

# TOPDANMARK INTERIM REPORT FOR Q1-Q3 2015

16 November 2015 Announcement No. 16/2015

## Key features

### Q1-Q3 2015

- Post-tax profit of DKK 854m (Q1-Q3 2014: DKK 1,253m).
- EPS was DKK 8.4 (Q1-Q3 2014: DKK 11.5).
- Combined ratio was 85.9% (Q1-Q3 2014: 86.7%).
- Combined ratio excluding run-off profits was 89.7% (Q1-Q3 2014: 90.6%).
- Premiums declined 1.5% in non-life insurance and increased 36.0% in life insurance as compared to the same period last year.
- Profit on life insurance declined to DKK 89m (Q1-Q3 2014: DKK 198m).
- Investment return declined to DKK 152m (Q1-Q3 2014: DKK 651m).

### Q3 2015

- Post-tax profit: DKK 207m (Q3 2014: DKK 308m).
- EPS: DKK 2.1 (Q3 2014: DKK 2.9).
- Combined ratio: 86.2% (Q3 2014: 88.3%).
- Combined ratio excluding run-off profits: 89.9% (Q3 2014: 92.3%).
- Trend in premiums: 2.5% decline in non-life insurance, 42.4% increase in life insurance.
- Profit on life insurance: DKK 21m (Q3 2014: DKK 62m).
- Investment return: DKK 20m loss (Q3 2014: DKK 112m).

### Profit forecast model for 2015

- The assumed combined ratio for 2015 has improved to around 87% from 88-89%, excluding run-off in Q4 2015.
- Unchanged assumed decline of 1-2% in non-life premiums. In life insurance, the assumed growth of more than 10% in regular premiums is maintained.
- The post-tax profit forecast model for 2015 is unchanged at DKK 1,050-1,150m, excluding run-off in Q4 2015, representing EPS of DKK 10.9.

### Share buy-back

- The share buy-back programme for 2015 is unchanged at DKK 1.95bn.
- Topdanmark has bought back own shares of DKK 1,386m in 2015, which leaves a balance of DKK 564m of the buy-back programme.
- In the future, Topdanmark's buy-back programme will be executed under the "Safe Harbour" method.

### Assumptions for 2016

- For 2016 assumed premium growth is around minus 1% and the assumed combined ratio is around 91% excl. run-off.

### Webcast

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

### Conference call

A conference call will be held today at 15:30 (CET) when CEO Christian Sagild and CFO Lars Thykier 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 956084 and ask 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 2014	Q3 2014	Q3 2015	Q1-Q3 2014	Q1-Q3 2015
<b>Premiums earned:</b>					
Non-life insurance	9,116	2,285	2,226	6,812	6,712
Life insurance	4,448	1,114	1,587	3,361	4,571
	<b>13,563</b>	<b>3,399</b>	<b>3,813</b>	<b>10,173</b>	<b>11,283</b>
<b>Results:</b>					
Non-life insurance	1,803	345	246	1,417	1,013
Life insurance	200	62	21	198	89
Parent company etc.	7	1	9	(9)	11
Pre-tax profit	2,010	408	276	1,606	1,113
Tax	(452)	(100)	(69)	(353)	(259)
<b>Profit</b>	<b>1,558</b>	<b>308</b>	<b>207</b>	<b>1,253</b>	<b>854</b>
Run-off profits, net of reinsurance	351	90	82	261	258
Shareholders' equity of parent company at 1 January	5,490	5,660	5,287	5,490	5,442
Profit	1,558	308	207	1,253	854
Share buy-back	(1,716)	(458)	(425)	(1,308)	(1,290)
Share-based payments	110	14	3	84	71
Other movements in shareholders' equity	(1)	(8)	1	(4)	(4)
<b>Shareholders' equity of parent company end of period</b>	<b>5,442</b>	<b>5,516</b>	<b>5,072</b>	<b>5,516</b>	<b>5,072</b>
Deferred tax on security funds	(306)	(306)	(306)	(306)	(306)
<b>Shareholders' equity of Group end of period</b>	<b>5,135</b>	<b>5,210</b>	<b>4,766</b>	<b>5,210</b>	<b>4,766</b>
Capital base, parent company*)	5,848	5,923	5,480	5,923	5,480
Total assets, parent company	6,143	6,370	5,939	6,370	5,939
Total assets, Group	64,516	64,880	65,317	64,880	65,317
Provisions for insurance and investment contracts:					
Non-life insurance	16,485	17,436	16,897	17,436	16,897
Life insurance	36,375	36,367	38,962	36,367	38,962
<b>Financial ratios (parent company)</b>					
Post-tax profit as a % of shareholders' equity	28.1	5.4	3.9	22.4	15.9
Post-tax EPS (DKK)	14.4	2.9	2.1	11.5	8.4
Post-tax EPS, diluted (DKK)	14.3	2.9	2.1	11.4	8.3
Net asset value per share, diluted (DKK)	52.2	51.2	51.7	51.2	51.7
Share buy-back per share, diluted (DKK)	15.8	4.2	4.3	11.9	12.6
Listed share price end of period	200.2	178.6	189.6	178.6	189.6
Average number of shares ('000)	107,908	106,890	99,036	109,120	101,026
Average number of shares, diluted ('000)	108,805	107,739	99,443	110,018	102,260
Number of shares end of period ('000)	103,623	105,433	97,618	105,433	97,618
<b>Ratios non-life insurance (%)</b>					
Gross loss ratio	69.3	78.1	67.8	70.8	68.3
Net reinsurance ratio	1.0	(4.1)	3.4	0.2	1.9
Claims trend	70.3	73.9	71.2	71.0	70.2
Gross expense ratio	15.7	14.4	15.1	15.7	15.7
Combined ratio	86.0	88.3	86.2	86.7	85.9
Operating ratio	85.9	88.3	86.2	86.6	85.9
Combined ratio excl. run-off profits	89.8	92.3	89.9	90.6	89.7

\*) Shareholders' equity and loan capital

## Results for Q1-Q3 2015

Topdanmark's post-tax profit for Q1-Q3 2015 was DKK 854m (Q1-Q3 2014: DKK 1,253m). EPS was DKK 8.4 (Q1-Q3 2014: DKK 11.5).

Pre-tax profit declined DKK 493m to DKK 1,113m.

The technical result increased DKK 34m to DKK 945m primarily due to an improved claims trend for fire and lower expenses on weather-related claims. On the other hand, the lower interest rates had an adverse impact of DKK 60m on the technical result.

The investment return after transfer to technical result declined DKK 438m to DKK 68m. This was partly due to an extraordinarily high investment return in Q1-Q3 2014 and partly due to the impact on the Q1-Q3 2015 results of adverse development in the Danish mortgage market and in foreign equities. On the other hand, Topdanmark achieved a gain of DKK 111m on the disposal of two residential properties in Q2.

Profit on life insurance declined DKK 109m to DKK 89m primarily due to a lower investment return.

Trend in profit (DKK m)	Full year 2014	Q1-Q3 2014	Q1-Q3 2015
Non-life insurance			
- Technical result	1,289	911	945
- Investment return after transfer to technical result etc.	514	506	68
Profit on non-life insurance	1,803	1,417	1,013
Life insurance	200	198	89
Parent company etc.	7	(9)	11
Pre-tax profit	2,010	1,606	1,113
Tax	(452)	(353)	(259)
<b>Profit</b>	<b>1,558</b>	<b>1,253</b>	<b>854</b>

## Results for Q3 2015

Profit for Q3 2015 declined to DKK 207m (Q3 2014: DKK 308m). EPS was DKK 2.1 (Q3 2014: DKK 2.9).

The technical result increased by DKK 39m to DKK 307m impacted by the level of weather-related claims, which was DKK 50m lower than the level in Q3 2014.

The investment return declined by DKK 137m to a DKK 61m loss. In Q3, the investment return was impacted by the declining foreign equity markets.

Profit on life insurance declined by DKK 41m to DKK 21m impacted by a lower investment return and the transfer of DKK 28m to the shadow account.

Trend in profit (DKK m)	Q3 2014	Q3 2015
Non-life insurance		
- Technical result	268	307
- Investment return after transfer to technical result etc.	76	(61)
Profit on non-life insurance	345	246
Life insurance	62	21
Parent company etc.	1	9
Pre-tax profit	408	276
Tax	(100)	(69)
<b>Profit</b>	<b>308</b>	<b>207</b>

## Non-life insurance Premiums earned

Premiums earned declined 1.5 % to DKK 6,712m in the first three quarters of 2015. The personal segment accounted for a 0.8% decline and the SME and industrial segment for a 2.3% decline.

Topdanmark gives priority to profitability over growth.

In the SME and industrial segment, Topdanmark's focus on profitability has generated a certain loss of major industrial customers, who did not meet Topdanmark's return requirements. On Group basis this loss had a 1.4 pp adverse effect on premiums in Q1-Q3 2015.

In Q1-Q3 2015, the personal segment was impacted by the implementation of a new strategy for sales made by certified insurance sales representatives. In order to improve the quality of new sales, the representatives have been given the task of making more individual risk assessments. This change has caused a loss of momentum, but, as expected, also improved the quality of the new customer portfolio. The new and more profitability-focused sales strategy will be fully implemented in the course of H1 2016.

The level of Topdanmark's new sales through bank distribution was lower in the first three quarters of 2015 than in the corresponding period in 2014. Due to declining interest rates Danish banks have allocated more resources to serve customers who want to convert their mortgage credit loans. This has resulted in a declining number of referrals of potential non-life insurance customers. The number of referrals is expected to increase gradually as the conversion activity tails off. Also, a distribution agreement made with Sydbank is expected to have a positive effect from 2016.

Competition in motor insurance, in particular, continues to be intense. Developments in motor insurance reflect a declining claims frequency and the predominance of the sale of smaller and safer cars, which has resulted in a trend with declining risk and declining average premiums, but maintained profitability.

### Claims trend

The claims trend improved to 70.2% in Q1-Q3 2015 (Q1-Q3 2014: 71.0%).

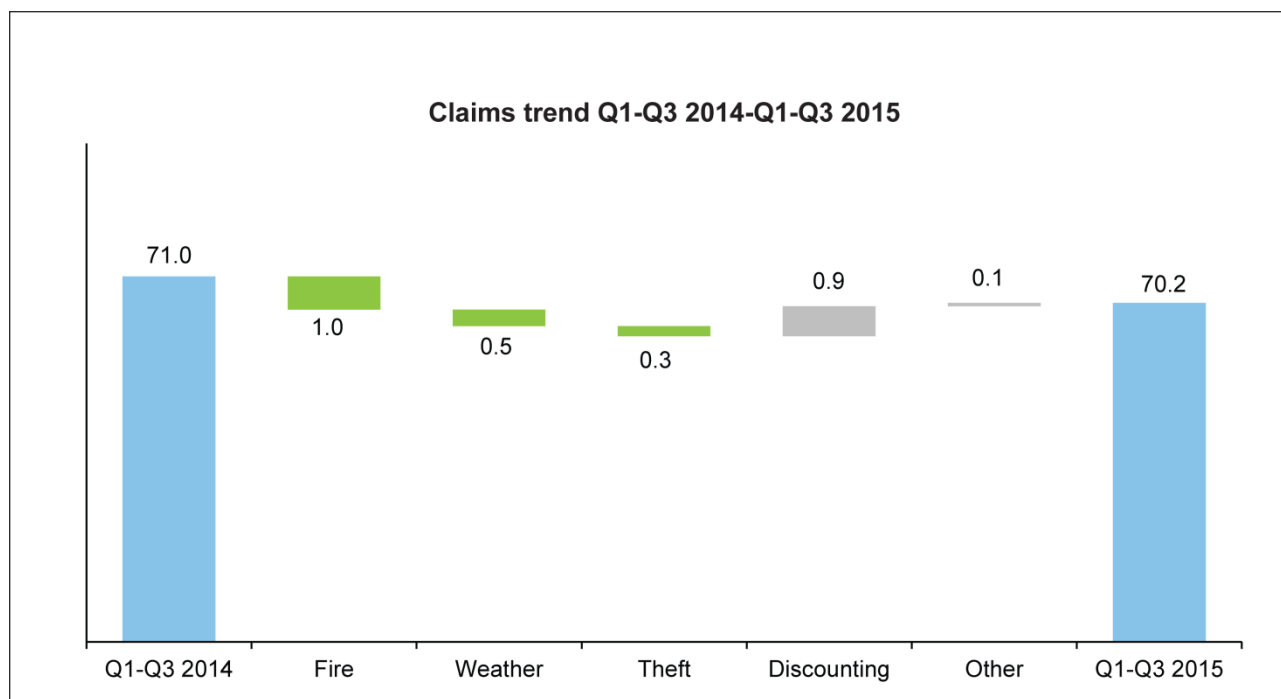
There were relatively few fire claims in the first three quarters of 2015, in both the personal segment and the agricultural and SME areas. The favourable trend in fire insurance improved the claims trend by 1.0pp.

Weather-related claims were DKK 47m in Q1-Q3 2015 (Q1-Q3 2014: DKK 81m) The claims trend benefited 0.5pp from the lower level of weather-related claims.

The number of thefts declined, which improved the claims trend by 0.3pp in the first three quarters of 2015.

The interest rate curve used to discount the provisions for outstanding claims was lower in Q1-Q3 2015 than in Q1-Q3 2014, which impacted the claims trend adversely by 0.9pp.

Run-off profits, net of reinsurance, were DKK 258m, which was in line with the first three quarters of 2014 (Q1-Q3 2014: DKK 261m).



### Expense ratio

The expense ratio was unchanged at 15.7%. Nominal expenses declined by 1.5%, in spite of an increase in expenses due to general wage increases and an increase in the payroll tax. The expense savings were achieved partly through efficiency-promoting measures and partly through the payment of lower sales commission as a consequence of the lower new sales in the personal segment.

### Combined ratio

The combined ratio improved to 85.9% in Q1-Q3 2015 (Q1-Q3 2014: 86.7%). Excluding run-off profits, the combined ratio improved to 89.7% (Q1-Q3 2014: 90.6%).

### Developments in Q3 2015

Premiums earned declined 2.5% to DKK 2,226m. The decline was 2.3% in the personal segment and 3.2% in the SME and industrial segment. The decline in premiums was due to the continued loss of major industrial customers (workers' compensation insurance) and lower motor premiums.

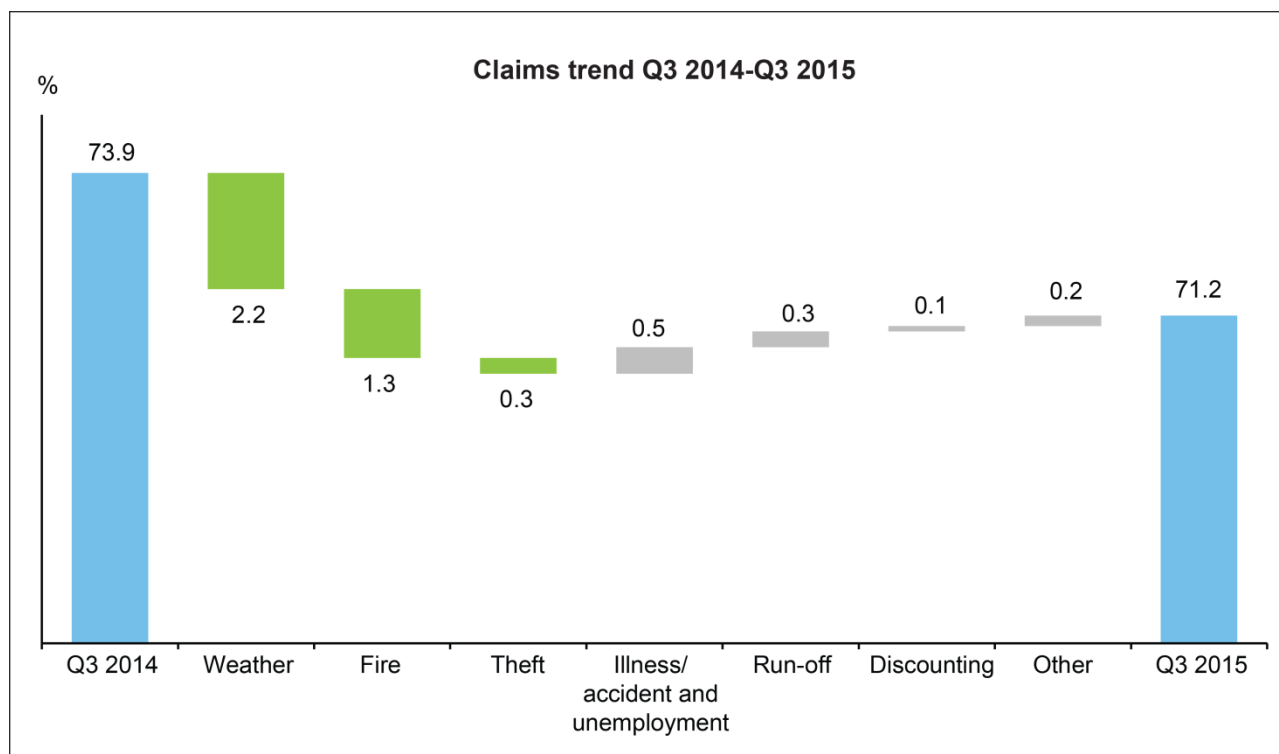
Q3 2015 was impacted by an exceptionally low level of large-scale claims – particularly in the agricultural and SME areas. Accordingly, the gross claims trend was 67.8% (Q3 2014: 78.1%, normal level: around 72%).

The overall claims trend (net of reinsurance) was 71.2% in Q3 2015 (Q3 2014: 73.9%), representing an improvement of 2.7pp. Most of the improvement was due to weather-related claims being 2.2pp lower in Q3 2015 than in Q3 2014. Additionally, the improved trend in agricultural and SME fire claims had a positive effect of

1.3pp on the overall claims trend. On the other hand, an adverse trend in illness / accident insurance, lower run-off profits and lower interest rates had a negative effect on the claims trend of 0.5pp, 0.3pp and 0.1pp respectively.

The expense ratio increased to 15.1% in Q1-Q3 2015 (Q3 2014: 14.4%) mainly due to lower premiums and non-recurring savings in 2014.

The combined ratio improved to 86.2% in Q3 2015 (Q3 2014: 88.3%). Excluding run-off profits, it declined to 89.9 (Q3 2014: 92.3%).



Financial highlights – Non-life insurance (DKK m)	Full year 2014	Q3 2014	Q3 2015	Q1-Q3 2014	Q1-Q3 2015
Gross premiums earned	9,116	2,285	2,226	6,812	6,712
Technical interest	8	1	1	7	(2)
Claims incurred	(6,320)	(1,784)	(1,509)	(4,826)	(4,581)
Expenses	(1,427)	(328)	(335)	(1,072)	(1,055)
Net reinsurance	(88)	95	(76)	(11)	(128)
Technical result	1,289	268	307	911	945
Investment return after transfer to technical result	478	68	(72)	482	39
Other items	36	8	11	24	28
<b>Profit on non-life insurance</b>	<b>1,803</b>	<b>345</b>	<b>246</b>	<b>1,417</b>	<b>1,013</b>
Run-off profits, net of reinsurance	351	90	82	261	258
Gross loss ratio (%)	69.3	78.1	67.8	70.8	68.3
Net reinsurance ratio (%)	1.0	(4.1)	3.4	0.2	1.9
Claims trend (%)	70.3	73.9	71.2	71.0	70.2
Gross expense ratio (%)	15.7	14.4	15.1	15.7	15.7
Combined ratio (%)	86.0	88.3	86.2	86.7	85.9
Operating ratio (%)	85.9	88.3	86.2	86.6	85.9
Combined ratio excl. run-off profits (%)	89.8	92.3	89.9	90.6	89.7

## Segment reporting

### Personal

The Personal segment sells policies for individual households in Denmark.

Premiums earned declined 0.8% to DKK 3,726m. Premium growth was seen in personal and illness / accident insurance (0.5pp), while there was a 3.6pp decline in premiums earned on motor insurance impacted by a decline in the average premium price (2.2pp). In Q3 premiums earned declined 2.3% to DKK 1,227m primarily due to a decline in motor insurance premium prices.

The technical result declined DKK 14m to DKK 557m.

The claims trend deteriorated 0.4pp to 68.9%. As compared to first three quarters last year, the claims trend was impacted by a better trend in fire and theft insurance (0.4pp) and lower weather-related expenses (0.4pp), while, for example, illness / accident insurance and the lower interest rates had a negative 1.2pp effect on the claims trend.

Nominal expenses declined 2.8%. This helped improve the expense ratio to 16.1% (Q1-Q3 2014: 16.4%) due to lower sales expenses and non-recurring savings in 2014.

The combined ratio increased marginally to 85.0% (Q1-Q3 2014: 84.9%). Excluding run-off profits, the combined ratio increased to 89.6% (Q1-Q3 2014: 89.4%).

Personal (DKKm)	Full year 2014	Q3 2014	Q3 2015	Q1-Q3 2014	Q1-Q3 2015
Gross premiums earned	5,021	1,257	1,227	3,757	3,726
Technical interest	4	1	1	4	(1)
Claims incurred	(3,428)	(891)	(853)	(2,576)	(2,518)
Expenses	(822)	(191)	(191)	(617)	(600)
Net reinsurance	3	3	(22)	4	(49)
<b>Technical result</b>	<b>778</b>	<b>179</b>	<b>162</b>	<b>571</b>	<b>557</b>
Run-off profits, net of reinsurance	208	46	66	169	169
Gross loss ratio (%)	68.3	70.9	69.5	68.6	67.6
Net reinsurance ratio (%)	(0.1)	(0.3)	1.8	(0.1)	1.3
Claims trend (%)	68.2	70.6	71.3	68.5	68.9
Gross expense ratio (%)	16.4	15.2	15.5	16.4	16.1
Combined ratio (%)	84.6	85.8	86.9	84.9	85.0
Operating ratio (%)	84.5	85.7	86.8	84.8	85.0
Combined ratio excl. run-off profits (%)	88.7	89.5	92.2	89.4	89.6

### SME and Industrial

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

Premiums earned declined 2.3% to DKK 3,000m. The reason is the continued loss of less profitable customers. Accordingly, as compared to the first three quarters of 2014, premiums earned declined 9.5% in workers' compensation insurance alone, where generally profitability is poor. In Q3 premiums earned declined 3.2% to DKK 1,004m.

The technical result increased DKK 50m to DKK 390m.

The claims trend improved 2.5pp to 71.7% benefitting from a better claims trend for fire insurance (1.9pp) and weather-related claims (0.6pp).

The level of expenses was unchanged, but the expense ratio increased 0.3pp to 15.2% due to the lower level of premiums.

The combined ratio improved to 87.0% (Q1-Q3 2014: 89.1%). Excluding run-off profits, the combined ratio improved to 89.9% (Q1-Q3 2014: 92.0%).

<b>SME and Industrial</b> (DKKm)	<b>Full year</b> <b>2014</b>	<b>Q3</b> <b>2014</b>	<b>Q3</b> <b>2015</b>	<b>Q1-Q3</b> <b>2014</b>	<b>Q1-Q3</b> <b>2015</b>
Gross premiums earned	4,116	1,037	1,004	3,071	3,000
Technical interest	4	1	1	4	(1)
Claims incurred	(2,911)	(898)	(658)	(2,264)	(2,074)
Expenses	(608)	(138)	(145)	(456)	(456)
Net reinsurance	(91)	91	(54)	(15)	(79)
<b>Technical result</b>	<b>510</b>	<b>92</b>	<b>147</b>	<b>340</b>	<b>390</b>
Run-off profits, net of reinsurance	143	44	16	92	89
Gross loss ratio (%)	70.7	86.6	65.5	73.7	69.1
Net reinsurance ratio (%)	2.2	(8.8)	5.4	0.5	2.6
Claims trend (%)	72.9	77.8	70.9	74.2	71.7
Gross expense ratio (%)	14.8	13.3	14.5	14.9	15.2
Combined ratio (%)	87.7	91.1	85.4	89.1	87.0
Operating ratio (%)	87.6	91.1	85.3	88.9	87.0
Combined ratio excl. run-off profits (%)	91.2	95.4	87.0	92.0	89.9

## Life insurance

The result from life insurance was a profit of DKK 89m in Q1-Q3 2015 (Q1-Q3 2014: DKK 198m).

Profit on life insurance activities comprises the profit on life insurance plus the investment return of Liv Holding

(Life Holding). This profit was calculated in accordance with the stated policy on the calculation of profit for the life insurance company: see [www.topdanmark.com](http://www.topdanmark.com) → Investor → Business → Life insurance → [Policy for the calculation of profit in life insurance](#).

<b>Result of life insurance</b> (DKKm)	<b>Full year</b> <b>2014</b>	<b>Q3</b> <b>2014</b>	<b>Q3</b> <b>2015</b>	<b>Q1-Q3</b> <b>2014</b>	<b>Q1-Q3</b> <b>2015</b>
Investment return on shareholders' equity	105	24	12	104	17
Sales and administration	(65)	(8)	(5)	(44)	(23)
Insurance risk	25	10	9	29	14
Risk return on shareholders' equity	145	36	33	110	101
Risk return transferred to (minus)/from shadow account	(10)	(0)	(28)	(2)	(21)
<b>Profit on life insurance</b>	<b>200</b>	<b>62</b>	<b>21</b>	<b>198</b>	<b>89</b>
<b>Estimated value of shadow account end of period</b>	<b>26</b>			<b>17</b>	<b>46</b>

The decline in profit was mainly due to the investment return, which declined DKK 87m to DKK 17m in Q1-Q3 2015.

The result of sales and administration improved DKK 21m to a DKK 23m loss. Non-recurring savings were DKK 14m.

The result was not sufficient in all interest rate groups to include in income the risk return of DKK 101m for the period. Accordingly, DKK 21m was transferred to the shadow account, after which, following minor movements from the cost and risk groups, this account was DKK 46m.

The shadow account will be recognised as income in a subsequent period, when profits are generated in those contribution groups which have made transfers to the shadow account.

## Trend in premiums

Gross premiums increased 36.0% to DKK 4,571m in Q1-Q3 2015, of which premiums on unit-linked pension schemes were DKK 3.436m, 48.8% more than in the same period in 2014. Unit-linked pension schemes represented 94.4% of new pension schemes written in Q1-Q3 2015.

Regular premiums increased 13.9% to DKK 1,865m in Q1-Q3 2015.

Single premiums were DKK 2,706m in Q1-Q3 2015 (Q1-Q3 2014: DKK 1,724m), representing a 57% increase.



## Q3 2015

The result of life insurance declined to DKK 21m in Q3 2015 (Q3 2014: DKK 62m) primarily due to a lower investment return in Q3 2015 (DKK 12m) and the lack of opportunity to fully include the risk return in income (DKK 28m).

Overall, premiums were DKK 1,587m in Q3 2015, representing a 42.4% increase from Q3 2014. Regular premiums increased 15.2% to DKK 549m, while single premiums increased 62.8% to DKK 1,037m.

## Investment activities Topdanmark Group excl. life insurance

The investment return in the Topdanmark Group excluding life insurance was DKK 152m in Q1-Q3 2015 including the revaluation of provisions and income from associated companies, but before the transfer to the technical result (Q1-Q3 2014: DKK 651m).

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 2015 on the most significant classes of assets is disclosed in the following table:

Investment return	Portfolio 30 Sep		Return Q3 2014		Return Q3 2015		Return Q1-Q3 2014		Return Q1-Q3 2015	
	2014	2015	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%
Danish equities	0.5	0.5	4	0.6	2	0.1	101	21.2	77	18.6
Foreign equities	0.9	0.6	1	0.1	(59)	(6.8)	49	5.5	(19)	(2.3)
Government and mortgage bonds	10.8	13.7	53	0.5	22	0.2	216	2.0	(57)	(0.5)
Credit bonds	0.4	0.2	3	0.9	2	1.2	19	4.5	16	4.9
CDOs	0.7	0.6	18	2.4	(7)	(0.9)	99	14.2	30	4.3
Properties	1.4	1.0	1	0.1	11	1.6	35	2.5	158	13.4
Assets related to I/A	2.2	2.2	38	1.8	14	0.6	159	7.7	(21)	(0.9)
Money market etc.	3.4	1.2	(5)	(0.1)	(14)	(0.8)	(17)	(0.5)	(42)	(1.7)
Subordinated loan capital	(1.2)	(0.8)	(15)	(1.4)	(9)	(1.2)	(46)	(3.9)	(39)	(3.9)
Interest-bearing debt	(0.4)	(1.3)	(1)	(0.2)	(0)	0.1	(2)	(0.7)	(1)	(0.3)
	18.7	18.0	98	0.5	(38)	(0.2)	614	3.3	103	0.5
Asset management			15		18		37		49	
<b>Total investment return</b>			<b>112</b>		<b>(20)</b>		<b>651</b>		<b>152</b>	
<b>Transferred return technical provisions</b>										
Discounting			(35)		(30)		(118)		(79)	
Technical interest			(1)		(1)		(7)		2	

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 668m (pre-tax: DKK 874m) 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 September 2015) 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.

Credit bonds with a rating lower than BBB (DKK 88m) 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 156m) 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 857m). The properties are valued in accordance with the rules of the DFSA (Danish Financial Supervisory Authority) i.e. at market value taking into account the level of rent and the terms of the tenancy agreements. Except for a single property under reconstruction, 97% of the property portfolio is currently let.

The class of "Assets related to I/A" (illness / accident) comprises the investments in Topdanmark Livsforsikring (the life insurance company) 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 result was a profit of DKK 11m in Q1-Q3 2015 (Q1-Q3 2014: DKK 9m loss).

## Taxation

The tax charge was DKK 259m of the pre-tax profit of DKK 1,113m, corresponding to an effective tax rate of 23.3% (Q1-Q3 2014: 22.0%). The deviation from the nominal tax rate of 23.5% was due to tax-free profits on unlisted equities and financial instruments.

## Solvency calculation and capital requirements

Topdanmark has submitted an application for approval of its internal model for non-life insurance risks to the DFSA, and the model has now been approved for use under Solvency II. The internal model is already used to calculate the solvency requirement of Individual Solvency, the rules in force for solvency calculation in 2015.

In June, Topdanmark redeemed subordinated notes of DKK 350m issued in 2010: see company announcement of 18 June 2015 from Topdanmark Forsikring. The intention is to issue new subordinated notes with provisions in accordance with the requirements of Solvency II. It is expected that the prospectus will be published on 26 November. The size of the new issue is expected to be around DKK 750m.

The change to new accounting rules in 2016 is expected to strengthen shareholders' equity. The exact size of this effect is not yet known because, among other reasons, the guidance on the new Danish accounting order is not in place. However, the change will only have accounting effect, and consequently it will not affect Topdanmark's solvency position or its opinion of the size of the actual buy-back potential.

The plan for Topdanmark's capital structure is unchanged from the description in the [Q1 report for 2015](#).

## Profit forecast model

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

Therefore, set out in [www.topdanmark.com](http://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 H1 2015 Topdanmark assumed, for 2015, a decline in premiums earned of 1-2% and a combined ratio of around 88-89%, excluding run-off profits / losses, in H2 2015.

This was based on the following assumptions:

- A normal year for weather-related claims of DKK 95m in H2 2015.
- An expense ratio in line with 2014 (15.7%).
- A level of interest rates corresponding to the interest rate curve on 7 August 2015.
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 7 August 2015.

Since the most recent profit forecast model was published in the interim report for H1 2015, the following assumptions have changed:

- In Q3 2015, there were run-off profits of DKK 82m, corresponding to a 0.9pp improvement of the combined ratio.
- Weather-related claims were DKK 7m in Q3 2015 as compared to the assumed level of weather-related claims of DKK 45m, corresponding to a 0.4pp improvement of the claims trend.
- From 7 August to 6 November 2015, the assumed pre-tax investment return has been DKK 120m lower than originally assumed.

For non-life insurance Topdanmark continues to assume a decline of 1-2% in premiums earned.

Given developments since the most recent profit forecast mode in the interim report for H1 2015, it is assumed that the combined ratio will improve to around 87% from 88-89%, excluding run-off in Q4 2015.

Overall, the assumed pre-tax profit on non-life insurance is unchanged at DKK 1,220-1,320m.

## Life insurance

In the interim report for H1 2015, Topdanmark assumed a pre-tax profit on life insurance of DKK 140-170m, based on the following assumptions:

- More than 10% growth in regular premiums.
- A lower risk return on shareholders' equity (risk allowance) than in 2014 as customers move away from with-profits to unit-linked schemes.
- The value of the shadow account is expected to be DKK 14m at the end of 2015.

- A larger cost deficit than in 2014 as relatively low fees are charged on unit-linked schemes, while actual costs increase due to the expectation of good new sales. In addition, the implementation of a new administration system has an adverse impact on the resources of the organisation of the life insurance company.

The following forecast assumptions have changed:

- The value of the shadow account has increased DKK 19m to DKK 33m at the end of 2015.

Overall, the assumed pre-tax profit on life insurance has been reduced by DKK 20m to DKK 120-150m.

The result is highly sensitive to fluctuations particularly in the investment return. The risk allowance and shadow account will not be finally calculated until the preparation of the 2015 Annual Report.

## Parent company

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

## Taxation

Given a corporation tax rate of 23.5%, the tax charge is expected to be DKK 310-350m.

## Total Group profit

Topdanmark's overall post-tax profit forecast model for 2015 is unchanged at DKK 1,050-1,150m. The assumed profit for 2015 is exclusive of run-off in Q4 2015.

This profit forecast model is based on the assumption of an annual 7.0% return on equities and foreign exchange rates unchanged from the level on 6 November 2015. 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 1.60% (risk-free interest rate plus 2.0pp).

Profit forecast 2015 (DKKm)	Results 2014	Forecast 2015 7 August 2015	Forecast 2015 6 November 2015
Non-life insurance			
- Technical result	1,289	1,000	– 1,050
- Investment return after transfer to technical result etc.	514	220	– 270
Profit on non-life insurance	1,803	1,220	– 1,320
Life insurance	200	140	– 170
Parent company etc.	7	20	– 30
Pre-tax profit	2,010	1,380	– 1,520
Taxation	(452)	(330)	– (370)
<b>Profit for the year</b>	<b>1,558</b>	<b>1,050</b>	<b>– 1,150</b>

## Share buy-back

The share buy-back programme is unchanged at DKK 1.95bn.

To date in 2015, Topdanmark has bought back own shares of DKK 1,386m (7,083,730 shares), which leaves a balance of DKK 564m of the buy-back programme.

The number of shares is 105,000,000. Topdanmark's holding of own shares is 7,900,000 shares, and consequently the number of voting shares is 97,100,000.

Since 1998, when Topdanmark started buying back own shares, it has been decided to cancel DKK 15bn of own shares, representing a 74.5% write-down of the share capital.

In the years 2000-2014, the annual average buy-back yield has been 9.5%.

## Future share buy-backs

Topdanmark's share buy-back programme is intended to distribute surplus capital to shareholders.

Up to now, Topdanmark itself has been responsible for buying back own shares in accordance with the buy-back programme announced.

In the future, Topdanmark's buy-back programme will be executed under the European Commission's Regulation No. 2273/2003 of 22 December 2003 (the "Safe Harbour" method).

Topdanmark has made an agreement with Danske Bank, which will be the lead manager for the share buy-back. The agreement with Danske Bank ensures that trade decisions and the execution of the buy-back will be independent of and without influence from Topdanmark.

From 17 November 2015 to 10 February 2016, Danske Bank has been authorised to buy shares in Topdanmark up to a value of DKK 564m.

The maximum amount Topdanmark can pay for shares under the programme is DKK 564m, and a maximum of

6,000,000 shares can be bought, representing 5.7% of the existing share capital in Topdanmark.

The buy-back must not be made at a price exceeding the higher of (1) the share price of the latest independent transaction and (2) the highest current independent offer price on Nasdaq Copenhagen on the day of trading.

The maximum number of shares in Topdanmark that may be bought on each trading day will represent 25% of the average daily trading volume of the Company's shares traded on Nasdaq Copenhagen within the 20 trading days preceding the purchase date.

As long as the share buy-back programme runs, Topdanmark will, at the beginning of each week, announce the number and the value of the shares bought back in a separate company announcement to Nasdaq Copenhagen.

## Assumptions for 2016 Non-life insurance

As a result of Topdanmark's focus on profitability rather than growth, the growth in premiums is expected to be around minus 1% in 2016 as compared to 2015.

This is due to the expectation that 2016 will also be characterised by a decline in the average premium price in motor insurance, an area representing 25% of Topdanmark's gross premiums earned.

Additionally, Topdanmark will continue to implement profitability-promoting initiatives for less profitable customers. This is expected to generate some loss of customers also in 2016.

Assumptions for the combined ratio:

- 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 6 November 2015.

Overall, excluding any run-off profits / losses, the combined ratio is expected to be around 91% in 2016.

## Financial calendar

Announcement of 2015 Annual Results	11 Feb 2016
Deadline for submitting items for AGM agenda	24 Feb 2016
2015 Annual Report	2 Mar 2016
AGM	7 Apr 2016
Q1 2016 Interim Report	10 May 2016
2016 Half-year Report	16 Aug 2016
Q1-Q3 2016 Interim Report	15 Nov 2016

## 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](http://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.

## Accounting policies

The interim report for Q1-Q3 2015 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 2015, 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 2014 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 Note	Q3 2014	Q3 2015	Q1-Q3 2014	Q1-Q3 2015	
<b>NON-LIFE INSURANCE</b>						
Gross premiums written		9,121	1,642	1,595	7,512	7,309
Reinsurance ceded		(661)	(177)	(159)	(596)	(608)
Change in the provisions for unearned premiums, gross		47	660	648	(656)	(554)
Change in reinsurers' share of the provisions for unearned premiums		2	1	(4)	102	101
<b>Premiums earned, net of reinsurance</b>		<b>8,509</b>	<b>2,126</b>	<b>2,080</b>	<b>6,363</b>	<b>6,249</b>
<b>Technical interest, net of reinsurance</b>	1	8	1	1	7	(2)
Gross claims paid		(7,104)	(1,605)	(1,469)	(5,299)	(4,641)
Reinsurance cover received		1,185	234	112	920	381
Change in the provisions for claims, gross		796	(176)	(37)	482	70
Change in reinsurers' share of the provisions for claims		(697)	12	(45)	(501)	(68)
<b>Claims incurred, net of reinsurance</b>	2	<b>(5,819)</b>	<b>(1,535)</b>	<b>(1,438)</b>	<b>(4,397)</b>	<b>(4,257)</b>
<b>Bonuses and rebates</b>		<b>(52)</b>	<b>(18)</b>	<b>(16)</b>	<b>(45)</b>	<b>(43)</b>
Acquisition costs		(914)	(192)	(204)	(688)	(678)
Administrative expenses		(493)	(133)	(126)	(369)	(360)
Reinsurance commission and share of profits		82	24	19	64	66
<b>Total operating expenses, net of reinsurance</b>		<b>(1,325)</b>	<b>(300)</b>	<b>(311)</b>	<b>(993)</b>	<b>(972)</b>
<b>TECHNICAL PROFIT ON NON-LIFE INSURANCE</b>		<b>1,321</b>	<b>274</b>	<b>316</b>	<b>935</b>	<b>973</b>
<b>LIFE INSURANCE</b>						
Gross premiums written	3	4,448	1,114	1,587	3,361	4,571
Reinsurance ceded		(7)	(1)	(3)	(5)	(8)
<b>Premiums, net of reinsurance</b>		<b>4,441</b>	<b>1,113</b>	<b>1,584</b>	<b>3,356</b>	<b>4,563</b>
<b>Allocated investment return, net of reinsurance</b>		<b>2,691</b>	<b>534</b>	<b>(848)</b>	<b>2,283</b>	<b>357</b>
Claims and benefits paid		(4,200)	(813)	(734)	(2,822)	(2,414)
Reinsurance cover received		9	3	1	6	4
Change in the provisions for claims and benefits		12	(2)	15	8	(3)
<b>Claims and benefits paid, net of reinsurance</b>		<b>(4,180)</b>	<b>(813)</b>	<b>(717)</b>	<b>(2,808)</b>	<b>(2,413)</b>
Change in life insurance provisions		831	113	(26)	306	593
Change in reinsurers' share		(1)	0	3	(1)	2
<b>Change in the life insurance provisions, net of reinsurance</b>		<b>830</b>	<b>113</b>	<b>(24)</b>	<b>305</b>	<b>595</b>
<b>Bonus</b>		<b>(314)</b>	<b>70</b>	<b>450</b>	<b>(426)</b>	<b>8</b>
<b>Change in provisions for unit-linked contracts</b>		<b>(3,079)</b>	<b>(911)</b>	<b>(360)</b>	<b>(2,398)</b>	<b>(2,817)</b>
Acquisition costs		(130)	(31)	(37)	(94)	(114)
Administrative expenses		(227)	(53)	(59)	(167)	(186)
Reinsurance commission and share of profits		0	0	0	0	1
<b>Total operating expenses, net of reinsurance</b>		<b>(356)</b>	<b>(84)</b>	<b>(96)</b>	<b>(261)</b>	<b>(299)</b>
<b>TECHNICAL PROFIT / (LOSS) ON LIFE INSURANCE</b>		<b>32</b>	<b>21</b>	<b>(11)</b>	<b>52</b>	<b>(5)</b>

## Income statement • Group

(DKKm)	Full year 2014	Q3 2014	Q3 2015	Q1-Q3 2014	Q1-Q3 2015
<b>NON-TECHNICAL ACTIVITIES</b>					
Technical profit on non-life insurance	1,321	274	316	935	973
Technical profit / (loss) on life insurance	32	21	(11)	52	(5)
Income from associated companies	193	7	18	104	74
Income from investment properties	143	49	27	119	81
Interest income and dividends etc.	1,786	405	388	1,416	1,595
Revaluations	2,055	356	(1,374)	1,936	(1,002)
Interest charges	(69)	(17)	(12)	(52)	(48)
Expenses on investment business	(56)	(12)	(13)	(43)	(46)
<b>Total investment return</b>	<b>4,052</b>	<b>788</b>	<b>(966)</b>	<b>3,479</b>	<b>655</b>
Technical interest transferred to non-life insurance business	(155)	(36)	(31)	(125)	(76)
Pension return tax	(509)	(97)	122	(419)	(59)
Investment return transferred to life insurance business	(2,691)	(534)	848	(2,283)	(357)
Other income	17	4	5	13	14
Other expenses	(57)	(13)	(8)	(46)	(33)
<b>PRE-TAX PROFIT</b>	<b>2,010</b>	<b>408</b>	<b>276</b>	<b>1,606</b>	<b>1,113</b>
Taxation	(452)	(100)	(69)	(353)	(259)
<b>PROFIT FOR THE PERIOD</b>	<b>1,558</b>	<b>308</b>	<b>207</b>	<b>1,253</b>	<b>854</b>
EPS (DKK)	14.4	2.9	2.1	11.5	8.4
EPS, diluted (DKK)	14.3	2.9	2.1	11.4	8.3

## Statement of comprehensive income • Group

Profit for the period	1,558	308	207	1,253	854
Items which can subsequently be reclassified as profit or loss:					
Exchange rate adjustment of foreign business	0	(1)	0	0	0
Items which cannot subsequently be reclassified as profit or loss:					
Revaluation of owner-occupied properties	0	0	0	0	1
Reversed revaluation of owner-occupied properties	(12)	(13)	0	(12)	0
Taxation	3	3	0	3	0
Other comprehensive income	(10)	(11)	0	(10)	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,548</b>	<b>298</b>	<b>207</b>	<b>1,244</b>	<b>854</b>

## Assets • Group

(DKK m)	31 Dec 2014	30 Sep 2014	30 Sep 2015
<b>INTANGIBLE ASSETS</b>	610	606	661
Machinery and equipment	115	114	122
Owner-occupied properties	857	856	857
<b>TOTAL TANGIBLE ASSETS</b>	972	970	979
Investment properties	3,829	3,764	3,817
Shares in associated companies	340	251	165
Loans to associated companies	488	412	353
Total investment in associated companies	828	663	518
Shares	7,614	7,896	6,507
Unit trusts	32	40	48
Bonds	33,975	34,029	33,587
Loans guaranteed by mortgages	12	12	10
Deposits with credit institutions	2,267	3,716	1,904
Derivatives	1,873	1,380	1,301
Total other financial investment assets	45,773	47,074	43,357
<b>TOTAL INVESTMENT ASSETS</b>	50,430	51,501	47,693
<b>INVESTMENT ASSETS RELATED TO UNIT-LINKED CONTRACTS</b>	10,117	9,178	13,354
Reinsurers' share of provisions for unearned premiums	89	189	190
Reinsurers' share of life insurance provisions	33	33	35
Reinsurers' share of the provisions for claims and benefits	648	841	582
Total reinsurers' share of provisions	769	1,063	807
Amounts due from policyholders	304	325	333
Amounts due from insurance companies	195	135	59
Amounts due from associated companies	10	2	26
Other debtors	114	179	543
<b>TOTAL DEBTORS</b>	1,392	1,704	1,769
Assets held temporarily	3	3	0
Deferred tax assets	19	21	13
Liquid funds	323	269	261
Other	77	57	118
<b>TOTAL OTHER ASSETS</b>	422	349	392
Accrued interest and rent	372	340	257
Other prepayments and accrued income	201	232	213
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	573	572	470
<b>TOTAL ASSETS</b>	64,516	64,880	65,317



## Shareholders' equity and liabilities • Group

(DKKm)	Note	31 Dec 2014	30 Sep 2014	30 Sep 2015
Share capital		115	115	105
Revaluation reserve		10	10	11
Security fund		1,146	1,146	1,146
Other reserves		39	38	46
Total reserves		1,185	1,184	1,191
Profit carried forward		3,825	3,901	3,458
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,135</b>	<b>5,210</b>	<b>4,766</b>
<b>SUBORDINATED LOAN CAPITAL</b>		<b>1,156</b>	<b>1,156</b>	<b>808</b>
Provisions for unearned premiums		2,724	3,427	3,278
Guaranteed pension benefits		20,824	20,824	19,957
Bonus potential on future premiums		2,192	2,401	1,918
Bonus potential on paid-up benefits		746	1,179	1,018
Total life insurance provisions		23,761	24,404	22,893
Provisions for claims and benefits		13,723	13,981	13,582
Collective bonus potential		1,677	1,898	1,659
Provisions for bonuses and rebates		124	118	126
Provisions for unit-linked contracts		10,851	9,976	14,321
<b>TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS</b>		<b>52,860</b>	<b>53,804</b>	<b>55,859</b>
Pensions and similar commitments		29	30	29
Deferred tax liabilities		74	73	39
Deferred tax on security funds		306	306	306
<b>TOTAL LIABILITIES PROVIDED</b>		<b>409</b>	<b>409</b>	<b>374</b>
<b>DEPOSITS RECEIVED FROM REINSURERS</b>		<b>154</b>	<b>151</b>	<b>78</b>
Creditors arising out of direct insurance operations		315	77	306
Creditors arising out of reinsurance operations		34	62	30
Bond loans		29	29	0
Amounts due to credit institutions		1,961	1,872	1,204
Amounts due to associated companies		3	1	2
Current tax liabilities		31	251	229
Derivatives		870	643	618
Other creditors		1,446	1,138	928
<b>TOTAL CREDITORS</b>		<b>4,690</b>	<b>4,074</b>	<b>3,317</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		<b>111</b>	<b>77</b>	<b>115</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>64,516</b>	<b>64,880</b>	<b>65,317</b>
Financial assets and liabilities	4			
Contingent liabilities	5			

## Cash flow statement • Group

(DKK m)	Full Year 2014	Q1-Q3 2014	Q1-Q3 2015
<b>Cash flow from operations</b>			
Gross premiums written	9,069	7,408	7,241
Claims paid	(7,053)	(5,281)	(4,584)
Expenses	(1,335)	(1,016)	(999)
Reinsurance ceded	432	299	(64)
Cash flow from non-life insurance	1,113	1,410	1,594
Gross premiums written	4,740	3,335	4,482
Claims and benefits	(4,205)	(2,819)	(2,531)
Expenses	(352)	(262)	(273)
Reinsurance ceded	(29)	(23)	(36)
Cash flow from life insurance	154	230	1,642
Total cash flow from insurance business	1,267	1,641	3,237
Payments on investment contracts	295	218	378
Dividends from associated companies	3	3	8
Interest income and dividends etc.	1,903	1,496	1,604
Interest charges etc.	(130)	(114)	(106)
Pension return tax	(287)	(297)	(493)
Corporation tax	(434)	(119)	(94)
Other items	(39)	(30)	(17)
<b>Total cash flow from operations</b>	<b>2,577</b>	<b>2,798</b>	<b>4,516</b>
<b>Investments</b>			
Intangible assets, machinery and equipment	(108)	(74)	(140)
Properties	103	156	102
Shares in associated companies	945	945	0
Shares	1,200	871	1,364
Unit trust shares	(29)	(38)	(18)
Bonds	1,333	1,366	(66)
Loans	1	0	2
Derivatives	175	277	(656)
Investment assets related to unit-linked contracts	(3,042)	(2,130)	(3,343)
Balances with associated companies	(199)	(117)	118
<b>Total investments</b>	<b>379</b>	<b>1,256</b>	<b>(2,638)</b>
<b>Financing</b>			
Shares bought back	(1,716)	(1,298)	(1,259)
Share-based payments	71	76	47
Sale of own shares	38	0	16
Subordinated loan capital	0	0	(350)
Bond loans	(30)	(30)	(29)
Amounts due to credit institutions	(198)	(287)	(758)
<b>Total financing</b>	<b>(1,834)</b>	<b>(1,539)</b>	<b>(2,333)</b>
Change in cash and cash equivalents	1,121	2,515	(455)
Cash and cash equivalents at 1 January	1,467	1,467	2,590
Revaluation of cash and cash equivalents	1	3	30
Cash and cash equivalents end of period	2,590	3,985	2,164
Cash and cash equivalents comprise:			
Liquid funds	323	269	261
Deposits with credit institutions	2,267	3,716	1,904
	2,590	3,985	2,164

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

## Statement of changes in equity • Group

(DKK m)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Total
<b>2014</b>						
Shareholders' equity at 31 December prior year	125	20	1,146	34	3,860	5,184
Profit for the year				5	1,553	1,558
Other comprehensive income		(9)		0	0	(10)
Total comprehensive income for the year		(9)		5	1,553	1,548
Cancellation of own shares	(10)				10	0
Share buy-back					(1,716)	(1,716)
Sale of own shares					38	38
Reclassification of share options					(30)	(30)
Issue of share options					10	10
Exercise of share options					93	93
Taxation					8	8
Other transactions	(10)				(1,587)	(1,597)
<b>Shareholders' equity at 31 December 2014</b>	<b>115</b>	<b>10</b>	<b>1,146</b>	<b>39</b>	<b>3,825</b>	<b>5,135</b>
<b>Q1-Q3 2014</b>						
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	(10)
Total comprehensive income for the period		(10)		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)
<b>Shareholders' equity at 30 September 2014</b>	<b>115</b>	<b>10</b>	<b>1,146</b>	<b>38</b>	<b>3,901</b>	<b>5,210</b>
<b>Q1-Q3 2015</b>						
Shareholders' equity at 31 December prior year	115	10	1,146	39	3,825	5,135
Profit for the period				7	847	854
Other comprehensive income		1		0	0	1
Total comprehensive income for the period		1		7	847	854
Cancellation of own shares	(10)				10	0
Share buy-back					(1,290)	(1,290)
Sale of own shares					16	16
Issue of share options					8	8
Exercise of share options					47	47
Taxation					(4)	(4)
Other transactions	(10)				(1,214)	(1,224)
<b>Shareholders' equity at 30 September 2015</b>	<b>105</b>	<b>11</b>	<b>1,146</b>	<b>46</b>	<b>3,458</b>	<b>4,766</b>

## Segment information • Group

### Income statement

(DKKm)	Per-sonal	SME and Industrial	Eliminated	Non-life	Life	Parent etc.	Eliminated	Group
<b>Q1-Q3 2014</b>								
<b>Non-life insurance</b>								
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
<b>Life insurance</b>								
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)
<b>Investment return</b>				482	96	29	45	652
Other items				24	54	(38)	(73)	(33)
<b>Pre-tax profit / (loss)</b>				1,417	198	(9)	0	1,606
Taxation								(353)
<b>Profit</b>								1,253
<b>Q1-Q3 2015</b>								
<b>Non-life insurance</b>								
Gross premiums earned	3,726	3,000	(14)	6,712				6,712
Technical interest*	(1)	(1)	0	(2)				(2)
Claims incurred	(2,518)	(2,074)	10	(4,581)			11	(4,570)
Expenses	(600)	(456)	1	(1,055)			17	(1,038)
Net reinsurance	(49)	(79)	0	(128)				(128)
Technical profit / (loss) on non-life insurance	557	390	(3)	945			28	973
<b>Life insurance</b>								
Gross premiums written					4,571			4,571
Allocated investment return					357			357
Benefits and change in provisions					(4,632)			(4,632)
Expenses					(305)		5	(300)
Technical profit / (loss) on life insurance					(10)		5	(5)
Total investment return				113	452	38	53	655
Pension return tax				3	(62)			(59)
Transferred to technical result				(76)	(357)			(433)
<b>Investment return</b>				39	33	38	53	163
Other items				28	66	(27)	(86)	(19)
<b>Pre-tax profit</b>				1,013	89	11	0	1,113
Taxation								(259)
<b>Profit</b>								854

\* After discounting DKK 79m (Q1-Q3 2014: DKK 118m)

## Notes to the financial statements • Group

(DKKm)	Full year 2014	Q1-Q3 2014	Q1-Q3 2015
<b>Note 1. Technical interest, net of reinsurance – Non-life insurance</b>			
Calculated interest	155	125	76
Discounting (amortisation) of technical provisions and reinsurers' share	(147)	(118)	(79)
<b>Technical interest, net of reinsurance</b>	<b>8</b>	<b>7</b>	<b>(2)</b>

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

Run-off profit:			
Gross business	253	167	237
Reinsurance ceded	97	94	21
Run-off profit, net of reinsurance	351	261	258

### Note 3. Gross premiums written – Life insurance

Individual policies	330	204	202
Policies w hich are part of a tenure	1,456	1,067	1,204
Group life	404	366	459
<b>Regular premiums</b>	<b>2,191</b>	<b>1,637</b>	<b>1,865</b>
Individual policies	535	391	643
Policies w hich are part of a tenure	1,721	1,333	2,063
<b>Single premiums</b>	<b>2,257</b>	<b>1,724</b>	<b>2,706</b>
<b>Gross premiums</b>	<b>4,448</b>	<b>3,361</b>	<b>4,571</b>

### Note 4. Financial assets and liabilities

The Group's portfolio of financial assets recorded at fair value, using valuation models based on non-observable inputs, is DKK 484m. Besides project financing in Carlsberg Byen the item comprises bonds of DKK 235m, the current return of w hich depends on payments on a portfolio of annuity contracts w ritten in the USA. The bonds have been reclassified to this category of financial assets as valuation based on observable inputs is no longer possible.

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

There have been no other changes to the classification of financial assets or financial liabilities in Q1-Q3 2015. □

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

<b>Note 5. Contingent liabilities</b>	<b>31 Dec 2014</b>	<b>30 Sep 2014</b>	<b>30 Sep 2015</b>
Contract liabilities	310	332	164
Adjustments to VAT liabilities	28	24	33
Other liabilities	11	11	12
Capital commitments to loan funds and private equity funds etc.	701	636	1,240
Share of associated companies' liabilities:			
Contract liabilities	48	127	0

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

## Income statement • Parent company

(DKKm)	Full year 2014	Q3 2014	Q3 2015	Q1-Q3 2014	Q1-Q3 2015
Income from affiliated companies	1,599	318	214	1,286	884
Revaluations	2	1	0	1	(4)
Interest charges	(12)	(3)	(2)	(9)	(7)
<b>Total investment return</b>	<b>1,589</b>	<b>316</b>	<b>212</b>	<b>1,278</b>	<b>873</b>
Other expenses	(48)	(11)	(7)	(38)	(27)
<b>PRE-TAX PROFIT</b>	<b>1,541</b>	<b>305</b>	<b>204</b>	<b>1,240</b>	<b>845</b>
Taxation	17	3	2	14	8
<b>PROFIT FOR THE PERIOD</b>	<b>1,558</b>	<b>308</b>	<b>207</b>	<b>1,253</b>	<b>854</b>

## Statement of comprehensive income • Parent company

Profit for the period	1,558	308	207	1,253	854
Other comprehensive income from affiliated companies	(10)	(11)	0	(10)	1
Other comprehensive income	(10)	(11)	0	(10)	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,548</b>	<b>298</b>	<b>207</b>	<b>1,244</b>	<b>854</b>

## Balance sheet • Parent company

(DKKm)	31 Dec 2014	30 Sep 2014	30 Sep 2015
<b>Assets</b>			
Machinery and equipment	3	3	3
<b>TOTAL TANGIBLE ASSETS</b>	<b>3</b>	<b>3</b>	<b>3</b>
Shares in affiliated companies	6,034	5,718	4,857
Total investment in affiliated companies	6,034	5,718	4,857
<b>TOTAL INVESTMENT ASSETS</b>	<b>6,034</b>	<b>5,719</b>	<b>4,857</b>
Amounts due from affiliated companies	102	645	1,077
<b>TOTAL DEBTORS</b>	<b>102</b>	<b>645</b>	<b>1,077</b>
Deferred tax assets	1	1	1
Liquid funds	2	2	1
<b>TOTAL OTHER ASSETS</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>TOTAL ASSETS</b>	<b>6,143</b>	<b>6,370</b>	<b>5,939</b>

### Shareholders' equity and liabilities

Share capital	115	115	105
Other reserves	2,285	1,969	1,108
Total reserves	2,285	1,969	1,108
Profit carried forward	3,042	3,432	3,859
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,442</b>	<b>5,516</b>	<b>5,072</b>
<b>SUBORDINATED LOAN CAPITAL</b>	<b>407</b>	<b>407</b>	<b>408</b>
Bond loans	29	29	0
Amounts due to affiliated companies	217	151	191
Current tax liabilities	30	246	228
Derivatives	8	0	0
Other creditors	11	21	41
<b>TOTAL CREDITORS</b>	<b>294</b>	<b>448</b>	<b>459</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>6,143</b>	<b>6,370</b>	<b>5,939</b>

## Statement by Management

We have today considered and adopted the interim report for Q1-Q3 2015 for Topdanmark A/S.

The consolidated financial statements have been prepared in accordance with IAS 34 on interim reports as adopted by the EU, and the interim financial statements for the parent company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the 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 parent company's assets, liabilities and financial position at 30 September 2015 as well as the result of the Group's and the parent company's activities, and the Group's cash flows for the period 1 January to 30 September 2015.

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

Ballerup, 16 November 2015

### Executive Board:

Christian Sagild  
(CEO)

Kim Bruhn-Petersen

Lars Thykier

### Board of Directors:

Søren Thorup Sørensen  
(Chairman)

Torbjörn Magnusson  
(Deputy Chairman)

Ann-Jeanette Bakkøl

Tina Møller Carlsson

Anders Colding Friis

Mette Jensen

Bjarne Graven Larsen

Birgitte Nielsen

Annette Sadolin