

TOPDANMARK INTERIM REPORT FOR Q1-Q3 2014

18 November 2014 Announcement No. 12/2014

Key features

Q1-Q3 2014

- Post-tax profit increased to DKK 1,253m (Q1-Q3 2013: DKK 1,217m)
- EPS increased to DKK 11.5 (Q1-Q3 2013: DKK 10.2)
- Combined ratio improved to 86.7% (Q1-Q3 2013: 88.5%). Excluding run-off profits it improved to 90.6% (Q1-Q3 2013: 91.6%)
- Premium growth was 2.8% in non-life insurance and 32.0% in life insurance
- Profit on life insurance declined to DKK 198m (Q1-Q3 2013: DKK 340m) due to lower recognition of income from the shadow account
- Investment return increased to DKK 651m (Q1-Q3 2013: DKK 583m).

Q3 2014

- Post-tax profit: DKK 308m (Q3 2013: DKK 434m)
- EPS: DKK 2.9 (Q3 2013: DKK 3.7)
- Combined ratio: 88.3% (Q3 2013: 89.1%)
- Combined ratio excluding run-off profits: 92.3% (Q3 2013: 91.7%)
- Premium growth: Non-life insurance 2.1% and life insurance 38.6%
- Profit on life insurance declined to DKK 62m (Q3 2013: DKK 102m) due to a lower investment return, a lower risk return and a lower recognition as income from the shadow account
- Investment return: DKK 112m (Q3 2013: DKK 257m).

Profit forecast model for 2014

- Topdanmark continues to assume premium growth of 2-3% for non-life insurance. In life insurance the assumption of a 0-5% growth in regular premiums also remains unchanged
- Assumed combined ratio has been adjusted from around 89% to around 88%, excluding run-off profits / losses in Q4 2014
- Post-tax profit forecast model for 2014 has been adjusted from DKK 1,300-1,400m to DKK 1,350-1,450m, excluding run-off profits / losses in Q4 2014
- Post-tax profit forecast model for 2014 represents EPS of DKK 13.0.

Share buy-back

- The share buy-back programme for 2014 has been upgraded by DKK 50m to DKK 2.1bn, representing a buy-back yield of 11.1%
- Topdanmark has bought back own shares of DKK 1,535m in 2014, which leaves a balance of DKK 565m of the 2014 buy-back programme.

Assumptions for 2015

- For 2015 Topdanmark assumes premium growth of 1-2% and a combined ratio of around 91%.

Webcast

In a [webcast](#) Topdanmark's CEO, Christian Sagild, presents the financial highlights and comments on the forecast.

Conference call

A conference call will be held today at 15:30 (CET) when Christian Sagild, CEO, and Lars Thykier, CFO, will be available for questions based on the interim report and the webcast. The call will be conducted in English.

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

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

US dial in number: +1 334 323 6203

10-15 minutes before the conference quoting reference 949093 and ask the operator to connect you to the Topdanmark conference call – or listen to the live [transmission](#) of the call.

Please direct any queries to:

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

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

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

Contents

Management's review

- 1 Key features
- 3 Financial highlights
- 4 Results for Q1-Q3 2014
- 4 Results for Q3 2014
- 4 Non-life insurance
- 8 Life insurance
- 9 Investment activities
- 10 Parent company etc.
- 10 Taxation
- 10 Solvency calculation and capital requirements
- 10 Profit forecast model
- 12 Share buy-back
- 12 Assumptions for 2015
- 12 Financial calendar
- 12 Accounting policies

Financial statements for Q1-Q3 2014 – Group

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

Financial statements for Q1-Q3 2014 – Parent company

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

22 Disclaimer

23 Statement by Management on the Interim Report for Q1-Q3 2014

Topdanmark A/S
Borupvang 4
DK-2750 Ballerup
Tel +45 44 68 33 11
Reg.No. 78040017

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

Financial highlights

(DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Premiums earned:					
Non-life insurance	8,889	2,236	2,285	6,626	6,812
Life insurance	3,511	804	1,114	2,546	3,361
	12,400	3,040	3,399	9,172	10,173
Results:					
Non-life insurance	1,361	442	345	1,199	1,417
Life insurance	442	102	62	340	198
Parent company etc.	73	10	1	19	(9)
Pre-tax profit	1,875	554	408	1,558	1,606
Tax	(407)	(120)	(100)	(340)	(353)
Profit	1,468	434	308	1,217	1,253
Run-off profits, net of reinsurance	306	57	90	205	261
Shareholders' equity of parent company at 1 January	5,716	5,614	5,660	5,716	5,490
Profit	1,468	434	308	1,217	1,253
Share buy-back	(1,836)	(515)	(458)	(1,505)	(1,308)
Share-based payments	142	10	14	113	84
Other movements in shareholders' equity	0	0	(8)	1	(4)
Shareholders' equity of parent company end of period	5,490	5,543	5,516	5,543	5,516
Deferred tax on security funds	(306)	(306)	(306)	(306)	(306)
Shareholders' equity of Group end of period	5,184	5,237	5,210	5,237	5,210
Capital base, parent company*)	5,897	5,949	5,923	5,949	5,923
Total assets, parent company	6,485	6,501	6,370	6,501	6,370
Total assets, Group	61,092	59,526	64,880	59,526	64,880
Provisions for insurance and investment contracts:					
Non-life insurance	16,721	16,599	17,436	16,599	17,436
Life insurance	33,640	32,879	36,367	32,879	36,367
Financial ratios (parent company)					
Post-tax profit as a % of shareholders' equity	26.0	7.6	5.4	21.2	22.4
Post-tax EPS (DKK)	12.5	3.7	2.9	10.2	11.5
Post-tax EPS, diluted (DKK)	12.3	3.7	2.9	10.1	11.4
Net asset value per share, diluted (DKK)	48.3	48.1	51.2	48.1	51.2
Share buy-back per share, diluted (DKK)	15.4	4.4	4.2	12.5	11.9
Listed share price end of period	142.8	142.0	178.6	142.0	178.6
Average number of shares ('000)	117,904	116,559	106,890	119,307	109,120
Average number of shares, diluted ('000)	119,131	117,762	107,739	120,586	110,018
Number of shares end of period ('000)	112,632	114,534	105,433	114,534	105,433
Ratios non-life insurance (%)					
Gross loss ratio	80.4	69.4	78.1	68.9	70.8
Net reinsurance ratio	(5.0)	4.3	(4.1)	3.4	0.2
Claims trend	75.4	73.7	73.9	72.3	71.0
Gross expense ratio	16.2	15.4	14.4	16.2	15.7
Combined ratio	91.5	89.1	88.3	88.5	86.7
Operating ratio	91.4	89.0	88.3	88.4	86.6
Combined ratio excl. run-off profits	95.0	91.7	92.3	91.6	90.6

*) Shareholders' equity and loan capital

Results for Q1-Q3 2014

Topdanmark's post-tax profit for Q1-Q3 2014 increased 3.0% to DKK 1,253m. EPS increased 12.7% to DKK 11.5.

Pre-tax profit increased by DKK 48m to DKK 1,606m.

The technical result improved DKK 139m to DKK 911m. The claims trend benefitted from a generally improved claims trend for theft, motor and fire. Additionally, it was adversely affected by an increase of DKK 61m in weather-related claims, which was offset by an increase of DKK 56m in run-off profits.

The investment return improved DKK 79m to DKK 506m due to the favourable trend in Danish mortgage bonds and a significant return on Danish equities.

Profit on life insurance declined DKK 142m to DKK 198m, due to recognition as income of DKK 148m from the shadow account in Q1-Q3 2013, while in Q1-Q3 2014 only DKK 4m was recognised as income from the shadow account: see "[Life insurance](#)".

Trend in profit (DKKm)	Full year 2013	Q1-Q3 2013	Q1-Q3 2014
Non-life insurance			
- Technical result	765	772	911
- Investment return after transfer to technical result etc.	595	427	506
Profit on non-life insurance	1,361	1,199	1,417
Life insurance	442	340	198
Parent company etc.	73	19	(9)
Pre-tax profit	1,875	1,558	1,606
Tax	(407)	(340)	(353)
Profit	1,468	1,217	1,253

Results for Q3 2014

Pre-tax profit for Q3 2014 declined DKK 146m to DKK 408m due to a lower return on investments and a lower result of life insurance.

In spite of an increase of DKK 57m in rainstorm claims the technical result increased by DKK 22m to DKK 268m benefitting from an increase of DKK 33m in run-off profits.

The investment return declined DKK 120m to DKK 76m. In Q3 2014 the investment return was higher than the normal level, but lower than the level in Q3 2013, which benefitted from an extraordinarily high return on equities, credit bonds and CDOs.

Profit on life insurance declined DKK 40m to DKK 62m due to the combination of a lower investment return, a lower risk return and a lower recognition as income from the shadow account.

Trend in profit (DKKm)	Q3 2013	Q3 2014
Non-life insurance		
- Technical result	246	268
- Investment return after transfer to technical result etc.	196	76
Profit on non-life insurance	442	345
Life insurance	102	62
Parent company etc.	10	1
Pre-tax profit	554	408
Tax	(120)	(100)
Profit	434	308

Non-life insurance Premiums earned

Premiums earned increased 2.8% to DKK 6,812m in Q1-Q3 2014. The personal segment accounted for 3.2% of the growth and the SME and industrial segment for 2.4%.

Claims trend

The claims trend improved to 71.0% in Q1-Q3 2014 (Q1-Q3 2013: 72.3%).

Run-off profits net of reinsurance were DKK 261m in Q1-Q3 2014 (Q1-Q3 2013: DKK 205m), representing a 0.7pp improvement of the claims trend. Primarily illness / accident insurance, workers' compensation insurance and house insurance generated run-off profits.

Following many years of increasing claim payments on thefts, expenses on theft claims declined, representing a 0.7pp improvement of the claims trend, due to both a decline in the number of thefts and a decline in average claims. This favourable trend could be due to the police's increased efforts to fight home crimes.

In spite of a 1.7% increase in the number of cars insured, claim payments declined DKK 18m, representing a 0.3pp improvement of the claims trend due to both a lower claims frequency and a decline in average claims.

The level of fire claims declined DKK 19m, representing a 0.3pp improvement of the claims trend, due to an improved fire claims trend in the personal segment.

Expenses on weather-related claims were DKK 103m in Q1-Q3 2014 (Q1-Q3 2013: DKK 20m). After reimbursement from the reinsurance companies, weather-related claims increased DKK 61m, which had a 0.9pp adverse effect on the claims trend. Most of the weather-related claims (DKK 57m) were incurred in Q3, when the Copenhagen area was hit by a rainstorm on 31 August: see "[Developments in Q3 2013](#)".

The interest rate curve used to discount the provisions for outstanding claims was lower in Q1-Q3 2014 than in Q1-Q3 2013 with a 0.3pp adverse effect on the claims trend.

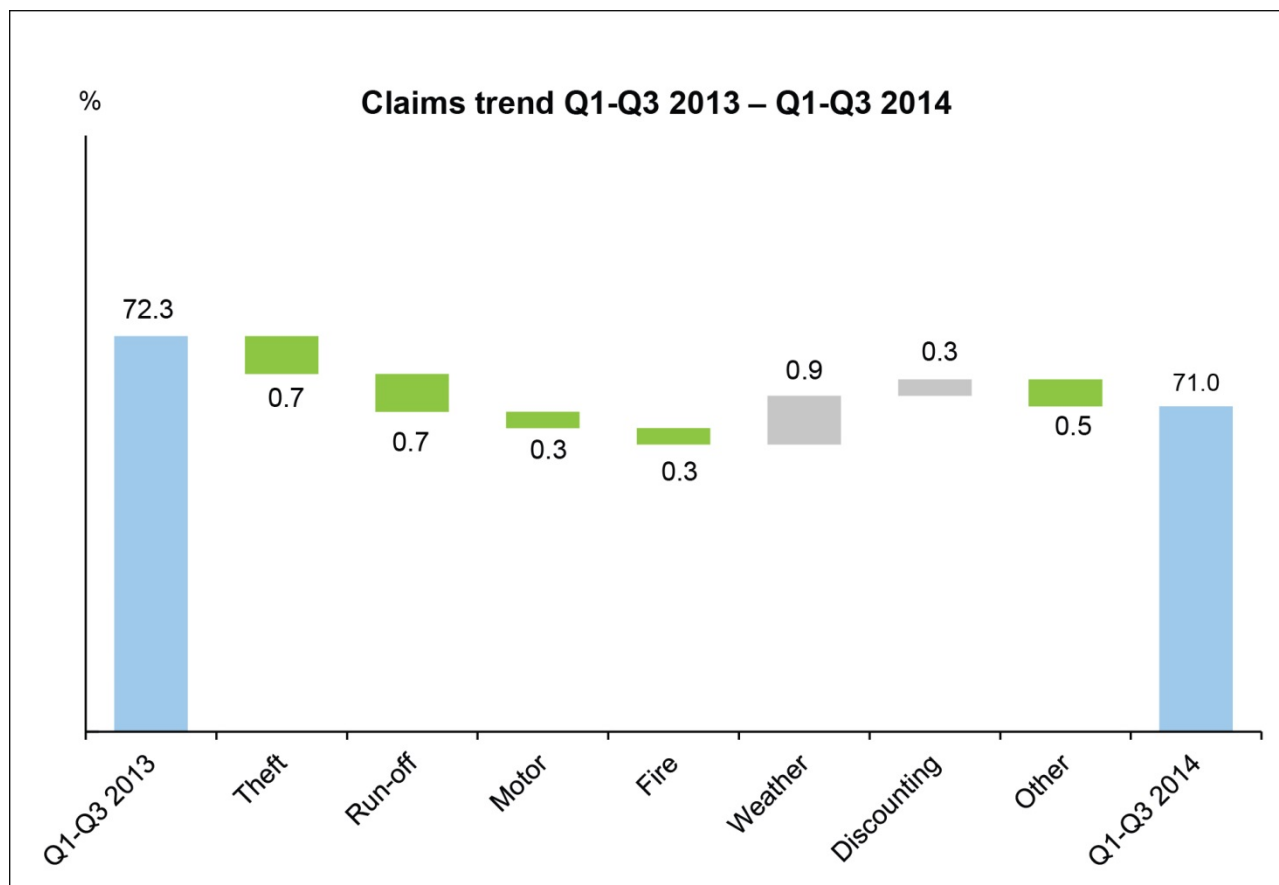
of a number of initiatives implemented to improve efficiency such as digitalisation and outsourcing of IT mainframe.

Expense ratio

The expense ratio declined to 15.7% (Q1-Q3 2013: 16.2%) due to lower commission payments following generally lower sales of new business than in the same period the previous year. In addition, there was the result

Combined ratio

The combined ratio improved to 86.7% in Q1-Q3 2014 (Q1-Q3 2013: 88.5%). Excluding run-off profits it improved to 90.6% (Q1-Q3 2013: 91.6%).



Developments in Q3 2014

Premiums earned

Premiums earned increased 2.1% to DKK 2,285m. The personal segment accounted for 1.9% and the SME segment for 3.1%.

Claims trend

The claims trend was 73.9% in Q3 2014 (Q3 2013: 73.7%).

Until the end of August, the weather was generally warm and there were few rainstorms, which caused more harvest fires than normal. However, on 31 August, particularly the Copenhagen area was hit by a major rainstorm. Gross claims relating to the rainstorm is estimated to be DKK 62m. Besides the rainstorm on 31 August, Q3 was characterised by a number of minor lightning strikes and rainstorms, each of them being too small to be covered by the reinsurance programme. These claims amounted to DKK 17m. Accordingly, overall

weather-related gross claims totalled DKK 79m.

Topdanmark's retention is DKK 50m. In addition, there is a reinstatement premium of DKK 7m. Therefore, net expenses relating to weather-related claims were DKK 57m.

Net expenses on weather-related claims were DKK 1m in Q3 2013. Consequently, weather-related claims were DKK 56m higher in Q3 2014, representing a 2.5pp deterioration of the claims trend.

The claims trend deteriorated 0.7pp due the lower interest rates.

Run-off profits net of reinsurance were DKK 90m (Q3 2013: DKK 57m), representing a 1.5pp improvement of the claims trend. Primarily illness / accident and motor third-party / comprehensive policies generated run-off profits.

The level of fire claims declined DKK 23m, representing a 1.0pp improvement of the claims trend. The fire claims trend reflected an improvement in the personal and agricultural areas, although the agricultural area improved from an extraordinarily high level in 2013. On the other hand, the SME area was adversely impacted by several large-scale claims.

The level of thefts declined DKK 15m, corresponding to a 0.6pp improvement of the claims trend.

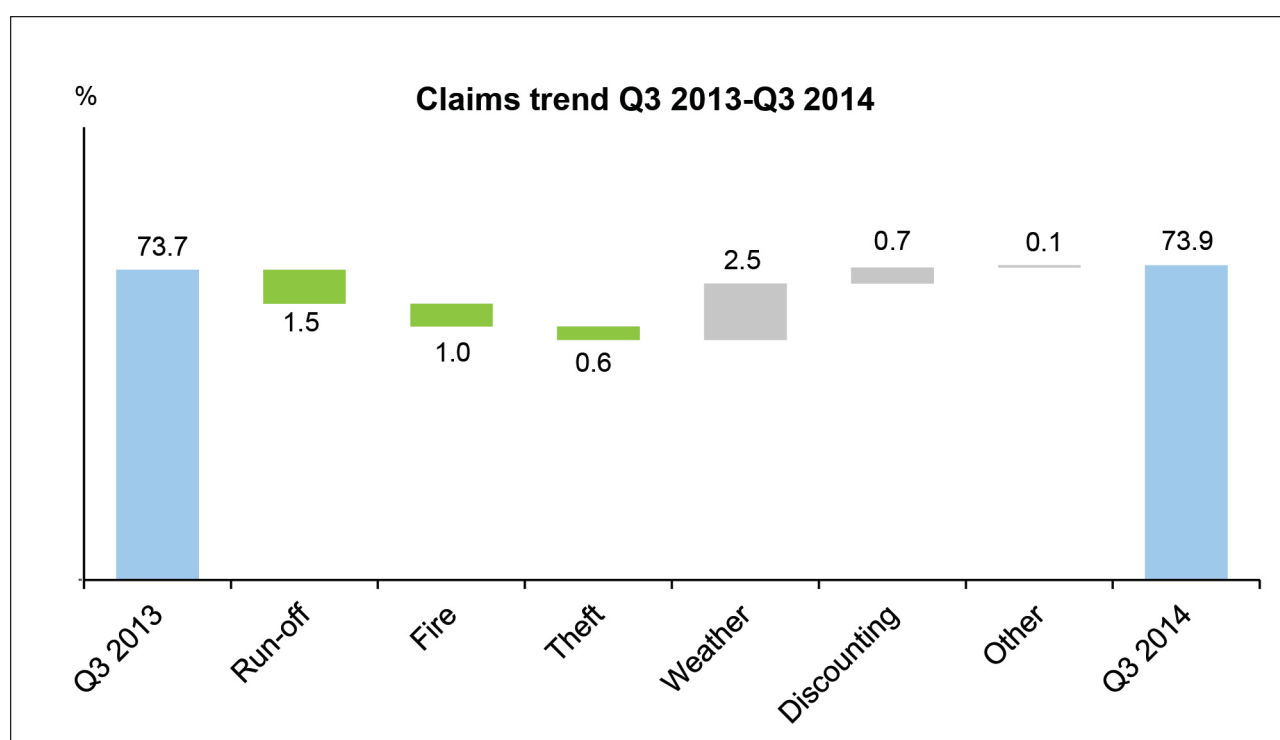
Expense ratio

The expense ratio improved to 14.4% in Q3 2014 (Q3 2013: 15.4%). The level of expenses is often lower in Q3

than in the other quarters due to vacationing and a generally lower level of activity. Besides lower sales of new business and the effect of improved efficiency, the improved level of expenses was also due to non-recurring factors.

Combined ratio

The combined ratio improved to 88.3% in Q3 2014 (Q3 2013: 89.1%). Excluding run-off profits, it increased to 92.3% in Q3 2014 (Q3 2013: 91.7%).



Financial highlights – Non-life insurance (DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Gross premiums earned	8,889	2,236	2,285	6,626	6,812
Technical interest	14	3	1	12	7
Claims incurred	(7,145)	(1,552)	(1,784)	(4,564)	(4,826)
Expenses	(1,438)	(345)	(328)	(1,075)	(1,072)
Net reinsurance	445	(96)	95	(228)	(11)
Technical result	765	246	268	772	911
Investment return after transfer to technical result	575	191	68	410	482
Other items	20	5	8	17	24
Profit on non-life insurance	1,361	442	345	1,199	1,417
Run-off profits, net of reinsurance	306	57	90	205	261
Gross loss ratio (%)	80.4	69.4	78.1	68.9	70.8
Net reinsurance ratio (%)	(5.0)	4.3	(4.1)	3.4	0.2
Claims trend (%)	75.4	73.7	73.9	72.3	71.0
Gross expense ratio (%)	16.2	15.4	14.4	16.2	15.7
Combined ratio (%)	91.5	89.1	88.3	88.5	86.7
Operating ratio (%)	91.4	89.0	88.3	88.4	86.6
Combined ratio excl. run-off profits (%)	95.0	91.7	92.3	91.6	90.6

Segment reporting

Personal

The personal segment offers policies for individual households in Denmark.

Premiums earned increased 3.2% to DKK 3,757m in Q1-Q3 2014 and 1.9% to DKK 1,257m in Q3 2014.

The technical result increased DKK 151m to DKK 571m in Q1-Q3 2014.

The claims trend improved 3.2pp to 68.5%. Run-off profits were DKK 169m (Q1-Q3 2013: DKK 101m). This change

in run-off profits represented a 1.7pp improvement of the claims trend. Additionally, the claims trend benefitted from fewer theft claims and an improved claims trend for fire insurance. On the other hand, rainstorm claims had a 0.8pp adverse impact on the result.

The expense ratio was 16.4% (Q1-Q3 2013: 16.9%).

The combined ratio improved to 84.9% in Q1-Q3 2014 (Q1-Q3 2013: 88.6%). Excluding run-off profits it improved to 89.4% (Q1-Q3 2013: 91.4%).

Personal (DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Gross premiums earned	4,881	1,233	1,257	3,639	3,757
Technical interest	7	2	1	6	4
Claims incurred	(3,638)	(892)	(891)	(2,552)	(2,576)
Expenses	(823)	(203)	(191)	(615)	(617)
Net reinsurance	120	(26)	3	(59)	4
Technical result	547	113	179	420	571
Run-off profits, net of reinsurance	192	9	46	101	169
Gross loss ratio (%)	74.5	72.4	70.9	70.1	68.6
Net reinsurance ratio (%)	(2.5)	2.1	(0.3)	1.6	(0.1)
Claims trend (%)	72.1	74.5	70.6	71.7	68.5
Gross expense ratio (%)	16.9	16.5	15.2	16.9	16.4
Combined ratio (%)	88.9	90.9	85.8	88.6	84.9
Operating ratio (%)	88.8	90.8	85.7	88.5	84.8
Combined ratio excl. run-off profits	92.9	91.7	89.5	91.4	89.4

SME and Industrial

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

Premiums earned improved 2.4% to DKK 3,071m in Q1-Q3 2014 and 3.1% to DKK 1,037m in Q3 2014.

The technical result declined DKK 11m to DKK 340m in Q1-Q3 2014.

The claims trend deteriorated 1.1pp to 74.2%. The change in run-off profits had a 0.5pp adverse impact on the claims trend, which was also adversely impacted by the fire claims trend, mainly in the SME area in Q3, and by rainstorm claims.

The expense ratio declined 0.5pp to 14.9%.

The combined ratio deteriorated to 89.1% in Q1-Q3 2014 (Q1-Q3 2013: 88.5%). Excluding run-off profits it remained unchanged at 92.0%.

SME and Industrial (DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Gross premiums earned	4,025	1,005	1,037	2,997	3,071
Technical interest	7	1	1	7	4
Claims incurred	(3,522)	(663)	(898)	(2,024)	(2,264)
Expenses	(618)	(143)	(138)	(462)	(456)
Net reinsurance	325	(69)	91	(167)	(15)
Technical result	217	131	92	351	340
Run-off profits, net of reinsurance	114	47	44	104	92
Gross loss ratio (%)	87.5	66.0	86.6	67.5	73.7
Net reinsurance ratio (%)	(8.1)	6.9	(8.8)	5.6	0.5
Claims trend (%)	79.4	72.9	77.8	73.1	74.2
Gross expense ratio (%)	15.4	14.2	13.3	15.4	14.9
Combined ratio (%)	94.8	87.1	91.1	88.5	89.1
Operating ratio (%)	94.6	87.0	91.1	88.3	88.9
Combined ratio excl. run-off profits (%)	97.6	91.8	95.4	92.0	92.0

Life insurance

The result from life insurance was a profit of DKK 198m in Q1-Q3 2014 (Q1-Q3 2013: DKK 340m) reflecting the recognition as income of DKK 148m of risk return from the shadow account. The shadow account of the interest rate groups was fully redeemed in 2013.

At 30 September 2014, the overall shadow account of the cost and risk groups was DKK 17m, which will be available for recognition as income over time. At 1

January 2014, DKK 52m was written off the shadow account of the cost and risk groups.

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

Result of life insurance (DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Investment return	100	30	23	72	96
Risk return	164	41	36	118	110
Transferred, shadow account	171	30	16	148	4
Other	7	1	(13)	2	(12)
Profit on life insurance	442	102	62	340	198
Maximum shadow account end of period	72			93	17
Estimated value of shadow account end of period	10			43	17

“Other” comprises primarily the technical result of portfolios which are not subject to contribution – i.e. group life schemes, annuities without bonus entitlement, unit-linked pension schemes and losses incurred by those contribution groups which do not make transfers to a shadow account.

Trend in premiums

Gross premiums increased 32.0% to DKK 3,361m in Q1-Q3 2014 (Q1-Q3 2013: DKK 2,546m), of which premiums on unit-linked pension schemes were DKK 2,310m, an increase of 76.9% from Q1-Q3 2013. Unit-linked pension schemes represented 83% of new pension schemes written in Q1-Q3 2014.

Regular premiums increased 2.1% to DKK 1,637m in Q1-Q3 2014 (Q1-Q3 2013: DKK 1,604m).

Single premiums increased 82.9% to DKK 1,724m in Q1-Q3 2014 (Q1-Q3 2013: DKK 942m).

Developments in Q3 2014

The result of life insurance declined to DKK 62m in Q3 2014 (Q3 2013: DKK 102m) mainly due to the recognition as income of the full shadow account of the interest rate groups in 2013.

Investment activities Topdanmark Group excluding life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 651m in Q1-Q3 2014 including the revaluation of provisions and income from associated companies but before the transfer to the technical result (Q1-Q3 2013: DKK 583m).

It is Topdanmark's policy to accept a certain level of financial risk, given its strong liquid position and stable, high earnings from insurance operations. Topdanmark has invested in, among other things, equities, properties and CDOs in order to improve the average investment return. The return in Q1-Q3 2014 on the most significant classes of assets is disclosed in the following table:

Investment return	Portfolio 30 Sep		Return Q3 2013		Return Q3 2014		Return Q1-Q3 2013		Return Q1-Q3 2014	
	2013	2014	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)	(DKKbn)
Danish equities	0.5	0.5	50	12.8	4	0.6	86	23.6	101	21.2
Foreign equities	0.8	0.9	31	3.6	1	0.1	85	10.2	49	5.5
Government and mortgage bonds	10.7	10.8	67	0.6	53	0.5	117	1.0	216	2.0
Credit bonds	0.5	0.4	20	3.5	3	0.9	37	6.6	19	4.5
CDOs	0.8	0.7	34	4.1	18	2.4	152	20.5	99	14.2
Properties	1.4	1.4	21	1.5	1	0.1	59	4.3	35	2.5
Assets related to I/A	2.1	2.2	30	1.5	38	1.8	69	3.3	159	7.7
Money market etc.	3.0	3.4	5	0.1	(5)	(0.1)	(20)	(0.6)	(17)	(0.5)
Subordinated loan capital	(1.2)	(1.2)	(13)	(1.2)	(15)	(1.4)	(44)	(3.8)	(46)	(3.9)
Interest-bearing debt	(0.1)	(0.4)	(3)	(0.5)	(1)	(0.2)	(6)	(0.9)	(2)	(0.7)
	18.5	18.7	241	1.3	98	0.5	535	2.8	614	3.3
Asset management			16		15		47		37	
Total investment return			257		112		583		651	

Transferred return technical provisions

Discounting	(45)	(35)	(121)	(118)
Technical interest	(3)	(1)	(12)	(7)

The exposure in foreign equities and credit bonds has been adjusted by the use of derivatives. The return percentages are calculated as the ratio between the return on financial instruments and the size of the exposure of the underlying asset. The return on government and mortgage bonds and assets related to I/A (illness/accident) includes revaluations of claims provisions. The return on properties includes revaluation and reversed revaluation of owner-occupied property, which has been included in other comprehensive income.

The post-tax equity exposure was DKK 884m (pre-tax: DKK 1,170m) excluding associated companies but including the impact of derivatives.

The equity portfolios are well diversified with no large individual positions. The composition of the portfolios is based on OMXCCAP for Danish equities (representing around 35% of the portfolio at 30 September 2014) and MSCI World in the original currency for foreign equities.

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

The class of "Government and mortgage bonds" comprises primarily Danish government and mortgage bonds and revaluation of technical provisions. In addition, there are foreign government bonds mainly from European core countries, covered bonds and derivatives. Covered bonds are mortgage bonds where the size of the loan may not exceed 70% of the value of the security. If the value of the security declines so much that the

requirement is not fulfilled, the issuer will provide further security.

Credit bonds with a rating lower than BBB (DKK 118m) comprise high yield bonds, part of which are convertible, and subordinated bank capital issued by EU banks. Credit bonds with a rating of BBB and A (DKK 295m) are ordinary and convertible corporate bonds, subordinated bank capital issued by EU banks and annuity policies.

The underlying assets of CDOs are mostly senior secured bank loans while the remainder are primarily CDOs with investment grade investments as the underlying assets.

The maturity of the CDO investments is dependent on any changes in the payments made by the underlying assets which in turn are dependent on changes in the general economy and, therefore, it is not possible to outline the maturity distribution for the portfolio.

The property portfolio comprises mainly owner-occupied property (DKK 856m), rental residential property (DKK 367m) and rental office property (DKK 68m). Property rented for hotel use at the half-year was sold in

Q3 2014. Except for a single property under reconstruction for other use, 99% of the property portfolio is currently let. The properties are valued in accordance with the rules of the DFSA i.e. at market value taking into account the level of rent and the terms of the tenancy agreements.

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

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

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

"Interest-bearing debt" comprises other debt.

Parent company etc.

The parent company Topdanmark 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 pre-tax profit of DKK 19m in Q1-Q3 2013 declined to a DKK 9m loss in Q1-Q3 2014. The operating result of the asset management company declined by DKK 10m following an increase in the marketing contribution to the insurance companies. In the Topdanmark Invest companies the continued winding-up of properties generated a minor loss in Q1-Q3 2014, in contrast to a profit in Q1-Q3 2013. A lower net profit of DKK 9m was recorded in Q1-Q3 2014. Additionally, there were non-recurring or temporary expenses.

Taxation

The tax charge was DKK 353m of the pre-tax profit of DKK 1,606m for the period, corresponding to an effective tax rate of 22.0%. The deviation from the nominal tax rate of 24.5% was particularly due to Topdanmark's utilisation of an uncapitalised equity loss carried forward. After Q3 2014 the uncapitalised equity loss carried forward has been fully utilised.

Solvency calculation and capital requirements

In its 2013 Annual Report, Topdanmark said that its necessary capital is DKK 4,700m. The DKK 4,700m is covered by the solvency capital elements, shareholders' equity reduced by intangible assets (minimum DKK 4,050m), hybrid capital (DKK 400m) and subordinated loan capital (maximum DKK 250m): see www.topdanmark.com → Investor → [Capital model](#).

The rules have been changed such that from the beginning of 2015 it will be possible to include subordinated loan capital in the solvency cover by up to 25% of the individual solvency requirement, corresponding to about DKK 500m in Topdanmark Forsikring, which has issued the subordinated loan capital.

Therefore, from 1 January 2015 the necessary capital of DKK 4,700m will be covered by shareholders' equity reduced by intangible assets (minimum DKK 3,800m), hybrid capital (DKK 400m) and subordinated loan capital (maximum DKK 500m).

Topdanmark Forsikring has issued DKK 750m of subordinated loan capital. The remaining DKK 250m of subordinated loan capital cannot be included in the solvency cover until Solvency II takes effect.

Solvency II will take effect at the beginning of 2016. Subsequently, it will be possible to include subordinated loan capital in the solvency cover by up to 50% of the solvency requirement.

Profit forecast model

Traditionally, Topdanmark does not publish actual profit forecasts but instead the expected level of results if a number of assumptions about the return in the financial markets are met. As the return in the financial markets changes on a daily basis, Topdanmark's profit forecast model will already deviate from actual expectations by the time it is published. Therefore, set out in www.topdanmark.com → Investor → [Risk management](#) is additional information on how changes in the assumptions underlying the profit forecast model will affect the results.

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

Non-life insurance

In the H1 2014 report Topdanmark assumed, for 2014, premium growth of 2-3% and a combined ratio of around 89%, excluding run-off profits / losses in H2 2014. This was based on the following assumptions:

- A normal year for weather with weather-related claims of DKK 95m in H2 2014
- An expense ratio lower than 16%
- A level of interest rates corresponding to the interest rate curve on 8 August 2014
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 8 August 2014.

Since the most recent profit forecast model was published in the H1 2014 report, the following assumptions have changed:

- In Q3 2014 there were run-off profits of DKK 90m, corresponding to a 1.0pp improvement of the combined ratio
- Weather-related claims were DKK 57m in Q3 2014 as compared with the assumed level of DKK 45m for weather-related claims for the quarter. This represents a 0.1pp deterioration of the combined ratio
- For the remainder of Q4 Topdanmark continues to assume a normal level of weather-related claims of DKK 50m for the full quarter
- Interest rates have declined, representing a 0.2pp deterioration of the combined ratio for 2014.

For non-life insurance Topdanmark continues to assume premium growth of 2-3%.

Given developments since the most recent profit forecast model published in the H1 2014 report, the combined ratio for 2014 is assumed to improve from around 89% to around 88%, excluding run-off profits / losses in Q4 2014.

Overall, profit on non-life insurance is assumed to be DKK 1,530-1,630m.

Life insurance

In the H1 2014 report profit on life insurance was assumed to be DKK 200-230m, based on the following assumptions:

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

Since the H1 2014 report was published, the following assumptions have changed:

- The Danish Government has extended the deadline for paying tax on capital pensions until 2015. This has reduced the expected fee income by approximately DKK 10m in 2014.

Overall, the assumed profit on life insurance is DKK 190-220m.

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

The DFSA (Danish Financial Supervisory Authority) has announced that the concept of shadow account will be changed. Previously, the change was expected to take effect on 1 January 2015. Now the DFSA expects it to be on 1 January 2016.

Total Group profit

Topdanmark's overall post-tax profit forecast model for 2014 has been adjusted by DKK 50m to DKK 1,350-1,450m representing EPS of DKK 13.0. The assumed profit for 2014 is exclusive of run-off profits / losses in Q4 2014.

This profit forecast model is subject to an annual 7.0% return on equities and unchanged foreign exchange rates from the level on 7 November 2014. Furthermore, it is assumed that the return on interest-bearing assets hedging the discounted provisions is just sufficient to cover discounting and revaluation of the provisions, while the return on the remaining interest-bearing assets is assumed to be 2.38% (risk-free interest rate plus 2.0pp).

Profit forecast 2014 (DKKm)	Results 2013	Forecast 2014 8 August 2014	Forecast 2014 7 November 2014
Non-life insurance			
- Technical result	765	980	1,110
- Investment return after transfer to technical result etc.	595	470	520
Profit on non-life insurance	1,361	1,450	1,630
Life insurance	442	200	220
Parent company etc.	73	10	20
Pre-tax profit	1,875	1,660	1,870
Taxation	(407)	(360)	(420)
Profit for the year	1,468	1,300	1,450

Share buy-back

The assumed share buy-back for 2014 has been increased by DKK 50m to DKK 2.1bn, representing a buy-back yield of 11.1%.

To date in 2014, Topdanmark has bought back own shares of DKK 1,535m (9,459,020 shares), which leaves a balance of DKK 565m of the 2014 buy-back programme.

The number of shares is 115,000,000. Topdanmark's holding of own shares is 10,850,000 and consequently the number of voting shares is 104,150,000.

Since 1998, when Topdanmark started buying back own shares, it has decided to cancel DKK 13.3bn of own shares representing a 72.1% write-down of the share capital, with an average price of DKK 44 per cancelled share.

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

If the buy-back programme of DKK 2.1bn for 2014 is not completed in 2014, any remaining buy-back will be transferred to 2015 and in this case supplement the ordinary buy-back programme for 2015.

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		
26 Nov 2014	–	28 Jan 2015
27 Feb 2015	–	28 Apr 2015
29 May 2015	–	28 Jul 2015
27 Aug 2015	–	23 Oct 2015

Share buy-back not allowable		
28 Oct 2014	–	25 Nov 2014
29 Jan 2015	–	26 Feb 2015
29 Apr 2015	–	28 May 2015
29 Jul 2015	–	26 Aug 2015
26 Oct 2015	–	23 Nov 2015

Assumptions for 2015 Non-life insurance

Automatic price indexation, which allows for claims inflation, will be 1.1 % in 2015. Around 70% of Topdanmark's gross premiums earned will be affected by this indexation, giving a net effect of around 0.8 %.

As compared to the same time the previous year, the Danish market for non-life insurance policies has become more competitive, driven by the existing players in the market. However, Topdanmark continues to hold a strong competitive position due to, among other factors, high customer loyalty.

On the other hand Topdanmark will continue to implement profitability promoting initiatives for less profitable customers. This is expected to generate some loss of customers also in 2015.

Overall, Topdanmark expects a net increase in customers, although at a lower level than in 2014. Consequently, premiums earned are assumed to increase by 1-2% in 2015.

Assumptions for the combined ratio for 2015 are:

- A normal year in terms of weather, with weather-related expenses of DKK 170m
- A level of interest rates corresponding to the interest rate curve on 7 November 2014.

Overall the combined ratio, excluding run-off results, is assumed to be around 91% in 2015.

Financial Calendar

Announcement of Annual Results 2014	19 Feb 2015
2014 Annual Report	4 Mar 2015
AGM	15 Apr 2015
Q1 2015 Interim Report	20 May 2015
2015 Half-year Report	19 Aug 2015
Q1-Q3 2015 Interim Report	16 Nov 2015

Accounting policies

The Q1-Q3 2014 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.

With effect from 1 January 2014, Topdanmark has implemented various new and revised standards and interpretations, which have not resulted in any changes in the accounting policies.

Accordingly, there have been no changes in accounting policies from those adopted in the 2013 Annual Report, where there is a complete description of all the accounting policies.

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

Income statement • Group

(DKK m)		Full year	Q3	Q3	Q1-Q3	Q1-Q3
	Note	2013	2013	2014	2013	2014
NON-LIFE INSURANCE						
Gross premiums written		9,018	1,629	1,642	7,395	7,512
Reinsurance ceded		(726)	(147)	(177)	(583)	(596)
Change in the provisions for unearned premiums, gross		(56)	625	660	(714)	(656)
Change in reinsurers' share of the provisions for unearned premiums		12	(12)	1	98	102
Premiums earned, net of reinsurance		8,248	2,095	2,126	6,195	6,363
Technical interest, net of reinsurance	1	14	3	1	12	7
Gross claims paid		(6,510)	(1,505)	(1,605)	(4,699)	(5,299)
Reinsurance cover received		424	98	234	318	920
Change in the provisions for claims, gross		(622)	(44)	(176)	145	482
Change in reinsurers' share of the provisions for claims		653	(49)	12	(123)	(501)
Claims incurred, net of reinsurance	2	(6,055)	(1,500)	(1,535)	(4,359)	(4,397)
Bonuses and rebates		(74)	(17)	(18)	(55)	(45)
Acquisition costs		(947)	(216)	(192)	(710)	(688)
Administrative expenses		(468)	(123)	(133)	(347)	(369)
Reinsurance commission and share of profits		83	13	24	63	64
Total operating expenses, net of reinsurance		(1,332)	(327)	(300)	(993)	(993)
TECHNICAL PROFIT ON NON-LIFE INSURANCE		801	255	274	801	935
LIFE INSURANCE						
Gross premiums written	3	3,511	804	1,114	2,546	3,361
Reinsurance ceded		(5)	(1)	(1)	(4)	(5)
Premiums, net of reinsurance		3,506	803	1,113	2,542	3,356
Allocated investment return, net of reinsurance		2,031	658	534	1,264	2,283
Claims and benefits paid		(3,860)	(825)	(813)	(2,994)	(2,822)
Reinsurance cover received		8	3	3	5	6
Change in the provisions for claims and benefits		(11)	4	(2)	3	8
Claims and benefits paid, net of reinsurance		(3,862)	(818)	(813)	(2,985)	(2,808)
Change in life insurance provisions		1,635	358	113	1,285	306
Change in reinsurers' share		(4)	0	0	(1)	(1)
Change in the life insurance provisions, net of reinsurance		1,631	359	113	1,284	305
Bonus		(704)	(276)	70	(353)	(426)
Change in provisions for unit-linked contracts		(1,968)	(585)	(911)	(1,267)	(2,398)
Acquisition costs		(115)	(29)	(31)	(85)	(94)
Administrative expenses		(222)	(50)	(53)	(163)	(167)
Total operating expenses, net of reinsurance		(337)	(79)	(84)	(248)	(261)
TECHNICAL PROFIT ON LIFE INSURANCE		297	61	21	236	52

Income statement • Group

(DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
NON-TECHNICAL ACTIVITIES					
Technical profit on non-life insurance	801	255	274	801	935
Technical profit on life insurance	297	61	21	236	52
Income from associated companies	57	13	7	38	104
Income from investment properties	144	38	49	110	119
Interest income and dividends etc.	1,676	396	405	1,263	1,416
Revaluations	1,543	640	356	770	1,936
Interest charges	(78)	(19)	(17)	(60)	(52)
Expenses on investment business	(45)	(11)	(12)	(33)	(43)
Total investment return	3,298	1,056	788	2,088	3,479
Technical interest transferred to non-life insurance business	(182)	(48)	(36)	(133)	(125)
Pension return tax	(272)	(105)	(97)	(150)	(419)
Investment return transferred to life insurance business	(2,031)	(658)	(534)	(1,264)	(2,283)
Other income	19	4	4	15	13
Other expenses	(54)	(11)	(13)	(36)	(46)
PRE-TAX PROFIT	1,875	554	408	1,558	1,606
Taxation	(407)	(120)	(100)	(340)	(353)
PROFIT FOR THE PERIOD	1,468	434	308	1,217	1,253
EPS (DKK)	12.5	3.7	2.9	10.2	11.5
EPS, diluted (DKK)	12.3	3.7	2.9	10.1	11.4

Statement of comprehensive income • Group

Profit for the period	1,468	434	308	1,217	1,253
Items which can subsequently be reclassified as profit or loss:					
Exchange rate adjustment of foreign business	(0)	(0)	(1)	(0)	(0)
Items which cannot subsequently be reclassified as profit or loss:					
Deferred tax on security funds (change in the tax percentage)	42	0	0	42	0
Revaluation of owner-occupied properties	2	0	0	1	1
Reversed revaluation of owner-occupied properties	0	0	(13)	0	(13)
Taxation	0	(0)	3	0	3
Other comprehensive income	43	0	(11)	43	(10)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,511	434	298	1,260	1,244

Assets • Group

(DKKm)	31 Dec 2013	30 Sep 2013	30 Sep 2014
INTANGIBLE ASSETS	620	621	606
Machinery and equipment	116	131	114
Owner-occupied properties	869	866	856
TOTAL TANGIBLE ASSETS	985	997	970
Investment properties	3,951	3,944	3,764
Shares in associated companies	892	873	251
Loans to associated companies	416	366	412
Total investment in associated companies	1,309	1,239	663
Shares	7,786	7,261	7,896
Unit trusts	0	0	40
Bonds	34,577	34,501	34,029
Loans guaranteed by mortgages	6	6	12
Deposits with credit institutions	1,047	1,895	3,716
Derivatives	1,056	1,110	1,380
Total other financial investment assets	44,471	44,774	47,074
TOTAL INVESTMENT ASSETS	49,731	49,957	51,501
INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS	6,673	5,608	9,178
Reinsurers' share of provisions for unearned premiums	87	173	189
Reinsurers' share of life insurance provisions	34	38	33
Reinsurers' share of the provisions for claims and benefits	1,337	561	841
Total reinsurers' share of provisions	1,458	771	1,063
Amounts due from policyholders	346	381	325
Amounts due from insurance companies	65	103	135
Amounts due from associated companies	36	28	2
Other debtors	121	155	179
TOTAL DEBTORS	2,026	1,439	1,704
Assets held temporarily	2	0	3
Deferred tax assets	22	21	21
Liquid funds	420	267	269
Other	75	59	57
TOTAL OTHER ASSETS	520	348	349
Accrued interest and rent	373	377	340
Other prepayments and accrued income	164	180	232
TOTAL PREPAYMENTS AND ACCRUED INCOME	537	556	572
TOTAL ASSETS	61,092	59,526	64,880

Shareholders' equity and liabilities • Group

(DKKm)	Note	31 Dec 2013	30 Sep 2013	30 Sep 2014
Share capital		125	125	115
Revaluation reserve		20	19	10
Security fund		1,146	1,146	1,146
Other reserves		34	32	38
Total reserves		1,180	1,178	1,184
Profit carried forward		3,860	3,914	3,901
TOTAL SHAREHOLDERS' EQUITY		5,184	5,237	5,210
SUBORDINATED LOAN CAPITAL		1,155	1,155	1,156
Provisions for unearned premiums		2,769	3,426	3,427
Guaranteed pension benefits		19,231	19,611	20,824
Bonus potential on future premiums		3,387	3,503	2,401
Bonus potential on paid-up benefits		2,364	2,311	1,179
Total life insurance provisions		24,982	25,425	24,404
Provisions for claims and benefits		13,929	13,147	13,981
Collective bonus potential		1,472	1,121	1,898
Provisions for bonuses and rebates		121	110	118
Provisions for unit-linked contracts		7,088	6,248	9,976
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		50,361	49,477	53,804
Pensions and similar commitments		30	31	30
Deferred tax liabilities		86	85	73
Deferred tax on security funds		306	306	306
TOTAL LIABILITIES PROVIDED		422	422	409
DEPOSITS RECEIVED FROM REINSURERS		143	151	151
Creditors arising out of direct insurance operations		93	98	77
Creditors arising out of reinsurance operations		115	32	62
Bond loans		58	58	29
Amounts due to credit institutions		2,159	1,421	1,872
Amounts due to associated companies		5	6	1
Current tax liabilities		15	351	251
Derivatives		170	148	643
Other creditors		1,115	911	1,138
TOTAL CREDITORS		3,731	3,024	4,074
ACCRUALS AND DEFERRED INCOME		96	60	77
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		61,092	59,526	64,880
Financial assets and liabilities	4			
Contingent liabilities	5			

Cash flow statement • Group

(DKKm)	Full year 2013	Q1-Q3 2013	Q1-Q3 2014
Cash flow from operations			
Gross premiums written	8,964	7,309	7,408
Claims paid	(6,428)	(4,646)	(5,281)
Expenses	(1,343)	(1,040)	(1,016)
Reinsurance ceded	(55)	(156)	299
Cash flow from non-life insurance	1,137	1,467	1,410
Gross premiums written	3,569	2,505	3,335
Claims and benefits	(3,852)	(2,977)	(2,819)
Expenses	(320)	(233)	(262)
Reinsurance ceded	6	12	(23)
Cash flow from life insurance	(599)	(693)	230
Total cash flow from insurance business	538	773	1,641
Payments on investment contracts	39	(7)	218
Dividends from associated companies	0	0	3
Interest income and dividends etc.	1,833	1,313	1,496
Interest charges etc.	(120)	(99)	(114)
Pension return tax	(322)	(318)	(297)
Corporation tax	(472)	(68)	(119)
Other items	(32)	(15)	(30)
Total cash flow from operations	1,465	1,579	2,798
Investments			
Intangible assets, machinery and equipment	(95)	(67)	(74)
Properties	45	82	156
Shares in associated companies	(9)	0	945
Shares	(920)	(708)	871
Unit trust shares	0	0	(38)
Bonds	1,849	1,868	1,366
Loans	2	1	0
Derivatives	534	356	277
Investment assets related to unit-linked contracts	(1,686)	(892)	(2,130)
Balances with associated companies	(172)	(113)	(117)
Total investments	(451)	527	1,256
Financing			
Shares bought back	(1,836)	(1,475)	(1,298)
Exercise of share options	133	105	76
Bond loans	(16)	(16)	(30)
Amounts due to credit institutions	152	(586)	(287)
Total financing	(1,567)	(1,973)	(1,539)
Change in cash and cash equivalents	(554)	134	2,515
Cash and cash equivalents at 1 January	2,025	2,025	1,467
Revaluation of cash and cash equivalents	(20)	(13)	3
Purchase of associated company	15	15	0
Cash and cash equivalents end of period	1,467	2,162	3,985
Cash and cash equivalents comprise:			
Liquid funds	420	267	269
Deposits with credit institutions	1,047	1,895	3,716
	1,467	2,162	3,985

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. In the comparatives for Q1-Q3 2013 DKK 21m has been adjusted between expenses life insurance and investment in derivatives.

Statement of changes in equity • Group

(DKKm)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Total
2013						
Shareholders' equity at 31 December prior year	138	18	1,104	29	4,079	5,368
Profit for the year				5	1,463	1,468
Other comprehensive income		2	42	0	0	43
Total comprehensive income for the year		2	42	5	1,463	1,511
Cancellation of own shares	(13)				13	0
Share buy-back					(1,836)	(1,836)
Issue of share options					9	9
Exercise of share options					133	133
Taxation					(1)	(1)
Other transactions	(13)				(1,683)	(1,695)
Shareholders' equity at 31 December 2013	125	20	1,146	34	3,860	5,184
Q1-Q3 2013						
Shareholders' equity at 31 December prior year	138	18	1,104	29	4,079	5,368
Profit for the period				3	1,214	1,217
Other comprehensive income		1	42	0	0	43
Total comprehensive income for the period		1	42	3	1,214	1,260
Cancellation of own shares	(13)				13	0
Share buy-back					(1,505)	(1,505)
Issue of share options					9	9
Exercise of share options					105	105
Other transactions	(13)				(1,379)	(1,392)
Shareholders' equity at 30 September 2013	125	19	1,146	32	3,914	5,237
Q1-Q3 2014						
Shareholders' equity at 31 December prior year	125	20	1,146	34	3,860	5,184
Profit for the period				5	1,249	1,253
Other comprehensive income		(10)	0	0	(0)	(10)
Total comprehensive income for the period		(10)	0	5	1,249	1,244
Cancellation of own shares	(10)				10	0
Share buy-back					(1,308)	(1,308)
Issue of share options					8	8
Exercise of share options					76	76
Taxation					6	6
Other transactions	(10)				(1,208)	(1,218)
Shareholders' equity at 30 September 2014	115	10	1,146	38	3,901	5,210

Segment information • Group

Income statement

(DKKm)	Per-sonal	SME and Industrial	Elimin-ated	Non-life	Life	Parent etc.	Elimin-ated	Group
Q1-Q3 2013								
Non-life insurance								
Gross premiums earned	3,639	2,997	(10)	6,626				6,626
Technical interest*	6	7	(0)	12				12
Claims incurred	(2,552)	(2,024)	11	(4,564)			10	(4,554)
Expenses	(615)	(462)	2	(1,075)			18	(1,056)
Net reinsurance	(59)	(167)	(1)	(228)				(228)
Technical profit on non-life insurance	420	351	1	772			28	801
Life insurance								
Gross premiums written					2,546			2,546
Allocated investment return					1,264			1,264
Benefits and change in provisions					(3,326)			(3,326)
Expenses					(253)		5	(248)
Net reinsurance					1			1
Technical profit on life insurance					232		5	236
Total investment return				537	1,490	46	15	2,088
Pension return tax				6	(155)			(150)
Transferred to technical result				(133)	(1,264)			(1,397)
Investment return				410	72	46	15	541
Other items				17	37	(27)	(48)	(21)
Pre-tax profit				1,199	340	19	0	1,558
Taxation								(340)
Profit for the period								1,217
Q1-Q3 2014								
Non-life insurance								
Gross premiums earned	3,757	3,071	(16)	6,812				6,812
Technical interest*	4	4	0	7				7
Claims incurred	(2,576)	(2,264)	14	(4,826)			9	(4,816)
Expenses	(617)	(456)	2	(1,072)			15	(1,057)
Net reinsurance	4	(15)	0	(11)				(11)
Technical profit on non-life insurance	571	340	0	911			24	935
Life insurance								
Gross premiums written					3,361			3,361
Allocated investment return					2,283			2,283
Benefits and change in provisions					(5,331)			(5,331)
Expenses					(265)		4	(262)
Technical profit on life insurance					48		4	52
Total investment return				635	2,771	29	45	3,479
Pension return tax				(27)	(391)			(419)
Transferred to technical result				(125)	(2,283)			(2,409)
Investment return				482	96	29	45	652
Other items				24	54	(38)	(73)	(33)
Pre-tax profit / loss				1,417	198	(9)	0	1,606
Taxation								(353)
Profit for the period								1,253

* After discounting DKK 118m (Q1-Q3 2013: DKK 121m)

Notes to the financial statements • Group

(DKKm)	Full year 2013	Q1-Q3 2013	Q1-Q3 2014
Note 1. Technical interest, net of reinsurance – Non-life insurance			
Calculated interest	182	133	125
Discounting (amortisation) of technical provisions and reinsurers' share	(168)	(121)	(118)
Technical interest, net of reinsurance	14	12	7

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

Run-off profit:			
Gross business	387	266	167
Reinsurance ceded	(81)	(62)	94
Run-off profit, net of reinsurance	306	205	261

Note 3. Gross premiums written – Life insurance

Individual policies	345	211	204
Policies which are part of a tenure	1,385	1,026	1,067
Group life	404	367	366
Regular premiums	2,134	1,604	1,637
Individual policies	206	132	391
Policies which are part of a tenure	1,171	811	1,333
Single premiums	1,377	942	1,724
Gross premiums	3,511	2,546	3,361

Note 4. Financial assets and liabilities

There have been no changes to classification of financial assets or financial liabilities in Q1-Q3 2014.

The Group's portfolio of financial assets recorded at fair value, using valuation models based on non-observable inputs, is DKK 134m. The fair value is equivalent to the cost price.

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

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

Note 5. Contingent liabilities	31 Dec 2013	30 Sep 2013	30 Sep 2014
Contract liabilities	-	-	332
Adjustments to VAT liabilities	26	25	24
Other liabilities	11	10	11
Capital commitments to loan funds and private equity funds etc.	509	515	545
Share of associated companies' liabilities:			
Contract liabilities	283	336	127

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

Income statement • Parent company

(DKKm)	Full year 2013	Q3 2013	Q3 2014	Q1-Q3 2013	Q1-Q3 2014
Income from affiliated companies	1,511	441	318	1,245	1,286
Revaluations	(0)	0	1	0	1
Interest charges	(13)	(3)	(3)	(10)	(9)
Total investment return	1,498	437	316	1,235	1,278
Other expenses	(42)	(9)	(11)	(27)	(38)
PRE-TAX PROFIT	1,456	429	305	1,208	1,240
Taxation	12	5	3	10	14
PROFIT FOR THE PERIOD	1,468	434	308	1,217	1,253

Statement of comprehensive income • Parent company

Profit for the period	1,468	434	308	1,217	1,253
Other comprehensive income from affiliated companies	1	0	(11)	1	(10)
Other comprehensive income	1	0	(11)	1	(10)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,470	434	298	1,218	1,244

Balance sheet • Parent company

(DKKm)	31 Dec 2013	30 Sep 2013	30 Sep 2014
Assets			
Machinery and equipment	3	3	3
TOTAL TANGIBLE ASSETS	3	3	3
Shares in affiliated companies	6,323	6,057	5,718
Total investment in affiliated companies	6,323	6,057	5,718
Bonds	1	1	0
Total other financial investment assets	1	1	0
TOTAL INVESTMENT ASSETS	6,323	6,058	5,719
Amounts due from affiliated companies	155	436	645
TOTAL DEBTORS	155	436	645
Deferred tax assets	1	1	1
Liquid funds	2	3	2
TOTAL OTHER ASSETS	3	4	3
TOTAL ASSETS	6,485	6,501	6,370
Shareholders' equity and liabilities			
Share capital	125	125	115
Other reserves	2,574	2,308	1,969
Total reserves	2,574	2,308	1,969
Profit carried forward	2,792	3,110	3,432
TOTAL SHAREHOLDERS' EQUITY	5,490	5,543	5,516
SUBORDINATED LOAN CAPITAL	407	407	407
Bond loans	58	58	29
Amounts due to affiliated companies	503	100	151
Current tax liabilities	11	348	246
Other creditors	15	46	21
TOTAL CREDITORS	588	552	448
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,485	6,501	6,370

Disclaimer

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

Many factors may cause a significant deviation from the forecasts and assumptions set out in the interim report. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of non-anticipated events like acts of terror or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry and trends in the reinsurance market. See also: www.topdanmark.com → Investor → [Risk management](#).

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

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

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

Statement by Management on the Interim Report for Q1-Q3 2014

We have today considered and adopted the Q1-Q3 2014 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 interim report has been prepared in accordance with the additional Danish disclosure requirements on interim reports for listed financial services companies.

We believe that the consolidated financial statements and the interim financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 30 September 2014 as well as the result of the Group's and the Company's activities and the Group's cash flows for the period 1 January to 30 September 2014. We believe that the management's review includes a fair view of the development in the Group's and Company's activities and financial matters as well as a description of the most significant risks and factors of uncertainty which can impact the Group and the Company.

Ballerup, 18 November 2014

Executive Board:

Christian Sagild
(CEO)

Kim Bruhn-Petersen

Lars Thykier

Board of Directors:

Michael Pram Rasmussen
(Chairman)

Søren Thorup Sørensen
(Deputy Chairman)

Anders Colding Friis

Torbjörn Magnusson

Per Mathiesen

Birgitte Nielsen

Annette Sadolin

Desirée Schultz

Aage Nedergård Smidt