

Topdanmark Q1 2007 Results

Highlights

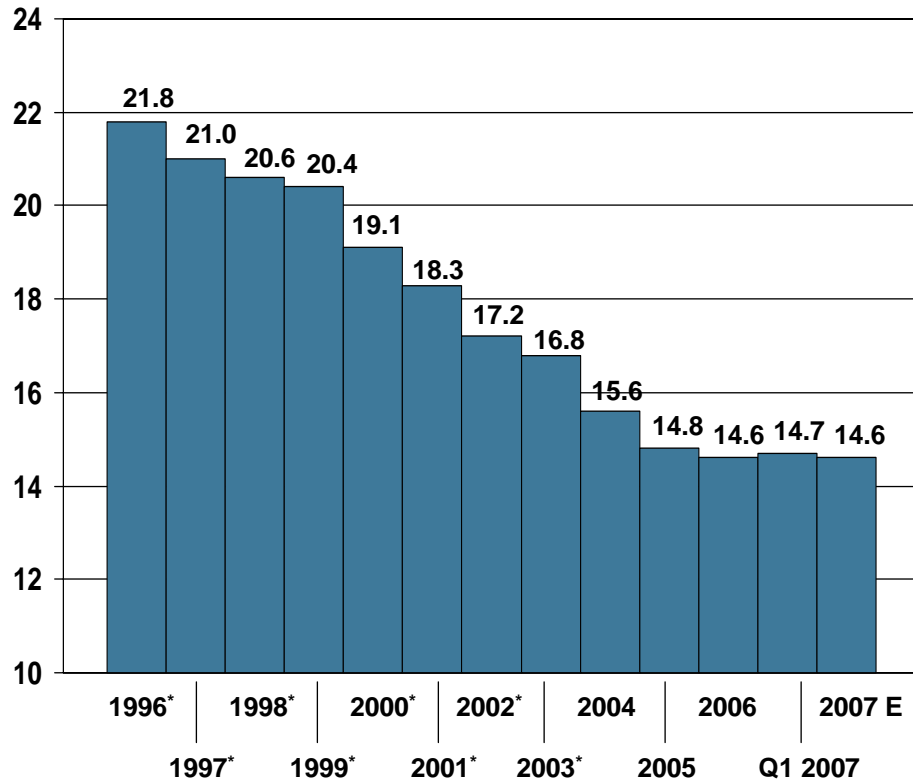
Q1 2007:

- Post-tax profit of DKK 379m (Q1 2006: DKK 418m)
- 0.7% premium growth in non-life and 1.0% in life
- 8.5% post-tax ROE ((38.4% annualised)
- Expense ratio unchanged at 14.7
- CR improved from 88.8 to 86.9

Prospects for 2007

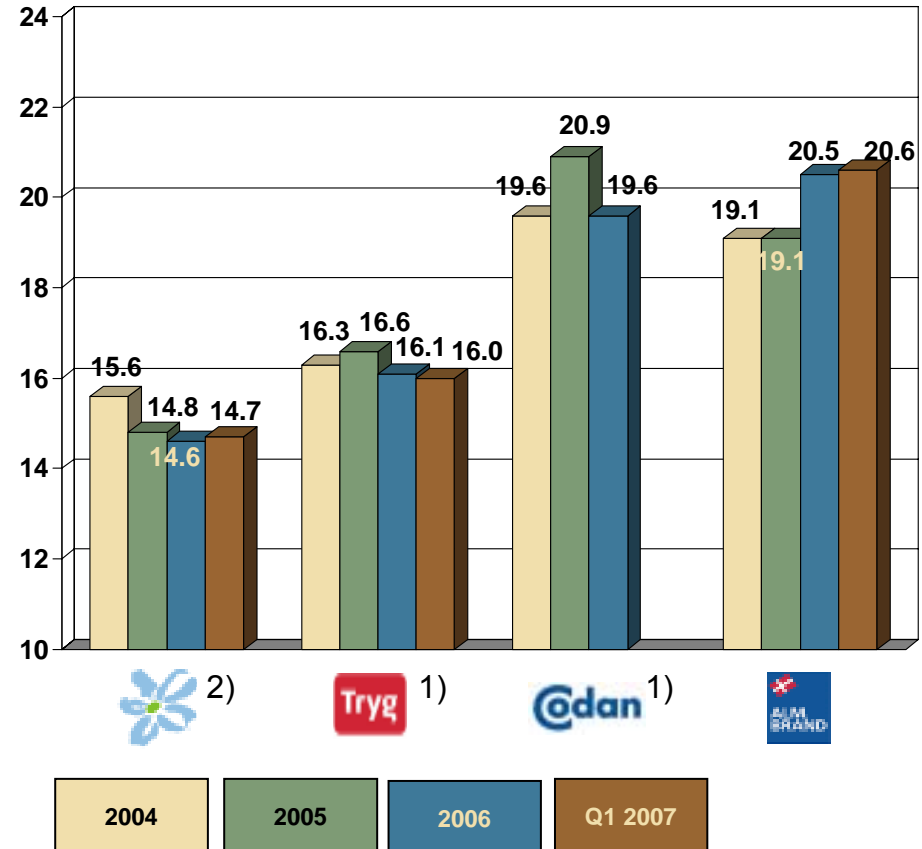
- 2007 post-tax profit forecast upgraded by DKK 100m to DKK 1,300 - 1,400m
- Share buy-back programme for 2007 also increased by DKK 100m to DKK 1,800m

Trend in Topdanmark's expense ratio



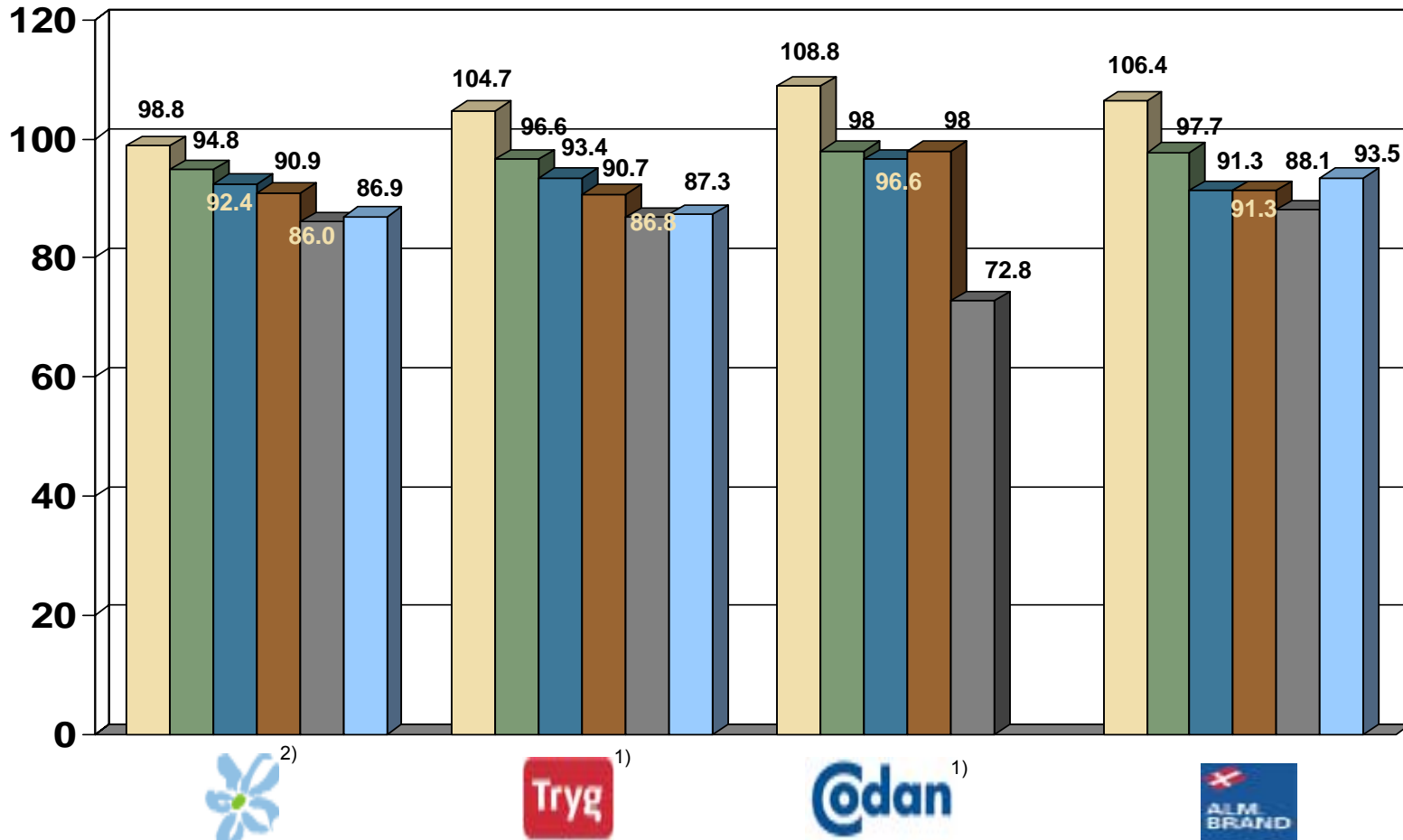
*Reduced by estimated IFRS effect 1996 - 2003

Topdanmark has the lowest expense ratio among the major Danish insurance companies



- 1) Rent from owner-occupied properties not included in expense ratio
- 2) Excl. rent from owner-occupied properties, the expense ratio would be 0.4 pp lower

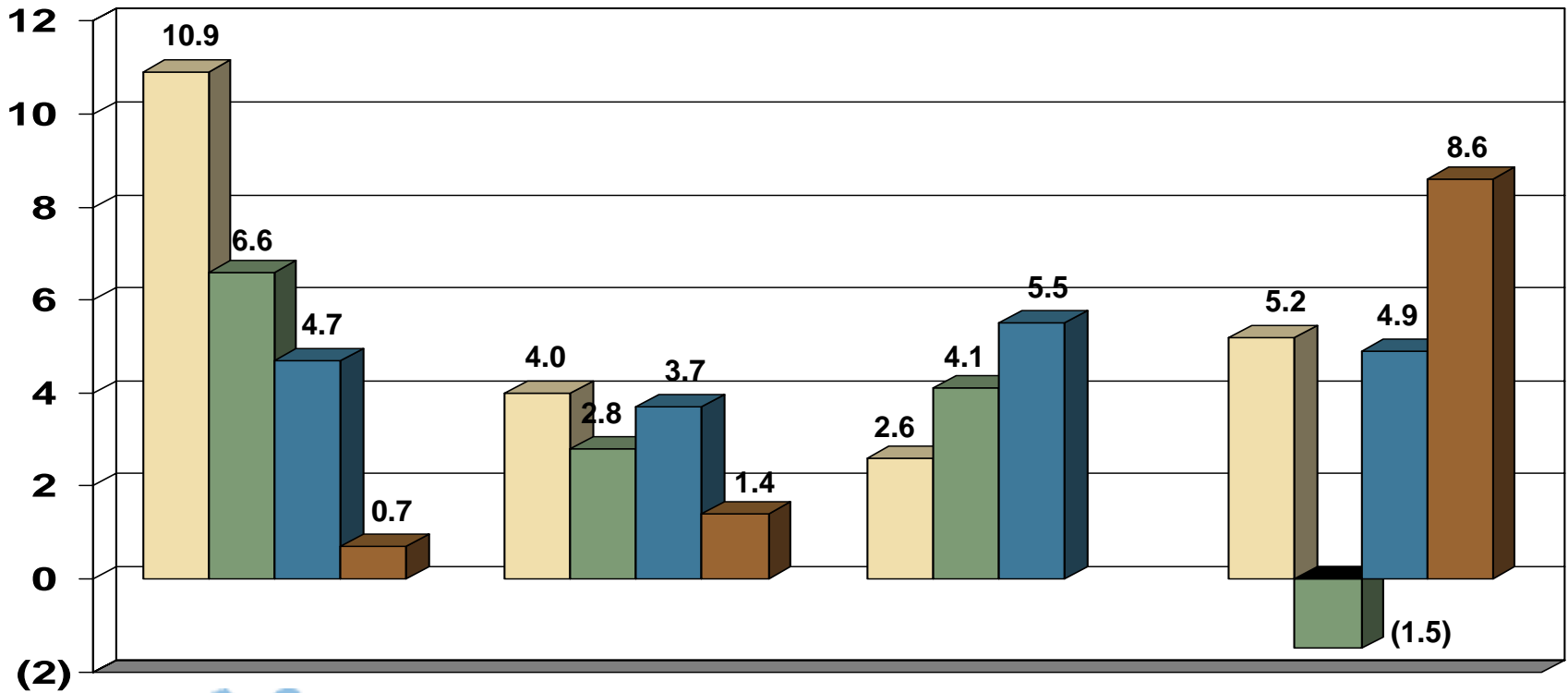
Comparison of CR (Danish insurance)



1) Rent from owner-occupied properties not included in expense and loss ratios
 2) Excl. rent from owner-occupied properties, the CR would be 0.4 pp lower



Comparison of premium growth (Danish insurance)



Prospects in non-life insurance

Premium growth

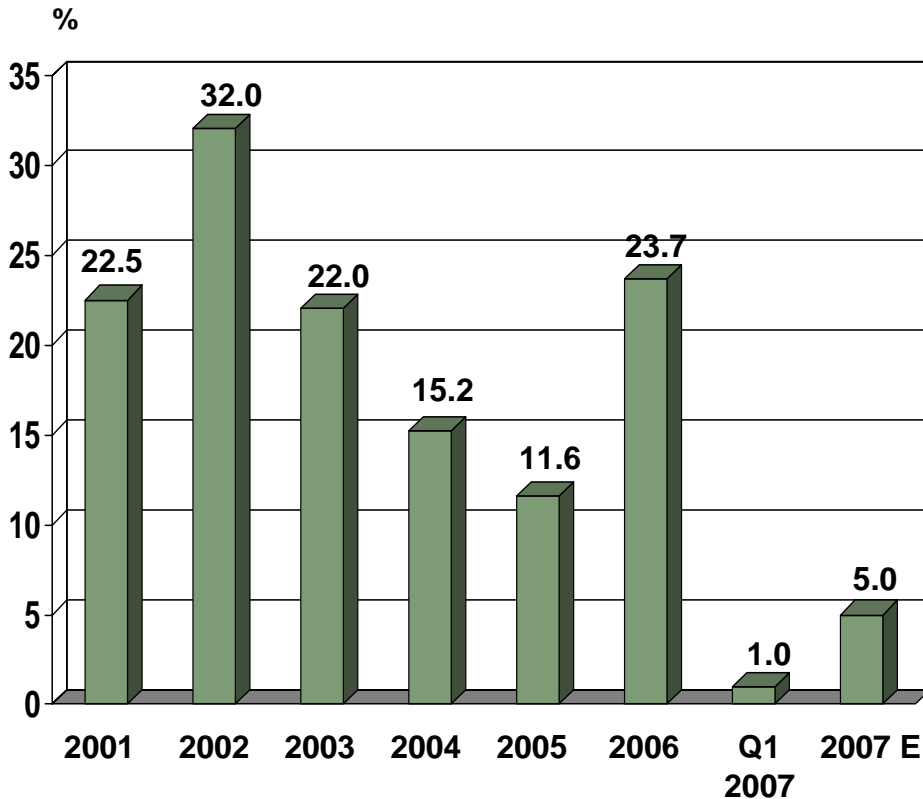
- Intensified competition based on distribution, customer service, staffing and price
- Expected market growth of 2 - 3% in 2007
- Topdanmark has invested in improving its competitiveness
 - By reducing prices in motor, workers' comp. and contents
 - Expected 2.8 pp adverse effect on premium growth in 2007
- Change to new motor insurance rates resulted in greater loss of those customers driving substantial distances than originally expected
 - Corresponding to about 0.6 pp in 2007
- Premium increases corresponding to 0.6 pp due to new Act on workers' comp. with effect from 1 July 2007
- 2007 therefore a transition year with expected premium growth of around 1%

Operational goals

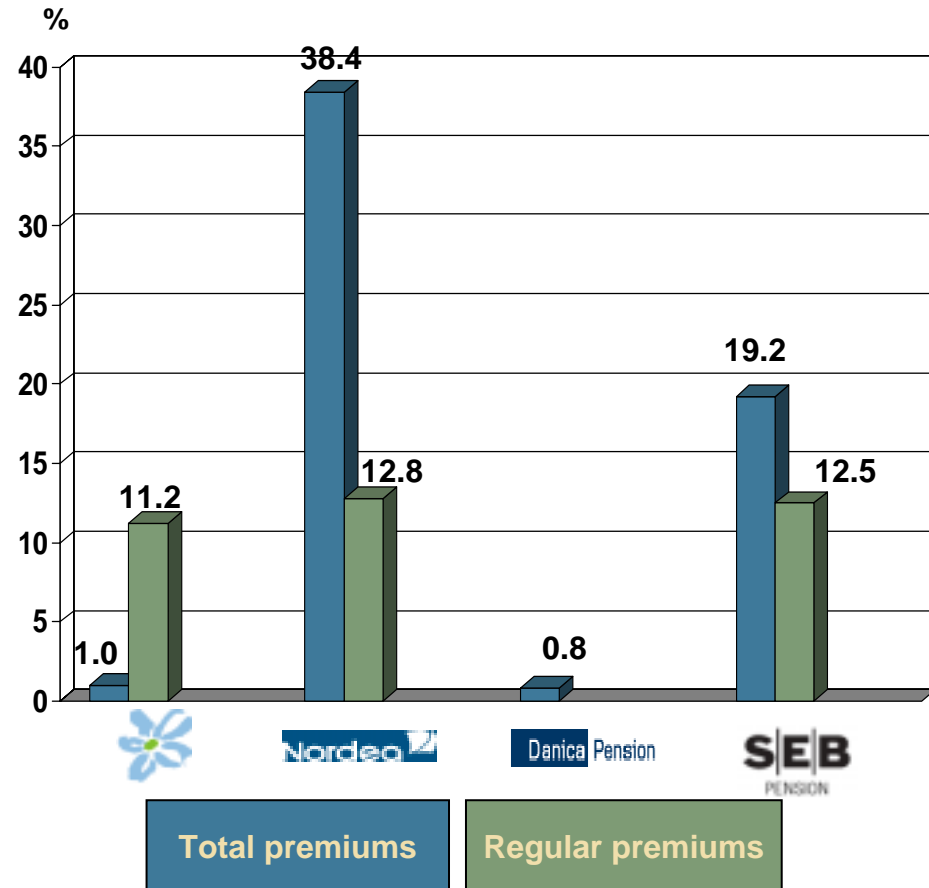
- Profit margin of 12% in the next two or three years
 - Corresponding to a CR of just over 89
- Profit margin of 10% in the longer term
 - Corresponding to a CR of just over 91
- 5% annual growth in gross premiums

Continued high growth in regular premiums

Trend in Topdanmark's premium growth

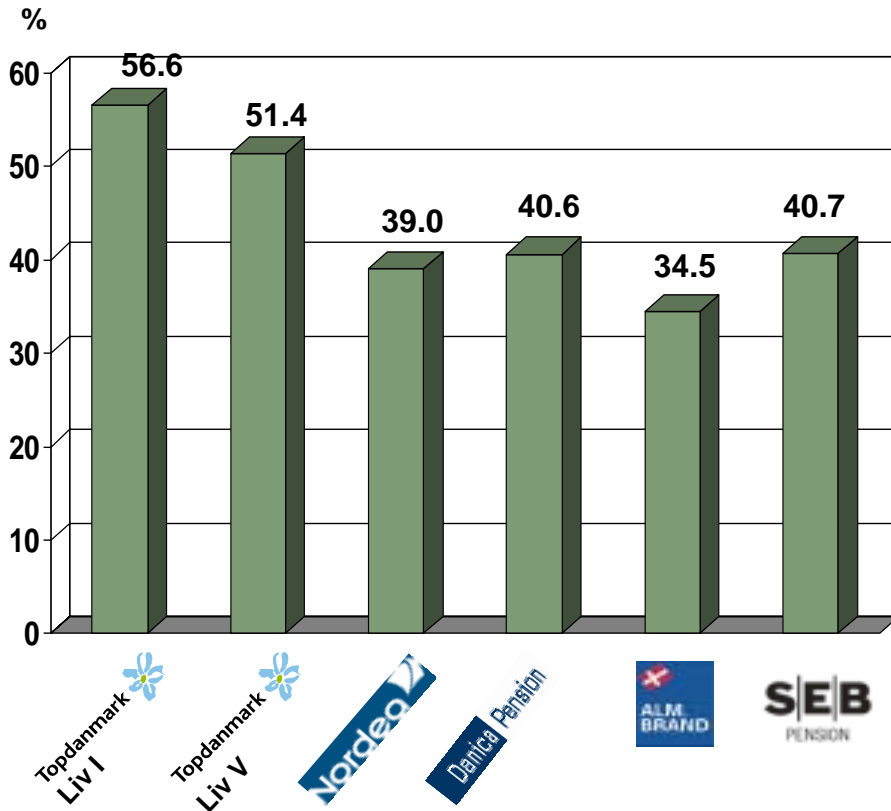


Comparison of premium growth in Q1 2007

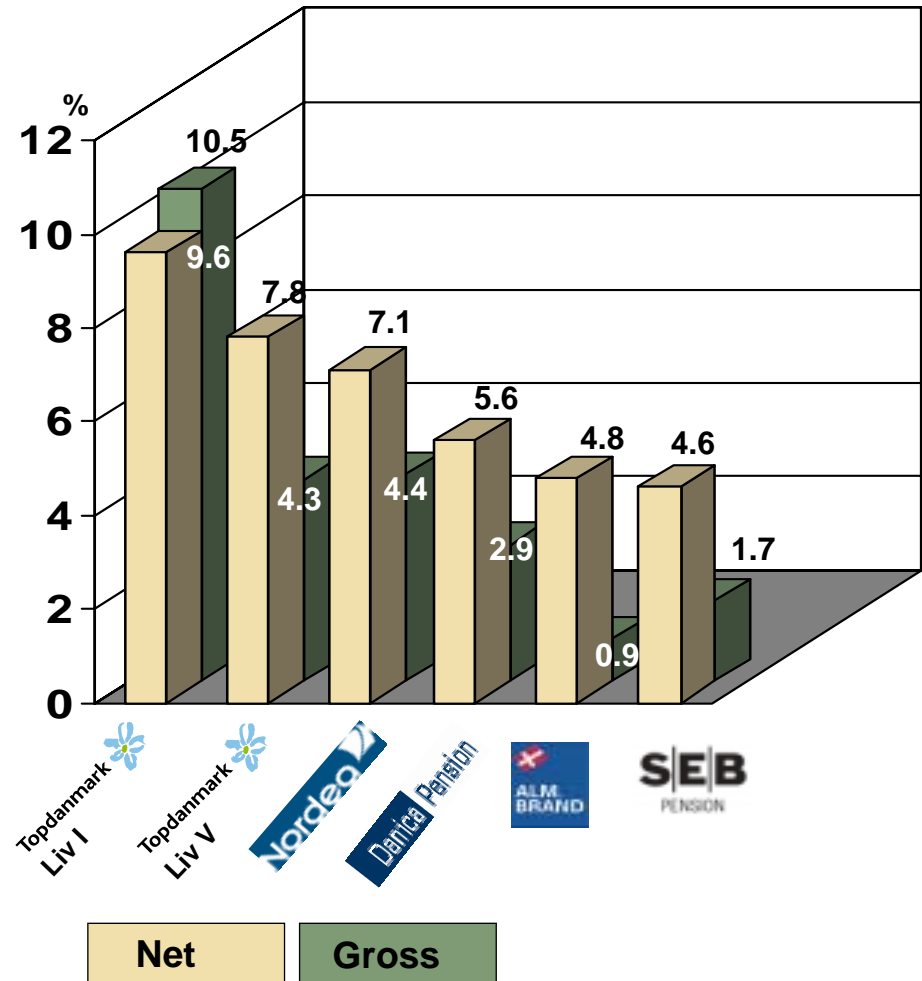


High gross and net returns for Topdanmark's pension customers

Accumulated investment return 2002 - Q1 2007



Comparison of net and gross returns 2006



Prospects in life insurance

- **Expected market growth of 8 - 10% in 2007**
 - **Competition focused on moving existing pension schemes**
- **Growth in regular premiums in Topdanmark expected to be 8 - 10% in 2007**
- **No growth in single premiums should be assumed in 2007 following a 51.0% growth in 2006**
- **Overall premium growth expected to be around 5% in 2007**
- **Profile Pension expected to account for an increasing share of new business**
 - **37% in Q1 2007**
- **Bonus ratio of 12.2% in Life I; one of the highest in the market**
- **Topdanmark has Denmark's most satisfied life customers**

Upgrading of 2007 profit forecast

- In the 2006 Annual Report the post-tax profit forecast for 2007 was DKK 1,200 - 1,300m
- Given the trend in 2007 to date, Topdanmark is upgrading both the expected investment result and the expected combined ratio

Investment result	DKK 70m
Combined ratio, $\geq 88 \rightarrow \leq 88$ corresponding to	<u>DKK 30m</u>
Total after taxation	DKK 100m

- Post-tax profit forecast for 2007 upgraded by DKK 100m to DKK 1,300 -1,400m
- Not included: Change in corporate tax rate from 28% to 25%: DKK 50m
- Forecast corresponds to a post-tax ROE of 32%

Forecast assumptions for 2007 are based on equity prices at 18 May 2007

Share buy-back represents a yield of 10.7%

- Expected buy-back also upgraded by DKK 100m to DKK 1,800m in 2007
- Expected buy-back in 2007 represents a yield of 10.7%
- To date in 2007 DKK 896m shares bought back
- Remaining buy-back of DKK 904m in 2007
- Since 1998 Topdanmark has bought back 56% of the outstanding shares
 - Average price per share: DKK 277

www.topdanmark.com

- a source of up-to-date
information on Topdanmark

Disclaimer

This presentation includes statements relating to the future. Such statements are uncertain and involve both general and specific risks.

Many factors may cause a significant deviation from the forecasts set out in the presentation. Such factors could be, for example, cyclical movements, changes in the financial markets, the financial effect of non-anticipated events like acts of terror or exceptional weather conditions, changes in Danish and EU rules, competitive factors in the insurance industry and trend in reinsurance market. Also see “Risk factors” on our website www.topdanmark.com → [Value creation](#) → [Value creation through share price model](#) → [Risk factors](#).

The above description of potential risks is not exhaustive. Investors and others, who may base decisions relating to Topdanmark on statements relating to the future, should make their own careful considerations on 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 the Q1 2007 interim report.

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

Appendix

Solvency requirements on the basis of QIS 2

(DKKm)

Premium risks	1,362
Provisioning risks	2,283
Disaster risks	157
Diversification effect	(608)
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Non-life underwriting risks	3,194
Market risks	990
Credit risks	63
Life and pensions	862
Operational risks	325
Diversification effect	(1,383)
Expected profit in non-life insurance	(1,131)
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Estimated solvency requirement using QIS 2 standard model	2,920
Solvency requirement using internal model on provisioning risks	< 2,200
Level of capital base	3,800

Post-tax effect of a 1 pp increase in interest rates

Immediate effect

DKKm	Post-tax
Revaluation of investment assets	(369)
Revaluation of claims provisions	286
Non-recurring effect of increase in interest rates	(83)

Annual effect

DKKm	Post-tax
Excess return on interest-bearing assets	26
1.1 percentage point decline in loss ratio	74
One year's effect of increase in interest rates	100
Non-recurring effect of increase in interest rates	(83)
Total effect on results - first year	17
Total effect on results - second year and afterwards	100

Interest rate exposure based on equity prices at 14 May 2007

Can profit be made on non-life insurance?

- Assumptions:
 - Shareholders' equity 33% of premium income
 - Combined ratio 88
 - Interest income on provisions (incl. discounting effect) equal to 1.5% of premium income
 - ROE 5%

- Return on operations:

• Income	100.0
• Interest income	<u>1.5</u>
	101.5
• Expenditure	<u>88.0</u>
	13.5 ~ ROE = 40.5%

- ROE:
 - ROE before taxation 5.0%
 - ROE after taxation 45.5%

Share buy-back model (1/2)

Reasonable level of capital cover 1 Jan and 31 Dec 2007 (DKKm)

2 x required solvency in non-life (premium based)	2.477	
1.5 x required solvency in life	1.455	
1 year's growth in required solvency	197	
0.3 x equity exposure (Group excl. life)	446	
1 x interest rate exposure (Group excl. life)	92	
	<u> </u>	4.667
Financed by:		
subordinated loan capital, long-term loan capital or committed lines to parent company (20% of DKK 4,667m)		<u>(933)</u>
Total reasonable level of capital cover 1 Jan 2007		<u>3.734</u>
1 year's normal growth in reasonable level of capital cover		<u>165</u>
Expected reasonable level of capital cover 31 Dec 2007		<u>3.899</u>

Share buy-back model (2/2)

Share buy-back potential 2007 (DKKm)

Shareholders' equity 1 Jan 2007		4,366
Adjusted for: Goodwill	(441)	
Value of own shares on exercise of share options	42	
Value of own shares to hedge warrant programme ¹⁾	447	48
Capital cover 1 Jan 2007		<u>4,414</u>
Expected profit after cash-impacting tax 2007 (avg)		1,350
Movements in shareholders' equity		<u>20</u>
Expected capital cover 31 Dec 2007		<u>5,784</u>
Expected reasonable level of capital cover 31 Dec 2007		<u>(3,899)</u>
Share buy-back potential 2007		<u>1,885</u>

¹⁾ 70% of market value - 1,050 - however max. strike price

Normalised return in life insurance

Assumptions:

- Shareholders' equity: DKK 939m
- Investment return on shareholders' equity: 4.5%
- Cost result of new business: DKK 10m loss
- Risk and administrative result in Link: 0.1% of savings
- Sufficient insurance technical profit before bonus contribution
- Customers' savings :
 - Life I: DKK 10.8bn
 - Life V: DKK 8.0bn
 - Link: DKK 0.9bn

Normalised return in life insurance

(DKKm)

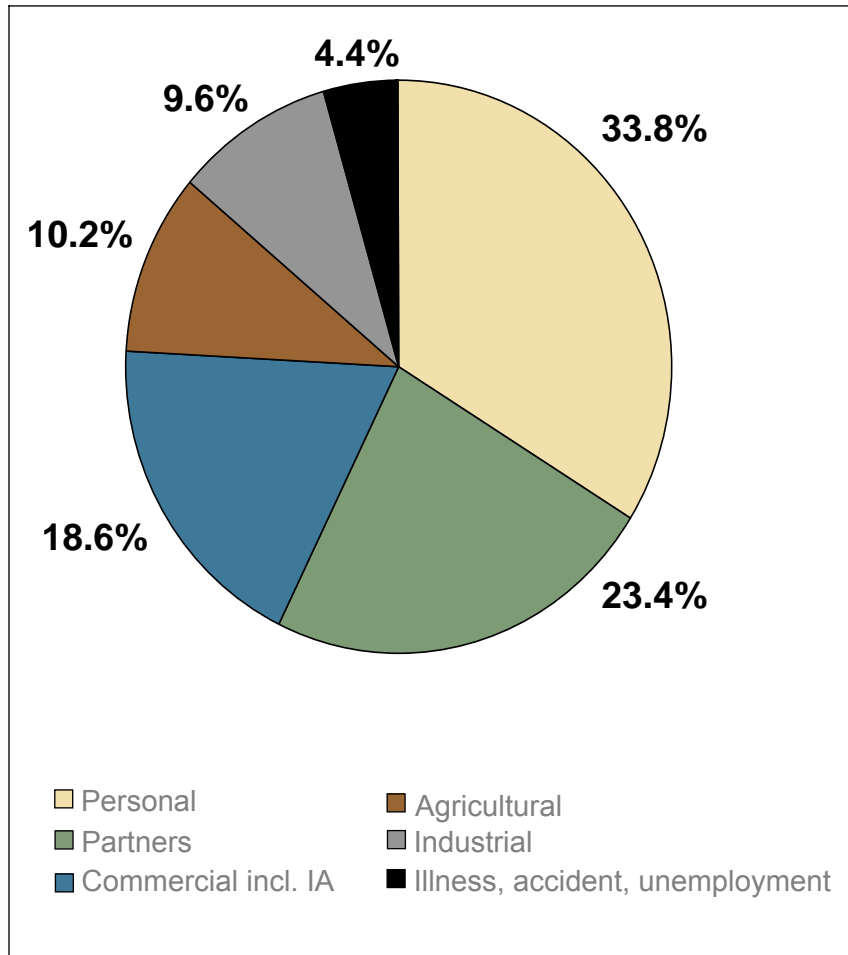
Return on life insurance:

	Normalised Annual return	
Investment return on shareholders' equity, 4.5%	42	
Risk allowance: 0.50% / 0.65% of customers' savings	106	
Cost result of new business	(10)	
Risk and administrative result in Topdanmark Link	<u>1</u>	
Total return	139	139 ~ ROE = 14.8%

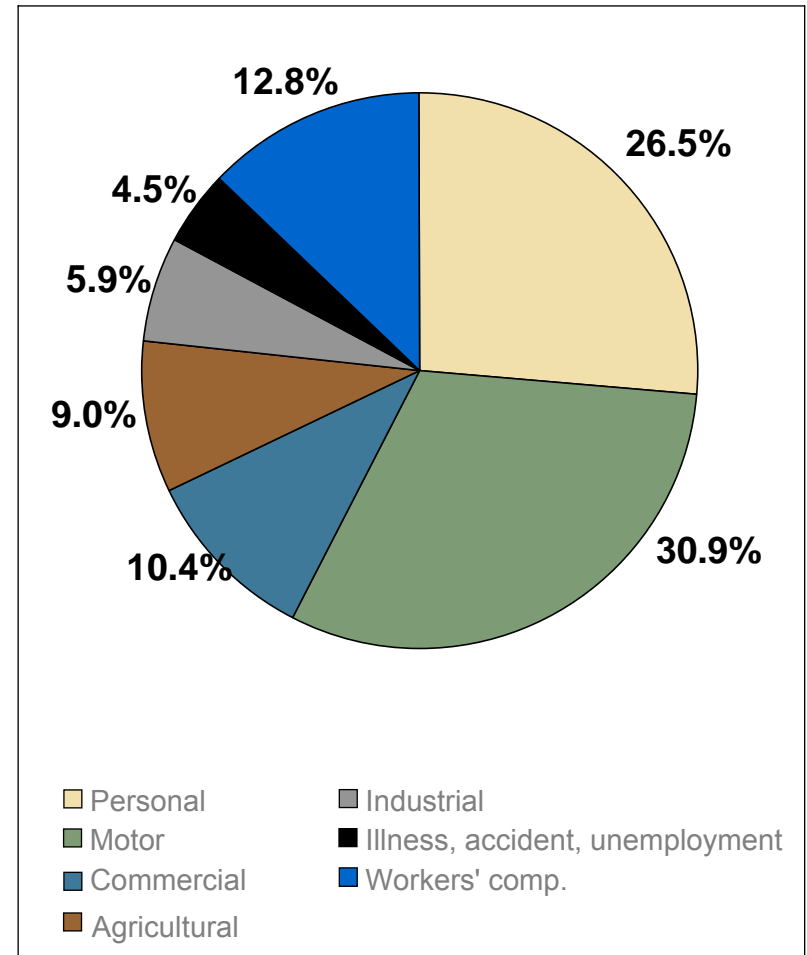
Other life-related result:

Life-related non-life (health and critical illness etc.)	30	
Asset management	20	
Other synergies in e.g. distribution	<u>35</u>	
	85	85
		<u>224</u> ~ ROE = 23.9%

Premiums by business sector

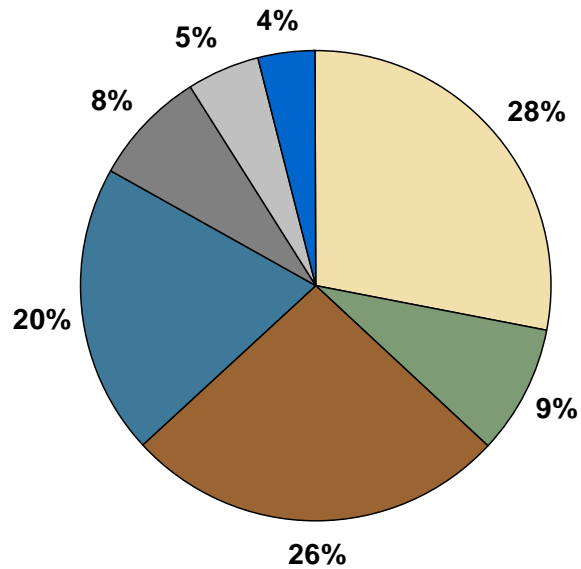


Premiums by product



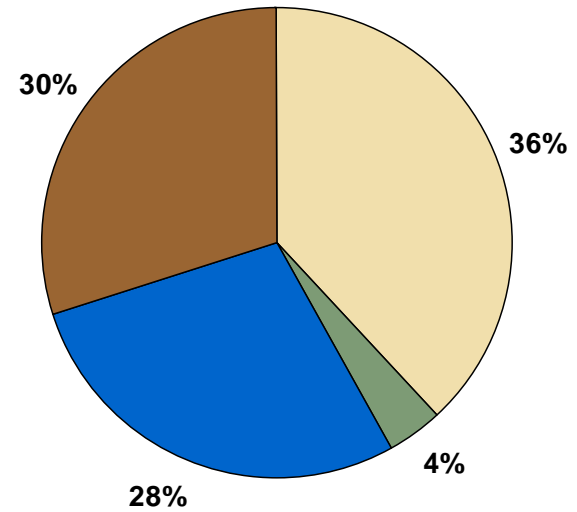
Distribution channels

Non-life 2006



- Certified insurance sales reps
- Danske Bank
- Telephone sales etc.
- Car dealers
- Sales centres
- Danica Pension
- Brokers

Life 2006

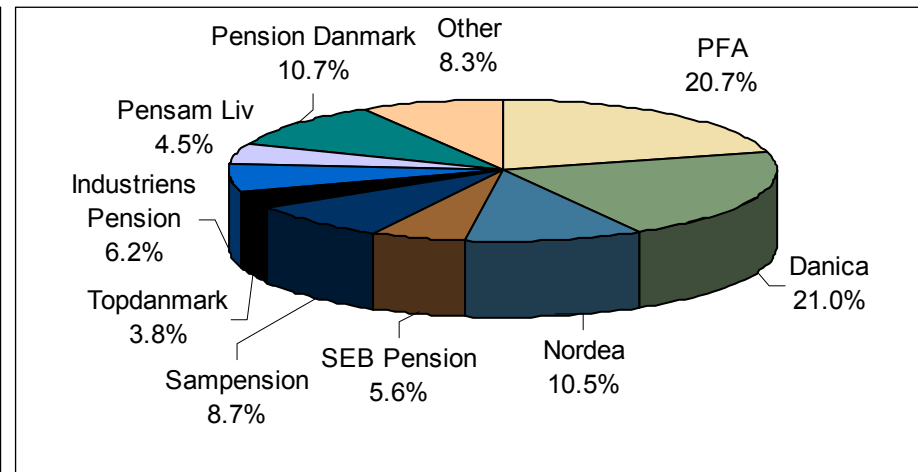
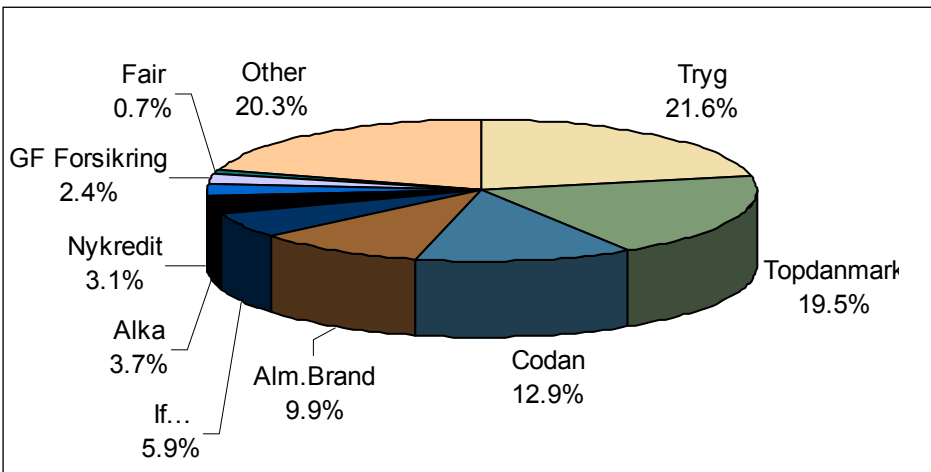


- Certified insurance sales reps
- Banks etc.
- Brokers
- Head office

Market share

Market share in non-life 2005

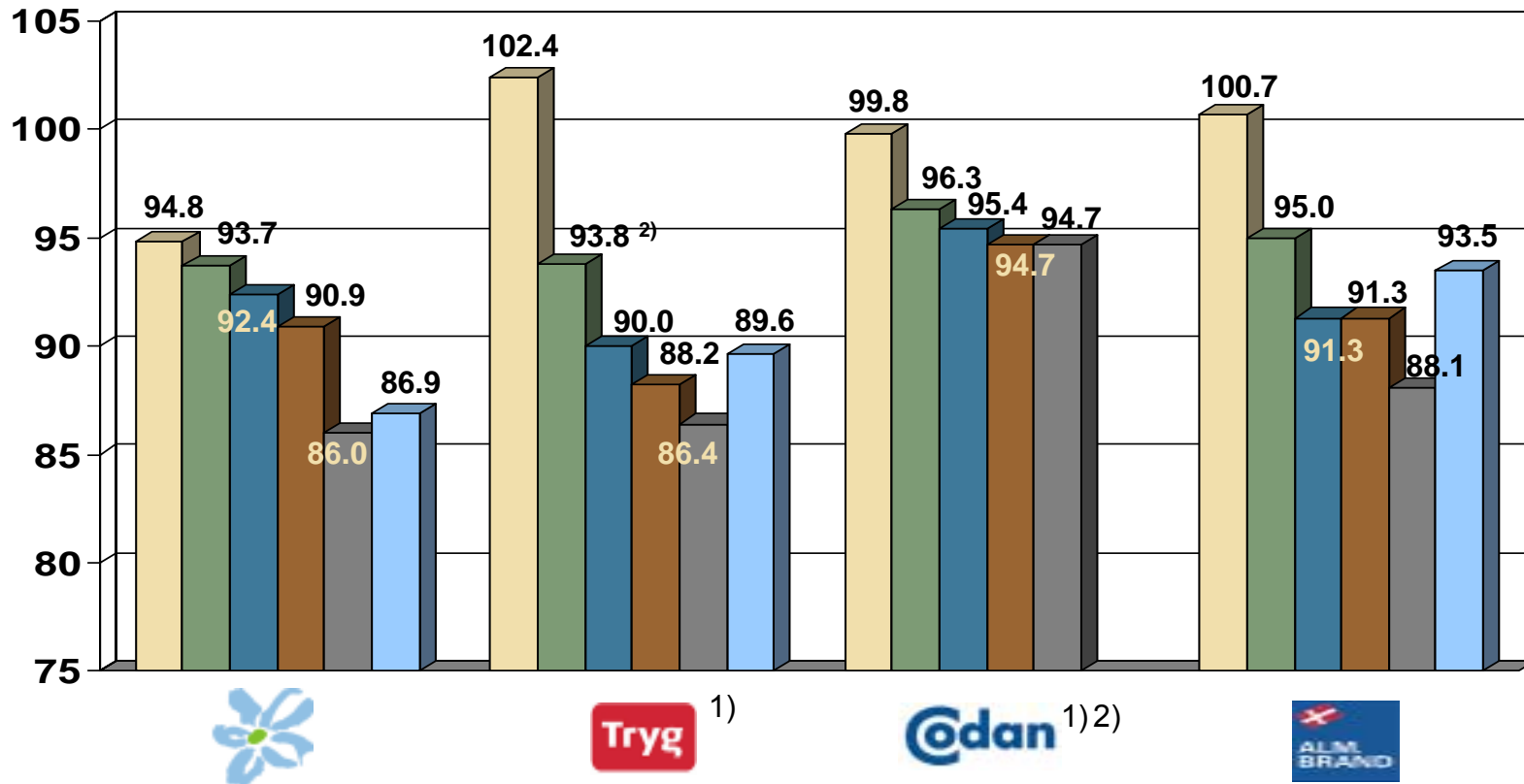
Market share in life 2005



Investment assets at 31 March 2007

(DKKm)	Group excl. life	Life group
Interest bearing investment assets	14,021	17,163
Equities	1,364	4,695
Index-linked bonds	0	1,278
Investment properties	289	2,336
Associated companies	37	451
Other	0	537
Investment assets	15,711	26,460
Intra-group balances	1,210	(1,210)
Investment assets corresponding to illness / accident provisions	996	(996)
Investments	17,917	24,254
Interest earned	155	211
Interest-bearing debt derivatives	(1,353)	(651)
Net investment assets	16,719	23,814

Combined ratios at a group level



1) Rent from owner-occupied properties not included in expense and loss ratios

2) Excl. discounting of claims provisions

