

Topdanmark 2013 Half-Year Report

20 August 2013 Announcement No. 14/2013

Key features

H1 2013

- Post-tax profit of DKK 784m (H1 2012: DKK 846m)
- EPS remained unchanged at DKK 6.5
- The combined ratio was 88.2% (H1 2012: 87.6%). Excluding run-off profits the combined ratio was 91.6% (H1 2012: 89.5%).
- Premiums increased 0.8% in non-life insurance and 10.5% in life insurance
- Profit on life insurance increased to DKK 238m (H1 2012: DKK 93m) primarily due to the transfer of DKK 118m from the shadow account (H1 2012: DKK 58m transfer to the shadow account)
- The investment return declined to DKK 326m (H1 2012: DKK 581m).

Q2 2013

- Post-tax profit: DKK 279m (Q2 2012: DKK 285m)
- EPS: DKK 2.3 (Q2 2012: DKK 2.2)
- Combined ratio: 86.8% (Q2 2012: 84.9%)
- Combined ratio excluding run-off profits: 89.3% (Q2 2012: 86.8%)
- Growth in premiums: 0.8% in non-life insurance and 21.5% in life insurance
- Profit on life insurance: DKK 29m (Q2 2012: DKK 41m)
- Investment return: DKK 75m (Q2 2012: DKK 76m).

Profit forecast model for 2013

- Topdanmark continues to assume premium growth of 1-2% for non-life insurance and a decline of 0-3% in regular premiums in life insurance
- The assumed combined ratio for 2013 remains unchanged at 90-91%, excluding run-off results in H2 2013
- The post-tax profit forecast model for 2013 has been upgraded from DKK 1,200-1,300m to DKK 1,250-1,350m, excluding run-off results in H2 2013
- In the profit forecast model for 2013 a net amount of DKK 150-160m has been transferred from the shadow account. Subsequently the shadow account balance will be DKK 85m at 31 December 2013.

Share buy-back

- The share buy-back programme for 2013 has been increased by DKK 50m to DKK 2,200m representing a buy-back yield of 12.1%
- Topdanmark has bought back own shares of DKK 1,105m which leaves a balance of DKK 1,095m of the 2013 programme.

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

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 H1 report and the webcast. The call will be conducted in English.

In order to participate in the conference call, please phone:

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

US dial in number: +1 866 779 1135

quoting reference 935433

10-15 minutes before the conference asking the operator to connect you to the Topdanmark conference call – or listen to the live [transmission](#) of the call.

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Financial highlights					
(DKKm)	Full year 2012	Q2 2012	Q2 2013	H1 2012	H1 2013
Premiums earned:					
Non-life insurance	8,759	2,186	2,204	4,355	4,390
Life insurance	3,161	686	834	1,707	1,886
	11,920	2,873	3,038	6,062	6,276
Results:					
Non-life insurance	2,103	338	327	989	756
Life insurance	210	41	29	93	238
Parent company etc.	22	(2)	5	(2)	9
Pre-tax profit	2,335	377	361	1,079	1,004
Tax	(512)	(92)	(82)	(233)	(220)
Profit	1,823	285	279	846	784
Run-off profits, net of reinsurance	201	41	53	85	148
Shareholders' equity of parent company at 1 January	4,915	5,162	5,797	4,915	5,716
Profit	1,823	285	279	846	784
Share buy-back	(1,200)	(159)	(485)	(528)	(990)
Share-based payments	177	15	21	69	103
Other movements in shareholders' equity	2	0	1	1	1
Shareholders' equity of parent company end of period	5,716	5,303	5,614	5,303	5,614
Deferred tax on security funds	(348)	(348)	(306)	(348)	(306)
Shareholders' equity of Group end of period	5,368	4,955	5,307	4,955	5,307
Capital base, parent company*)	6,122	5,707	6,020	5,707	6,020
Total assets, parent company	6,895	6,782	6,683	6,782	6,683
Total assets, Group	59,435	64,397	60,769	64,397	60,769
Provisions for insurance and investment contracts:					
Non-life insurance	16,251	17,094	17,232	17,094	17,232
Life insurance	32,553	31,261	32,373	31,261	32,373
Financial ratios (parent company)					
Post-tax profit as a % of shareholders' equity	33.9	5.4	4.8	16.5	13.7
Post-tax profit per share (DKK)	14.2	2.2	2.3	6.5	6.5
Post-tax profit per share, diluted (DKK)	14.2	2.2	2.3	6.5	6.5
Net asset value per share (DKK)	46.1	41.3	47.6	41.3	47.6
Share buy-back per share (DKK)	9.4	1.2	4.1	4.0	8.2
Listed share price end of period	121	100	146	100	146
Average number of shares ('000)	128,276	129,254	119,449	130,558	120,681
Average number of shares, diluted ('000)	128,276	129,254	119,449	130,558	120,681
Number of shares end of period ('000)	123,940	128,300	117,933	128,300	117,933
Ratios non-life insurance (%)					
Gross loss ratio	70.0	69.6	66.8	69.8	68.6
Net reinsurance ratio	2.2	(1.0)	3.7	1.5	3.0
Claims trend	72.2	68.7	70.5	71.3	71.6
Gross expense ratio	15.8	16.3	16.3	16.2	16.6
Combined ratio	88.0	84.9	86.8	87.6	88.2
Operating ratio	87.8	84.7	86.7	87.2	88.0
Combined ratio excl. run-off profits	90.3	86.8	89.3	89.5	91.6
*) Shareholders' equity and loan capital					
The comparatives for financial ratios have been restated due to the share split from DKK 10 to DKK 1 per share					

H1 2013 results

Topdanmark's post-tax profit for H1 2013 was DKK 784m (H1 2012: DKK 846m). EPS remained unchanged at DKK 6.5.

Pre-tax profit declined to DKK 1,004m (H1 2012: DKK 1,079m) primarily due to a lower investment return but also a lower technical result. On the other hand profit on life insurance increased.

The investment return declined by DKK 201m to DKK 230m. The investment return was extraordinarily high in H1 2012, and even though it was lower in H1 2013 than in the same period of 2012, the level was higher than normal.

The technical result declined DKK 32m to DKK 526m primarily due to a higher and more normal level of fire claims and the lower interest rates. On the other hand the technical result benefitted from higher run-off profits.

Profit on life insurance increased DKK 145m to DKK 238m mainly due to the transfer of DKK 58m to the shadow account in H1 2012 while DKK 118m was transferred from the shadow account in H1 2013: see "[Life insurance](#)".

Trend in pre-tax result (DKKm)	Full year 2012	H1 2012	H1 2013
Non-life insurance			
- Technical result	1,068	558	526
- Investment return after transfer to technical result etc.	1,036	431	230
Profit on non-life insurance	2,103	989	756
Life insurance	210	93	238
Parent company etc.	22	(2)	9
Pre-tax profit	2,335	1,079	1,004

Q2 2013 results

Profit for Q2 2013 was DKK 279m (Q2 2012: DKK 285m). EPS increased to DKK 2.3 in Q2 2013 (Q2 2012: DKK 2.2).

Pre-tax profit declined to DKK 361m (Q2 2012: DKK 377m).

The technical result declined DKK 43m to DKK 293m primarily due to a more normal level of fire claims in Q2 2013 than in Q2 2012, when it was extraordinarily low. On the other hand the technical result benefitted from an

improved claims trend for the SME and industrial segment, the personal segment excluding fire insurance and higher run-off profits.

The investment return increased DKK 31m to DKK 33m.

Profit on life insurance declined DKK 12m to DKK 29m due to, among other things, a slightly lower investment return.

Trend in pre-tax result (DKKm)	Q2 2012	Q2 2013
Non-life insurance		
- Technical result	336	293
- Investment return after transfer to technical result etc.	2	33
Profit on non-life insurance	338	327
Life insurance	41	29
Parent company etc.	(2)	5
Pre-tax profit	377	361

Non-life insurance

Premiums earned

Premiums earned increased 0.8% to DKK 4,390m in H1 2013 reflecting a 1.6% growth in the personal segment and a 0.2% decline in the SME and industrial segments.

Topdanmark had a strong competitive position in the personal, agricultural and lower SME markets in H1 2013 due to increased market pressure through both own sales channels and Danske Bank. Furthermore, increasing customer loyalty increased the retention percentage.

Profitability for a few corporate customers in the upper SME market has been estimated to be too low to meet Topdanmark's return requirements. Therefore Topdanmark has chosen to let a number of major unprofitable schemes go to other insurance companies.

Claims trend

The claims trend was 71.6% in H1 2013 (H1 2012: 71.3%).

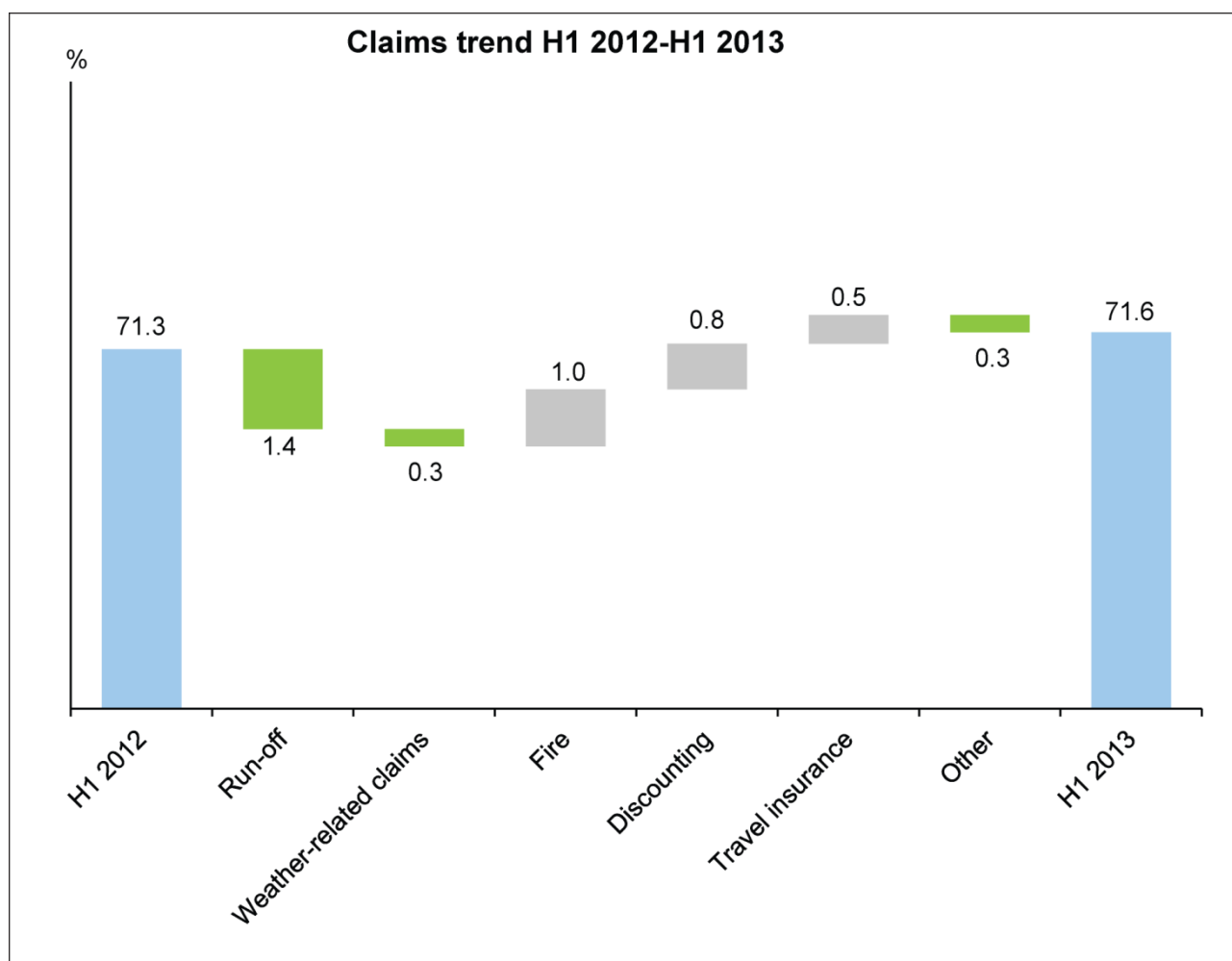
Run-off profits net of reinsurance were DKK 148m in H1 2013 (H1 2012: DKK 85m) corresponding to a 1.4pp improvement in the claims trend. There were run-off profits in illness / accident insurance (I/A) (DKK 75m) and motor insurance (DKK 66m).

In H1 2013 expenses on weather-related claims were DKK 19m (H1 2012: DKK 33m), which improved the claims trend by 0.3pp.

The result of fire insurance was DKK 42m poorer than in H1 2012, which caused the claims trend to deteriorate 1.0pp. Primarily the personal segment was hit by a higher level of fire claims.

2012, which impacted the claims trend adversely by 0.8pp. Travel claims increased DKK 23m mainly due to the increased use of cancellation cover caused by the flu epidemic which hit Denmark in Q1 2013. There was also an increase in the number of repatriation transports from abroad. The claims trend in travel insurance impaired the overall claims trend by 0.5pp.

The interest rate curve used to discount the provisions for outstanding claims was lower in H1 2013 than in H1



Expense ratio

The expense ratio increased to 16.6% (H1 2012: 16.2%) due to improved sales and more sales people in the personal market which increased the payment of sales commission in H1 2013 as compared to the same period the previous year. Sales commission is included in expenses when the policies are sold while the premium is accounted for on an accruals basis over the duration of the contract.

Combined ratio

The combined ratio was 88.2% in H1 2013 (H1 2012: 87.6%). Excluding run-off profits the combined ratio increased to 91.6% (H1 2012: 89.5%).

Reinsurance

The reinsurance programme has been renewed for one year from 1 July and remains unchanged at DKK 5.1bn

including retention of DKK 100m. Further information on the storm programme is available in Topdanmark's [risk report](#) (page 7: Disaster risks) on www.topdanmark.com → [Investor](#) → [Risk management](#).

Developments in Q2 2013

Premiums earned increased 0.8% to DKK 2,204m.

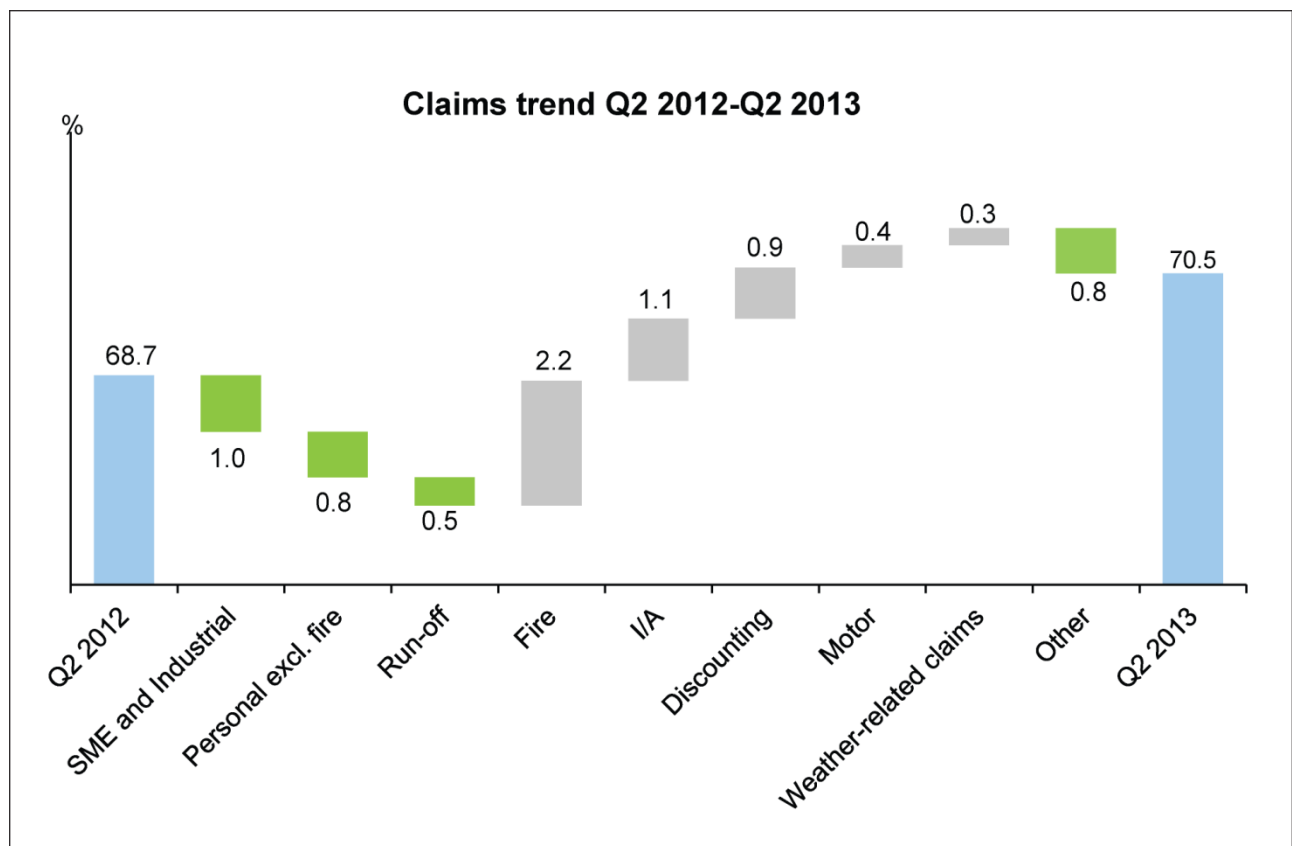
The claims trend was 70.5 in Q2 2013 (Q2 2012: 68.7%) mainly due to a more normal level of fire claims than in Q2 2012 when the level of claims was extraordinarily low (2.2pp). Furthermore, the claims trend for I/A (1.1pp) and

the lower interest rates (0.9pp) had an adverse effect on the overall claims trend. On the other hand, it benefitted from a better claims trend for the SME and industrial segment (1.0pp), the personal segment excluding fire insurance (0.8pp) and higher run-off profits (0.5pp).

The expense ratio was unchanged at 16.3%.

The combined ratio was 86.8% (Q2 2012: 84.9%).

Excluding run-off profits, it increased to 89.3% (Q2 2012: 86.8%).



Financial highlights – Non-life insurance	Full year	Q2	Q2	H1	H1
(DKKm)	2012	2012	2013	2012	2013
Gross premiums earned	8,759	2,186	2,204	4,355	4,390
Technical interest	20	7	4	16	9
Claims incurred	(6,131)	(1,523)	(1,473)	(3,041)	(3,012)
Expenses	(1,388)	(356)	(359)	(707)	(730)
Net reinsurance	(193)	21	(82)	(64)	(132)
Technical profit	1,068	336	293	558	526
Investment return after transfer to technical result	1,015	(4)	25	421	218
Other items	20	6	8	10	12
Profit on non-life insurance	2,103	338	327	989	756
Run-off profits, net of reinsurance	201	41	53	85	148
Gross loss ratio (%)	70.0	69.6	66.8	69.8	68.6
Net reinsurance ratio (%)	2.2	(1.0)	3.7	1.5	3.0
Claims trend (%)	72.2	68.7	70.5	71.3	71.6
Gross expense ratio (%)	15.8	16.3	16.3	16.2	16.6
Combined ratio (%)	88.0	84.9	86.8	87.6	88.2
Operating ratio (%)	87.8	84.7	86.7	87.2	88.0
Combined ratio excl. run-off profits (%)	90.3	86.8	89.3	89.5	91.6

Segment reporting

Personal

The Personal segment offers policies for individual households in Denmark.

Premiums earned increased 1.6% to DKK 2,407m due to growth in house and contents insurance, while premiums earned on I/A declined 5.3%. Excluding I/A they increased 2.4%. In motor insurance there was a 3.2% increase in the number of policies, but due to a lower average premium premiums earned only increased 0.5%. In Q2 premiums earned increased 1.1% and excluding I/A 2.7%.

The technical result declined DKK 22m to DKK 306m in H1 2013.

The claims trend deteriorated 0.1pp to 70.3%. In fire insurance it deteriorated 1.4pp. The level of fire claims

was extraordinarily low in H1 2012 but back at a more normal level in H1 2013. An increase in the compensation paid on travel insurance policies impacted the claims trend adversely by 0.8pp. On the other hand, a lower level of weather-related claims impacted the claims trend positively by 0.3pp. Furthermore, run-off profits were higher in H1 2013, which had a 1.1pp positive effect on the claims trend.

The expense ratio increased to 17.1% from 16.2% due to the investment in distribution power and the increase in sales commission.

The combined ratio deteriorated to 87.4% in H1 2013 (H1 2012: 86.5%). Excluding run-off profits it increased to 91.2% (H1 2012: 89.2%).

Personal (DKKm)	Full year 2012	Q2 2012	Q2 2013	H1 2012	H1 2013
Gross premiums earned	4,767	1,191	1,204	2,369	2,407
Technical interest	10	3	2	8	4
Claims incurred	(3,464)	(831)	(799)	(1,681)	(1,659)
Expenses	(774)	(196)	(204)	(385)	(412)
Net reinsurance	(24)	10	(16)	17	(34)
Technical result	514	177	186	328	306
Run-off profits, net of reinsurance	31	20	58	65	91
Gross loss ratio (%)	72.7	69.8	66.4	70.9	68.9
Net reinsurance ratio (%)	0.5	(0.8)	1.4	(0.7)	1.4
Claims trend (%)	73.2	69.0	67.7	70.2	70.3
Gross expense ratio (%)	16.2	16.5	16.9	16.2	17.1
Combined ratio (%)	89.4	85.4	84.7	86.5	87.4
Operating ratio (%)	89.2	85.2	84.5	86.2	87.3
Combined ratio excl. run-off profits (%)	90.1	87.1	89.5	89.2	91.2

SME and Industrial

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

Premiums earned declined 0.2% to DKK 1,992m due to the loss of a major customer in workers' compensation insurance and negative premium adjustments following favourable claims trends for those agreements which provide that premiums paid by customers are dependent on the claims trend. In Q2 premiums earned increased 0.4%.

The technical result declined DKK 9m to DKK 220m in H1 2013.

The claims trend deteriorated 0.4pp to 73.2% due to a higher level of fire claims particularly in the agricultural market, slightly more large-scale claims in the SME market and less discounting. On the other hand, run-off profits increased to DKK 57m in H1 2013 (H1 2012: DKK 20m) improving the claims trend by 1.8pp.

The expense ratio declined 0.2pp.

The combined ratio deteriorated to 89.2% in H1 2013 (H1 2012: 89.0%). Excluding run-off profits it increased to 92.0% (H1 2012: 90.0%).

SME and Industrial (DKKm)	Full year 2012	Q2 2012	Q2 2013	H1 2012	H1 2013
Gross premiums earned	4,011	1,001	1,005	1,996	1,992
Technical interest	11	3	2	9	5
Claims incurred	(2,686)	(696)	(678)	(1,371)	(1,360)
Expenses	(615)	(160)	(156)	(323)	(319)
Net reinsurance	(169)	11	(65)	(82)	(98)
Technical result	552	159	107	229	220
Run-off profits / (losses), net of reinsurance	170	21	(5)	20	57
Gross loss ratio (%)	67.0	69.6	67.5	68.7	68.3
Net reinsurance ratio (%)	4.2	(1.1)	6.5	4.1	4.9
Claims trend (%)	71.2	68.5	74.0	72.8	73.2
Gross expense ratio (%)	15.3	16.0	15.5	16.2	16.0
Combined ratio (%)	86.5	84.5	89.6	89.0	89.2
Operating ratio (%)	86.3	84.2	89.4	88.6	89.0
Combined ratio excl. run-off profits (%)	90.8	86.6	89.0	90.0	92.0

Life insurance

The result from life insurance was a profit of DKK 238m in H1 2013 (H1 2012: DKK 93m).

Profit on life insurance activities comprises the sum of the profits generated by Life I and Life V plus the investment return of Life Holding. These profits were calculated in

accordance with the stated policy on the calculation of profit for the life insurance companies: see www.topdanmark.com → [Investor](#) → [Business](#) → [Life insurance](#) → [Policy for the calculation of profit in life insurance](#).

Result of life insurance (DKKm)	H1 2012			H1 2013		
	Life I	Life V	Group	Life I	Life V	Group
Investment return	33	20	53	21	13	34
Risk allowance	56	30	86	49	29	78
Transferred, shadow account	(57)	(1)	(58)	119	(1)	118
Other			12			8
Profit on life insurance			93			238
Maximum shadow account end of period	171	3	174	116	5	121

Most of the customers are spread across three companies: Life I, Life V and Link. Policies written since 1 July 1994 with guaranteed pension benefits of 2.5%, 1.5% and 0.5% are placed in Life I, which is also the company for new customers with guaranteed benefits. Unit-linked schemes are written by Topdanmark Link. Schemes written before 1 July 1994 with pension benefits of 4.5% are placed in Life V.

The improved profit from DKK 93m in H1 2012 to DKK 238m in H1 2013 was primarily due to the recognition as

income of DKK 118m from the shadow account while DKK 58m was transferred to the shadow account in H1 2012.

This recognition as income from the shadow account in H1 2013 was mainly due to the recognition as income of previous years' risk business from the interest rate group with 1.5% guarantees.

The balance of the shadow account will be recognised as income in a subsequent period to the extent a profit is

generated in the relevant contribution groups. In the table the maximum shadow account is stated (30 June 2013). Topdanmark believes that DKK 30-40m of the shadow account could not be brought into income.

The return on funds owned by customers, before pension return tax, was 2.5% in Life I and a 0.2% loss in Life V in H1 2013.

The investment return on shareholders' equity was 1.3% in both Life I and Life V in H1 2013. The investment return on shareholders' equity is different from that on customers' funds due to different investment strategies and separate portfolios for each – for example, shareholders' equity does not invest in equities or instruments to hedge the guaranteed benefits.

“Other” comprises primarily the investment return in Life Holding of DKK 7m.

Trend in premiums

Gross premiums increased 10.5% to DKK 1,886m in H1 2013 (H1 2012: DKK 1,707m).

Topdanmark focuses on growth in regular premiums where premiums are paid year-on-year, typically corporate pension schemes where a company regularly pays the premiums for its employees. Regular premiums declined 1.7% to DKK 1,157m in H1 2013 (H1 2012: 1,177m).

Single premiums increased 37.6% to DKK 729m in H1 2013 (H1 2012: DKK 530m). Excluding intra-group transfers they increased 24.0% to DKK 591m in H1 2013 (H1 2012: DKK 477m).

Premiums in unit-linked schemes represented DKK 964m of total premiums in H1 2013 (H1 2012: DKK 616m), a 56.3% increase. This increase was mostly due to an increase in single premiums to DKK 647m in H1 2013 (H1 2012: DKK 353m).

Unit-linked pension schemes represented 73.3% of new pension schemes in H1 2013 (H1 2012: 61.5%).

In order to simplify the group structure, it has been decided to merge the life insurance companies Topdanmark Link Livsforsikring A/S, Topdanmark Livsforsikring II A/S, Topdanmark Livsforsikring III A/S, Topdanmark Livsforsikring V A/S and Topdanmark Livsforsikring A/S with the latter as the continuing company. The approval of the Danish Financial Supervisory Authority is expected within the next few months. The merger will take effect from 1 January 2013.

Loss participation scheme

Loss participation is a temporary measure introduced in periods where the market value of the customers' assets is lower than the sum of their savings and only serves a purpose when customers who want to opt out of the scheme prematurely need to have their surrender value calculated correctly. Should customers choose to opt out of their schemes prematurely, the loss participation is taken into account in the calculation of the surrender value of their policies in order to ensure that those customers who leave do not take with them funds owned by those who stay. Loss participation only applies to with-profits pension products, and furthermore it is not deductible in the event of retirement, death and disability.

Due to the development in the financial markets with a decline in equity prices and declining interest rates, Life I introduced loss participation in 2011. With effect from 9 August 2013 there is no loss participation in Topdanmark.

Developments in Q2 2013

The result of life insurance declined to DKK 29m in Q2 2013 (Q2 2012: DKK 41m) due to a lower investment return in Q2 2013. DKK 17m was transferred to the shadow account in Q2 2013. About half of this amount was due to the continued loss participation scheme in the interest rate group with 2.5% guarantees, while the remainder primarily was due to losses in the cost groups.

Result of life insurance (DKKm)	Q2 2012			Q2 2013		
	Life I	Life V	Group	Life I	Life V	Group
Investment return	15	7	22	8	4	13
Risk allowance	27	15	42	24	14	38
Transferred, shadow account	(26)	(0)	(27)	(17)	(1)	(17)
Other			3			(4)
Profit on life insurance			41			29

Investment activities

Topdanmark Group excluding life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 326m in H1 2013 including the revaluation of provisions and income from associated companies but before the transfer to the technical result (H1 2012: DKK 581m).

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 H1 2013 on the most significant classes of assets is disclosed in the following table:

Investment return	Portfolio 30 June		Return Q2 2012		Return Q2 2013		Return H1 2012		Return H1 2013	
	2012	2013	Return	%	Return	%	Return	%	Return	%
	(DKKbn)		(DKKm)		(DKKm)		(DKKm)		(DKKm)	
Danish equities	0.4	0.4	(4)	(1.4)	0	(0.3)	33	9.7	36	9.6
Foreign equities	0.8	0.8	(35)	(4.5)	13	1.4	46	6.0	54	6.4
Government and mortgage bonds	11.6	11.6	57	0.5	(1)	(0.0)	270	2.2	50	0.4
Credit bonds	0.5	0.5	4	1.0	4	0.7	40	8.3	17	3.0
CDOs	0.7	0.8	23	3.1	65	8.4	112	16.8	118	15.7
Properties	1.4	1.4	12	0.8	19	1.4	29	2.1	38	2.7
Assets related to I/A	2.0	2.1	36	1.9	(3)	(0.2)	62	3.2	38	1.8
Money market etc.	5.1	3.7	(7)	(0.3)	(21)	(0.6)	6	0.2	(24)	(0.7)
Subordinated loan capital	(1.2)	(1.2)	(16)	(1.4)	(15)	(1.3)	(32)	(2.7)	(31)	(2.6)
Interest-bearing debt	(2.5)	(1.1)	(3)	(0.2)	(1)	(0.2)	(8)	(0.3)	(2)	(0.4)
	18.7	19.0	66	0.3	59	0.3	558	3.1	295	1.5
Asset management			9		16		23		31	
Total investment return			76		75		581		326	
Transferred return technical provisions										
Discounting			(58)		(38)		(116)		(76)	
Technical interest			(7)		(4)		(16)		(9)	

The exposure in foreign equities and credit bonds have 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 747m (pre-tax: DKK 996m) excluding associated companies but including the impact of derivatives.

The equity portfolios are well diversified with no large individual positions. The composition of the portfolios is based on OMXCCAP for Danish equities (representing around 30% of the portfolio at 30 June 2013) 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.

Since 31 October 2008, Danish insurance companies and pension funds have calculated the value of provisions by using a discount rate representing the combined weighting of the swap rate and the option-adjusted Danish mortgage credit rate. With effect from June 2012, the curve was adjusted as convergence towards a fixed forward interest rate of 4.2% was incorporated from the 20-year point. Therefore, the value of long-tail provisions is less sensitive to changes in the market rate for long-term assets.

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.

Credit bonds with a rating lower than BBB (DKK 137m) comprise senior secured bank loans and 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 323m) are ordinary and convertible corporate bonds 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.

CDOs – Returns and portfolios				
(DKK m)	Group excl. life insurance			
	Q2 2012	Q2 2013	H1 2012	H1 2013
Return				
AAA and AA	2	1	5	6
Lower than AA	21	64	107	112
Total return	23	65	112	118
Interest	31	35	62	68
Revaluations	(8)	31	50	50
Total return	23	65	112	118
Book value 30 June				
AAA and AA			86	72
Lower than AA			639	758
Total book value			725	831

The property portfolio comprises mainly owner-occupied property (DKK 862m), rental residential property (DKK 367m), rental office property (DKK 68m) and property rented for hotel use (DKK 96m). The tenancies for the residential and hotel properties are subject to a short termination notice. Re-letting of the residential properties is not considered to be a problem, but any re-letting of the hotels could be affected by the state of the market and local conditions. The office property is rented under contracts with no option to terminate prior to 2015. Over 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 primarily money market deposits and intra-group balances but also 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 non-insurance subsidiaries (primarily Topdanmark Kapitalforvaltning, the asset management company) and finance costs.

Profit increased to DKK 9m in H1 2013 (H1 2012: DKK 2m loss) mostly due to the result of Topdanmark Kapitalforvaltning and lower interest charges.

Taxation

The tax charge was DKK 220m on a pre-tax profit of DKK 1,004m corresponding to an effective tax rate of 21.9%. The deviation from the nominal tax rate of 25% was primarily due to Topdanmark's utilisation of an uncapitalised equity loss carried forward and the inclusion of deferred tax using the expected tax rate which will be reduced over the coming years. The effect of DKK 7m of the declining tax rate on deferred tax at the beginning of 2013 was included in Q2. After H1 the uncapitalised equity loss carried forward is DKK 254m.

Solvency

As reported in the Q1 2013 interim report (announcement No. 07/2013), the European Insurance and Occupational Pension Authorities (EIOPA) have recommended that the national supervisory authorities put parts of the Solvency II system into force already from 1 January 2014. The

DFSA has announced that this will be done by changing the rules for individual solvency requirement with the effect that, already from 1 January 2014, the existing free choice of method for calculating the individual solvency requirement will be replaced by a homogeneous Solvency II-inspired method for calculating the capital requirement for Danish insurance companies. The new method will allow the use of the companies' (partial) internal models. It is expected that the use will not be dependent on a formal approval as under Solvency II, but a notification will be sufficient in which the company accounts for how the model meets the requirements made by the DFSA. Furthermore it is expected that those capital elements which can be included under Solvency II could also be included already from 2014 wherever possible, in particular a share of the expected future profit.

The final rules are expected to be available during the autumn of 2013.

In this light, Topdanmark continues to believe that a solvency capital of DKK 4,700m will be sufficient to meet both the individual solvency requirements and the Solvency II requirements given that these rules will take effect within a few years.

The stated sufficient solvency capital assumes that Topdanmark's internal model could be used for calculating both the individual solvency requirement and the Solvency II requirement. If, contrary to expectation, this assumption is not met, the capital requirement will increase by DKK 600-700m, which can broadly be covered by the previously issued tier 2 capital of DKK 500m supplemented by a certain adjustment of the financial risk.

Profit forecast model

Traditionally Topdanmark does not publish actual profit forecasts but instead the expected level of results if a number of assumptions of the return in the financial markets is 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 interim report for Q1 2013 Topdanmark assumed, for 2013, premium growth of 1-2% and a combined ratio of 90-91%, excluding any run-off profits / losses in Q2-Q4 2013, based on the following assumptions:

- A normal year for weather-related claims of DKK 170m, of which DKK 120m in Q2-Q4 2013
- An expense ratio of just over 16%
- A level of interest rates corresponding to the interest rate curve on 7 May 2013
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 7 May 2013.

Since the most recent profit forecast model was published in the interim report for Q1 2013, the following assumptions have changed:

- In Q2 2013 there were run-off profits of DKK 53m corresponding to a 0.6pp improvement of the combined ratio
- Weather-related claims were DKK 19m in Q2 2013, which was DKK 6m better than assumed. It will have no significant effect on the combined ratio for 2013
- Interest rates have increased corresponding to a 0.2pp improvement of the combined ratio for 2013
- The claims trend for, among other lines of business, I/A, contents and travel insurance is getting slightly worse than assumed. Furthermore, the size of the negative premium adjustments of those agreements which provide that premiums paid by customers are dependent on the claims trend have been greater than assumed. Overall this increases the assumed claims trend by 0.5pp
- From 7 May to 9 August 2013 the pre-tax investment return improved DKK 20m more than assumed, benefitting from the positive equity market.

For non-life insurance the assumed growth in premiums continues to be 1-2%.

Given developments since the most recent profit forecast model published in the interim report for Q1 2013, the assumed combined ratio for 2013 continues to be 90-91%, excluding any run-off profits / losses in H2 2013.

Overall, profit on non-life insurance is assumed to be DKK 1,210-1,310m.

Life insurance

In the interim report for Q1 2013 pre-tax profit on life insurance was assumed to be DKK 340-370m based on the following assumptions:

- A decline of 0-3% in regular premiums
- Recognition as income of an allowance for risk of DKK 160-170m
- Recognition as income of DKK 90m from the shadow account
- The maximum shadow account forecast at 31 December 2013 is DKK 150m, of which DKK 50-60m can probably not be recognised as income.

Since the interim report for Q1 2013 was published, the following assumptions have changed:

- The assumed recognition as income from the shadow account has been changed from DKK 90m to DKK 150-160m primarily due to a higher than assumed investment return
- The maximum shadow account forecast at 31 December 2013 is DKK 85m, of which DKK 50-60m can probably not be recognised as income
- The assumed investment return on shareholders' equity has been reduced by DKK 20m.

Assuming that interest rates do not change, it is required that the overall investment return in 2013 in interest rate group 2 is 5.3% (of which 3.4% had been earned at the forecast date) in order to recognise as income the shadow account balance of DKK 53m at 1 January 2013 and the risk return for the year. The forecast assumes that DKK 36m of the shadow account of interest rate group 2 will be recognised as income in 2013 leaving a shadow account balance of DKK 16m of interest rate group 2 at 31 December 2013.

The DFSA has announced that the rules for calculation of individual solvency requirement will be changed with effect from 1 January 2014, and that the concept of shadow account will be removed at the same time. It is not clear how the shadow account will be removed. One possibility is that the amount of the shadow account balance that could reasonably be expected to be recognised as income in keeping with the relevant rules will be posted to shareholders' equity on 1 January 2014. In such a scenario it is assessed that Topdanmark will have to write down DKK 50-60m of the remainder of the shadow account at 31 December 2013, after which the balance of the shadow account is expected to be DKK 25-35m.

Overall, profit on life insurance is assumed to be DKK 380-410m.

The results are highly sensitive to fluctuations in the investment return. The risk allowance and shadow account are not finally calculated until the preparation of the 2013 Annual Report.

Total Group profit

Topdanmark's overall post-tax profit forecast model for 2013 has been upgraded by DKK 50m to DKK 1,250-1,350m representing EPS of DKK 11.1. The assumed profit for 2013 is exclusive of any run-off profits / losses in H2 2013.

This profit forecast model is subject to an annual 7.0% return on equities and unchanged foreign exchange rates from the level on 9 August 2013. 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 2.26% (risk-free interest rate plus 2.0pp).

Profit forecast 2013 (DKKm)	Forecast for 2013				Forecast for 2013			
	2012	7 May 2013		9 August 2013				
Non-life insurance								
- Technical result	1,068	820	-	870	840	-	890	
- Investment return after transfer to technical result etc.	1,036	360	-	410	370	-	420	
Profit on non-life insurance	2,103	1,180	-	1,280	1,210	-	1,310	
Life insurance	210	340	-	370	380	-	410	
Parent company etc.	22	30	-	40	30	-	40	
Pre-tax profit	2,335	1,550	-	1,690	1,620	-	1,760	
Taxation	(512)	(350)	-	(390)	(370)	-	(410)	
Profit for the year	1,823	1,200	-	1,300	1,250	-	1,350	

Share buy-back

The assumed share buy-back for 2013 has been increased by DKK 50m to DKK 2,200m representing a buy-back yield of 12.1%.

To date in 2013, Topdanmark has bought back own shares of DKK 1,105m (7,979,240 shares) which leaves a balance of DKK 1,095m of the 2013 buy-back programme.

The number of shares is 125,000,000. Topdanmark's holding of own shares is 7,815,000 and consequently the number of voting shares is 117,185,000.

Since 1998 when Topdanmark started buying back own shares, it has decided to cancel DKK 11.8bn of own shares representing a 69.7% write-down of the share capital, with an average price of DKK 41 per cancelled share.

In the years 2000-2012 the annual average buy-back yield has been 9.3%.

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. Below is a table of the periods when Topdanmark is allowed to buy back own shares.

Share buy-back allowable

28 Aug 2013	-	28 Oct 2013
27 Nov 2013	-	10 Feb 2014
12 Mar 2014	-	28 Apr 2014
28 May 2014	-	28 Jul 2014

Share buy-back not allowable

30 Jul 2013	-	27 Aug 2013
29 Oct 2013	-	26 Nov 2013
11 Feb 2014	-	11 Mar 2014
29 Apr 2014	-	27 May 2014
29 Jul 2014	-	26 Aug 2014

Financial calendar

Q1-Q3 2013 Interim Report	19 Nov 2013
Deadline for submitting items for AGM agenda	26 Feb 2014
2013 Annual Report	04 Mar 2014
AGM	10 Apr 2014
Q1 2014 Interim Report	20 May 2014
2014 Half-year Report	19 Aug 2014

Accounting policies

The 2013 half-year report 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.

The Group has implemented change to IAS 1 relating to presentation of "Other comprehensive income". The comparatives have been restated.

There have been no other changes in accounting policies from those adopted in the 2012 Annual Report where there is a complete description of all the accounting policies including the policy for calculation of fair value.

There have been no changes to classification of financial assets or financial liabilities in H1 2013. In Q2 2013 the Group has invested DKK 34m in financial assets recorded at fair value using valuation models based on non-observable inputs. 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.

In March 2013 Topdanmark effected a share split and reduced the denomination from DKK 10 per share to DKK 1 per share. Financial ratios have been calculated accordingly. The comparatives have been restated to comply with the change in denomination.

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

Income statement • Group

(DKKm)		Full year	Q2	Q2	H1	H1
	Note	2012	2012	2013	2012	2013
NON-LIFE INSURANCE						
Gross premiums written		8,851	1,574	1,642	5,601	5,766
Reinsurance ceded		(660)	(64)	(49)	(409)	(436)
Change in the provisions for unearned premiums, gross		(29)	610	582	(1,232)	(1,339)
Change in reinsurers' share of the provisions for unearned premiums		8	(94)	(109)	93	109
Premiums earned, net of reinsurance		8,170	2,027	2,066	4,054	4,100
Technical interest, net of reinsurance	1	20	7	4	16	9
Gross claims paid		(6,682)	(1,692)	(1,554)	(3,460)	(3,194)
Reinsurance cover received		791	200	126	535	219
Change in the provisions for claims, gross		560	171	84	424	189
Change in reinsurers' share of the provisions for claims		(407)	(36)	(77)	(319)	(74)
Claims incurred, net of reinsurance	2	(5,738)	(1,357)	(1,421)	(2,821)	(2,860)
Bonuses and rebates		(64)	2	(20)	(15)	(38)
Acquisition costs		(853)	(237)	(239)	(468)	(493)
Administrative expenses		(519)	(117)	(114)	(231)	(223)
Reinsurance commission and share of profits		76	14	27	36	50
Total operating expenses, net of reinsurance		(1,297)	(340)	(325)	(663)	(666)
TECHNICAL PROFIT ON NON-LIFE INSURANCE		1,092	339	303	571	546
LIFE INSURANCE						
Gross premiums written	3	3,161	686	834	1,707	1,886
Reinsurance ceded		(4)	(1)	(1)	(2)	(2)
Premiums, net of reinsurance		3,156	685	833	1,704	1,883
Allocated investment return, net of reinsurance		2,364	18	(69)	1,088	606
Claims and benefits paid		(3,248)	(913)	(1,078)	(1,947)	(2,320)
Reinsurance cover received		7	1	2	2	2
Change in the provisions for claims and benefits		(3)	4	0	(5)	(1)
Claims and benefits paid, net of reinsurance		(3,244)	(907)	(1,076)	(1,950)	(2,319)
Change in life insurance provisions		(684)	415	657	(64)	1,059
Change in reinsurers' share		1	1	(1)	2	(1)
Change in the life insurance provisions, net of reinsurance		(683)	416	657	(62)	1,058
Bonus		(228)	(76)	118	(174)	(77)
Change in provisions for unit-linked contracts		(1,032)	(56)	(369)	(439)	(807)
Acquisition costs		(108)	(28)	(29)	(54)	(56)
Administrative expenses		(217)	(53)	(55)	(109)	(113)
Reinsurance commission and share of profits		(0)	(0)	(0)	(1)	0
Total operating expenses, net of reinsurance		(325)	(80)	(84)	(164)	(169)
TECHNICAL PROFIT ON LIFE INSURANCE		7	(0)	10	3	175

Income statement • Group

(DKKm)	Full year 2012	Q2 2012	Q2 2013	H1 2012	H1 2013
NON-TECHNICAL ACTIVITIES					
Technical profit on non-life insurance	1,092	339	303	571	546
Technical profit on life insurance	7	(0)	10	3	175
Income from associated companies	26	23	14	12	25
Income from investment properties	200	56	34	103	72
Interest income and dividends etc.	1,877	528	449	1,029	867
Revaluations	2,291	(426)	(485)	840	130
Interest charges	(89)	(26)	(22)	(52)	(41)
Expenses on investment business	(43)	(10)	(11)	(21)	(23)
Total investment return	4,261	145	(21)	1,911	1,031
Technical interest transferred to non-life insurance business	(238)	(64)	(42)	(132)	(85)
Pension return tax	(396)	(17)	47	(172)	(44)
Investment return transferred to life insurance business	(2,364)	(18)	69	(1,088)	(606)
Other income	12	4	6	6	11
Other expenses	(40)	(11)	(11)	(21)	(24)
PRE-TAX PROFIT	2,335	377	361	1,079	1,004
Taxation	(512)	(92)	(82)	(233)	(220)
PROFIT FOR THE PERIOD	1,823	285	279	846	784
Profit per share (DKK)	14.2	2.2	2.3	6.5	6.5
Profit per share, diluted (DKK)	14.2	2.2	2.3	6.5	6.5

Statement of comprehensive income • Group

Profit for the period	1,823	285	279	846	784
Items which can subsequently be reclassified as profit or loss:					
Exchange rate adjustment of foreign business	1	(0)	0	(0)	(0)
Items which cannot subsequently be reclassified as profit or loss:					
Deferred tax on security funds (change in the tax percentage)	0	0	42	0	42
Revaluation of owner-occupied properties	1	0	0	1	1
Other comprehensive income	2	0	43	1	43
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,825	286	321	847	826

Assets • Group

(DKKm)	31 December 2012	30 June 2012	30 June 2013
INTANGIBLE ASSETS	652	674	635
Machinery and equipment	146	145	140
Owner-occupied properties	861	847	862
TOTAL TANGIBLE ASSETS	1,007	992	1,002
Investment properties	3,983	4,106	3,946
Shares in associated companies	928	355	866
Loans to associated companies	173	695	327
Total investment in associated companies	1,101	1,051	1,193
Shares	5,805	6,288	6,818
Bonds	36,882	38,738	36,420
Loans guaranteed by mortgages	8	9	7
Other loans	1	1	1
Deposits with credit institutions	1,657	4,515	1,943
Derivatives	1,450	1,492	1,268
Total other financial investment assets	45,803	51,044	46,456
TOTAL INVESTMENT ASSETS	50,887	56,201	51,595
INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS	4,313	3,876	4,915
Reinsurers' share of provisions for unearned premiums	75	160	184
Reinsurers' share of life insurance provisions	38	40	37
Reinsurers' share of the provisions for claims and benefits	683	765	609
Total reinsurers' share of provisions	797	966	831
Amounts due from policyholders	390	476	435
Amounts due from insurance companies	157	166	148
Amounts due from associated companies	22	2	11
Other debtors	193	156	210
TOTAL DEBTORS	1,559	1,765	1,636
Assets held temporarily	1	0	0
Deferred tax assets	20	13	26
Liquid funds	368	222	283
Other	101	51	84
TOTAL OTHER ASSETS	491	285	393
Accrued interest and rent	376	414	385
Other prepayments and accrued income	151	190	208
TOTAL PREPAYMENTS AND ACCRUED INCOME	527	604	593
TOTAL ASSETS	59,435	64,397	60,769

Shareholders' equity and liabilities • Group

(DKKm)	Note	31 December 2012	30 June 2012	30 June 2013
Share capital		138	138	125
Revaluation reserve		18	18	19
Security fund		1,104	1,104	1,146
Other reserves		29	26	33
Total reserves		1,133	1,130	1,179
Profit carried forward		4,079	3,670	3,985
TOTAL SHAREHOLDERS' EQUITY		5,368	4,955	5,307
SUBORDINATED LOAN CAPITAL		1,153	1,151	1,154
Provisions for unearned premiums		2,713	3,912	4,050
Guaranteed pension benefits		21,402	20,193	20,129
Bonus potential on future premiums		3,689	3,985	3,580
Bonus potential on paid-up benefits		1,849	2,142	2,172
Total life insurance provisions		26,941	26,321	25,882
Provisions for claims and benefits		13,521	13,194	13,161
Collective bonus potential		768	714	845
Provisions for bonuses and rebates		105	77	109
Provisions for unit-linked contracts		4,757	4,137	5,557
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		48,804	48,355	49,605
Pensions and similar commitments		33	34	31
Deferred tax liabilities		109	104	85
Deferred tax on security funds		348	348	306
TOTAL LIABILITIES PROVIDED		489	486	423
DEPOSITS RECEIVED FROM REINSURERS		141	138	150
Creditors arising out of direct insurance operations		95	63	94
Creditors arising out of reinsurance operations		35	39	34
Bond loans		74	73	58
Amounts due to credit institutions		2,007	7,754	2,541
Amounts due to associated companies		7	2	37
Current tax liabilities		54	210	234
Derivatives		22	164	145
Other creditors		1,097	936	917
TOTAL CREDITORS		3,390	9,243	4,061
ACCRUALS AND DEFERRED INCOME		89	69	69
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		59,435	64,397	60,769

Contingent liabilities

4

Cash flow statement • Group

(DKKm)	Full year 2012	H1 2012	H1 2013
Cash flow from operations			
Gross premiums written	8,827	5,545	5,660
Claims paid	(6,596)	(3,436)	(3,171)
Expenses	(1,248)	(639)	(695)
Reinsurance ceded	99	55	(148)
Cash flow from non-life insurance	1,082	1,525	1,645
Gross premiums written	3,151	1,650	1,910
Claims and benefits	(3,251)	(1,950)	(2,306)
Expenses	(318)	(151)	(149)
Reinsurance ceded	33	23	5
Cash flow from life insurance	(384)	(428)	(540)
Total cash flow from insurance business	698	1,096	1,105
Payments on investment contracts	(12)	(39)	(8)
Dividends from associated companies	65	41	0
Interest income and dividends etc.	2,181	1,176	896
Interest charges etc.	(131)	(86)	(85)
Pension return tax	(227)	(210)	(316)
Corporation tax	(506)	(68)	(69)
Other items	(28)	(4)	(9)
Total cash flow from operations	2,040	1,906	1,515
Investments			
Intangible assets, machinery and equipment	(105)	(63)	(55)
Properties	(58)	(31)	80
Shares in associated companies	(86)	(0)	0
Shares	481	(288)	(682)
Bonds	3,696	795	119
Loans	1	1	1
Derivatives	(560)	(703)	41
Investment assets related to unit-linked contracts	(582)	(431)	(437)
Balances with associated companies	21	4	(26)
Total investments	2,809	(717)	(958)
Financing			
Shares bought back	(1,200)	(519)	(961)
Share-based payments	123	38	95
Bond loans	0	0	(16)
Amounts due to credit institutions	(3,990)	1,757	534
Total financing	(5,067)	1,275	(349)
Change in cash and cash equivalents	(218)	2,465	208
Cash and cash equivalents at 1 January	2,266	2,266	2,025
Revaluation of cash and cash equivalents	(22)	6	(8)
Cash and cash equivalents end of period	2,025	4,737	2,226
Cash and cash equivalents comprise:			
Liquid funds	368	222	283
Deposits with credit institutions	1,657	4,515	1,943
	2,025	4,737	2,226

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
2012						
Shareholders' equity prior year	148	17	1,104	22	3,275	4,567
Profit for the year				7	1,816	1,823
Other comprehensive income		1	0	0	0	2
Total comprehensive income for the year		1	0	7	1,817	1,825
Cancellation of own shares	(11)				11	0
Share buy-back					(1,200)	(1,200)
Sale of employee shares					43	43
Issue of share options					7	7
Exercise of share options					123	123
Taxation					3	3
Other transactions	(11)				(1,013)	(1,024)
Shareholders' equity at 31 December 2012	138	18	1,104	29	4,079	5,368
H1 2012						
Shareholders' equity prior year	148	17	1,104	22	3,275	4,567
Profit for the period				4	843	846
Other comprehensive income		1	0	0	0	1
Total comprehensive income for the period		1	0	4	843	847
Cancellation of own shares	(11)				11	0
Share buy-back					(528)	(528)
Sale of employee shares					23	23
Issue of share options					7	7
Exercise of share options					38	38
Taxation					2	2
Other transactions	(11)				(448)	(459)
Shareholders' equity at 30 June 2012	138	18	1,104	26	3,670	4,955
H1 2013						
Shareholders' equity prior year	138	18	1,104	29	4,079	5,368
Profit for the period				3	780	784
Other comprehensive income		1	42	(0)	(0)	43
Total comprehensive income for the period		1	42	3	780	826
Cancellation of own shares	(13)				13	0
Share buy-back					(990)	(990)
Issue of share options					9	9
Exercise of share options					95	95
Other transactions	(13)				(875)	(887)
Shareholders' equity at 30 June 2013	125	19	1,146	33	3,985	5,307

Segment information • Group

Income statement

(DKKm)	Per- sonal	SME and Industrial	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
H1 2012								
Non-life insurance								
Gross premiums earned	2,369	1,996	(11)	4,355				4,355
Technical interest*	8	9	0	16				16
Claims incurred	(1,681)	(1,371)	11	(3,041)			5	(3,036)
Expenses	(385)	(323)	1	(707)			8	(699)
Net reinsurance	17	(82)	0	(64)				(64)
Technical profit on non-life insurance	328	229	1	558			13	571
Life insurance								
Gross premiums written					1,707			1,707
Allocated investment return					1,088			1,088
Benefits and change in provisions					(2,629)			(2,629)
Expenses					(165)		2	(163)
Net reinsurance					1			1
Technical profit on life insurance					2		2	3
Total investment return				565	1,313	16	17	1,911
Pension return tax				(12)	(160)			(172)
Transferred to technical result				(132)	(1,088)			(1,220)
Investment return				421	66	16	17	520
Other items				10	25	(18)	(32)	(15)
Pre-tax profit / (loss)				989	93	(2)	0	1,079
Taxation								(233)
Profit for the period								846
H1 2013								
Non-life insurance								
Gross premiums earned	2,407	1,992	(9)	4,390				4,390
Technical interest*	4	5	0	9				9
Claims incurred	(1,659)	(1,360)	7	(3,012)			7	(3,005)
Expenses	(412)	(319)	1	(730)			13	(717)
Net reinsurance	(34)	(98)	(0)	(132)				(132)
Technical profit on non-life insurance	306	220	(0)	526			20	546
Life insurance								
Gross premiums written					1,886			1,886
Allocated investment return					606			606
Benefits and change in provisions					(2,147)			(2,147)
Expenses					(172)		3	(169)
Net reinsurance					(1)			(1)
Technical profit on life insurance					172		3	175
Total investment return				299	696	27	9	1,031
Pension return tax				5	(49)			(44)
Transferred to technical result				(85)	(606)			(691)
Investment return				218	42	27	9	296
Other items				12	24	(18)	(32)	(14)
Pre-tax profit				756	238	9	0	1,004
Taxation								(220)
Profit for the period								784

* After discounting DKK 76m (H1 2012: DKK 116m)

Notes to the financial statements • Group

(DKKm)	Full year 2012	H1 2012	H1 2013
Note 1. Technical interest, net of reinsurance – Non-life insurance			
Calculated interest	238	132	85
Discounting of technical provisions and reinsurers' share	(217)	(116)	(76)
Technical interest, net of reinsurance	20	16	9

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

Run-off profit:			
Gross business	201	53	180
Reinsurance ceded	1	32	(32)
Run-off profit, net of reinsurance	201	85	148

Note 3. Gross premiums written – Life insurance

Individual policies	365	151	146
Policies which are part of a tenure	1,392	706	680
Group life	399	321	331
Regular premiums	2,157	1,177	1,157
Individual policies	144	89	88
Policies which are part of a tenure	860	441	641
Single premiums	1,004	530	729
Gross premiums	3,161	1,707	1,886

Note 4. Contingent liabilities	31 December 2012	30 June 2012	30 June 2013
Adjustments to VAT liabilities	33	30	24
Other liabilities	10	10	10
Capital commitments to loan funds and private equity funds etc.	181	230	555
Share of associated companies' liabilities:			
Contract liabilities	452	-	380

The Group participates in technical insurance collaboration where it is jointly liable for the insurance liabilities.

The companies are jointly liable for A-tax and payroll tax etc. and VAT chargeable to the jointly registered companies.

Income statement • Parent company

(DKK)m	Full year 2012	Q2 2012	Q2 2013	H1 2012	H1 2013
Income from affiliated companies	1,825	286	290	849	804
Revaluations	(1)	0	(0)	0	0
Interest charges	(20)	(5)	(3)	(11)	(7)
Total investment return	1,804	281	286	838	797
Other expenses	(34)	(9)	(9)	(18)	(18)
PRE-TAX PROFIT	1,770	272	277	820	779
Taxation	53	13	2	27	5
PROFIT FOR THE PERIOD	1,823	285	279	846	784

Statement of comprehensive income • Parent company

Profit for the period	1,823	285	279	846	784
Other comprehensive income from affiliated companies	2	1	1	1	1
Other comprehensive income	2	1	1	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,825	286	280	847	784

Balance sheet • Parent company

(DKK)m	31 December 2012	30 June 2012	30 June 2013
Assets			
Machinery and equipment	3	4	3
TOTAL TANGIBLE ASSETS	3	4	3
Shares in affiliated companies	6,714	6,571	6,416
Total investment in affiliated companies	6,714	6,571	6,416
Bonds	1	1	1
Total other financial investment assets	1	1	1
TOTAL INVESTMENT ASSETS	6,715	6,572	6,417
Amounts due from affiliated companies	172	201	259
TOTAL DEBTORS	172	201	260
Deferred tax assets	1	1	1
Liquid funds	3	4	2
TOTAL OTHER ASSETS	4	5	3
TOTAL ASSETS	6,895	6,782	6,683

Shareholders' equity and liabilities

Share capital	138	138	125
Other reserves	2,991	2,848	2,667
Total reserves	2,991	2,848	2,667
Profit carried forward	2,587	2,317	2,821
TOTAL SHAREHOLDERS' EQUITY	5,716	5,303	5,614
SUBORDINATED LOAN CAPITAL	406	404	406
Bond loans	74	73	58
Amounts due to affiliated companies	630	772	334
Current tax liabilities	53	202	227
Other creditors	15	28	44
TOTAL CREDITORS	773	1,075	663
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,895	6,782	6,683

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 a 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 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 make their own careful considerations on 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 2013 Half-Year Report

We have today considered and adopted the 2013 half-year report 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 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 Company's assets, liabilities and financial position at 30 June 2013 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 30 June 2013. 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 August 2013

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

Charlotte Hougaard

Jens Maaløe

Per Mathiesen

Birgitte Nielsen

Annette Sadolin

Desirée Schultz