

TOPDANMARK INTERIM REPORT FOR Q1 2016

10 May 2016, Announcement No. 29/2016

Key features Q1 2016

- Results are reported in accordance with the new accounting policy, adapted to Solvency II
- Post-tax profit of DKK 164m (Q1 2015: DKK 286m)
- EPS was DKK 1.7 (Q1 2015: DKK 2.8)
- Combined ratio: 85.8 (Q1 2015: 91.2)
- Combined ratio excluding run-off profits: 91.6 (Q1 2015: 93.3)
- The result of non-life insurance was DKK 200m (Q1 2015: DKK 330m), impacted by a somewhat higher technical result and by a somewhat lower investment return
- Premiums declined 2.5% in non-life insurance and increased 32% in life insurance
- The profit on life insurance was DKK 8m (Q1 2015: DKK 34m). This profit was impacted by a lower investment return
- The investment return was DKK 212m (Q1 2015: DKK 449m). The investment return was lower due to a lower return on equity and structured credits.

Profit forecast model for 2016

- The assumed combined ratio for 2016 has improved from around 91 to around 89, excl. run-off profit in the last three quarters of 2016
- Unchanged assumed decline in non-life premiums in 2016
- The post-tax profit forecast model for 2016 is upgraded from DKK 800-900m to DKK 900-1.000m, excluding run-off in Q2-Q4 2016, representing EPS of DKK 10.0.

Share buy-back

- The share buy-back programme for 2016, executed from 12 February 2016 until the announcement of the 2016 Annual report on 23 February 2017, was updated DKK 100m to DKK 1,350m, representing a buy-back yield of 8.3. The buy-back is subject to prior approval by the DFSA, cf. page 11.

Webcast

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

Conference call

A conference call will be held today at 15:30 (CET) where 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 call:
UK dial-in number: +44 (0)20 7162 0125
US dial-in number: +1 334 323 6203
10-15 minutes before the conference, quote reference 958255 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 2015	Q1 2015	Q1 2016
Premiums earned:			
Non-life insurance	8,977	2,258	2,202
Life insurance	6,320	1,617	2,134
	15,297	3,875	4,336
Results:			
Non-life insurance	1,342	330	200
Life insurance	174	34	8
Parent company etc.	31	(1)	1
Pre-tax profit	1,547	363	209
Tax	(364)	(77)	(46)
Profit	1,183	286	164
Run-off profits, net of reinsurance	381	46	129
Shareholders' equity of parent company at 1 January	5,339	5,339	4,930
Profit	1,183	286	164
Share buy-back	(1,667)	(454)	(337)
Share-based payments	76	65	15
Other movements in shareholders' equity	(3)	(2)	(2)
Shareholders' equity of parent company end of period	4,927	5,234	4,769
Deferred tax on security funds	(306)	(306)	(306)
Shareholders' equity of Group end of period	4,621	4,928	4,463
Total assets, parent company	5,625	6,316	5,482
Total assets, Group	67,667	69,749	70,749
Provisions for insurance and investment contracts:			
Non-life insurance	16,310	18,791	18,458
Life insurance	40,537	39,049	41,608
Financial ratios (parent company)			
Post-tax profit as a % of shareholders' equity	22.6	5.3	3.4
Post-tax EPS (DKK)	11.8	2.8	1.7
Post-tax EPS, diluted (DKK)	11.8	2.8	1.7
Net asset value per share, diluted (DKK)	51.3	51.0	50.7
Share buy-back per share, diluted (DKK)	16.6	4.4	3.6
Listed share price end of period	196.0	208.3	166.7
Average number of shares ('000)	99,971	102,856	94,589
Average number of shares, diluted ('000)	100,461	103,514	94,925
Number of shares end of period ('000)	95,672	102,021	93,762
Ratios non-life insurance (%)			
Gross loss ratio	68.9	73.5	76.1
Net reinsurance ratio	1.9	1.3	(7.5)
Claims trend	70.8	74.7	68.6
Gross expense ratio	15.9	16.5	17.2
Combined ratio	86.7	91.2	85.8
Operating ratio	86.7	91.2	85.8
Combined ratio excl. run-off profits	90.9	93.3	91.6

Comparative figures are adapted to the new Danish executive order on Financial Reports

It has not been possible to prepare comparative figures for life insurance.

Net effect for life insurance was calculated at +DKK 3m at the beginning of 2016.

Thus Group equity was DKK 4,621m at the end of 2015 and

Group equity was calculated at DKK 4,624m at the beginning of 2016.

Results for Q1 2016

Topdanmark's post-tax profit for Q1 2016 was DKK 164m in Q1 2016 (Q1 2015: DKK 286m).

Pre-tax profit was DKK 209m in Q1 2016 (Q1 2015: DKK 363m).

Accounting policies have been adapted to the changed accounting policies, cf. "Accounting policies" and note 5.

The technical result increased DKK 115m to DKK 313m. The increase was due to higher run-off profits (DKK 83m) and no weather-related claims in Q1 2016 (Q1 2015: DKK 40m).

The investment return declined DKK 246m to DKK 191m. The Q1 2016 investment return was impacted by a lower investment return on equity and structured credits.

The profit on life insurance declined DKK 26m to DKK 8m in Q1 2016, due to a lower investment return and a lower profit from insurance risk.

Trend in profit (DKKm)	Full year 2015	Q1 2015	Q1 2016
Non-life insurance			
- Technical result	1,195	198	313
- Investment return etc.	55	437	191
- Unwinding and revaluations			
non-life insurance provisions	93	(305)	(303)
Profit on non-life insurance	1,342	330	200
Life insurance	174	34	8
Parent company etc.	31	(1)	1
Pre-tax profit	1,547	363	209
Tax	(364)	(77)	(46)
Profit	1,183	286	164

Non-life insurance Premiums earned

Premiums earned declined 2.5% to DKK 2,202m. The personal segment accounted for a 2.4% decline, and the SME and industrial segment accounted for a 2.5% decline.

As stated in the 2015 Annual Report, Topdanmark focuses on profitability rather than growth. The focus on profitability generated a loss of a number of large-scale customers in the SME and industrial segment since they did not meet Topdanmark's return requirements. The loss of major customers in the SME and industrial segment had a 0.7% adverse effect on premiums earned for the Topdanmark Group.

The competition in the motor insurance market is still intense. The trend in car insurance is driven by the predominance of the sale of smaller and more roadworthy cars, which has resulted in a trend with declining risk and declining premiums. Due to lower premiums from motor insurance, the Topdanmark Group's total premiums for non-life insurance were reduced by 1.2% in Q1 2016, compared to Q1 2015. The average premium for motor insurance declined 3.0% from Q1 2015 to Q1 2016, on par with the claims trend. Thus, profitability was maintained.

Claims trend

The claims trend improved from 68.6 to 74.7 in Q1 2015, representing a 6.1pp improvement in the claims trend.

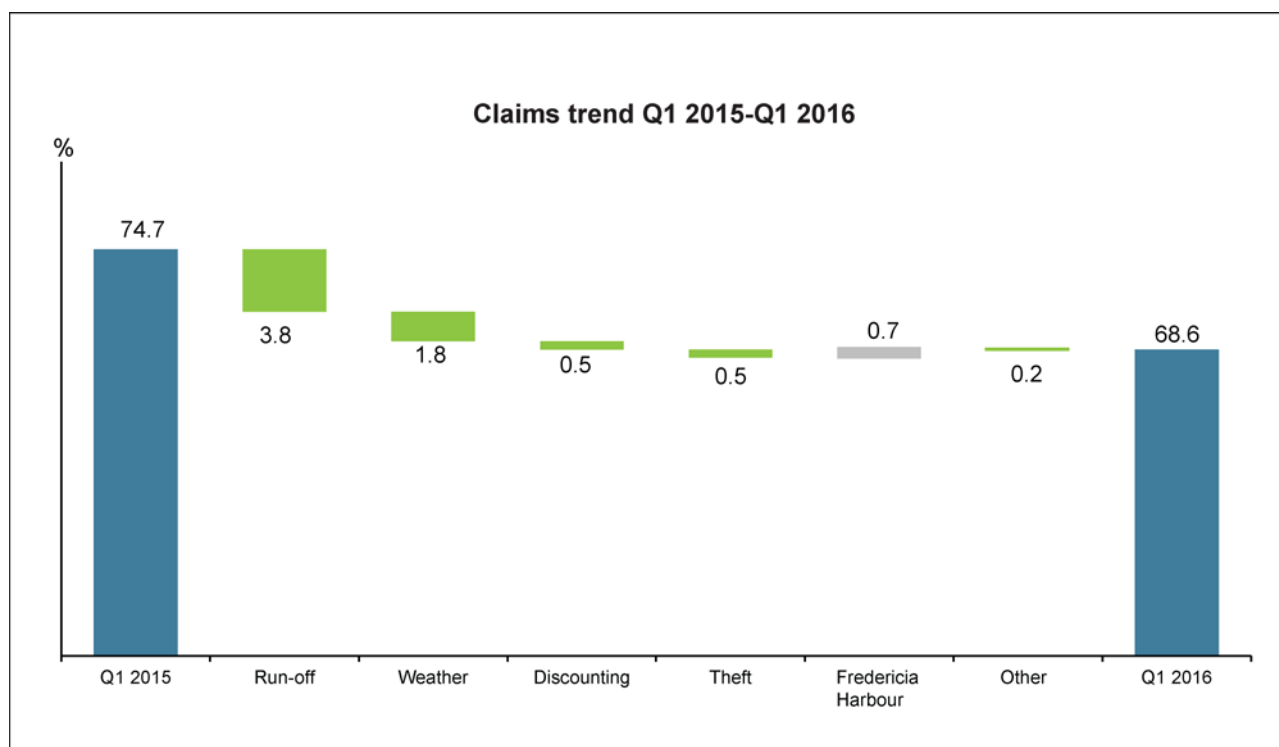
Run-off profits, net of reinsurance, were DKK 129m in Q1 2016 (Q1 2015: DKK 46m), representing a 3.8pp improvement in the claims trend. In Q1 2016, worker's compensation, motor vehicle liability insurance and illness/accident insurance primarily generated run-off profits.

There were no weather-related claims in Q1 2016 (Q1 2015: DKK 40m). Accordingly, the underlying claims trend improved 1.8pp.

The difference between the interest rate levels in Q1 2015 and Q1 2016 resulted in a 0.5pp improvement of the claims trend.

The favourable trend in the level of theft claims continued in Q1 2016. As compared to Q1 2015, theft claims declined DKK 12m, representing a 0.5pp improvement of the claims trend.

In Q1 2016, gross claims were impacted by a large-scale claim at Fredericia Harbour, estimated at DKK 270m. The majority of the claim is covered by reinsurers. The claim at Fredericia Harbour impacted the claims trend adversely by 0.7pp.



Expense ratio

The expense ratio was 17.2% in Q1 2016 (Q1 2015: 16.5%).

In 2016, the payroll tax imposed on Danish financial businesses, increased from 12.2% in 2015 to 13.6% in 2016, representing a 0.3pp adverse impact on the expense ratio in Q1 2016. Furthermore, the decline in premiums in Q1 2016 had an adverse impact on the expense ratio (0.4pp).

Normally, the expense ratio is higher in Q1 than in the subsequent quarters due to higher sales commission and fewer holiday days taken in Q1.

Combined ratio

The combined ratio was 85.8% in Q1 2016 (Q1 2015: 91.2%). Excluding run-off profits, the combined ratio was 91.6% (Q1 2015: 93.3%).

Financial highlights – Non-life insurance (DKK ^m)	Full year 2015	Q1 2015	Q1 2016
Gross premiums earned	8,977	2,258	2,202
Claims incurred	(6,183)	(1,659)	(1,675)
Expenses	(1,426)	(372)	(378)
Net reinsurance	(173)	(29)	165
Technical result	1,195	198	313
Investment return	15	428	184
Unwinding and revaluations non-life insurance provisions	93	(305)	(303)
Other items	39	9	7
Profit on non-life insurance	1,342	330	200
Run-off profits, net of reinsurance	381	46	129
Gross loss ratio (%)	68.9	73.5	76.1
Net reinsurance ratio (%)	1.9	1.3	(7.5)
Claims trend (%)	70.8	74.7	68.6
Gross expense ratio (%)	15.9	16.5	17.2
Combined ratio (%)	86.7	91.2	85.8
Combined ratio excl. run-off profits (%)	90.9	93.3	91.6

Segment reporting

Personal

The Personal segment offers policies to individual households in Denmark.

Premiums earned declined 2.4% to DKK 1,237m. The decline in premiums was primarily generated in motor insurance, 5.1%. Premium from motor insurance is impacted by a decline in average premiums (2.8%), and by a decline in the number of cars insured (2.2%). The premium for personal and illness/accident insurance declined 0.3%.

The technical result was DKK 202m in Q1 2016, representing an increase of DKK 57m, compared to Q1 2015.

The claims trend improved 5.2pp to 66.8. As compared to Q1 2015, the claims trend was impacted by increased run-off profits (4.1pp), no weather claims (1.4pp) and fewer theft claims. However, there was a slight increase in the claims trend for fire (0.7pp).

The expense ratio increased to 16.8 in Q1 2016 (Q1 2015: 16.6), mainly due to an increase in the payroll tax and lower premiums. Nominal costs declined 1%.

The combined ratio improved to 83.6 in Q1 2016 (Q1 2015: 88.6). Excluding run-off profits, the combined ratio improved to 90.3 (Q1 2015: 91.1).

Personal (DKKm)	Full year 2015	Q1 2015	Q1 2016
Gross premiums earned	4,986	1,268	1,237
Claims incurred	(3,413)	(919)	(820)
Expenses	(809)	(210)	(208)
Net reinsurance	(68)	7	(6)
Technical result	696	145	202
Run-off profits, net of reinsurance	221	32	82
Gross loss ratio (%)	68.5	72.5	66.3
Net reinsurance ratio (%)	1.4	(0.5)	0.5
Claims trend (%)	69.8	72.0	66.8
Gross expense ratio (%)	16.2	16.6	16.8
Combined ratio (%)	86.0	88.6	83.6
Combined ratio excl. run-off profits (%)	90.5	91.1	90.3

SME and Industrial

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

Premiums earned declined 2.5% to DKK 970m, impacted by a decrease of DKK 16m due to the loss of two industrial customers cf. Topdanmark's philosophy of prioritising profit over growth. There was a positive trend in sales to small and medium size businesses.

The technical result increased DKK 58m to DKK 111m in Q1 2016.

The claims trend improved 7.4pp to 71.0. The claims trend was positively impacted due to no weather-related claims (2.3pp) in Q1 2016. Run-off profits were DKK 47m in Q1 2016 (Q1 2015: DKK 14m) which impacted the claims trend positively by 3.4pp. The large-scale claim at Fredericia Harbour had adverse impact on the claims trend corresponding to 1.5pp. Excluding the claim in Fredericia, there was a positive development in the claims trend.

The expense ratio increased 1.2pp to 17.6. Nominally, expenses increased DKK 7m due to increased sales expenses, higher payroll tax, and expenses for development of a new IT system for use in the agricultural domain.

The combined ratio improved to 88.6 in Q1 2016 (Q1 2015: 94.7). Excluding run-off profits, the combined ratio improved to 93.4 (Q1 2015: 96.1).

SME and Industrial (DKKm)	Full year 2015	Q1 2015	Q1 2016
Gross premiums earned	4,011	995	970
Claims incurred	(2,783)	(745)	(859)
Expenses	(619)	(163)	(170)
Net reinsurance	(105)	(35)	170
Technical result	505	52	111
Run-off profits, net of reinsurance	161	14	47
Gross loss ratio (%)	69.4	74.9	88.6
Net reinsurance ratio (%)	2.6	3.5	(17.6)
Claims trend (%)	72.0	78.4	71.0
Gross expense ratio (%)	15.4	16.3	17.6
Combined ratio (%)	87.4	94.7	88.6
Combined ratio excl. run-off profits (%)	91.4	96.1	93.4

Life insurance

The result from life insurance was a profit of DKK 8m in Q1 2016 (Q1 2015: DKK 34m).

Profit on life insurance activities comprises the profit on life insurance plus the investment return of Liv Holding (Life Holding). These profits were calculated in

accordance with the stated policy for 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 2015	Q1 2015	Q1 2016
Investment return on shareholders' equity	57	4	(12)
Sales and administration	(45)	(15)	(19)
Insurance risk	19	15	2
Risk return on shareholders' equity	137	34	36
Risk return transferred to (minus)/from shadow account	7	(4)	0
Profit on life insurance	174	34	8
Estimated value of shadow account end of period	12	26	3

The decline in the profit for Q1 2016 was primarily due to a lower investment return of DKK 12m (loss) in Q1 2016 (Q1: 2015 DKK 4m). Besides, the risk result declined DKK 13m to DKK 2m in Q1 2016. The risk result is quite volatile and impacted by individual events.

The risk return on shareholders' equity increased to DKK 36m in Q1 2016 (DKK 34m in Q1 2015).

The shadow account DKK 12m at the end of 2015 was written off due to the new Danish Principle of Contribution, while the Q1 2016 balance of DKK 3m is due to losses in the expense groups in Q1 2016.

Trend in premiums

Gross premiums increased 32.0% to DKK 2,134m in Q1 2016, of which premiums on unit-linked pension schemes were DKK 1,585m, which is a 48.5% increase compared to Q1 2015. Unit-linked pension schemes represented 92% of new pension schemes written in Q1 2016.

Regular premiums increased 6.7% to DKK 839m in Q1 2016. Single premiums were DKK 1,296m in Q1 2016, representing a 55.9% increase.

Investment activities Topdanmark Group excl. life insurance

The investment return in the Topdanmark Group, excluding life insurance, was DKK 212m in Q1 2016 (Q1 2015: DKK 449m). Unwinding and revaluation of non-life insurance provisions were DKK 303m (loss) in Q1 2016, compared to DKK 305m (loss) in Q1 2015.

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 2016 on the most significant classes of assets is disclosed in the following table:

Investment return	Portfolio		
	31 March 2016 (DKKbn)	Return Q1 2016 (DKKm)	%
Danish equities	0.3	(7)	(1.9)
Foreign equities	0.6	(15)	(2.7)
Unlisted equities and hedge funds	0.3	(29)	(8.6)
Government and mortgage bonds	13.1	200	1.6
Credit bonds	0.3	2	0.7
Index linked bonds	0.5	1	0.3
CDOs	0.5	(21)	(3.8)
Properties	1.0	14	1.4
Assets related to I/A	2.3	79	3.7
Money market etc.	1.8	(8)	(0.4)
Subordinated loan capital	(2.2)	(17)	(0.8)
Interest-bearing debt	0.0	(1)	(0.6)
	18.6	197	1.1
Asset management		15	
Investment return		212	
Unwinding and revaluations non-life insurance provisions		(303)	

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 exposure of the underlying asset. The return on properties includes revaluation and reversed revaluation of owner-occupied property, which has been included in other comprehensive income.

The investment return was lower than the expected return, according to Topdanmark's forecast model as announced in Topdanmark's Annual Report 2015. The lower return is primarily due to a lower than predicted return on equities and structured credits.

The post-tax equity exposure was DKK 782m (pre-tax: DKK 1,002m) 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 approx. 30% of the portfolio on 31 March 2016) and MSCI World DC in the original currency for foreign equities.

The class "Unlisted equities and hedge funds" includes private equity positions (DKK 71m), and positions in hedge funds where the investment mandates aims at positioning in the credit market (DKK 186m).

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

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

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

The 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 i.e. at market value, taking into account the level of rent and the terms of the tenancy agreements. The overall occupancy rate is 95.2%.

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

Solvency II took effect at the beginning of 2016. Topdanmark uses the Solvency II discount curve with volatility adjustment (VA) for measuring claims provisions. The VA component comprises a corrective element for the development in pricing of Danish mortgage bonds as well as a corrective element for the development in

pricing of European business credits. The VA component was essentially unchanged in Q1 2016.

Solvency calculation and capital requirements

Solvency II took effect on 1 January 2016.

Solvency II gives the companies the opportunity to fully or partially develop their own internal risk model for solvency calculation. Topdanmark uses a partial internal model it has developed in-house to calculate the non-life risk. This model, approved by the DFSA, provides basis for including non-life risks in Topdanmark's solvency calculations.

The DFSA has granted Topdanmark approval for using the volatility-adjusted Solvency II interest rate curve.

Own funds

Principal elements of own funds:

Shareholders' equity
+ Deferred tax on security funds
+ Profit margin
- Intangible assets
- DFSA approved share buy-back programme
+ Tax effect
+ Usable share, hybrid capital (max. 20% of tier 1)
+ Usable share, subordinated notes (Max. 50% of SCR)

Own funds

At the end of Q1 2016, Topdanmark's own funds were DKK 6,903m. The solvency requirement was DKK 3,819m.

On 24 June 2011, Topdanmark issued subordinated notes of DKK 400m. It is intended to redeem these subordinated notes on 24 June 2016, which is the first possible date of redemption: cf. company announcement of 21 June 2011 from Topdanmark Forsikring, provided that the DFSA grants approval.

In December 2015, Topdanmark issued subordinated notes in two tranches, cf. company announcement of 2 December 2015:

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

The above subordinated notes of DKK 400m will not be replaced by a new issue, when redeemed. Subsequently, the overall outstanding subordinated notes will be DKK 1,350m. Redemption will reduce own funds by up to DKK 400m, depending on the solvency requirement (SCR).

Necessary capital

So far, Topdanmark has calculated the necessary solvency capital at DKK 4,700m, as a minimum, originating from the solvency capital elements, shareholders' equity reduced by intangible assets, hybrid capital and subordinated loan capital. In future, only Topdanmark's necessary shareholders' equity reduced by intangible assets will be stated. At the beginning of 2016, the necessary equity reduced by intangible assets was DKK 3,400, according to the accounting policies of the parent company i.e. without deduction of the value of deferred tax on security funds. At the end of Q1 2016, the parent company's shareholders' equity less intangible assets was DKK 4,053m.

For further information on Topdanmark's capital model and model for calculation of buy-back potential, please see: www.topdanmark.com → Investor → [Capital model](#).

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) and finance costs.

The result was DKK 1m in Q1 2016 (Q1 2015: DKK 1m loss).

Taxation

The tax charge was DKK 46m of the pre-tax profit of DKK 209m, corresponding to an effective tax rate of 21.7 (Q1 2015: 21.3).

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 at 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 2015 Annual Report Topdanmark assumed, for 2016, a decline in premium and a combined ratio of around 91, excluding run-off profits/losses. The 2015 Annual Report assumed a pre-tax profit on non-life insurance of DKK 850-950m for 2016. This was based on the following assumptions:

- Weather-related claims of DKK 170m, DKK 50m of these for Q1 2016
- A level of interest rates corresponding to the interest rate curve on 29 January 2016
- An expense ratio of around 16
- An annual 7.0% return on equities and unchanged foreign exchange rates from the level on 29 January 2016.

Since the profit forecast model for 2016 was published in the 2015 Annual Report, the following assumptions have changed for the combined ratio:

- Weather-related claims were DKK 0m in Q1 2016, which is DKK 50m lower than assumed, corresponding to a 0.6pp improvement of the combined ratio for 2016
- In Q1 2016 there were run-off profits of DKK 129m, corresponding to a 1.5pp improvement of the combined ratio
- Interest rates have declined, representing a 0.2pp deterioration of the combined ratio
- From 29 January 2016 until 29 April 2016, the pre-tax investment return was DKK 50m better than assumed, impacted by a positive trend in equities and credits.

The assumed combined ratio for 2016 has changed from around 91 to around 89, excluding run-off profits/losses in Q2-Q4 2016.

The premium growth in Q1 2016 was on par with the assumed level, and a decline in premium in 2016 is still expected.

The overall assumed pre-tax result for non-life insurance is DKK 1,000-1,100m.

Life insurance

In the 2015 Annual Report, Topdanmark assumed a pre-tax profit on life insurance of DKK 130-160m in 2016, based on the following assumptions:

- 0-5% growth in regular premiums
- DKK 40m investment return on shareholders' equity
- No profit from the shadow account.

The following forecast assumptions have changed:

- Assumed growth in regular premiums has changed from 0-5% to around 5%
- The return on equity and the result of insurance risk was reduced by DKK 30m in total.

The result is sensitive to fluctuations in the investment return.

Overall, the assumed pre-tax profit on life insurance is DKK 110-140m.

Parent company

The profit forecast model for the parent company plus subsidiaries outside the insurance group assumes a pre-tax profit of DKK 30-40m.

Taxation

Given a corporation tax rate of 22%, the tax charge is expected to be DKK 240-280m.

Total Group profit

Topdanmark's overall post-tax profit forecast model for 2016 has been adjusted by DKK 100m to DKK 900-1,000m, representing EPS of DKK 10.0. The assumed profit is exclusive of run-off profits/losses in the remaining three quarters of 2016.

The profit forecast model is based on the assumption of an annual 7.0% return on equities, and unchanged foreign exchange rates from the level of 29 April 2016. 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 1.96% (risk-free interest rate plus 2.0pp)

Profit forecast 2016 (DKKm)	Results 2015	Forecast 2016 29 January 2016		Forecast 2016 29 April 2016	
Non-life insurance					
- Technical result	1,195	750	-	800	950 - 1,000
- Investment return, unwinding and revaluations					
non-life insurance provisions	147	100	-	150	50 - 100
Profit on non-life insurance	1,342	850	-	950	1,000 - 1,100
Life insurance	174	130	-	160	110 - 140
Parent company etc.	31	30	-	40	30 - 40
Pre-tax profit	1,547	1,010	-	1,150	1,140 - 1,280
Taxation	(364)	(210)	-	(250)	(240) - (280)
Profit for the year	1,183	800	-	900	900 - 1,000

Buy-back of Topdanmark shares

The 2015 Annual Report stated that it was Topdanmark's intention to buy back Topdanmark shares at a value of DKK 1,250m. The buy-back will be executed from the time of the announcement of annual results, 11 February 2016, until the announcement of the Annual Report for 2016, 23 February 2017.

On the basis of the assumed result for 2016, the buy-back of Topdanmark shares is adjusted by DKK 100m, so that the intended buy-back for 2016 will be DKK 1,350m, representing a buy-back yield of 8.3 calculated on the basis of the price of the Topdanmark share on 29 April 2016.

In the years 2000-2015, the average annual buy-back yield was 9.4%.

At present, Topdanmark has bought back own shares of DKK 249m, corresponding to 1,490,520 shares, which leaves a balance of DKK 1,101m of the 2016 buy-back programme.

In Q1 2016, share buy-back was DKK 337m, DKK 283m of which related to the 2015 buy-back programme.

The DFSA has approved a buy-back for Q1 and Q2 of DKK 600m. It is expected that this buy-back will be fully executed before the announcement of the Interim Report for Q2 on 16 August 2016. In future, Topdanmark will apply for DFSA approval of share buy-back on a quarterly basis.

At Topdanmark's Annual General Meeting on 7 April 2016, the share capital was written down by 10,000,000 shares. On the expiry for filing objections, the number of shares will be 95,000,000. Subsequently, Topdanmark's holding of own shares will be 1,953,000, and consequently the number of voting shares will be 93,047,000.

Since 1998, when Topdanmark started buying back own shares, it has been decided to cancel DKK 16.8bn of own shares representing a 77.0% write-down of the share capital. The average price of the written-down shares is 53.0.

Topdanmark's buy-back programme is 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 is the lead manager for the share buy-back. The agreement with Danske Bank ensures that trade decisions and execution of the buy-back will be independent of and without influence from Topdanmark.

From 11 May 2016 to 15 August 2016, Danske Bank has been authorised to buy shares in Topdanmark up to a value of DKK 351m.

Until 15 August 2016, the maximum amount Topdanmark can pay for shares under the programme is DKK 351m, and a maximum of 4,000,000 shares can be bought, representing 4.2% 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, at the beginning of each week, Topdanmark will announce the number and the value of the shares bought back in a separate company announcement to Nasdaq Copenhagen.

Financial calendar

2016 Half-year Report	16 Aug 2016
Q1-Q3 2016 Interim Report	15 Nov 2016
Deadline for submitting items for AGM agenda	20 Feb 2017
2016 Annual Report	23 Feb 2017
AGM	4 Apr 2017
Q1 2017 Interim Report	23 May 2017

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 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 unexpected events like acts of terror or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry and trends in the reinsurance market. See also: www.topdanmark.com → Investor → [Risk management](#).

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

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

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

Accounting policies

Accounting policies have been adapted to the changed Danish Executive Order on Financial Statements that took effect on 1 January 2016.

Comparative figures for the Group, excluding life insurance, have been adjusted effective from the 2015 opening balance, from the time when EIOPA announced new interest rate curves and the Group's models for calculation of premium provisions and profit margin have been established in accordance with the new accounting policies.

It has not been practicable to prepare comparative figures for life insurance.

In the opening balance of 1 January 2016, the accounting value of the life insurance provisions has been reduced by DKK 3m, compared to the value in the 2015 financial report.

The effect on the result and equity is stated in the table below:

Result and equity DKKm	Result			Equity	
	Q1 2015	2015	2014	Q1 2015	2015
Result and equity according to financial statement	310	1,132	5,135	5,055	4,673
Adjustments					
Claims provisions					
Best estimate	0	0	266	266	266
New interest rate curve	4	51	82	86	133
Reinsurance share	(1)	(1)	(1)	(2)	(2)
Risk margin	(30)	7	(320)	(350)	(313)
Premium/profit margin	(2)	6	(155)	(156)	(149)
Others	(3)	3	(4)	(7)	(2)
Pre-tax effect	(32)	66	(132)	(163)	(66)
Tax	7	(14)	29	36	15
Effect of adjustments, post-tax	(25)	51	(103)	(127)	(52)
Result and equity, new accounting policy	286	1,183	5,033	4,928	4,621

The effect on the key figures for Q1 2015 and the year 2015 appears in the table below:

Combined ratio	Q1 2015		Full year 2015	
	Accounts	New practice	Regnskab	New practice
Claims incurred	72.8	73.5	69.5	68.9
Net reinsurance	1.3	1.3	1.9	1.9
Claims trend	74.1	74.7	71.4	70.8
Expense ratio	16.6	16.5	15.9	15.9
Combined ratio	90.7	91.2	87.3	86.7
Combined ratio excl. run-off profits	92.7	93.3	91.6	90.9

Changes due to the new accounting policies are further described in note 5.

Besides adaption to the new Danish Executive Order on Financial Statements, the accounting policies are unchanged compared to 2015.

Income statement • Group

(DKK)m	Note	Full year 2015	Q1 2015	Q1 2016
NON-LIFE INSURANCE				
Gross premiums written		8,883	4,112	4,001
Reinsurance ceded		(671)	(402)	(380)
Change in the provisions for unearned premiums		51	(1,900)	(1,813)
Change in profit margin and risk margin		105	60	25
Change in reinsurers' share of the provisions for unearned premiums		3	221	218
Premiums earned, net of reinsurance		8,371	2,092	2,051
Gross claims paid		(6,254)	(1,663)	(1,515)
Reinsurance cover received		476	118	48
Change in the provisions for claims		71	35	(129)
Change in risk margin		14	(28)	(27)
Change in reinsurers' share of the provisions for claims		(68)	11	257
Claims incurred, net of reinsurance	1	(5,761)	(1,526)	(1,366)
Bonuses and rebates		(62)	(15)	(11)
Acquisition costs		(920)	(239)	(235)
Administrative expenses		(484)	(128)	(137)
Reinsurance commission and share of profits		86	22	22
Total operating expenses, net of reinsurance		(1,318)	(344)	(350)
TECHNICAL PROFIT ON NON-LIFE INSURANCE		1,231	207	323
LIFE INSURANCE				
Gross premiums written	2	6,320	1,617	2,134
Reinsurance ceded		(10)	(2)	(1)
Premiums, net of reinsurance		6,309	1,615	2,133
Allocated investment return, net of reinsurance		1,194	2,209	(270)
Pension return tax		(165)	(353)	(49)
Claims and benefits paid		(3,240)	(784)	(853)
Reinsurance cover received		7	2	2
Claims and benefits paid, net of reinsurance		(3,233)	(782)	(851)
Change in life insurance provisions		(3,680)	(2,592)	(863)
Change in reinsurers' share		(1)	3	0
Change in the life insurance provisions, net of reinsurance		(3,681)	(2,589)	(863)
Change in profit margin		-	-	(9)
Acquisition costs		(153)	(39)	(40)
Administrative expenses		(253)	(67)	(69)
Reinsurance commission and share of profits		1	0	0
Total operating expenses, net of reinsurance		(405)	(107)	(109)
TECHNICAL PROFIT / (LOSS) ON LIFE INSURANCE		19	(7)	(18)

Income statement • Group

(DKKm)	Full year 2015	Q1 2015	Q1 2016
NON-TECHNICAL ACTIVITIES			
Technical profit on non-life insurance	1,231	207	323
Technical profit / (loss) on life insurance	19	(7)	(18)
Income from associated companies	93	42	8
Income from investment properties	94	33	21
Interest income and dividends etc.	1,938	490	406
Revaluations	(577)	2,152	(448)
Interest charges	(61)	(17)	(24)
Expenses on investment business	(66)	(15)	(16)
Total investment return	1,421	2,685	(53)
Unwinding and revaluations non-life insurance provisions	93	(305)	(303)
Investment return transferred to life insurance business	(1,194)	(2,209)	270
Other income	20	5	5
Other expenses	(42)	(13)	(15)
PRE-TAX PROFIT	1,547	363	209
Taxation	(364)	(77)	(46)
PROFIT FOR THE PERIOD	1,183	286	164
EPS (DKK)	11.8	2.8	1.7
EPS, diluted (DKK)	11.8	2.8	1.7

Statement of comprehensive income • Group

Profit for the period	1,183	286	164
Items which cannot subsequently be reclassified as profit or loss:			
Revaluation of owner-occupied properties	1	0	0
Other comprehensive income	1	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,184	286	164

Assets • Group

(DKK m)	31 December 2015	31 March 2015	31 March 2016
INTANGIBLE ASSETS	689	628	716
Operating equipment	127	123	134
Owner-occupied properties	857	857	857
TOTAL TANGIBLE ASSETS	984	980	991
Investment properties	3,868	3,896	3,938
Shares in associated companies	184	375	192
Total investment in associated companies	184	375	192
Shares	6,728	8,375	6,446
Unit trusts	0	37	0
Bonds	31,455	35,084	33,966
Loans guaranteed by mortgages	7	11	7
Other loans	32	0	0
Deposits with credit institutions	3,721	2,125	4,018
Derivatives	1,350	2,231	1,602
Total other financial investment assets	43,292	47,863	46,038
TOTAL INVESTMENT ASSETS	47,344	52,134	50,169
INVESTMENT ASSETS RELATED TO MARKET INTEREST PRODUCTS	15,645	12,629	15,218
Reinsurers' share of provisions for unearned premiums	71	213	262
Reinsurers' share of life insurance provisions	32	35	32
Reinsurers' share of the provisions for claims and benefits	582	662	839
Total reinsurers' share of provisions	684	910	1,133
Amounts due from policyholders	328	711	562
Amounts due from insurance companies	81	144	80
Amounts due from associated companies	353	487	353
Other debtors	259	151	266
TOTAL DEBTORS	1,706	2,403	2,394
Assets held temporarily	0	2	0
Current tax assets	47	10	111
Deferred tax assets	14	29	10
Liquid funds	640	359	529
Other	120	57	122
TOTAL OTHER ASSETS	821	457	772
Accrued interest and rent	285	267	244
Other prepayments and accrued income	193	252	246
TOTAL PREPAYMENTS AND ACCRUED INCOME	477	518	489
TOTAL ASSETS	67,667	69,749	70,749

Shareholders' equity and liabilities • Group

(DKK m)	Note	31 December 2015	31 March 2015	31 March 2016
Share capital		105	115	105
Revaluation reserve		11	11	12
Security fund		1,146	1,146	1,146
Other reserves		47	42	50
Total reserves		1,193	1,188	1,196
Profit carried forward		3,312	3,614	3,150
TOTAL SHAREHOLDERS' EQUITY		4,621	4,928	4,463
SUBORDINATED LOAN CAPITAL		2,154	1,158	2,154
Provisions for unearned premiums		1,922	3,882	3,762
Profit margin, non-life insurance contracts		817	856	790
Products with guarantees and profitsharing		24,321	26,253	24,180
Unit Linked products		16,216	12,796	17,257
Total life insurance provisions		40,537	39,049	41,437
Profit margin, life insurance and investment contracts		-	-	171
Provisions for claims and benefits		13,121	13,588	13,442
Risk margin, non-life insurance contracts		313	350	339
Provisions for bonuses and rebates		137	115	125
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		56,847	57,840	60,067
Pensions and similar commitments		28	31	29
Deferred tax liabilities		73	73	74
Deferred tax on security funds		306	306	306
TOTAL LIABILITIES PROVIDED		407	410	409
DEPOSITS RECEIVED FROM REINSURERS		62	102	64
Creditors arising out of direct insurance operations		394	279	251
Creditors arising out of reinsurance operations		43	213	203
Amounts due to credit institutions		1,346	2,124	1,544
Current tax liabilities		9	0	1
Derivatives		527	1,243	445
Other creditors		1,133	1,410	1,056
TOTAL CREDITORS		3,452	5,269	3,500
ACCRUALS AND DEFERRED INCOME		123	42	92
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		67,667	69,749	70,749
Financial assets and liabilities	3			
Contingent liabilities	4			
Changed accounting policies	5			

Cash flow statement • Group

(DKK)m)	Full year 2015	Q1 2015	Q1 2016
Cash flow from operations			
Gross premiums written	8,827	3,898	3,906
Claims paid	(6,182)	(1,671)	(1,552)
Expenses	(1,314)	(292)	(314)
Reinsurance ceded	(12)	(37)	(112)
Cash flow from non-life insurance	1,319	1,898	1,929
Gross premiums written	6,398	1,396	1,863
Claims and benefits	(3,365)	(779)	(844)
Pension return tax	(496)	(511)	(256)
Expenses	(385)	(92)	(92)
Reinsurance ceded	(52)	(10)	(2)
Cash flow from life insurance	2,099	3	669
Total cash flow from insurance business	3,418	1,900	2,598
Payments on investment contracts	525	82	203
Dividends from associated companies	8	8	0
Interest income and dividends etc.	1,999	591	449
Interest charges etc.	(131)	(18)	(29)
Corporation tax	(403)	(103)	(115)
Other items	(20)	(8)	(8)
Total cash flow from operations	5,396	2,451	3,097
Investments			
Intangible assets, operating equipment	(200)	(53)	(48)
Properties	48	(67)	(70)
Shares in associated companies	245	(1)	0
Shares	1,458	296	(127)
Unit trust shares	33	(2)	(31)
Bonds	1,974	(630)	(2,485)
Loans	(28)	1	32
Derivatives	(970)	(357)	52
Investment activities related to market interest products	(5,107)	(1,485)	(86)
Balances with associated companies	123	(5)	0
Total investments	(2,424)	(2,303)	(2,761)
Financing			
Shares bought back	(1,652)	(454)	(352)
Exercise of share options etc.	50	44	9
Sale of own shares	16	16	0
Redemption of subordinated loan capital	(350)	0	0
Issue of subordinated loan capital	1,345	0	0
Bond loans	(29)	(29)	0
Amounts due to credit institutions	(615)	162	198
Total financing	(1,235)	(261)	(146)
Change in cash and cash equivalents	1,736	(113)	190
Cash and cash equivalents at 1 January	2,590	2,590	4,361
Revaluation of cash and cash equivalents	35	7	(4)
Cash and cash equivalents at 31 December	4,361	2,484	4,546
Cash and cash equivalents comprise:			
Liquid funds	640	359	529
Deposits with credit institutions	3,721	2,125	4,018
	4,361	2,484	4,546

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

Statement of changes in equity • Group

(DKKm)

	Share capital	Revaluation reserve	Security fund	Other reserves	Profit carried forward	Total
2015						
Shareholders' equity at 31 December prior year	115	10	1,146	39	3,825	5,135
Effect of new Executive Order on Financial Statements					(103)	(103)
Equity end of year 2015 according to new Executive Order on Financial Statements	115	10	1,146	39	3,723	5,033
Profit for the year				8	1,175	1,183
Other comprehensive income		1		0	0	1
Total comprehensive income for the year		1		8	1,175	1,184
Cancellation of own shares	(10)				10	0
Share buy-back					(1,667)	(1,667)
Sale of own shares					16	16
Issue of share options					10	10
Exercise of share options					50	50
Taxation					(4)	(4)
Other transactions	(10)				(1,586)	(1,596)
Shareholders' equity at 31 December 2015	105	11	1,146	47	3,312	4,621
Q1 2015						
Shareholders' equity at 31 December prior year	115	10	1,146	39	3,825	5,135
Effect of new Executive Order on Financial Statements					(103)	(103)
Equity end of year 2015 according to new Executive Order on Financial Statements	115	10	1,146	39	3,723	5,033
Profit for the period				3	283	286
Other comprehensive income				0	0	0
Total comprehensive income for the period				3	283	286
Sale of own shares					(454)	(454)
Share buy-back					16	16
Issue of share options					5	5
Exercise of share options					44	44
Taxation					(2)	(2)
Other transactions					(391)	(391)
Shareholders' equity at 31 March 2015	115	11	1,146	42	3,614	4,928
Q1 2016						
Shareholders' equity at 31 December prior year	105	11	1,146	47	3,364	4,673
Effect of new Executive Order on Financial Statements					(49)	(49)
Equity end of year 2015 according to new Executive Order on Financial Statements	105	11	1,146	47	3,315	4,624
Profit for the period				3	161	164
Other comprehensive income				0	0	0
Total comprehensive income for the period				3	161	164
Share buy-back					(337)	(337)
Issue of share options					5	5
Exercise of share options					9	9
Taxation					(2)	(2)
Other transactions					(325)	(325)
Shareholders' equity at 31 March 2016	105	12	1,146	50	3,150	4,463

Segment information • Group

Income statement

(DKKm)	Per- sonal	SME and Industrial	Elimin- ated	Non-life	Life	Parent etc.	Elimin- ated	Group
Q1 2015								
Non-life insurance								
Gross premiums earned	1,268	995	(5)	2,258				2,258
Claims incurred	(919)	(745)	5	(1,659)			3	(1,655)
Expenses	(210)	(163)	1	(372)			5	(367)
Net reinsurance	7	(35)	(1)	(29)				(29)
Technical profit on non-life insurance	145	52	1	198			9	207
Life insurance								
Gross premiums written					1,617			1,617
Allocated investment return					2,209			2,209
Pension return tax					(353)			(353)
Benefits and change in provisions					(3,376)			(3,376)
Expenses					(108)		1	(107)
Net reinsurance					2			2
Technical profit / (loss) on life insurance					(9)		1	(7)
Total investment return				439	2,222	9	15	2,685
Pension return tax				(11)	11			0
Unwinding and revaluations non-life insurance provisions				(305)				(305)
Transferred to technical result					(2,209)			(2,209)
Other items				9	18	(10)	(25)	(8)
Pre-tax profit / (loss)				330	34	(1)	0	363
Taxation								(77)
Profit								286
Q1 2016								
Non-life insurance								
Gross premiums earned	1,237	970	(5)	2,202				2,202
Claims incurred	(820)	(859)	4	(1,675)			4	(1,671)
Expenses	(208)	(170)	0	(378)			6	(372)
Net reinsurance	(6)	170	1	165				165
Technical profit on non-life insurance	202	111	0	313			10	323
Life insurance								
Gross premiums written					2,134			2,134
Allocated investment return					(270)			(270)
Pension return tax					(49)			(49)
Benefits and change in provisions					(1,724)			(1,724)
Expenses					(111)		2	(109)
Net reinsurance					1			1
Technical profit / (loss) on life insurance					(19)		2	(18)
Total investment return				199	(287)	13	23	(53)
Pension return tax				(15)	15			0
Unwinding and revaluations non-life insurance provisions				(303)				(303)
Transferred to technical result					270			270
Other items				7	29	(11)	(35)	(10)
Pre-tax profit				200	8	1	0	209
Taxation								(46)
Profit								164

Notes to the financial statements • Group

(DKK m)	Full year 2015	Q1 2015	Q1 2016
Note 1. Claims incurred, net of reinsurance – Non-life insurance			
Run-off profit:			
Gross business	387	(7)	112
Reinsurance ceded	(5)	52	17
Run-off profit, net of reinsurance	381	46	129

Note 2. Gross premiums written – Life insurance

Individual policies	330	70	71
Policies w hich are part of a tenure	1,650	402	458
Group life	533	313	309
Regular premiums	2,513	786	839
Individual policies	1,047	220	508
Policies w hich are part of a tenure	2,760	611	788
Single premiums	3,807	831	1,296
Gross premiums	6,320	1,617	2,134

Note 3. Financial assets and liabilities

The Group's holding of financial assets, w hich are recorded at fair value using valuation models based on non-observable inputs w as DKK 538m. Besides the project financing in Carlsberg Byen (DKK 289m), the item comprises primarily bonds of DKK 228m, the regular return on w hich depends on payment into annuity contracts.

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

	31 December 2015	31 March 2015	31 March 2016
Bonds measured by reference to non-observable inputs - Level 3:			
Portfolio at 1 January	172	172	523
Purchases	97	37	6
Transferred from level 2	254	0	0
Foreign exchange adjustment	0	0	9
Portfolio at 31 December	523	209	538

There have been no changes to the classification of financial assets or financial liabilities in Q1 2016.

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

Note 4. Contingent liabilities

Contract liabilities	121	269	75
Adjustments to VAT liabilities	39	23	37
Other liabilities	13	10	9
Capital commitments to loan funds and private equity funds etc.	1,254	1,386	1,075

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

Note 5. Change in accounting policies

The Danish Executive Order on Financial Statements for insurance companies and pension funds has been adapted to the new EU solvency rules, Solvency II from 2016. The new rules took effect on 1 January 2016.

Solvency II sets down the basic principles for calculation of insurance provisions:

- Best estimate of the present value of expected future cash flows for incurred insurance
- A risk margin to cover the risk of deviation between best estimate and final execution of future cash flows
- An interest rate curve laid down for Solvency II. Topdanmark uses the volatility adjusted interest rate curve.

Solvency II incorporates the expected profit in the capital base at the time when insurance is incurred.

Notes to the financial statements • Group

In accounting terms, the expected profit on incurred insurance must be incorporated in the balance in a separate provision item, profit margin, which is booked as over the period of cover of insurance.

A further description of the practice for calculation of insurance provisions is provided at the end of the note.

The accounting effect on Q1 2015 and the year 2015 appears from the tables below:

Effect of new accounting policy

DKKm	Technical result non-life	Technical result life	Invest- ment- return	Trans- ferred return	Pension return tax	Unwinding and value- adjustment non-life	Other items	Pre-tax profit	Tax	Profit
Accounts Q1 2015	216	(7)	2,428	(1,881)	(353)		(8)	395	(84)	310
Effect of changes in accounting policy										
Unwinding premium provisions	6					(6)				
Unwinding profit margin	1					(1)				
Change strengthening of premium provisions	8					(7)		1	(0)	1
Change in unwinding claims provisions	4					(4)				
Change in risk margin	(28)					(5)		(33)	7	(25)
Change in measurement claims provision on own account(new interest rate curve)						3		3	(1)	2
Change in measurement derivatives (new interest rate curve)	(3)							(3)	1	(2)
Effect of changes in format requirements										
Line item "Technical interest" deleted	2			25		(27)				
Value adjustments technical provisions non- life transferred to new line item			257			(257)				
New line item "Pension return tax" in technical result		0		(353)	353					
Total effect of changes	(9)	0	257	(328)	353	(305)		(32)	7	(25)
Accounts Q1 2015, new policy	207	(7)	2,685	(2,209)	0	(305)	(8)	363	(77)	286
Accounts 2015	1,169	19	1,616	(1,135)	(165)		(22)	1,481	(349)	1,132
Effect of changes in accounting policy										
Unwinding premium provisions	22					(22)				
Unwinding profit margin	5					(5)				
Change strengthening of premium provisions	(7)					7				
Change in unwinding claims provisions	23					(23)				
Change in risk margin	14					(1)		13	(3)	10
Change in measurement claims provision on own account(new interest rate curve)						50		50	(11)	39
Change in measurement derivatives (new interest rate curve)	3							3	(1)	2
Effect of changes in format requirements										
Line item "Technical interest" deleted	2			106		(108)				
Value adjustments technical provisions non- life transferred to new line item			(195)			195				
New line item "Pension return tax" in technical result		0		(165)	165					
Total effect of changes	62	0	(195)	(59)	165	93		66	(14)	51
Accounts Q1 2015, new policy	1,231	19	1,421	(1,194)	0	93	(22)	1,547	(364)	1,183

Notes to the financial statements • Group

Non-life insurance

The accounting effect on the technical result of non-life insurance appears in the following tables for Q1 2015 and the year 2015.

Non-life insurance

Technical result DKKM	Premiums earned	Technical interest	Claims incurred	Net re- insurance	Expenses	Technical result
Accounts Q1 2015	2,242	(2)	(1,629)	(28)	(367)	216
Eliminated profit ow ner-occupied properties			(3)		(5)	(9)
Segment non-life Q1 2015 (basis for ratios)	2,242	(2)	(1,632)	(28)	(372)	207
Unwinding premium provisions	7			(0)		6
Unwinding profit margin	2			(0)		1
Change strengthening of premium provisions	8					8
Line item "Technical interest" deleted		2				2
Change in unwinding claims provisions			4			4
Change in measurement derivatives (new interest rate curve)			(3)			(3)
Change in risk margin claims provisions			(28)			(28)
Segment non-life new accounting policy	2,258	0	(1,659)	(29)	(372)	198
Eliminated profit ow ner-occupied properties			(3)		(5)	(9)
Accounts Q1, 2015 new policy	2,258	0	(1,655)	(29)	(367)	207
Accounts 2015	8,956	(2)	(6,210)	(171)	(1,404)	1,169
Eliminated profit ow ner-occupied properties			(14)		(22)	(36)
Segment non-life 2015 (basis for ratios)	8,956	(2)	(6,224)	(171)	(1,426)	1,133
Unwinding premium provisions	24			(2)		22
Unwinding profit margin	5			(0)		5
Change strengthening of premium provisions	(7)					(7)
Line item "Technical interest" deleted		2				2
Change in unwinding claims provisions			23			23
Change in measurement derivatives (new interest rate curve)			3			3
Change in risk margin claims provisions			14			14
Segment non-life new accounting policy	8,977	0	(6,183)	(173)	(1,426)	1,195
Eliminated profit ow ner-occupied properties			(14)		(22)	(36)
Accounts 2015, new policy	8,977	0	(6,169)	(173)	(1,404)	1,231

Changes in combined ratio for Q1 2015 and the year 2015:

Combined ratio (%)	Q1 2015		Full year 2015	
	Accounts	New Policy	Accounts	New Policy
Gross loss ratio	72.8	73.5	69.5	68.9
Net reinsurance ratio	1.3	1.3	1.9	1.9
Claims trend	74.1	74.7	71.4	70.8
Gross expense ratio	16.6	16.5	15.9	15.9
Combined ratio	90.7	91.2	87.3	86.7
Combined ratio excl. run-off profits	92.7	93.3	91.6	90.7

Notes to the financial statements • Group

Life insurance

The following changes are made in the technical result for life insurance for Q1 2015 and the year 2015:

Technical result life

DKK M	Investment		Pension		Change in provisions			Unit-linked	Bonus	Expenses	Reinsurance	Technical result
	Premiums	income	return	tax	Benefits	Claims	Life					
Accounts Q1 2015	1,617	1,856	0	(784)	(17)	(623)	(1,771)	(181)	(107)	2	(7)	
Change in format requirements												
New line item "Pension return tax" in technical result		353	(353)								0	
Change in claims provision to change in life provisions					17	(17)					0	
Bonus to change in life provisions						(181)		181			0	
Change in provisions for unit-link to change in life provisions						(1,771)	1,771				0	
Accounts Q1 2015, new policy	1,617	2,209	(353)	(784)	0	(2,592)	0	0	(107)	2	(7)	
Accounts 2015	6,320	1,029	0	(3,240)	20	810	(4,471)	(39)	(406)	(3)	19	
Change in format requirements												
New line item "Pension return tax" in technical result		165	(165)								0	
Change in claims provision to change in life provisions					(20)	20					0	
Bonus to change in life provisions						(39)		39			0	
Change in provisions for unit-link to change in life provisions						(4,471)	4,471				0	
Accounts 2015, new policy	6,320	1,194	(165)	(3,240)	0	(3,680)	0	0	(406)	(3)	19	

"Change in profitmargin" will in 2016 be transferred from change in life provision to a separate line item

New rules for handling the shadow account have been implemented. As a result, the balance of the shadow account at the end of 2015 must be booked or written down over the next five financial years.

At Topdanmark, the most significant changes are made in calculation of insurance provisions due to implementation of Solvency II:

Non-life insurance

Premium provisions

Premium provisions are calculated at present value of best estimate of expected payment of future claims, covered by incurred insurance. At Topdanmark, insurance is primarily written on an annual basis.

Expected payment includes compensation and expenses for claims handling and administration and bonus and insurance premium discounts.

The expected payments are calculated at present value discounted by the volatility-adjusted interest curve.

Best estimate of undue premiums for written insurance is deducted for premium provisions.

Changes in provisions due to changes in the used interest rate curve and reduction in maturity until the expected time of payment are transferred to the item Return and value adjustment for non-life insurance provisions.

Profit margin

Profit margin is the expected profit of the remaining period of cover for written insurance.

Profit margin is calculated as the difference between premiums for future periods of cover for written insurance, and the expected payments included in premium provision.

Notes to the financial statements • Group

The expected payments are made up at present value, discounted by the volatility-adjusted interest curve.

Changes in present value of the expected payments due to changes in the interest rate curve and reduction in maturity of the profit margin over the period of cover of the insurance are transferred to the item Unwinding and revaluations non-life insurance provisions.

The share of the risk margin attributed to settlement of premium provisions is offset in the profit margin.

In case the expected present value of future payments for portfolio of insurance with uniform risks is expected to exceed the premium, the profit margin for this portfolio will be listed as zero.

Risk margin

Risk margin is the amount a business will have to pay any acquirer of an insurance portfolio for taking over the risk that the actual expenses in connection with settlement of insurance provisions deviate from best estimate.

At Topdanmark Forsikring, the risk margin is calculated using the Solvency II model Cost of Capital. A model developed in-house stressing biometric risks, is used for illness/accident insurance administered by Topdanmark Livsforsikring.

Previously, risk margin has not been a separate provision item in the financial statement.

Life insurance

Life insurance provisions

Life insurance provisions are calculated at present value of expected cash flows for written insurance, using best estimate of all relevant parameters, such as life and disability frequency. Like previously, life insurance provisions include a risk margin, reflecting the amount the business is expected to pay the acquirer of an insurance portfolio for taking over the risk that the actual expenses in connection with settlement of insurance provisions deviate from best estimate. Thus, life insurance provisions can be classified as guaranteed payment, risk margin as well as individual and collective bonus potential.

For the first time, guaranteed payments are measured using best estimate of the frequency of repurchase and premium termination, while risk margin is calculated as the increase in guaranteed payments for stress of the biometric risks.

As a consequence of inclusion of repurchase and premium termination in the guaranteed payments, the individual bonus potential is no longer split into bonus potential for future premiums and bonus potential for paid-up insurance.

Collective bonus potential is included in life insurance provisions, but still functions as an equalization of each year's bonus allocation in accordance with the contribution rules notified to the DFSA.

Profit margin

Profit margin is the expected future profit for the business from concluded contracts, and when possible, it is financed by the individual bonus potential and secondarily by the collective bonus potential. The value is calculated as an interest rate margin in accordance with the going-concern principle, where the included profit from future premiums follows the contract limits according to Solvency II.

The overall effect of the change in insurance provisions for life insurance makes up DKK 3m. The change is included in the opening balance for 2016, and new comparative figures will not be prepared.

Income statement • Parent company

(DKKm)	Full year 2015	Q1 2015	Q1 2016
Income from affiliated companies	1,221	299	174
Revaluations	(4)	(4)	1
Interest charges	(9)	(2)	(2)
Total investment return	1,208	293	173
Other expenses	(35)	(10)	(11)
PRE-TAX PROFIT	1,172	282	161
Taxation	11	3	3
PROFIT FOR THE PERIOD	1,183	286	164

Statement of comprehensive income • Parent company

Profit for the period	1,183	286	164
Other comprehensive income from affiliated companies	1	0	0
Other comprehensive income	1	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,184	286	164

Balance sheet • Parent company

(DKKm)	31 December 2015	31 March 2015	31 March 2016
Assets			
Machinery and equipment	3	3	3
TOTAL TANGIBLE ASSETS	3	3	3
Shares in affiliated companies	5,093	6,228	5,267
Total investment in affiliated companies	5,093	6,228	5,267
TOTAL INVESTMENT ASSETS	5,093	6,229	5,267
Amounts due from affiliated companies	497	75	115
Other debtors	4	5	5
TOTAL DEBTORS	501	80	119
Current tax assets	25	0	89
Deferred tax assets	1	1	1
Liquid funds	2	3	2
TOTAL OTHER ASSETS	28	4	92
TOTAL ASSETS	5,625	6,316	5,482

Shareholders' equity and liabilities

Share capital	105	115	105
Other reserves	1,344	2,479	1,518
Total reserves	1,344	2,479	1,518
Profit carried forward	3,479	2,640	3,146
TOTAL SHAREHOLDERS' EQUITY	4,927	5,234	4,769
SUBORDINATED LOAN CAPITAL	409	409	408
Amounts due to affiliated companies	264	659	294
Current tax liabilities	0	11	0
Other creditors	24	3	10
TOTAL CREDITORS	289	673	305
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,625	6,316	5,482

Statement by Management

Today, we have considered and adopted the interim report for Q1 2016 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 31 March 2016 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 31 March 2016.

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, 10 May 2016

Executive Board:

Christian Sagild
(CEO)

Brian Rothemejer Jacobsen

Lars Thykier

Marianne Wier

Board of Directors:

Søren Thorup Sørensen
(Chairman)

Torbjörn Magnusson
(Deputy Chairman)

Ann-Jeanette Bakbøl

Tina Møller Carlsson

Mette Jensen

Birgitte Nielsen

Lone Møller Olsen

Annette Sadolin

Jens Aaløse