

# TOPDANMARK 2016 RESULT



## 2016

- Post-tax profit: DKK 1,536m (2015: DKK 1,170m)
- The result for 2016 was better than assumed in the interim report for Q1-Q3 2016 of DKK 1,200-1,300m
- EPS: DKK 16.8 (2015: DKK 11.7)
- CR: 85.1 (2015: 86.8)
- CR excl. run-off: 90.4 (2015: 91.1)
- Premium growth: 1.2% decline in non-life, 17.6% increase in life

## Q4 2016

- Post-tax profit: DKK 421m (Q4 2015: DKK 333m)
- EPS: DKK 4.8 (Q4 2015: DKK 3.4)
- CR: 84.6 (Q4 2015: 90.5)
- CR excl. run-off: 93.9 (Q4 2015: 96.0)
- Premium growth: 1.4% decline in non-life, 1.9% increase in life



## Buy-back of Topdanmark shares

Buy-back of Topdanmark shares at a value of DKK 1,524m in 2016 – representing a buy-back yield of 9.6%

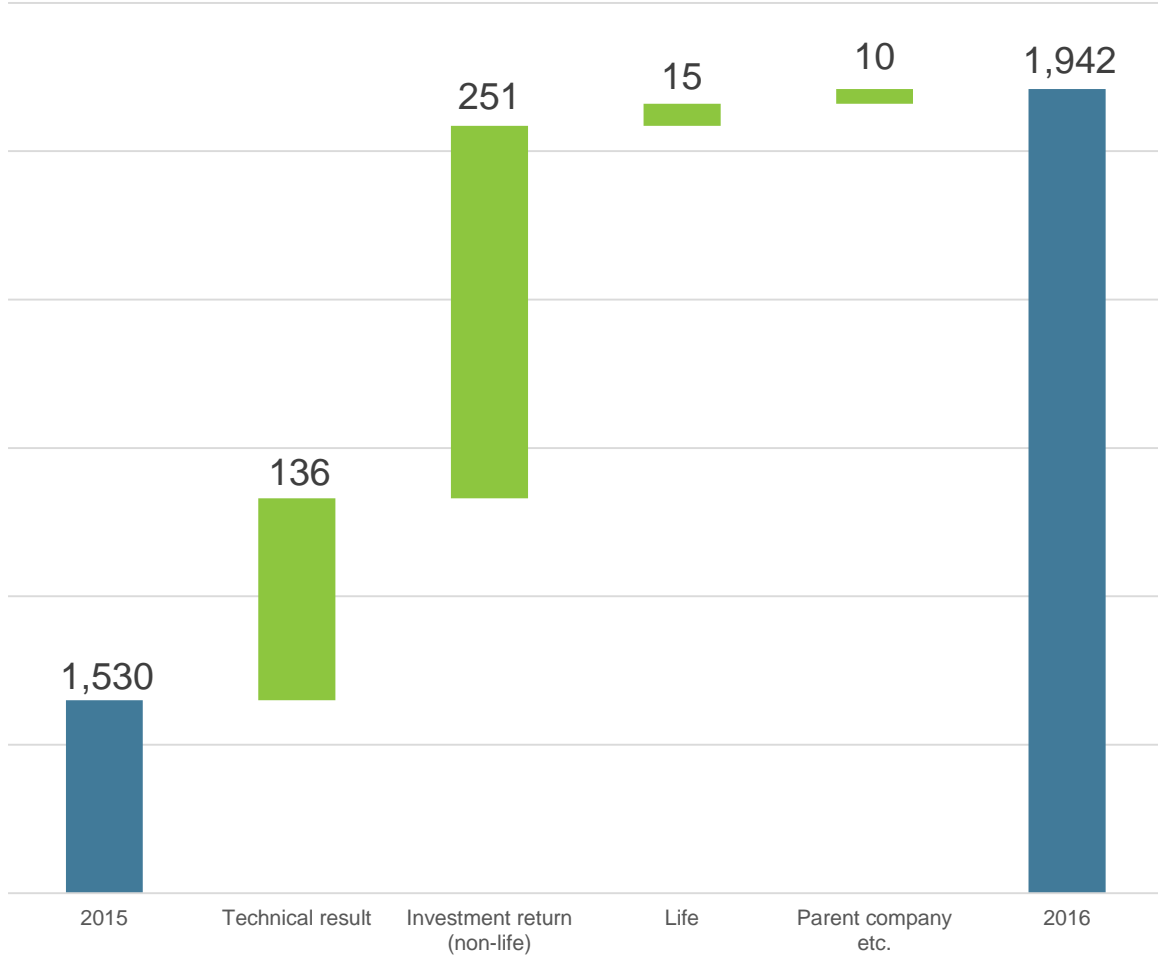
Shares at a value of DKK 1,451m have been bought back, of the overall buy-back programme for 2016 of DKK 1,650m. It is expected that the remaining shares at a value of DKK 199m will be bought back before the AGM on 4 April 2017

## Profit forecast model for 2017

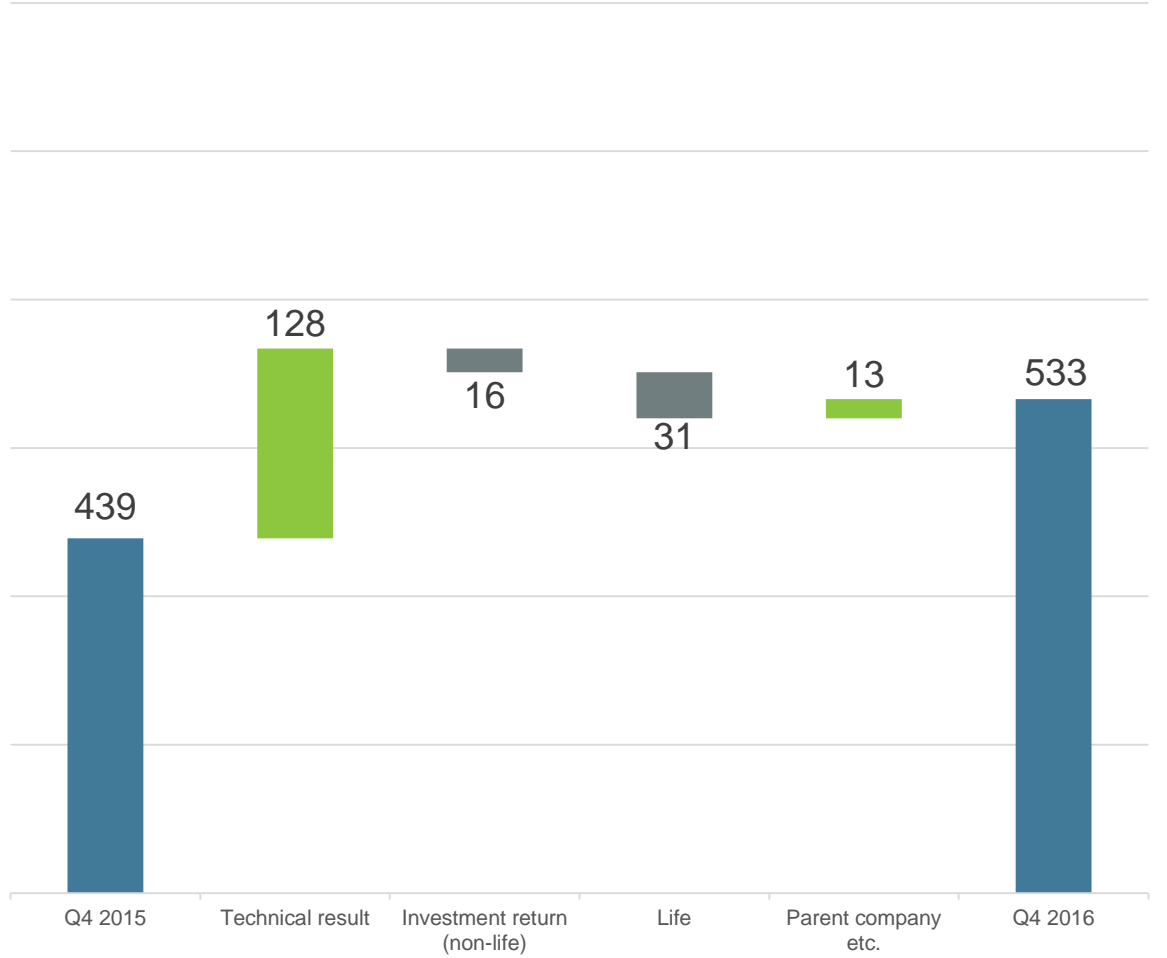
- Unchanged assumed premium growth for non-life of around 0%
- Compared to the profit forecast model for 2017 in the interim report for Q1-Q3 2016, assumed underlying combined ratio for 2017 remains unchanged at 90-91 excl. run-off
- However, assumed combined ratio for 2017 may increase by 0,5-1pp because Topdanmark invests in increased digitalisation and automation
- Consequently, the combined ratio is increased to 91-92 in the profit forecast model
- High ROI due to efficiency improvement programme, and it is expected that additional expenses and gains from efficiency improvement will be offset during 2018 and 2019
- Profit forecast model of DKK 900-1,000m excl. run-off

# Trend in pre-tax results

## 2015-2016

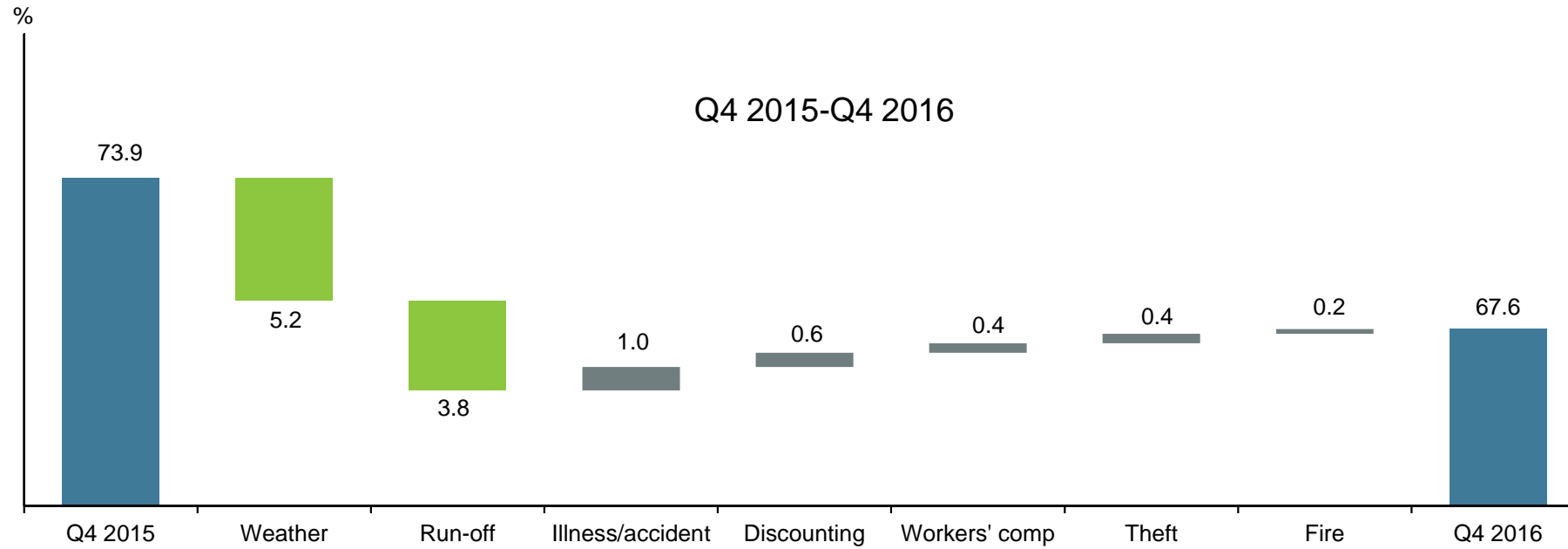
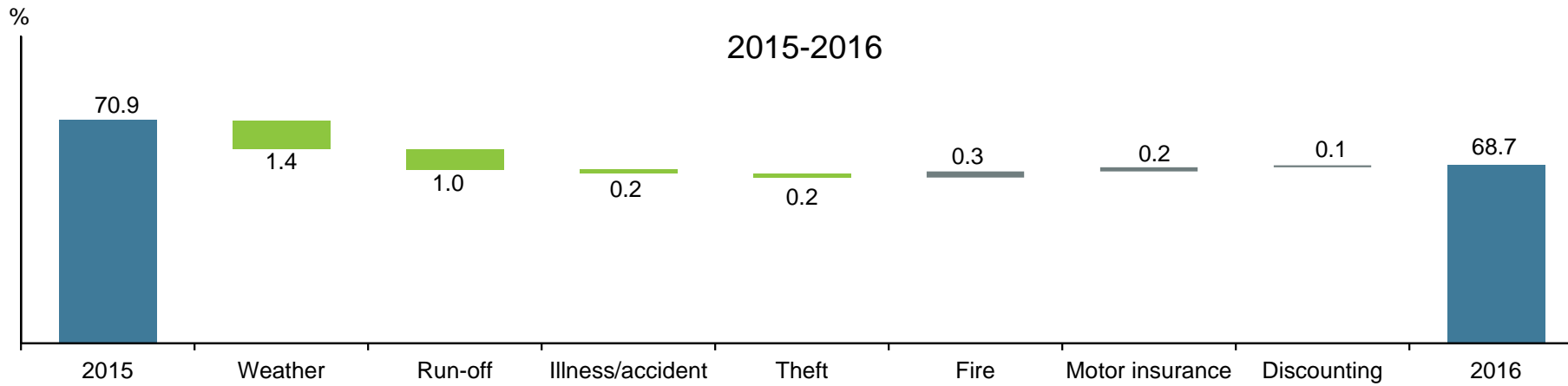


## Q4 2015-Q4 2016



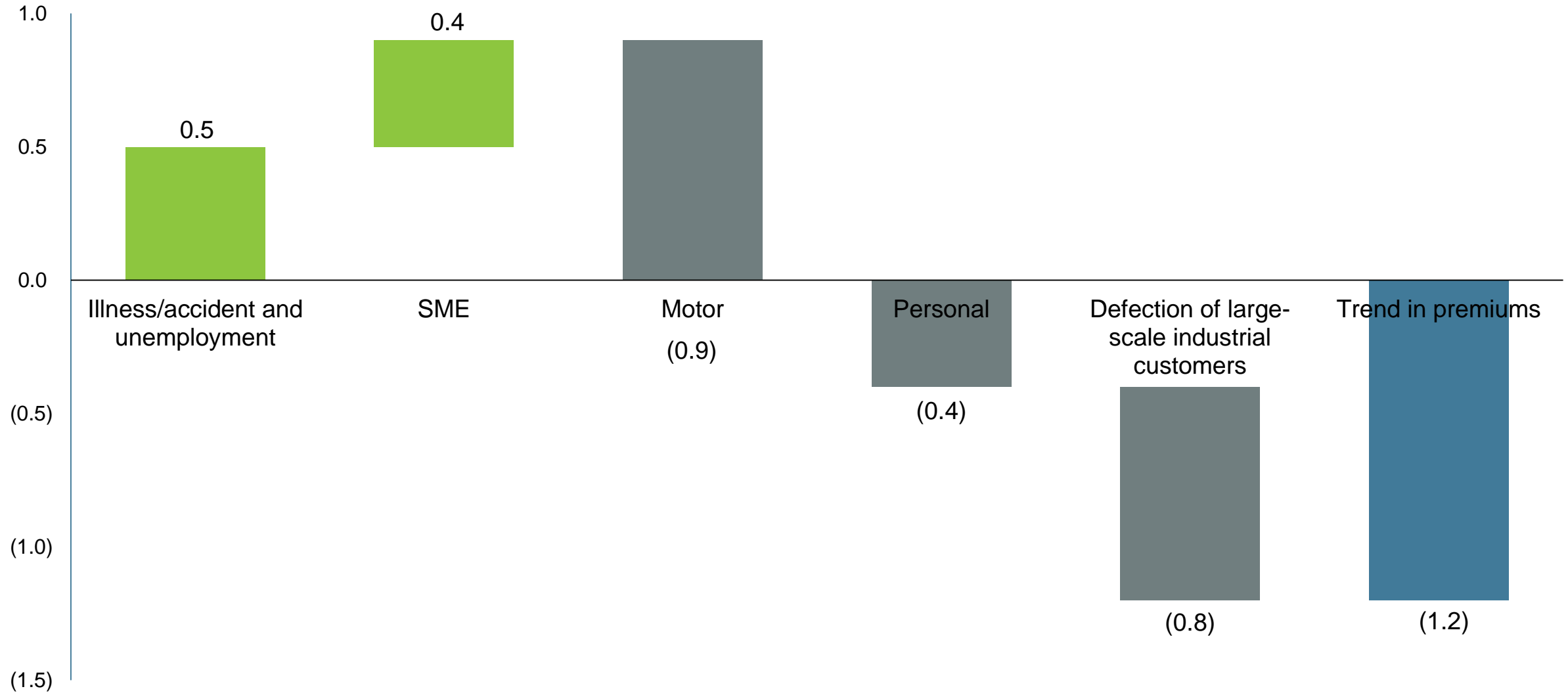
# Claims trend

## 2015-2016



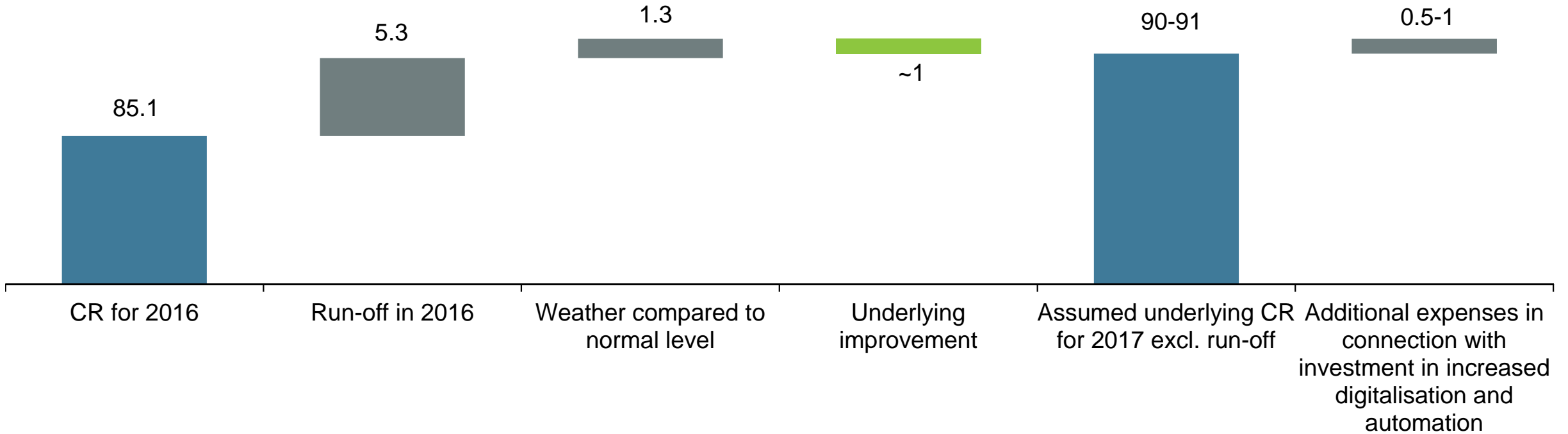
# Trend in premiums (%)

2015-2016



# Assumed unchanged underlying CR of around 90-91 for 2017

Excl. run-off

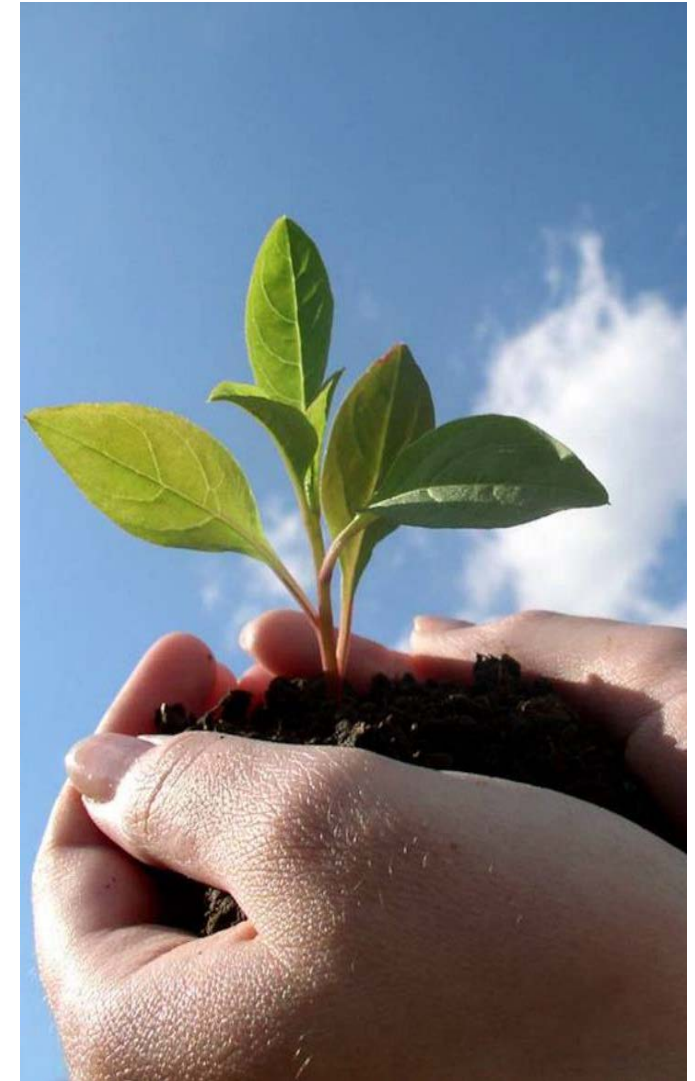
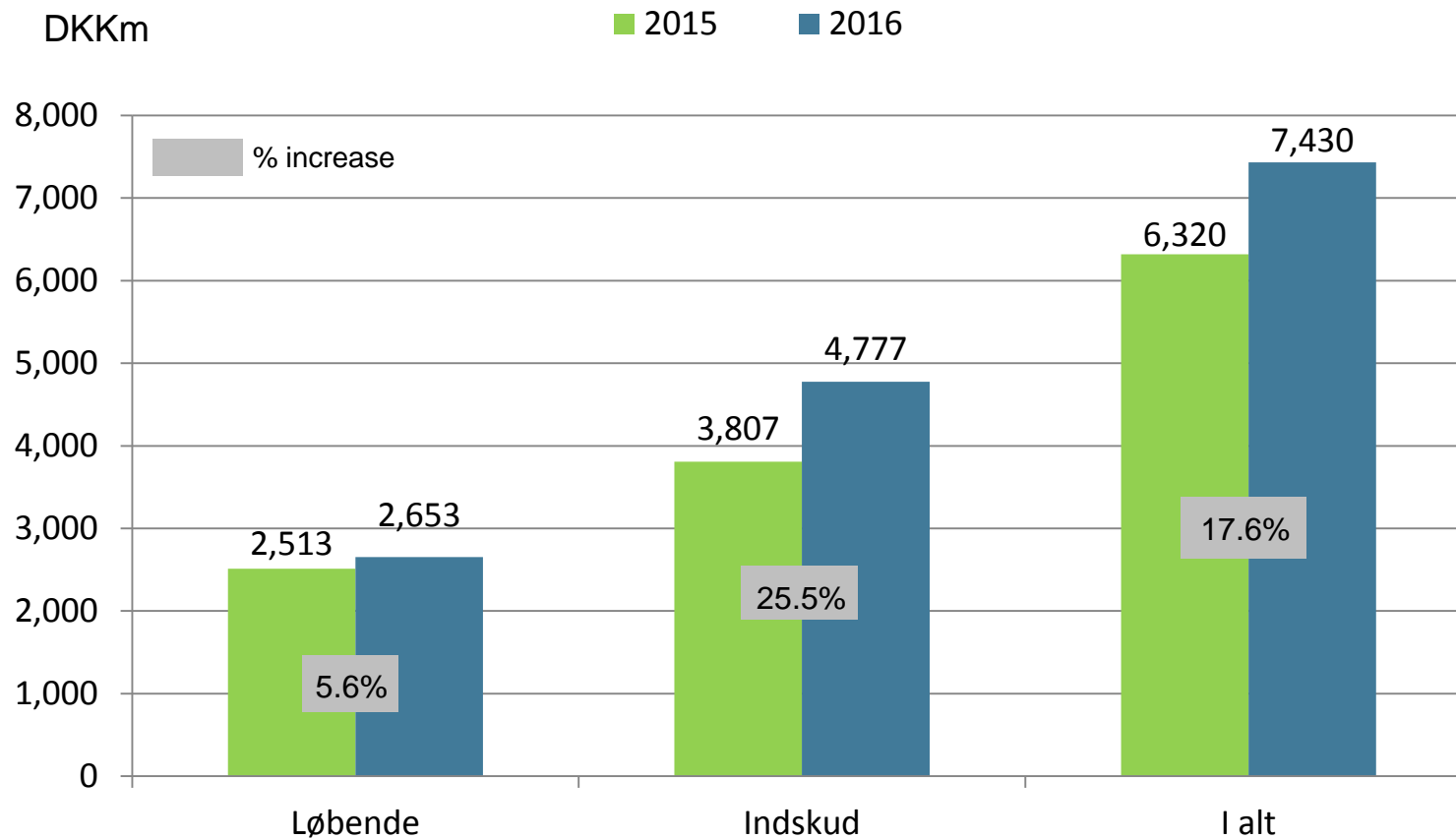


# Result - life insurance

Result – life insurance DKKm	Q4	Q4	2015	2016
	2015	2016		
Investment return on shareholders' equity	40	34	57	71
Sales and administration	-22	-14	-45	-42
Insurance risk	5	-4	19	13
Risk return on shareholders' equity	36	38	137	147
Risk return transferred to (minus)/from shadow account	28	0	7	0
<b>Result of life insurance</b>	<b>85</b>	<b>54</b>	<b>174</b>	<b>189</b>
<b>Estimated value of shadow account end of period</b>			12	14



# Life – trend in gross premiums





# Investment return

Topdanmark Group excl. life insurance

Investment return	Portfolio		Return 2016	
	31 Dec 2016 (DKKbn)	Return Q4 2016 (DKKbn) %	(DKKbn)	%
Danish equities	0.3	4 1.4	15	4.5
Foreign equities	0.6	32 5.5	53	9.3
Unlisted equities and hedge funds	0.3	14 3.8	58	17.6
Government and mortgage bonds	12.4	(123) (0.9)	351	2.7
Credit bonds	0.2	2 0.8	12	3.2
Index linked bonds	0.4	(1) (0.3)	13	2.8
CDOs	0.6	52 8.4	155	28.5
Properties	1.0	13 1.3	57	5.8
Assets related to VA	2.3	(38) (1.7)	159	7.3
Money market etc.	1.9	4 0.2	(4)	(0.2)
Subordinated loan capital	(1.8)	(11) (0.7)	(59)	(3.1)
Interest-bearing debt	0.0	(0) (0.0)	(0)	(0.0)
	18.3	(52) (0.3)	809	4.4
Asset management		54	102	
Investment return		2	910	
Return and revaluations non-life insurance provisions		146	(423)	
Investment return after return and revaluations non-life insurance provisions		148	487	

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.



# Solvency cover

	30 Sep 2016	31 Dec 2016
Solvency capital requirement	4,039	3,643
Own funds	6,402	6,348
Solvency cover	159%	174%



# Profit forecast model for 2017

Profit forecast 2017 (DKKm)	Results	Forecast 2017		
	2016	10 February 2017		
Non-life insurance				
- Technical result	1,320	750	-	800
- Investment return after return and revaluations non-life insurance provisions	392	180	-	230
Profit on non-life insurance	1,712	930	-	1,030
Life insurance	189	180	-	210
Parent company etc.	41	50	-	60
Pre-tax profit	1,942	1,160	-	1,300
Taxation	(407)	(260)	-	(300)
<b>Profit for the year</b>	<b>1,536</b>	<b>900</b>	<b>-</b>	<b>1,000</b>

# Buy-back yield of 9.6% in 2016

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- The realised buy-back for 2016 was DKK 1,524m
  - Buy-back yield of 9.6%
- For 2016, the buy-back programme was DKK 1,650m
- Current share buy-back at a value of DKK 1,451m of the buy-back programme for 2016
- Consequently, DKK 199m of the buy-back for 2016 remain that should be bought back before the AGM on 4 April 2017
- From 2000 to 2016, the average buy-back yield was 9.4%
- Since 1998, Topdanmark has bought back 77.0% of the outstanding shares
  - Average price: DKK 53

# Future earnings distribution policy

- At the AGM on 4 April 2017, Sampo intends to submit a proposal of revoking the authority of the Board of Directors for buying back own shares
- In its Q3 Report, Sampo stated that it intends to submit a proposal at the AMG on 4 April 2017 that Topdanmark should switch from buy-back to dividends
- If Sampo's proposal of revoking the authority of the Board of Directors for buying back own shares is not adopted at the AGM, Topdanmark's Board of Directors will propose that future shareholder remuneration will be a combination of share buy-back and payment of dividend
- Topdanmark's future earnings distribution will be determined by the company's future Board of Directors

