

# TOPDANMARK INTERIM REPORT FOR Q1-Q3 2017

26 October 2017 Announcement No. 28/2017

## Key features

### Q1-Q3 2017

- Post-tax profit of DKK 1,353m (Q1-Q3 2016: DKK 1,114m)
- EPS: DKK 15.8 (Q1-Q3 2016: DKK 12.0)
- Combined ratio: 81.9 (Q1-Q3 2016: 85.3)
- Combined ratio excluding run-off profits: 85.6 (Q1-Q3 2016: 89.2)
- Trend in premiums: 1.3% increase in non-life insurance and 7.4% increase in life insurance
- Profit on life insurance: DKK 207m (Q1-Q3 2016: DKK 135m)
- Investment return after return and revaluation of non-life insurance provisions: DKK 330m (Q1-Q3 2016: DKK 340m).

### Q3 2017

- Post-tax profit: DKK 464 (Q3 2016: DKK 528m)
- EPS: DKK 5.4 (Q3 2016: DKK 5.8)
- Combined ratio: 82.0 (Q3 2016: 83.4)
- Combined ratio excluding run-off profits: 86.1 (Q3 2016: 87.1)
- Trend in premiums: 1.5% increase in non-life insurance, 24.6 % increase in life insurance
- Profit on life insurance: DKK 79m (Q3 2016: DKK 69m)
- Investment return after return and revaluation of non-life insurance provisions: DKK 109m (Q3 2016: DKK 231m).

### Profit forecast model for 2017

- As stated in company announcement 26/2017, the assumed combined ratio for 2017 was reduced from around 87 to around 85, excluding run-off in Q4 2017, including additional expenses of 0.5-1pp for investment in increased digitalisation and automation
- It was also stated in company announcement 26/2017 that the post-tax profit forecast model for 2017 is upgraded by DKK 250m to DKK 1,500-1,600m, excluding run-off in Q4 2017, representing EPS of DKK 18.1
- Assumed premium growth of around 1%. In the Half-Year Report for 2017, slightly positive premium growth was assumed.

### Assumptions for 2018

- For 2018, Topdanmark assumes positive premium growth and a combined ratio of 90-91 excl. run-off.

### Webcast

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

### Conference call

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

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

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

US dial-in number: +1 646 851 2407

10-15 minutes before the conference quoting reference 962990 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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# Financial highlights

(DKKm)	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
<b>Premiums earned:</b>					
Non-life insurance	8,858	2,230	2,263	6,655	6,740
Life insurance	7,430	1,752	2,183	5,648	6,064
	16,288	3,982	4,446	12,303	12,804
<b>Results:</b>					
Non-life insurance	1,712	581	505	1,266	1,493
Life insurance	189	69	79	135	207
Parent company etc.	41	6	10	8	43
Pre-tax profit	1,942	656	594	1,409	1,743
Tax	(407)	(128)	(129)	(295)	(390)
<b>Profit</b>	1,536	528	464	1,114	1,353
Run-off profits, net of reinsurance	470	82	93	264	249
Shareholders' equity of parent company at 1 January	4,948	4,785	5,584	4,948	5,009
Profit	1,536	528	464	1,114	1,353
Share buy-back	(1,524)	(319)	0	(1,087)	(410)
Share-based payments	50	6	34	27	130
Other movements in shareholders' equity	(1)	2	0	(1)	1
<b>Shareholders' equity of parent company end of period</b>	5,009	5,002	6,082	5,002	6,082
Deferred tax on security funds	306	306	306	306	306
<b>Shareholders' equity of Group end of period</b>	4,702	4,696	5,776	4,696	5,776
Total assets, parent company	5,779	5,814	6,579	5,814	6,579
Total assets, Group	73,476	71,969	80,113	71,969	80,113
Provisions for insurance and investment contracts:					
Non-life insurance	16,264	17,200	16,911	17,200	16,911
Life insurance	47,351	45,378	52,151	45,378	52,151
<b>Financial ratios (parent company)</b>					
Post-tax profit as a % of shareholders' equity	30.2	10.6	8.0	22.2	24.7
Post-tax EPS (DKK)	16.8	5.8	5.4	12.0	15.8
Post-tax EPS, diluted (DKK)	16.7	5.8	5.4	12.0	15.8
Net asset value per share, diluted (DKK)	57.3	55.9	71.0	55.9	71.0
Share buy-back per share, diluted (DKK)	16.6	55.7	0.0	55.7	4.8
Listed share price end of period	179.3	185.5	247.7	185.5	247.7
Average number of shares ('000)	91,465	90,457	85,486	92,521	85,696
Average number of shares, diluted ('000)	91,721	90,689	85,689	92,775	85,870
Number of shares end of period ('000)	87,216	89,509	85,550	89,509	85,550
<b>Ratios non-life insurance (%)</b>					
Gross loss ratio	67.2	66.9	63.9	68.0	61.9
Net reinsurance ratio	1.4	1.5	3.4	1.0	4.0
Claims trend	68.7	68.4	67.4	69.0	65.9
Gross expense ratio	16.4	15.0	14.7	16.3	16.0
Combined ratio	85.1	83.4	82.0	85.3	81.9
Combined ratio excl. run-off profits	90.4	87.1	86.1	89.2	85.6

## Results for Q1-Q3 2017

Topdanmark's post-tax profit for Q1-Q3 2017 was DKK 1,353m (Q1-Q3 2016: DKK 1,114m).

The pre-tax profit increased DKK 334m to DKK 1,743m.

The technical result increased DKK 240m to DKK 1,220m. The increase was due to an improvement in the underlying claims trend, a favourable level of weather-related claims and efficiency improvement.

After return and revaluation of non-life insurance provisions, the investment return declined DKK 13m to DKK 273m. As in Q1-Q3 2016, the investment return in Q1-Q3 2017 is significantly higher than the level assumed in the forecasts.

The profit on life insurance increased DKK 72m to DKK 207m, primarily due to a higher investment result and an improved result for sales and administration.

Trend in profit (DKKm)	Full year 2016	Q1-Q3 2016	Q1-Q3 2017
Non-life insurance			
- Technical result	1,320	980	1,220
- Investment return after return and revaluations of non-life insurance provisions	392	286	273
Profit on non-life insurance	1,712	1,266	1,493
Life insurance	189	135	207
Parent company etc.	41	8	43
Pre-tax profit	1,942	1,409	1,743
Tax	(407)	(295)	(390)
<b>Profit</b>	<b>1,536</b>	<b>1,114</b>	<b>1,353</b>

## Results for Q3 2017

The post-tax profit for Q3 2017 was DKK 464m (Q3 2016: DKK 528m).

The pre-tax profit declined DKK 62m to DKK 594m.

The technical result increased DKK 37m to DKK 406m, primarily impacted by fewer theft claims and a good claims trend for non-life in the SME segment. To this should be added the favourable impact of Topdanmark's efficiency improvement programme.

After return and revaluation of non-life insurance provisions, the investment return declined DKK 114m to DKK 98m. In Q3 2017, the return was also above the assumed level.

The profit on life insurance increased DKK 10m to DKK 79m.

Trend in profit (DKKm)	Q3 2016	Q3 2017
Non-life insurance		
- Technical result	369	406
- Investment return after return and revaluations of non-life insurance provisions	212	98
Profit on non-life insurance	581	505
Life insurance	69	79
Parent company etc.	6	10
Pre-tax profit	656	594
Tax	(128)	(129)
<b>Profit</b>	<b>528</b>	<b>464</b>

## Non-life insurance Premiums earned

Premiums earned increased 1.3% to DKK 6,740m. The personal segment accounted for 1.8%, and the SME segment accounted for 0.6%.

In Q1-Q3 2017, Topdanmark experienced a net increase in the number of customers in the personal, agricultural and SME markets.

In the Half-Year Report for 2017, Topdanmark stated that the last unprofitable large-scale customers had left at the end of 2016. The loss of these industrial customers had a 0.8% adverse effect on premiums earned for the Topdanmark Group.

In motor insurance, the average premium declined 1.3%. Despite an increase in the number of cars insured in Q1-Q3 2017, premiums earned in motor insurance declined, reducing the Topdanmark Group's total earned premiums by 0.3%.

## Claims trend

The claims trend improved to 65.9 in Q1-Q3 2017 (69.0 in Q1-Q3 2016).

The run-off profits, net of reinsurance, were DKK 249m (Q1-Q3 2016: DKK 264m), representing a 0.2pp adverse impact on the claims trend. Run-off profits were primarily generated in motor, workers' compensation and illness/accident insurance.

The weather-related claims were DKK 20m (DKK 34m in Q1-Q3 2016), representing a 0.2pp improvement of the claims trend. The level of weather-related claims was DKK 100m below the assumed normal level for the first nine months of the year.

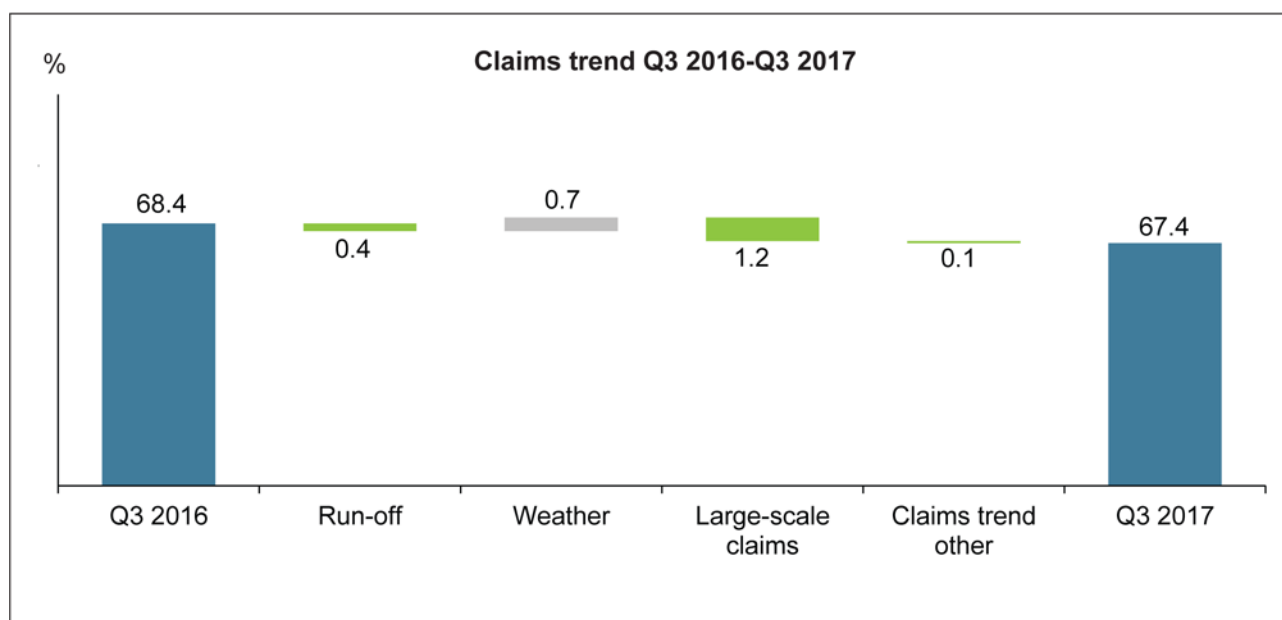
Q1-Q3 2017 were impacted by a low level of large-scale claims. Compared to Q1-Q3 2016, the level was DKK

52m lower, improving the claims trend for the Topdanmark Group by 0.8pp.

Claims trend	Year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
Claims trend	68.7	68.4	67.4	69.0	65.9
Run-off	5.3	3.7	4.1	4.0	3.7
Weather-related claims	(0.7)	0.0	(0.7)	(0.5)	(0.3)
Large-scale claims	(1.5)	(1.6)	(0.4)	(1.0)	(0.2)
<b>Claims before run-off, weather and large-scale</b>	<b>71.8</b>	<b>70.5</b>	<b>70.4</b>	<b>71.5</b>	<b>69.1</b>

The claims trend excl. run-off, weather-related claims and large-scale claims improved 2.4pp to 69.1 in Q1-Q3 2017.

The improved claims trend in Q1-Q3 2017 of 2.4pp is due to an improved claims trend in the SME segment (fire claims below DKK 5m and movables claims), an improved claims trend in theft and the favourable impact of Topdanmark's efficiency improvement programme.



### Expense ratio

In Q1-Q3 2017, the expense ratio was 16.0 (Q1-Q3 2016: 16.3) impacted among other things by a reduction in the number of employees.

The payroll tax imposed on Danish financial businesses increased to 14.1% in 2017 from 13.6% in 2016, which increased the expense ratio by 0.1pp.

### Combined ratio

The combined ratio was 81.9 in Q1-Q3 2017 (Q1-Q3 2016: 85.3). Excluding run-off profits, the combined ratio was 85.6 (Q1-Q3 2016: 89.2).

### Developments in Q3 2017

Premiums earned increased 1.5% to DKK 2,263m. The personal segment accounted for a 1.6% increase and the SME segment accounted for a 1.4% increase.

The claims trend was 67.4 in Q3 2017 (Q3 2016:68.4), representing a 1.0pp improvement.

The claims trend was impacted by higher run-off profits (DKK 11m), representing a 0.4pp improvement in the claims trend.

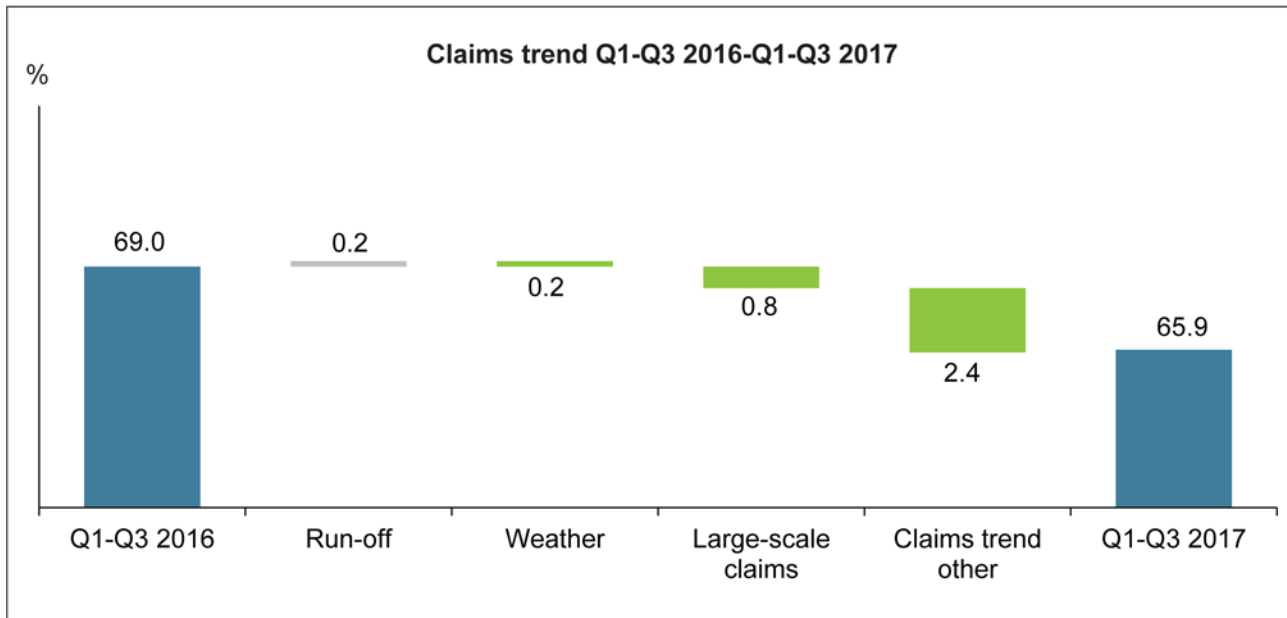
The weather-related claims were DKK 15m in Q3 2017, (DKK 0m in Q3 2016), representing a 0.7pp deterioration. The weather-related claims are DKK 30m lower than assumed for the quarter.

The level of large scale-claims was also very low in Q3 2017, improving the claims trend by 1.2pp.

The claims trend adjusted for run-off, weather-related claims and large-scale claims improved 0.1pp to 70.4 in Q3 2017.

The expense ratio was 14.7 in Q3 2017 (Q3 2016: 15.0). Nominal expenses were almost unchanged despite a higher payroll tax, the general trend of wages and salaries and additional expenses due to increased digitalisation and automation. The expense level is usually lower in Q3 than in the other quarters due to holidays and a lower activity level in general.

The combined ratio was 82.0 in Q3 2017 (Q3 2016: 83.4). Excluding run-off profits, the combined ratio was 86.1 (Q3 2016: 87.1).



Financial highlights – Non-life insurance (DKKm)	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
Gross premiums earned	8,858	2,230	2,263	6,655	6,740
Claims incurred	(5,955)	(1,491)	(1,446)	(4,523)	(4,169)
Expenses	(1,457)	(335)	(332)	(1,084)	(1,080)
Net reinsurance	(126)	(34)	(78)	(68)	(271)
Technical result	1,320	369	406	980	1,220
Investment return after return and revaluations of non-life insurance provisions	373	211	94	269	264
Other items	19	1	5	16	9
<b>Profit on non-life insurance</b>	<b>1,712</b>	<b>581</b>	<b>505</b>	<b>1,266</b>	<b>1,493</b>
Run-off profits, net of reinsurance	470	82	93	264	249
Gross loss ratio (%)	67.2	66.9	63.9	68.0	61.9
Net reinsurance ratio (%)	1.4	1.5	3.4	1.0	4.0
Claims trend (%)	68.7	68.4	67.4	69.0	65.9
Gross expense ratio (%)	16.4	15.0	14.7	16.3	16.0
Combined ratio (%)	85.1	83.4	82.0	85.3	81.9
Combined ratio excl. run-off profits (%)	90.4	87.1	86.1	89.2	85.6

## Segment reporting

### Personal

The Personal segment sells policies to individual households in Denmark.

In Q1-Q3 2017, premiums earned increased 1.8% to DKK 3,756m. In Q3 2017, premiums earned increased 1.6% to DKK 1,248m. Premiums earned on motor insurance declined 0.9% impacted by a decline in average premium. The increase in premiums earned derives from illness/accident (I/A) and other personal insurance.

The technical result increased DKK 97m to DKK 664m in Q1-Q3 2017.

The claims trend improved 1.7pp to 66.4. As compared to Q1-Q3 2016, the claims trend was impacted by lower expenses for theft and weather-related claims. On the other hand, the claims trend was adversely impacted by more fire claims in Q3 2017.

The expense ratio declined to 15.9 from 16.6 in Q1-Q3 2016. Nominal expenses were reduced by 2.2%, impacted by Topdanmark's efficiency improvement programme.

The combined ratio was 82.3 (Q1-Q3 2016: 84.6). Excluding run-off profits, the combined ratio was 87.1 (Q1-Q3 2016: 89.4).

Personal (DKKm)	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
Gross premiums earned	4,909	1,229	1,248	3,688	3,756
Claims incurred	(3,284)	(827)	(837)	(2,455)	(2,441)
Expenses	(821)	(190)	(184)	(611)	(598)
Net reinsurance	(77)	(23)	(19)	(55)	(52)
<b>Technical result</b>	<b>727</b>	<b>190</b>	<b>208</b>	<b>567</b>	<b>664</b>
Run-off profits, net of reinsurance	232	26	58	177	179
Gross loss ratio (%)	66.9	67.3	67.1	66.6	65.0
Net reinsurance ratio (%)	1.6	1.9	1.5	1.5	1.4
Claims trend (%)	68.5	69.1	68.6	68.1	66.4
Gross expense ratio (%)	16.7	15.4	14.8	16.6	15.9
Combined ratio (%)	85.2	84.6	83.3	84.6	82.3
Combined ratio excl. run-off profits (%)	89.9	86.7	87.9	89.4	87.1

### SME

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

In Q1-Q3 2017, premiums earned increased 0.6% to DKK 2,998m. In Q3 2017, premiums earned increased 1.4% to DKK 1,020m. Premiums earned were favourably impacted by an influx of SME customers and adversely impacted by bonus regulation for the captive business and the defection of the last large-scale industrial customers, cf. Topdanmark's strategy of prioritising profit over growth.

The technical result increased DKK 141m to DKK 556m in Q1-Q3 2017.

The claims trend improved 4.9pp to 65.3 in Q1-Q3 2017. Compared to Q1-Q3 2016, the claims trend was impacted by fewer large-scale claims, a lower level of weather-related claims and by an overall favourable claims trend.

The expense ratio increased to 16.1 from 15.8 in Q1-Q3 2016. Nominally, the expenses increased 2.4% due to an increase in sales commissions generated by an increase in new sales and expenses for development of a new IT-system for the agricultural segment.

The combined ratio was 81.4 (Q1-Q3 2016: 86.1). Excluding run-off profits, the combined ratio was 83.8 (Q1-Q3 2016: 89.0).

SME (DKK m)	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
Gross premiums earned	3,969	1,006	1,020	2,982	2,998
Claims incurred	(2,689)	(669)	(614)	(2,081)	(1,740)
Expenses	(636)	(145)	(149)	(472)	(484)
Net reinsurance	(49)	(11)	(59)	(13)	(219)
<b>Technical result</b>	<b>595</b>	<b>181</b>	<b>198</b>	<b>415</b>	<b>556</b>
Run-off profits, net of reinsurance	238	56	35	87	70
Gross loss ratio (%)	67.7	66.5	60.2	69.8	58.0
Net reinsurance ratio (%)	1.2	1.1	5.8	0.4	7.3
Claims trend (%)	69.0	67.6	66.0	70.2	65.3
Gross expense ratio (%)	16.0	14.5	14.6	15.8	16.1
Combined ratio (%)	85.0	82.1	80.6	86.1	81.4
Combined ratio excl. run-off profits (%)	91.0	87.6	84.0	89.0	83.8

## Life insurance

The result from life insurance was a profit of DKK 207m in Q1-Q3 2017 (Q1-Q3 2016: DKK 135m).

The 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](http://www.topdanmark.com) → About Topdanmark → Business → Life insurance → [Policy for the calculation of profit in life insurance](#).

Result of life insurance (DKK m)	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
Investment return on shareholders' equity	71	23	37	37	99
Sales and administration	(42)	3	(1)	(29)	(20)
Insurance risk	13	5	6	17	17
Risk return on shareholders' equity	147	38	37	109	111
<b>Profit on life insurance</b>	<b>189</b>	<b>69</b>	<b>79</b>	<b>135</b>	<b>207</b>

The increase in profit of DKK 72m was primarily due to a higher investment return on shareholders' equity (DKK 62m) and an improved result for sales and administration (DKK 9m).

## Developments in Q3 2017

The result of life insurance increased DKK 10m in Q3 2017 compared to Q3 2016 primarily due to an improved investment return.

## Trend in premiums

Gross premiums increased 7.4% to DKK 6,064m in Q1-Q3 2017 (Q1-Q3 2016: DKK 5,648). Gross premiums for unit-linked pension schemes were DKK 4,906m, representing a 12.6% increase compared to Q1-Q3 2016. Unit-linked pension schemes represented 94% of new pension schemes written in Q1-Q3 2017.

The regular premiums increased 2.3% to DKK 2,027m and single premiums increased 10.1% to DKK 4,037m in Q1-Q3 2017.

Gross premiums increased 24.6% to DKK 2,183 in Q3 2017 of which premiums on unit-linked pension schemes were DKK 1,909m, a 41.1% increase compared to Q3 2016.

Regular premiums increased 0.8% to DKK 596m in Q3 2017. Single premiums were DKK 1,587m in Q3 2017, representing a 36.7% increase.



## Investment activities

### Topdanmark Group excl. life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 392m in Q1-Q3 2017, (Q1-Q3 2016: DKK 908m). Return and revaluation of non-life insurance provisions were DKK 62m (loss) in Q1-Q3 2017 (Q1-Q3 2016: DKK 569m (loss)).

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 in Q1-Q3 2017 on the most significant classes of assets is disclosed in the following table:

Investment return	Portfolio 30 Sep		Return Q3 2016		Return Q3 2017		Return Q1-Q3 2016		Return Q1-Q3 2017	
	2016	2017	Return	%	Return	%	Return	%	Return	%
	(DKKbn)		(DKKkm)		(DKKkm)		(DKKkm)		(DKKkm)	
Danish equities	0.3	0.3	25	7.2	7	2.8	11	3.0	59	20.5
Foreign equities	0.6	0.7	31	5.6	25	4.1	21	3.7	73	12.0
Unlisted equities and hedge funds	0.4	0.3	38	11.3	3	1.3	44	13.2	27	8.9
Government and mortgage bonds	13.6	12.0	103	0.7	62	0.5	474	3.6	70	0.6
Credit bonds	0.3	0.1	3	1.1	2	2.6	9	2.4	9	7.2
Index linked bonds	0.5	0.4	5	1.1	13	3.2	14	3.1	21	5.4
CDOs	0.7	0.6	75	12.9	12	2.0	103	18.5	56	10.0
Properties	1.0	1.0	15	1.6	3	0.3	43	4.4	23	2.3
Assets related to I/A	2.3	2.4	48	2.1	30	1.3	197	9.1	29	1.2
Money market etc.	1.5	3.8	4	0.2	(2)	(0.1)	(8)	(0.4)	(21)	(0.6)
Subordinated loan capital	(1.8)	(1.3)	(13)	(0.7)	(11)	(0.9)	(48)	(2.4)	(33)	(2.1)
Interest-bearing debt	0.0	(0.2)	1	0.4	0	0.0	0	0.0	0	0.0
	19.4	20.1	336	1.8	144	0.7	860	4.7	312	1.6
Asset management			17		23		48		81	
Investment return			353		167		908		392	
Return and revaluations of non-life insurance provisions			(121)		(58)		(569)		(62)	
Investment return after return and revaluations of non-life insurance provisions			231		109		340		330	

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 after return and revaluation of non-life insurance provisions was DKK 330m. The good investment return in Q1-Q3 2017 is primarily the result of a high return on equities and structured credits.

The post-tax equity exposure was DKK 804m (pre-tax: DKK 1,031m) 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 at 30 September 2017, and MSCI World DC in the original currency for foreign equities. The class "Unlisted equities and hedge funds" includes private equity positions (DKK 52m) and positions in hedge funds where the investment mandates aim at positioning in the credit market (DKK 174m).

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. 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 return 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 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 CDOs with investment grade investments as underlying assets.

The property portfolio mainly comprises owner-occupied property (DKK 856m). The properties are valued in accordance with the rules of the DFSA (Danish Financial Supervisory Authority) i.e. at market value taking into account the level of rent and the terms of the tenancy agreements. 96% of the property portfolio is currently let.

The class of "Assets related to I/A" (Illness/Accident) comprises the investments in Topdanmark Livsforsikring (the life insurance company) corresponding to the size of the 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 34bp at the end of Q3 2017 and 51bp at the beginning of the year.

## Solvency calculation and capital requirements

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 the basis for including non-life insurance risks in Topdanmark's solvency calculations.

The Danish FSA 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  
+ Tax effect  
+ Usable share, hybrid capital (max. 20% of tier 1)  
+ Usable share, subordinated notes (max. 50% of SCR)  
Own funds

Topdanmark has redeemed hybrid capital at a value of EUR 55m on the first possible redemption date, 15 September 2017. Topdanmark intends to issue a new tier 1 subordinated loan at the same value as the hybrid capital in November 2017.

Topdanmark Forsikring has issued subordinated notes in two tranches:

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

At the end of Q3 2017, Topdanmark's own funds were DKK 7,118m (end of 2016: DKK 6,348m). Expected dividend for 2017 has not been deducted from the DKK 7.118m.

The solvency requirement (SCR) is DKK 2,976m (end of 2016: DKK 3,643m).

The solvency ratio is 239 (end of 2016: 174).

The solvency ratio will be increased by around 13pp due to the expected issue of a new tier 1 subordinated loan in November 2017.

## 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 holding costs.

The result improved DKK 35m to DKK 43m in Q1-Q3 2017 compared to Q1-Q3 2016. The improvement is due to a higher performance related investment management fee for Topdanmark Kapitalforvaltning and lower expenses for the parent company.

## Taxation

The tax charge was DKK 390m of the pre-tax profit of DKK 1,743m, corresponding to an effective tax rate of 22.4% (Q1-Q3 2016: 20.9%).

## 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.

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 of the return.

In the Half-Year Report for 2017, it was stated that Topdanmark's post-tax profit forecast model for 2017 was DKK 1,250-1,350 excl. run-off in H2 2017.

## Non-life insurance

Topdanmark assumed a pre-tax profit of DKK 1,350-1,450m. This profit forecast model was based on the following assumptions:

- A slightly positive premium growth
- A normal year for weather-related claims, i.e. weather-related claims of DKK 95m in H2 2017
- A combined ratio of around 87 excl. run-off in H2 2017, incl. additional expenses of 0.5-1pp for investment in increased digitalisation and automation
- A level of interest rates corresponding to the interest rate curve on 4 August 2017
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 4 August 2017.

Since the most recent profit forecast model was published in the Half-Year Report for 2017, the following assumptions have changed:

- In Q3 2017, there were run-off profits of DKK 93m, corresponding to a 1.0pp improvement of the combined ratio for 2017
- In Q3 2017, the claims trend was better than assumed, corresponding to an improvement of combined ratio for 2017 of around 0.7pp
- Weather-related claims were DKK 15m in Q3 2017 which was DKK 30m lower than assumed, representing a 0.3pp improvement of combined ratio for 2017.

The level of interest rates is unchanged. Therefore, it has no impact on combined ratio.

From 4 August to 29 September 2017, the investment return after return and revaluation of non-life insurance provisions has increased by around DKK 80m compared to the assumed level.

The assumed combined ratio for 2017 is adjusted from around 87 to around 85 excluding run-off in Q4 2017.

In Q3 2017, premiums earned were 1.0% higher than assumed. Hereafter, a 1% growth in premiums is assumed for 2017. A slightly positive premium growth was assumed in the Half-Year Report for 2017.

Overall, the assumed pre-tax profit on non-life insurance is DKK 1,620-1,720m.

## Life insurance

In the Half-Year Report for 2017, Topdanmark assumed a pre-tax profit on life insurance of DKK 210-240m, based on the following assumptions:

- 0-5% growth in regular premiums
- Full recognition as income of risk return for shareholders' equity from all interest rate groups
- No profit from the shadow account.

In respect to the profit forecast model assumptions, the above assumptions have not changed.

However, the assumed pre-tax profit on life insurance is increased to DKK 240-270m, as the realised investment return in Q3 was higher than assumed in the Half-Year Report for 2017.

The result is highly sensitive to fluctuations particularly in the investment return. The risk allowance and shadow account will not be finally calculated until the preparation of the Annual Report for 2017.

## Parent company

The profit forecast model for the parent company plus subsidiaries outside of the insurance group assumes a pre-tax profit of DKK 60-70m.

## Taxation

Given a corporation tax rate of 22.0%, the tax charge is expected to be DKK 420-460m.

## Total Group profit

Topdanmark's overall post-tax profit forecast model for 2017 has been upgraded by DKK 250m to DKK 1,500-1,600m, representing EPS of DKK 18.1. The assumed profit for 2017 is exclusive of run-off in Q4 2017.

This profit forecast model is based on the assumption of an annual 7% return on equities and unchanged foreign exchange rates from the level on 29 September 2017.

Furthermore, it is assumed that the return on interest-bearing assets, hedging the discounted provisions, is just sufficient to cover return and revaluation of the insurance provisions, while the return on the remaining interest-bearing assets is assumed to be 1.69% (risk-free interest rate plus 2.0pp).

## Assumptions for profit forecast model for 2018

For 2018, Topdanmark assumes positive premium growth and a combined ratio of around 90 to 91 excl. run-off. The profit forecast model for 2018 is based on the following assumptions:

- By the end of 2017, Topdanmark will have reduced its exposure to the industrial market to almost zero. In recent years, the reduced exposure to the industrial market has had an adverse impact on the premium growth for the Topdanmark Group (0.6pp for 2017), but it has had favourable impact on combined ratio
- By the end of 2017, Topdanmark's distribution agreements with Nykredit and Sydbank within life insurance will be terminated. The distribution agreements also comprise sale of illness/accident insurance related to pension schemes, but registered as non-life insurance with Topdanmark. The termination of the above distribution agreements will have an adverse impact on the premium growth in non-life insurance of around 0.6pp in 2018
- The automatic premium indexing in the personal segment will be 1.6% in 2018, (2017: 1.8%). Approximately 70% of Topdanmark's premiums earned are comprised by automatic premium indexing. The premium effect of the automatic premium indexing on non-life insurance is approximately 1.1%
- Weather-related claims of DKK 170m
- As in 2017, it is assumed that combined ratio will be impacted by additional expenses for investment in increased digitalisation and automation, representing 0.5-1pp
- An expense ratio around 16
- An interest rate level corresponding to the interest rate curve on 29 September 2017.

Profit forecast 2017 (DKKm)	Results 2016	Forecast 2017 4 August 2017		Forecast 2017 30 September 2017	
Non-life insurance					
- Technical result	1,320	1,150	- 1,200	1,350	- 1,400
- Investment return after return and revaluations of non-life insurance provisions	392	200	- 250	270	- 320
Profit on non-life insurance	1,712	1,350	- 1,450	1,620	- 1,720
Life insurance	189	210	- 240	240	- 270
Parent company etc.	41	50	- 60	60	- 70
Pre-tax profit	1,942	1,610	- 1,750	1,920	- 2,060
Taxation	(407)	(360)	- (400)	(420)	- (460)
<b>Profit for the year</b>	<b>1,536</b>	<b>1,250</b>	<b>- 1,350</b>	<b>1,500</b>	<b>- 1,600</b>

## Financial calendar

Announcement of 2017 Annual Results	25 Jan 2018
2017 Annual Report	22 Feb 2018
Deadline for submitting items for AGM agenda	28 Feb 2018
AGM	12 Apr 2018
Q1 2018 Interim Report	24 Apr 2018
2018 Half-year Report	20 July 2018
Q1-Q3 2018 Interim Report	23 Oct 2018

## 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 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](http://www.topdanmark.com) → Investor → [Risk management](#).

The above description of risk factors is not exhaustive. Investors and others, who may base decisions concerning 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 preparation of this interim report.

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

## **Accounting policies**

The interim report for Q1-Q3 2017 has been prepared in accordance with IAS 34 on interim reports for listed companies. Furthermore, the interim report has been prepared in accordance with additional Danish disclosure requirements on interim reports for listed financial services companies.

Accounting policies are unchanged compared to the Annual Report for 2016 that contains a full description of accounting policies.

The interim report has not been audited or subjected to a review.

## Income statement • Group

(DKKm)	Note	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
<b>NON-LIFE INSURANCE</b>						
Gross premiums written		8,745	1,614	1,647	7,246	7,484
Ceded reinsurance premiums		(637)	(151)	(146)	(587)	(569)
Change in the provisions for unearned premiums		110	562	578	(695)	(803)
Change in profit margin and risk margin		51	64	48	142	106
Change in the reinsurers' share of the provisions for unearned premiums		(0)	(13)	(9)	109	119
<b>Premiums earned, net of reinsurance</b>		<b>8,269</b>	<b>2,077</b>	<b>2,119</b>	<b>6,216</b>	<b>6,338</b>
Gross claims paid		(6,286)	(1,441)	(1,346)	(4,620)	(4,251)
Reinsurance cover received		424	122	51	303	190
Change in the provisions for claims		349	(46)	(98)	130	86
Change in risk margin		(1)	(0)	(1)	(20)	4
Change in the reinsurers' share of the provisions for claims		(1)	(19)	7	40	(66)
<b>Claims incurred, net of reinsurance</b>	1	<b>(5,516)</b>	<b>(1,384)</b>	<b>(1,387)</b>	<b>(4,168)</b>	<b>(4,037)</b>
<b>Bonuses and rebates</b>		<b>(48)</b>	<b>(11)</b>	<b>(11)</b>	<b>(39)</b>	<b>(48)</b>
Acquisition costs		(945)	(217)	(213)	(705)	(710)
Administrative expenses		(487)	(112)	(118)	(360)	(359)
Reinsurance commission and share of profits		88	27	19	66	55
<b>Total operating expenses, net of reinsurance</b>		<b>(1,344)</b>	<b>(302)</b>	<b>(312)</b>	<b>(999)</b>	<b>(1,014)</b>
<b>TECHNICAL PROFIT ON NON-LIFE INSURANCE</b>		<b>1,361</b>	<b>380</b>	<b>409</b>	<b>1,011</b>	<b>1,238</b>
<b>LIFE INSURANCE</b>						
Gross premiums written	2	7,430	1,752	2,183	5,648	6,064
Ceded reinsurance premiums		(6)	(2)	(0)	(4)	(0)
<b>Premiums, net of reinsurance</b>		<b>7,424</b>	<b>1,751</b>	<b>2,183</b>	<b>5,643</b>	<b>6,064</b>
<b>Allocated investment return, net of reinsurance</b>		<b>3,147</b>	<b>1,459</b>	<b>749</b>	<b>1,929</b>	<b>2,535</b>
<b>Pension return tax</b>		<b>(501)</b>	<b>(166)</b>	<b>(102)</b>	<b>(300)</b>	<b>(371)</b>
Claims and benefits paid		(3,453)	(826)	(1,157)	(2,593)	(3,708)
Reinsurance cover received		6	1	1	4	3
<b>Claims and benefits paid, net of reinsurance</b>		<b>(3,447)</b>	<b>(825)</b>	<b>(1,156)</b>	<b>(2,589)</b>	<b>(3,705)</b>
Change in the life insurance provisions		(6,159)	(2,104)	(1,554)	(4,351)	(4,160)
Change in the reinsurers' share		(5)	(2)	(1)	(5)	(2)
<b>Change in the life insurance provisions, net of reinsurance</b>		<b>(6,164)</b>	<b>(2,106)</b>	<b>(1,555)</b>	<b>(4,356)</b>	<b>(4,162)</b>
<b>Change in profit margin</b>		<b>(37)</b>	<b>(4)</b>	<b>(6)</b>	<b>(16)</b>	<b>(17)</b>
Acquisition costs		(146)	(32)	(37)	(109)	(115)
Administrative expenses		(270)	(58)	(65)	(199)	(209)
Reinsurance commission and share of profits		2	1	(0)	1	(0)
<b>Total operating expenses, net of reinsurance</b>		<b>(414)</b>	<b>(89)</b>	<b>(102)</b>	<b>(307)</b>	<b>(324)</b>
<b>TECHNICAL PROFIT ON LIFE INSURANCE</b>		<b>7</b>	<b>18</b>	<b>12</b>	<b>4</b>	<b>21</b>

## Income statement • Group

(DKK)m	Full year 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
<b>NON-TECHNICAL ACTIVITIES</b>					
Technical profit on non-life insurance	1,361	380	409	1,011	1,238
Technical profit on life insurance	7	18	12	4	21
Income from associated companies	46	8	14	25	31
Income from investment properties	74	20	20	60	43
Interest income and dividends etc.	1,740	376	362	1,325	1,451
Revaluations	2,464	1,470	615	1,611	1,659
Interest charges	(78)	(15)	(20)	(59)	(59)
Expenses on investment business	(57)	(12)	(9)	(41)	(28)
<b>Total investment return</b>	<b>4,189</b>	<b>1,846</b>	<b>983</b>	<b>2,920</b>	<b>3,096</b>
Return and revaluations non-life insurance provisions	(423)	(121)	(58)	(569)	(62)
Investment return transferred to life insurance business	(3,147)	(1,459)	(749)	(1,929)	(2,535)
Other income	19	5	5	14	17
Other expenses	(64)	(12)	(8)	(43)	(32)
<b>PRE-TAX PROFIT</b>	<b>1,942</b>	<b>656</b>	<b>594</b>	<b>1,409</b>	<b>1,743</b>
Taxation	(407)	(128)	(129)	(295)	(390)
<b>PROFIT FOR THE PERIOD</b>	<b>1,536</b>	<b>528</b>	<b>464</b>	<b>1,114</b>	<b>1,353</b>
EPS (DKK)	16.8	5.8	5.4	12.0	15.8
EPS, diluted (DKK)	16.7	5.8	5.4	12.0	15.8

## Statement of comprehensive income • Group

Profit for the period	1,536	528	464	1,114	1,353
Items which cannot subsequently be reclassified as profit or loss:					
Revaluation of own-occupied properties	1	0	0	1	1
Other comprehensive income	1	0	0	1	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,537</b>	<b>528</b>	<b>465</b>	<b>1,115</b>	<b>1,354</b>

## Assets • Group

(DKK m)	31 Dec 2016	30 Sep 2016	30 Sep 2017
<b>INTANGIBLE ASSETS</b>	806	772	890
Operating equipment	132	137	112
Owner-occupied properties	856	855	856
<b>TOTAL TANGIBLE ASSETS</b>	988	993	967
Investment properties	3,448	3,391	3,659
Shares in associated companies	1,180	660	1,256
Total investment in associated companies	1,180	660	1,256
Shares	5,663	5,881	5,856
Bonds	35,277	37,207	34,698
Loans guaranteed by mortgages	7	7	6
Deposits with credit institutions	1,451	906	5,914
Derivatives	36	203	119
Total other financial investment assets	42,434	44,203	46,594
<b>TOTAL INVESTMENT ASSETS</b>	47,061	48,254	51,510
<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS</b>	21,528	19,200	24,180
Reinsurers' share of the provisions for unearned premiums	72	170	182
Reinsurers' share of the life insurance provisions	27	27	25
Reinsurers' share of the provisions for claims and benefits	586	624	523
Total reinsurers' share of provisions	685	821	729
Amounts due from policyholders	383	317	350
Amounts due from insurance companies	100	90	48
Amounts due from associated companies	366	373	340
Other debtors	226	199	243
<b>TOTAL DEBTORS</b>	1,761	1,800	1,711
Deferred tax assets	10	11	13
Liquid funds	831	418	333
Other	23	50	82
<b>TOTAL OTHER ASSETS</b>	865	479	428
Accrued interest and rent	278	269	228
Other prepayments and accrued income	188	202	200
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	467	471	428
<b>TOTAL ASSETS</b>	73,476	71,969	80,113



## Shareholders' equity and liabilities • Group

(DKK m)	Note	31 Dec 2016	30 Sep 2016	30 Sep 2017
Share capital		95	95	95
Revaluation reserve		13	12	13
Security fund		1,146	1,146	1,146
Other reserves		57	55	63
Total reserves		1,203	1,201	1,209
Profit carried forward		3,392	3,387	4,459
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,702</b>	<b>4,696</b>	<b>5,776</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>		<b>1,754</b>	<b>1,755</b>	<b>1,347</b>
Provisions for unearned premiums		1,881	2,689	2,700
Profit margin, non-life insurance contracts		711	610	608
Products with guarantees and profitsharing		24,465	24,554	24,252
Unit-Linked products		22,783	20,739	27,779
Total life insurance provisions		47,248	45,293	52,032
Profit margin, life insurance and investment contracts		103	85	120
Provisions for claims and benefits		13,209	13,422	13,161
Risk margin, non-life insurance contracts		320	345	305
Provisions for bonuses and rebates		143	134	136
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>63,615</b>	<b>62,578</b>	<b>69,063</b>
Pensions and similar commitments		28	29	28
Deferred tax liabilities		59	63	60
Deferred tax on security funds		306	306	306
<b>TOTAL LIABILITIES PROVIDED</b>		<b>394</b>	<b>398</b>	<b>394</b>
<b>DEPOSITS RECEIVED FROM REINSURERS</b>		<b>64</b>	<b>65</b>	<b>84</b>
Creditors arising out of direct insurance operations		329	224	248
Creditors arising out of reinsurance operations		18	24	28
Amounts due to credit institutions		44	480	988
Current tax liabilities		59	166	349
Derivatives		880	486	635
Other creditors		1,508	996	1,111
<b>TOTAL CREDITORS</b>		<b>2,837</b>	<b>2,377</b>	<b>3,360</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		<b>109</b>	<b>101</b>	<b>89</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>73,476</b>	<b>71,969</b>	<b>80,113</b>
Financial assets and liabilities	3			
Contingent liabilities	4			

## Cash flow statement • Group

(DKK m)	Full year 2016	Q1-Q3 2016	Q1-Q3 2017
<b>Cash flow from operations</b>			
Gross premiums written	8,724	7,207	7,416
Claims paid	(6,266)	(4,617)	(4,260)
Expenses paid	(1,315)	(1,045)	(1,007)
Reinsurance ceded	(150)	(224)	(258)
Cash flow from non-life insurance	992	1,321	1,891
Gross premiums written	7,282	5,429	5,926
Claims and benefits	(3,460)	(2,604)	(3,707)
Pension return tax	(259)	(255)	(446)
Expenses paid	(395)	(306)	(327)
Reinsurance ceded	(7)	(4)	29
Cash flow from life insurance	3,161	2,259	1,476
Cash flow from insurance business	4,154	3,581	3,367
Payments on investment contracts	620	477	624
Interest income and dividends etc.	1,889	1,454	1,458
Interest charges etc.	(144)	(102)	(82)
Corporation tax	(393)	(105)	(34)
Other items	(37)	(26)	(16)
<b>Cash flow from operations</b>	<b>6,089</b>	<b>5,278</b>	<b>5,317</b>
<b>Investments</b>			
Intangible assets, operating equipment	(203)	(146)	(110)
Properties	(162)	(35)	(207)
Shares in associated companies	(3)	(3)	(274)
Shares	1,320	853	13
Unit trusts	1	(0)	1
Bonds	(3,181)	(5,125)	615
Loans	32	32	(33)
Derivatives	1,897	1,569	(118)
Investment activities related to unit-linked products	(4,675)	(3,130)	(1,446)
Balances with associated companies	15	(8)	26
<b>Investments</b>	<b>(4,959)</b>	<b>(5,978)</b>	<b>(1,533)</b>
<b>Financing</b>			
Shares bought back	(1,533)	(1,093)	(417)
Exercise of share options	34	20	85
Redemption of subordinated loan capital	(400)	(400)	(409)
Amounts due to credit institutions	(1,302)	(866)	944
<b>Financing</b>	<b>(3,202)</b>	<b>(2,338)</b>	<b>203</b>
Change in cash and cash equivalents	(2,072)	(3,039)	3,987
Cash and cash equivalents at 1 January	4,361	4,361	2,282
Revaluation of cash and cash equivalents	(6)	2	(23)
Cash and cash equivalents end of period	2,282	1,324	6,246
Cash and cash equivalents comprise:			
Liquid funds	831	418	333
Deposits with credit institutions	1,451	906	5,914
	2,282	1,324	6,246

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

(DKK m)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Total
<b>2016</b>						
Shareholders' equity at 31 December prior year	105	11	1,146	47	3,364	4,673
Effect of new Executive Order on Financial Statements					(31)	(31)
Shareholders' equity beginning of the year according to new Executive Order on Financial Reports	105	11	1,146	47	3,333	4,642
Profit for the year				11	1,525	1,536
Other comprehensive income		1		0	0	1
Total comprehensive income for the year		1		11	1,525	1,537
Cancellation of own shares	(10)				10	0
Share buy-back					(1,524)	(1,524)
Share-based payments					18	18
Exercise of share options					32	32
Taxation					(2)	(2)
Other transactions	(10)				(1,466)	(1,476)
<b>Shareholders' equity at 31 December 2016</b>	<b>95</b>	<b>13</b>	<b>1,146</b>	<b>57</b>	<b>3,392</b>	<b>4,702</b>
<b>Q1-Q3 2016</b>						
Shareholders' equity at 31 December prior year	105	11	1,146	47	3,364	4,673
Effect of new Executive Order on Financial Statements					(31)	(31)
Shareholders' equity beginning of the year according to new Executive Order on Financial Reports	105	11	1,146	47	3,333	4,642
Profit for the period				9	1,106	1,114
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		9	1,106	1,115
Cancellation of own shares	(10)				10	0
Share buy-back					(1,087)	(1,087)
Share-based payments					7	7
Exercise of share options					20	20
Taxation					(1)	(1)
Other transactions	(10)				(1,051)	(1,061)
<b>Shareholders' equity at 30 September 2016</b>	<b>95</b>	<b>12</b>	<b>1,146</b>	<b>55</b>	<b>3,387</b>	<b>4,696</b>
<b>Q1-Q3 2017</b>						
Shareholders' equity at 31 December prior year	95	13	1,146	57	3,392	4,702
Profit for the period				5	1,348	1,353
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		5	1,348	1,354
Share buy-back					(410)	(410)
Share-based payments					43	43
Exercise of share options					85	85
Taxation					2	2
Other transactions					(280)	(280)
<b>Shareholders' equity at 30 September 2017</b>	<b>95</b>	<b>13</b>	<b>1,146</b>	<b>63</b>	<b>4,459</b>	<b>5,776</b>

## Segment information • Group

### Income statement

(DKK)m	Per-sonal	SME	Elimin-ated	Non-life	Life	Parent etc.	Elimin-ated	Group
<b>Q1-Q3 2016</b>								
<b>Non-life insurance</b>								
Gross premiums earned	3,688	2,982	(15)	6,655				6,655
Claims incurred	(2,455)	(2,081)	13	(4,523)			12	(4,511)
Expenses	(611)	(472)	(0)	(1,084)			19	(1,065)
Net reinsurance	(55)	(13)	0	(68)				(68)
Technical profit / (loss) on non-life insurance	567	415	(2)	980			31	1,011
<b>Life insurance</b>								
Gross premiums written					5,648			5,648
Allocated investment return					1,929			1,929
Pension return tax					(300)			(300)
Benefits and change in provisions					(6,960)			(6,960)
Expenses					(314)		5	(309)
Net reinsurance					(4)			(4)
Technical profit / (loss) on life insurance					(1)		5	4
Total investment return				865	1,947	42	66	2,920
Pension return tax non-life insurance				(27)	27			0
Return and revaluations non-life insurance provisions				(569)				(569)
Transferred to technical result					(1,929)			(1,929)
Other items				16	90	(34)	(102)	(29)
<b>Pre-tax profit</b>				1,266	135	8	0	1,409
Taxation								(295)
<b>Profit</b>								1,114
<b>Q1-Q3 2017</b>								
<b>Non-life insurance</b>								
Gross premiums earned	3,756	2,998	(15)	6,740				6,740
Claims incurred	(2,441)	(1,740)	13	(4,169)			7	(4,161)
Expenses	(598)	(484)	2	(1,080)			11	(1,069)
Net reinsurance	(52)	(219)	(0)	(271)				(271)
Technical profit / (loss) on non-life insurance	664	556	(0)	1,220			18	1,238
<b>Life insurance</b>								
Gross premiums written					6,064			6,064
Allocated investment return					2,535			2,535
Pension return tax					(371)			(371)
Benefits and change in provisions					(7,884)			(7,884)
Expenses					(327)		3	(324)
Technical profit on life insurance					18		3	21
Total investment return				322	2,629	70	76	3,096
Pension return tax non-life insurance				5	(5)			0
Return and revaluations non-life insurance provisions				(62)				(62)
Transferred to technical result					(2,535)			(2,535)
Other items				9	100	(26)	(98)	(15)
<b>Pre-tax profit</b>				1,493	207	43	0	1,743
Taxation								(390)
<b>Profit</b>								1,353

## Notes to the financial statements • Group

(DKK m)	Full year 2016	Q1-Q3 2016	Q1-Q3 2017
<b>Note 1. Claims incurred, net of reinsurance - Non-life insurance</b>			
Run-off result:			
Gross business	502	258	264
Reinsurance ceded	(32)	6	(14)
Run-off result, net of reinsurance (profit)	470	264	249

### Note 2. Gross premiums written - Life insurance

Individual policies	316	195	199
Policies w hich are part of a tenure	1,803	1,324	1,383
Group life	534	462	446
<b>Regular premiums</b>	<b>2,653</b>	<b>1,981</b>	<b>2,027</b>
Individual policies	1,921	1,474	1,250
Policies w hich are part of a tenure	2,856	2,192	2,787
<b>Single premiums</b>	<b>4,777</b>	<b>3,666</b>	<b>4,037</b>
<b>Gross premiums</b>	<b>7,430</b>	<b>5,648</b>	<b>6,064</b>

	31 Dec 2016	30 Sep 2016	30 Sep 2017
<b>Note 3. Financial assets and liabilities</b>			

The Group's holding of financial assets, w hich are recorded at fair value using valuation models based on non-observable input, comprises DKK 676m, of w hich investment properties account for DKK 135m and bonds DKK 541m.

Bonds measured on non-observable input - Level 3:

Portfolio at 1 January	523	523	582
Purchases	287	139	60
Repayments	(234)	(239)	(77)
Foreign exchange adjustment	6	(5)	(24)
Portfolio end of period	582	418	541

The item consists of construction financing of property projects (DKK 182m) and Vindmøllepark (w ind farm) guaranteed by EKF (DKK 137m) and bonds of DKK 222m, for w hich current return depends on payment on life annuity contracts.

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

There have been no changes to the classification of financial assets or financial liabilities in Q1-Q3 2017.

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 liabilities are stated in the 2016 Annual Report.

### Note 4. Contingent liabilities

Contract liabilities	394	410	678
Adjustments to VAT liabilities	52	50	69
Other liabilities	10	11	7
Capital commitments made to loan funds and private equity funds etc.	1,461	1,274	1,322

Topdanmark EDB II ApS has entered into a contract w ith Keylane A/S on procurement and implementation of a new administration system for Topdanmark Life insurance.

In connection w ith implementation, Topdanmark Livsforsikring A/S has undertaken to give support in fulfilling Topdanmark EDB II ApS' obligations in accordance w ith the contract w ith Keylane A/S.

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 2016	Q3 2016	Q3 2017	Q1-Q3 2016	Q1-Q3 2017
Income from affiliated companies	1,585	537	473	1,146	1,379
Revaluations	2	(1)	(0)	1	(0)
Interest charges	(8)	(2)	(2)	(6)	(6)
<b>Total investment return</b>	<b>1,577</b>	<b>534</b>	<b>471</b>	<b>1,139</b>	<b>1,372</b>
Other expenses	(53)	(9)	(9)	(34)	(26)
<b>PRE-TAX PROFIT</b>	<b>1,525</b>	<b>526</b>	<b>462</b>	<b>1,106</b>	<b>1,346</b>
Taxation	11	3	2	9	7
<b>PROFIT FOR THE PERIOD</b>	<b>1,536</b>	<b>528</b>	<b>464</b>	<b>1,114</b>	<b>1,353</b>

## Statement of comprehensive income • Parent company

Profit for the period	1,536	528	464	1,114	1,353
Other comprehensive income from affiliated companies	1	0	0	1	1
Other comprehensive income	1	0	0	1	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,537</b>	<b>528</b>	<b>465</b>	<b>1,115</b>	<b>1,354</b>

## Balance sheet • Parent company

(DKK m)	31 Dec 2016	30 Sep 2016	30 Sep 2017
<b>Assets</b>			
Operating equipment	3	3	3
<b>TOTAL TANGIBLE ASSETS</b>	<b>3</b>	<b>3</b>	<b>3</b>
Shares in affiliated companies	5,643	5,196	6,221
Total investment in affiliated companies	5,643	5,196	6,221
<b>TOTAL INVESTMENT ASSETS</b>	<b>5,643</b>	<b>5,196</b>	<b>6,221</b>
Amounts due from affiliated companies	65	610	352
Other debtors	65	1	0
<b>TOTAL DEBTORS</b>	<b>129</b>	<b>612</b>	<b>352</b>
Deferred tax assets	2	2	0
Liquid funds	2	2	3
<b>TOTAL OTHER ASSETS</b>	<b>4</b>	<b>4</b>	<b>3</b>
<b>TOTAL ASSETS</b>	<b>5,779</b>	<b>5,814</b>	<b>6,579</b>

### Shareholders' equity and liabilities

Share capital	95	95	95
Other reserves	1,894	1,447	2,472
Total reserves	1,894	1,447	2,472
Profit carried forward	3,019	3,460	3,516
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,009</b>	<b>5,002</b>	<b>6,082</b>
<b>OTHER SUBORDINATED LOAN CAPITAL</b>	<b>408</b>	<b>409</b>	<b>0</b>
Amounts due to affiliated companies	289	220	147
Current tax liabilities	58	165	348
Other creditors	16	19	2
<b>TOTAL CREDITORS</b>	<b>363</b>	<b>404</b>	<b>496</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5,779</b>	<b>5,814</b>	<b>6,579</b>

## Statement by Management

We have today considered and adopted the interim report for Q1-Q3 2017 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 interim 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 September 2017 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 September 2017.

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, 26 October 2017

### Executive Board:

Christian Sagild  
(CEO)

Brian Rothemejer Jacobsen

Lars Thykier

Marianne Wier

### Board of Directors:

Torbjörn Magnusson  
(Chairman)

Annette Sadolin  
(Deputy Chairman)

Ann-Jeanette Bakkøl

Tina Møller Carlsson

Mette Jensen

Petri Niemisvirta

Lone Møller Olsen

Ricard Wennerklint

Jens Aaløse