

TOPDANMARK Q1 2015 RESULTS



HIGHLIGHTS

Q1 2015

- Profit of DKK 310m (Q1 2014: DKK 418m)
- EPS: DKK 3.0 (Q1 2014: DKK 3.8)
- CR: 90.7 (Q1 2014: 89.5)
 - Underlying CR improved
- CR excl. run-off: 92.7 (Q1 2014: 92.0)
- Premiums declined 0.8% in non-life and increased 31.1% in life
- Profit on life insurance was DKK 34m (Q1 2014: DKK 74m)
- Investment return was DKK 192m (Q1 2014: DKK 278m)

Capital structure

- Redeeming Tier 2 capital of DKK 350m. To be replaced by Tier 2 capital of DKK 750m
- DKK 400m increase in Tier 2 capital expected to be used on increase of share buy-back in 2016

Profit forecast model for 2015

- Assumed premium growth in non-life adjusted from around 0% to around minus 1%
- Assumed premium growth in regular premiums in life adjusted from 0-5% to around 5%
- For the full year 2015 assumed CR improved from 90-91 to around 90, excl. run-off in Q2-Q4 2015
- Profit forecast model for 2015 upgraded by DKK 100m to DKK 1,000-1,100m excl. run-off in Q2-Q4 2015

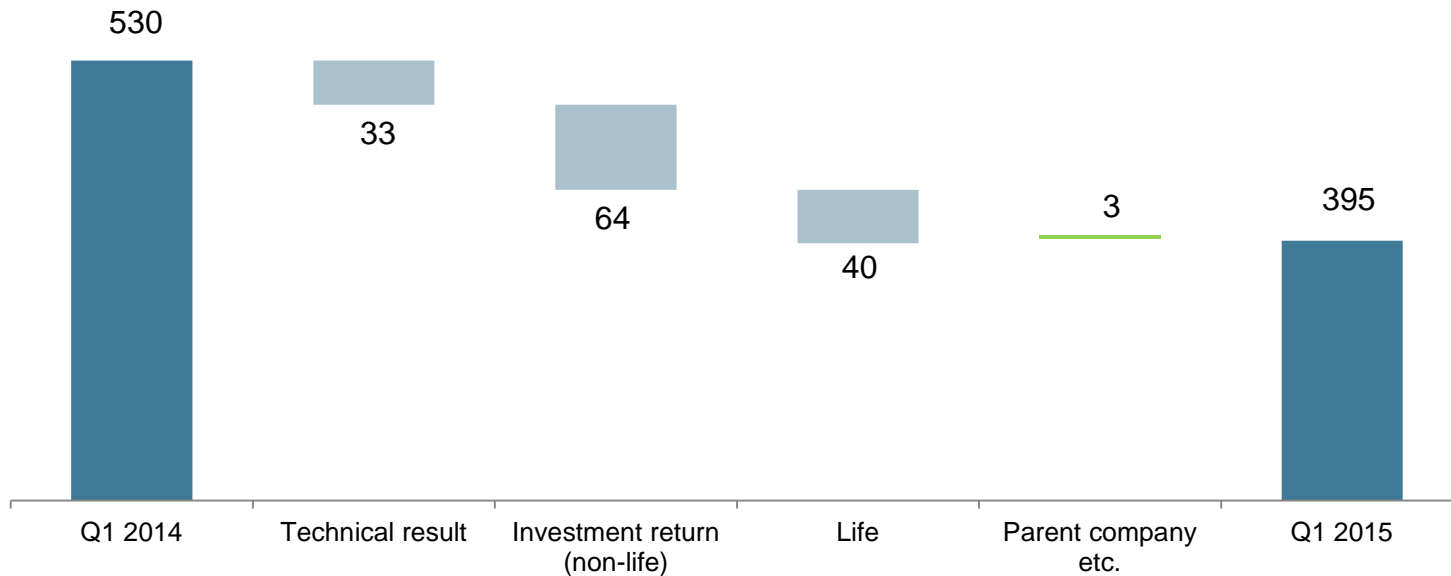
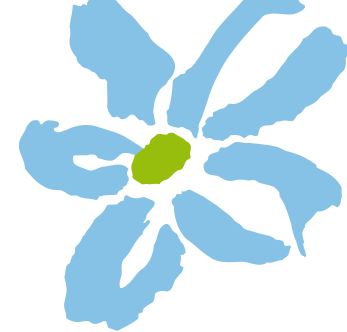
Share buy-back

- Buy-back programme for 2015 increased by DKK 100m to DKK 1.9bn
 - Buy-back yield of 9.1%



TREND IN PRE-TAX RESULTS

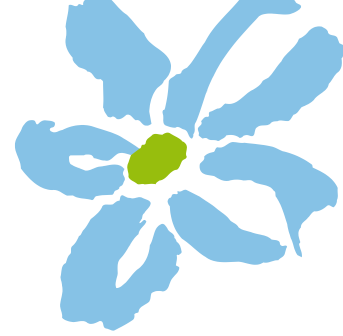
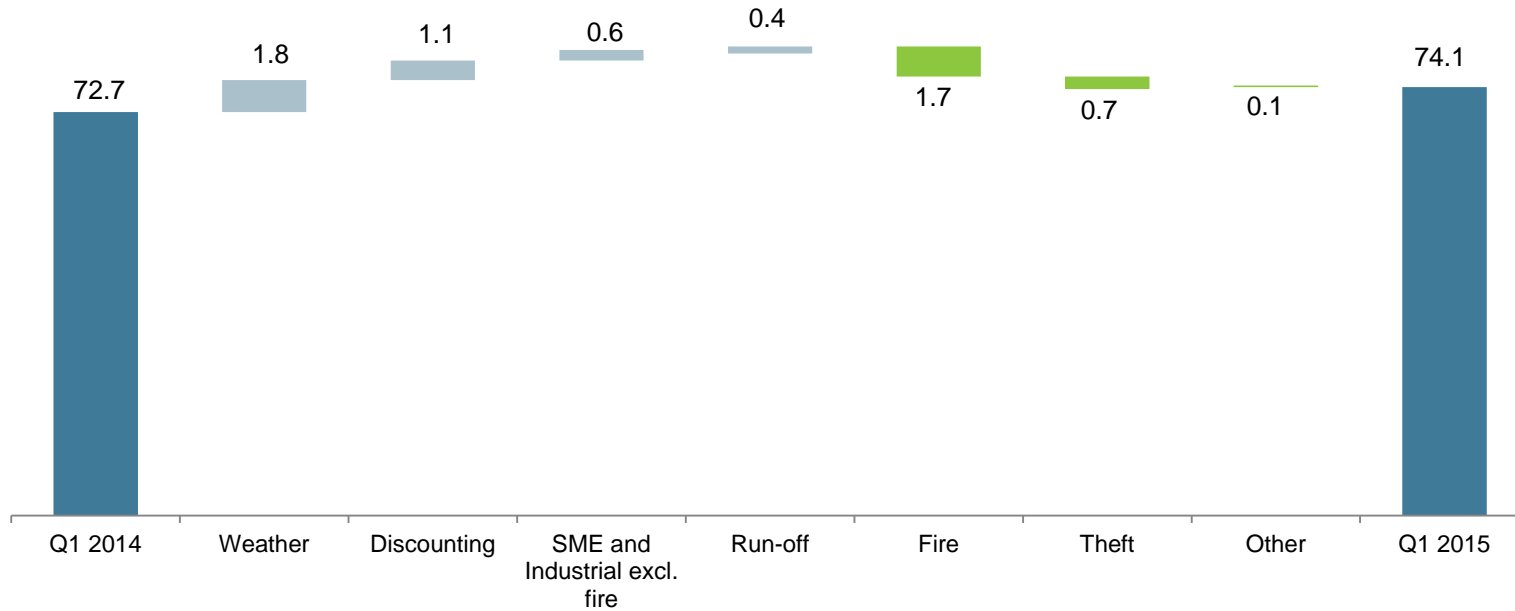
Q1 2014-Q1 2015



Q1 2015 results

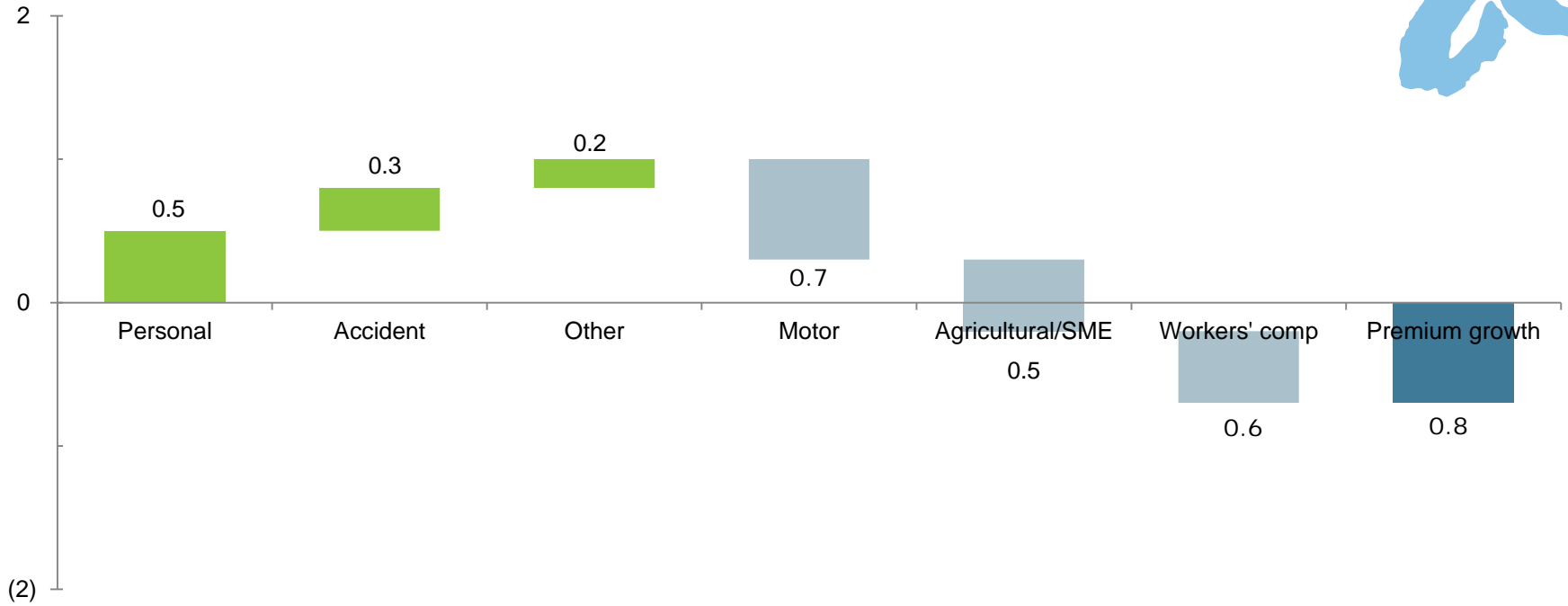
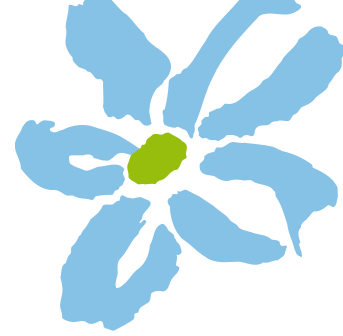
CLAIMS TREND

Q1 2014-Q1 2015

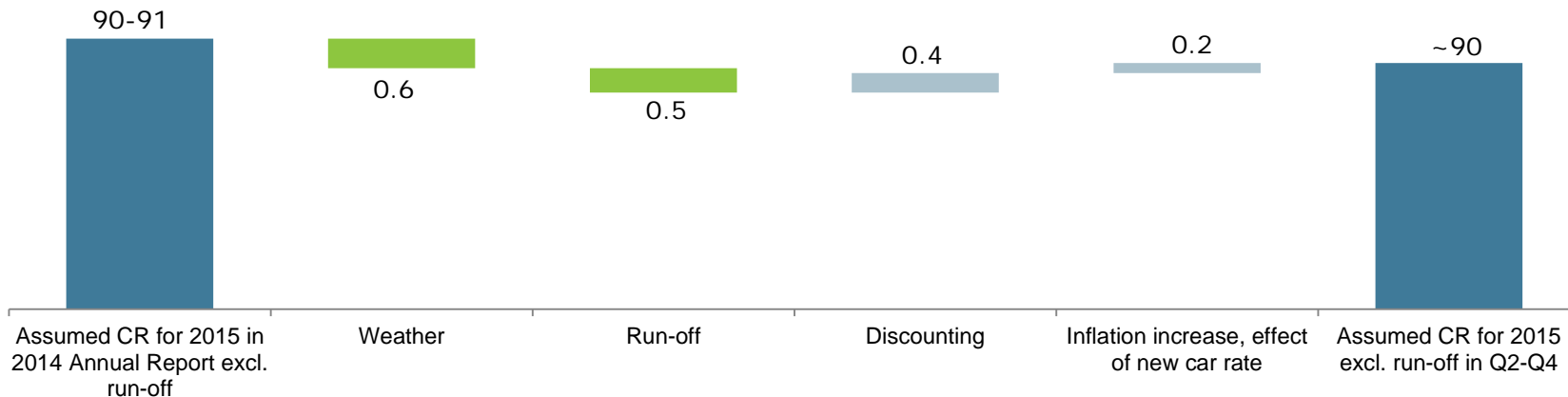


PREMIUM GROWTH (%)

Q1 2014-Q1 2015



ASSUMED CR ADJUSTED FROM 90-91 TO AROUND 90 FOR 2015 EXCL. RUN-OFF IN Q2-Q4



Assumptions for CR in 2015

- A normal year for weather with weather-related claims of DKK 120m in Q2-Q4
- A level of interest rates corresponding to the interest rate curve on 8 May 2015
- An expense ratio in line with 2014 (15.7)

RESULTS – LIFE INSURANCE

Result of life insurance (DKKm)	Full year 2014	Q1 2014	Q1 2015
Investment return on shareholders' equity	105	32	4
Sales and administration	(65)	(15)	(15)
Insurance risk	25	20	15
Risk return on shareholders' equity	145	37	34
Risk return transferred to shadow account	(10)	1	(4)
Profit on life insurance	200	74	34
Maximum shadow account end of period	26	76	26
Estimated value of shadow account end of period	26	11	26



PROSPECTS FOR LIFE INSURANCE 2015

- Improved competitiveness due to favourable investment returns and low cost contributions from customers
- Assumed growth in regular premiums adjusted from 0-5% to around 5% (primarily unit-linked schemes)
- As compared to profit forecast in 2014 Annual Report, the assumed profit for 2015 has been impacted by
 - An increase in the risk result for disability and death due to a better result in Q1
- Expected profit for 2015 increased by DKK 20m to DKK 140-170m

INVESTMENT RETURN

- FOR TOPDANMARK GROUP EXCL. LIFE INSURANCE

Investment return	Portfolio 31 March							
	2014		2015		Return Q1 2014		Return Q1 2015	
	(DKKbn)		(DKKbn)		(DKKbn)	%	(DKKbn)	%
Danish equities	0.5	0.5	60	12.7	71	18.0		
Foreign equities	0.8	0.8	11	1.2	30	3.7		
Government and mortgage bonds	11.4	10.8	93	0.8	11	0.1		
Credit bonds	0.4	0.4	10	1.9	5	1.1		
CDOs	0.7	0.7	41	5.5	15	2.1		
Properties	1.4	1.4	16	1.1	18	1.3		
Assets related to I/A	2.2	2.3	55	2.7	51	2.3		
Money market etc.	3.2	3.9	(3)	(0.1)	(10)	(0.3)		
Subordinated loan capital	(1.2)	(1.2)	(15)	(1.3)	(15)	(1.3)		
Interest-bearing debt	(0.2)	(0.1)	0	(0.1)	0	0.1		
	19.4	19.5	267	1.5	177	0.9		
Asset management			11		15			
Total investment return			278		192			
Transferred return technical provisions								
Discounting			(44)		(27)			
Technical interest			(3)		2			

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 government and mortgage bonds and assets related to I/A (illness/accident) includes revaluations of claims provisions. The return on properties includes revaluation and reversed revaluation of owner-occupied property, which has been included in other comprehensive income.



DKK 400M INCREASE IN BUY-BACK IN 2016

- Topdanmark has Tier 2 capital of DKK 350m with step-up on 18 June 2015
 - Redemption on 18 June 2015 and at the same time issue of new Tier 2 capital of around DKK 750m
- Following redemption and issue of Tier 2 capital, overall outstanding Tier 2 capital has been increased by DKK 400m to DKK 1,150m
- The expectation is to increase buy-back by the DKK 400m in 2016
- Unchanged capital model for 2015, i.e. as described in 2014 Annual Report
 - It is still intended to replace shareholders' equity of DKK 250m by Tier 2 capital during 2015

PROFIT FORECAST MODEL FOR 2015

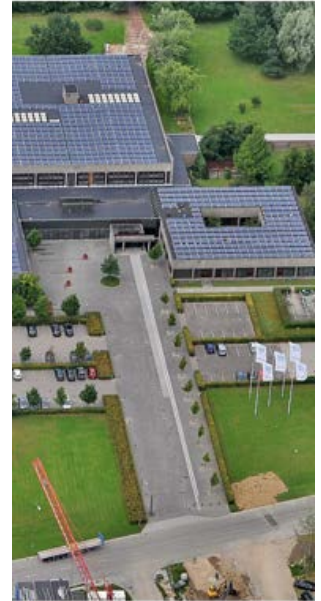
Profit forecast 2015 (DKKm)	Results		Forecast 2015		Forecast 2015	
	2014		5 February 2015		8 May 2015	
Non-life insurance						
- Technical result	1,289	850	-	900	900	- 950
- Investment return after transfer to technical result etc.	514	180	-	210	220	- 270
Profit on non-life insurance	1,803	1,030	-	1,110	1,120	- 1,220
Life insurance	200	120	-	150	140	- 170
Parent company etc.	7	30	-	40	20	- 30
Pre-tax profit	2,010	1,180	-	1,300	1,280	- 1,420
Taxation	(452)	(280)	-	(300)	(280)	- (320)
Profit for the year	1,558	900	-	1,000	1,000	- 1,100

Representing EPS of DKK 10.5



BUY-BACK OF DKK 1.9BN IN 2015

- Buy-back programme increased by DKK 100m to DKK 1.9bn
 - Buy-back yield of 9.1%
- To date this year share buy-back of DKK 554m of buy-back programme for 2015
- Leaving a balance of DKK 1,346m of buy-back for 2015
- From 2000 to 2014 average buy-back yield of 9.5%
- Since 1998 Topdanmark has cancelled 74.5% of outstanding share
 - Average share price: DKK 48.6



DISCLAIMER

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

Many factors may cause a significant deviation from the forecasts and assumptions set out in the presentation. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of non-anticipated 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 Q1 2015 interim report..

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