



Topdanmark A/S

Supplementary / corrective disclosure for the 2014 Annual Report
16 November 2016

Review

During a partial supervisory review the Danish Financial Supervisory Authority (DFSA) has found that there is an error in the consolidated financial statements for 2014 for Topdanmark A/S as these statements do not provide sufficient information on goodwill and the impairment test made for this purpose.

The error has no effect on profit for the year, total assets, liabilities or shareholders' equity in the 2014 Annual Report nor in the 2015 interim reports.

The lack of information required in accordance with IAS 36, *Impairment of assets*, covers all primary assumptions to which the calculation of the future cash flow is most sensitive, the method used to set these assumptions and information on the growth rate used in the terminal period.

On the basis of the DFSA's partial supervisory review, Topdanmark has chosen to correct the note on intangible asset, including goodwill, published in the 2014 Annual Report.

Correction of Note 16 in the 2014 Annual Report

Note 16. Intangible assets

	Goodwill	software	Completed IT developm't projects	Developm't projects under con- struction	Total
2013					
Cost / valuation at 1 January	441	186	450	8	1,085
Purchased	0	13	0	43	56
Transferred	0	0	2	(2)	0
Cost / valuation at 31 December	441	199	452	48	1,140
Impairment and amortisation at 1 January	0	(151)	(282)	0	(433)
Amortisation for the year	0	(22)	(65)	0	(87)
Impairment and amortisation at 31 December	0	(173)	(347)	0	(520)
Intangible assets 2013	441	26	105	48	620
2014					
Cost / valuation at 1 January	441	199	452	48	1,140
Purchased	0	13	0	55	67
Transferred	0	0	39	(39)	0
Sold	0	0	(2)	0	(2)
Cost / valuation at 31 December	441	211	489	64	1,205
Impairment and amortisation at 1 January	0	(173)	(347)	0	(520)
Amortisation for the year	0	(16)	(61)	0	(77)
Disposals	0	0	2	0	2
Impairment and amortisation at 31 December	0	(189)	(406)	0	(595)
Intangible assets 2014	441	22	83	64	610

Goodwill relates mainly to the purchase of the non-life insurance portfolios in 1999. Goodwill has been allocated to the personal segment.

Goodwill and development projects under construction are subjected to an impairment test at the end of the year. The discounted value of future cash flow is compared with the book value.

The future cash flow is based on three years' expected technical results and a terminal value of those segments to which goodwill and developments projects have been allocated.

The expected technical result is calculated as part of an ongoing, quarterly forecast process.

Primary assumptions:

The calculation of premiums earned is based on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development. The portfolio is indexed with the wage and salary index.

Claims incurred are based on the current levels adjusted to reflect the normalised level of weather and large-scale claims. Furthermore, in general, the expected development in the level of claims and the effect of loss prevention activities are included. The levels of claims are adjusted to reflect the expected inflation.

Expenses are calculated by projecting the expenditure base by the expected changes in activities and pay increases obtained through collective agreement, changes in taxes and duties etc.

The result from insurance is calculated in accordance with the current reinsurance programme and adjusted to reflect known and expected changes in prices and the size of cover.

The calculation of the terminal value includes a growth rate of 0% (2013:0%).

The pre-tax discount rate is 10% (2013: 12%) and the post-tax rate 7.5% (2013: 9.0%). The discount rate is calculated as the risk-free interest rate and a risk allowance.

It is believed that there are no scenarios in which a probable change in the assumptions of the expected technical result or the discount rate will result in a situation where the book value of goodwill exceeds its recoverable amount for the personal segment.

Completed development projects cover primarily the Group's claims system.

Amortisation of intangible assets is primarily included in claims incurred and operating expenses.

Statements on supplementary / corrective disclosure on the 2014 Annual Report

Statement by Management

Based on an inquiry from the Danish Financial Supervisory Authority (DFSA) regarding partial supervisory review of the 2014 Annual Report and subsequent talks with the DFSA, the Board of Directors and the Executive Board have prepared this supplementary /corrective disclosure on the 2014 Annual Report for Topdanmark A/S regarding detailed information on the impairment test of goodwill.

The supplementary / corrective disclosure should be read in conjunction with the 2014 Annual Report to give a true and fair view of the parent company's and the Group's assets, liabilities and financial position at 31 December 2014 as well as of the Company's and the Group's activities for the financial year 2014.

We have today reviewed and approved this supplementary / corrective disclosure on the 2014 Annual Report, which in our opinion is in accordance with the IAS 36, *Impairment of assets*, and the above-mentioned talks with the DFSA.

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 Bakbøl

Tina Møller Carlsson

Anders Colding Friis

Mette Jensen

Internal audit's report on the supplementary / corrective disclosure for the 2014 Annual Report

We have audited the supplementary / corrective disclosure for the 2014 Annual Report for Topdanmark A/S. The supplementary / corrective disclosure has been prepared in accordance with the statement above made by Management.

Basis of opinion

We have conducted our audit on the basis of the executive order issued by the Danish Financial Supervisory Authority on an audit in financial services companies etc. and financial services groups and in accordance with international auditing standards. This requires that we plan and perform the audit to obtain a high degree of assurance whether the supplementary / corrective disclosure for the 2014 Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and information stated in the supplementary / corrective disclosure for the 2014 Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the supplementary / corrective disclosure for the 2014 Annual Report, whether due to fraud or error.

Our work has not included additional procedures relating to the 2014 Annual Report, for which we have made an unqualified audit report without supplementary information on 4 March 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Opinion

In our opinion the supplementary / corrective disclosure for the 2014 Annual Report has been prepared, in all material respects, in accordance with the statement above made by Management.

Ballerup, 16 November 2015

Lars T. Skovsende
Audit Manager

Independent auditor's report on the supplementary / corrective disclosure for the 2014 Annual Report

To the shareholders of Topdanmark A/S

We have audited the supplementary / corrective disclosure for the 2014 Annual Report for Topdanmark A/S. The supplementary / corrective disclosure has been prepared in accordance with the statement above made by Management.

Management's responsibility for the supplementary / corrective disclosure

Management is responsible for the supplementary/corrective disclosure for the 2014 Annual Report in accordance with the statement above made by management and for such internal control as Management determines is necessary to enable the preparation of the supplementary / corrective disclosure that is free from material misstatement, whether due to fraud or error.

Basis of opinion

Our responsibility is to express an opinion on the supplementary/corrective disclosure for the 2014 Annual Report. We conducted our audit in accordance with International Standards on Auditing and additional requirements in Danish audit legislation. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance whether the supplementary / corrective disclosure for the 2014 Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and information stated in the supplementary / corrective disclosure for the 2014 Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the supplementary / corrective disclosure for the 2014 Annual Report, whether due to fraud or error.

Our work has not included additional procedures relating to the 2014 Annual Report, for which we made an unqualified audit report without supplementary information on 4 March 2015.

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Opinion

In our opinion the supplementary / corrective disclosure for the 2014 Annual Report has been prepared, in all material respects, in accordance with the statement above made by Management.

Copenhagen, 16 November 2015

Deloitte

Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup
State Authorised Public Accountant

Per Rolf Larsen
State Authorised Public Accountant

