

Topdanmark H1 2009 Results

Highlights

Q2 2009

- DKK 555m profit (Q2 2008: DKK 243m)
- Increase in CR from 85.6 to 91.0
- Due to, among other factors, more theft claims and one-off changes like price cuts, subsequent adjustment of claims incurred in Q1 2009, lower interest rates and lower gains on the claims provisions
- Increase in investment return from a DKK 23m loss to a DKK 437m profit

H1 2009

- DKK 590m profit (H1 2008: DKK 9m)

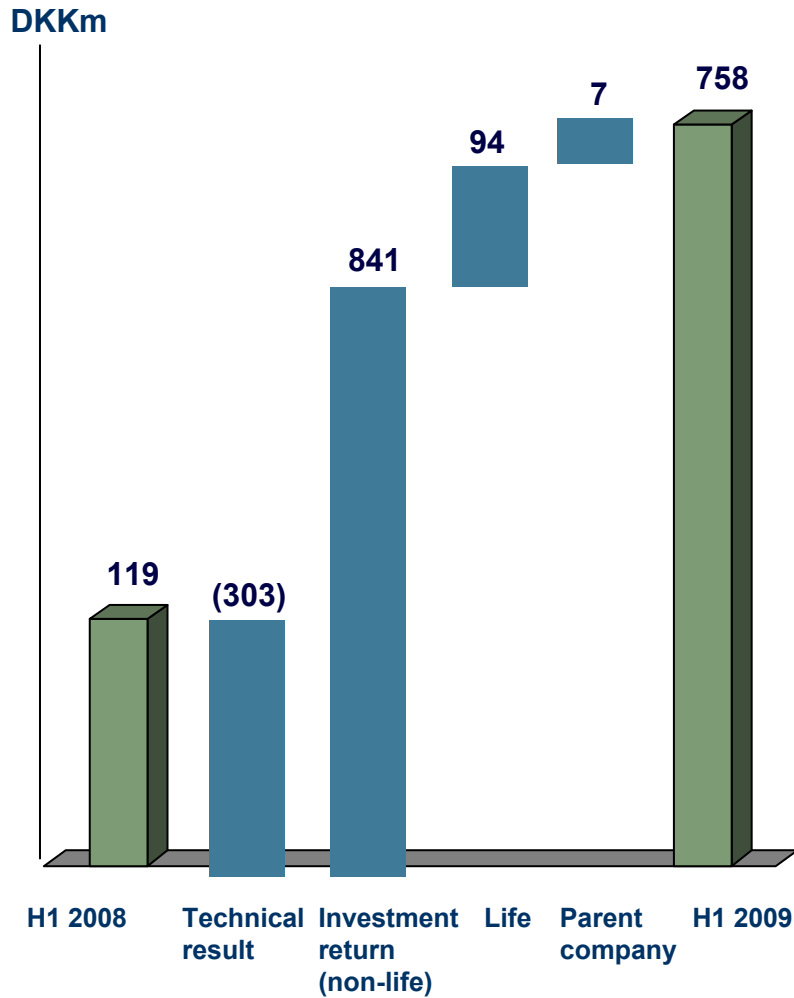
Prospects for 2009

- CR between 92 and 93, now excl. safety margin
- Increase in profit forecast model from DKK 900 - 1,000m to DKK 1,100 - 1,200m, excl. safety margin of 1 pp, representing a post-tax ROE of 30%
- Increase in cash distribution by DKK 200m to DKK 725m in 2009 representing a buy-back yield of 6.7%
- Share buy-back to be resumed from 2 September 2009

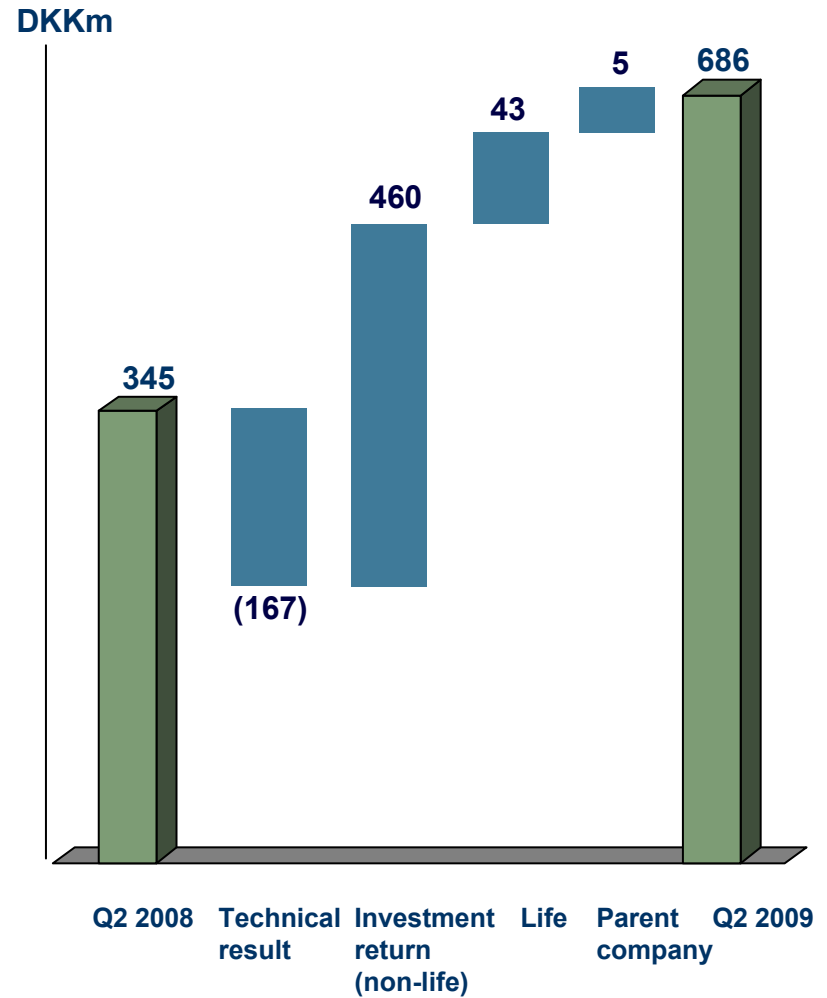
Prospects for 2010

- Initiatives implemented to increase profit margin to 10% corresponding to a CR of 91, excl. any gains on / strengthening of claims provisions

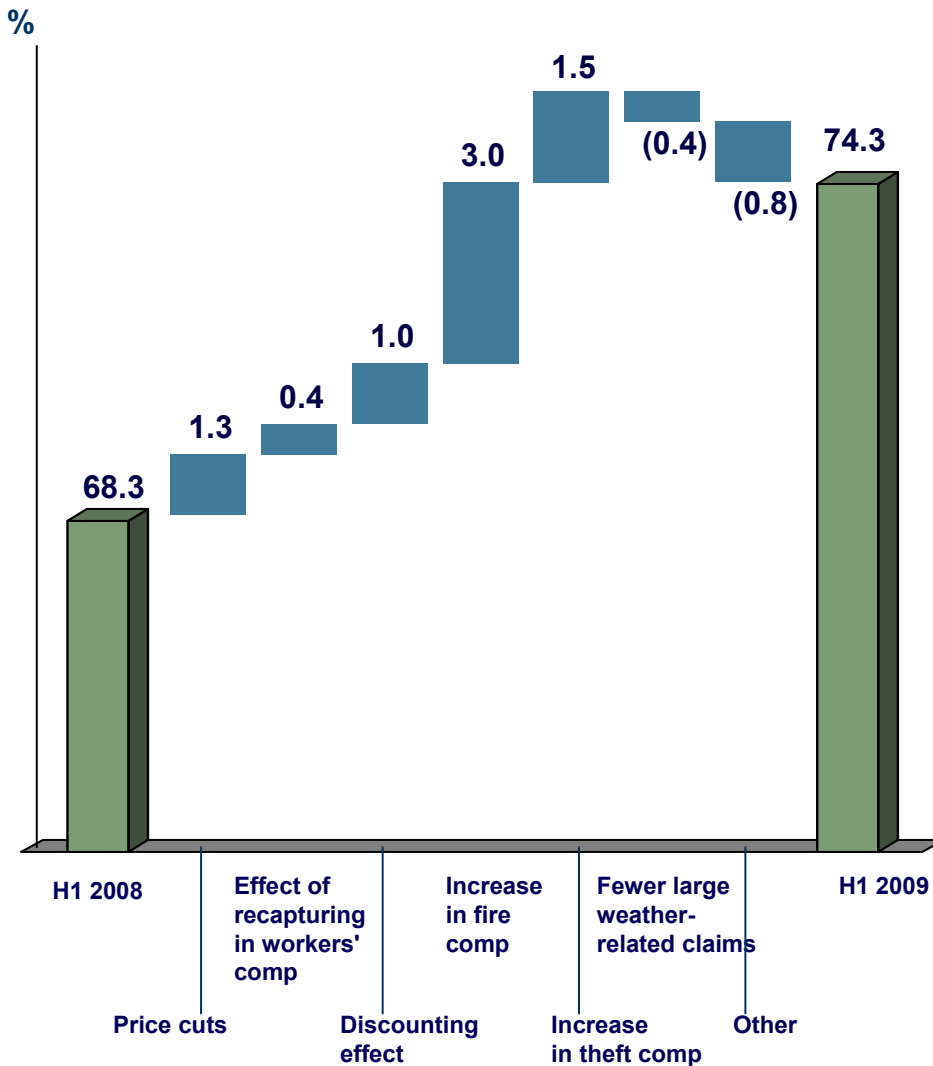
Trend in pre-tax result H1 2008 - H1 2009



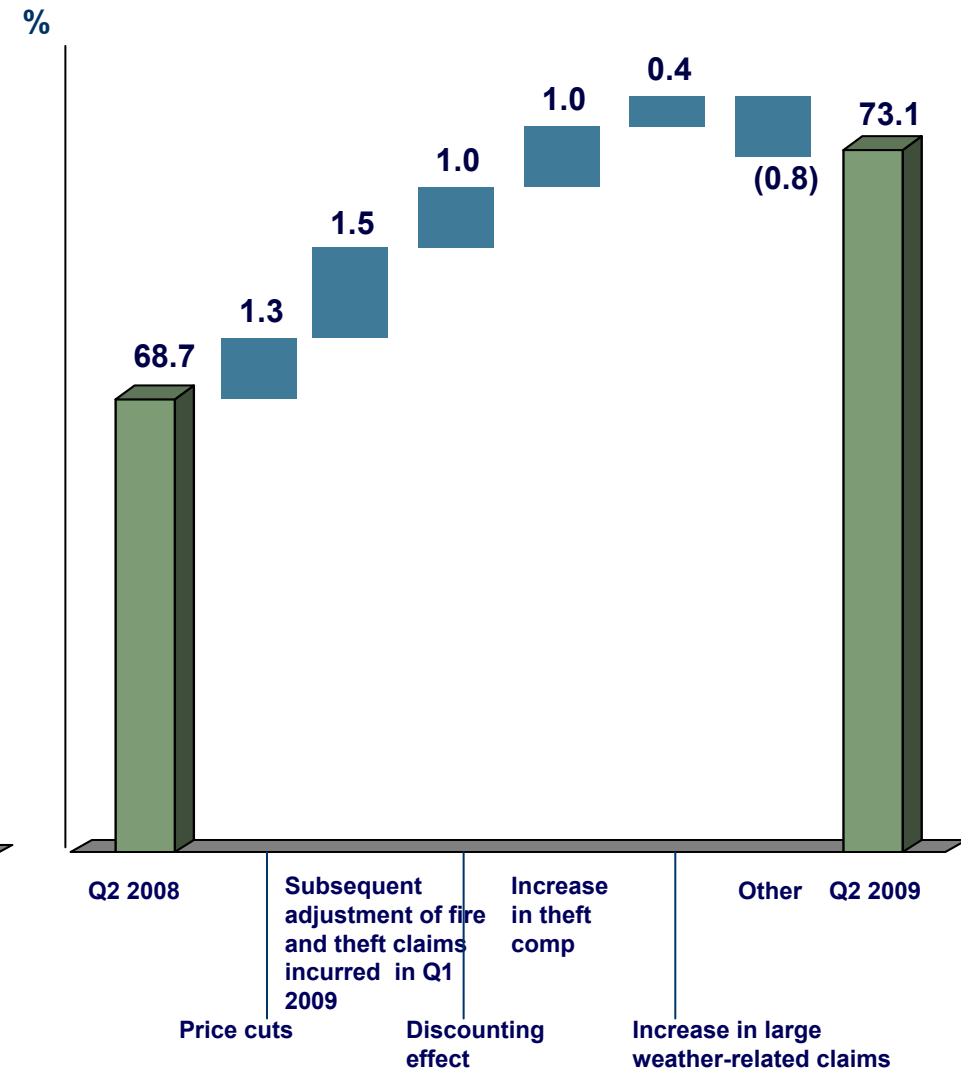
Trend in pre-tax result Q2 2008 - Q2 2009



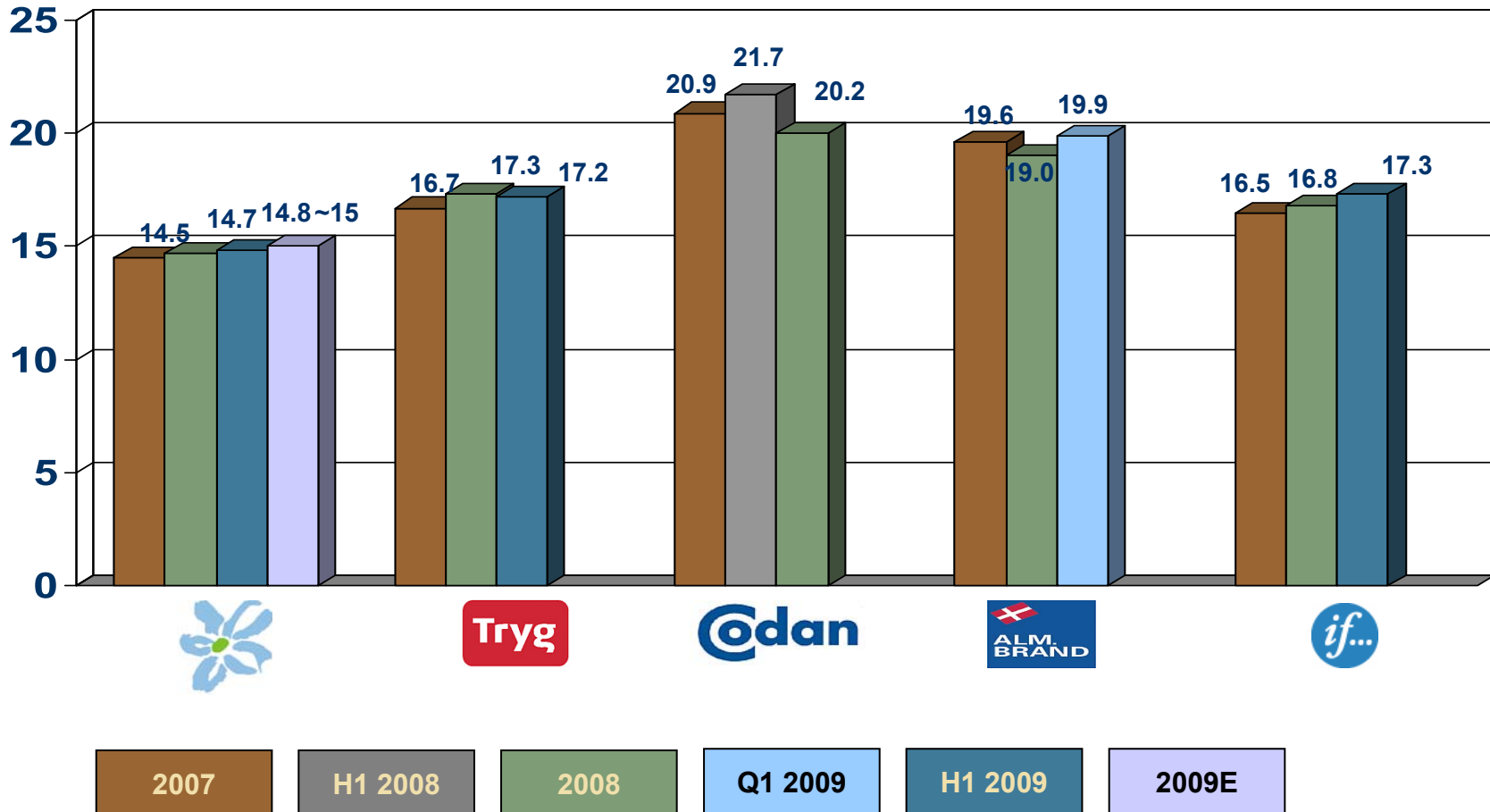
Trend in loss ratio H1 2008 - H1 2009



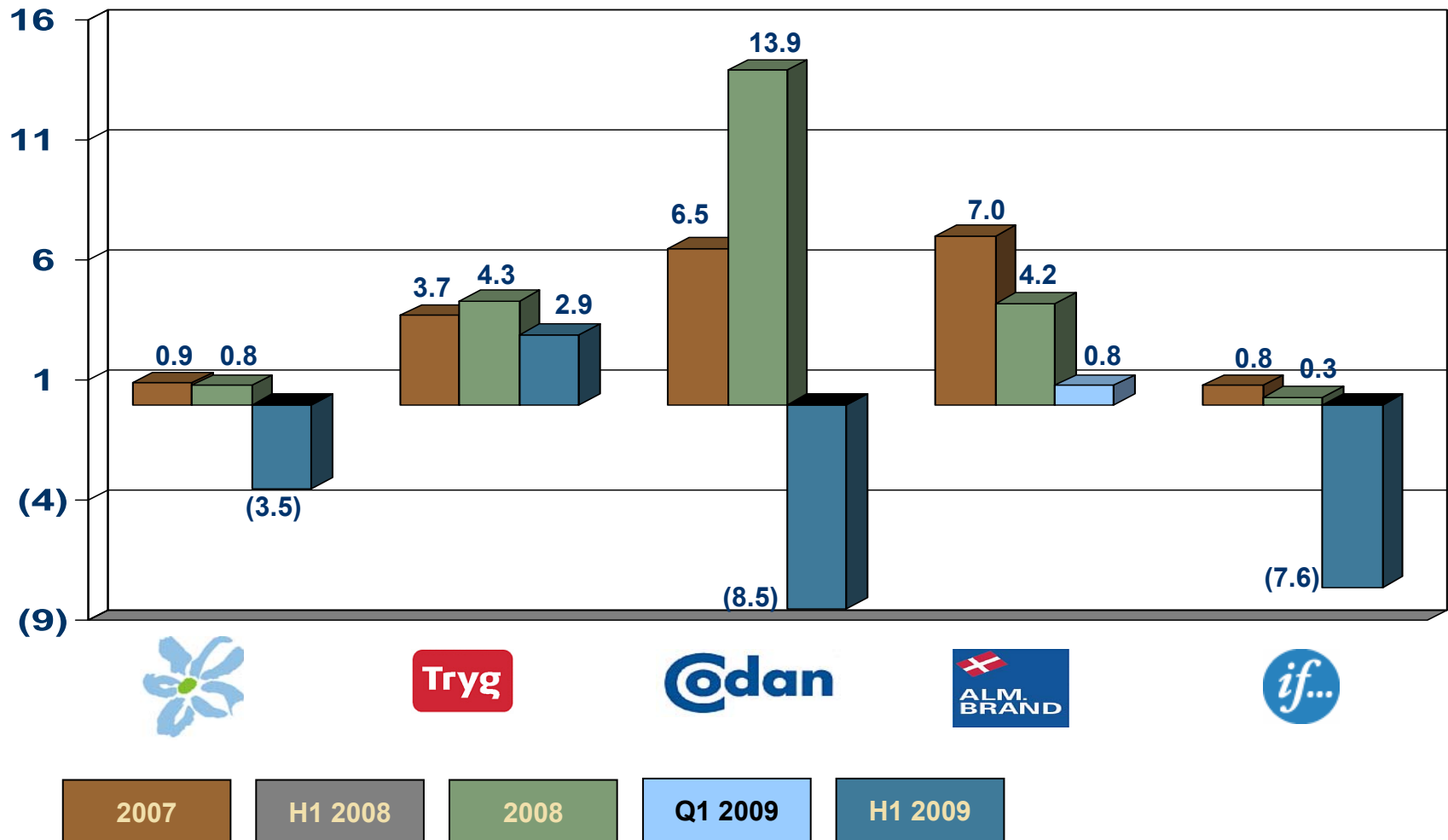
Trend in loss ratio Q2 2008 - Q2 2009



Comparison of expense ratio (group level)

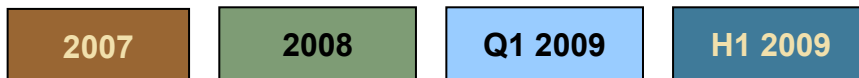
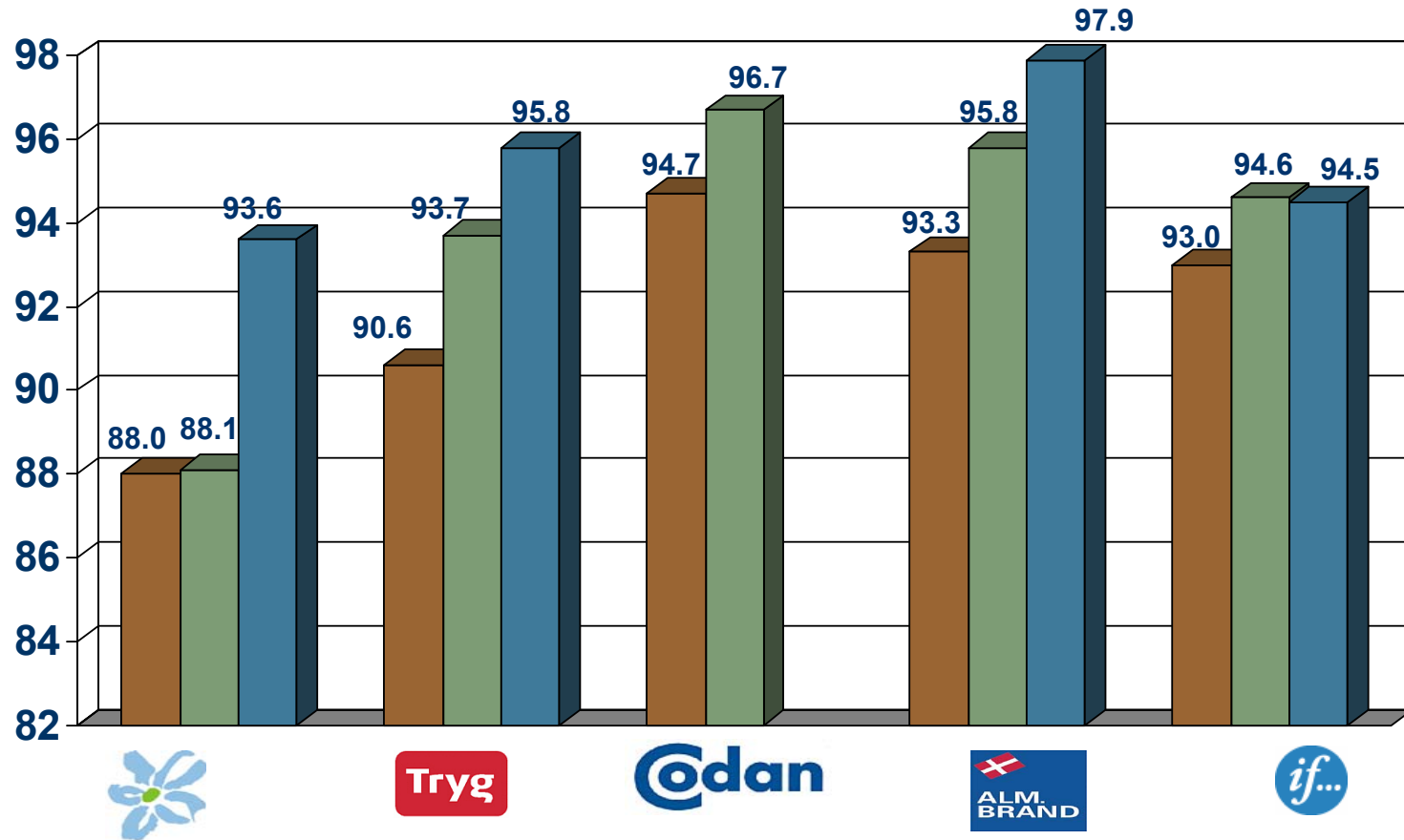


Comparison of premium growth (group level)



Comparison of CR (group level)

- excluding strengthening of / gains on claims provisions



Operational goal for non-life insurance

- **Profit margin of 10%**
 - **Corresponding to CR of 91 excl. any gains on or strengthening of claims provisions, using current level of interest rates,**
- **Growth in gross premiums: 1 pp higher than wage inflation adjusted for any price changes**
- **Goal for CR in 2010**
 - **In line with the effect of the measures taken to improve profitability the profit margin is expected to increase to 10% (CR around 91) in 2010**

Prospects in life insurance

- Reduction in loss participation scheme in Life I from 8% to 5%
- Overall 18.8% decline in premiums in H1 2009
 - Regular premiums increased 8.3%
 - Continued expected growth of 5% in regular premiums in 2009
- Overall shadow account balance at 30 June 2009: DKK 234m
 - Will be booked in a subsequent period when the investment return is sufficiently high
- Full risk allowance of DKK 52m and shadow account balance of DKK 104m assumed to be booked in Life V in 2009
- No risk allowance is expected in Life I in 2009
 - Shadow account balance of DKK 137m at 31 December 2009 expected to be booked in 2010
 - Previous expectation was for it to be booked no earlier than 2011

Result of life insurance

(DKKm)	Liv I	Liv V	H1 2008 Group	Liv I	Liv V	H1 2009 Group
Investment return	(1)	(3)	(4)	20	28	48
Risk allowance	29	26	55	38	26	64
Transferred to shadow account	(29)	(26)	(55)	(38)	(26)	(64)
Profit / (loss) in Topdanmark Link			(26)			13
Financing charges Liv Holding			(6)			(6)
Other			(2)			1
Profit / (loss) on life insurance			(38)			56
Shadow account end of period	29	77	106	100	134	234

Investment return for Topdanmark Group excluding life insurance

	Portfolio		Return Q2		Return H1	
	30 June					
	DKKbn	DKKm	%	DKKm	%	
Danish equities	0.3	56	19.8	31	10.4	
Foreign equities	0.7	129	20.3	87	13.2	
Government and mortgage bonds	9.5	183	1.8	264	2.8	
Credit bonds	0.8	83	12.0	52	7.5	
CDOs	0.9	9	0.8	(35)	(3.6)	
Properties	1.3	19	1.5	36	2.8	
Assets rel. to I/A	1.4	28	2.0	39	2.7	
Money market etc.	5.4	62	1.2	124	2.3	
Interest-bear. debt	(3.9)	(32)	0.7	(89)	1.9	
Total	16.4	537	3.4	509	3.3	

DKK 200m increase in profit forecast model for 2009

Profit forecast 2009

(DKKm)	2008	Forecast for 2009 14 May 2009		Forecast for 2009 14 Aug 2009	
Non-life insurance					
- Technical result	1,796	900	- 940	790	- 830
- Investment return after transfer to technical result etc.	(1,705)	130	- 170	420	- 460
Non-life insurance	91	1,030	- 1,110	1,210	- 1,290
Life insurance	(57)	190	- 210	260	- 280
Parent company etc.	(58)	(50)	- (30)	(50)	- (30)
Pre-tax profit / (loss)	(24)	1,170	- 1,290	1,420	- 1,540
Taxation	(165)	(270)	- (290)	(320)	- (340)
Profit / (loss) for the year	(189)	900	- 1,000	1,100	- 1,200

Representing a post-tax ROE of 30%

Yield of 6.7% for 2009

- DKK 200m increase in cash distribution to DKK 725m in 2009
- Distribution for 2009 represents a 6.7% yield
- Share buy-back expected to be resumed for 2009 from 2 September 2009
- Since 1998 Topdanmark has bought back 59% of the outstanding shares

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 management” on our website www.topdanmark.com → [Risk management](#) .

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 H1 2009 report.

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