

TOPDANMARK HALF-YEAR REPORT FOR 2017

15 August 2017 Announcement No. 22/2017

Key features

H1 2017

- Post-tax profit of DKK 889m (H1 2016: DKK 586m)
- EPS: DKK 10.4 (H1 2016: DKK 6.3)
- Combined ratio: 81.8 (H1 2016: 86.2)
- Combined ratio excluding run-off profits: 85.3 (H1 2016: 90.3)
- Premiums increased 1.2% in non-life insurance and declined 0.4% in life insurance
- Profit on life insurance: DKK 128m (H1 2016: DKK 66m)
- Investment return after return and revaluation of non-life insurance provisions: DKK 221m (H1 2016: DKK 108m).

Q2 2017

- Post-tax profit: DKK 474m (Q2 2016: DKK 425m)
- EPS: DKK 5.6 (Q2 2016: DKK 4.6)
- Combined ratio: 77.8 (Q2 2016: 86.4)
- Combined ratio excluding run-off profits: 81.6 (Q2 2016: 88.8)
- Premiums increased 0.6% in non-life insurance and 5.0% in life insurance
- Profit on life insurance: DKK 56m (Q2 2016: DKK 58m)
- Investment return after return and revaluation of non-life insurance provisions: DKK 69m (Q2 2016: DKK 199m).

Profit forecast model for 2017

- Assumed combined ratio for 2017 was reduced from around 89 to around 87, excluding run-off in H2 2017 still incl. additional expenses of 0.5-1pp due to the investment in increased digitalisation and automation
- Assumed premium growth still slightly positive
- The post-tax profit forecast model for 2017 has been upgraded from DKK 1,100-1,200m to DKK 1,250-1,350m, excluding run-off in H2 2017, representing EPS of DKK 15.2.

Own funds

- Topdanmark has issued hybrid capital at a value of EUR 55m with first possible redemption date on 15 September 2017. Topdanmark has applied to the Danish FSA for permission for such redemption. If the hybrid capital is redeemed, Topdanmark intends to issue a new tier 1 subordinate loan at the same value as the hybrid capital.

New financial calendar

- Going forward, Topdanmark has decided to advance the publication of interim reports and annual reports, cf. the updated financial calendar on page 12.

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) where CEO Christian Sagild and CFO Lars Thykier will be available for questions based on the half-year report and the webcast. The conference call will be conducted in English.

In order to participate in the conference call, please call one of the numbers below 10-15 minutes before the conference call:

UK dial-in number: +44 (0)20 7162 9961

US dial-in number: +1 646 851 2094

Please quote reference 962608 and ask the operator to connect you to the Topdanmark conference call – or listen to the live transmission of the call.

Please direct any queries to:

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Financial highlights

(DKKm)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Premiums earned:					
Non-life insurance	8,858	2,228	2,241	4,425	4,477
Life insurance	7,430	1,761	1,850	3,896	3,881
	16,288	3,989	4,091	8,321	8,358
Results:					
Non-life insurance	1,712	488	550	685	988
Life insurance	189	58	56	66	128
Parent company etc.	41	1	10	3	33
Pre-tax profit	1,942	548	616	753	1,149
Tax	(407)	(122)	(142)	(167)	(261)
Profit	1,536	425	474	586	889
Run-off profits, net of reinsurance	470	52	85	181	157
Shareholders' equity of parent company at 1 January	4,948	4,784	5,067	4,948	5,009
Profit	1,536	425	474	586	889
Share buy-back	(1,524)	(430)	(0)	(767)	(410)
Share-based payments	50	6	42	20	96
Other movements in shareholders' equity	(1)	(0)	0	(2)	1
Shareholders' equity of parent company end of period	5,009	4,785	5,584	4,785	5,584
Deferred tax on security funds	306	306	306	306	306
Shareholders' equity of Group end of period	4,702	4,479	5,278	4,479	5,278
Total assets, parent company	5,779	5,457	6,384	5,457	6,384
Total assets, Group	73,476	72,129	77,833	72,129	77,833
Provisions for insurance and investment contracts:					
Non-life insurance	16,264	17,611	17,336	17,611	17,336
Life insurance	47,351	43,186	50,260	43,186	50,260
Financial ratios (parent company)					
Post-tax profit as a % of shareholders' equity	30.2	8.8	8.9	11.9	16.9
Post-tax EPS (DKK)	16.8	4.6	5.6	6.3	10.4
Post-tax EPS, diluted (DKK)	16.7	4.6	5.5	6.2	10.3
Net asset value per share, diluted (DKK)	57.3	52.3	65.3	52.3	65.3
Share buy-back per share, diluted (DKK)	16.6	4.6	0.0	8.2	4.8
Listed share price end of period	179.3	158.5	207.9	158.5	207.9
Average number of shares ('000)	91,465	92,516	85,320	93,553	85,801
Average number of shares, diluted ('000)	91,721	92,709	85,458	93,819	85,959
Number of shares end of period ('000)	87,216	91,286	85,422	91,286	85,422
Ratios non-life insurance (%)					
Gross loss ratio	67.2	60.9	57.8	68.5	60.8
Net reinsurance ratio	1.4	9.0	4.0	0.8	4.3
Claims trend	68.7	69.8	61.8	69.3	65.1
Gross expense ratio	16.4	16.6	16.1	16.9	16.7
Combined ratio	85.1	86.4	77.8	86.2	81.8
Combined ratio excl. run-off profits	90.4	88.8	81.6	90.3	85.3

Results for H1 2017

Topdanmark's post-tax profit for H1 2017 was DKK 889m (H1 2016: DKK 586m).

Pre-tax profit increased DKK 396m to DKK 1,149m.

The technical result increased DKK 203m to DKK 814m. The increase was due to an improvement in the underlying claims trend, a lower level of weather-related claims, and efficiency improvement.

After return and revaluation of non-life insurance provisions, the investment return increased DKK 100m to DKK 174m. The higher investment return was primarily due to a high investment return on equities and a continued high return on structured credits. The investment return for H1 2017 was significantly higher than the normal level.

The profit on life insurance increased DKK 62m to DKK 128m, primarily due to a higher investment return and improved results of sales and administration.

Trend in profit (DKK m)	Full year		H1
	2016	2016	2017
Non-life insurance			
- Technical result	1,320	611	814
- Investment return after return and revaluations of non-life insurance provisions	392	74	174
Profit on non-life insurance	1,712	685	988
Life insurance	189	66	128
Parent company etc.	41	3	33
Pre-tax profit	1,942	753	1,149
Tax	(407)	(167)	(261)
Profit	1,536	586	889

Results for Q2 2017

Profit for Q2 2017 was DKK 474m (Q2 2016: DKK 425m).

Pre-tax profit increased DKK 68m to DKK 616m.

The technical result increased DKK 195m to DKK 497m. The increase was primarily due to low expenses for fire claims in Q2 2017, but also a relatively low level of weather-related claims as well as positive effects of Topdanmark's efficiency improvement programme.

After return and revaluation of non-life insurance provisions, the investment return declined DKK 132m to DKK 54m. In Q2 2017, the investment return was close to the level assumed in the forecast assumptions, whereas the investment return was exceptionally high in Q2 2016.

Profit on life insurance decreased DKK 2m to DKK 56m.

Trend in profit (DKK m)	Q2	
	2016	2017
Non-life insurance		
- Technical result	302	497
- Investment return after return and revaluations of non-life insurance provisions	186	54
Profit on non-life insurance	488	550
Life insurance	58	56
Parent company etc.	1	10
Pre-tax profit	548	616
Tax	(122)	(142)
Profit	425	474

Non-life insurance Premiums earned

Premiums earned increased 1.2% to DKK 4,477m. The personal segment accounted for a 2.0% increase and the SME segment accounted for a 0.2% increase.

In H1 2017, Topdanmark experienced a net increase in the number of customers in the personal, agricultural and SME markets.

In the Interim Report for Q1 2017, Topdanmark stated that the last large-scale customers had left at the end of 2016. The loss of customers resulted in a 0.7% decline in premiums earned for the Topdanmark Group.

For motor insurance, there was a 1.2% decline in average premiums. Despite an increase in the number of cars insured in H1 2017, premiums earned for motor insurance declined, reducing the Topdanmark Group's total earned premiums by 0.3%.

Claims trend

The claims trend improved to 65.1 in H1 2017 (69.3 in H1 2016).

Run-off profits, net of reinsurance, were DKK 157m (H1 2016: DKK 181m), representing a 0.6pp deterioration in the claims trend. As in H1 2016, motor and illness/accident insurance primarily generated run-off profits.

Weather-related claims were DKK 5m (H1 2016: DKK 34m), representing a 0.7pp improvement of the claims trend. Weather-related claims were DKK 70m lower than the assumed normal level for the half-year.

The trend in the SME segment was impacted by a low level of large-scale claims declining DKK 25m

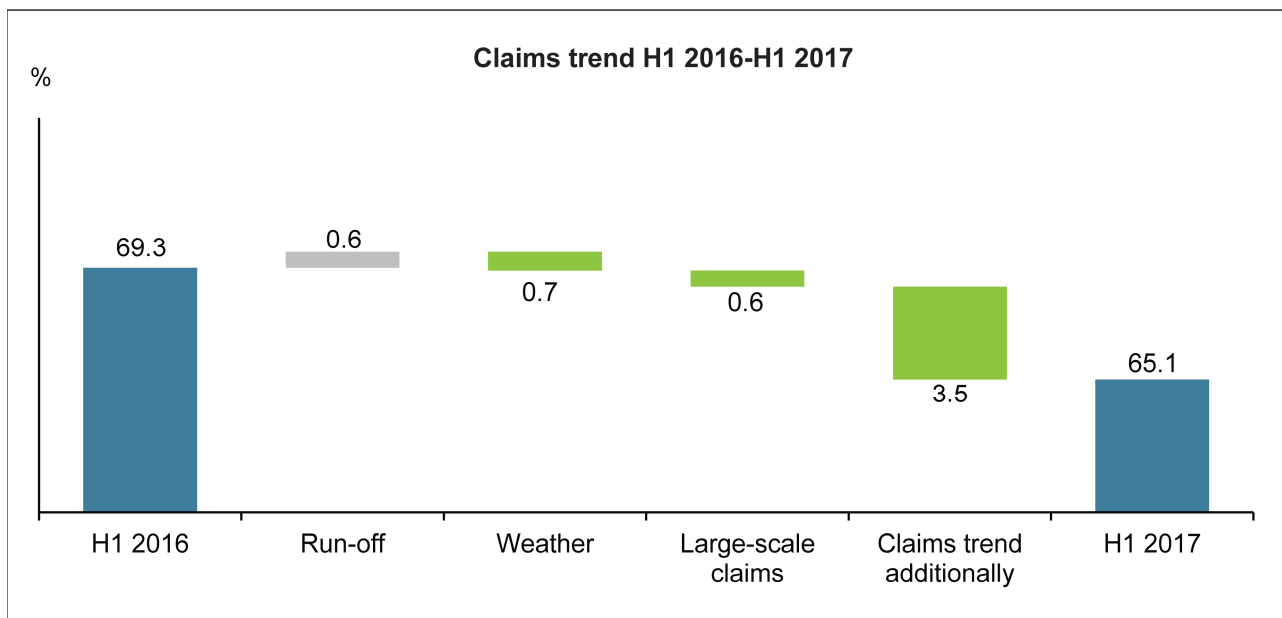
compared to H1 2016, favourably impacting the claims trend for the Topdanmark Group by 0.6pp.

Claims trend	Year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Claims trend	68.7	69.8	61.8	69.3	65.1
Run-off	5.3	2.4	3.8	4.1	3.5
Weather-related claims	(0.7)	(1.5)	(0.2)	(0.8)	(0.1)
Large-scale claims	(1.5)	(0.4)	(0.1)	(0.7)	(0.1)
Claims before run-off, weather and large-scale claims	71.8	70.2	65.2	72.0	68.4

The claims trend adjusted for run-off, weather-related claims and large-scale claims improved by 3.5pp to 68.4 in H1 2017.

and theft), improvements in the SME and agricultural area (personal property and fires below DKK 5m) and positive effects of Topdanmark's efficiency improvement programme.

The 3.5pp improvement in the claims trend in H1 2017 was due to improvements in the personal segment (fire



Expense ratio

In H1 2017, the expense ratio was 16.7 (H1 2016: 16.9), among other things impacted by a reduction in the number of employees.

The payroll tax imposed on Danish financial businesses increased to 14.1% in 2017 from 13.6% in 2016, which adversely impacted the expense ratio by 0.1pp in H1 2017. Furthermore, the expense ratio was impacted by 0.4pp due to contractual wage increases.

Combined ratio

The combined ratio was 81.8 in H1 2017 (H1 2016: 86.2). Excluding run-off profits, the combined ratio was 85.3 (H1 2016: 90.3).

Reinsurance

The storm reinsurance programme has been renewed for one year from 1 July, and still covers up to DKK 5.1bn including a retention of DKK 100m.

The renewal was incurred within the limits assumed in the profit forecast model for 2017. Further information on the storm programme is available in Topdanmark's risk report (page 8: Disaster risks) on www.topdanmark.com → Investor → [Risk management](#).

Developments in Q2 2017

Premiums earned increased 0.6% to DKK 2,241m. The personal segment accounted for a 1.7% increase and the SME segment accounted for a 0.8% decline.

The claims trend was 61.8 in Q2 2017 (Q2 2016:69.8), representing an 8.0pp improvement.

The claims trend was impacted by higher run-off profits (DKK 33m), representing a 1.4pp improvement in the claims trend.

Weather-related claims were DKK 5m in Q2 2017, DKK 29m lower than in Q2 2016, representing a 1.3pp improvement. Weather-related claims were DKK 20m lower than assumed for the quarter.

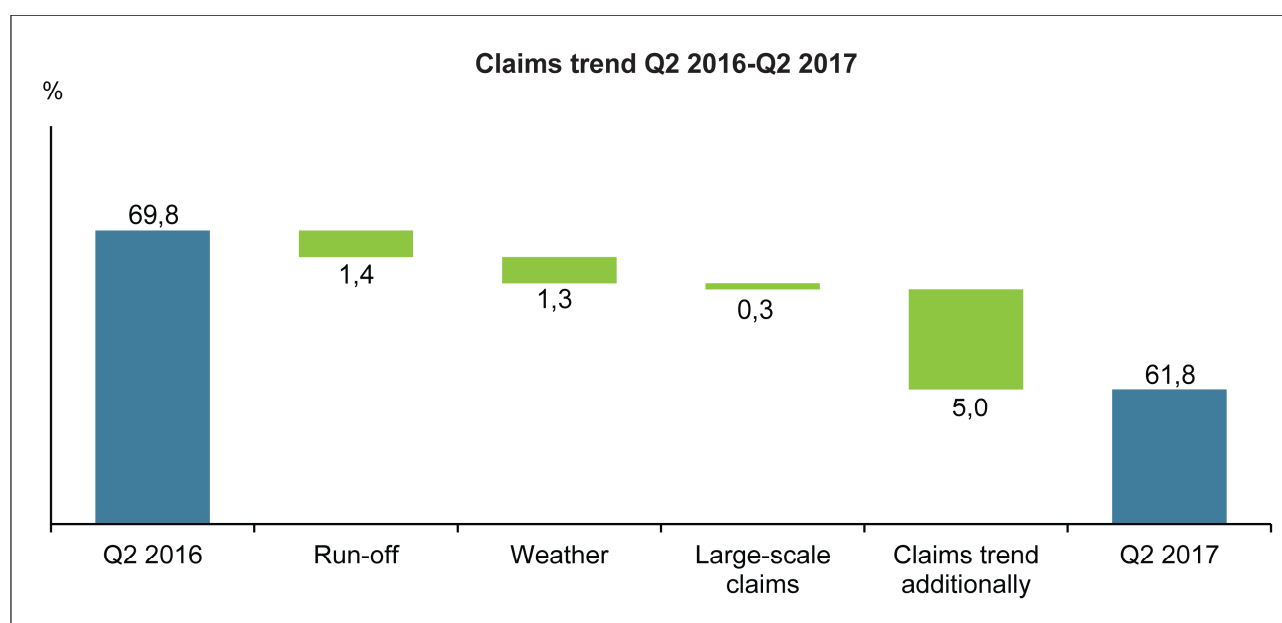
The level of large scale-claims was also very low in Q2 2017, improving the claims trend by 0.3pp.

The claims trend adjusted for run-off, weather-related claims and large-scale claims improved 5.0pp to 65.2 in Q2 2017.

The 5.0pp improvement in the claims trend is due to the improved claims trend in the personal segment (fire and theft) and the SME and agricultural area (personal property and fire below DKK 5m) and the effect of the efficiency improvement programme.

The expense ratio was 16.1 in Q2 2017 (Q2 2016: 16.6). Nominal expenses were reduced by 2.7% to DKK 360m despite additional expenses in relation to increased digitalisation and automation.

The combined ratio was 77.8 in Q2 2017 (Q2 2016: 86.4). Excluding run-off profits, combined ratio was 81.6 in Q2 2017 (Q2 2016: 88.8).



Financial highlights – Non-life insurance (DKK m)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Gross premiums earned	8,858	2,228	2,241	4,425	4,477
Claims incurred	(5,955)	(1,356)	(1,295)	(3,032)	(2,722)
Expenses	(1,457)	(370)	(360)	(748)	(747)
Net reinsurance	(126)	(199)	(90)	(35)	(193)
Technical result	1,320	302	497	611	814
Investment return after return and revaluations of non-life insurance provisions	373	177	52	58	171
Other items	19	9	2	16	4
Profit on non-life insurance	1,712	488	550	685	988
Run-off profits, net of reinsurance	470	52	85	181	157
Gross loss ratio (%)	67.2	60.9	57.8	68.5	60.8
Net reinsurance ratio (%)	1.4	9.0	4.0	0.8	4.3
Claims trend (%)	68.7	69.8	61.8	69.3	65.1
Gross expense ratio (%)	16.4	16.6	16.1	16.9	16.7
Combined ratio (%)	85.1	86.4	77.8	86.2	81.8
Combined ratio excl. run-off profits (%)	90.4	88.8	81.6	90.3	85.3

Segment reporting

Personal

Personal offers policies to individual households in Denmark.

Premiums earned increased 2.0% to DKK 2,508m in H1 2017. In Q2 2017, premiums earned increased by 1.7% to DKK 1,250m. The improvement in premiums earned is due to an increase in illness/accident insurance and other personal insurance. The motor insurance premium declined 1.4%, impacted by a decline in average premium.

The technical result increased DKK 79m to DKK 456m in H1 2017.

The claims trend improved by 2.2pp to 65.3. As compared to H1 2016, the claims trend was impacted by lower expenses for fire claims, theft and weather-related claims. On the other hand, the claims trend was adversely impacted by lower run-off profits and increased expenses for piping claims.

The expense ratio declined to 16.5 from 17.1 in H1 2016. Nominal expenses were reduced by 1.9%, impacted by Topdanmark's efficiency improvement programme.

The combined ratio was 81.8 (H1 2016: 84.7). Excluding run-off profits, the combined ratio was 86.7 (H1 2016: 90.8).

Personal (DKKm)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Gross premiums earned	4,909	1,229	1,250	2,459	2,508
Claims incurred	(3,284)	(808)	(783)	(1,628)	(1,605)
Expenses	(821)	(214)	(198)	(422)	(414)
Net reinsurance	(77)	(26)	(14)	(32)	(34)
Technical result	727	181	255	377	456
Run-off profits, net of reinsurance	232	68	48	151	121
Gross loss ratio (%)	66.9	65.7	62.6	66.2	64.0
Net reinsurance ratio (%)	1.6	2.1	1.2	1.3	1.3
Claims trend (%)	68.5	67.9	63.7	67.5	65.3
Gross expense ratio (%)	16.7	17.4	15.9	17.1	16.5
Combined ratio (%)	85.2	85.2	79.6	84.7	81.8
Combined ratio excl. run-off profits (%)	89.9	90.8	83.5	90.8	86.7

SME

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

In H1 2017, premiums earned increased 0.1% to DKK 1,979m. In Q2 2017, premiums earned declined 0.8% to DKK 996m. Premiums earned were impacted by bonus regulation for the captive business and defection of the last large-scale industrial customers, cf. Topdanmark's strategy of prioritising profit over growth.

The technical result increased DKK 123m to DKK 358m in H1 2017.

The claims trend improved by 6.6pp to 65.0 in H1 2017. Compared to H1 2016, the claims trend was impacted by fewer large-scale claims, a lower level of weather-related claims, slightly higher run-off profits and by an overall favourable claims trend.

The expense ratio increased to 16.9 from 16.5 in H1 2016. Nominally, the expenses increased 2.5% due to an increase in commissions generated by higher new sales and expenses for development of a new IT-system for the agricultural segment.

The combined ratio was 81.9 (H1 2016: 88.1). Excluding run-off profits, the combined ratio was 83.7 (H1 2016: 89.7).

SME (DKKm)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Gross premiums earned	3,969	1,004	996	1,976	1,979
Claims incurred	(2,689)	(553)	(517)	(1,412)	(1,126)
Expenses	(636)	(156)	(161)	(327)	(335)
Net reinsurance	(49)	(173)	(75)	(2)	(160)
Technical result	595	122	243	235	358
Run-off profits / (loss), net of reinsurance	238	(16)	36	31	35
Gross loss ratio (%)	67.7	55.0	51.9	71.5	56.9
Net reinsurance ratio (%)	1.2	17.2	7.5	0.1	8.1
Claims trend (%)	69.0	72.2	59.4	71.6	65.0
Gross expense ratio (%)	16.0	15.6	16.1	16.5	16.9
Combined ratio (%)	85.0	87.8	75.6	88.1	81.9
Combined ratio excl. run-off profits (%)	91.0	86.2	79.2	89.7	83.7

Life insurance

The result from life insurance was a profit of DKK 128m in H1 2017 (H1 2016: DKK 66m).

insurance company: see www.topdanmark.com → Investor → Business → Life insurance → [Policy for the calculation of profit in life insurance](#).

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

Result of life insurance (DKKm)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Investment return on shareholders' equity	71	25	22	14	61
Sales and administration	(42)	(12)	(9)	(31)	(19)
Insurance risk	13	10	6	11	11
Risk return on shareholders' equity	147	36	37	72	74
Risk return transferred to (minus)/from shadow account	0	0	0	0	0
Profit on life insurance	189	58	56	66	128
Estimated value of shadow account end of period	14			8	21

The increase in profit of DKK 62m was primarily due to a higher investment return on shareholders' equity (DKK 47m) and an improved result for sales and administration (DKK 12m).

The value of the shadow account increased by DKK 7m to DKK 21m in H1 2017. The shadow account derives from losses in the expense groups. It is expected that the shadow account will be recognized as earnings when profits are realized in the expense groups for which a shadow account exists.

Trend in premiums

Gross premiums declined 0.4% to DKK 3,881m in H1 2017 (H1 2016: DKK 3,896), of which premiums on unit-linked pension schemes were DKK 2,998m, a 0.3% decline compared to H1 2016. Unit-linked pension schemes represented 93% of new sales in H1 2017.

Regular premiums increased by 2.9% to DKK 1,431m in H1 2017. Single premiums declined 2.2pp to DKK 2,450m in H1 2017.

Developments in Q2 2017

The result of life insurance declined DKK 2m in Q2 2017 to DKK 56m.

Gross premiums increased 5.0% to DKK 1,850m in Q2 2017, of which premiums earned on unit-linked pension schemes were DKK 1,530m, which is a 7.7% increase compared to Q2 2016.

Regular premiums increased 4.8% to DKK 578m in Q2 2017. Single premiums increased 5.1% to DKK 1,272m in Q2 2017.

Investment activities Topdanmark Group excl. life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 225m in H1 2017 (H1 2016: DKK 555m. Return and revaluation of non-life insurance provisions were DKK 4m (loss) in H1 2017 (H1 2016: DKK 447m loss).

It is Topdanmark's policy to accept a certain level of financial risk, given its strong liquid position and stable, high earnings from insurance operations. Topdanmark has invested in, among other things, equities, properties and CDOs in order to improve the average investment return.

The return on the most significant classes of assets in H1 2017 is disclosed in the following table:

Investment return	Portfolio 30 June		Return Q2 2016		Return Q2 2017		Return H1 2016		Return H1 2017	
	2016	2017								
	(DKKbn)	(DKKbn)	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%
Danish equities	0.3	0.3	(7)	(2.0)	26	7.8	(13)	(3.9)	52	17.3
Foreign equities	0.6	0.6	5	0.9	13	1.9	(10)	(1.8)	47	7.7
Unlisted equities and hedge funds	0.4	0.3	35	11.3	7	2.3	6	1.7	23	7.5
Government and mortgage bonds	14.5	12.3	171	1.2	(8)	(0.1)	371	2.9	8	0.1
Credit bonds	0.3	0.1	4	0.5	2	1.7	6	1.3	7	4.5
Index linked bonds	0.5	0.4	8	1.7	2	0.6	9	2.0	8	2.1
CDOs	0.6	0.6	49	9.1	19	3.3	28	4.9	44	7.9
Properties	1.0	1.0	14	1.4	7	0.7	28	2.8	20	2.0
Assets related to I/A	2.3	2.4	70	3.1	(4)	(0.2)	149	6.9	(1)	(0.1)
Money market etc.	1.7	3.7	(4)	(0.3)	(16)	(0.4)	(12)	(0.6)	(19)	(0.6)
Subordinated loan capital	(1.8)	(1.8)	(18)	(0.9)	(11)	(0.6)	(36)	(1.7)	(22)	(1.2)
Interest-bearing debt	(0.8)	0.0	0	0.2	2	1.4	(1)	(0.4)	0	0.0
	19.5	20.0	327	1.8	38	0.2	524	2.9	168	0.9
Asset management			16		22		31		58	
Investment return			343		60		555		225	
Return and revaluations of non-life insurance provisions			(144)		9		(447)		(4)	
Investment return after return and revaluations of non-life insurance provisions			199		69		108		221	

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

The investment return after return and revaluation of non-life insurance provisions was DKK 221m. The good investment return is primarily attributed to a high return on equities and a continued high return on structured credits.

The post-tax equity exposure was DKK 789m (pre-tax: DKK 1,011m) 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 on 30 June 2017) and MSCI World DC in the original currency for foreign equities. The class "Unlisted equities and hedge funds" includes private equity positions (DKK 51m) and positions in hedge funds where the investment mandates aim at positioning in the credit market (DKK 173m).

The Group's investments have no significant concentration of credit risk except for AAA-rated Danish mortgage bonds. The class "Government and mortgage bonds" comprises primarily Danish government and mortgage bonds. In addition, there are foreign government bonds mainly from European core countries, covered bonds and derivatives. The interest-rate sensitivity of the assets of the class is to a significant extent equivalent to the interest-rate sensitivity of the non-life insurance provisions. Consequently, the return on "Government and mortgage bonds" should be assessed in connection with return and revaluation of non-life insurance provisions.

"Credit bonds" are composed of a well-diversified portfolio, primarily exposed to businesses in Europe and in the US, predominantly in the investment grade segment.

The class "Index linked bonds" comprises bonds – primarily Danish mortgage bonds – for which the coupon and principal are index linked.

The class "CDOs" primarily comprises positions in CDO equity tranches. The underlying assets of CDOs are mostly senior secured bank loans, while the remainder are primarily CDOs with investment grade investments as underlying assets.

The property portfolio mainly comprises owner-occupied property (DKK 856m). The properties are valued in accordance with the rules of the Danish FSA i.e. at market value, taking into account the level of rent and the terms of the tenancy agreements. The overall occupancy rate is 98.

The class "Assets related to I/A" (illness/accident) comprises the investments in Topdanmark Livsforsikring (the life insurance company) corresponding to the level of illness/accident provisions.

"Money market etc." comprises money market deposits, intra-group balances, the result of currency positions and other returns not included in the other classes.

"Subordinated loan capital" comprises hybrid capital issued by the parent company, and subordinated loans issued by Topdanmark Forsikring.

"Interest-bearing debt" comprises other debt.

Topdanmark uses the Solvency II interest rate curve with volatility adjustment (VA) for assessing insurance provisions. The VA component comprises a corrective element for the development in pricing of Danish mortgage bonds as well as a corrective element for the development in pricing of European business credits.

The VA component was 40 bp at the end of H1 2017. It was 51 bp at the beginning of the year.

Solvency calculation and capital requirements

Solvency II gives companies the opportunity to fully or partially develop their own internal risk model for solvency calculation. Topdanmark uses a partial internal model developed in-house to calculate the non-life insurance risk.

This model, approved by the Danish FSA, provides basis for including non-life insurance risks in Topdanmark's solvency calculations.

The Danish FSA has granted Topdanmark approval for using the volatility-adjusted Solvency II interest rate curve (see above).

Own funds

Principal elements of own funds:

Shareholders' equity

+ Deferred tax on security funds

+ Profit margin

- Intangible assets

+ Tax effect

+ Usable share, hybrid capital (max. 20% of tier 1)

+ Usable share, subordinated notes (Max. 50% of SCR)

Own funds

Topdanmark has issued hybrid capital at a value of EUR 55m with first possible redemption date on 15 September 2017. Topdanmark has applied to the Danish FSA for permission for such redemption. If the hybrid capital is redeemed, Topdanmark intends to issue a new tier 1 subordinated loan at the same value as the hybrid capital.

Topdanmark Forsikring has issued subordinated notes in two tranches:

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

At the end of H1 2017, Topdanmark's own funds were DKK 7,078m (end of 2016: DKK 6,348m). Expected dividend for 2017 has not been deducted from the DKK 7.078m.

The solvency requirement (SCR) is DKK 3,059m (end of 2016: DKK 3,643m).

The solvency ratio is 231 (end of 2016: 174).

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 improved by DKK 30m to DKK 33m in H1 2017, due to a higher performance related investment management fee for Topdanmark Kapitalforvaltning and lower expenses for the parent company.

Taxation

The tax charge was DKK 261m of the pre-tax profit of DKK 1,149m, corresponding to an effective tax rate of 22.7% (H1 2016: 22.2%).

Profit forecast model

Traditionally, Topdanmark does not publish actual profit forecasts, but instead the expected level of results if a number of assumptions about the return in the financial markets are met. The return in the financial markets changes on a daily basis, and Topdanmark's profit forecast model will already deviate from actual expectations by the time it is published.

As can be seen, the investment return forecast model is not based on a specific estimate of the expected investment return for the rest of the year, but solely on a long-term standard assumption of the return.

In the Interim Report for Q1 2017, it was stated that Topdanmark's post-tax profit forecast model was DKK 1,100-1,200 excl. run-off profits in Q2-Q4 2017.

Non-life insurance

Topdanmark assumed a pre-tax profit of DKK 1,150-1,250m. This profit forecast model was based on the following assumptions:

- Slightly positive premium growth
- A normal year for weather-related claims of DKK 120m in Q2-Q4 2017
- Combined ratio of around 89 excl. run-off in Q2-Q4 2017, and incl. additional expenses of 0.5 to 1pp due to Topdanmark's investment in increased digitalisation and automation
- A level of interest rates corresponding to the interest rate curve on 11 May 2017
- An annual 7.0% return on equities and unchanged foreign exchange rates at the level of 11 May 2017.

Since the most recent profit forecast model was published in the interim report for Q1 2017, the following assumptions have changed:

- In Q2 2017, there were run-off profits of DKK 85m, corresponding to a 1.0pp improvement of the combined ratio for 2017
- In Q2 2017, the claims trend was better than assumed, representing an improvement of combined of around 0.8 pp ratio for 2017
- Weather-related claims were DKK 5m in Q2 2017 – DKK 20m lower than assumed - representing a 0.2pp improvement of combined ratio for 2017
- From 11 May 2017 to 4 August 2017, the pre-tax investment return after return and revaluation of non-life insurance provisions has developed as predicted.

The assumed combined ratio for 2017 is adjusted from around 89 to around 87 excluding run-off in H2 2017.

Premiums earned were on par with the assumed level. Consequently, slightly positive growth in premiums for 2017 is still assumed.

Overall, the assumed pre-tax profit on non-life insurance is DKK 1,350-1,450m.

Life insurance

In the Interim Report for Q1 2017, Topdanmark assumed a pre-tax profit on life insurance of DKK 210-240m, based on the following assumptions:

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

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

Overall, the assumed pre-tax profit on life insurance was DKK 210-240m.

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

Parent company

The profit forecast model for the parent company plus subsidiaries outside the insurance group assumes a pre-tax profit of DKK 50-60m.

Taxation

Given a corporation tax rate of 22.0%, the tax charge is expected to be DKK 360-400m.

Total Group profit

Topdanmark's overall post-tax profit forecast model for 2017 has been upgraded by DKK 150m to DKK 1,250-1,350m, representing EPS of DKK 15.2. The assumed profit is exclusive of run-off profits/losses in H2 2017.

This profit forecast model is based on the assumption of an annual 7.0% return on equities and unchanged foreign exchange rates from the level on 4 August 2017.

Furthermore, it is assumed that the return on interest-bearing assets, hedging the discounted provisions, is just sufficient to cover return and revaluation of the insurance provisions, while the return on the remaining interest-bearing assets is assumed to be 1.76% (risk-free interest rate plus 2.0pp).

Profit forecast 2017 (DKKm)	Results 2016	Forecast 2017 11 May 2017		Forecast 2017 4 August 2017	
Non-life insurance					
- Technical result	1,320	950	- 1,000	1,150	- 1,200
- Investment return after return and revaluation of non-life insurance provisions	392	200	- 250	200	- 250
Profit on non-life insurance	1,712	1,150	- 1,250	1,350	- 1,450
Life insurance	189	210	- 240	210	- 240
Parent company etc.	41	50	- 60	50	- 60
Pre-tax profit	1,942	1,410	- 1,550	1,610	- 1,750
Taxation	(407)	(310)	- (350)	(360)	- (400)
Profit for the year	1,536	1,100	- 1,200	1,250	- 1,350

Financial calendar

Q1-Q3 2017 Interim Report	26 Oct 2017
Announcement of 2017 Annual Results	25 Jan 2018
2017 Annual Report	22 Feb 2018
Deadline for submitting items for AGM agenda	28 Feb 2018
AGM	12 Apr 2018
Q1 2018 Interim Report	24 Apr 2018
2018 Half-year Report	20 July 2018
Q1-Q3 2018 Interim Report	23 Oct 2018

Disclaimer

This half-year report includes statements relating to the future. Such statements are uncertain and involve both general and specific risks.

Many factors may cause significant deviation from the forecasts and assumptions set out in the half-year report. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of unexpected 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
→ 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 half-year report.

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

Accounting policies

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

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

The half-year report has not been audited or subjected to a review.

Income statement • Group

(DKK m)	Note	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
NON-LIFE INSURANCE						
Gross premiums written		8,745	1,632	1,659	5,632	5,837
Ceded reinsurance premiums		(637)	(56)	(39)	(436)	(422)
Change in the provisions for unearned premiums		110	552	538	(1,257)	(1,381)
Change in profit margin and risk margin		51	61	67	78	58
Change in the reinsurers' share of the provisions for unearned premiums		(0)	(96)	(107)	122	128
Premiums earned, net of reinsurance		8,269	2,093	2,118	4,139	4,219
Gross claims paid		(6,286)	(1,664)	(1,384)	(3,179)	(2,905)
Reinsurance cover received		424	133	65	181	139
Change in the provisions for claims		349	304	65	175	184
Change in risk margin		(1)	8	26	(20)	5
Change in the reinsurers' share of the provisions for claims		(1)	(198)	(25)	59	(73)
Claims incurred, net of reinsurance	1	(5,516)	(1,417)	(1,253)	(2,784)	(2,650)
Bonuses and rebates		(48)	(17)	(23)	(28)	(37)
Acquisition costs		(945)	(253)	(245)	(488)	(497)
Administrative expenses		(487)	(111)	(111)	(248)	(241)
Reinsurance commission and share of profits		88	17	17	39	36
Total operating expenses, net of reinsurance		(1,344)	(347)	(340)	(696)	(702)
TECHNICAL PROFIT ON NON-LIFE INSURANCE		1,361	313	502	631	830
LIFE INSURANCE						
Gross premiums written	2	7,430	1,761	1,850	3,896	3,881
Ceded reinsurance premiums		(6)	(1)	(0)	(3)	(0)
Premiums, net of reinsurance		7,424	1,760	1,849	3,893	3,881
Allocated investment return, net of reinsurance		3,147	740	427	470	1,786
Pension return tax		(501)	(84)	(34)	(133)	(269)
Claims and benefits paid		(3,453)	(914)	(1,244)	(1,767)	(2,551)
Reinsurance cover received		6	1	0	3	2
Claims and benefits paid, net of reinsurance		(3,447)	(913)	(1,243)	(1,764)	(2,549)
Change in the life insurance provisions		(6,159)	(1,384)	(884)	(2,247)	(2,606)
Change in the reinsurers' share		(5)	(3)	(0)	(2)	(1)
Change in the life insurance provisions, net of reinsurance		(6,164)	(1,387)	(884)	(2,249)	(2,607)
Change in profit margin		(37)	(3)	(4)	(12)	(11)
Acquisition costs		(146)	(37)	(39)	(77)	(78)
Administrative expenses		(270)	(72)	(71)	(141)	(144)
Reinsurance commission and share of profits		2	0	(0)	0	(0)
Total operating expenses, net of reinsurance		(414)	(109)	(111)	(218)	(223)
TECHNICAL PROFIT / (LOSS) ON LIFE INSURANCE		7	4	0	(14)	9

Income statement • Group

(DKKm)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
NON-TECHNICAL ACTIVITIES					
Technical profit on non-life insurance	1,361	313	502	631	830
Technical profit / (loss) on life insurance	7	4	0	(14)	9
Income from associated companies	46	8	10	17	18
Income from investment properties	74	19	14	40	22
Interest income and dividends etc.	1,740	544	537	950	1,089
Revaluations	2,464	589	(2)	141	1,044
Interest charges	(78)	(20)	(21)	(44)	(40)
Expenses on investment business	(57)	(13)	(3)	(29)	(19)
Total investment return	4,189	1,127	536	1,074	2,114
Return and revaluations non-life insurance provisions	(423)	(144)	9	(447)	(4)
Investment return transferred to life insurance business	(3,147)	(740)	(427)	(470)	(1,786)
Other income	19	5	6	10	11
Other expenses	(64)	(16)	(11)	(31)	(24)
PRE-TAX PROFIT	1,942	548	616	753	1,149
Taxation	(407)	(122)	(142)	(167)	(261)
PROFIT FOR THE PERIOD	1,536	425	474	586	889
EPS (DKK)	16.8	4.6	5.6	6.3	10.4
EPS, diluted (DKK)	16.7	4.6	5.5	6.2	10.3

Statement of comprehensive income • Group

Profit for the period	1,536	425	474	586	889
Items which cannot subsequently be reclassified as profit or loss:					
Revaluation of owner-occupied properties	1	0	0	1	1
Other comprehensive income	1	0	0	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,537	426	474	587	890

Assets • Group

(DKKm)	31 December 2016	30 June 2016	30 June 2017
INTANGIBLE ASSETS	806	749	855
Operating equipment	132	138	119
Owner-occupied properties	856	857	856
TOTAL TANGIBLE ASSETS	988	995	974
Investment properties	3,448	3,838	3,517
Shares in associated companies	1,180	188	1,242
Total investment in associated companies	1,180	188	1,242
Shares	5,663	6,061	5,850
Bonds	35,277	36,663	33,398
Loans guaranteed by mortgages	7	7	6
Other loans	0	121	0
Deposits with credit institutions	1,451	2,247	4,796
Derivatives	36	1,709	315
Total other financial investment assets	42,434	46,808	44,366
TOTAL INVESTMENT ASSETS	47,061	50,835	49,126
INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	21,528	16,648	23,432
Reinsurers' share of the provisions for unearned premiums	72	176	182
Reinsurers' share of the life insurance provisions	27	29	26
Reinsurers' share of the provisions for claims and benefits	586	643	515
Total reinsurers' share of provisions	685	849	723
Amounts due from policyholders	383	362	470
Amounts due from insurance companies	100	63	88
Amounts due from associated companies	366	353	356
Other debtors	226	321	234
TOTAL DEBTORS	1,761	1,949	1,872
Deferred tax assets	10	8	10
Liquid funds	831	359	1,074
Other	23	94	27
TOTAL OTHER ASSETS	865	462	1,111
Accrued interest and rent	278	264	242
Other prepayments and accrued income	188	226	225
TOTAL PREPAYMENTS AND ACCRUED INCOME	467	490	467
TOTAL ASSETS	73,476	72,129	77,837

Shareholders' equity and liabilities • Group

(DKKm)	Note	31 December 2016	30 June 2016	30 June 2017
Share capital		95	105	95
Revaluation reserve		13	12	13
Security fund		1,146	1,146	1,146
Other reserves		57	53	61
Total reserves		1,203	1,199	1,207
Profit carried forward		3,392	3,164	3,962
TOTAL SHAREHOLDERS' EQUITY		4,702	4,479	5,278
OTHER SUBORDINATED LOAN CAPITAL		1,754	1,754	1,755
Provisions for unearned premiums		1,881	3,242	3,274
Profit margin, non-life insurance contracts		711	675	648
Products with guarantees and profitsharing		24,465	24,327	24,354
Unit-Linked products		22,783	18,781	25,854
Total life insurance provisions		47,248	43,108	50,208
Profit margin, life insurance and investment contracts		103	78	114
Provisions for claims and benefits		13,209	13,218	12,960
Risk margin, non-life insurance contracts		320	346	316
Provisions for bonuses and rebates		143	130	138
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		63,615	60,797	67,658
Pensions and similar commitments		28	28	28
Deferred tax liabilities		59	69	62
Deferred tax on security funds		306	306	306
TOTAL LIABILITIES PROVIDED		394	403	396
DEPOSITS RECEIVED FROM REINSURERS		64	62	87
Creditors arising out of direct insurance operations		329	300	397
Creditors arising out of reinsurance operations		18	49	44
Amounts due to credit institutions		44	2,565	195
Current tax liabilities		59	21	217
Derivatives		880	563	598
Other creditors		1,508	1,050	1,127
TOTAL CREDITORS		2,837	4,550	2,578
ACCRUALS AND DEFERRED INCOME		109	83	84
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		73,476	72,129	77,837
Financial assets and liabilities	3			
Contingent liabilities	4			

Cash flow statement • Group

(DKK m)	Full year 2016	H1 2016	H1 2017
Cash flow from operations			
Gross premiums written	8,724	5,571	5,748
Claims paid	(6,266)	(3,149)	(2,936)
Expenses paid	(1,315)	(713)	(645)
Reinsurance ceded	(150)	(170)	(174)
Cash flow from non-life insurance	992	1,539	1,994
Gross premiums written	7,282	3,802	3,956
Claims and benefits	(3,460)	(1,569)	(2,550)
Pension return tax	(259)	(254)	(446)
Expenses paid	(395)	(219)	(225)
Reinsurance ceded	(7)	1	5
Cash flow from life insurance	3,161	1,761	740
Cash flow from insurance business	4,154	3,301	2,733
Payments on investment contracts	620	204	353
Interest income and dividends etc.	1,889	937	1,080
Interest charges etc.	(144)	(79)	(58)
Corporation tax	(393)	(115)	(99)
Other items	(37)	(19)	(7)
Cash flow from operations	6,089	4,228	4,003
Investments			
Intangible assets, operating equipment	(203)	(111)	(72)
Properties	(162)	(96)	(192)
Shares in associated companies	(3)	(3)	(45)
Shares	1,320	416	(50)
Unit trusts	1	(2)	0
Bonds	(3,181)	(4,840)	1,789
Loans	32	(88)	(17)
Derivatives	1,897	6	(496)
Investment activities related to unit-linked products	(4,675)	(1,335)	(898)
Balances with associated companies	15		10
Investments	(4,959)	(6,052)	(200)
Financing			
Shares bought back	(1,533)	(769)	(417)
Exercise of share options	34	14	65
Redemption of subordinated loan capital	(400)	(400)	0
Amounts due to credit institutions	(1,302)	1,219	151
Financing	(3,202)	64	(200)
Change in cash and cash equivalents	(2,072)	(1,759)	3,603
Cash and cash equivalents at 1 January	4,361	4,361	2,282
Revaluation of cash and cash equivalents	(6)	5	(15)
Cash and cash equivalents end of period	2,282	2,606	5,870
Cash and cash equivalents comprise:			
Liquid funds	831	359	1,074
Deposits with credit institutions	1,451	2,247	4,796
	2,282	2,606	5,870

The majority of the Group's companies are subject to the relevant legislation on insurance business. Consequently, there are certain restrictions on lending and placement of money.

Statement of changes in equity • Group

(DKK m)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Total
2016						
Shareholders' equity at 31 December prior year	105	11	1,146	47	3,364	4,673
Effect of new Executive Order on Financial Statements					(31)	(31)
Shareholders' equity beginning of the year according to new Executive Order on Financial Reports	105	11	1,146	47	3,333	4,642
Profit for the year				11	1,525	1,536
Other comprehensive income		1		0	0	1
Total comprehensive income for the year		1		11	1,525	1,537
Cancellation of own shares	(10)				10	0
Share buy-back					(1,524)	(1,524)
Share-based payments					18	18
Exercise of share options					32	32
Taxation					(2)	(2)
Other transactions	(10)				(1,466)	(1,476)
Shareholders' equity at 31 December 2016	95	13	1,146	57	3,392	4,702
H1 2016						
Shareholders' equity at 31 December prior year	105	11	1,146	47	3,364	4,673
Effect of new Executive Order on Financial Statements					(31)	(31)
Shareholders' equity beginning of the year according to new Executive Order on Financial Reports	105	11	1,146	47	3,333	4,642
Profit for the period				6	580	586
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		6	580	587
Share buy-back					(767)	(767)
Share-based payments					6	6
Exercise of share options					14	14
Taxation					(3)	(3)
Other transactions					(750)	(750)
Shareholders' equity at 30 June 2016	105	12	1,146	53	3,164	4,479
H1 2017						
Shareholders' equity at 31 December prior year	95	13	1,146	57	3,392	4,702
Profit for the period				4	885	889
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		4	885	890
Share buy-back					(410)	(410)
Share-based payments					30	30
Exercise of share options					65	65
Other transactions					(314)	(314)
Shareholders' equity at 30 June 2017	95	13	1,146	61	3,962	5,278

Segment information • Group

Income statement

(DKKm)	Per- sonal	SME	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
H1 2016								
Non-life insurance								
Gross premiums earned	2,459	1,976	(10)	4,425				4,425
Claims incurred	(1,628)	(1,412)	8	(3,032)			8	(3,023)
Expenses	(422)	(327)	0	(748)			13	(736)
Net reinsurance	(32)	(2)	(0)	(35)				(35)
Technical profit / (loss) on non-life insurance	377	235	(2)	611			21	631
Life insurance								
Gross premiums written					3,896			3,896
Allocated investment return					470			470
Pension return tax					(133)			(133)
Benefits and change in provisions					(4,026)			(4,026)
Expenses					(222)		3	(219)
Net reinsurance					(2)			(2)
Technical profit / (loss) on life insurance					(17)		3	(14)
Total investment return				527	472	28	47	1,074
Pension return tax non-life insurance				(21)	21			0
Return and revaluations non-life insurance provisions				(447)				(447)
Transferred to technical result					(470)			(470)
Other items				16	59	(25)	(71)	(22)
Pre-tax profit				685	66	3	0	753
Taxation								(167)
Profit								586
H1 2017								
Non-life insurance								
Gross premiums earned	2,508	1,979	(10)	4,477				4,477
Claims incurred	(1,605)	(1,126)	8	(2,722)			6	(2,716)
Expenses	(414)	(335)	1	(747)			10	(738)
Net reinsurance	(34)	(160)	(0)	(193)				(193)
Technical profit / (loss) on non-life insurance	456	358	(0)	814			16	830
Life insurance								
Gross premiums written					3,881			3,881
Allocated investment return					1,786			1,786
Pension return tax					(269)			(269)
Benefits and change in provisions					(5,168)			(5,168)
Expenses					(225)		2	(222)
Technical profit on life insurance					6		2	9
Total investment return				173	1,843	51	46	2,114
Pension return tax non-life insurance				1	(1)			0
Return and revaluations non-life insurance provisions				(4)				(4)
Transferred to technical result					(1,786)			(1,786)
Other items				4	66	(18)	(64)	(12)
Pre-tax profit				988	128	33	0	1,149
Taxation								(261)
Profit								889

Notes to the financial statements • Group

(DKK m)	Full year 2016	H1 2016	H1 2017
Note 1. Claims incurred, net of reinsurance - Non-life insurance			
Run-off result:			
Gross business	502	171	178
Reinsurance ceded	(32)	10	(22)
Run-off result, net of reinsurance (profit)	470	181	157

Note 2. Gross premiums written - Life insurance

Individual policies	316	133	137
Policies w hich are part of a tenure	1,803	874	913
Group life	534	383	381
Regular premiums	2,653	1,390	1,431
Individual policies	1,921	972	792
Policies w hich are part of a tenure	2,856	1,533	1,659
Single premiums	4,777	2,505	2,450
Gross premiums	7,430	3,896	3,881

	31 December 2016	30 June 2016	30 June 2017
Note 3. Financial assets and liabilities			

The Group's holding of financial assets, w hich are recorded at fair value using valuation models based on non-observable input, comprises DKK 692m, of w hich investment properties account for DKK 135m and bonds DKK 557m.

Bonds measured on non-observable input - Level 3:

Portfolio at 1 January	523	523	582
Purchases	287	43	70
Repayments	(234)	(16)	(77)
Foreign exchange adjustment	6	(5)	(17)
Portfolio end of period	582	545	557

The item consists of construction financing of property projects (DKK 191m) and Vindmøllepark (w ind farm) guaranteed by EKF (DKK 137m) and bonds of DKK 229m, for w hich current return depends on payment on life annuity contracts.

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

There have been no changes to the classification of financial assets or financial liabilities in H1 2017.

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

The accounting policies for financial assets and liabilities are stated in the 2016 Annual Report.

Note 4. Contingent liabilities

Contract liabilities	394	34	795
Adjustments to VAT liabilities	52	44	60
Other liabilities	10	11	8
Capital commitments made to loan funds and private equity funds etc.	1,461	1,200	1,313

Topdanmark EDB II ApS has entered into a contract w ith Schantz A/S on procurement and implementation of a new administration system for Topdanmark Life insurance. In connection w ith implementation, Topdanmark Livsforsikring A/S has undertaken to give support in fulfilling Topdanmark EDB II ApS' obligations in accordance w ith the contract w ith Schantz A/S.

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

Income statement • Parent company

(DKKm)	Full year 2016	Q2 2016	Q2 2017	H1 2016	H1 2017
Income from affiliated companies	1,585	437	482	608	906
Revaluations	2	1	0	1	(0)
Interest charges	(8)	(2)	(2)	(4)	(4)
Total investment return	1,577	436	480	605	902
Other expenses	(53)	(13)	(8)	(25)	(18)
PRE-TAX PROFIT	1,525	422	472	580	884
Taxation	11	3	2	6	5
PROFIT FOR THE PERIOD	1,536	425	474	586	889

Statement of comprehensive income • Parent company

Profit for the period	1,536	425	474	586	889
Other comprehensive income from affiliated companies	1	0	0	1	1
Other comprehensive income	1	0	0	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,537	425	474	587	890

Balance sheet • Parent company

(DKKm)	31 December 2016	30 June 2016	30 June 2017
Assets			
Operating equipment	3	3	3
TOTAL TANGIBLE ASSETS	3	3	3
Shares in affiliated companies	5,643	5,147	5,734
Total investment in affiliated companies	5,643	5,147	5,734
TOTAL INVESTMENT ASSETS	5,643	5,147	5,734
Amounts due from affiliated companies	65	293	642
Other debtors	65	1	0
TOTAL DEBTORS	129	294	642
Deferred tax assets	2	1	2
Liquid funds	2	2	3
TOTAL OTHER ASSETS	4	3	5
TOTAL ASSETS	5,779	5,447	6,384

Shareholders' equity and liabilities

Share capital	95	105	95
Other reserves	1,894	1,398	1,985
Total reserves	1,894	1,398	1,985
Profit carried forward	3,019	3,272	3,503
TOTAL SHAREHOLDERS' EQUITY	5,009	4,775	5,584
OTHER SUBORDINATED LOAN CAPITAL	408	408	409
Amounts due to affiliated companies	289	224	165
Current tax liabilities	58	17	216
Other creditors	16	23	11
TOTAL CREDITORS	363	264	392
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,779	5,447	6,384

Statement by Management

We have today considered and adopted the interim report for H1 2017 for Topdanmark A/S.

The consolidated financial statements have been prepared in accordance with IAS 34 on interim reports as adopted by the EU, and the interim financial statements for the parent company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the half-year 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 June 2017 as well as the result of the Group's and the parent company's activities, and the Group's cash flows for the period 1 January to 30 June 2017.

We believe that the management's review includes a fair view of the development in the Group's and parent company's activities and financial matters as well as a description of the most significant risks and factors of uncertainty which can impact the Group and the parent company.

Ballerup, 15 August 2017

Executive Board:

Christian Sagild
(CEO)

Brian Rothemejer Jacobsen

Lars Thykier

Marianne Wier

Board of Directors:

Torbjörn Magnusson
(Chairman)

Annette Sadolin
(Deputy Chairman)

Ann-Jeanette Bakbøl

Tina Møller Carlsson

Mette Jensen

Petri Niemisvirta

Lone Møller Olsen

Ricard Wennerklint

Jens Aaløse