

Topdanmark



Topdanmark Forsikring A/S

Half-year report for 2019

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Financial highlights • Group

(DKKm)	Full year 2018	H1 2018	H1 2019
Premiums earned:			
Non-life insurance	9,135	4,574	4,691
Life insurance	10,111	4,842	4,966
	19,247	9,415	9,657
Results:			
Non-life insurance	1,420	659	829
Life insurance	228	106	219
Pre-tax profit	1,648	764	1,048
Tax	(359)	(163)	(231)
Profit	1,289	601	817
Run-off profits, net of reinsurance	353	135	257
Shareholders' equity of parent company at 1 January	6,403	6,403	6,033
Profit	1,289	601	817
Dividend paid	(1,700)	(1,700)	(1,300)
Other movements in shareholders' equity	41	19	28
Shareholders' equity of parent company end of period	6,033	5,324	5,579
Deferred tax on security funds	(306)	(306)	(306)
Shareholders' equity of Group end of period	5,727	5,018	5,273
Total assets	83,142	83,267	92,994
Provisions for insurance and investment contracts:			
Non-life insurance	16,056	17,521	17,748
Life insurance	56,519	55,337	64,458
Ratios non-life insurance (%)			
Gross loss ratio	66.2	67.3	61.4
Net reinsurance ratio	1.2	1.5	2.7
Claims trend	67.5	68.8	64.1
Gross expense ratio	16.1	16.8	16.6
Combined ratio	83.6	85.5	80.7
Combined ratio excl. run-off profits	87.5	88.5	86.2
Return on shareholders' equity	23.2	10.6	14.8

Results for H1 2019

Topdanmark Forsikring's post-tax profit for H1 2019 was DKK 817m (H1 2018: DKK 601m).

Pre-tax profit was DKK 1,048m (H1 2018: DKK 764m).

The technical result increased by DKK 243m to DKK 904m. The increase is impacted by higher run-off (DKK 122m) and, compared to H1 2018, by an improved claims trend on the SME and agricultural business as well as on theft and motor insurance in the private segment. On the other hand, the result from illness & accident has deteriorated.

The investment return adjusted for return on non-life insurance provisions decreased by DKK 73m to DKK 75m (loss). The investment return was impacted by the change in the method for calculation of the VA at the end of Q1 2019 which had a one-off negative effect of around DKK 200m. In Q2 2019, market conditions reduced the VA by 9bp having a negative effect on the investment return of DKK 60m.

The profit on life insurance increased by DKK 113m to DKK 219m due to a higher investment return and an improved risk result.

Trend in profit (DKK m)	Full year 2018	H1 2018	H1 2019
Non-life insurance			
- Technical result	1,499	661	904
- Investment return after return and revaluations of non-life insurance provisions etc.	(79)	(2)	(75)
Profit on non-life insurance	1,420	659	829
Life insurance	228	106	219
Pre-tax profit	1,648	764	1,048
Tax	(359)	(163)	(231)
Profit	1,289	601	817

Non-life insurance in H1 2019 Premiums earned

Premiums earned increased by 2.6% to DKK 4,691m. The private segment accounted for a 1.2% increase, while the SME segment accounted for a 4.2% increase.

Claims trend

The claims trend improved to 64.1 in H1 2019 from 68.8 in H1 2018.

The run-off profit, net of reinsurance, was DKK 257m (H1 2018: DKK 135m), representing a 2.6pp favourable effect on the claims trend. Run-off was primarily generated in motor liability and in workers' compensation.

In H1 2019, weather-related claims amounted to DKK 18m (H1 2018: DKK 0m), representing a 0.4pp deterioration of the claims trend. Thereby, the level of weather-related claims was DKK 57m while in H1 2018 it was DKK 75m below the normal level.

The level of large-scale claims (claims exceeding DKK 5m by event after refund of reinsurance) decreased by DKK 32m to DKK 35m in H1 2019, representing a 0.7pp improvement of the claims trend. The large-scale claims were DKK 15m below the normal half-yearly level of DKK 50m.

Claims trend	Full year 2018	H1 2018	H1 2019
Claims trend	67.5	68.8	64.1
Run-off	3.9	3.0	5.5
Weather-related claims	(0.1)	0.0	(0.4)
Large-scale claims	(1.4)	(1.5)	(0.7)
Other	0.3	(0.2)	0.5
Claims before run-off, weather, large-scale claims and other	70.2	70.0	69.0

The claims trend adjusted for run-off, weather-related claims, large-scale claims and other positions including change of risk margin improved by 1.0pp to 69.0 in H1 2019.

The improved claims trend in H1 2019 was due to a lower level of claims in all major products except house (fire and burst waterpipes), illness & accident and workers' compensation (lower real interest rates). Furthermore, the yield curve used for discounting the reserves was lower compared to H1 2018 having a negative effect on the claims trend of 0.5pp.

Expense ratio

The expense ratio was 16.6, down from 16.8 in H1 2018.

The payroll tax imposed on Danish financial businesses increased from 14.5% in 2018 to 15.0% in 2019, representing a 0.1pp adverse impact on the combined ratio. In addition, the general trend of wages and salaries impacted the combined ratio by 0.3pp.

Combined ratio

The combined ratio was 80.7 in H1 2019 (H1 2018: 85.5). Excluding run-off, the combined ratio was 86.2 (H1 2018: 88.5).

Reinsurance

The storm reinsurance programme has been renewed for one year as per 1 July and still covers claims up to DKK 5.1bn with a retention of DKK 100m.

The renewal was made within the framework of the assumptions made in the profit forecast model for 2019.

Financial highlights			
Non-life insurance (DKKm)	Full year 2018	H1 2018	H1 2019
Gross premiums earned	9,135	4,574	4,691
Claims incurred	(6,051)	(3,076)	(2,881)
Expenses	(1,475)	(767)	(778)
Net reinsurance	(111)	(69)	(128)
Technical result	1,499	661	904
Investment return after return and revaluations of non-life insurance provisions	(85)	(2)	(79)
Other items	7	(1)	4
Profit on non-life insurance	1,420	659	829
Run-off profits, net of reinsurance	353	135	257
Gross loss ratio (%)	66.2	67.3	61.4
Net reinsurance ratio (%)	1.2	1.5	2.7
Claims trend (%)	67.5	68.8	64.1
Gross expense ratio (%)	16.1	16.8	16.6
Combined ratio (%)	83.6	85.5	80.7
Combined ratio excl. run-off profits (%)	87.5	88.5	86.2

Segment reporting

Private

The private segment offers policies to individual households in Denmark.

Premiums earned increased by 1.2% to DKK 2,572m. The technical result was DKK 441m in H1 2019, representing an increase of DKK 51m compared to H1 2018.

The claims trend improved 1.3pp to 66.7. However, adjusted for run-off profits, the claims trend deteriorated by 0.1pp. Compared to H1 2018, the claims trend was favourably influenced by a positive development in personal injuries within motor insurance and on theft. On the other hand, a higher level of claims on fire and burst waterpipes as well as a higher level of weather-related claims had a negative impact on the claims trend in H1 2019.

Run-off profits of DKK 124m were DKK 38m higher than in H1 2018 corresponding to an improvement in the claims trend of 1.4pp.

The expense ratio improved to 16.2 from 16.6 in H1 2018.

The combined ratio was 82.8 (H1 2018: 84.6).

Excluding run-off, the combined ratio improved to 87.7 in H1 2019 (H1 2018: 88.0).

Private (DKKm)	Full year 2018	H1 2018	H1 2019
Gross premiums earned	5,056	2,541	2,572
Claims incurred	(3,327)	(1,695)	(1,669)
Expenses	(806)	(422)	(415)
Net reinsurance	(79)	(34)	(46)
Technical result	843	391	441
Run-off profits, net of reinsurance	235	86	124
Gross loss ratio (%)	65.8	66.7	64.9
Net reinsurance ratio (%)	1.6	1.4	1.8
Claims trend (%)	67.4	68.0	66.7
Gross expense ratio (%)	15.9	16.6	16.2
Combined ratio (%)	83.3	84.6	82.8
Combined ratio excl. run-off profits (%)	88.0	88.0	87.7

SME

The SME segment offers policies to Danish-based SME and agricultural businesses.

Premiums earned increased by 4.2% to DKK 2,128m. The growth in premiums was favourably impacted by an indexation of premiums in workers' compensation of approximately 9%. Topdanmark Forsikring continues to have positive momentum in new sales to SME and agricultural businesses.

The technical result increased by DKK 191m to DKK 463m in H1 2019.

The claims trend improved 8.5pp to 61.2. The improvement mainly derives from larger run-off profits (3.9pp). The claims trend in the agricultural business returned to a more normal level following H1 2018 which was negatively impacted by an unusually high level of fire claims due to dry weather. Furthermore, the claims trend in H1 2019 was favourable impacted by Topdanmark Forsikring's efforts to reduce exposure towards unprofitable customers and by a lower level of large-scale claims. However, the claims trend was adversely impacted by a higher claims level on workers' compensation due to lower real interest rates.

Run-off profits were DKK 133m in H1 2019 (H1 2018: DKK 49m).

The expense ratio was 17.1 compared to 16.9 in H1 2018. The expense ratio in H1 2019 was impacted by costs related to a feasibility study of a new IT-system and sales cost.

The combined ratio improved to 78.3 in H1 2019 (H1 2018: 86.7).

Excluding run-off, the combined ratio improved to 84.5 in H1 2019 (H1 2018: 89.1).

SME (DKKm)	Full year 2018	H1 2018	H1 2019
Gross premiums earned	4,097	2,042	2,128
Claims incurred	(2,739)	(1,390)	(1,220)
Expenses	(671)	(346)	(364)
Net reinsurance	(32)	(34)	(82)
Technical result	656	272	463
Run-off profits, net of reinsurance	118	49	133
Gross loss ratio (%)	66.9	68.1	57.3
Net reinsurance ratio (%)	0.8	1.7	3.8
Claims trend (%)	67.6	69.7	61.2
Gross expense ratio (%)	16.4	16.9	17.1
Combined ratio (%)	84.0	86.7	78.3
Combined ratio excl. run-off profits (%)	86.9	89.1	84.5

Termination of distribution agreement with Danske Bank

As stated in Topdanmark's announcement no. 15/2018 and in the Annual Report 2018, Danske Bank has terminated the distribution agreement with Topdanmark Forsikring.

In 2000, Topdanmark Forsikring acquired Danske Bank's non-life insurance portfolio and since then Topdanmark Forsikring has sold non-life insurance policies via the brand Danske Forsikring. At the end of 2018 the Danske Forsikring portfolio represented DKK 2.1bn in yearly premium.

The distribution agreement with Danske Bank represented less than 10% of Topdanmark Forsikring's new sales.

The referral of customers from Danske Bank to Danske Forsikring has ceased by the end of H1 2019.

In itself, the termination of the distribution agreement with Danske Bank is expected to have an adverse effect of just under 0.5pp on Topdanmark Forsikring's total non-life premiums in 2019. However, Topdanmark Forsikring has strong sales momentum through its own sales channels and other distribution partners. Despite the termination of the Danske Bank agreement Topdanmark Forsikring expects a higher premium growth in 2019 than the 1.7% growth in 2018.

For 2020, the termination of the Danske Bank agreement is expected to have a negative impact of approximately

1pp on Topdanmark Forsikring's total non-life premium growth.

Life insurance in H1 2019

The result from life insurance was a profit of DKK 219m in H1 2019 (H1 2018: profit of DKK 106m).

Profit on life insurance activities comprises the profit on life insurance plus the investment return of Liv Holding. These profits were calculated in accordance with the stated policy for the calculation of profit of the life insurance company: see www.Topdanmark.com → About Topdanmark → Business → Life insurance → [Policy for the calculation of profit in life insurance](#).

Result of life insurance (DKKm)	Full year 2018	H1 2018	H1 2019
Investment return on shareholders' equity	110	57	147
Sales and administration	(20)	(16)	(16)
Insurance risk	(2)	(9)	17
Risk return on shareholders' equity	140	73	71
Profit on life insurance	228	106	219

Developments in H1 2019

The profit improvement of DKK 113m arises primarily from investment return on shareholders' equity and insurance risk. The investment return improved as a result of general developments in the financial markets, while the result of insurance risk was impacted by gains on annuities.

Trend in premiums

Gross premiums increased by 2.6% to DKK 4,966m in H1 2019, of which premiums on unit-linked pension schemes were DKK 4,337m, representing a 5.3% increase compared to H1 2018.

Regular premiums increased by 9.1% to DKK 1,640m in H1 2019. Single premiums were DKK 3,226m in H1 2019, representing a 0.4% decrease.

Adjusted for the loss of the distribution agreement with Nykredit, gross premiums increased by 5.1% and regular premiums by 13.8%.

Premiums on investment contracts are not included in the gross premiums in the income statement but recognised in the balance sheet, representing DKK 522m (H1 2018: DKK 715m), which is a decrease of 27.0%.

The total gross premiums within life insurance, including premiums on investment contracts, represent DKK 5,488m (H1 2018: DKK 5,556m), which is a decrease of 1.2%.

Investment activities Topdanmark Forsikring Group excl. life insurance

The investment return of the Topdanmark Forsikring Group excluding life insurance was DKK 655m in H1 2019 (H1 2018: DKK 67m) while return on non-life insurance provisions represented a loss of DKK 697m in H1 2019 (H1 2018: loss of DKK 66m).

The investment return adjusted for return on non-life insurance provisions was DKK 42m (loss).

Topdanmark Forsikring's policy is to accept a certain level of financial risk, given its strong liquidity and stable, high earnings from insurance operations. Topdanmark Forsikring has invested in, among other things, equities, properties and CDOs to improve the average investment return.

The investment return in H1 2019 on the most significant classes of assets is disclosed in the table below:

Investment return	Portfolio 30 June		Return H1 2018		Return H1 2019	
	2018 (DKKbn)	2019	(DKKm)	%	(DKKm)	%
Danish equities	0.3	0.3	(6)	(2.1)	31	13.7
Foreign equities	0.7	0.7	(0)	(0.1)	114	18.8
Unlisted equities and hedge funds	0.3	0.3	7	2.2	11	3.3
Government and mortgage bonds	16.2	17.8	36	0.2	412	2.4
Credit bonds	0.0	0.0	(0)	(0.3)	2	5.3
Index linked bonds	0.3	0.3	6	2.0	21	7.7
CDOs	0.6	0.6	23	4.0	21	3.8
Properties	1.1	1.2	23	2.2	64	5.3
Money market etc.	1.4	(0.2)	(4)	(0.2)	(3)	(0.2)
Subordinated loan capital	(1.3)	(1.3)	(18)	(1.3)	(18)	(1.1)
Investment return	19.5	19.7	67	0.3	655	3.3
Return and revaluations of non-life insurance provisions			(66)		(697)	
Investment return after return on non-life insurance provisions			1		(42)	

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 properties includes revaluation of owner-occupied property, which has been included in other comprehensive income.

The equity exposure was DKK 1,038m excluding associated companies, but including the impact of derivatives. The equity portfolios are well diversified with no large individual positions.

The composition of the Danish equity portfolio, representing around 30% of the total equity portfolio as of 30 June 2019, is based on OMXCCAP, while the portfolio of foreign equities is based on MSCI World DC in the original currency.

The class "Unlisted equities and hedge funds" includes private equity positions (DKK 33m) and positions in hedge funds where the investment mandates aim at positioning in the credit market (DKK 219m).

The Group's investments have no significant concentration of credit risk except for investments in AAA-rated Danish mortgage bonds.

The class of "Government and mortgage bonds" comprises primarily Danish government and mortgage bonds. The interest rate sensitivity of this asset class is to a significant extent equivalent to the total interest rate

sensitivity of the technical provisions in Topdanmark Forsikring and the I/A provisions in Topdanmark Livsforsikring (the life insurance company). Consequently, the return on "Government and mortgage bonds" should be assessed in connection with return and revaluation of non-life insurance provisions.

The class "Credit bonds" is composed of a minor share of a well-diversified portfolio of credit bonds, primarily issued from businesses in Europe.

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

The class "CDOs" primarily comprises positions in CDO equity tranches. The underlying assets of CDOs are mostly senior secured bank loans, while the remainder are primarily investment grade investments.

The property portfolio mainly comprises owner-occupied properties (DKK 853m). The properties are valued in accordance with the rules of the Danish FSA (Danish Financial Supervisory Authority) i.e. at market value

taking the level of rent and the terms of the tenancy agreements into consideration. 100% of the property portfolio is currently let when adjusting for properties under construction or being converted for other purposes.

“Money Market etc.” comprises money market deposits, intra-group balances, the result from currency positions and other returns not included in the other classes.

“Subordinated loan capital” comprises subordinated loans issued by Topdanmark Forsikring.

Topdanmark Forsikring uses the Solvency II discount curve with volatility adjustment (VA) for assessing insurance 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. EIOPA revised the methodology for the calculation of the Danish VA commencing at the end of Q1 2019.

At the end of Q1 2019 the changed methodology reduced the Danish VA by approximately 30bp compared to a VA calculated with the former methodology. The VA was 45bp at the beginning of the year and 15bp at the end of Q1 2019.

The Danish VA fell further throughout Q2 2019 and was 6bp by the end of H1. The revised methodology in assessing the Danish VA makes it positively correlated to changes in the yield curve. The substantial yield curve drop in H1 2019 combined with the resulting higher prepayment risk on Danish mortgage bonds account for the major part of the difference between the return on government and mortgage bonds, and the return on non-life insurance provisions.

The volatility adjustment can go below zero but a company having permission to use the volatility adjustment is not obliged to do so. Accordingly, the VA will be floored at zero in practice.

Solvency calculation and capital requirements

Solvency II gives the life- and non-life companies the opportunity to fully or partially develop their own internal risk model for solvency calculation. Topdanmark Forsikring uses a partial internal model that has been developed in-house to calculate the non-life risk.

This model, approved by the Danish FSA, provides the basis for including non-life risks in Topdanmark Forsikring's solvency calculations.

The Danish FSA has granted Topdanmark Forsikring approval to use the volatility-adjusted Solvency II interest rate curve.

The reduction in the VA as mentioned above impacts the book value of the liabilities, while the book value of the assets remains the same. The value of the guarantees issued by the life company is very sensitive to lower interest rates which is why this sensitivity under normal circumstances is hedged by a comparable interest rate sensitivity on the asset side. When the methodology for calculation of the VA changes there is no hedging and the bonus potentials are affected, resulting in a lower loss absorption capacity. The loss absorption capacity in a life company is an important mitigator of the SCR, and the reduction in the bonus potentials and the consequential reduction in loss absorption capacity explains the major part of the increase in SCR that appears in the table below.

Own funds

Principal elements of own funds:

Shareholders' equity
 - Proposed dividend
 + Profit margin
 - Intangible assets
 + Tax effect
+ Usable share, subordinated notes (max. 50% of SCR)
 Own funds

Topdanmark Forsikring has outstanding subordinated tier 2 notes in two tranches:

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

Solvency cover (DKKm)				H1	H1
	2016	2017	2018	2018	2019
Own funds	5,792	5,737	5,665	6,316	6,473
Solvency requirement	2,650	2,397	2,296	2,429	2,416
Solvency cover (%)	219	239	247	260	268

Potential dividend has not been deducted from own funds at the end of H1 2018 and at the end of H1 2019.

Taxation

The tax charge was DKK 231m of the pre-tax profit of DKK 1,048m, corresponding to an effective tax rate of 22,0% (H1 2018: 21.3%).

Profit forecast model

Traditionally, Topdanmark Forsikring does not publish actual profit forecasts, but instead, the expected level of results provided that a number of assumptions about the return in the financial markets are met. The return on financial assets changes on a daily basis, and

consequently Topdanmark Forsikring'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](#), we provide 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 regarding the return.

Non-life insurance

For non-life insurance is the assumed combined ratio for 2019 adjusted from 86-87 to 85-86 excluding run-off in H2 2019.

The assumed premium growth for non-life continues to be higher than the growth of 1.7% in 2018.

The overall assumed pre-tax result for non-life insurance is DKK 1,250-1,350m.

Life insurance

The profit forecast model for life insurance is based on the following assumptions:

- Around 10% decline in regular premiums
- Full recognition as income of risk return for shareholders' equity from all interest rate groups
- No profit from the shadow account
- The profit will be adversely impacted by expenses in connection with the launch of a new IT-system.

These assumptions are unchanged, but based on the development, the assumed investment return for 2019 has been upgraded by DKK 75m.

Furthermore, the result from sales, administration and insurance risk for 2019 has been upgraded by DKK 25m

Overall, the assumed pre-tax profit on life insurance has improved by DKK 100m to DKK 300 -330m. The result is very sensitive to fluctuations particularly in the investment return. The risk return and shadow account will not be finally determined before year end.

Taxation

Given a corporation tax rate of 22%, the tax charge is expected to be DKK 330-370m.

Total Group profit

Topdanmark Forsikring's overall post-tax model profit forecast for 2019 is DKK 1,220-1,310m. The assumed profit is exclusive of run-off in H2 2019.

The profit forecast model assumes an annual 7.0% return on equities, and unchanged foreign exchange rates from the level of 28 June 2019.

Furthermore, it is assumed that the return on interest-bearing assets hedging the discounted provisions exactly suffices to cover discounting and revaluation of the provisions, while the return on the remaining interest-bearing assets is assumed to be 1.57% (risk-free interest rate plus 2.0pp).

Profit forecast 2019 (DKKm)	Results		Forecast 2019		Forecast 2019		
	2018		28 December 2018		28 June 2019		
Non-life insurance							
- Technical result	1,499	950	-	1,000	1,300	-	1,350
- Investment return after return and revaluations of non-life insurance provisions etc.	(79)	90	-	140	(50)	-	0
Profit on non-life insurance	1,420	1,040	-	1,140	1,250	-	1,350
Life insurance	228	200	-	230	300	-	330
Pre-tax profit	1,648	1,240	-	1,370	1,550	-	1,680
Taxation	(359)	(270)	-	(310)	(330)	-	(370)
Profit for the year	1,289	970	-	1,060	1,220	-	1,310

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 such as 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 Forsikring on statements relating to the future, should give their own careful consideration to these and other factors of uncertainty.

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

Accounting policies

Topdanmark Forsikring's interim report for H1 2019 has been prepared in accordance with IAS 34 on interim reports for listed companies and additional Danish disclosure requirements on interim reports for listed financial services companies.

The interim report for H1 of the parent company has been prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA.

Topdanmark Forsikring has implemented those IFRS standards and interpretations taking effect from 2019, including IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments". The implementation has had no significant effect on the Group.

Changes in accounting estimates and judgements

Software is amortised on a straight-line basis over the expected useful lifetime.

Development projects such as policy administration and customer and core system software implemented from 1 April 2019 will be depreciated over the expected useful lifetime subject to a maximum of 10 years.

Besides this, accounting policies are unchanged compared to the annual accounts for 2018, which include a full description of accounting policies for the Group.

This announcement has not been audited nor subjected to review.

Income statement • Group

(DKKm)	Note	Full year 2018	H1 2018	H1 2019
NON-LIFE INSURANCE				
Gross premiums written		9,205	5,919	6,138
Ceded reinsurance premiums		(617)	(427)	(416)
Change in the provisions for unearned premiums		35	(1,363)	(1,440)
Change in profit margin and risk margin		(43)	49	24
Change in the reinsurers' share of the provisions for unearned premiums		10	131	113
Premiums earned, net of reinsurance		8,590	4,309	4,420
Claims paid		(6,045)	(2,964)	(3,103)
Reinsurance cover received		362	153	128
Change in the provisions for claims		(23)	(95)	204
Change in risk margin		31	(10)	24
Change in the reinsurers' share of the provisions for claims		56	39	8
Claims incurred, net of reinsurance	1	(5,619)	(2,877)	(2,739)
Bonuses and rebates		(62)	(31)	(32)
Acquisition costs		(952)	(504)	(505)
Administrative expenses		(536)	(273)	(276)
Intra-group reimbursements		35	20	16
Reinsurance commission and share of profits		78	35	39
Insurance operating expenses, net of reinsurance		(1,375)	(721)	(727)
TECHNICAL RESULT FROM NON-LIFE INSURANCE		1,534	680	923
LIFE INSURANCE				
Gross premiums written	2	10,111	4,842	4,966
Ceded reinsurance premiums		(1)	(0)	(0)
Premiums, net of reinsurance		10,111	4,841	4,966
Allocated investment return, net of reinsurance		(2,326)	185	5,359
Pension return tax		28	(25)	(489)
Claims and benefits paid		(4,088)	(2,076)	(1,951)
Reinsurance cover received		3	2	1
Claims and benefits paid, net of reinsurance		(4,086)	(2,074)	(1,950)
Change in the life insurance provisions		(3,318)	(2,727)	(7,655)
Change in the reinsurers' share		(4)	(3)	(2)
Change in the life insurance provisions, net of reinsurance		(3,321)	(2,730)	(7,657)
Change in profit margin		(34)	(10)	(31)
Acquisition costs		(143)	(74)	(77)
Administrative expenses		(277)	(138)	(152)
Insurance operating expenses, net of reinsurance		(420)	(213)	(229)
TECHNICAL RESULT FROM LIFE INSURANCE		(48)	(26)	(30)

Income statement • Group

(DKKm)	Full year 2018	H1 2018	H1 2019
NON-TECHNICAL ACTIVITIES			
Technical result from non-life insurance	1,534	680	923
Technical result from life insurance	(48)	(26)	(30)
Income from associates	161	44	51
Income from investment properties	45	21	49
Interest income and dividends etc.	1,803	917	1,073
Revaluations	(3,873)	(518)	5,133
Interest charges	(70)	(34)	(31)
Expenses on investment activities	(328)	(150)	(169)
Total investment return	(2,263)	280	6,106
Return and revaluations of non-life insurance provisions	(86)	(66)	(697)
Investment return transferred to life insurance business	2,326	(185)	(5,359)
Other income	204	95	127
Other expenses	(19)	(13)	(22)
PRE-TAX PROFIT	1,648	764	1,048
Taxation	(359)	(163)	(231)
PROFIT FOR THE PERIOD	1,289	601	817

Statement of comprehensive income • Group

Profit for the period	1,289	601	817
Items which cannot subsequently be reclassified as profit or loss:			
Revaluation / Reversed revaluation owner-occupied properties	1	1	1
Other comprehensive income	1	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,290	602	818

Assets • Group

(DKKm)	31 December 2018	30 June 2018	30 June 2019
INTANGIBLE ASSETS	1,091	999	1,209
Operating equipment	113	114	111
Owner-occupied properties	853	853	853
TOTAL TANGIBLE ASSETS	966	968	965
Investment properties	3,802	3,901	3,882
Equity investments in associates	1,678	1,316	1,571
Total investments in associates	1,678	1,316	1,571
Equity investments	5,412	5,867	5,687
Unit trusts	6	0	7
Bonds	35,118	34,918	41,059
Deposits with credit institutions	4,380	5,196	2,433
Derivatives	86	79	455
Total other financial investment assets	45,004	46,060	49,641
TOTAL INVESTMENT ASSETS	50,484	51,277	55,094
INVESTMENT ASSETS RELATED TO UNIT-LINKED PRODUCTS	27,890	27,375	32,763
Reinsurers' share of the provisions for unearned premiums	92	193	185
Reinsurers' share of the life insurance provisions	17	17	14
Reinsurers' share of the provisions for claims	527	510	540
Total reinsurers' share of provisions	635	720	739
Receivables from policyholders	262	344	318
Receivables from insurance companies	197	242	120
Amounts due from affiliates	2	41	1
Receivables from associates	365	322	345
Other receivables	278	217	472
TOTAL RECEIVABLES	1,739	1,887	1,996
Assets held temporarily	0	0	3
Deferred tax assets	17	15	22
Liquid funds	249	169	277
Other	199	112	56
TOTAL OTHER ASSETS	465	296	358
Accrued interest and rent	310	243	346
Other prepayments and accrued income	196	223	264
TOTAL PREPAYMENTS AND ACCRUED INCOME	506	466	609
TOTAL ASSETS	83,142	83,267	92,994

Shareholders' equity and liabilities • Group

(DKK m)	Note	31 December 2018	30 June 2018	30 June 2019
Share capital		101	101	101
Revaluation reserve		14	13	15
Security fund		1,146	1,146	1,146
Other reserves		67	66	71
Total reserves		1,213	1,211	1,217
Profit carried forward		3,099	3,692	3,940
Proposed dividend		1,300	0	0
		5,727	5,018	5,273
Minority interests' share of shareholders' equity		1	1	0
TOTAL SHAREHOLDERS' EQUITY		5,727	5,018	5,273
OTHER SUBORDINATED LOAN CAPITAL		1,348	1,348	1,349
Provisions for unearned premiums		1,819	3,220	3,316
Profit margin, non-life insurance contracts		807	696	753
Products with guarantees and profitsharing		23,134	23,642	23,966
Unit-linked products		33,117	31,451	40,194
Total life insurance provisions		56,252	55,093	64,160
Profit margin, life insurance and investment contracts		268	244	298
Provisions for claims		13,003	13,129	13,265
Risk margin, non-life insurance contracts		275	331	263
Provisions for bonuses and rebates		152	145	152
TOTAL PROVISIONS FOR INSURANCE AND INVESTMENT CONTRACTS		72,575	72,858	82,206
Pensions and similar commitments		26	27	28
Deferred tax liabilities		100	69	76
Deferred tax on security funds		306	306	306
TOTAL PROVISIONS		432	402	410
DEPOSITS RECEIVED FROM REINSURERS		81	70	78
Debt relating to direct insurance operations		373	327	164
Debt relating to reinsurance operations		18	44	50
Amounts due to credit institutions		242	310	237
Amounts due to affiliates		619	753	887
Current tax liabilities		1	1	1
Derivatives		703	1,017	791
Other debt		923	1,016	1,376
TOTAL DEBT		2,880	3,469	3,506
ACCRUALS AND DEFERRED INCOME		98	101	172
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		83,142	83,267	92,994
Financial assets and liabilities	3			
Contingent liabilities	4			
Related parties	5			
Sale of affiliate	6			

Cash flow statement • Group

(DKKm)	Full year 2018	H1 2018	H1 2019
Cash flow from operations			
Gross premiums	9,214	5,868	6,017
Claims paid	(5,994)	(2,973)	(3,101)
Expenses paid	(1,355)	(726)	(727)
Reinsurance ceded	(255)	(235)	(165)
Cash flow from non-life insurance	1,610	1,933	2,024
Gross premiums	10,164	4,944	4,932
Claims and benefits	(4,094)	(2,050)	(1,865)
Pension return tax	(486)	(485)	(120)
Expenses paid	(426)	(208)	(222)
Reinsurance ceded	1	(11)	41
Cash flow from life insurance	5,159	2,189	2,765
Cash flow from insurance activities	6,769	4,123	4,789
Payments on investment contracts	1,008	439	253
Interest income and dividends etc.	1,789	901	1,036
Interest charges etc.	(396)	(175)	(198)
Corporation tax	(318)	(150)	(257)
Other items	80	88	(25)
Cash flow from operations	8,932	5,227	5,599
Investments			
Intangible assets, operating equipment	(243)	(115)	(149)
Properties	(257)	(269)	(175)
Sale of affiliate	124	124	0
Equity investments in associates	(249)	2	0
Dividends from associates	17	11	158
Equity investments	147	126	490
Unit trusts	(11)	(0)	4
Bonds	626	1,101	(5,626)
Loans	(6)	0	(5)
Derivatives	(427)	158	(305)
Investment activities related to unit-linked products	(6,537)	(3,729)	(892)
Balances with affiliates	140	235	268
Balances with associates	(38)	5	20
Investments	(6,715)	(2,352)	(6,211)
Financing			
Dividend paid	(1,700)	(1,700)	(1,300)
Amounts due to credit institutions	199	267	(5)
Financing	(1,501)	(1,433)	(1,305)
Change in cash and cash equivalents	716	1,441	(1,917)
Cash and cash equivalents at 1 January	3,936	3,936	4,630
Revaluation of cash and cash equivalents	0	9	(3)
Cash and cash equivalents in sold affiliate	(22)	(22)	0
Cash and cash equivalents end of period	4,630	5,364	2,710
Cash and cash equivalents comprise:			
Liquid funds	249	169	277
Deposits with credit institutions	4,380	5,196	2,433
	4,630	5,364	2,710

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	Proposed dividend	Mimority interests'	Total
2018								
Shareholders' equity at 31 December previous year	101	13	1,146	64	3,073	1,700	1	6,097
Profit for the year				3	(14)	1,300	(0)	1,289
Other comprehensive income		1						1
Total comprehensive income for the year		1		3	(14)	1,300	(0)	1,290
Dividend paid					0	(1,700)		(1,700)
Capital injection sharebased payments					37			37
Taxation					3			3
Other transactions					40	(1,700)		(1,660)
Shareholder's equity at 31 December 2018	101	14	1,146	67	3,099	1,300	1	5,727

H1 2018

Shareholders' equity at 31 December previous year	101	13	1,146	64	3,073	1,700	1	6,097
Profit for the period				2	600		0	601
Other comprehensive income		1						1
Total comprehensive income for the period		1		2	600		0	602
Dividend paid					0	(1,700)		(1,700)
Capital injection sharebased payments					18			18
Taxation					1			1
Other transactions					19	(1,700)		(1,681)
Shareholders' equity at 30 June 2018	101	13	1,146	66	3,692	0	1	5,018

H1 2019

Shareholders' equity at 31 December previous year	101	14	1,146	67	3,099	1,300	1	5,727
Profit for the period				4	814		(0)	817
Other comprehensive income		1						1
Total comprehensive income for the period		1		4	814		(0)	818
Dividend paid					0	(1,300)		(1,300)
Capital injection sharebased payments					25			25
Taxation					3			3
Other transactions					28	(1,300)		(1,272)
Shareholders' equity at 30 June 2019	101	15	1,146	71	3,940	0	0	5,273

Segment information • Group

Income statement

(DKKm)	Private	SME	Elimin- ated	Non-life	Life	Elimin- ated	Group
H1 2018							
Non-life insurance							
Gross premiums earned	2,541	2,042	(9)	4,574			4,574
Claims incurred	(1,695)	(1,390)	8	(3,076)		7	(3,069)
Expenses	(422)	(346)	(0)	(767)		11	(756)
Net reinsurance	(34)	(34)	(0)	(69)			(69)
Technical result from non-life insurance	391	272	(2)	661		19	680
Life insurance							
Gross premiums written					4,842		4,842
Allocated investment return					185		185
Pension return tax					(25)		(25)
Benefits and change in provisions					(4,814)		(4,814)
Expenses					(215)	3	(212)
Net reinsurance					(1)		(1)
Technical result from life insurance					(29)	3	(26)
Total investment return				67	235	(22)	280
Pension return tax non-life insurance				(3)	3		0
Return and revaluations of non-life insurance provisions				(66)			(66)
Transferred to technical result					(185)		(185)
Other items				(1)	83		82
Pre-tax profit				659	106		764
Taxation							(163)
Profit							601
H1 2019							
Non-life insurance							
Gross premiums earned	2,572	2,128	(9)	4,691			4,691
Claims incurred	(1,669)	(1,220)	8	(2,881)		6	(2,875)
Expenses	(415)	(364)	1	(778)		13	(766)
Net reinsurance	(46)	(82)	(0)	(128)			(128)
Technical result from non-life insurance	441	463	(0)	904		19	923
Life insurance							
Gross premiums written					4,966		4,966
Allocated investment return					5,359		5,359
Pension return tax					(489)		(489)
Benefits and change in provisions					(9,636)		(9,636)
Expenses					(232)	3	(229)
Net reinsurance					(1)		(1)
Technical result from life insurance					(33)	3	(30)
Total investment return				655	5,474	(22)	6,106
Pension return tax non-life insurance				(36)	36		0
Return and revaluations of non-life insurance provisions				(697)			(697)
Transferred to technical result					(5,359)		(5,359)
Other items				4	101		105
Pre-tax profit				829	219		1,048
Taxation							(231)
Profit							817

Notes to the financial statements • Group

(DKKm)	Full year 2018	H1 2018	H1 2019
Note 1. Claims incurred, net of reinsurance - Non-life insurance			
Run-off result:			
Gross business	319	132	228
Reinsurance ceded	34	3	29
Run-off result, net of reinsurance (profit)	353	135	257

Note 2. Gross premiums written - Life insurance

Individual policies	304	143	131
Policies which are part of a tenure	2,228	1,089	1,343
Group life	322	271	167
Regular premiums	2,855	1,503	1,640
Individual policies	1,856	983	805
Policies which are part of a tenure	5,401	2,355	2,521
Single premiums	7,257	3,338	3,326
Gross premiums	10,111	4,842	4,966

Note 3. Financial assets and liabilities	31 December 2018	30 June 2018	30 June 2019
Financial assets recorded at fair value based on non-observable input (level 3), comprises of a bond portfolio:			
1 January	692	692	469
Purchases	103	54	37
Repayments	(334)	(151)	(45)
Foreign exchange adjustment	9	5	1
	469	600	462

The portfolio consists of construction financing of property projects (DKK 251m) and Vindmøllepark (wind farm) guaranteed by EKF (DKK 59m) and bonds (DKK 152m), for which current return depends on payment on life annuity contracts.

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

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

The accounting policies for financial assets and liabilities are stated in the latest Annual Report.

Note 4. Contingent liabilities

Contract liabilities	398	525	288
Adjustments to VAT liabilities	104	81	104
Other liabilities	16	20	5
Capital commitments made to loan funds and private equity funds etc.	609	1,007	496

All companies in the Topdanmark Group and other Danish companies and affiliates in the Sampo Group are jointly taxed with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax from interests, royalties and dividend for companies concerned.

In connection with implementation of a new administration system, Topdanmark Livsforsikring A/S has undertaken to give support in fulfilling Topdanmark EDB II ApS' obligations in accordance with the contract with the supplier.

In connection with implementation of a new customer and core system, Topdanmark Forsikring A/S has undertaken to give support towards specific suppliers to fulfill Topdanmark EDB IV ApS' obligations in accordance with the contracts.

Notes to the financial statements • Group

(DKKm)

Note 5. Related parties

In 2019, Q2, Topdanmark Forsikring A/S paid dividend of DKK 1,300m (Q2 2018: DKK 1,700m) to Topdanmark A/S.

There have been no other material transactions with related parties except from ordinary commercial trade between the companies in the Topdanmark Forsikring Group.

Note 6. Sale of affiliate

As of 1 April 2018, the Group has disposed of the shares in the subsidiary Nykredit Livsforsikring A/S for DKK 124m in cash. Thus, as per the time of sale, the balance sheet of the company was compounded as follows:

Investment activities related to unit-linked products	1,919
Cash and cash equivalents	22
Other assets	471
Total assets	2,412
Provisions for insurance contracts	(2,138)
Debt	(151)
Shareholders' equity	124

Income statement • Parent company

(DKKm)	Note	Full year 2018	H1 2018	H1 2019
Gross premiums written		8,642	5,545	5,760
Ceded reinsurance premiums		(615)	(426)	(414)
Change in the provisions for unearned premiums		63	(1,291)	(1,337)
Change in profit margin and risk margin		(42)	44	24
Change in the reinsurers' share of the provisions for unearned premiums		10	131	113
Premiums earned, net of reinsurance		8,058	4,004	4,146
Claims paid		(5,510)	(2,746)	(2,860)
Reinsurance cover received		346	139	123
Change in the provisions for claims		(130)	(43)	239
Change in risk margin		34	(8)	21
Change in reinsurers' share of the provisions for claims		69	47	19
Claims incurred, net of reinsurance	1	(5,190)	(2,610)	(2,457)
Bonuses and rebates		(53)	(27)	(29)
Acquisition costs		(986)	(520)	(526)
Administrative expenses		(655)	(332)	(332)
Intra-group reimbursements		207	107	101
Reinsurance commission and share of profits		78	36	36
Insurance operating expenses, net of reinsurance		(1,356)	(708)	(721)
TECHNICAL RESULT		1,458	660	939
Income from affiliates	2	244	97	107
Income from associates		3	2	4
Interest income and dividends etc.		289	138	183
Revaluations	3	(271)	(66)	317
Interest charges		(51)	(25)	(24)
Expenses on investment activities		(31)	(14)	(17)
Total investment return		182	131	570
Return and revaluations of non-life insurance provisions		(67)	(52)	(497)
INVESTMENT RETURN AFTER RETURN AND REVALUATIONS OF TECHNICAL PROVISIONS		115	79	73
Other income		18	8	11
Other expenses		(12)	(9)	(7)
PRE-TAX PROFIT		1,579	738	1,016
Taxation		(290)	(136)	(199)
PROFIT FOR THE PERIOD		1,289	601	817

Statement of comprehensive income • Parent company

Profit for the period	1,289	601	817
Other comprehensive income from affiliates	1	1	1
Other comprehensive income	1	1	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,290	602	818

Assets • Parent company

(DKKm)	Note	31 December 2018	30 June 2018	30 June 2019
INTANGIBLE ASSETS		441	441	441
Operating equipment		20	21	18
TOTAL TANGIBLE ASSETS		20	21	18
Equity investments in affiliates	4	3,111	2,956	3,223
Loans to affiliates		300	300	300
Equity investments in associates		63	61	65
Total investment in affiliates and associates		3,474	3,317	3,588
Equity investments		1,010	1,108	1,105
Unit trusts		1	0	1
Bonds		12,980	14,562	16,049
Deposits with credit institutions		1,926	1,845	1,090
Derivatives		32	18	96
Total other financial investment assets		15,949	17,533	18,342
TOTAL INVESTMENT ASSETS		19,423	20,850	21,930
Reinsurers' share of the provisions for unearned premiums		92	193	185
Reinsurers' share of the provisions for claims		439	417	463
Total reinsurers' share of provisions		531	610	647
Receivables from policyholders		173	225	227
Receivables from insurance companies		144	108	111
Amounts due from affiliates		2,186	2,156	2,226
Other receivables		192	92	320
TOTAL RECEIVABLES		3,226	3,190	3,531
Assets held temporarily		0	0	3
Deferred tax assets		17	15	22
Liquid funds		49	13	51
Other		70	82	54
TOTAL OTHER ASSETS		136	110	130
Accrued interest and rent		74	61	89
Other prepayments and accrued income		92	120	132
TOTAL PREPAYMENTS AND ACCRUED INCOME		166	181	221
TOTAL ASSETS		23,413	24,793	26,271

Shareholders' equity and liabilities • Parent company

(DKKm)	Note	31 December 2018	30 June 2018	30 June 2019
Share capital		101	101	101
Revaluation reserve		2,073	1,922	2,176
Security fund		1,452	1,452	1,452
Total reserves		1,452	1,452	1,452
Profit carried forward		1,106	1,849	1,849
Proposed dividend		1,300	0	0
TOTAL SHAREHOLDERS' EQUITY		6,033	5,324	5,579
OTHER SUBORDINATED LOAN CAPITAL		1,348	1,348	1,349
Provisions for unearned premiums		1,750	3,106	3,117
Profit margin, non-life insurance contracts		807	696	753
Provisions for claims		10,667	10,629	10,747
Risk margin, non-life insurance contracts		243	305	232
Provisions for bonuses and rebates		136	121	144
TOTAL PROVISIONS FOR INSURANCE CONTRACTS		13,603	14,857	14,993
Pensions and similar commitments		24	24	25
TOTAL PROVISIONS		24	24	25
Debt relating to direct insurance operations		21	16	7
Debt relating to reinsurance operations		16	42	49
Amounts due to credit institutions		237	256	119
Amounts due to affiliates		1,169	1,974	3,034
Derivatives		322	304	482
Other debt		597	637	624
TOTAL DEBT		2,362	3,230	4,314
ACCRUALS AND DEFERRED INCOME		43	10	12
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,413	24,793	26,271
Own funds	5			
Contingent liabilities	6			
Ratios	7			

Statement of changes in equity • Parent company

(DKK m)

	Share capital	Revaluation reserve	Security fund	Profit carried forward	Proposed dividend	Total
2018						
Shareholders' equity at 31 December previous year	101	1,821	1,452	1,329	1,700	6,403
Profit for the year		247		(258)	1,300	1,289
Other comprehensive income from affiliates		1				1
Total comprehensive income for the year		248		(258)	1,300	1,290
Dividend paid				0	(1,700)	(1,700)
Capital injection sharebased payments				33		33
Taxation				2		2
Equity movements in affiliates		5				5
Other transactions		5		35	(1,700)	(1,660)
Shareholder's equity at 31 December 2018	101	2,073	1,452	1,106	1,300	6,033
H1 2018						
Shareholders' equity at 31 December previous year	101	1,821	1,452	1,329	1,700	6,403
Profit for the period		98		503		601
Other comprehensive income from affiliates		1				1
Total comprehensive income for the period		99		503		602
Dividend paid				0	(1,700)	(1,700)
Capital injection sharebased payments				16		16
Taxation				1		1
Equity movements in affiliates		2				2
Other transactions		2		17	(1,700)	(1,681)
Shareholders' equity at 30 June 2018	101	1,922	1,452	1,849	0	5,324
H1 2019						
Shareholders' equity at 31 December previous year	101	2,073	1,452	1,106	1,300	6,033
Profit for the period		100		718		817
Other comprehensive income from affiliates		1				1
Total comprehensive income for the period		100		718		818
Dividend paid				0	(1,300)	(1,300)
Capital injection sharebased payments				21		21
Taxation				3		3
Equity movements in affiliates		3		1		4
Other transactions		3		25	(1,300)	(1,272)
Shareholders' equity at 30 June 2019	101	2,176	1,452	1,849	0	5,579

Notes to the financial statements • Parent company

(DKK m)	Full year 2018	H1 2018	H1 2019
Note 1. Claims incurred, net of reinsurance - Non-life insurance			
Run-off result:			
Gross business	169	119	207
Reinsurance ceded	33	(2)	34
Run-off result, net of reinsurance (profit)	201	118	241
Note 2. Income from affiliates			
Topdanmark Liv Holding A/S	210	79	59
Topdanmark EDB A/S	2	1	1
TDP.0007 A/S	33	18	49
Adjustment	(1)	(1)	(1)
Income from affiliates	244	97	107
Note 3. Revaluations			
Equity investments	(85)	8	145
Bonds	(159)	(55)	107
Derivatives	(28)	(4)	71
Liquid funds	0	(15)	(4)
Revaluations	(271)	(66)	317
Note 4. Equity investments in affiliates			
	31 December 2018	30 June 2018	30 June 2019
Topdanmark Liv Holding A/S	2,203	2,069	2,266
Topdanmark EDB A/S	282	281	283
TDP.0007 A/S	572	556	620
Topdanmark EDB IV ApS	5	0	5
Topdanmark Holding S.A.	50	50	48
Equity investments in affiliates	3,111	2,956	3,223
Note 5. Own funds			
Shareholders' equity	6,033	5,324	5,579
Profit margin	1,005	873	1,010
Intangible assets	(1,091)	(999)	(1,209)
Proposed dividend	(1,300)	0	0
Other	(66)	(35)	(78)
Correction for tax	(63)	(62)	(36)
Available share subordinated notes	1,148	1,215	1,208
Own funds	5,665	6,316	6,473

Notes to the financial statements • Parent company

(DKKm)	31 December 2018	30 June 2018	30 June 2019
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Note 6. Contingent liabilities

Other liabilities	9	20	5
Capital commitments made to loan funds and private equity funds etc.	57	73	47
Minimum rental payments to subsidiary:			
not later than one year	57	57	58
later than one year and not later than five years	172	172	174
later than five years	1,029	1,058	1,007

All companies in the Topdanmark Group and other Danish companies and affiliates in the Sampo Group are jointly taxed with Topdanmark A/S being the management company. Pursuant to the specific rules on corporation taxes etc. in the Danish Companies Act, the companies are liable for the jointly taxed companies and for any obligations to withhold tax from interests, royalties and dividend for companies concerned.

Note 7. Ratios

Gross loss ratio (%)	65.1	65.5	58.8
Net reinsurance ratio (%)	1.3	1.7	2.8
Claims trend (%)	66.4	67.1	61.6
Gross expense ratio (%)	16.7	17.4	17.1
Combined ratio (%)	83.1	84.6	78.7
Combined ratio excl. run-off profits (%)	85.4	87.3	84.2
Run-off result, net of reinsurance	201	118	241
Relative run-off profits, net of reinsurance (%)	2.0	1.2	2.4
Return on shareholders' equity (%)	22.0	10.1	14.0

Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the interim report for H1 2019 for Topdanmark Forsikring A/S.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the interim financial statements for the parent company are presented in accordance with the Danish Financial Business Act. Further, the interim report is presented in accordance with additional Danish disclosure requirements on interim reports for listed financial services companies.

In our opinion, 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 as at 30 June 2019 as well as the result from the Group's and the parent company's activities and the Group's cash flows for the financial period from 1 January to 30 June 2019.

We believe that the management review contains a fair view of the development in the Group's and parent company's activities and financial position, together with a description of the most material risks and uncertainties by which the Group and the parent company can be affected.

Ballerup, 22 August 2019

Executive Board:

Peter Hermann
(CEO)

Thomas Erichsen

Brian Rothemejer Jacobsen

Lars Thykier

Board of Directors:

Ricard Wennerklint
(Chairman)

Jens Aaløse
(Deputy Chairman)

Elise Bundgaard

Anne Louise Eberhard

Mette Jensen

Cristina Lage

Ole Lomholt Mortensen

Petri Niemisvirta

Morten Thorsrud