

# **CODAN**

## **CODAN FORSIKRING A/S INTERIM REPORT H1 2017**

Gammel Kongevej 60  
1850 Frederiksberg C  
Company Reg. no. 10 52 96 38

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## General information

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**Board of Directors and  
Board of Management**

**Board of Directors:**

Lars Nørby Johansen, Chairman  
Anthony Latham, Deputy Chairman  
Gunilla Astrid Henriette Asker  
Christer Arne Bjellert\*  
Scott Egan  
Marianne Philip  
Elisabeth Sandblom\*  
Christian Sletten\*

\*) Employee representative

**Board of Management:**

Patrick Bergander, CEO  
Vivian Lund, EO

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**Auditors**

**Auditors elected by the general meeting:**

KPMG Statsautoriseret Revisionspartnerselskab

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**Ownership**

Codan A/S, Frederiksberg, owns all of the shares in Codan Forsikring A/S.

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**Address, etc.**

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Company Reg. No.: 10 52 96 38

### Management's review

#### The Company's Business model

Codan Forsikring A/S ('Codan Forsikring') is a part of the Codan Group, the third largest non-life insurance provider in Scandinavia. We work closely together with our branches in Scandinavia and share certain resources, services, knowledge and best practice within all parts of the insurance business to ensure an optimal and efficient administration. We conduct a non-life insurance business in Norway through our Norwegian branch and in Sweden via our Swedish branch, and compete with other non-life general insurance companies in these markets. The Codan Group is owned by RSA Insurance Group plc, one of the world's leading insurance groups with the benefits that naturally follow.

#### Interim Report for 2017

Codan Forsikring is a subsidiary of Codan A/S whose ultimate parent company is RSA Insurance Group plc, which prepares consolidated financial statements in accordance with applicable United Kingdom law. Consolidated financial statements have therefore not been prepared for the Codan Forsikring Group, which comprise of the insurance companies Codan Forsikring A/S, Forsikringsselskabet Privatsikring A/S, Holmia Livförsäkring AB and the non-regulated entity Besigtelseskontoret af 1914 A/S with its subsidiary Survey Association Singapore Ltd.

The Interim Report for 2017 is unaudited and has been prepared in accordance with the Danish Financial Business Act (*Lov om finansiel virksomhed*), including the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds (*Bekendtgørelse om finansielle rapporter for forsikringsselskaber og tværgående pensionskasser*).

A summary of key figures and financial ratios is provided in note 2 to the Interim Report.

#### Major events

##### *Interim dividend for 2017*

In May 2017 the company received interim dividend of SEK 60.0 million from the Swedish subsidiary, Holmia Livförsäkring AB, DKK 45.0 million from the subsidiary Forsikringsselskabet Privatsikring A/S and DKK 4.7 million from the subsidiary Besigtelses Kontoret af 1914 A/S.

On 31 May 2017 the company declared an interim dividend of DKK 2,200.0 million to the parent company, Codan A/S. The dividend was decided based on the rules on solvency, stress scenarios and registered assets as set out in the legislation governing insurance companies.

##### *Sale of subsidiary*

On 30 June 2017 Codan Forsikring sold the subsidiary Besigtelses Kontoret af 1914 A/S with its subsidiary Survey Association Singapore Ltd. in a management buy-out.

##### *Repayment of loan from RSA Insurance plc*

In March 2017 the company established a loan from the parent company RSA Insurance plc of DKK 1.5 billion. The loan was established on market terms and the loan was repaid on May 30, 2017.

#### Profit for the period and development of the Company

Profit for the period is DKK 1,033.5 million, which is an increase of DKK 139.6 million or 16 % compared to the first half of 2016. The increasing profit is driven by the balance on the technical account, 67 % increase on last year, which is a strong reflection of the company's continued work to reduce costs, while maintaining top line.

The profit for the period breaks down as follows (in DKK million):

	<u>H1 2017</u>	<u>H1 2016</u>	<u>2016</u>
Balance on the technical account	1,020.2	611.9	2,167.2
Investment result	288.1	531.1	770.5
Tax	-274.8	-249.1	-660.0
<b>Profit for the period</b>	<b>1,033.5</b>	<b>893.9</b>	<b>2,277.7</b>

### Management's review

The profit is affected by the investment result that contributes with DKK 288.1 million compared to DKK 531.1 million for the comparable period last year. The investment result is strongly impacted by decreasing FX rates on NOK and USD, along with the increasing interest rate level in the market, which has led to large unrealised losses on the investment portfolio, including a capital loss of DKK -383.1 million against a capital gain of DKK 987.0 million for the first half of 2016.

Equity amounted to DKK 7,553.2 million compared with DKK 8,490.0 million at 30 June 2016 and DKK 8,791.3 million at 31 December 2016. The change in equity is primarily caused by the payment of dividend of DKK 2,200.0 million to the parent company and retained profit for the period.

#### **General insurance**

Despite a small decline in gross earned premium, which is DKK 7,722.5 million compared to DKK 7,832.9 for the same period last year, the company posts a strong balance on the technical account. The decline in gross earned premium is affected by the declining exchange rate on SEK against DKK. The Norwegian branch shows strong growth in local currency with increase in gross written premium of 9 % compared to last year.

The strong balance on the technical account is also impacted positively by reduced claims incurred, which amounts to DKK 4,960.9 million against DKK 5,381.5 million for the comparable period last year. The gross claims ratio for the first half of 2017 is 66.4 and has improved significantly compared to the claims ratio for the first half of 2016, which was 70.2. Claims incurred is positively impacted by the absence of extreme weather events, slightly offset by two large losses in Sweden and Norway, and improvement in underlying loss ratios.

The company continues to work on reducing expenses, and the balance on the technical account is impacted by an 11 % decrease in expenses compared to the first half of 2016. The gross expense ratio is 18.1 against 20.1 for the comparable period last year. Acquisition costs decreases by 6%, and the company's strong initiatives in process optimisation, personnel reductions and infrastructure costs leads to an 11 % decrease in administrative expenses compared to first half of 2016.

The reinsurance activities of the company generated a loss of DKK 175.2 million in 2017 against a loss of DKK 144.4 million last year. The results include the result of the quota sharing agreement related to the Marine Hull business for the claims years 2016 and 2017.

The combined ratio for the company is 86.7 against 92.2 for the same period last year. The combined ratio reflects the declining claims ratio and reduced expenses.

#### **Investments**

The Company's investments comprise investments in subsidiaries and investments in other financial assets. Other financial assets of DKK 34.8 billion include AAA-rated investments of DKK 26.8 billion.

The investment return amounts to DKK 247.2 million for the first half of 2017 against DKK 1,526.8 million for the comparable prior year period.

For the first half of 2017 the increasing interest rates have affected the investments in bonds resulting in unrealised capital losses of DKK -383.1 million against a capital gain of DKK 987.0 million for the first half of 2016.

Total value adjustments are a loss of DKK -371.0 million compared to a gain of DKK 1,002.8 million for the first half of 2016.

Income from Group entities amounts to DKK 108.1 million in the first half of 2017 against DKK 11.7 million for the comparable prior year period. Income from Group entities is made up of a profit from Holmia Livsförsäkring AB of DKK 34.4 million, loss from Forsikringsselskabet Privatsikring A/S of DKK -9.0 million and loss from Besigtelses Kontoret af 1917 A/S of DKK -7.9 million. Also included in income from group entities is a gain from the sale of Besigtelses Kontoret af 1917 A/S of DKK 4,4 million and a correction to the gain from sale of Brødstepeln Fastighets AB in 2014 due to renegotiations of DKK 86.1 million.

## **Management's review**

### **Risk management in Codan**

Reference is made to the section on risk management in the Management's review in the Annual Report for 2016. The description outlined still applies on 30 June 2017.

### **Risks and uncertainties**

Codan Forsikring A/S' results for the full year 2017 will continue to be sensitive to the development in the financial situation and economic factors. In addition, the results will primarily depend on the trend in weather-related claims and large claims as well as of changes in the level of Danish interest rates.

The Management of Codan does not consider it appropriate to make any statements as to the expected developments in the interest rate and stock markets and consequently to the expected value adjustments for the remaining six months of the financial year.

### **Events subsequent to 30 June 2017**

No events of material importance to the Company's financial position or business affairs have occurred subsequent to 30 June 2017.

## Codan Forsikring A/S - Interim Report H1 2017

### Statement by the Boards of Directors and Management

The Board of Directors and the Board of Management have today considered and approved the Interim Report for Codan Forsikring A/S for the period 1 January - 30 June 2017.

The Interim Report has been prepared in accordance with the Danish Financial Business Act.

It is our opinion that the interim report gives a true and fair view of the Company's financial position at 30 June 2017 and of its financial performance for the period 1 January to 30 June 2017. It is also our opinion that the Management's review gives a true and a fair view of developments in the Company's activities and financial position and describes the major risks and uncertainties which the Company is facing.

Copenhagen, 16 August 2017

#### Board of Management

Patrick Bergander  
*CEO*

Vivian Lund  
*EO*

#### Board of Directors

Lars Nørby Johansen  
*Chairman*

Anthony Latham  
*Deputy Chairman*

Gunilla Astrid Henriette Asker

Christer Arne Bjellert

Scott Egan

Marianne Philip

Elisabeth Sandblom

Christian Sletten

## Income statement

Note	DKK million	H1 2017	H1 2016	31 December 2016
<b>General insurance</b>				
		9,029.8	9,114.7	15,662.5
		-526.8	-493.8	-651.1
		-1,356.6	-910.4	108.0
		49.3	-371.4	-97.8
		166.7	230.5	46.5
		<b>7,362.4</b>	<b>7,569.6</b>	<b>15,068.1</b>
<b>Earned premiums, net of reinsurance</b>				
		-5,497.9	-5,559.5	-10,717.8
		177.4	146.5	671.4
		489.1	143.0	818.2
		-94.7	-57.6	-58.8
		-34.8	-53.9	-564.8
		<b>-4,960.9</b>	<b>-5,381.5</b>	<b>-9,851.8</b>
<b>Claims incurred, net of reinsurance</b>				
<b>Bonuses and rebates</b>				
		-34.6	-33.3	-80.0
		-971.6	-1,034.1	-1,964.6
		-417.4	-535.1	-1,051.3
		42.3	26.3	46.8
		<b>-1,346.7</b>	<b>-1,542.9</b>	<b>-2,969.1</b>
<b>Net operating expenses</b>				
		<b>1,020.2</b>	<b>611.9</b>	<b>2,167.2</b>
<b>Balance on the technical account, general insurance</b>				
<b>Investments</b>				
		108.1	11.7	82.0
		2.7	-	1.2
		-0.4	-2.0	-0.7
3		552.3	564.0	1,087.5
4		-371.0	1,002.8	589.5
		-1.1	-6.7	-13.0
		-43.4	-43.0	-84.3
		<b>247.2</b>	<b>1,526.8</b>	<b>1,662.2</b>
<b>Total investment return</b>				
<b>Return on and value adjustment on technical provisions</b>				
		40.9	-995.7	-891.7
<b>Total investment return after return on and value adjustment on technical provisions</b>				
		<b>288.1</b>	<b>531.1</b>	<b>770.5</b>
<b>Profit before tax</b>				
		1,308.3	1,143.0	2,937.7
		-274.8	-249.1	-660.0
<b>Profit for the period</b>				
		<b>1,033.5</b>	<b>893.9</b>	<b>2,277.7</b>

## Statement of comprehensive income

Note	DKK million	H1 2017	H1 2016	31 December 2016
Currency translation adjustment, subsidiaries		-3.6	-8.1	-240.5
Currency translation adjustment, foreign branches		-59.2	-149.9	-12.0
Intra-group contribution		-12.0	-	-
Tax on intra-group contribution		3.0	-	-
Other comprehensive income		0.2	0.1	15.0
Tax on other comprehensive income		-	-	-2.9
<b>Other comprehensive income</b>		<b>-71.6</b>	<b>-157.9</b>	<b>-240.4</b>
Profit for the period		1,033.5	893.9	2,277.7
<b>Total comprehensive income</b>		<b>961.9</b>	<b>736.0</b>	<b>2,037.3</b>

## Balance sheet

Note	DKK million	30 June 2017	30 June 2016	31 December 2016
<b>Assets</b>				
	<b>Intangible assets</b>	<b>1,312.0</b>	<b>1,199.7</b>	<b>1,241.2</b>
	Equipment	21.6	40.0	33.2
	Group occupied properties	13.9	12.6	12.5
	<b>Total property and equipment</b>	<b>35.5</b>	<b>52.6</b>	<b>45.7</b>
5	Investments in Group entities	604.1	615.1	681.0
	Loans to Group entities	1,000.0	1,000.0	1,000.0
	Investments in associated companies	21.9	18.4	19.3
	<b>Total investments in Group entities</b>	<b>1,626.0</b>	<b>1,633.5</b>	<b>1,700.3</b>
	Equity investments	1,860.4	1,440.5	1,419.7
	Units in open-ended funds	906.1	958.0	939.6
	Bonds	31,976.4	32,868.0	32,949.8
	Other loans	39.4	314.0	56.4
	Other	63.3	43.8	82.2
	<b>Total other financial assets</b>	<b>34,845.6</b>	<b>35,624.3</b>	<b>35,447.7</b>
	Deposits with ceding undertakings	3.2	4.8	4.0
	<b>Total investments</b>	<b>36,474.8</b>	<b>37,262.6</b>	<b>37,152.0</b>
	Reinsurers' share of provision for unearned premiums	371.4	388.7	211.2
	Reinsurers' share of provision for claims	838.6	1,567.7	919.6
	<b>Total reinsurers' share of insurance contract provisions</b>	<b>1,210.0</b>	<b>1,956.4</b>	<b>1,130.8</b>
	Receivables from policyholders	1,631.6	1,935.3	1,427.3
	Receivables from brokers	94.3	112.6	70.9
	<b>Total receivables arising from direct insurance contracts</b>	<b>1,725.9</b>	<b>2,047.9</b>	<b>1,498.2</b>
	Receivables from insurance companies	209.0	125.2	110.4
	Receivables from Group entities	72.7	95.1	366.1
	Other receivables	42.1	192.0	175.5
	<b>Total receivables</b>	<b>3,259.7</b>	<b>4,416.6</b>	<b>3,281.0</b>
	Assets held for sale	2.3	2.6	2.3
	Current tax assets	-	262.2	256.4
	Deferred tax assets	328.2	400.5	306.7
	Cash and cash equivalents	715.3	520.4	638.8
	<b>Total other assets</b>	<b>1,045.8</b>	<b>1,185.7</b>	<b>1,204.2</b>
6	Accrued interest and rent	416.7	446.6	385.9
	Other prepayments	114.1	105.5	91.0
	<b>Total prepayments and accrued income</b>	<b>530.8</b>	<b>552.1</b>	<b>476.9</b>
	<b>Total assets</b>	<b>42,658.6</b>	<b>44,669.3</b>	<b>43,401.0</b>

## Balance sheet

Note	DKK million	30 June 2017	30 June 2016	31 December 2016
<b>Equity and liabilities</b>				
<b>Share capital</b>		15,0	15,0	15,0
Contingency funds		5.497,6	5.593,3	5.534,3
Reserve for net revaluation according to the equity method		343,2	351,9	415,8
Translation reserve		144,0	205,3	170,3
<b>Total reserves</b>		<b>5.984,8</b>	<b>6.150,5</b>	<b>6.120,4</b>
<b>Retained earnings</b>		<b>1.553,4</b>	<b>2.324,5</b>	<b>2.655,9</b>
<b>Proposed dividend</b>		-	-	-
<b>7 Total equity</b>		<b>7.553,2</b>	<b>8.490,0</b>	<b>8.791,3</b>
Provision for unearned premiums		3.139,6	3.531,7	2.253,2
Profit margin on general insurance contracts		1.427,1	1.441,1	1.482,1
Provision for outstanding claims		24.707,2	26.627,1	25.493,6
Risk margin on general insurance contracts		2.084,7	1.976,5	2.012,5
Provision for bonuses and rebates		25,0	29,5	33,3
<b>Total insurance contract provisions</b>		<b>31.383,6</b>	<b>33.605,9</b>	<b>31.274,7</b>
Pension and other similar obligations		37,7	46,2	55,3
Deferred tax liabilities		118,1	-	110,6
Other provisions		308,1	198,4	172,0
<b>Total provisions</b>		<b>463,9</b>	<b>244,6</b>	<b>337,9</b>
<b>Deposits received from reinsurers</b>		<b>13,6</b>	<b>293,7</b>	<b>12,9</b>
Payables arising from direct insurance contracts		209,4	100,4	80,2
Payables arising from reinsurance contracts		201,8	221,0	121,4
Debt to credit institutions		1.437,8	-	1.334,3
Amounts owed to Group entities		76,0	84,4	57,1
Current tax liabilities		91,7	-	-
Other payables		1.179,0	1.444,2	1.240,8
<b>Total payables</b>		<b>3.195,7</b>	<b>1.850,0</b>	<b>2.833,8</b>
<b>Deferred income</b>		<b>48,6</b>	<b>185,1</b>	<b>150,4</b>
<b>Total equity and liabilities</b>		<b>42.658,6</b>	<b>44.669,3</b>	<b>43.401,0</b>

## Notes without reference

- 1 Accounting policies
- 2 Key figures and financial ratios

## Statement of changes in equity

DKK million	Share capital	Revaluation reserves	Other reserves	Proposed dividend	Retained earnings	Total equity
<b>2016</b>						
<b>Equity, beginning of the year</b>	<b>15,0</b>	<b>-</b>	<b>6.015,8</b>	<b>-</b>	<b>3.323,2</b>	<b>9.354,0</b>
<b>Changes in equity for 2016:</b>						
Currency translation adjustment, foreign subsidiaries	-	-0,3	-240,2	-	-	<b>-240,5</b>
Currency translation adjustment, foreign branches	-	-	-12,0	-	-	<b>-12,0</b>
Other comprehensive income	-	-	-	-	15,0	<b>15,0</b>
Tax on other comprehensive income	-	-	-	-	-2,9	<b>-2,9</b>
Profit for the year	-	-0,3	-252,2	-	12,1	<b>-240,4</b>
	-	82,0	-	-	2.195,7	<b>2.277,7</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>81,7</b>	<b>-252,2</b>	<b>-</b>	<b>2.207,8</b>	<b>2.037,3</b>
Equalisation reserve (credit and guarantee)	-	-	-59,0	-	59,0	-
Received dividend, subsidiaries	-	-9,8	-	-	9,8	-
Release of negative revaluation reserve, equity method	-	343,9	-	-	-343,9	-
Dividend paid	-	-	-	-	-2.600,0	<b>-2.600,0</b>
<b>Changes in equity for the year</b>	<b>-</b>	<b>415,8</b>	<b>-311,2</b>	<b>-</b>	<b>-667,3</b>	<b>-562,7</b>
<b>Equity, end of the year</b>	<b>15,0</b>	<b>415,8</b>	<b>5.704,6</b>	<b>-</b>	<b>2.655,9</b>	<b>8.791,3</b>
<b>H1 2016</b>						
<b>Equity, beginning of the year</b>	<b>15,0</b>	<b>-</b>	<b>6.015,8</b>	<b>-</b>	<b>3.323,2</b>	<b>9.354,0</b>
<b>Changes in equity for the period:</b>						
Currency translation adjustment, foreign subsidiaries	-	-	-8,1	-	-	<b>-8,1</b>
Currency translation adjustment, branches	-	-	-149,9	-	-	<b>-149,9</b>
Revaluation reserves according to the equity method	-	350,0	-	-	-350,0	-
Other comprehensive income	-	-	-	-	0,1	<b>0,1</b>
Profit for the period	-	350,0	-158,0	-	-349,9	<b>-157,9</b>
	-	11,7	-	-	882,2	<b>893,9</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>361,7</b>	<b>-158,0</b>	<b>-</b>	<b>532,3</b>	<b>736,0</b>
Equalisation reserve (credit and guarantee)	-	-	-59,2	-	59,2	-
Received dividend, subsidiaries	-	-9,8	-	-	9,8	-
Declared interim dividend	-	-	-	1.600,0	-1.600,0	-
Dividend paid	-	-	-	-1.600,0	-	<b>-1.600,0</b>
<b>Changes in equity for the period</b>	<b>-</b>	<b>351,9</b>	<b>-217,2</b>	<b>-</b>	<b>-998,7</b>	<b>-864,0</b>
<b>Equity, end of the period</b>	<b>15,0</b>	<b>351,9</b>	<b>5.798,6</b>	<b>-</b>	<b>2.324,5</b>	<b>8.490,0</b>

## Statement of changes in equity

DKK million	Share capital	Revaluation reserves	Other reserves	Proposed dividend	Retained earnings	Total equity
<b>H1 2017</b>						
<b>Equity, beginning of the year</b>	<b>15,0</b>	<b>415,8</b>	<b>5.704,6</b>	-	<b>2.655,9</b>	<b>8.791,3</b>
Currency translation adjustment, foreign subsidiaries	-	-	-3,6	-	-	-3,6
Currency translation adjustment, branches	-	-	-59,2	-	-	-59,2
Sale of Besigtelses Kontoret af 1914 A/S	-	5,2	-	-	-5,2	-
Intra-group contribution	-	-	-	-	-12,0	-12,0
Tax on intra-group contribution	-	-	-	-	3,0	3,0
Other comprehensive income	-	-	-0,2	-	0,4	0,2
<b>Profit for the period</b>	-	<b>5,2</b>	<b>-63,0</b>	-	<b>-13,8</b>	<b>-71,6</b>
<b>Profit for the period</b>	-	<b>17,6</b>	-	-	<b>1.015,9</b>	<b>1.033,5</b>
<b>Total comprehensive income for the period</b>	-	<b>22,8</b>	<b>-63,0</b>	-	<b>1.002,1</b>	<b>961,9</b>
Received dividend, subsidiaries	-	-95,4	-	-	95,4	-
Declared interim dividend	-	-	-	2.200,0	-2.200,0	-
Dividend paid	-	-	-	-2.200,0	-	-2.200,0
<b>Changes in equity for the period</b>	-	<b>-72,6</b>	<b>-63,0</b>	-	<b>-1.102,5</b>	<b>-1.238,1</b>
<b>Equity, end of the period</b>	<b>15,0</b>	<b>343,2</b>	<b>5.641,6</b>	-	<b>1.553,4</b>	<b>7.553,2</b>

## Notes to the financial statements

### Note

#### 1 Accounting policies

The Interim Report for 2017 for Codan Forsikring A/S is unaudited and has been prepared in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive orders no. 937 of 7 July 2015 and no. 688 of 1 June 2016 on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds).

Codan Forsikring A/S is a subsidiary of RSA Insurance Group plc, which prepares consolidated financial statements in accordance with applicable United Kingdom law. Consolidated financial statements have therefore not been prepared for the Codan Forsikring A/S Group.

The accounting policies remain unchanged from the Annual Report for 2016.

#### 2 Key figures and financial ratios\*

DKK million	H1 2017	H1 2016	31 December 2016
Gross earned premiums	7.722,5	7.832,9	15.672,7
Gross claims incurred	-5.103,5	-5.474,1	-9.958,4
Total operating expenses	-1.389,0	-1.569,2	-3.015,9
Profit/loss from reinsurance	-175,2	-144,4	-451,2
Balance on the technical account	1.020,2	611,9	2.167,2
Total investment return after return on and value adjustment on technical provisions	288,1	531,1	770,5
Profit for the period	1.033,5	893,9	2.277,7
Run-off gain/loss, net of reinsurance	312,9	177,9	987,3
Total technical provisions	31.383,6	33.605,9	31.274,7
Total insurance assets	1.210,0	1.956,4	1.130,8
Total equity	7.553,2	8.490,0	8.791,3
Total assets	42.658,6	44.669,3	43.401,0
<b>Financial ratios</b>			
Gross claims ratio	66,4	70,2	63,9
Gross expense ratio	18,1	20,1	19,3
Combined ratio	86,7	92,2	86,1
Operating ratio	86,7	92,2	86,1
Relative run-off result	1,2	0,7	4,1
Return on equity in %	20,8	16,8	22,9
Solvency ratio - Solvency II**	186,4	187,0	215,0

\* The key figures and financial ratios have been calculated in accordance with the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds).

## Notes to the financial statements

Note	DKK million	H1 2017	H1 2016	31 December 2016
<b>3 Interest income and dividends, etc.</b>				
Interest income from Group entities		3.8	7.4	8.3
Interest income from bonds, loans and deposits		466.6	499.1	971.3
Non-taxable interest income		0.8	-	0.4
Income from units in open-ended funds and other equity		77.4	51.9	100.3
Other interest income		3.7	5.6	7.2
<b>Interest income and dividends, etc.</b>		<b>552.3</b>	<b>564.0</b>	<b>1,087.5</b>
<b>4 Value adjustments</b>				
Group occupied properties		1,2	-	-
Investments:				
Equity investments		-7,2	71,5	61,4
Units in open-ended funds		1,6	10,4	13,5
Bonds		-399,7	879,8	337,2
Other loans		-0,8	-4,4	87,4
Derivatives		-31,5	50,0	175,2
<b>Total investments</b>		<b>-436,4</b>	<b>1.007,3</b>	<b>674,7</b>
Other value adjustments		65,4	-4,5	-85,2
<b>Value adjustments</b>		<b>-371,0</b>	<b>1.002,8</b>	<b>589,5</b>
Realised gains and losses on investments		-53,3	20,3	111,4
Unrealised gains and losses on investments		-383,1	987,0	563,3
Other realised gains and losses		3,1	-0,1	-47,6
Other unrealised gains and		62,3	-4,4	-37,6
<b>Value adjustments</b>		<b>-371,0</b>	<b>1.002,8</b>	<b>589,5</b>

## Notes to the financial statements

Note	DKK million	30 June 2017	30 June 2016	31 December 2016
<b>5 Investments in Group entities</b>				
Cost, beginning of the year		263.2	1,563.2	1,563.2
Disposals		-0.8	-1,292.5	-1,300.0
Cost, end of the year		262.4	270.7	263.2
Adjustments, beginning of the period		417.8	-942.1	-942.1
Exchange gains and losses		-3.6	-8.1	-12.0
Intercompany Acq/disp of Subsidiaries Value Adjustment		-	1,292.7	-
Currency translation adjustment, subsidiaries		0.1	-	-0.3
Profit for the period from Group entities		17.6	11.7	82.0
Paid dividends, capital reduction, etc.		-95.4	-9.8	-9.8
Value adjustments re disposals, during the year		5.2	-	1,300.0
Adjustments, end of the period		341.7	344.4	417.8
Carrying amount, end of the period		<b>604.1</b>	<b>615.1</b>	<b>681.0</b>
The value of investments in Group entities can be broken down as follows:				
Besigtelses Kontoret af 1914 A/S		-	9.8	8.1
Holmia Livförsäkring AB		294.4	288.7	309.2
Forsikringsselskabet Privatsikring A/S		309.7	316.6	363.7
		<b>604.1</b>	<b>615.1</b>	<b>681.0</b>

Equity in Group entities, which has formed the basis for the calculation of Codan Forsikring A/S' share as specified above, has been determined in accordance with the accounting policies of Codan Forsikring A/S.

All subsidiaries are separate entities.

Additional information on investments in Group entities:

	Ownership interest %	Results H1 DKK million	Equity 30 June DKK million
Companies carrying on insurance business:			
Holmia Livförsäkring AB, Stockholm	100	34.5	294.4
Forsikringsselskabet Privatsikring A/S, Frederiksberg	100	-9.0	309.7
Companies providing insurance-related services:			
Besigtelses Kontoret af 1914 A/S, Frederiksberg	-	-7.9	-

Results and equity in Group entities as stated above have been prepared in accordance with the accounting policies of Codan Forsikring A/S. Besigtelses Kontoret af 1914 A/S was sold during H1.

## Notes to the financial statements

Note	DKK million	30 June 2017	30 June 2016	31 December 2016
<b>6 Accrued interest and rent</b>				
Accrued interest from Group entities		2,5	7,4	-
Accrued interest from investments		414,2	439,2	385,9
		<b>416,7</b>	<b>446,6</b>	<b>385,9</b>
<b>7 Total equity</b>				
Capital base to cover Solvency Capital Requirement		<b>7.428,5</b>	<b>8.377,1</b>	<b>8.714,0</b>
Capital base to cover Solvency Capital Requirement is calculated as follows:				
Equity		7.553,2	8.490,0	8.791,3
Value of intangible assets		-1.312,0	-1.199,7	-1.241,2
Value of equipment		-21,6	-40,0	-33,2
Adjustment regarding subsidiaries		77,0	64,1	67,8
Profit margin on general insurance contracts		1.427,1	1.441,1	1.482,1
Reinsurers' share of profit margin on general insurance contracts		-172,7	-256,4	-237,2
Deferred tax effect		-8,4	-16,5	-24,6
Prepayments		-114,1	-105,5	-91,0
Capital base to cover the Solvency Capital Requirement		<b>7.428,5</b>	<b>8.377,1</b>	<b>8.714,0</b>