

TOPDANMARK

Q1 2017 RESULT



Q1 2017

- Post-tax profit: DKK 415m (Q1 2016: DKK 161m)
- CR: 85.8 (Q1 2016: 86.0)
- CR excl. run-off: 89.0 (Q1 2016: 91.8)
- Premium growth: 1.7% increase in non-life and 4.8% decline in life-insurance
- Profit in life insurance: DKK 72m (Q1 2016: DKK 8m)
- Investment return: DKK 152m (Q1 2016: DKK 91m loss)

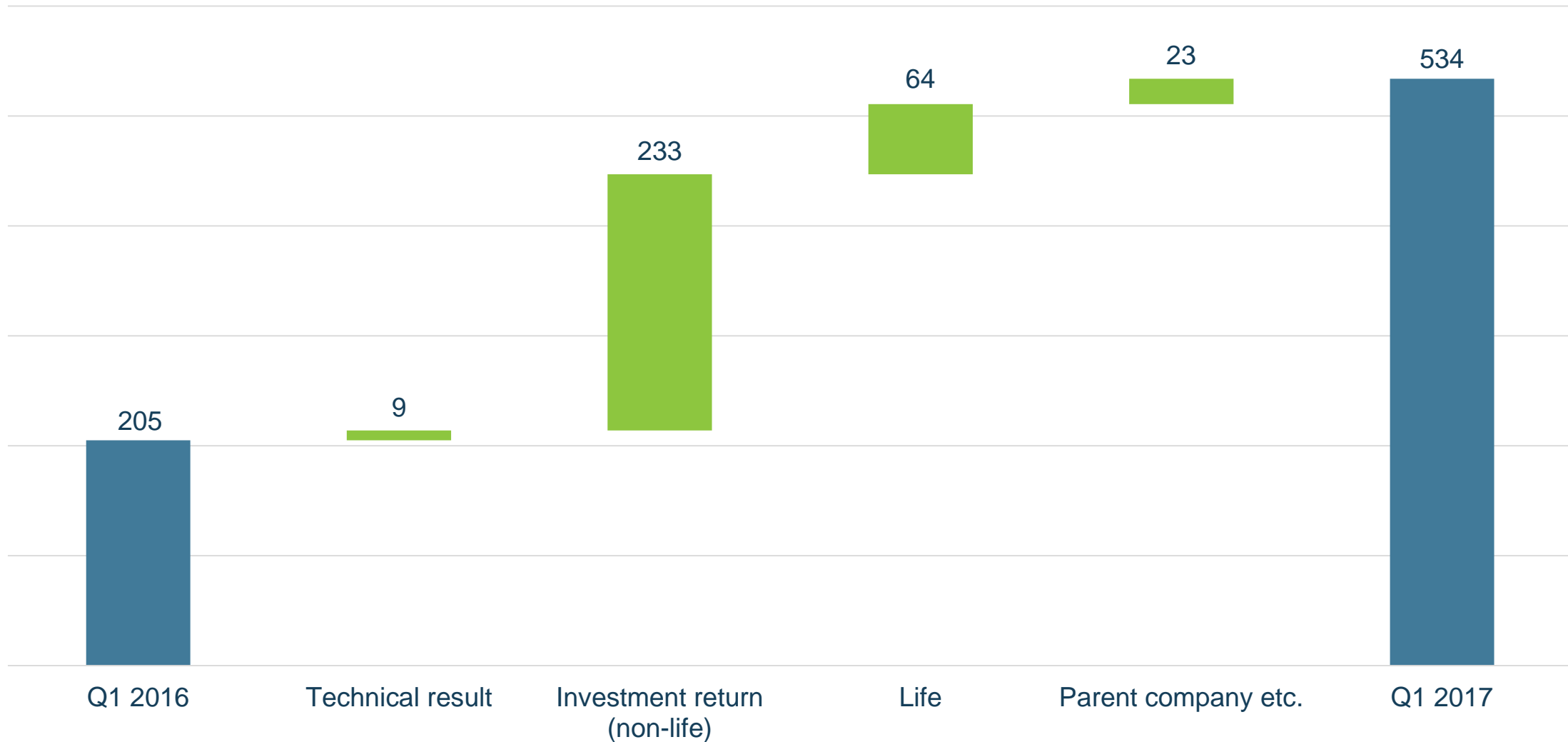
Profit forecast model for 2017

- Assumed growth in premiums adjusted from around 0% to slightly positive
- Assumed premium growth in regular premiums in life insurance remains unchanged at 0-5%
- For the full year 2017, the assumed CR improves from 91-92 to around 89 excl. run-off in Q2-Q4 2017
 - Still incl. additional expenses of 0.5-1pp due to the investment in increased digitalisation and automation
- Profit forecast model for 2017 adjusted by DKK 200m to Dkk 1,100-1,200m excl. run-off in Q2-Q4 2017

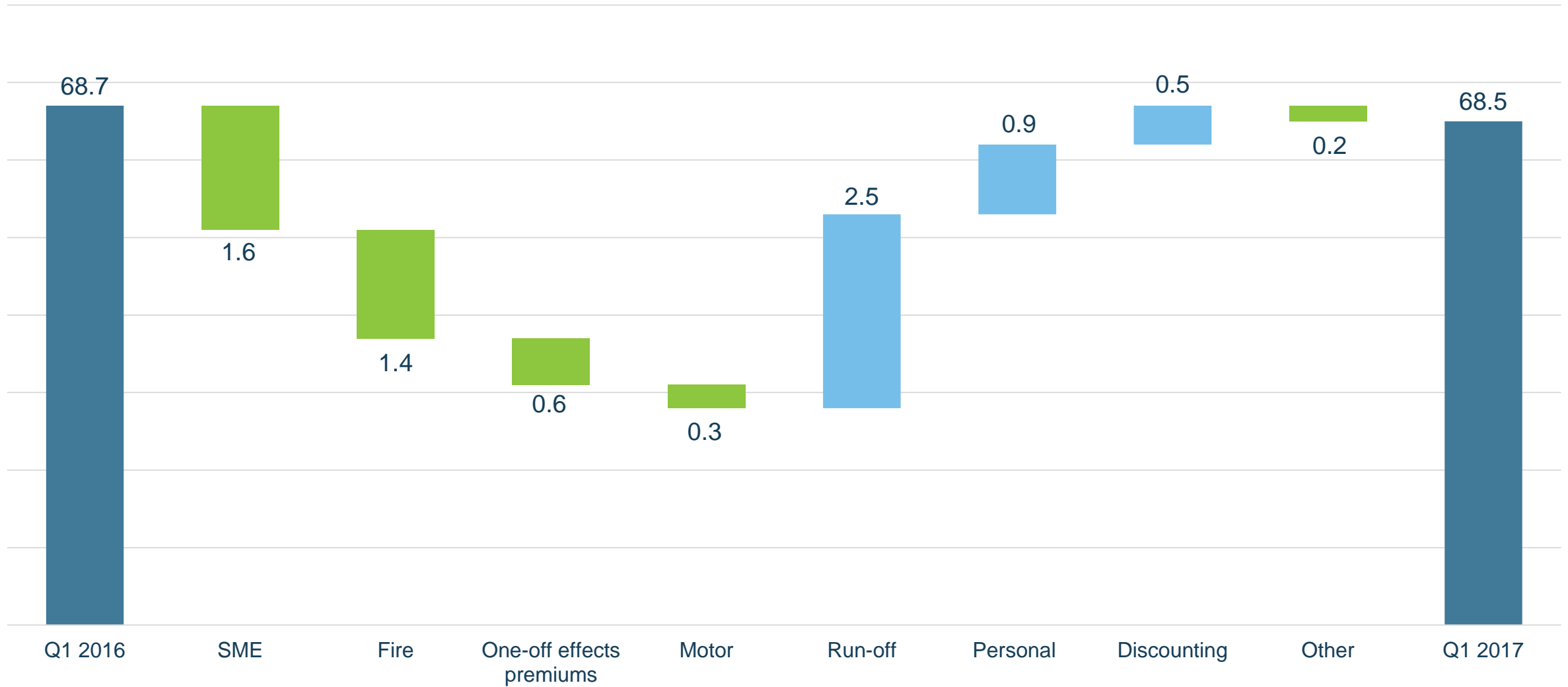
New earnings distribution policy

- Topdanmark maintains its disciplined approach to capital consumption
- Topdanmark will switch to distribution of dividends
- A pay-out ratio of at least 70%
- Distribution of dividends for 2017 will take place after Topdanmark's AGM on 12 April 2018

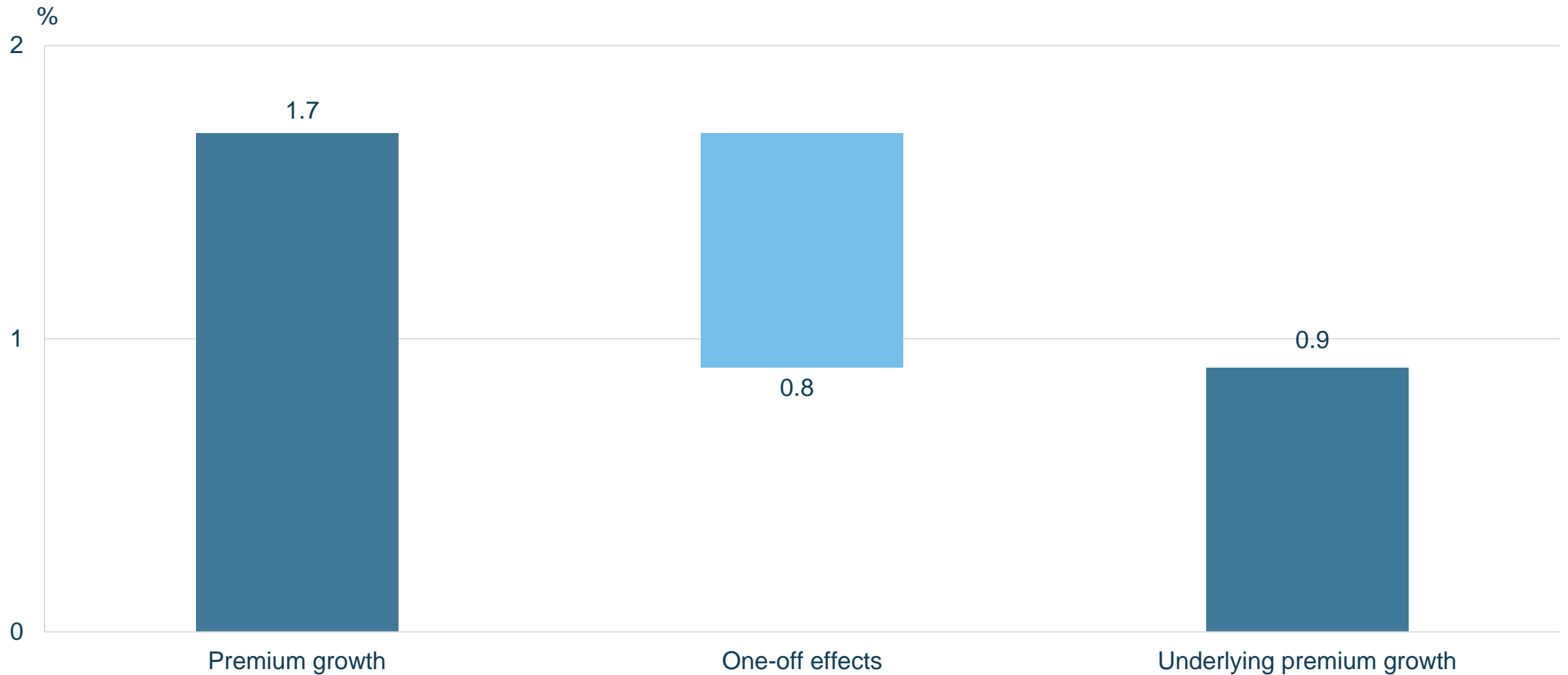
Trend in pre-tax result Q1 2016-Q1 2017



Claims trend Q1 2016-Q1 2017

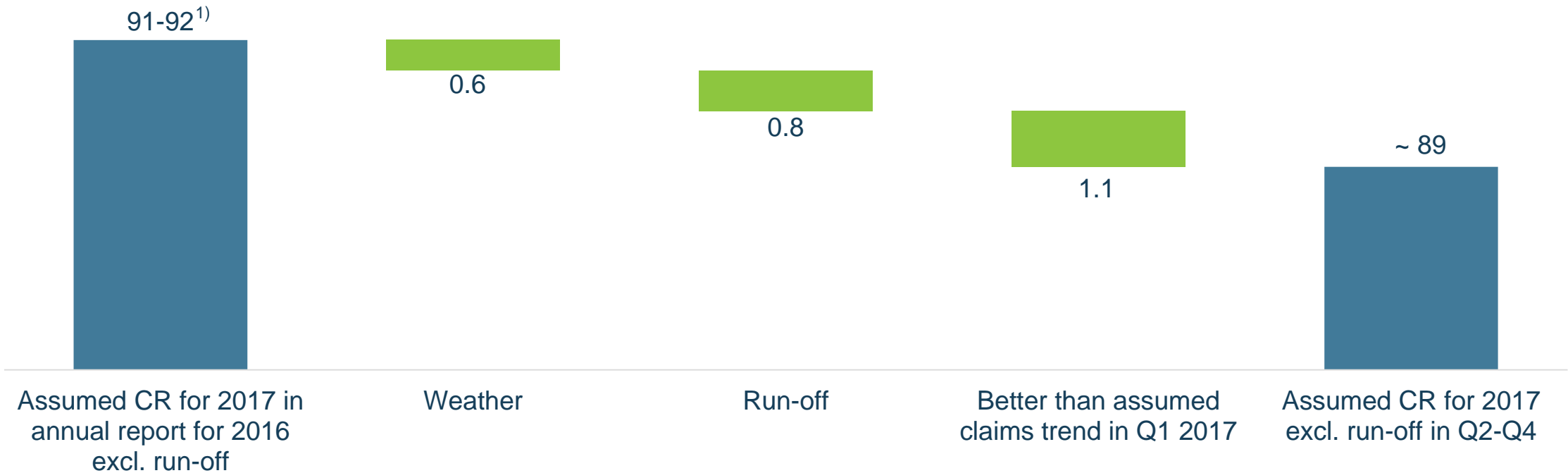


Premium growth Q1 2017



Assumed CR adjusted from 91-92 to around 89 for 2017

Excl. run-off in Q2-Q4



Assumptions for CR in 2017

- A normal year for weather with weather-related claims of DKK120m in Q2-Q4
- A level of interest rates corresponding to the interest rate curve on 11 May 2017
- An expense ratio of around 16

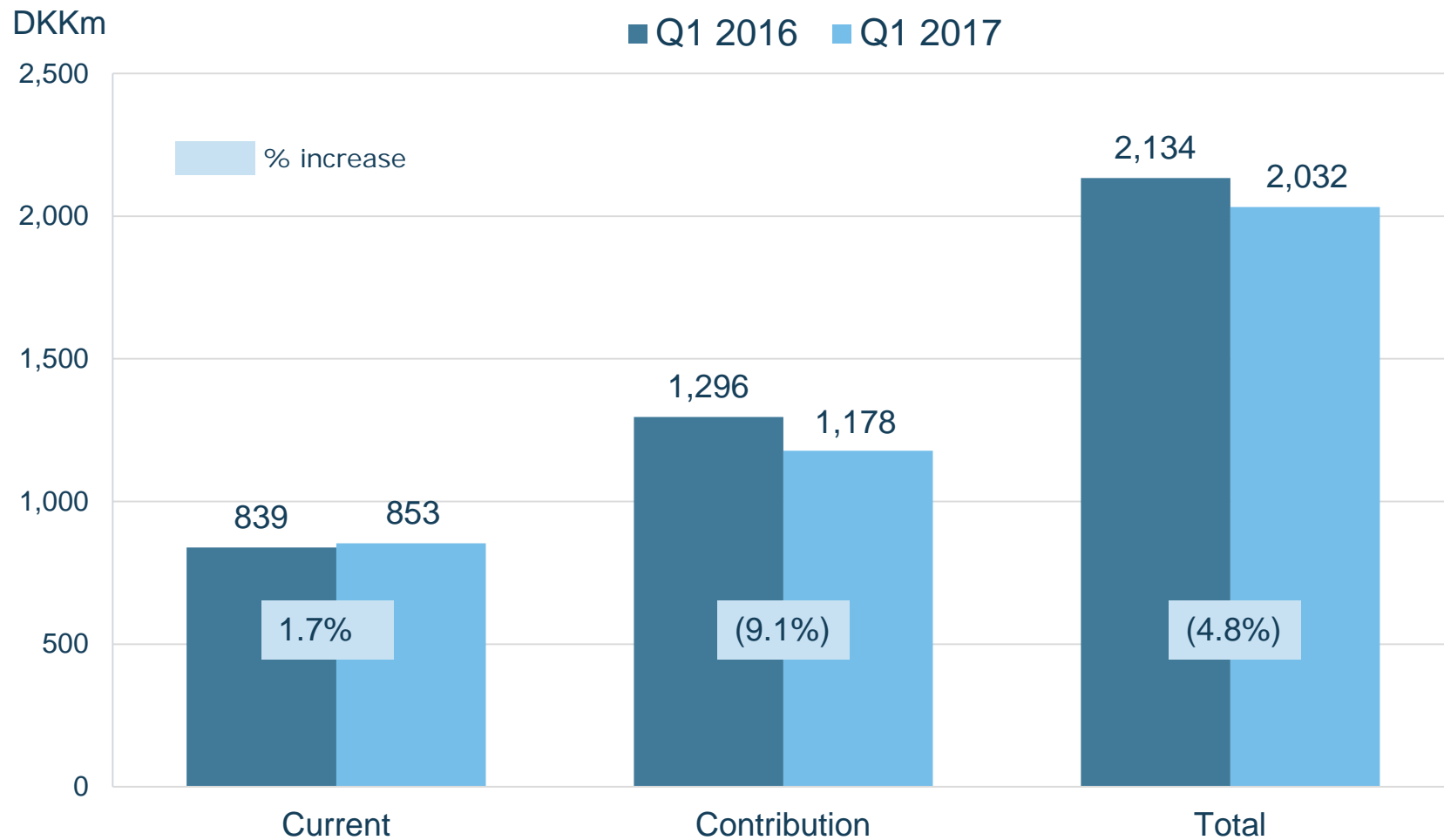
¹⁾ Incl. additional expenses of 0,5-1pp due to an update in investments in digitalisation and automation

Result – life insurance

Result– Life insurance DKKm	Year 2016	Q1 2016	Q1 2017
Investment return on shareholders' equity	71	(12)	39
Sales and administration	(42)	(19)	(10)
Insurance risk	13	2	5
Risk return on shareholders' equity	147	36	37
Result of life insurance	189	8	72
Estimated value of shadow account end of period	14	3	19



Life – trend in gross premiums



Investment return Topdanmark Group excl. Life insurance

Investment return	Portfolio 31 March		Return Q1 2016		Return Q1 2017	
	2016	2017	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)
				%		%
Danish equities	0.3	0.3	(7)	(1.9)	26	8.7
Foreign equities	0.6	0.6	(15)	(2.7)	35	5.7
Unlisted equities and hedge funds	0.3	0.3	(29)	(8.6)	16	5.1
Government and mortgage bonds	13.1	12.0	200	1.6	17	0.1
Credit bonds	0.3	0.1	2	0.7	5	2.7
Index linked bonds	0.5	0.4	1	0.3	6	1.6
CDOs	0.5	0.6	(21)	(3.8)	25	4.5
Properties	1.0	1.0	14	1.4	13	1.3
Assets related to VA	2.3	2.5	79	3.7	3	0.1
Money market etc.	1.8	4.1	(8)	(0.4)	(3)	(0.1)
Subordinated loan capital	(2.2)	(1.8)	(17)	(0.8)	(11)	(0.6)
Interest-bearing debt	0.0	(0.3)	(1)	(0.6)	(2)	(1.3)
	18.6	20.0	197	1.1	130	0.7
Asset management			15		35	
Investment return			212		165	
Unwinding and revaluations non-life insurance provisions			(303)		(13)	
Investment return after unwinding and revaluations non-life insurance provisions			(91)		152	

The exposure in foreign equities and credit bonds has been adjusted by the use of derivatives. The return percentages are calculated as the ratio between the return on financial instruments and the size of the exposure of the underlying asset. The return on properties includes revaluation of owner-occupied property, which has been included in other comprehensive income.



Solvency cover

	30 Sep 2016	31 Dec 2016	31 Mar 2017
Solvency capital requirement	4,039	3,643	3,604
Own funds	6,402	6,348	6,632
Solvency cover	159%	174%	184 %



Profit forecast model for 2017

Profit forecast 2017 (DKKm)	Results 2016	Forecast 2017 10 February 2017		Forecast 2017 11 May 2017	
Non-life insurance					
- Technical result	1,320	750	– 800	950	– 1,000
- Investment return after return and revaluations of non-life insurance provisions	392	180	– 230	200	– 250
Profit on non-life insurance	1,712	930	– 1,030	1,150	– 1,250
Life insurance	189	180	– 210	210	– 240
Parent company etc.	41	50	– 60	50	– 60
Pre-tax profit	1,942	1,160	– 1,300	1,410	– 1,550
Taxation	(407)	(260)	– (300)	(310)	– (350)
Profit for the year	1,536	900	– 1,000	1,100	– 1,200

New earnings distribution policy

- At the AGM on 4 April 2017, it was decided to stop Topdanmark's buy-back programme
- Topdanmark will switch to distribution of dividends
- Topdanmark maintains its disciplined approach to capital consumption to avoid accumulation of unnecessary capital
- Dividends will be distributed once a year in connection with the AGM
- A pay-out ratio of at least 70%