

Capitalization

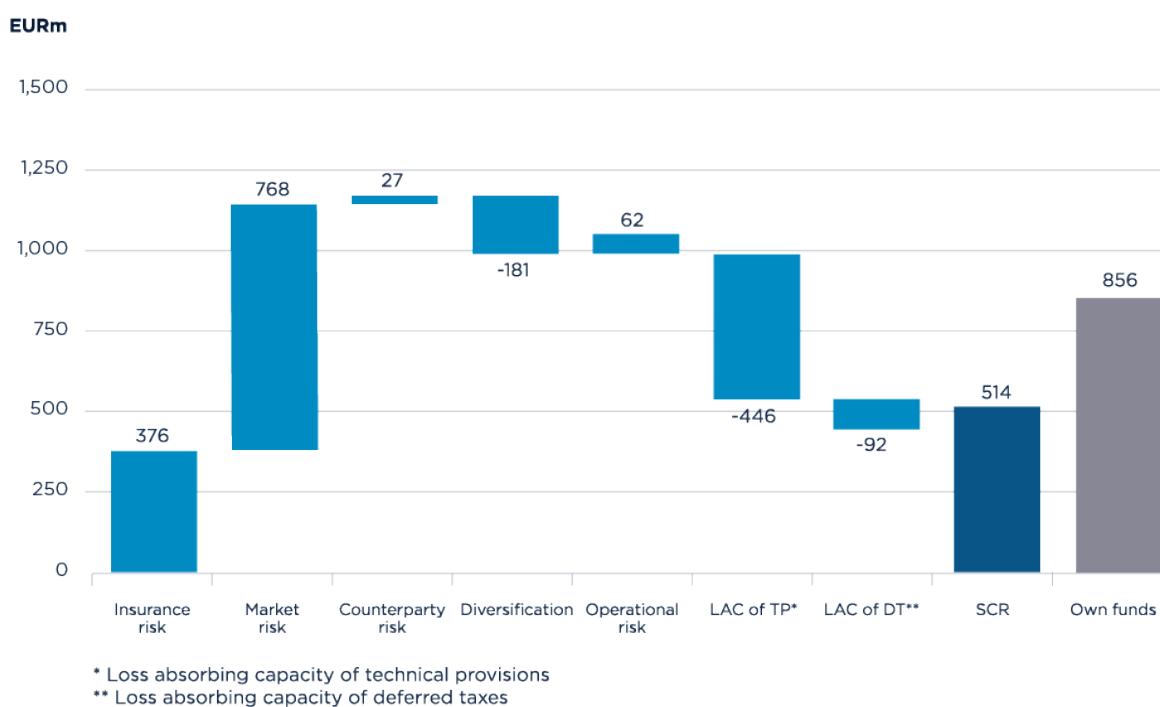
Solvency Capital Requirement

In Topdanmark Group statutory Solvency Capital Requirement is calculated as follows:

- Topdanmark Forsikring A/S calculates most of its non-life and health risks and their respective capital requirement by model that has been developed in-house. Other risks and their respective SCR's are calculated by Solvency II standard formula (SF). Then these module specific SCR's are used as inputs to calculate company's SCR. This calculation process is called Partial Internal Model (PIM) and it has been approved by the Danish Financial Supervisory Authority (DFSA). Topdanmark Livsforsikring A/S and Nykredit Liv A/S calculate their module specific SCR's and total SCR using solely SF.
- The DFSA has permitted Topdanmark to use the volatility adjusted Solvency II interest rate curve.
- Topdanmark Group SCR is calculated by PIM and module specific SCR's of companies are used as inputs.

When Topdanmark applies its internal model for non-life insurance the PIM SCR for Topdanmark Group is DKK 710 million lower than respective figure if Topdanmark would have used solely SF. Because SF SCR figures of Topdanmark Group are used as inputs when Sampo Group SCR is calculated, also in this context the respective SF SCR figures are disclosed. Hence, separate SF SCR figures in below table are gross figures for risks and the effect of LAC of TP is shown as one figure. However, in Topdanmark's own SCR disclosure, company concentrates on PIM figures that are net figures to give more accurate picture of risks. Later in its Solvency and Financial Condition Report Topdanmark also discloses its Standard Formula figures. The SF solvency requirement and its components at year end 2017 was EUR 514 million as presented below and as reported to the DFSA. The reported SCR is the same whether it is calculated on gross or on net basis.

Topdanmark's Solvency
31 December 2017



Own Funds

The purpose of the capital plan is - based on Topdanmark's strategy and risk appetite - to estimate future capital base, or own funds and solvency capital requirements, assuming that companies continue their operations in line with their own expectations. The future capital base is affected by earnings, capital expansion, changes in subordinated loan instruments or risk transfers using for example reinsurance. The capital base estimate is updated with the latest forecast at the time for the next 5 years.

At the company and group level, the starting point of eligible own funds is equity that is adjusted by some corrective items of which the most significant are:

Own Funds:

Shareholders' equity
 - Proposed dividend
 + Deferred tax on security funds
 + Profit margin
 - Intangible assets
 + Tax effect
 + Usable share, subordinated loan Tier 1 (max. 20% of Tier 1 capital)
 + Usable share, subordinated notes (max. 50% of SCR)
 Own funds

Dividends are deducted on the balance sheet date.
 Extraordinary dividends are deducted when decided by the Board of Directors on the basis of authorization from the general meeting.

At the end of 2017, Topdanmark's own funds were DKK 6,370 million (DKK 6,348 million) as presented in the table Topdanmark's Eligible Own Funds, 31 December 2017 and 31 December 2016.

Topdanmark's Eligible Own Funds 31 December 2017 and 31 December 2016

		EURm 2017	EURm 2016
Topdanmark			
Tier 1	Total	674.3	670.3
	Ordinary Share Capital	12.1	12.8
	Reconciliation Reserve	608.5	602.4
	Subordinated Liabilities	53.7	55.1
Tier 2	Total	181.2	182.4
	Subordinated Liabilities	181.2	182.4
	Untaxed reserves	0.0	0.0
Tier 3	Total	0.0	0.0
	Deferred tax assets	0.0	0.0
Eligible own funds, consolidation method		855.6	852.7

Eligible own funds include the following Solvency II Compliant Subordinated Liabilities of Topdanmark as of 31

December 2017. Sampo Group's holdings in these assets are:

Solvency II Compliant Subordinated Liabilities of Topdanmark 31 December 2017

Issuer	Instrument	Nominal amount	Carrying amount in EUR	First Call	Tiering	In Sampo's portfolio
Topdanmark Forsikring A/S (Denmark)	10NC5	DKK 500 000 000	67,051,970	11.12.2020	Tier 2	DKK 135 000 000
Topdanmark Forsikring A/S (Denmark)	10NC5.5	DKK 850 000 000	114,172,118	11.06.2021	Tier 2	DKK 270 000 000
Topdanmark A/S (Denmark)	PerpNC5	DKK 400 000 000	53,728,055	23.11.2022	Tier 1	DKK 120 000

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234,952,143

