

# TOPDANMARK INTERIM REPORT FOR Q1-Q3 2015

16 November 2015 Announcement No. 16/2015

## Key features

### Q1-Q3 2015

- Post-tax profit of DKK 854m (Q1-Q3 2014: DKK 1,253m).
- EPS was DKK 8.4 (Q1-Q3 2014: DKK 11.5).
- Combined ratio was 85.9% (Q1-Q3 2014: 86.7%).
- Combined ratio excluding run-off profits was 89.7% (Q1-Q3 2014: 90.6%).
- Premiums declined 1.5% in non-life insurance and increased 36.0% in life insurance as compared to the same period last year.
- Profit on life insurance declined to DKK 89m (Q1-Q3 2014: DKK 198m).
- Investment return declined to DKK 152m (Q1-Q3 2014: DKK 651m).

### Q3 2015

- Post-tax profit: DKK 207m (Q3 2014: DKK 308m).
- EPS: DKK 2.1 (Q3 2014: DKK 2.9).
- Combined ratio: 86.2% (Q3 2014: 88.3%).
- Combined ratio excluding run-off profits: 89.9% (Q3 2014: 92.3%).
- Trend in premiums: 2.5% decline in non-life insurance, 42.4% increase in life insurance.
- Profit on life insurance: DKK 21m (Q3 2014: DKK 62m).
- Investment return: DKK 20m loss (Q3 2014: DKK 112m).

### Profit forecast model for 2015

- The assumed combined ratio for 2015 has improved to around 87% from 88-89%, excluding run-off in Q4 2015.
- Unchanged assumed decline of 1-2% in non-life premiums. In life insurance, the assumed growth of more than 10% in regular premiums is maintained.
- The post-tax profit forecast model for 2015 is unchanged at DKK 1,050-1,150m, excluding run-off in Q4 2015, representing EPS of DKK 10.9.

### Share buy-back

- The share buy-back programme for 2015 is unchanged at DKK 1.95bn.
- Topdanmark has bought back own shares of DKK 1,386m in 2015, which leaves a balance of DKK 564m of the buy-back programme.
- In the future, Topdanmark's buy-back programme will be executed under the "Safe Harbour" method.

### Assumptions for 2016

- For 2016 assumed premium growth is around minus 1% and the assumed combined ratio is around 91% excl. run-off.

### 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) 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 phone:

UK dial-in number: +44 (0)20 7162 0125

US dial-in number: +1 334 323 6203

10-15 minutes before the conference quoting reference 956084 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<br>2014 | Q3<br>2014   | Q3<br>2015   | Q1-Q3<br>2014 | Q1-Q3<br>2015 |
|---|-------------------|--------------|--------------|---------------|---------------|
| <b>Premiums earned:</b>                                     |                   |              |              |               |               |
| Non-life insurance  | 9,116             | 2,285        | 2,226        | 6,812         | 6,712         |
| Life insurance  | 4,448             | 1,114        | 1,587        | 3,361         | 4,571         |
|   | <b>13,563</b>     | <b>3,399</b> | <b>3,813</b> | <b>10,173</b> | <b>11,283</b> |
| <b>Results:</b>   |                   |              |              |               |               |
| Non-life insurance  | 1,803             | 345          | 246          | 1,417         | 1,013         |
| Life insurance  | 200               | 62           | 21           | 198           | 89            |
| Parent company etc.   | 7                 | 1            | 9            | (9)           | 11            |
| Pre-tax profit  | 2,010             | 408          | 276          | 1,606         | 1,113         |
| Tax   | (452)             | (100)        | (69)         | (353)         | (259)         |
| <b>Profit</b>   | <b>1,558</b>      | <b>308</b>   | <b>207</b>   | <b>1,253</b>  | <b>854</b>    |
| Run-off profits, net of reinsurance                         | 351               | 90           | 82           | 261           | 258           |
| Shareholders' equity of parent company at 1 January         | 5,490             | 5,660        | 5,287        | 5,490         | 5,442         |
| Profit  | 1,558             | 308          | 207          | 1,253         | 854           |
| Share buy-back  | (1,716)           | (458)        | (425)        | (1,308)       | (1,290)       |
| Share-based payments  | 110               | 14           | 3            | 84            | 71            |
| Other movements in shareholders' equity                     | (1)               | (8)          | 1            | (4)           | (4)           |
| <b>Shareholders' equity of parent company end of period</b> | <b>5,442</b>      | <b>5,516</b> | <b>5,072</b> | <b>5,516</b>  | <b>5,072</b>  |
| Deferred tax on security funds                              | (306)             | (306)        | (306)        | (306)         | (306)         |
| <b>Shareholders' equity of Group end of period</b>          | <b>5,135</b>      | <b>5,210</b> | <b>4,766</b> | <b>5,210</b>  | <b>4,766</b>  |
| Capital base, parent company*)                              | 5,848             | 5,923        | 5,480        | 5,923         | 5,480         |
| Total assets, parent company                                | 6,143             | 6,370        | 5,939        | 6,370         | 5,939         |
| Total assets, Group   | 64,516            | 64,880       | 65,317       | 64,880        | 65,317        |
| Provisions for insurance and investment contracts:          |                   |              |              |               |               |
| Non-life insurance  | 16,485            | 17,436       | 16,897       | 17,436        | 16,897        |
| Life insurance  | 36,375            | 36,367       | 38,962       | 36,367        | 38,962        |
| <b>Financial ratios (parent company)</b>                    |                   |              |              |               |               |
| Post-tax profit as a % of shareholders' equity              | 28.1              | 5.4          | 3.9          | 22.4          | 15.9          |
| Post-tax EPS (DKK)  | 14.4              | 2.9          | 2.1          | 11.5          | 8.4           |
| Post-tax EPS, diluted (DKK)                                 | 14.3              | 2.9          | 2.1          | 11.4          | 8.3           |
| Net asset value per share, diluted (DKK)                    | 52.2              | 51.2         | 51.7         | 51.2          | 51.7          |
| Share buy-back per share, diluted (DKK)                     | 15.8              | 4.2          | 4.3          | 11.9          | 12.6          |
| Listed share price end of period                            | 200.2             | 178.6        | 189.6        | 178.6         | 189.6         |
| Average number of shares ('000)                             | 107,908           | 106,890      | 99,036       | 109,120       | 101,026       |
| Average number of shares, diluted ('000)                    | 108,805           | 107,739      | 99,443       | 110,018       | 102,260       |
| Number of shares end of period ('000)                       | 103,623           | 105,433      | 97,618       | 105,433       | 97,618        |
| <b>Ratios non-life insurance (%)</b>                        |                   |              |              |               |               |
| Gross loss ratio  | 69.3              | 78.1         | 67.8         | 70.8          | 68.3          |
| Net reinsurance ratio                                       | 1.0               | (4.1)        | 3.4          | 0.2           | 1.9           |
| Claims trend  | 70.3              | 73.9         | 71.2         | 71.0          | 70.2          |
| Gross expense ratio   | 15.7              | 14.4         | 15.1         | 15.7          | 15.7          |
| Combined ratio  | 86.0              | 88.3         | 86.2         | 86.7          | 85.9          |
| Operating ratio   | 85.9              | 88.3         | 86.2         | 86.6          | 85.9          |
| Combined ratio excl. run-off profits                        | 89.8              | 92.3         | 89.9         | 90.6          | 89.7          |

\*) Shareholders' equity and loan capital

## Results for Q1-Q3 2015

Topdanmark's post-tax profit for Q1-Q3 2015 was DKK 854m (Q1-Q3 2014: DKK 1,253m). EPS was DKK 8.4 (Q1-Q3 2014: DKK 11.5).

Pre-tax profit declined DKK 493m to DKK 1,113m.

The technical result increased DKK 34m to DKK 945m primarily due to an improved claims trend for fire and lower expenses on weather-related claims. On the other hand, the lower interest rates had an adverse impact of DKK 60m on the technical result.

The investment return after transfer to technical result declined DKK 438m to DKK 68m. This was partly due to an extraordinarily high investment return in Q1-Q3 2014 and partly due to the impact on the Q1-Q3 2015 results of adverse development in the Danish mortgage market and in foreign equities. On the other hand, Topdanmark achieved a gain of DKK 111m on the disposal of two residential properties in Q2.

Profit on life insurance declined DKK 109m to DKK 89m primarily due to a lower investment return.

| Trend in profit<br>(DKK m)                                     | Full year<br>2014 | Q1-Q3<br>2014 | Q1-Q3<br>2015 |
|--|-------------------|---------------|---------------|
| Non-life insurance   |                   |               |               |
| - Technical result   | 1,289             | 911           | 945           |
| - Investment return after transfer<br>to technical result etc. | 514               | 506           | 68            |
| Profit on non-life insurance                                   | 1,803             | 1,417         | 1,013         |
| Life insurance   | 200               | 198           | 89            |
| Parent company etc.  | 7                 | (9)           | 11            |
| Pre-tax profit   | 2,010             | 1,606         | 1,113         |
| Tax  | (452)             | (353)         | (259)         |
| <b>Profit</b>  | <b>1,558</b>      | <b>1,253</b>  | <b>854</b>    |

## Results for Q3 2015

Profit for Q3 2015 declined to DKK 207m (Q3 2014: DKK 308m). EPS was DKK 2.1 (Q3 2014: DKK 2.9).

The technical result increased by DKK 39m to DKK 307m impacted by the level of weather-related claims, which was DKK 50m lower than the level in Q3 2014.

The investment return declined by DKK 137m to a DKK 61m loss. In Q3, the investment return was impacted by the declining foreign equity markets.

Profit on life insurance declined by DKK 41m to DKK 21m impacted by a lower investment return and the transfer of DKK 28m to the shadow account.

| Trend in profit<br>(DKK m)                                     | Q3<br>2014 | Q3<br>2015 |
|--|------------|------------|
| Non-life insurance   |            |            |
| - Technical result   | 268        | 307        |
| - Investment return after transfer<br>to technical result etc. | 76         | (61)       |
| Profit on non-life insurance                                   | 345        | 246        |
| Life insurance   | 62         | 21         |
| Parent company etc.  | 1          | 9          |
| Pre-tax profit   | 408        | 276        |
| Tax  | (100)      | (69)       |
| <b>Profit</b>  | <b>308</b> | <b>207</b> |

## Non-life insurance Premiums earned

Premiums earned declined 1.5 % to DKK 6,712m in the first three quarters of 2015. The personal segment accounted for a 0.8% decline and the SME and industrial segment for a 2.3% decline.

Topdanmark gives priority to profitability over growth.

In the SME and industrial segment, Topdanmark's focus on profitability has generated a certain loss of major industrial customers, who did not meet Topdanmark's return requirements. On Group basis this loss had a 1.4 pp adverse effect on premiums in Q1-Q3 2015.

In Q1-Q3 2015, the personal segment was impacted by the implementation of a new strategy for sales made by certified insurance sales representatives. In order to improve the quality of new sales, the representatives have been given the task of making more individual risk assessments. This change has caused a loss of momentum, but, as expected, also improved the quality of the new customer portfolio. The new and more profitability-focused sales strategy will be fully implemented in the course of H1 2016.

The level of Topdanmark's new sales through bank distribution was lower in the first three quarters of 2015 than in the corresponding period in 2014. Due to declining interest rates Danish banks have allocated more resources to serve customers who want to convert their mortgage credit loans. This has resulted in a declining number of referrals of potential non-life insurance customers. The number of referrals is expected to increase gradually as the conversion activity tails off. Also, a distribution agreement made with Sydbank is expected to have a positive effect from 2016.

Competition in motor insurance, in particular, continues to be intense. Developments in motor insurance reflect a declining claims frequency and the predominance of the sale of smaller and safer cars, which has resulted in a trend with declining risk and declining average premiums, but maintained profitability.

### Claims trend

The claims trend improved to 70.2% in Q1-Q3 2015 (Q1-Q3 2014: 71.0%).

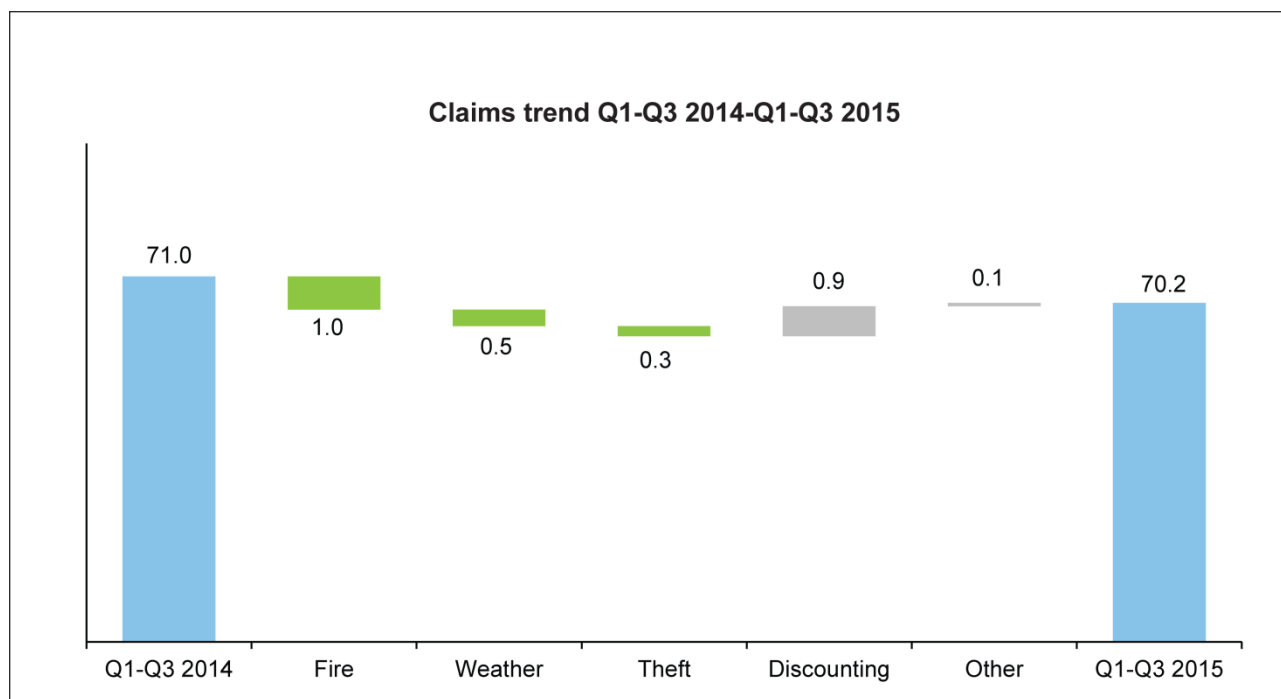
There were relatively few fire claims in the first three quarters of 2015, in both the personal segment and the agricultural and SME areas. The favourable trend in fire insurance improved the claims trend by 1.0pp.

Weather-related claims were DKK 47m in Q1-Q3 2015 (Q1-Q3 2014: DKK 81m) The claims trend benefited 0.5pp from the lower level of weather-related claims.

The number of thefts declined, which improved the claims trend by 0.3pp in the first three quarters of 2015.

The interest rate curve used to discount the provisions for outstanding claims was lower in Q1-Q3 2015 than in Q1-Q3 2014, which impacted the claims trend adversely by 0.9pp.

Run-off profits, net of reinsurance, were DKK 258m, which was in line with the first three quarters of 2014 (Q1-Q3 2014: DKK 261m).



### Expense ratio

The expense ratio was unchanged at 15.7%. Nominal expenses declined by 1.5%, in spite of an increase in expenses due to general wage increases and an increase in the payroll tax. The expense savings were achieved partly through efficiency-promoting measures and partly through the payment of lower sales commission as a consequence of the lower new sales in the personal segment.

### Combined ratio

The combined ratio improved to 85.9% in Q1-Q3 2015 (Q1-Q3 2014: 86.7%). Excluding run-off profits, the combined ratio improved to 89.7% (Q1-Q3 2014: 90.6%).

### Developments in Q3 2015

Premiums earned declined 2.5% to DKK 2,226m. The decline was 2.3% in the personal segment and 3.2% in the SME and industrial segment. The decline in premiums was due to the continued loss of major industrial customers (workers' compensation insurance) and lower motor premiums.

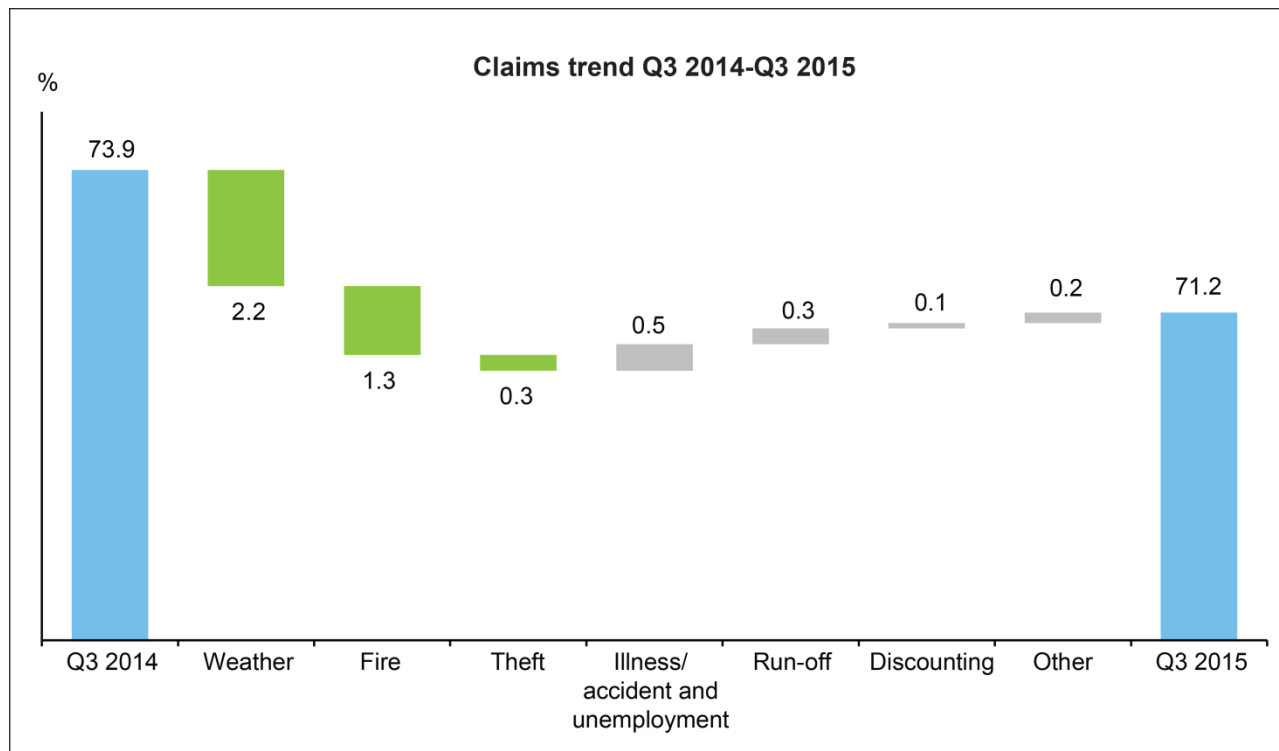
Q3 2015 was impacted by an exceptionally low level of large-scale claims – particularly in the agricultural and SME areas. Accordingly, the gross claims trend was 67.8% (Q3 2014: 78.1%, normal level: around 72%).

The overall claims trend (net of reinsurance) was 71.2% in Q3 2015 (Q3 2014: 73.9%), representing an improvement of 2.7pp. Most of the improvement was due to weather-related claims being 2.2pp lower in Q3 2015 than in Q3 2014. Additionally, the improved trend in agricultural and SME fire claims had a positive effect of

1.3pp on the overall claims trend. On the other hand, an adverse trend in illness / accident insurance, lower run-off profits and lower interest rates had a negative effect on the claims trend of 0.5pp, 0.3pp and 0.1pp respectively.

The expense ratio increased to 15.1% in Q1-Q3 2015 (Q3 2014: 14.4%) mainly due to lower premiums and non-recurring savings in 2014.

The combined ratio improved to 86.2% in Q3 2015 (Q3 2014: 88.3%). Excluding run-off profits, it declined to 89.9 (Q3 2014: 92.3%).



| Financial highlights – Non-life insurance (DKK m)    | Full year 2014 | Q3 2014    | Q3 2015    | Q1-Q3 2014   | Q1-Q3 2015   |
|--|----------------|------------|------------|--------------|--------------|
| Gross premiums earned                                | 9,116          | 2,285      | 2,226      | 6,812        | 6,712        |
| Technical interest                                   | 8              | 1          | 1          | 7            | (2)          |
| Claims incurred                                      | (6,320)        | (1,784)    | (1,509)    | (4,826)      | (4,581)      |
| Expenses   | (1,427)        | (328)      | (335)      | (1,072)      | (1,055)      |
| Net reinsurance                                      | (88)           | 95         | (76)       | (11)         | (128)        |
| Technical result                                     | 1,289          | 268        | 307        | 911          | 945          |
| Investment return after transfer to technical result | 478            | 68         | (72)       | 482          | 39           |
| Other items  | 36             | 8          | 11         | 24           | 28           |
| <b>Profit on non-life insurance</b>                  | <b>1,803</b>   | <b>345</b> | <b>246</b> | <b>1,417</b> | <b>1,013</b> |
| Run-off profits, net of reinsurance                  | 351            | 90         | 82         | 261          | 258          |
| Gross loss ratio (%)                                 | 69.3           | 78.1       | 67.8       | 70.8         | 68.3         |
| Net reinsurance ratio (%)                            | 1.0            | (4.1)      | 3.4        | 0.2          | 1.9          |
| Claims trend (%)                                     | 70.3           | 73.9       | 71.2       | 71.0         | 70.2         |
| Gross expense ratio (%)                              | 15.7           | 14.4       | 15.1       | 15.7         | 15.7         |
| Combined ratio (%)                                   | 86.0           | 88.3       | 86.2       | 86.7         | 85.9         |
| Operating ratio (%)                                  | 85.9           | 88.3       | 86.2       | 86.6         | 85.9         |
| Combined ratio excl. run-off profits (%)             | 89.8           | 92.3       | 89.9       | 90.6         | 89.7         |

## Segment reporting

### Personal

The Personal segment sells policies for individual households in Denmark.

Premiums earned declined 0.8% to DKK 3,726m. Premium growth was seen in personal and illness / accident insurance (0.5pp), while there was a 3.6pp decline in premiums earned on motor insurance impacted by a decline in the average premium price (2.2pp). In Q3 premiums earned declined 2.3% to DKK 1,227m primarily due to a decline in motor insurance premium prices.

The technical result declined DKK 14m to DKK 557m.

The claims trend deteriorated 0.4pp to 68.9%. As compared to first three quarters last year, the claims trend was impacted by a better trend in fire and theft insurance (0.4pp) and lower weather-related expenses (0.4pp), while, for example, illness / accident insurance and the lower interest rates had a negative 1.2pp effect on the claims trend.

Nominal expenses declined 2.8%. This helped improve the expense ratio to 16.1% (Q1-Q3 2014: 16.4%) due to lower sales expenses and non-recurring savings in 2014.

The combined ratio increased marginally to 85.0% (Q1-Q3 2014: 84.9%). Excluding run-off profits, the combined ratio increased to 89.6% (Q1-Q3 2014: 89.4%).

| Personal<br>(DKKm)                       | Full year<br>2014 | Q3<br>2014 | Q3<br>2015 | Q1-Q3<br>2014 | Q1-Q3<br>2015 |
|--|-------------------|------------|------------|---------------|---------------|
| Gross premiums earned                    | 5,021             | 1,257      | 1,227      | 3,757         | 3,726         |
| Technical interest                       | 4                 | 1          | 1          | 4             | (1)           |
| Claims incurred                          | (3,428)           | (891)      | (853)      | (2,576)       | (2,518)       |
| Expenses                                 | (822)             | (191)      | (191)      | (617)         | (600)         |
| Net reinsurance                          | 3                 | 3          | (22)       | 4             | (49)          |
| <b>Technical result</b>                  | <b>778</b>        | <b>179</b> | <b>162</b> | <b>571</b>    | <b>557</b>    |
| Run-off profits, net of reinsurance      | 208               | 46         | 66         | 169           | 169           |
| Gross loss ratio (%)                     | 68.3              | 70.9       | 69.5       | 68.6          | 67.6          |
| Net reinsurance ratio (%)                | (0.1)             | (0.3)      | 1.8        | (0.1)         | 1.3           |
| Claims trend (%)                         | 68.2              | 70.6       | 71.3       | 68.5          | 68.9          |
| Gross expense ratio (%)                  | 16.4              | 15.2       | 15.5       | 16.4          | 16.1          |
| Combined ratio (%)                       | 84.6              | 85.8       | 86.9       | 84.9          | 85.0          |
| Operating ratio (%)                      | 84.5              | 85.7       | 86.8       | 84.8          | 85.0          |
| Combined ratio excl. run-off profits (%) | 88.7              | 89.5       | 92.2       | 89.4          | 89.6          |

### SME and Industrial

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

Premiums earned declined 2.3% to DKK 3,000m. The reason is the continued loss of less profitable customers. Accordingly, as compared to the first three quarters of 2014, premiums earned declined 9.5% in workers' compensation insurance alone, where generally profitability is poor. In Q3 premiums earned declined 3.2% to DKK 1,004m.

The technical result increased DKK 50m to DKK 390m.

The claims trend improved 2.5pp to 71.7% benefitting from a better claims trend for fire insurance (1.9pp) and weather-related claims (0.6pp).

The level of expenses was unchanged, but the expense ratio increased 0.3pp to 15.2% due to the lower level of premiums.

The combined ratio improved to 87.0% (Q1-Q3 2014: 89.1%). Excluding run-off profits, the combined ratio improved to 89.9% (Q1-Q3 2014: 92.0%).

| <b>SME and Industrial</b><br>(DKKm)      | <b>Full year</b><br><b>2014</b> | <b>Q3</b><br><b>2014</b> | <b>Q3</b><br><b>2015</b> | <b>Q1-Q3</b><br><b>2014</b> | <b>Q1-Q3</b><br><b>2015</b> |
|--|---------------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| Gross premiums earned                    | 4,116                           | 1,037                    | 1,004                    | 3,071                       | 3,000                       |
| Technical interest                       | 4                               | 1                        | 1                        | 4                           | (1)                         |
| Claims incurred                          | (2,911)                         | (898)                    | (658)                    | (2,264)                     | (2,074)                     |
| Expenses                                 | (608)                           | (138)                    | (145)                    | (456)                       | (456)                       |
| Net reinsurance                          | (91)                            | 91                       | (54)                     | (15)                        | (79)                        |
| <b>Technical result</b>                  | <b>510</b>                      | <b>92</b>                | <b>147</b>               | <b>340</b>                  | <b>390</b>                  |
| Run-off profits, net of reinsurance      | 143                             | 44                       | 16                       | 92                          | 89                          |
| Gross loss ratio (%)                     | 70.7                            | 86.6                     | 65.5                     | 73.7                        | 69.1                        |
| Net reinsurance ratio (%)                | 2.2                             | (8.8)                    | 5.4                      | 0.5                         | 2.6                         |
| Claims trend (%)                         | 72.9                            | 77.8                     | 70.9                     | 74.2                        | 71.7                        |
| Gross expense ratio (%)                  | 14.8                            | 13.3                     | 14.5                     | 14.9                        | 15.2                        |
| Combined ratio (%)                       | 87.7                            | 91.1                     | 85.4                     | 89.1                        | 87.0                        |
| Operating ratio (%)                      | 87.6                            | 91.1                     | 85.3                     | 88.9                        | 87.0                        |
| Combined ratio excl. run-off profits (%) | 91.2                            | 95.4                     | 87.0                     | 92.0                        | 89.9                        |

## Life insurance

The result from life insurance was a profit of DKK 89m in Q1-Q3 2015 (Q1-Q3 2014: DKK 198m).

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) → Investor → Business → Life insurance → [Policy for the calculation of profit in life insurance](#).

| <b>Result of life insurance</b><br>(DKKm)              | <b>Full year</b><br><b>2014</b> | <b>Q3</b><br><b>2014</b> | <b>Q3</b><br><b>2015</b> | <b>Q1-Q3</b><br><b>2014</b> | <b>Q1-Q3</b><br><b>2015</b> |
|--|---------------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| Investment return on shareholders' equity              | 105                             | 24                       | 12                       | 104                         | 17                          |
| Sales and administration                               | (65)                            | (8)                      | (5)                      | (44)                        | (23)                        |
| Insurance risk   | 25                              | 10                       | 9                        | 29                          | 14                          |
| Risk return on shareholders' equity                    | 145                             | 36                       | 33                       | 110                         | 101                         |
| Risk return transferred to (minus)/from shadow account | (10)                            | (0)                      | (28)                     | (2)                         | (21)                        |
| <b>Profit on life insurance</b>                        | <b>200</b>                      | <b>62</b>                | <b>21</b>                | <b>198</b>                  | <b>89</b>                   |
| <b>Estimated value of shadow account end of period</b> | <b>26</b>                       |                          |                          | <b>17</b>                   | <b>46</b>                   |

The decline in profit was mainly due to the investment return, which declined DKK 87m to DKK 17m in Q1-Q3 2015.

The result of sales and administration improved DKK 21m to a DKK 23m loss. Non-recurring savings were DKK 14m.

The result was not sufficient in all interest rate groups to include in income the risk return of DKK 101m for the period. Accordingly, DKK 21m was transferred to the shadow account, after which, following minor movements from the cost and risk groups, this account was DKK 46m.

The shadow account will be recognised as income in a subsequent period, when profits are generated in those contribution groups which have made transfers to the shadow account.

## Trend in premiums

Gross premiums increased 36.0% to DKK 4,571m in Q1-Q3 2015, of which premiums on unit-linked pension schemes were DKK 3.436m, 48.8% more than in the same period in 2014. Unit-linked pension schemes represented 94.4% of new pension schemes written in Q1-Q3 2015.

Regular premiums increased 13.9% to DKK 1,865m in Q1-Q3 2015.

Single premiums were DKK 2,706m in Q1-Q3 2015 (Q1-Q3 2014: DKK 1,724m), representing a 57% increase.



## Q3 2015

The result of life insurance declined to DKK 21m in Q3 2015 (Q3 2014: DKK 62m) primarily due to a lower investment return in Q3 2015 (DKK 12m) and the lack of opportunity to fully include the risk return in income (DKK 28m).

Overall, premiums were DKK 1,587m in Q3 2015, representing a 42.4% increase from Q3 2014. Regular premiums increased 15.2% to DKK 549m, while single premiums increased 62.8% to DKK 1,037m.

## Investment activities Topdanmark Group excl. life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 152m in Q1-Q3 2015 including the revaluation of provisions and income from associated companies, but before the transfer to the technical result (Q1-Q3 2014: DKK 651m).

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 2015 on the most significant classes of assets is disclosed in the following table:

| Investment return                              | Portfolio 30 Sep |       | Return Q3 2014 |       | Return Q3 2015 |       | Return Q1-Q3 2014 |       | Return Q1-Q3 2015 |       |
|--|------------------|-------|----------------|-------|----------------|-------|-------------------|-------|-------------------|-------|
|  | 2014             | 2015  | (DKKkm)        | %     | (DKKkm)        | %     | (DKKkm)           | %     | (DKKkm)           | %     |
| Danish equities                                | 0.5              | 0.5   | 4              | 0.6   | 2              | 0.1   | 101               | 21.2  | 77                | 18.6  |
| Foreign equities                               | 0.9              | 0.6   | 1              | 0.1   | (59)           | (6.8) | 49                | 5.5   | (19)              | (2.3) |
| Government and mortgage bonds                  | 10.8             | 13.7  | 53             | 0.5   | 22             | 0.2   | 216               | 2.0   | (57)              | (0.5) |
| Credit bonds                                   | 0.4              | 0.2   | 3              | 0.9   | 2              | 1.2   | 19                | 4.5   | 16                | 4.9   |
| CDOs   | 0.7              | 0.6   | 18             | 2.4   | (7)            | (0.9) | 99                | 14.2  | 30                | 4.3   |
| Properties                                     | 1.4              | 1.0   | 1              | 0.1   | 11             | 1.6   | 35                | 2.5   | 158               | 13.4  |
| Assets related to I/A                          | 2.2              | 2.2   | 38             | 1.8   | 14             | 0.6   | 159               | 7.7   | (21)              | (0.9) |
| Money market etc.                              | 3.4              | 1.2   | (5)            | (0.1) | (14)           | (0.8) | (17)              | (0.5) | (42)              | (1.7) |
| Subordinated loan capital                      | (1.2)            | (0.8) | (15)           | (1.4) | (9)            | (1.2) | (46)              | (3.9) | (39)              | (3.9) |
| Interest-bearing debt                          | (0.4)            | (1.3) | (1)            | (0.2) | (0)            | 0.1   | (2)               | (0.7) | (1)               | (0.3) |
|  | 18.7             | 18.0  | 98             | 0.5   | (38)           | (0.2) | 614               | 3.3   | 103               | 0.5   |
| Asset management                               |                  |       | 15             |       | 18             |       | 37                |       | 49                |       |
| <b>Total investment return</b>                 |                  |       | <b>112</b>     |       | <b>(20)</b>    |       | <b>651</b>        |       | <b>152</b>        |       |
| <b>Transferred return technical provisions</b> |                  |       |                |       |                |       |                   |       |                   |       |
| Discounting                                    |                  |       | (35)           |       | (30)           |       | (118)             |       | (79)              |       |
| Technical interest                             |                  |       | (1)            |       | (1)            |       | (7)               |       | 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.

The post-tax equity exposure was DKK 668m (pre-tax: DKK 874m) 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 2015) and MSCI World in the original currency for foreign equities.

The Group's investments have no significant concentration of credit risk except for AAA-rated Danish mortgage bonds, which are considered to be particularly safe assets according to the Danish Financial Business Act.

The class of "Government and mortgage bonds" comprises primarily Danish government and mortgage bonds and revaluation of technical provisions. In addition, there are foreign government bonds mainly from European core countries, covered bonds and derivatives.

Credit bonds with a rating lower than BBB (DKK 88m) comprise high yield bonds, part of which are convertible, and subordinated bank capital issued by EU banks. Credit bonds with a rating of BBB and A (DKK 156m) are ordinary and convertible corporate bonds, subordinated bank capital issued by EU banks and annuity policies.

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 comprises mainly owner-occupied property (DKK 857m). 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. Except for a single property under reconstruction, 97% 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.

## 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 11m in Q1-Q3 2015 (Q1-Q3 2014: DKK 9m loss).

## Taxation

The tax charge was DKK 259m of the pre-tax profit of DKK 1,113m, corresponding to an effective tax rate of 23.3% (Q1-Q3 2014: 22.0%). The deviation from the nominal tax rate of 23.5% was due to tax-free profits on unlisted equities and financial instruments.

## Solvency calculation and capital requirements

Topdanmark has submitted an application for approval of its internal model for non-life insurance risks to the DFSA, and the model has now been approved for use under Solvency II. The internal model is already used to calculate the solvency requirement of Individual Solvency, the rules in force for solvency calculation in 2015.

In June, Topdanmark redeemed subordinated notes of DKK 350m issued in 2010: see company announcement of 18 June 2015 from Topdanmark Forsikring. The intention is to issue new subordinated notes with provisions in accordance with the requirements of Solvency II. It is expected that the prospectus will be published on 26 November. The size of the new issue is expected to be around DKK 750m.

The change to new accounting rules in 2016 is expected to strengthen shareholders' equity. The exact size of this effect is not yet known because, among other reasons, the guidance on the new Danish accounting order is not in place. However, the change will only have accounting effect, and consequently it will not affect Topdanmark's solvency position or its opinion of the size of the actual buy-back potential.

The plan for Topdanmark's capital structure is unchanged from the description in the [Q1 report for 2015](#).

## 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](http://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 of the return.

## Non-life insurance

In the interim Report for H1 2015 Topdanmark assumed, for 2015, a decline in premiums earned of 1-2% and a combined ratio of around 88-89%, excluding run-off profits / losses, in H2 2015.

This was based on the following assumptions:

- A normal year for weather-related claims of DKK 95m in H2 2015.
- An expense ratio in line with 2014 (15.7%).
- A level of interest rates corresponding to the interest rate curve on 7 August 2015.
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 7 August 2015.

Since the most recent profit forecast model was published in the interim report for H1 2015, the following assumptions have changed:

- In Q3 2015, there were run-off profits of DKK 82m, corresponding to a 0.9pp improvement of the combined ratio.
- Weather-related claims were DKK 7m in Q3 2015 as compared to the assumed level of weather-related claims of DKK 45m, corresponding to a 0.4pp improvement of the claims trend.
- From 7 August to 6 November 2015, the assumed pre-tax investment return has been DKK 120m lower than originally assumed.

For non-life insurance Topdanmark continues to assume a decline of 1-2% in premiums earned.

Given developments since the most recent profit forecast mode in the interim report for H1 2015, it is assumed that the combined ratio will improve to around 87% from 88-89%, excluding run-off in Q4 2015.

Overall, the assumed pre-tax profit on non-life insurance is unchanged at DKK 1,220-1,320m.

## Life insurance

In the interim report for H1 2015, Topdanmark assumed a pre-tax profit on life insurance of DKK 140-170m, based on the following assumptions:

- More than 10% growth in regular premiums.
- A lower risk return on shareholders' equity (risk allowance) than in 2014 as customers move away from with-profits to unit-linked schemes.
- The value of the shadow account is expected to be DKK 14m at the end of 2015.

- A larger cost deficit than in 2014 as relatively low fees are charged on unit-linked schemes, while actual costs increase due to the expectation of good new sales. In addition, the implementation of a new administration system has an adverse impact on the resources of the organisation of the life insurance company.

The following forecast assumptions have changed:

- The value of the shadow account has increased DKK 19m to DKK 33m at the end of 2015.

Overall, the assumed pre-tax profit on life insurance has been reduced by DKK 20m to DKK 120-150m.

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 2015 Annual Report.

## Parent company

The profit forecast model for the parent company plus subsidiaries outside of the insurance group assumes a pre-tax profit of DKK 20-30m.

## Taxation

Given a corporation tax rate of 23.5%, the tax charge is expected to be DKK 310-350m.

## Total Group profit

Topdanmark's overall post-tax profit forecast model for 2015 is unchanged at DKK 1,050-1,150m. The assumed profit for 2015 is exclusive of run-off in Q4 2015.

This profit forecast model is based on the assumption of an annual 7.0% return on equities and foreign exchange rates unchanged from the level on 6 November 2015. 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 1.60% (risk-free interest rate plus 2.0pp).

| Profit forecast 2015<br>(DKKm)                              | Results<br>2014 | Forecast 2015<br>7 August 2015 | Forecast 2015<br>6 November 2015 |
|---|-----------------|--------------------------------|----------------------------------|
| Non-life insurance  |                 |                                |                                  |
| - Technical result  | 1,289           | 1,000                          | – 1,050                          |
| - Investment return after transfer to technical result etc. | 514             | 220                            | – 270                            |
| Profit on non-life insurance                                | 1,803           | 1,220                          | – 1,320                          |
| Life insurance  | 200             | 140                            | – 170                            |
| Parent company etc.   | 7               | 20                             | – 30                             |
| Pre-tax profit  | 2,010           | 1,380                          | – 1,520                          |
| Taxation  | (452)           | (330)                          | – (370)                          |
| <b>Profit for the year</b>                                  | <b>1,558</b>    | <b>1,050</b>                   | <b>– 1,150</b>                   |

## Share buy-back

The share buy-back programme is unchanged at DKK 1.95bn.

To date in 2015, Topdanmark has bought back own shares of DKK 1,386m (7,083,730 shares), which leaves a balance of DKK 564m of the buy-back programme.

The number of shares is 105,000,000. Topdanmark's holding of own shares is 7,900,000 shares, and consequently the number of voting shares is 97,100,000.

Since 1998, when Topdanmark started buying back own shares, it has been decided to cancel DKK 15bn of own shares, representing a 74.5% write-down of the share capital.

In the years 2000-2014, the annual average buy-back yield has been 9.5%.

## Future share buy-backs

Topdanmark's share buy-back programme is intended to distribute surplus capital to shareholders.

Up to now, Topdanmark itself has been responsible for buying back own shares in accordance with the buy-back programme announced.

In the future, Topdanmark's buy-back programme will be 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 will be the lead manager for the share buy-back. The agreement with Danske Bank ensures that trade decisions and the execution of the buy-back will be independent of and without influence from Topdanmark.

From 17 November 2015 to 10 February 2016, Danske Bank has been authorised to buy shares in Topdanmark up to a value of DKK 564m.

The maximum amount Topdanmark can pay for shares under the programme is DKK 564m, and a maximum of

6,000,000 shares can be bought, representing 5.7% of the existing share capital in Topdanmark.

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, Topdanmark will, at the beginning of each week, announce the number and the value of the shares bought back in a separate company announcement to Nasdaq Copenhagen.

## Assumptions for 2016 Non-life insurance

As a result of Topdanmark's focus on profitability rather than growth, the growth in premiums is expected to be around minus 1% in 2016 as compared to 2015.

This is due to the expectation that 2016 will also be characterised by a decline in the average premium price in motor insurance, an area representing 25% of Topdanmark's gross premiums earned.

Additionally, Topdanmark will continue to implement profitability-promoting initiatives for less profitable customers. This is expected to generate some loss of customers also in 2016.

Assumptions for the combined ratio:

- A normal year in terms of weather, with weather-related expenses of DKK 170m.
- A level of interest rates corresponding to the interest rate curve on 6 November 2015.

Overall, excluding any run-off profits / losses, the combined ratio is expected to be around 91% in 2016.

## Financial calendar

|  |             |
|--|-------------|
| Announcement of 2015 Annual Results          | 11 Feb 2016 |
| Deadline for submitting items for AGM agenda | 24 Feb 2016 |
| 2015 Annual Report                           | 2 Mar 2016  |
| AGM  | 7 Apr 2016  |
| Q1 2016 Interim Report                       | 10 May 2016 |
| 2016 Half-year Report                        | 16 Aug 2016 |
| Q1-Q3 2016 Interim Report                    | 15 Nov 2016 |

## 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 a 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 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 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 2015 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.

With effect from 1 January 2015, Topdanmark has implemented various new and revised standards and interpretations, which have not resulted in any changes in the accounting policies.

Accordingly, there have been no changes in accounting policies from those adopted in the 2014 Annual Report, where there is a complete description of all the accounting policies.

The interim report has not been audited nor subjected to a review.

## Income statement • Group

| (DKK)m  | Full year<br>Note | 2014           | Q3<br>2014     | Q3<br>2015     | Q1-Q3<br>2014  | Q1-Q3<br>2015  |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|
| <b>NON-LIFE INSURANCE</b>   |                   |                |                |                |                |                |
| Gross premiums written  |                   | 9,121          | 1,642          | 1,595          | 7,512          | 7,309          |
| Reinsurance ceded   |                   | (661)          | (177)          | (159)          | (596)          | (608)          |
| Change in the provisions for unearned premiums, gross               |                   | 47             | 660            | 648            | (656)          | (554)          |
| Change in reinsurers' share of the provisions for unearned premiums |                   | 2              | 1              | (4)            | 102            | 101            |
| <b>Premiums earned, net of reinsurance</b>                          |                   | <b>8,509</b>   | <b>2,126</b>   | <b>2,080</b>   | <b>6,363</b>   | <b>6,249</b>   |
| <b>Technical interest, net of reinsurance</b>                       | 1                 | <b>8</b>       | <b>1</b>       | <b>1</b>       | <b>7</b>       | <b>(2)</b>     |
| Gross claims paid   |                   | (7,104)        | (1,605)        | (1,469)        | (5,299)        | (4,641)        |
| Reinsurance cover received  |                   | 1,185          | 234            | 112            | 920            | 381            |
| Change in the provisions for claims, gross                          |                   | 796            | (176)          | (37)           | 482            | 70             |
| Change in reinsurers' share of the provisions for claims            |                   | (697)          | 12             | (45)           | (501)          | (68)           |
| <b>Claims incurred, net of reinsurance</b>                          | 2                 | <b>(5,819)</b> | <b>(1,535)</b> | <b>(1,438)</b> | <b>(4,397)</b> | <b>(4,257)</b> |
| <b>Bonuses and rebates</b>  |                   | <b>(52)</b>    | <b>(18)</b>    | <b>(16)</b>    | <b>(45)</b>    | <b>(43)</b>    |
| Acquisition costs   |                   | (914)          | (192)          | (204)          | (688)          | (678)          |
| Administrative expenses   |                   | (493)          | (133)          | (126)          | (369)          | (360)          |
| Reinsurance commission and share of profits                         |                   | 82             | 24             | 19             | 64             | 66             |
| <b>Total operating expenses, net of reinsurance</b>                 |                   | <b>(1,325)</b> | <b>(300)</b>   | <b>(311)</b>   | <b>(993)</b>   | <b>(972)</b>   |
| <b>TECHNICAL PROFIT ON NON-LIFE INSURANCE</b>                       |                   | <b>1,321</b>   | <b>274</b>     | <b>316</b>     | <b>935</b>     | <b>973</b>     |
| <b>LIFE INSURANCE</b>   |                   |                |                |                |                |                |
| Gross premiums written  | 3                 | 4,448          | 1,114          | 1,587          | 3,361          | 4,571          |
| Reinsurance ceded   |                   | (7)            | (1)            | (3)            | (5)            | (8)            |
| <b>Premiums, net of reinsurance</b>                                 |                   | <b>4,441</b>   | <b>1,113</b>   | <b>1,584</b>   | <b>3,356</b>   | <b>4,563</b>   |
| <b>Allocated investment return, net of reinsurance</b>              |                   | <b>2,691</b>   | <b>534</b>     | <b>(848)</b>   | <b>2,283</b>   | <b>357</b>     |
| Claims and benefits paid  |                   | (4,200)        | (813)          | (734)          | (2,822)        | (2,414)        |
| Reinsurance cover received  |                   | 9              | 3              | 1              | 6              | 4              |
| Change in the provisions for claims and benefits                    |                   | 12             | (2)            | 15             | 8              | (3)            |
| <b>Claims and benefits paid, net of reinsurance</b>                 |                   | <b>(4,180)</b> | <b>(813)</b>   | <b>(717)</b>   | <b>(2,808)</b> | <b>(2,413)</b> |
| Change in life insurance provisions                                 |                   | 831            | 113            | (26)           | 306            | 593            |
| Change in reinsurers' share   |                   | (1)            | 0              | 3              | (1)            | 2              |
| <b>Change in the life insurance provisions, net of reinsurance</b>  |                   | <b>830</b>     | <b>113</b>     | <b>(24)</b>    | <b>305</b>     | <b>595</b>     |
| <b>Bonus</b>  |                   | <b>(314)</b>   | <b>70</b>      | <b>450</b>     | <b>(426)</b>   | <b>8</b>       |
| <b>Change in provisions for unit-linked contracts</b>               |                   | <b>(3,079)</b> | <b>(911)</b>   | <b>(360)</b>   | <b>(2,398)</b> | <b>(2,817)</b> |
| Acquisition costs   |                   | (130)          | (31)           | (37)           | (94)           | (114)          |
| Administrative expenses   |                   | (227)          | (53)           | (59)           | (167)          | (186)          |
| Reinsurance commission and share of profits                         |                   | 0              | 0              | 0              | 0              | 1              |
| <b>Total operating expenses, net of reinsurance</b>                 |                   | <b>(356)</b>   | <b>(84)</b>    | <b>(96)</b>    | <b>(261)</b>   | <b>(299)</b>   |
| <b>TECHNICAL PROFIT / (LOSS) ON LIFE INSURANCE</b>                  |                   | <b>32</b>      | <b>21</b>      | <b>(11)</b>    | <b>52</b>      | <b>(5)</b>     |

## Income statement • Group

| (DKKm)  | Full year<br>2014 | Q3<br>2014 | Q3<br>2015   | Q1-Q3<br>2014 | Q1-Q3<br>2015 |
|---|-------------------|------------|--------------|---------------|---------------|
| <b>NON-TECHNICAL ACTIVITIES</b>                               |                   |            |              |               |               |
| Technical profit on non-life insurance                        | 1,321             | 274        | 316          | 935           | 973           |
| Technical profit / (loss) on life insurance                   | 32                | 21         | (11)         | 52            | (5)           |
| Income from associated companies                              | 193               | 7          | 18           | 104           | 74            |
| Income from investment properties                             | 143               | 49         | 27           | 119           | 81            |
| Interest income and dividends etc.                            | 1,786             | 405        | 388          | 1,416         | 1,595         |
| Revaluations  | 2,055             | 356        | (1,374)      | 1,936         | (1,002)       |
| Interest charges  | (69)              | (17)       | (12)         | (52)          | (48)          |
| Expenses on investment business                               | (56)              | (12)       | (13)         | (43)          | (46)          |
| <b>Total investment return</b>                                | <b>4,052</b>      | <b>788</b> | <b>(966)</b> | <b>3,479</b>  | <b>655</b>    |
| Technical interest transferred to non-life insurance business | (155)             | (36)       | (31)         | (125)         | (76)          |
| Pension return tax  | (509)             | (97)       | 122          | (419)         | (59)          |
| Investment return transferred to life insurance business      | (2,691)           | (534)      | 848          | (2,283)       | (357)         |
| Other income  | 17                | 4          | 5            | 13            | 14            |
| Other expenses  | (57)              | (13)       | (8)          | (46)          | (33)          |
| <b>PRE-TAX PROFIT</b>   | <b>2,010</b>      | <b>408</b> | <b>276</b>   | <b>1,606</b>  | <b>1,113</b>  |
| Taxation  | (452)             | (100)      | (69)         | (353)         | (259)         |
| <b>PROFIT FOR THE PERIOD</b>                                  | <b>1,558</b>      | <b>308</b> | <b>207</b>   | <b>1,253</b>  | <b>854</b>    |
| EPS (DKK)   | 14.4              | 2.9        | 2.1          | 11.5          | 8.4           |
| EPS, diluted (DKK)  | 14.3              | 2.9        | 2.1          | 11.4          | 8.3           |

## Statement of comprehensive income • Group

|  |              |            |            |              |            |
|--|--------------|------------|------------|--------------|------------|
| Profit for the period  | 1,558        | 308        | 207        | 1,253        | 854        |
| Items which can subsequently be reclassified as profit or loss:    |              |            |            |              |            |
| Exchange rate adjustment of foreign business                       | 0            | (1)        | 0          | 0            | 0          |
| Items which cannot subsequently be reclassified as profit or loss: |              |            |            |              |            |
| Revaluation of owner-occupied properties                           | 0            | 0          | 0          | 0            | 1          |
| Reversed revaluation of owner-occupied properties                  | (12)         | (13)       | 0          | (12)         | 0          |
| Taxation   | 3            | 3          | 0          | 3            | 0          |
| Other comprehensive income   | (10)         | (11)       | 0          | (10)         | 1          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                   | <b>1,548</b> | <b>298</b> | <b>207</b> | <b>1,244</b> | <b>854</b> |

## Assets • Group

| (DKKm)  | 31 Dec<br>2014 | 30 Sep<br>2014 | 30 Sep<br>2015 |
|---|----------------|----------------|----------------|
| <b>INTANGIBLE ASSETS</b>                                    | 610            | 606            | 661            |
| Machinery and equipment                                     | 115            | 114            | 122            |
| Owner-occupied properties                                   | 857            | 856            | 857            |
| <b>TOTAL TANGIBLE ASSETS</b>                                | 972            | 970            | 979            |
| Investment properties                                       | 3,829          | 3,764          | 3,817          |
| Shares in associated companies                              | 340            | 251            | 165            |
| Loans to associated companies                               | 488            | 412            | 353            |
| Total investment in associated companies                    | 828            | 663            | 518            |
| Shares  | 7,614          | 7,896          | 6,507          |
| Unit trusts   | 32             | 40             | 48             |
| Bonds   | 33,975         | 34,029         | 33,587         |
| Loans guaranteed by mortgages                               | 12             | 12             | 10             |
| Deposits with credit institutions                           | 2,267          | 3,716          | 1,904          |
| Derivatives   | 1,873          | 1,380          | 1,301          |
| Total other financial investment assets                     | 45,773         | 47,074         | 43,357         |
| <b>TOTAL INVESTMENT ASSETS</b>                              | 50,430         | 51,501         | 47,693         |
| <b>INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS</b>   | 10,117         | 9,178          | 13,354         |
| Reinsurers' share of provisions for unearned premiums       | 89             | 189            | 190            |
| Reinsurers' share of life insurance provisions              | 33             | 33             | 35             |
| Reinsurers' share of the provisions for claims and benefits | 648            | 841            | 582            |
| Total reinsurers' share of provisions                       | 769            | 1,063          | 807            |
| Amounts due from policyholders                              | 304            | 325            | 333            |
| Amounts due from insurance companies                        | 195            | 135            | 59             |
| Amounts due from associated companies                       | 10             | 2              | 26             |
| Other debtors   | 114            | 179            | 543            |
| <b>TOTAL DEBTORS</b>  | 1,392          | 1,704          | 1,769          |
| Assets held temporarily                                     | 3              | 3              | 0              |
| Deferred tax assets   | 19             | 21             | 13             |
| Liquid funds  | 323            | 269            | 261            |
| Other   | 77             | 57             | 118            |
| <b>TOTAL OTHER ASSETS</b>                                   | 422            | 349            | 392            |
| Accrued interest and rent                                   | 372            | 340            | 257            |
| Other prepayments and accrued income                        | 201            | 232            | 213            |
| <b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>                 | 573            | 572            | 470            |
| <b>TOTAL ASSETS</b>   | 64,516         | 64,880         | 65,317         |



## Shareholders' equity and liabilities • Group

| (DKKm)   | Note | 31 Dec<br>2014 | 30 Sep<br>2014 | 30 Sep<br>2015 |
|--|------|----------------|----------------|----------------|
| Share capital  |      | 115            | 115            | 105            |
| Revaluation reserve  |      | 10             | 10             | 11             |
| Security fund  |      | 1,146          | 1,146          | 1,146          |
| Other reserves   |      | 39             | 38             | 46             |
| Total reserves   |      | 1,185          | 1,184          | 1,191          |
| Profit carried forward   |      | 3,825          | 3,901          | 3,458          |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                  |      | <b>5,135</b>   | <b>5,210</b>   | <b>4,766</b>   |
| <b>SUBORDINATED LOAN CAPITAL</b>                                   |      | <b>1,156</b>   | <b>1,156</b>   | <b>808</b>     |
| Provisions for unearned premiums                                   |      | 2,724          | 3,427          | 3,278          |
| Guaranteed pension benefits  |      | 20,824         | 20,824         | 19,957         |
| Bonus potential on future premiums                                 |      | 2,192          | 2,401          | 1,918          |
| Bonus potential on paid-up benefits                                |      | 746            | 1,179          | 1,018          |
| Total life insurance provisions                                    |      | 23,761         | 24,404         | 22,893         |
| Provisions for claims and benefits                                 |      | 13,723         | 13,981         | 13,582         |
| Collective bonus potential   |      | 1,677          | 1,898          | 1,659          |
| Provisions for bonuses and rebates                                 |      | 124            | 118            | 126            |
| Provisions for unit-linked contracts                               |      | 10,851         | 9,976          | 14,321         |
| <b>TOTAL PROVISIONS FOR INSURANCE<br/>AND INVESTMENT CONTRACTS</b> |      | <b>52,860</b>  | <b>53,804</b>  | <b>55,859</b>  |
| Pensions and similar commitments                                   |      | 29             | 30             | 29             |
| Deferred tax liabilities   |      | 74             | 73             | 39             |
| Deferred tax on security funds                                     |      | 306            | 306            | 306            |
| <b>TOTAL LIABILITIES PROVIDED</b>                                  |      | <b>409</b>     | <b>409</b>     | <b>374</b>     |
| <b>DEPOSITS RECEIVED FROM REINSURERS</b>                           |      | <b>154</b>     | <b>151</b>     | <b>78</b>      |
| Creditors arising out of direct insurance operations               |      | 315            | 77             | 306            |
| Creditors arising out of reinsurance operations                    |      | 34             | 62             | 30             |
| Bond loans   |      | 29             | 29             | 0              |
| Amounts due to credit institutions                                 |      | 1,961          | 1,872          | 1,204          |
| Amounts due to associated companies                                |      | 3              | 1              | 2              |
| Current tax liabilities  |      | 31             | 251            | 229            |
| Derivatives  |      | 870            | 643            | 618            |
| Other creditors  |      | 1,446          | 1,138          | 928            |
| <b>TOTAL CREDITORS</b>   |      | <b>4,690</b>   | <b>4,074</b>   | <b>3,317</b>   |
| <b>ACCRUALS AND DEFERRED INCOME</b>                                |      | <b>111</b>     | <b>77</b>      | <b>115</b>     |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                  |      | <b>64,516</b>  | <b>64,880</b>  | <b>65,317</b>  |
| Financial assets and liabilities                                   | 4    |                |                |                |
| Contingent liabilities   | 5    |                |                |                |

## Cash flow statement • Group

| (DKK m)  | Full Year<br>2014 | Q1-Q3<br>2014  | Q1-Q3<br>2015  |
|--|-------------------|----------------|----------------|
| <b>Cash flow from operations</b>                   |                   |                |                |
| Gross premiums written                             | 9,069             | 7,408          | 7,241          |
| Claims paid  | (7,053)           | (5,281)        | (4,584)        |
| Expenses   | (1,335)           | (1,016)        | (999)          |
| Reinsurance ceded                                  | 432               | 299            | (64)           |
| Cash flow from non-life insurance                  | 1,113             | 1,410          | 1,594          |
| Gross premiums written                             | 4,740             | 3,335          | 4,482          |
| Claims and benefits                                | (4,205)           | (2,819)        | (2,531)        |
| Expenses   | (352)             | (262)          | (273)          |
| Reinsurance ceded                                  | (29)              | (23)           | (36)           |
| Cash flow from life insurance                      | 154               | 230            | 1,642          |
| Total cash flow from insurance business            | 1,267             | 1,641          | 3,237          |
| Payments on investment contracts                   | 295               | 218            | 378            |
| Dividends from associated companies                | 3                 | 3              | 8              |
| Interest income and dividends etc.                 | 1,903             | 1,496          | 1,604          |
| Interest charges etc.                              | (130)             | (114)          | (106)          |
| Pension return tax                                 | (287)             | (297)          | (493)          |
| Corporation tax                                    | (434)             | (119)          | (94)           |
| Other items  | (39)              | (30)           | (17)           |
| <b>Total cash flow from operations</b>             | <b>2,577</b>      | <b>2,798</b>   | <b>4,516</b>   |
| <b>Investments</b>                                 |                   |                |                |
| Intangible assets, machinery and equipment         | (108)             | (74)           | (140)          |
| Properties   | 103               | 156            | 102            |
| Shares in associated companies                     | 945               | 945            | 0              |
| Shares   | 1,200             | 871            | 1,364          |
| Unit trust shares                                  | (29)              | (38)           | (18)           |
| Bonds  | 1,333             | 1,366          | (66)           |
| Loans  | 1                 | 0              | 2              |
| Derivatives  | 175               | 277            | (656)          |
| Investment assets related to unit-linked contracts | (3,042)           | (2,130)        | (3,343)        |
| Balances with associated companies                 | (199)             | (117)          | 118            |
| <b>Total investments</b>                           | <b>379</b>        | <b>1,256</b>   | <b>(2,638)</b> |
| <b>Financing</b>                                   |                   |                |                |
| Shares bought back                                 | (1,716)           | (1,298)        | (1,259)        |
| Share-based payments                               | 71                | 76             | 47             |
| Sale of own shares                                 | 38                | 0              | 16             |
| Subordinated loan capital                          | 0                 | 0              | (350)          |
| Bond loans   | (30)              | (30)           | (29)           |
| Amounts due to credit institutions                 | (198)             | (287)          | (758)          |
| <b>Total financing</b>                             | <b>(1,834)</b>    | <b>(1,539)</b> | <b>(2,333)</b> |
| Change in cash and cash equivalents                | 1,121             | 2,515          | (455)          |
| Cash and cash equivalents at 1 January             | 1,467             | 1,467          | 2,590          |
| Revaluation of cash and cash equivalents           | 1                 | 3              | 30             |
| Cash and cash equivalents end of period            | 2,590             | 3,985          | 2,164          |
| Cash and cash equivalents comprise:                |                   |                |                |
| Liquid funds                                       | 323               | 269            | 261            |
| Deposits with credit institutions                  | 2,267             | 3,716          | 1,904          |
|  | 2,590             | 3,985          | 2,164          |

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        |
|--|---------------|---------------------|---------------|----------------|------------------------|--------------|
| <b>2014</b>                                      |               |                     |               |                |                        |              |
| Shareholders' equity at 31 December prior year   | 125           | 20                  | 1,146         | 34             | 3,860                  | 5,184        |
| Profit for the year                              |               |                     |               | 5              | 1,553                  | 1,558        |
| Other comprehensive income                       |               | (9)                 |               | 0              | 0                      | (10)         |
| Total comprehensive income for the year          |               | (9)                 |               | 5              | 1,553                  | 1,548        |
| Cancellation of own shares                       | (10)          |                     |               |                | 10                     | 0            |
| Share buy-back                                   |               |                     |               |                | (1,716)                | (1,716)      |
| Sale of own shares                               |               |                     |               |                | 38                     | 38           |
| Reclassification of share options                |               |                     |               |                | (30)                   | (30)         |
| Issue of share options                           |               |                     |               |                | 10                     | 10           |
| Exercise of share options                        |               |                     |               |                | 93                     | 93           |
| Taxation   |               |                     |               |                | 8                      | 8            |
| Other transactions                               | (10)          |                     |               |                | (1,587)                | (1,597)      |
| <b>Shareholders' equity at 31 December 2014</b>  | <b>115</b>    | <b>10</b>           | <b>1,146</b>  | <b>39</b>      | <b>3,825</b>           | <b>5,135</b> |
| <b>Q1-Q3 2014</b>                                |               |                     |               |                |                        |              |
| Shareholders' equity at 31 December prior year   | 125           | 20                  | 1,146         | 34             | 3,860                  | 5,184        |
| Profit for the period                            |               |                     |               | 5              | 1,249                  | 1,253        |
| Other comprehensive income                       |               | (10)                |               | 0              | 0                      | (10)         |
| Total comprehensive income for the period        |               | (10)                |               | 5              | 1,249                  | 1,244        |
| Cancellation of own shares                       | (10)          |                     |               |                | 10                     | 0            |
| Share buy-back                                   |               |                     |               |                | (1,308)                | (1,308)      |
| Issue of share options                           |               |                     |               |                | 8                      | 8            |
| Exercise of share options                        |               |                     |               |                | 76                     | 76           |
| Taxation   |               |                     |               |                | 6                      | 6            |
| Other transactions                               | (10)          |                     |               |                | (1,208)                | (1,218)      |
| <b>Shareholders' equity at 30 September 2014</b> | <b>115</b>    | <b>10</b>           | <b>1,146</b>  | <b>38</b>      | <b>3,901</b>           | <b>5,210</b> |
| <b>Q1-Q3 2015</b>                                |               |                     |               |                |                        |              |
| Shareholders' equity at 31 December prior year   | 115           | 10                  | 1,146         | 39             | 3,825                  | 5,135        |
| Profit for the period                            |               |                     |               | 7              | 847                    | 854          |
| Other comprehensive income                       |               | 1                   |               | 0              | 0                      | 1            |
| Total comprehensive income for the period        |               | 1                   |               | 7              | 847                    | 854          |
| Cancellation of own shares                       | (10)          |                     |               |                | 10                     | 0            |
| Share buy-back                                   |               |                     |               |                | (1,290)                | (1,290)      |
| Sale of own shares                               |               |                     |               |                | 16                     | 16           |
| Issue of share options                           |               |                     |               |                | 8                      | 8            |
| Exercise of share options                        |               |                     |               |                | 47                     | 47           |
| Taxation   |               |                     |               |                | (4)                    | (4)          |
| Other transactions                               | (10)          |                     |               |                | (1,214)                | (1,224)      |
| <b>Shareholders' equity at 30 September 2015</b> | <b>105</b>    | <b>11</b>           | <b>1,146</b>  | <b>46</b>      | <b>3,458</b>           | <b>4,766</b> |

## Segment information • Group

### Income statement

| (DKKm)  | Per-sonal | SME and Industrial | Elimin-ated | Non-life | Life    | Parent etc. | Elimin-ated | Group   |
|---|-----------|--------------------|-------------|----------|---------|-------------|-------------|---------|
| <b>Q1-Q3 2014</b>                               |           |                    |             |          |         |             |             |         |
| <b>Non-life insurance</b>                       |           |                    |             |          |         |             |             |         |
| Gross premiums earned                           | 3,757     | 3,071              | (16)        | 6,812    |         |             |             | 6,812   |
| Technical interest*                             | 4         | 4                  | 0           | 7        |         |             |             | 7       |
| Claims incurred                                 | (2,576)   | (2,264)            | 14          | (4,826)  |         |             | 9           | (4,816) |
| Expenses  | (617)     | (456)              | 2           | (1,072)  |         |             | 15          | (1,057) |
| Net reinsurance                                 | 4         | (15)               | 0           | (11)     |         |             |             | (11)    |
| Technical profit on non-life insurance          | 571       | 340                | 0           | 911      |         |             | 24          | 935     |
| <b>Life insurance</b>                           |           |                    |             |          |         |             |             |         |
| Gross premiums w ritten                         |           |                    |             |          | 3,361   |             |             | 3,361   |
| Allocated investment return                     |           |                    |             |          | 2,283   |             |             | 2,283   |
| Benefits and change in provisions               |           |                    |             |          | (5,331) |             |             | (5,331) |
| Expenses  |           |                    |             |          | (265)   |             | 4           | (262)   |
| Technical profit on life insurance              |           |                    |             |          | 48      |             | 4           | 52      |
| Total investment return                         |           |                    |             | 635      | 2,771   | 29          | 45          | 3,479   |
| Pension return tax                              |           |                    |             | (27)     | (391)   |             |             | (419)   |
| Transferred to technical result                 |           |                    |             | (125)    | (2,283) |             |             | (2,409) |
| <b>Investment return</b>                        |           |                    |             | 482      | 96      | 29          | 45          | 652     |
| Other items                                     |           |                    |             | 24       | 54      | (38)        | (73)        | (33)    |
| <b>Pre-tax profit / (loss)</b>                  |           |                    |             | 1,417    | 198     | (9)         | 0           | 1,606   |
| Taxation  |           |                    |             |          |         |             |             | (353)   |
| <b>Profit</b>                                   |           |                    |             |          |         |             |             | 1,253   |
| <b>Q1-Q3 2015</b>                               |           |                    |             |          |         |             |             |         |
| <b>Non-life insurance</b>                       |           |                    |             |          |         |             |             |         |
| Gross premiums earned                           | 3,726     | 3,000              | (14)        | 6,712    |         |             |             | 6,712   |
| Technical interest*                             | (1)       | (1)                | 0           | (2)      |         |             |             | (2)     |
| Claims incurred                                 | (2,518)   | (2,074)            | 10          | (4,581)  |         |             | 11          | (4,570) |
| Expenses  | (600)     | (456)              | 1           | (1,055)  |         |             | 17          | (1,038) |
| Net reinsurance                                 | (49)      | (79)               | 0           | (128)    |         |             |             | (128)   |
| Technical profit / (loss) on non-life insurance | 557       | 390                | (3)         | 945      |         |             | 28          | 973     |
| <b>Life insurance</b>                           |           |                    |             |          |         |             |             |         |
| Gross premiums w ritten                         |           |                    |             |          | 4,571   |             |             | 4,571   |
| Allocated investment return                     |           |                    |             |          | 357     |             |             | 357     |
| Benefits and change in provisions               |           |                    |             |          | (4,632) |             |             | (4,632) |
| Expenses  |           |                    |             |          | (305)   |             | 5           | (300)   |
| Technical profit / (loss) on life insurance     |           |                    |             |          | (10)    |             | 5           | (5)     |
| Total investment return                         |           |                    |             | 113      | 452     | 38          | 53          | 655     |
| Pension return tax                              |           |                    |             | 3        | (62)    |             |             | (59)    |
| Transferred to technical result                 |           |                    |             | (76)     | (357)   |             |             | (433)   |
| <b>Investment return</b>                        |           |                    |             | 39       | 33      | 38          | 53          | 163     |
| Other items                                     |           |                    |             | 28       | 66      | (27)        | (86)        | (19)    |
| <b>Pre-tax profit</b>                           |           |                    |             | 1,013    | 89      | 11          | 0           | 1,113   |
| Taxation  |           |                    |             |          |         |             |             | (259)   |
| <b>Profit</b>                                   |           |                    |             |          |         |             |             | 854     |

\* After discounting DKK 79m (Q1-Q3 2014: DKK 118m)

## Notes to the financial statements • Group

| (DKK m)  | Full year<br>2014 | Q1-Q3<br>2014 | Q1-Q3<br>2015 |
|--|-------------------|---------------|---------------|
| <b>Note 1. Technical interest, net of reinsurance – Non-life insurance</b> |                   |               |               |
| Calculated interest  | 155               | 125           | 76            |
| Discounting (amortisation) of technical provisions and reinsurers' share   | (147)             | (118)         | (79)          |
| <b>Technical interest, net of reinsurance</b>                              | <b>8</b>          | <b>7</b>      | <b>(2)</b>    |

### Note 2. Claims incurred, net of reinsurance – Non-life insurance

|                                    |     |     |     |
|------------------------------------|-----|-----|-----|
| Run-off profit:                    |     |     |     |
| Gross business                     | 253 | 167 | 237 |
| Reinsurance ceded                  | 97  | 94  | 21  |
| Run-off profit, net of reinsurance | 351 | 261 | 258 |

### Note 3. Gross premiums written – Life insurance

|                                     |              |              |              |
|-------------------------------------|--------------|--------------|--------------|
| Individual policies                 | 330          | 204          | 202          |
| Policies which are part of a tenure | 1,456        | 1,067        | 1,204        |
| Group life                          | 404          | 366          | 459          |
| <b>Regular premiums</b>             | <b>2,191</b> | <b>1,637</b> | <b>1,865</b> |
| Individual policies                 | 535          | 391          | 643          |
| Policies which are part of a tenure | 1,721        | 1,333        | 2,063        |
| <b>Single premiums</b>              | <b>2,257</b> | <b>1,724</b> | <b>2,706</b> |
| <b>Gross premiums</b>               | <b>4,448</b> | <b>3,361</b> | <b>4,571</b> |

### Note 4. Financial assets and liabilities

The Group's portfolio of financial assets recorded at fair value, using valuation models based on non-observable inputs, is DKK 484m. Besides project financing in Carlsberg Byen the item comprises bonds of DKK 235m, the current return of which depends on payments on a portfolio of annuity contracts written in the USA. The bonds have been reclassified to this category of financial assets as valuation based on observable inputs is no longer possible.

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

There have been no other changes to the classification of financial assets or financial liabilities in Q1-Q3 2015. □

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

| <b>Note 5. Contingent liabilities</b>                           | <b>31 Dec<br/>2014</b> | <b>30 Sep<br/>2014</b> | <b>30 Sep<br/>2015</b> |
|---|------------------------|------------------------|------------------------|
| Contract liabilities  | 310                    | 332                    | 164                    |
| Adjustments to VAT liabilities                                  | 28                     | 24                     | 33                     |
| Other liabilities   | 11                     | 11                     | 12                     |
| Capital commitments to loan funds and private equity funds etc. | 701                    | 636                    | 1,240                  |
| Share of associated companies' liabilities:                     |                        |                        |                        |
| Contract liabilities  | 48                     | 127                    | 0                      |

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

## Income statement • Parent company

| (DKK m)                          | Full year<br>2014 | Q3<br>2014 | Q3<br>2015 | Q1-Q3<br>2014 | Q1-Q3<br>2015 |
|----------------------------------|-------------------|------------|------------|---------------|---------------|
| Income from affiliated companies | 1,599             | 318        | 214        | 1,286         | 884           |
| Revaluations                     | 2                 | 1          | 0          | 1             | (4)           |
| Interest charges                 | (12)              | (3)        | (2)        | (9)           | (7)           |
| <b>Total investment return</b>   | <b>1,589</b>      | <b>316</b> | <b>212</b> | <b>1,278</b>  | <b>873</b>    |
| Other expenses                   | (48)              | (11)       | (7)        | (38)          | (27)          |
| <b>PRE-TAX PROFIT</b>            | <b>1,541</b>      | <b>305</b> | <b>204</b> | <b>1,240</b>  | <b>845</b>    |
| Taxation                         | 17                | 3          | 2          | 14            | 8             |
| <b>PROFIT FOR THE PERIOD</b>     | <b>1,558</b>      | <b>308</b> | <b>207</b> | <b>1,253</b>  | <b>854</b>    |

## Statement of comprehensive income • Parent company

|  |              |            |            |              |            |
|--|--------------|------------|------------|--------------|------------|
| Profit for the period                                | 1,558        | 308        | 207        | 1,253        | 854        |
| Other comprehensive income from affiliated companies | (10)         | (11)       | 0          | (10)         | 1          |
| Other comprehensive income                           | (10)         | (11)       | 0          | (10)         | 1          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>     | <b>1,548</b> | <b>298</b> | <b>207</b> | <b>1,244</b> | <b>854</b> |

## Balance sheet • Parent company

| (DKK m)                                  | 31 Dec<br>2014 | 30 Sep<br>2014 | 30 Sep<br>2015 |
|--|----------------|----------------|----------------|
| <b>Assets</b>                            |                |                |                |
| Machinery and equipment                  | 3              | 3              | 3              |
| <b>TOTAL TANGIBLE ASSETS</b>             | <b>3</b>       | <b>3</b>       | <b>3</b>       |
| Shares in affiliated companies           | 6,034          | 5,718          | 4,857          |
| Total investment in affiliated companies | 6,034          | 5,718          | 4,857          |
| <b>TOTAL INVESTMENT ASSETS</b>           | <b>6,034</b>   | <b>5,719</b>   | <b>4,857</b>   |
| Amounts due from affiliated companies    | 102            | 645            | 1,077          |
| <b>TOTAL DEBTORS</b>                     | <b>102</b>     | <b>645</b>     | <b>1,077</b>   |
| Deferred tax assets                      | 1              | 1              | 1              |
| Liquid funds                             | 2              | 2              | 1              |
| <b>TOTAL OTHER ASSETS</b>                | <b>4</b>       | <b>3</b>       | <b>3</b>       |
| <b>TOTAL ASSETS</b>                      | <b>6,143</b>   | <b>6,370</b>   | <b>5,939</b>   |

## Shareholders' equity and liabilities

|   |              |              |              |
|---|--------------|--------------|--------------|
| Share capital                                     | 115          | 115          | 105          |
| Other reserves                                    | 2,285        | 1,969        | 1,108        |
| Total reserves                                    | 2,285        | 1,969        | 1,108        |
| Profit carried forward                            | 3,042        | 3,432        | 3,859        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>5,442</b> | <b>5,516</b> | <b>5,072</b> |
| <b>SUBORDINATED LOAN CAPITAL</b>                  | <b>407</b>   | <b>407</b>   | <b>408</b>   |
| Bond loans  | 29           | 29           | 0            |
| Amounts due to affiliated companies               | 217          | 151          | 191          |
| Current tax liabilities                           | 30           | 246          | 228          |
| Derivatives                                       | 8            | 0            | 0            |
| Other creditors                                   | 11           | 21           | 41           |
| <b>TOTAL CREDITORS</b>                            | <b>294</b>   | <b>448</b>   | <b>459</b>   |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>6,143</b> | <b>6,370</b> | <b>5,939</b> |

## Statement by Management

We have today considered and adopted the interim report for Q1-Q3 2015 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 2015 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 2015.

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 November 2015

### Executive Board:

Christian Sagild  
(CEO)

Kim Bruhn-Petersen

Lars Thykier

### Board of Directors:

Søren Thorup Sørensen  
(Chairman)

Torbjörn Magnusson  
(Deputy Chairman)

Ann-Jeanette Bakkøl

Tina Møller Carlsson

Anders Colding Friis

Mette Jensen

Bjarne Graven Larsen

Birgitte Nielsen

Annette Sadolin