

# TOPDANMARK

## Q1-Q3 2017 RESULT



## Q1-Q3 2017

- Post-tax profit: DKK 1,353m (Q1-Q3 2016: DKK 1,114m)
- EPS: DKK 15.8 (Q1-Q3 2016: DKK 12.0)
- CR: 81.9 (Q1-Q3 2016: 85.3)
- CR excl. run-off: 85.6 (Q1-Q3 2016: 89.2)
- Premium growth: 1.3% increase in non-life insurance and 7.4% increase in life insurance
- Profit in life insurance: DKK 207m (Q1-Q3 2016: DKK 135m)
- Investment return: DKK 330m (Q1-Q3 2016: DKK 340m)

## Q3 2017

- Post-tax profit : DKK 464m (Q3 2016: DKK 528m)
- EPS: DKK 5.4 (Q3 2016: DKK 5.8)
- CR: 82.0 (Q3 2016: 83.4)
- CR excl. run-off: 86.1 (Q3 2016: 87.1)
- Premium growth: 1.5% increase in non-life insurance and 24.6% increase in life insurance
- Profit in life insurance: DKK 79m (Q3 2016: DKK 69m)
- Investment return: DKK 109m (Q3 2016: DKK 231m)

## Profit forecast model for 2017

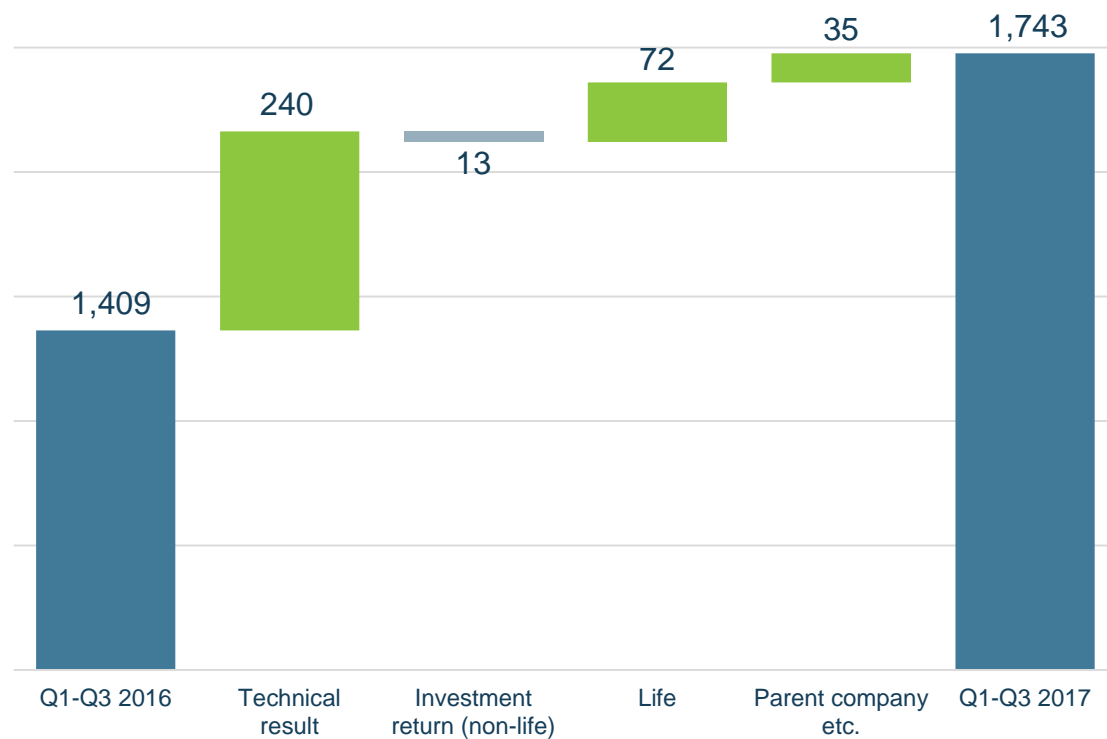
- Assumed premium growth in non-life insurance: around 1% (H1 report: Slightly positive)
- Assumed premium growth in regular premiums in life-insurance remains unchanged at 0-5%
- For the full year 2017, the assumed CR improves from around 87 to around 85 excl. run-off in Q4 2017
  - Still including additional expenses of 0.5-1pp due to investment in increased digitalisation and automation
- The profit forecast model for 2017 is upgraded by DKK 250m to DKK 1,500-1,600m excl. run-off in Q4 2017
  - EPS: DKK 18.1

## Assumptions for 2018

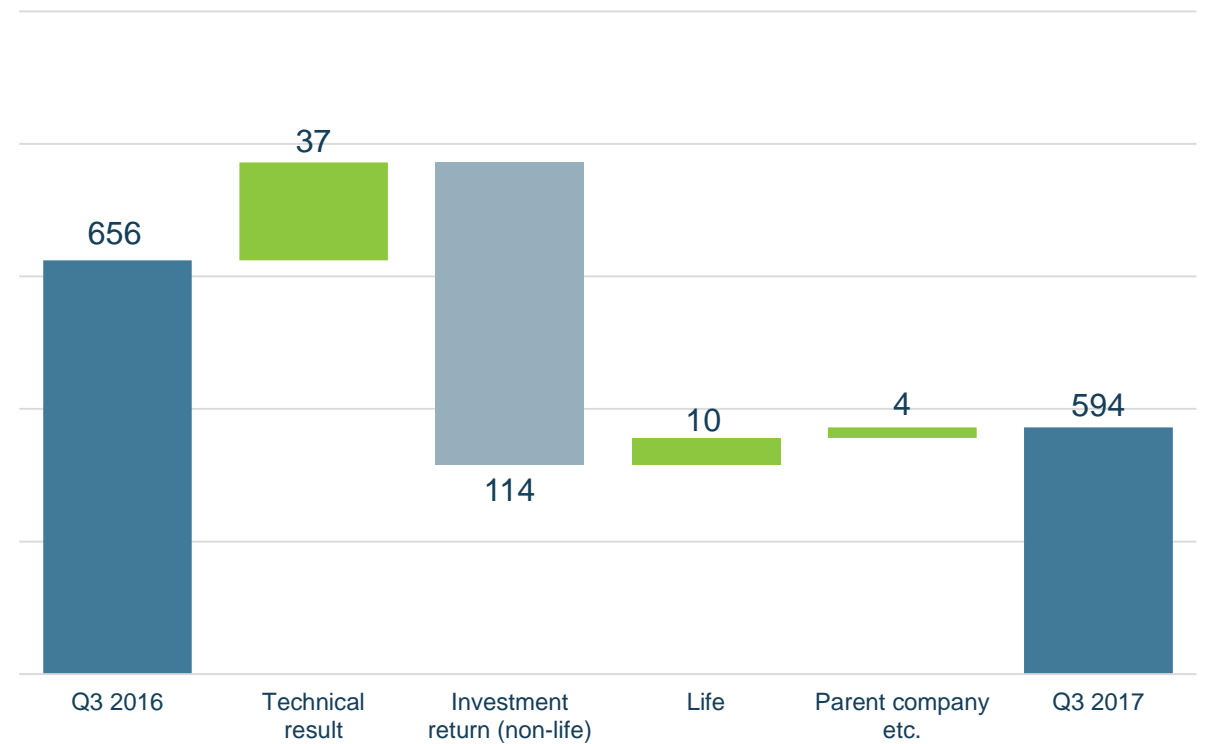
- Positive premium growth in non-life insurance
- CR: 90-91 excl. run-off

# Trend in pre-tax result

Q1-Q3 2016-Q1-Q3 2017

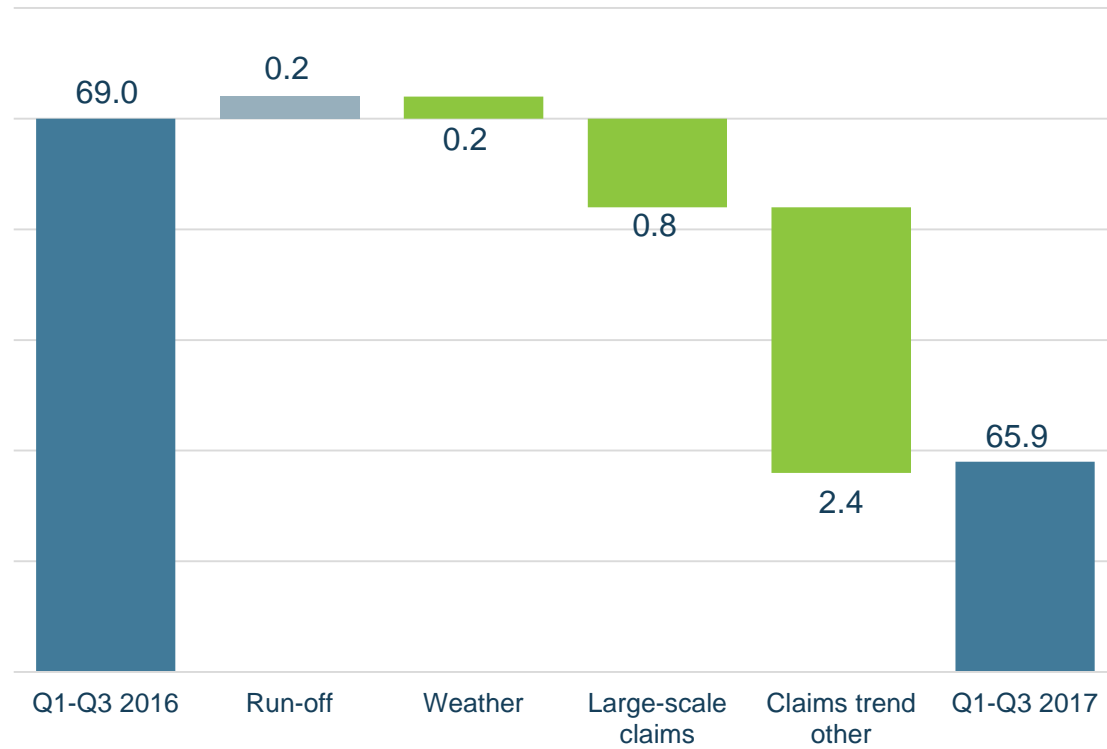


Q3 2016-Q3 2017

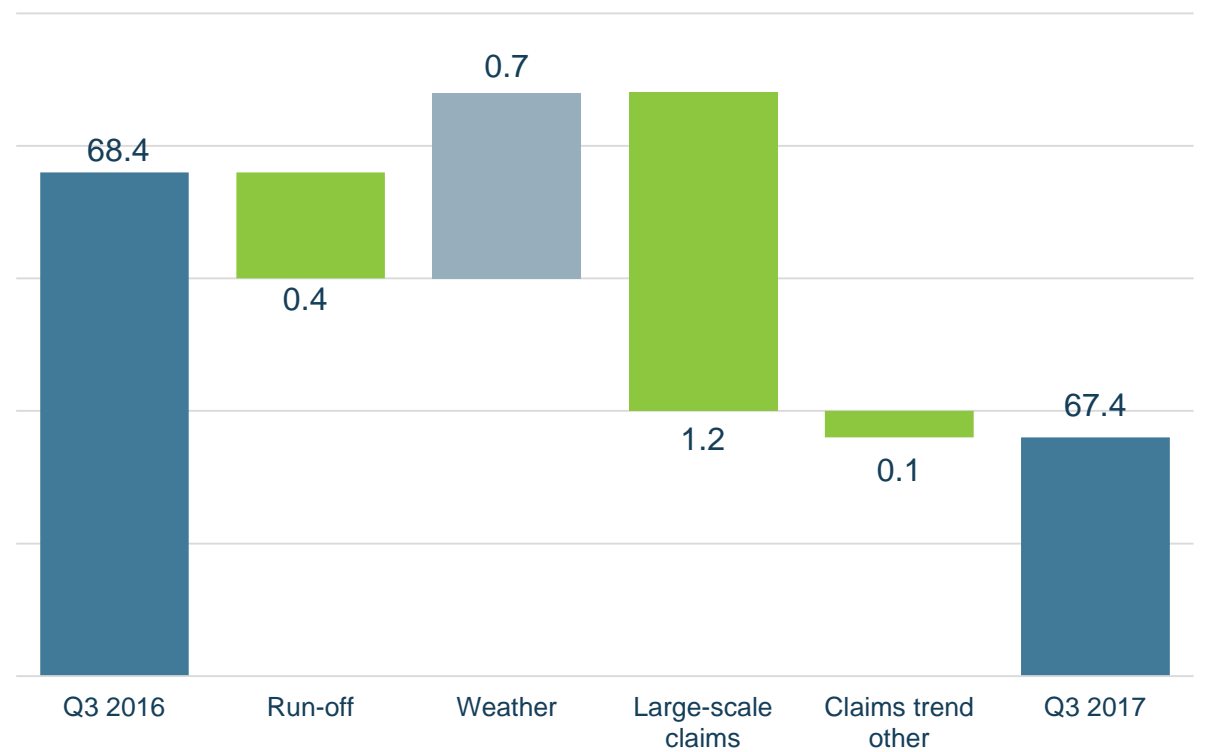


# Claims trend

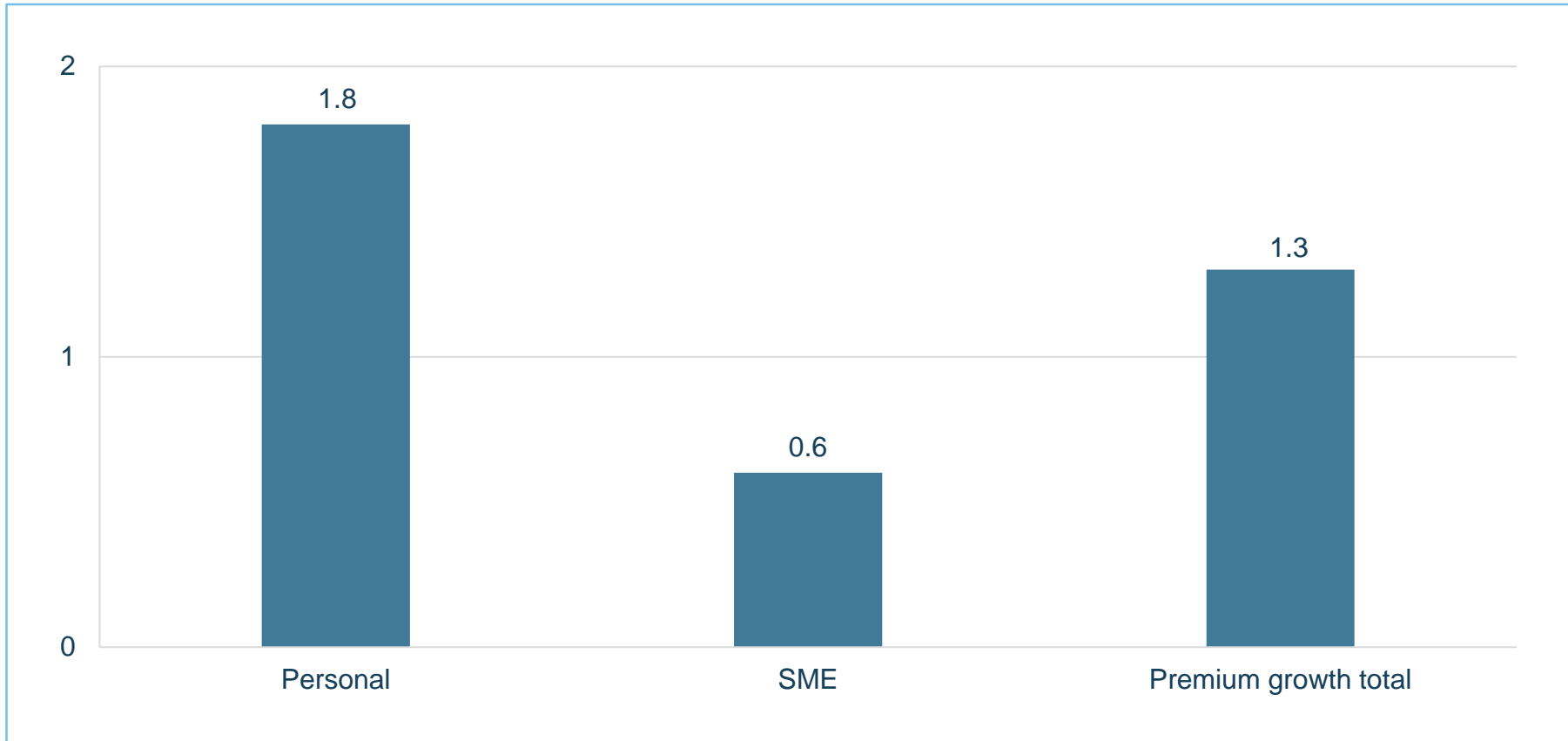
Q1-Q3 2016-Q1-Q3 2017



Q3 2016-Q3 2017

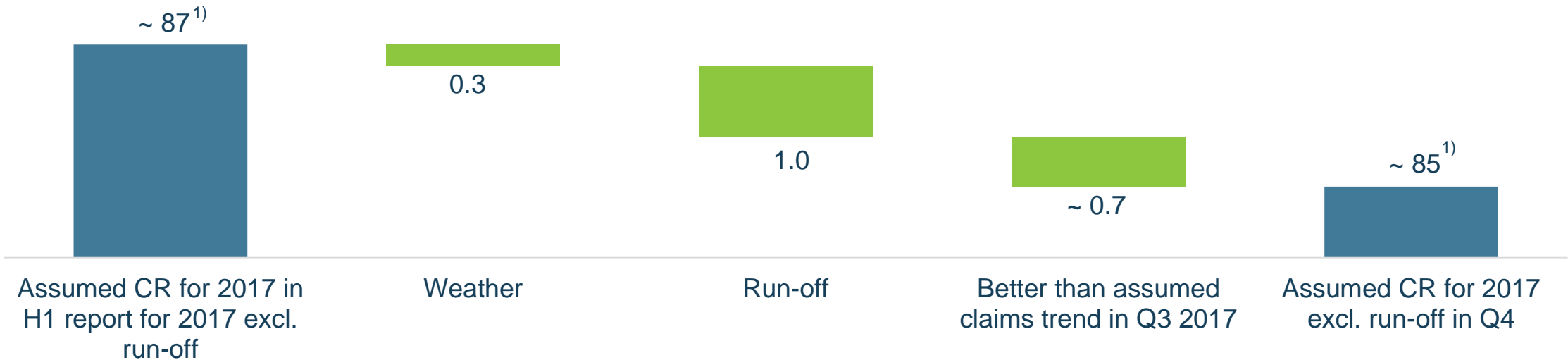


# Premium growth Q1-Q3 2017



# Assumed CR improved to around 85 for 2017

Excl. run-off in Q4



## Assumptions for CR in 2017

- A normal year for weather with weather-related claims of DKK 50m in Q4
- A level of interest rates corresponding to the interest rate curve on 29 September 2017
- An expense ratio of around 16

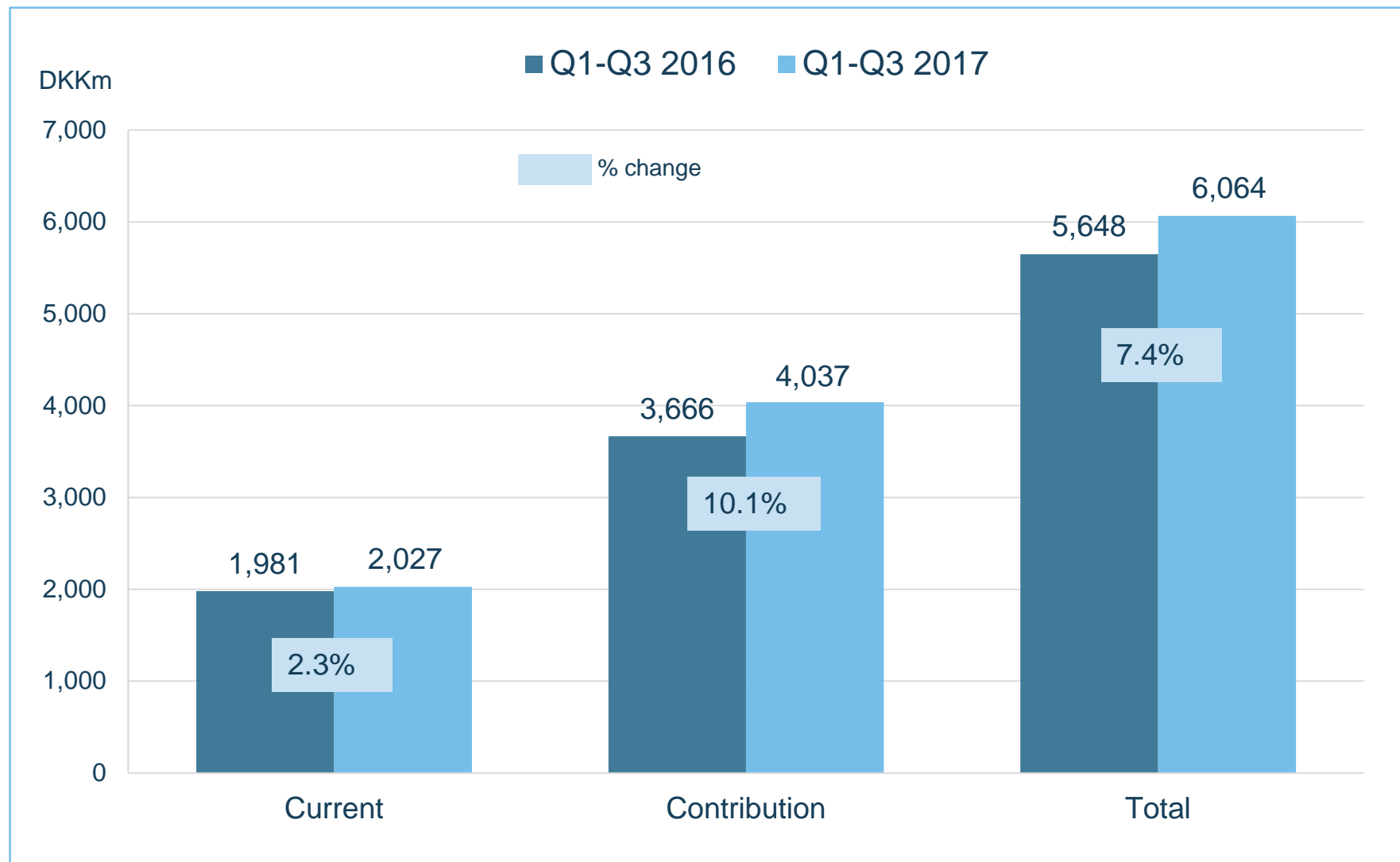
<sup>1)</sup> Incl. additional expenses of 0.5-1pp due to an update in investments in digitalisation and automation

# Prospects for life insurance 2017

- Still assumed growth in regular premiums of 0-5%
- Assumptions:
  - Full recognition as income of risk return
  - No recognition as income from shadow account
- Assumed pre-tax result for 2017 of DKK 240-270m
- Termination of distribution agreements with Nykredit and Sydbank at the end of 2017
  - Premium effect in life insurance: 0.5pp
  - Premium effect in non-life insurance (I/A) 2018: 0.6pp
  - Limited effect on earnings in 2018



# Life – trend in gross premiums





# Investment return for the Topdanmark Group excl. Life insurance

Investment return	Portfolio 30 Sep		Return Q3 2016		Return Q3 2017		Return Q1-Q3 2016		Return Q1-Q3 2017	
	2016	2017								
	(DKKbn)	(DKKbn)	(DKKbn)	%	(DKKbn)	%	(DKKbn)	%	(DKKbn)	%
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 VA	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.





# Profit forecast model for 2018

## Assumptions for profit forecast model for 2018

- CR of 90-91 excl. run-off
- Positive premium growth in non-life insurance
  
- Assumptions
  - Zero exposure to industrial market
    - The last industrial customers left in 2017
    - Premium effect for 2017: 0.6pp decline
  - Termination of distribution agreements for Life (I/A) with Nykredit and Sydbank
    - Effect of around 0.6pp
  - Automatic indexing of 1.6% (2017: 1.8%)
    - Effect of around 1.1%
  - Weather-related claims: DKK 170m
  - Additional expenses due to investment in digitalisation etc.
    - 0.5-1pp effect on CR
  - Expense ratio of around 16
  - A level of interest rates corresponding to the interest rate curve on 29 September 2017

