share buy-back					(1,667)	(1,667)
Sale of own shares					16	16
Issue of share options					10	10
Exercise of share options					50	50
Taxation					(4)	(4)
Other transactions	(10)				(1,586)	(1,596)
Shareholders' equity at 31 December 2015	105	11	1,146	47	3,312	4,621
H1 2015						
Shareholders' equity at 31 December prior year	115	10	1,146	39	3,825	5,135
Effect of new Executive Order on Financial Statements					(103)	(103)
Equity end of year 2015 according to new Executive Order on Financial Statements	115	10	1,146	39	3,723	5,033
Profit for the period				6	645	651
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		6	645	652
Sale of own shares					(866)	(866)
Share buy-back					18	18
Issue of share options					7	7
Exercise of share options					44	44
Taxation					(5)	(5)
Other transactions					(803)	(803)
Shareholders' equity at 30 June 2015	115	11	1,146	45	3,565	4,882
H1 2016						
Shareholders' equity at 31 December prior year	105	11	1,146	47	3,364	4,673
Effect of new Executive Order on Financial Statements					(49)	(49)
Equity end of year 2015 according to new Executive Order on Financial Statements	105	11	1,146	47	3,315	4,624
Profit for the period				6	588	594
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		6	588	595
Share buy-back					(767)	(767)
Issue of share options					6	6
Exercise of share options					14	14
Taxation					(3)	(3)
Other transactions					(750)	(750)
Shareholders' equity at 30 June 2016	105	12	1,146	53	3,153	4,469

Segment information • Group

Income statement

(DKKm)	Per- sonal	SME and Industrial	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
H1 2015								
Non-life insurance								
Gross premiums earned	2,526	2,007	(9)	4,524				4,524
Claims incurred	(1,665)	(1,412)	8	(3,069)			8	(3,061)
Expenses	(409)	(311)	0	(720)			12	(708)
Net reinsurance	(27)	(25)	0	(53)				(53)
Technical profit / (loss) on non-life insurance	424	258	(1)	682			20	701
Life insurance								
Gross premiums written					2,984			2,984
Allocated investment return					1,386			1,386
Pension return tax					(181)			(181)
Benefits and change in provisions					(3,977)			(3,977)
Expenses					(208)		3	(205)
Net reinsurance					(2)			(2)
Technical profit on life insurance					3		3	6
Total investment return				(60)	1,420	23	29	1,412
Pension return tax				8	(8)			0
Unwinding and revaluations non-life insurance provisions				125				125
Transferred to technical result					(1,386)			(1,386)
Other items				18	38	(20)	(52)	(16)
Pre-tax profit				772	68	3	0	842
Taxation								(191)
Profit								651
H1 2016								
Non-life insurance								
Gross premiums earned	2,474	1,972	(10)	4,436				4,436
Claims incurred	(1,628)	(1,412)	8	(3,032)			8	(3,023)
Expenses	(422)	(327)	0	(748)			13	(736)
Net reinsurance	(32)	(2)	0	(35)				(35)
Technical profit / (loss) on non-life insurance	392	231	(2)	622			21	642
Life insurance								
Gross premiums written					3,896			3,896
Allocated investment return					470			470
Pension return tax					(133)			(133)
Benefits and change in provisions					(4,026)			(4,026)
Expenses					(222)		3	(219)
Net reinsurance					(2)			(2)
Technical profit / (loss) on life insurance					(17)		3	(14)
Total investment return				527	472	28	47	1,074
Pension return tax				(21)	21			0
Unwinding and revaluations non-life insurance provisions				(448)				(448)
Transferred to technical result					(470)			(470)
Other items				16	59	(25)	(71)	(22)
Pre-tax profit				695	66	3	0	763
Taxation								(169)
Profit								594

Notes to the financial statements • Group

(DKKm)	Full year 2015	H1 2015	H1 2016
Note 1. Claims incurred, net of reinsurance – Non-life insurance			
Run-off profit:			
Gross business	387	145	171
Reinsurance ceded	(5)	31	10
Run-off profit, net of reinsurance	381	176	181

Note 2. Gross premiums written – Life insurance

Individual policies	330	137	133
Policies w hich are part of a tenure	1,650	791	874
Group life	533	388	383
Regular premiums	2,513	1,316	1,390
Individual policies	1,047	433	972
Policies w hich are part of a tenure	2,760	1,235	1,533
Single premiums	3,807	1,669	2,505
Gross premiums	6,320	2,984	3,896

Note 3. Financial assets and liabilities

The Group's holding of financial assets, w hich are recorded at fair value using valuation models based on non-observable inputs, w as DKK 545m. Besides the project financing in Carlsberg Byen (DKK 307m), the item comprises primarily bonds of DKK 217m, the regular return on w hich depends on payment into annuity contracts.

The fair value is equivalent to the cost price in the transaction currency.

	31 December 2015	30 June 2015	30 June 2016
Bonds measured by reference to non-observable inputs - Level 3:			
Portfolio at 1 January	172	172	523
Purchases	97	61	43
Transferred from level 2	254	0	0
Repayments	0	0	(16)
Foreign exchange adjustment	0	0	(5)
Portfolio at 31 December	523	233	545

There have been no changes to the classification of financial assets or financial liabilities in H1 2016.

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

The accounting policies for financial assets and commitments are stated in the 2015 Annual Report.

Note 4. Contingent liabilities

Contract liabilities	121	210	34
Adjustments to VAT liabilities	39	25	44
Other liabilities	13	10	11
Capital commitments to loan funds and private equity funds etc.	1,254	1,285	1,200

The Group companies participate in technical insurance collaboration w here they are jointly liable for the insurance liabilities.

Income statement • Parent company

(DKK m)	Full year 2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Income from affiliated companies	1,221	375	442	674	616
Revaluations	(4)	1	1	(4)	1
Interest charges	(9)	(3)	(2)	(5)	(4)
Total investment return	1,208	372	440	665	613
Other expenses	(35)	(10)	(13)	(20)	(25)
PRE-TAX PROFIT	1,172	363	427	645	588
Taxation	11	3	3	6	6
PROFIT FOR THE PERIOD	1,183	365	430	651	594

Statement of comprehensive income • Parent company

Profit for the period	1,183	365	430	651	594
Other comprehensive income from affiliated companies	1	0	0	1	1
Other comprehensive income	1	0	0	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,184	366	430	652	595

Balance sheet • Parent company

(DKK m)	31 December 2015	30 June 2015	30 June 2016
Assets			
Machinery and equipment		3	3
TOTAL TANGIBLE ASSETS		3	3
Shares in affiliated companies		5,093	5,544
Total investment in affiliated companies		5,093	5,544
TOTAL INVESTMENT ASSETS		5,093	5,544
Amounts due from affiliated companies		497	374
Other debtors		4	0
TOTAL DEBTORS		501	374
Current tax assets		25	0
Deferred tax assets		1	1
Liquid funds		2	3
TOTAL OTHER ASSETS		28	4
TOTAL ASSETS		5,625	5,924

Shareholders' equity and liabilities

Share capital		105	115	105
Other reserves		1,344	1,795	1,398
Total reserves		1,344	1,795	1,398
Profit carried forward		3,479	3,278	3,272
TOTAL SHAREHOLDERS' EQUITY		4,927	5,188	4,775
SUBORDINATED LOAN CAPITAL		409	408	408
Amounts due to affiliated companies		264	173	224
Current tax liabilities		0	124	17
Other creditors		24	31	23
TOTAL CREDITORS		289	328	264
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,625	5,924	5,447

Statement by Management

We have today considered and adopted the interim report for H1 2016 for Topdanmark A/S.

The consolidated financial statements have been prepared in accordance with IAS 34 on interim reports as adopted by the EU, and the interim financial statements for the parent company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the half-year report has been prepared in accordance with the additional Danish disclosure requirements on interim reports for listed financial services companies.

We believe that the consolidated financial statements and the interim financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2016 as well as the result of the Group's and the parent company's activities, and the Group's cash flows for the period 1 January to 30 June 2016.

We believe that the management's review includes a fair view of the development in the Group's and parent company's activities and financial matters as well as a description of the most significant risks and factors of uncertainty which can impact the Group and the parent company.

Ballerup, 16 August 2016

Executive Board:

Christian Sagild
(CEO)

Brian Rothemejer Jacobsen

Lars Thykier

Marianne Wier

Board of Directors:

Søren Thorup Sørensen
(Chairman)

Torbjörn Magnusson
(Deputy Chairman)

Ann-Jeanette Bakkøl

Tina Møller Carlsson

Mette Jensen

Birgitte Nielsen

Lone Møller Olsen

Annette Sadolin

Jens Aaløse