

TOPDANMARK INTERIM REPORT Q1 2014

20 May 2014 Announcement No. 08/2014

Key features

Q1 2014

- Post-tax profit of DKK 418m (Q1 2013: DKK 505m)
- This reflects an underlying improvement in results as in Q1 2013, profit on life insurance benefitted from a DKK 136m transfer from the shadow account
- EPS were DKK 3.8 (Q1 2013: DKK 4.1)
- Combined ratio improved marginally to 89.5% (Q1 2013: 89.6%)
- Excluding run-off profits the combined ratio improved to 92.0% (Q1 2013: 93.9%)
- Premium growth was 3.4% in non-life insurance and 24.0% in life insurance
- Profit on life insurance declined DKK 135m to DKK 74m due to the profit in Q1 2013 benefitting from a transfer of DKK 136m from the shadow account (adjustment of earnings in previous years)
- Investment return increased DKK 27m to DKK 278m.

Profit forecast model for 2014

- Topdanmark continues to assume premium growth of 2-3% for non-life insurance. In life insurance the assumption of a 0-5% growth in regular premiums remains unchanged
- Assumed combined ratio has been adjusted from 91-92% to 90-91%, excluding run-off profits / losses in the last three quarters of 2014
- Post-tax profit forecast model for 2014 has been upgraded from DKK 950-1,050m to DKK 1,150-1,250m, excluding run-off profits / losses in Q2-Q4 2014, corresponding to EPS of DKK 11.2.

Share buy-back

- The share buy-back programme for 2014 has been upgraded by DKK 200m to DKK 1.9bn, representing a buy-back yield of 10.9%.

Webcast

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

Conference call

A conference call will be held today at 15:30 (CET) when Christian Sagild, CEO, and Lars Thykier, CFO, 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 0025

US dial in number: +1 334 323 6201

10-15 minutes before the conference quoting reference 944488 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:

Christian Sagild
Chief Executive Officer
Direct tel.: +45 4474 4450

Lars Thykier
Chief Financial Officer
Direct tel.: +45 4474 3714

Steffen Heegaard
Group Communications and IR Director
Direct tel.: +45 4474 4017, mobile: +45 4025 3524

Contents

Management's review

- 1 Key features
- 3 Financial highlights
- 4 Results for Q1 2014
- 4 Non-life insurance
- 7 Life insurance
- 8 Investment activities
- 9 Parent company etc.
- 9 Taxation
- 9 Profit forecast model
- 10 Share buy-back
- 11 Financial calendar
- 11 Accounting policies

Financial statements for Q1 2014 – Group

- 12 Income statement
- 13 Statement of comprehensive income
- 14 Assets
- 15 Shareholders' equity and liabilities
- 16 Cash flow statement
- 17 Statement of changes in equity
- 18 Segment information
- 19 Notes to the financial statements

Financial statements for Q1 2014 – Parent company

- 20 Income statement
- 20 Statement of comprehensive income
- 20 Balance sheet

21 Disclaimer

22 Statement by Management on the Interim Report for Q1 2014

Topdanmark A/S
Borupvang 4
DK-2750 Ballerup
Tel +45 4468 3311
Reg.No. 78040017

E-mail: topdanmark@topdanmark.dk
Internet: www.topdanmark.com

Financial highlights

(DKKm)	Full year 2013	Q1 2013	Q1 2014
Premiums earned:			
Non-life insurance	8,889	2,186	2,261
Life insurance	3,511	994	1,233
	12,400	3,180	3,494
Results:			
Non-life insurance	1,361	430	459
Life insurance	442	209	74
Parent company etc.	73	4	(4)
Pre-tax profit	1,875	643	530
Tax	(407)	(138)	(112)
Profit	1,468	505	418
Run-off profits, net of reinsurance	306	95	56
Shareholders' equity of parent company at 1 January	5,716	5,716	5,490
Profit	1,468	505	418
Share buy-back	(1,836)	(506)	(448)
Share-based payments	142	82	44
Other movements in shareholders' equity	0	(0)	2
Shareholders' equity of parent company end of period	5,490	5,797	5,507
Deferred tax on security funds	(306)	(348)	(306)
Shareholders' equity of Group end of period	5,184	5,450	5,201
Capital base, parent company*)	5,897	6,203	5,915
Total assets, parent company	6,485	7,431	6,913
Total assets, Group	61,092	61,707	63,200
Provisions for insurance and investment contracts:			
Non-life insurance	16,721	18,026	18,502
Life insurance	33,640	32,766	34,471
Financial ratios (parent company)			
Post-tax profit as a % of shareholders' equity	26.0	8.7	7.5
Post-tax EPS (DKK)	12.5	4.1	3.8
Post-tax EPS, diluted (DKK)	12.3	4.1	3.7
Net asset value per share, diluted (DKK)	48.3	47.5	49.6
Share buy-back per share, diluted (DKK)	15.4	4.1	4.0
Listed share price end of period	142.8	139.2	157.8
Average number of shares ('000)	117,904	121,913	111,382
Average number of shares, diluted ('000)	119,131	123,243	112,338
Number of shares end of period ('000)	112,632	121,022	110,106
Ratios non-life insurance (%)			
Gross loss ratio	80.4	70.4	70.3
Net reinsurance ratio	(5.0)	2.3	2.4
Claims trend	75.4	72.7	72.7
Gross expense ratio	16.2	16.9	16.8
Combined ratio	91.5	89.6	89.5
Operating ratio	91.4	89.4	89.4
Combined ratio excl. run-off profits	95.0	93.9	92.0

*) Shareholders' equity and loan capital

Results for Q1 2014

Topdanmark's post-tax profit was DKK 418m in Q1 2014 (Q1 2013: DKK 505m). EPS for the quarter were DKK 3.8 (Q1 2013: DKK 4.1).

Pre-tax profit was DKK 530m in Q1 2014 (Q1 2013: DKK 643m).

The technical result improved DKK 7m to DKK 240m. It was adversely affected by lower run-off profits and a higher level of fire claims. On the other hand the claims trend improved in the personal, SME and industrial segments excluding fire claims.

The investment return, after transfer to the technical result, increased DKK 22m to DKK 219m primarily due to a higher return on bonds.

Profit on life insurance declined DKK 135m to DKK 74m, due to a transfer of DKK 136m from the shadow account in Q1 2013, while in Q1 2014 DKK 3m was transferred to the shadow account: see Life insurance on page 7.

Trend in profit (DKKm)	Full year 2013	Q1 2013	Q1 2014
Non-life insurance			
- Technical result	765	233	240
- Investment return after transfer to technical result etc.	595	197	219
Profit on non-life insurance	1,361	430	459
Life insurance	442	209	74
Parent company etc.	73	4	(4)
Pre-tax profit	1,875	643	530
Tax	(407)	(138)	(112)
Profit	1,468	505	418

Non-life insurance Premiums earned

Premiums earned increased 3.4% to DKK 2,261m. The personal segment accounted for 3.8% of the growth and the SME and industrial segment for 3.0%.

In its Annual Report for 2013 Topdanmark assumed premium growth of 2-3% for 2014 reflecting its strong competitive position in the personal market, the agricultural market and the lower SME market. The assumed growth was based on the expectation of a gradually declining premium growth over the year.

For the full year 2014 the assumed premium growth continues to be 2-3%.

Claims trend

The claims trend was unchanged at 72.7% in Q1 2014.

Run-off profits net of reinsurance were DKK 56m, which was DKK 39m lower than in Q1 2013. This caused a 1.9pp deterioration of the claims trend. There were run-off profits in house, workers' compensation and illness / accident insurance, while there were run-off losses in commercial liability insurance.

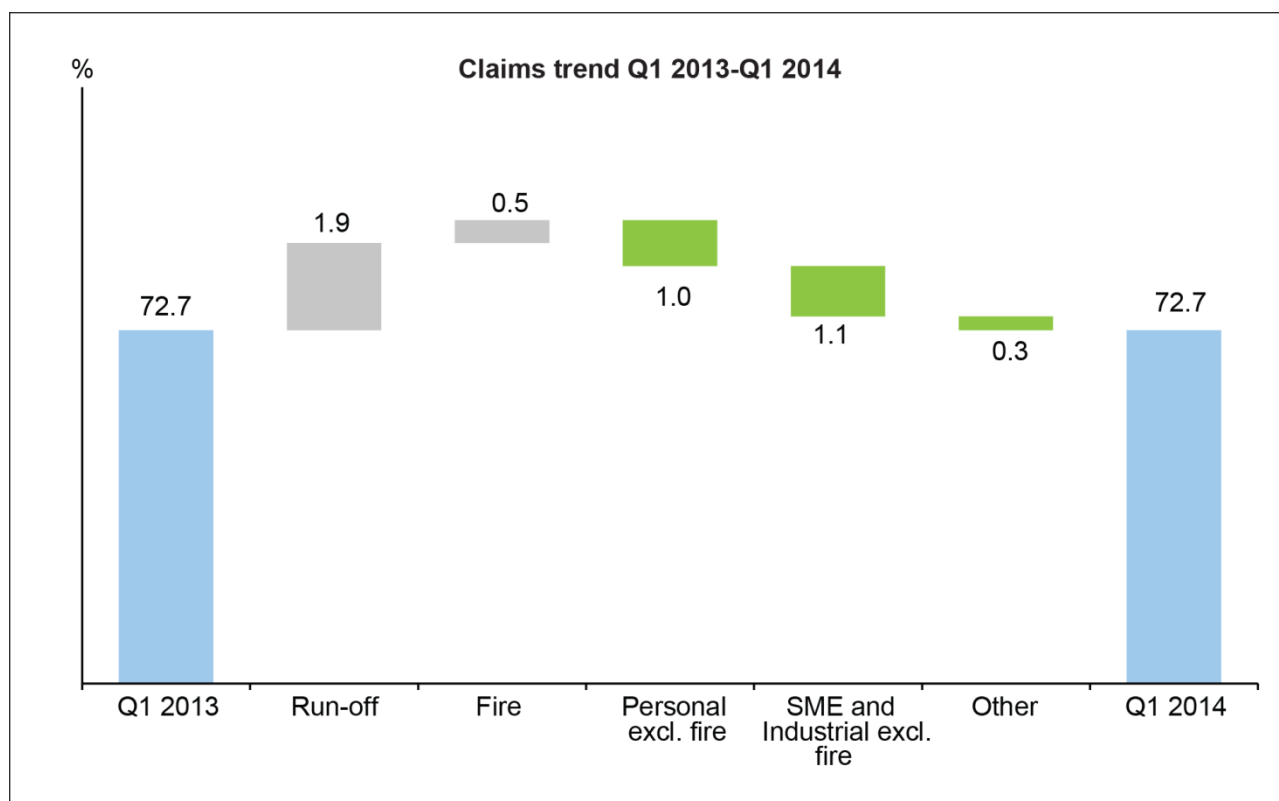
The claims trend in fire insurance was DKK 12m poorer than in Q1 2013, which caused the claims trend to deteriorate 0.5pp. The trend in fire insurance reflected an increase in the level of fire claims in the personal segment and a decline in the SME and industrial segment.

The claims trend in the personal segment, excluding fire, improved DKK 23m giving a 1.0pp positive effect on the claims trend for the Group. This improvement was due to, among other factors, an improved trend in house and contents insurance excluding fire.

The claims trend in the SME and industrial segment improved DKK 25m representing a 1.1pp improvement. This improvement was due to, among other factors, an improved claims trend in workers' compensation and building / contents insurance excluding fire.

Fluctuations in the interest rate curve used to discount the provisions for outstanding claims had a marginal positive 0.1pp effect on the claims trend.

As in Q1 2013 there were no storm or rainstorm claims in Q1 2014.



Expense ratio

The expense ratio was practically unchanged at 16.8% (Q1 2013: 16.9%).

The assumed expense ratio for the full year 2014 continues to be lower than 16%, as the effect of a number of cost-saving activities (outsourcing of IT mainframe,

improved use of purchasing power etc.) will be reflected in the accounts during 2014.

Combined ratio

The combined ratio improved to 89.5% in Q1 2014 (Q1 2013: 89.6%).

Financial highlights – Non-life insurance (DKK m)	Full year 2013	Q1 2013	Q1 2014
Gross premiums earned	8,889	2,186	2,261
Technical interest	14	6	3
Claims incurred	(7,145)	(1,539)	(1,589)
Expenses	(1,438)	(370)	(380)
Net reinsurance	445	(50)	(54)
Technical result	765	233	240
Investment return after transfer to technical result	575	193	212
Other items	20	4	7
Profit on non-life insurance	1,361	430	459
Run-off profits, net of reinsurance	306	95	56
Gross loss ratio (%)	80.4	70.4	70.3
Net reinsurance ratio (%)	(5.0)	2.3	2.4
Claims trend (%)	75.4	72.7	72.7
Gross expense ratio (%)	16.2	16.9	16.8
Combined ratio (%)	91.5	89.6	89.5
Operating ratio (%)	91.4	89.4	89.4
Combined ratio excl. run-off profits (%)	95.0	93.9	92.0

Segment reporting

Personal

The Personal segment offers policies for individual households in Denmark.

Premiums earned increased 3.8% to DKK 1,249m mainly due to growth in house and contents insurance.

The technical result increased DKK 23m to DKK 143m in Q1 2014.

The claims trend improved 1.7pp to 71.3%. Run-off profits were DKK 51m (Q1 2013: DKK 33m) representing a

1.4pp improvement of the claims trend. In Q1 2014 there were primarily run-off profits on house and illness / accident insurance.

The expense ratio was unchanged at 17.3%. It continues to be high due to the level of sales activities.

The combined ratio improved to 88.7% in Q1 2014 (Q1 2013: 90.2%). Excluding run-off profits it declined to 92.8% (Q1 2013: 93.0%).

Personal (DKKm)	Full year 2013	Q1 2013	Q1 2014
Gross premiums earned	4,881	1,203	1,249
Technical interest	7	3	1
Claims incurred	(3,638)	(860)	(881)
Expenses	(823)	(208)	(217)
Net reinsurance	120	(17)	(10)
Technical result	547	120	143
Run-off profits, net of reinsurance	192	33	51
Gross loss ratio (%)	74.5	71.5	70.6
Net reinsurance ratio (%)	(2.5)	1.4	0.8
Claims trend (%)	72.1	73.0	71.3
Gross expense ratio (%)	16.9	17.3	17.3
Combined ratio (%)	88.9	90.2	88.7
Operating ratio (%)	88.8	90.1	88.6
Combined ratio excl. run-off profits	92.9	93.0	92.8

SME and Industrial

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

Premiums earned improved 3.0% to DKK 1,017m.

The technical result declined DKK 16m to DKK 97m in Q1 2014.

The claims trend deteriorated 2.1pp to 74.5%, which should be viewed alongside the DKK 57m decline in the run-off profit to DKK 5m in Q1 2014, representing a 5.8pp deterioration of the claims trend.

The decline was affected by a lower run-off profit on workers' compensation insurance and a DKK 29m run-off loss on commercial liability insurance. The claims trend improved for fire and other commercial insurance policies, while there were no significant weather-related claims, either in Q1 2013 or in Q1 2014.

The expense ratio declined 0.4pp.

The combined ratio deteriorated to 90.6% in Q1 2014 (Q1 2013: 88.9%). Excluding run-off profits it improved to 91.0% (Q1 2013: 95.1%).

SME and Industrial (DKKm)	Full year 2013	Q1 2013	Q1 2014
Gross premiums earned	4,025	987	1,017
Technical interest	7	3	2
Claims incurred	(3,522)	(682)	(713)
Expenses	(618)	(163)	(164)
Net reinsurance	325	(33)	(45)
Technical result	217	113	97
Run-off profits, net of reinsurance	114	62	5
Gross loss ratio (%)	87.5	69.0	70.1
Net reinsurance ratio (%)	(8.1)	3.3	4.4
Claims trend (%)	79.4	72.4	74.5
Gross expense ratio (%)	15.4	16.5	16.1
Combined ratio (%)	94.8	88.9	90.6
Operating ratio (%)	94.6	88.6	90.5
Combined ratio excl. run-off profits (%)	97.6	95.1	91.0

Life insurance

The result from life insurance was a profit of DKK 74m in Q1 2014 (Q1 2013: DKK 209m). In Q1 2013 DKK 136m was recognised as income from the shadow account.

Profit on life insurance activities comprises the profit on life insurance plus the investment return of 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 → Investor → Business → Life insurance → [Policy for the calculation of profit in life insurance](#).

Result of life insurance (DKKm)	Full year 2013	Q1 2013	Q1 2014
Investment return	100	25	28
Risk return	164	40	37
Transferred, shadow account	171	136	(3)
Other	7	9	12
Profit on life insurance	442	209	74
Maximum shadow account end of period	72	103	76
Estimated value of shadow account end of period	10	68	11

In Q1 2014, DKK 3m was transferred to the shadow account due to losses incurred in a few cost and risk groups. As the shadow account relating to the interest rate groups was recognised as income in 2013, the existing shadow account relates only to the cost and risk groups. It is expected that DKK 11m from the maximum shadow account will be recognised as income in a subsequent period, where a profit is generated in the relevant contribution groups.

“Other” comprises primarily the technical result of portfolios which are not subject to contribution – i.e. group life schemes, annuities without bonus entitlement and unit-linked pension schemes.

Trend in premiums

Gross premiums increased 24.0% to DKK 1,233m in Q1 2014 (Q1 2013: DKK 994m), of which premiums on unit-linked pension schemes were DKK 656m, 77.6% more than in Q1 2013. Unit-linked pension schemes represented 88% of new pension schemes written in Q1 2014.

Regular premiums were DKK 722m in Q1 2014, which was in line with the same period in 2013.

Single premiums increased 87.7% to DKK 511m in Q1 2014 (Q1 2013: DKK 272m).

Investment activities Topdanmark Group excluding life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 278m in Q1 2014 including the revaluation of provisions and income from associated companies but before the transfer to the technical result (Q1 2013: DKK 251m).

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 2014 on the most significant classes of assets is disclosed in the following table:

Investment return	Portfolio 31 March		Return Q1 2013		Return Q1 2014	
	2013	2014				
	(DKKbn)		(DKKkm)	%	(DKKkm)	%
Danish equities	0.4	0.5	36	9.9	60	12.7
Foreign equities	0.8	0.8	41	4.9	11	1.2
Government and mortgage bonds	11.0	11.4	52	0.5	93	0.8
Credit bonds	0.5	0.4	13	2.3	10	1.9
CDOs	0.8	0.7	53	6.8	41	5.5
Properties	1.4	1.4	19	1.4	16	1.1
Assets related to I/A	2.2	2.2	42	2.0	55	2.7
Money market etc.	4.5	3.2	(3)	(0.1)	(3)	(0.1)
Subordinated loan capital	(1.2)	(1.2)	(15)	(1.3)	(15)	(1.3)
Interest-bearing debt	(0.6)	(0.2)	(1)	(0.2)	(0)	(0.1)
	19.8	19.4	235	1.2	267	1.5
Asset management			15		11	
Total investment return			251		278	
Transferred return technical provisions						
Discounting			(37)		(44)	
Technical interest			(6)		(3)	

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 post-tax equity exposure was DKK 825m (pre-tax: DKK 1,093m) 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 35% of the portfolio at 31 March 2014) 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.

Most of the portfolio comprises high-quality mortgage bonds, which ensures a linkage between the investment return and the discount rate. The class of "Government and mortgage bonds" comprises primarily Danish mortgage bonds and revaluation of technical provisions. In addition, there are government bonds mainly from European core countries, covered bonds and derivatives.

Covered bonds are mortgage bonds where the size of the loan may not exceed 70% of the value of the security. If the value of the security declines so much that the requirement is not fulfilled, the issuer will provide further security.

Credit bonds with a rating lower than BBB (DKK 135m) 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 300m) 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 870m), rental residential property (DKK 367m), rental office property (DKK 68m) and property rented for hotel use (DKK 96m). 99% of the property portfolio is currently let. The properties are valued in accordance with the rules of the DFSA i.e. at market value taking into account the level of rent and the terms of the tenancy agreements.

The class of "Assets related to I/A" (illness / accident) comprises the investments in Topdanmark Livsforsikring 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 A/S 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.

Profit declined from DKK 4m in Q1 2013 to a DKK 4m loss in Q1 2014 due to a lower operating result generated by the asset management company and higher expenditure.

Taxation

The tax charge was DKK 112m of a pre-tax profit of DKK 530m, corresponding to an effective tax rate of 21.1% (Q1 2013: 21.5%). The deviation from the nominal tax rate of 24.5% was primarily due to Topdanmark's utilisation of an uncapitalised equity loss. After Q1 2014 the uncapitalised equity loss carried forward was DKK 77m.

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. As the return in the financial markets changes on a daily basis, Topdanmark's profit forecast model will already deviate from actual expectations by the

time it is published. Therefore, set out in 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 2013 Annual Report Topdanmark assumed premium growth of 2-3% and a combined ratio of 91-92%, excluding run-off profits / losses, in 2014. This was based on the following assumptions:

- A normal year for weather with weather-related claims of DKK 170m, of which DKK 50m in Q1
- An expense ratio lower than 16%
- A level of interest rates corresponding to the interest rate curve on 21 February 2014
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 21 February 2014.

Since the most recent profit forecast model was published in the 2013 Annual Report, the following assumptions have changed:

- In Q1 2014 there were run-off profits of DKK 56m corresponding to a 0.6pp improvement of the combined ratio for the full year 2014
- Weather-related claims were zero in Q1 2014, which was DKK 50 lower than assumed, representing a 0.5pp improvement of the combined ratio for 2014
- Interest rates have declined, representing a 0.2pp deterioration of the claims trend
- From 21 February to 9 May 2014 the pre-tax investment return improved DKK 135m more than assumed, benefiting from an attractive return on equity prices and bonds.

Given developments since the most recent profit forecast model published in the 2013 Annual Report, the assumed premium growth for 2014 continues to be 2-3%.

The assumed combined ratio for 2014 has been adjusted from 91-92% to 90-91%, excluding run-off profits / losses in Q2-Q4 2014.

Overall, pre-tax profit on non-life insurance is assumed to be DKK 1,250-1,350m.

Life insurance

In the 2013 Annual Report pre-tax profit on life insurance was assumed to be DKK 200-230m in 2014 based on the following assumptions:

- Growth of 0-5% in regular premiums
- An investment return sufficiently high to include a risk return of DKK 140-150m in income.

These assumptions have not changed since the 2013 Annual Report was published.

The result is highly sensitive to fluctuations particularly in the investment return. The risk return and shadow account are not finally calculated until the preparation of the 2014 Annual Report.

Overall pre-tax profit on life insurance is expected to be DKK 200-230m.

Parent company

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

Taxation

Given a corporation tax rate of 24.5%, the tax charge is expected to be DKK 320-360m.

Total Group profit

Topdanmark's overall post-tax profit forecast model for 2014 has been upgraded by DKK 200m to DKK 1,150-1,250m representing EPS of DKK 11.2. The assumed profit for 2014 is exclusive of run-off profits / losses in the remaining three quarters of 2014.

This profit forecast model is subject to an annual 7% return on equities and unchanged foreign exchange rates from the level on 9 May 2014. 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 2.34% (risk-free interest rate plus 2.0pp).

Profit forecast 2014 (DKKm)	Results 2013	Forecast 2014 21 Februar 2014		Forecast 2014 9 May 2014	
Non-life insurance					
- Technical result	765	770	- 820	870	- 920
- Investment return after transfer to technical result etc.	595	250	- 300	380	- 430
Profit on non-life insurance	1,361	1,020	- 1,120	1,250	- 1,350
Life insurance	442	200	- 230	200	- 230
Parent company etc.	73	20	- 30	20	- 30
Pre-tax profit	1,875	1,240	- 1,380	1,470	- 1,610
Taxation	(407)	(290)	- (330)	(320)	- (360)
Profit for the year	1,468	950	- 1,050	1,150	- 1,250

Share buy-back

The assumed share buy-back for 2014 has been upgraded by DKK 200m to DKK 1.9bn representing a buy-back yield of 10.9%.

To date in 2014, Topdanmark has bought back own shares of DKK 593m corresponding to 3,952,000 shares, which leaves a balance of DKK 1,307m of the 2014 buy-back programme.

At Topdanmark's Annual General Meeting on 10 April 2014 the share capital was written down by 10,000,000 shares. On the expiry for filing objections, the number of shares will be 115,000,000. Topdanmark's holding of own shares is 5,825,000 shares and consequently the number of voting shares is 109,175,000 shares.

Since 1998, when Topdanmark started buying back own shares, it has decided to cancel DKK 13.3bn of own

shares representing a 72.1% write-down of the share capital.

In the years 2000-2013 the annual average buy-back yield has been 9.5%.

Topdanmark does not buy back own shares in those periods where the Company would be considered an insider and during the three weeks immediately preceding the announcement of interim and annual reports. Furthermore, it does not buy back own shares during the period of five banking days after the announcement of a quarterly report as this is the period in which the executives may exercise their share options. Overleaf is a table of the periods when Topdanmark is allowed to buy back own shares.

Share buy-back allowable		
28 May 2014	–	28 Jul 2014
27 Aug 2014	–	27 Oct 2014
26 Nov 2014	–	28 Jan 2015

Share buy-back not allowable		
29 Apr 2014	–	27 May 2014
29 Jul 2014	–	26 Aug 2014
28 Oct 2014	–	25 Nov 2014
29 Jan 2015	–	26 Feb 2015

Financial Calendar

Half-year 2014	19 Aug 2014
Q1-Q3 2014	18 Nov 2014
Full year 2014	19 Feb 2015

Accounting policies

The interim report for Q1 2014 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 2014, 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 2013 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)	Note	Full year 2013	Q1 2013	Q1 2014
NON-LIFE INSURANCE				
Gross premiums written		9,018	4,124	4,219
Reinsurance ceded		(726)	(387)	(370)
Change in the provisions for unearned premiums, gross		(56)	(1,921)	(1,949)
Change in reinsurers' share of the provisions for unearned premiums		12	218	214
Premiums earned, net of reinsurance		8,248	2,034	2,115
Technical interest, net of reinsurance	1	14	6	3
Gross claims paid		(6,510)	(1,640)	(1,967)
Reinsurance cover received		424	93	280
Change in the provisions for claims, gross		(622)	105	381
Change in reinsurers' share of the provisions for claims		653	3	(198)
Claims incurred, net of reinsurance	2	(6,055)	(1,439)	(1,504)
Bonuses and rebates		(74)	(17)	(10)
Acquisition costs		(947)	(254)	(255)
Administrative expenses		(468)	(110)	(120)
Reinsurance commission and share of profits		83	23	19
Total operating expenses, net of reinsurance		(1,332)	(341)	(356)
TECHNICAL PROFIT ON NON-LIFE INSURANCE		801	243	249
LIFE INSURANCE				
Gross premiums written	3	3,511	994	1,233
Reinsurance ceded		(5)	(1)	(1)
Premiums, net of reinsurance		3,506	993	1,232
Allocated investment return, net of reinsurance		2,031	674	778
Claims and benefits paid		(3,860)	(1,179)	(1,117)
Reinsurance cover received		8	1	2
Change in the provisions for claims and benefits		(11)	(2)	10
Claims and benefits paid, net of reinsurance		(3,862)	(1,180)	(1,105)
Change in life insurance provisions		1,635	347	26
Change in reinsurers' share		(4)	0	1
Change in the life insurance provisions, net of reinsurance		1,631	347	27
Bonus		(704)	(196)	(199)
Change in provisions for unit-linked contracts		(1,968)	(388)	(612)
Acquisition costs		(115)	(27)	(32)
Administrative expenses		(222)	(58)	(59)
Total operating expenses, net of reinsurance		(337)	(85)	(91)
TECHNICAL PROFIT ON LIFE INSURANCE		297	166	30

Income statement • Group

(DKKm)	Full year 2013	Q1 2013	Q1 2014
NON-TECHNICAL ACTIVITIES			
Technical profit on non-life insurance	801	243	249
Technical profit on life insurance	297	166	30
Income from associated companies	57	11	16
Income from investment properties	144	39	35
Interest income and dividends etc.	1,676	419	561
Revaluations	1,543	615	655
Interest charges	(78)	(20)	(16)
Expenses on investment business	(45)	(12)	(17)
Total investment return	3,298	1,053	1,234
Technical interest transferred to non-life insurance business	(182)	(43)	(48)
Pension return tax	(272)	(91)	(146)
Investment return transferred to life insurance business	(2,031)	(674)	(778)
Other income	19	4	4
Other expenses	(54)	(13)	(15)
PRE-TAX PROFIT	1,875	643	530
Taxation	(407)	(138)	(112)
PROFIT FOR THE PERIOD	1,468	505	418
EPS (DKK)	12.5	4.1	3.8
EPS, diluted (DKK)	12.3	4.1	3.7

Statement of comprehensive income • Group

Profit for the period	1,468	505	418
Items which can subsequently be reclassified as profit or loss:			
Exchange rate adjustment of foreign business	0	(1)	0
Items which cannot subsequently be reclassified as profit or loss:			
Deferred tax on security funds (change in the tax percentage)	42	0	0
Revaluation of owner-occupied properties	2	0	0
Other comprehensive income	43	0	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,511	505	419

Assets • Group

(DKKm)	31 December 2013	31 March 2013	31 March 2014
INTANGIBLE ASSETS	620	652	623
Machinery and equipment	116	140	114
Owner-occupied properties	869	862	870
TOTAL TANGIBLE ASSETS	985	1,001	983
Investment properties	3,951	3,983	3,952
Shares in associated companies	892	966	905
Loans to associated companies	416	172	472
Total investment in associated companies	1,309	1,137	1,377
Shares	7,786	6,755	8,048
Unit trusts	0	0	59
Bonds	34,577	35,955	34,387
Loans guaranteed by mortgages	6	7	6
Other loans	0	1	0
Deposits with credit institutions	1,047	3,336	2,006
Derivatives	1,056	1,335	1,159
Total other financial investment assets	44,471	47,390	45,665
TOTAL INVESTMENT ASSETS	49,731	52,509	50,994
INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS	6,673	4,724	7,160
Reinsurers' share of provisions for unearned premiums	87	293	301
Reinsurers' share of life insurance provisions	34	38	35
Reinsurers' share of the provisions for claims and benefits	1,337	687	1,142
Total reinsurers' share of provisions	1,458	1,018	1,477
Amounts due from policyholders	346	597	595
Amounts due from insurance companies	65	63	128
Amounts due from associated companies	36	16	17
Other debtors	121	117	142
TOTAL DEBTORS	2,026	1,811	2,360
Assets held temporarily	2	0	2
Deferred tax assets	22	26	22
Liquid funds	420	386	442
Other	75	60	46
TOTAL OTHER ASSETS	520	472	512
Accrued interest and rent	373	324	323
Other prepayments and accrued income	164	215	246
TOTAL PREPAYMENTS AND ACCRUED INCOME	537	538	568
TOTAL ASSETS	61,092	61,707	63,200

Shareholders' equity and liabilities • Group

(DKKm)	Note	31 December 2013	31 March 2013	31 March 2014
Share capital		125	138	125
Revaluation reserve		20	18	20
Security fund		1,146	1,104	1,146
Other reserves		34	30	35
Total reserves		1,180	1,134	1,181
Profit carried forward		3,860	4,159	3,875
TOTAL SHAREHOLDERS' EQUITY		5,184	5,450	5,201
SUBORDINATED LOAN CAPITAL		1,155	1,153	1,156
Provisions for unearned premiums		2,769	4,633	4,719
Guaranteed pension benefits		19,231	20,949	19,885
Bonus potential on future premiums		3,387	3,706	3,061
Bonus potential on paid-up benefits		2,364	1,884	1,900
Total life insurance provisions		24,982	26,539	24,846
Provisions for claims and benefits		13,929	13,385	13,762
Collective bonus potential		1,472	964	1,671
Provisions for bonuses and rebates		121	97	109
Provisions for unit-linked contracts		7,088	5,174	7,866
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		50,361	50,792	52,972
Pensions and similar commitments		30	33	30
Deferred tax liabilities		86	102	83
Deferred tax on security funds		306	348	306
TOTAL LIABILITIES PROVIDED		422	483	419
DEPOSITS RECEIVED FROM REINSURERS		143	147	144
Creditors arising out of direct insurance operations		93	100	95
Creditors arising out of reinsurance operations		115	164	207
Bond loans		58	58	29
Amounts due to credit institutions		2,159	1,772	1,520
Amounts due to associated companies		5	10	15
Current tax liabilities		15	128	19
Derivatives		170	193	193
Other creditors		1,115	1,170	1,146
TOTAL CREDITORS		3,731	3,595	3,225
ACCRUALS AND DEFERRED INCOME		96	87	83
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		61,092	61,707	63,200
Financial assets and liabilities	4			
Contingent liabilities	5			

Cash flow statement • Group

(DKKm)	Full year 2013	Q1 2013	Q1 2014
Cash flow from operations			
Gross premiums written	8,964	3,952	4,058
Claims paid	(6,428)	(1,627)	(1,898)
Expenses	(1,343)	(329)	(327)
Reinsurance ceded	(55)	(28)	(4)
Cash flow from non-life insurance	1,137	1,969	1,830
Gross premiums written	3,569	938	1,106
Claims and benefits	(3,852)	(1,190)	(1,115)
Expenses	(320)	(72)	(88)
Reinsurance ceded	6	3	(14)
Cash flow from life insurance	(599)	(321)	(110)
Total cash flow from insurance business	538	1,648	1,720
Payments on investment contracts	39	29	55
Interest income and dividends etc.	1,833	488	623
Interest charges etc.	(120)	(17)	(21)
Pension return tax	(322)	(161)	(296)
Corporation tax	(472)	(76)	(109)
Other items	(32)	(4)	(10)
Total cash flow from operations	1,465	1,906	1,962
Investments			
Intangible assets, machinery and equipment	(95)	(34)	(30)
Properties	45	84	(2)
Shares in associated companies	(9)	(27)	4
Shares	(920)	(504)	58
Unit trust shares	0	0	(58)
Bonds	1,849	1,018	462
Loans	2	0	0
Derivatives	534	112	25
Investment assets related to unit-linked contracts	(1,686)	(200)	(349)
Balances with associated companies	(172)	15	(27)
Total investments	(451)	465	82
Financing			
Shares bought back	(1,836)	(494)	(431)
Exercise of share options	133	73	38
Bond loans	(16)	(16)	(30)
Amounts due to credit institutions	152	(235)	(639)
Total financing	(1,567)	(673)	(1,061)
Change in cash and cash equivalents	(554)	1,698	983
Cash and cash equivalents at 1 January	2,025	2,025	1,467
Revaluation of cash and cash equivalents	(20)	(2)	(2)
Purchase of associated company	15	0	0
Cash and cash equivalents end of period	1,467	3,722	2,448
Cash and cash equivalents comprise:			
Liquid funds	420	386	442
Deposits with credit institutions	1,047	3,336	2,006
	1,467	3,722	2,448

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
2013						
Shareholders' equity at 31 December prior year	138	18	1,104	29	4,079	5,368
Profit for the year				5	1,463	1,468
Other comprehensive income		2	42	0	0	43
Total comprehensive income for the year		2	42	5	1,463	1,511
Cancellation of own shares	(13)				13	0
Share buy-back					(1,836)	(1,836)
Issue of share options					9	9
Exercise of share options					133	133
Taxation					(1)	(1)
Other transactions	(13)				(1,683)	(1,695)
Shareholders' equity at 31 December 2013	125	20	1,146	34	3,860	5,184
Q1 2013						
Shareholders' equity at 31 December prior year	138	18	1,104	29	4,079	5,368
Profit for the period				1	504	505
Other comprehensive income		0	0	0	0	0
Total comprehensive income for the period		0	0	1	503	505
Share buy-back					(506)	(506)
Issue of share options					9	9
Exercise of share options					73	73
Other transactions					(424)	(424)
Shareholders' equity at 31 March 2013	138	18	1,104	30	4,159	5,450
Q1 2014						
Shareholders' equity at 31 December prior year	125	20	1,146	34	3,860	5,184
Profit for the period				1	417	418
Other comprehensive income		0	0	0	0	1
Total comprehensive income for the period		0	0	1	417	419
Share buy-back					(448)	(448)
Issue of share options					5	5
Exercise of share options					38	38
Taxation					2	2
Other transactions					(402)	(402)
Shareholders' equity at 31 March 2014	125	20	1,146	35	3,875	5,201

Segment information • Group

Income statement

(DKKm)	Per- sonal	SME and Industrial	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
Q1 2013								
Non-life insurance								
Gross premiums earned	1,203	987	(4)	2,186				2,186
Technical interest*	3	3	0	6				6
Claims incurred	(860)	(682)	4	(1,539)			3	(1,535)
Expenses	(208)	(163)	0	(370)			6	(364)
Net reinsurance	(17)	(33)	0	(50)				(50)
Technical profit on non-life insurance	120	113	0	233			10	243
Life insurance								
Gross premiums written					994			994
Allocated investment return					674			674
Benefits and change in provisions					(1,418)			(1,418)
Expenses					(86)		2	(85)
Technical profit on life insurance					164		2	166
Total investment return				237	798	13	4	1,053
Pension return tax				(1)	(91)			(91)
Transferred to technical result				(43)	(674)			(717)
Investment return				193	33	13	4	244
Other items				4	12	(9)	(16)	(9)
Pre-tax profit				430	209	4	0	643
Taxation								(138)
Profit for the period								505
Q1 2014								
Non-life insurance								
Gross premiums earned	1,249	1,017	(5)	2,261				2,261
Technical interest*	1	2	0	3				3
Claims incurred	(881)	(713)	5	(1,589)			3	(1,586)
Expenses	(217)	(164)	1	(380)			5	(375)
Net reinsurance	(10)	(45)	0	(54)				(54)
Technical profit on non-life insurance	143	97	0	240			8	249
Life insurance								
Gross premiums written					1,233			1,233
Allocated investment return					778			778
Benefits and change in provisions					(1,892)			(1,892)
Expenses					(92)		1	(91)
Net reinsurance					1			1
Technical profit on life insurance					28		1	30
Total investment return				269	942	8	15	1,234
Pension return tax				(10)	(136)			(146)
Transferred to technical result				(48)	(778)			(826)
Investment return				212	28	8	15	263
Other items				7	18	(12)	(24)	(11)
Pre-tax profit / loss				459	74	(4)	0	530
Taxation								(112)
Profit for the period								418

* After discounting DKK 44m (Q1 2013: DKK 37m)

Notes to the financial statements • Group

(DKKm)	Full year 2013	Q1 2013	Q1 2014
Note 1. Technical interest, net of reinsurance – Non-life insurance			
Calculated interest	182	43	48
Discounting of technical provisions and reinsurers' share	(168)	(37)	(44)
Technical interest, net of reinsurance	14	6	3

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

Run-off profit:			
Gross business	387	115	38
Reinsurance ceded	(81)	(20)	17
Run-off profit, net of reinsurance	306	95	56

Note 3. Gross premiums written – Life insurance

Individual policies	345	75	71
Policies which are part of a tenure	1,385	357	360
Group life	404	290	290
Regular premiums	2,134	722	722
Individual policies	206	55	89
Policies which are part of a tenure	1,171	218	422
Single premiums	1,377	272	511
Gross premiums	3,511	994	1,233

Note 4. Financial assets and liabilities

There have been no changes to classification of financial assets or financial liabilities in Q1 2014.

The Group's portfolio of financial assets recorded at fair value, using valuation models based on non-observable inputs, is DKK 89m. The fair value is equivalent to the cost price.

The Group continues to have no financial liabilities recorded at fair value, using valuation models based on non-observable inputs.

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

Note 5. Contingent liabilities	31 December 2013	31 March 2013	31 March 2014
Adjustments to VAT liabilities	26	22	17
Other liabilities	11	9	11
Capital commitments to loan funds and private equity funds etc.	509	285	468
Share of associated companies' liabilities:			
Contract liabilities	283	421	220

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

Income statement • Parent company

(DKKm)	Full year 2013	Q1 2013	Q1 2014
Income from affiliated companies	1,511	514	426
Interest charges	(13)	(3)	(3)
Total investment return	1,498	511	423
Other expenses	(42)	(9)	(12)
PRE-TAX PROFIT	1,456	502	411
Taxation	12	3	7
PROFIT FOR THE PERIOD	1,468	505	418

Statement of comprehensive income • Parent company

Profit for the period	1,468	505	418
Other comprehensive income from affiliated companies	1	0	1
Other comprehensive income	1	0	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,470	505	419

Balance sheet • Parent company

(DKKm)	31 December 2013	31 March 2013	31 March 2014
Assets			
Machinery and equipment	3	3	3
TOTAL TANGIBLE ASSETS	3	3	3
Shares in affiliated companies	6,323	7,196	6,751
Total investment in affiliated companies	6,323	7,196	6,751
Bonds	1	1	1
Total other financial investment assets	1	1	1
TOTAL INVESTMENT ASSETS	6,323	7,197	6,752
Amounts due from affiliated companies	155	227	154
TOTAL DEBTORS	155	228	154
Deferred tax assets	1	1	1
Liquid funds	2	2	3
TOTAL OTHER ASSETS	3	3	4
TOTAL ASSETS	6,485	7,431	6,913

Shareholders' equity and liabilities

Share capital	125	138	125
Other reserves	2,574	3,447	3,002
Total reserves	2,574	3,447	3,002
Profit carried forward	2,792	2,212	2,380
TOTAL SHAREHOLDERS' EQUITY	5,490	5,797	5,507
SUBORDINATED LOAN CAPITAL	407	406	407
Bond loans	58	58	29
Amounts due to affiliated companies	503	1,018	925
Current tax liabilities	11	128	14
Other creditors	15	25	30
TOTAL CREDITORS	588	1,228	998
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,485	7,431	6,913

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 the trends in the reinsurance market. See also www.topdanmark.com → Investor → [Risk management](#).

The above description of risk factors is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements relating to the future, should give their own careful consideration to these and other factors of uncertainty.

Topdanmark's statements relating to the future are solely based on information known at the time of the preparation of this interim report.

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

Statement by Management on the Interim Report for Q1 2014

We have today considered and adopted the interim report for Q1 2014 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 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 Company's assets, liabilities and financial position at 31 March 2014 as well as the result of the Group's and the Company's activities and the Group's cash flows for the period 1 January to 31 March 2014. We believe that the management's review includes a fair view of the development in the Group's and 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 Company.

Ballerup, 20 May 2014

Executive Board:

Christian Sagild
(CEO)

Kim Bruhn-Petersen

Lars Thykier

Board of Directors:

Michael Pram Rasmussen
(Chairman)

Søren Thorup Sørensen
(Deputy Chairman)

Anders Colding Friis

Torbjörn Magnusson

Per Mathiesen

Birgitte Nielsen

Annette Sadolin

Desirée Schultz

Aage Nedergård Smidt