

Topdanmark's results Q1 2006



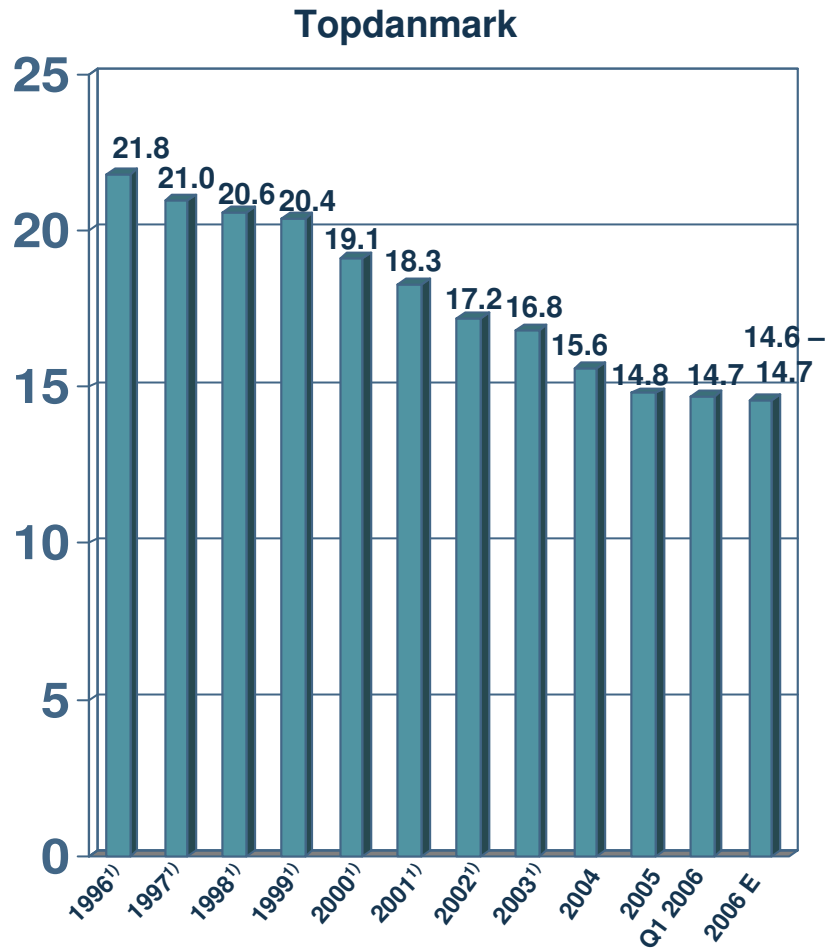
Q1 2006:

- Post-tax profit increased from DKK 148m to DKK 418m
- Profit per share increased from DKK 7 to DKK 21
- 6.7% premium growth in non-life and 38.6% in life
- 10.0% post-tax ROE (46.5% annualised)
- Expense ratio declined 0.4 pp to 14.7
- Combined ratio declined from 99.0 to 88.8

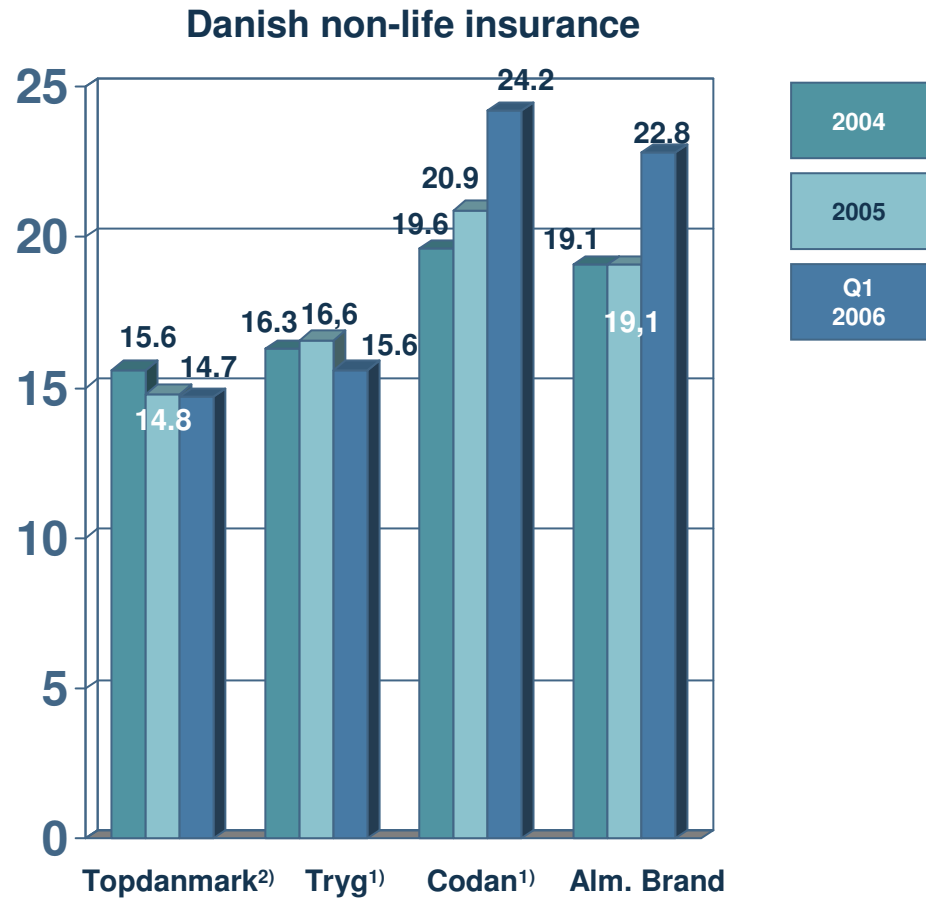
Prospects:

- Expected premium growth in non-life in 2006 improved from just over 4% to just under 5%
- Expected premium growth in life in 2006 improved from 5% to around 15%
- Expected combined ratio for 2006 adjusted from around 90 to around 89
- Profit forecast for 2006 upgraded by DKK 150m to DKK 1,150 – 1,250m
- Share buy-back programme also upgraded by DKK 150m to DKK 1,350m

Enhanced difference in expense ratio



¹⁾ Reduced by estimated IFRS effect 1996-2003

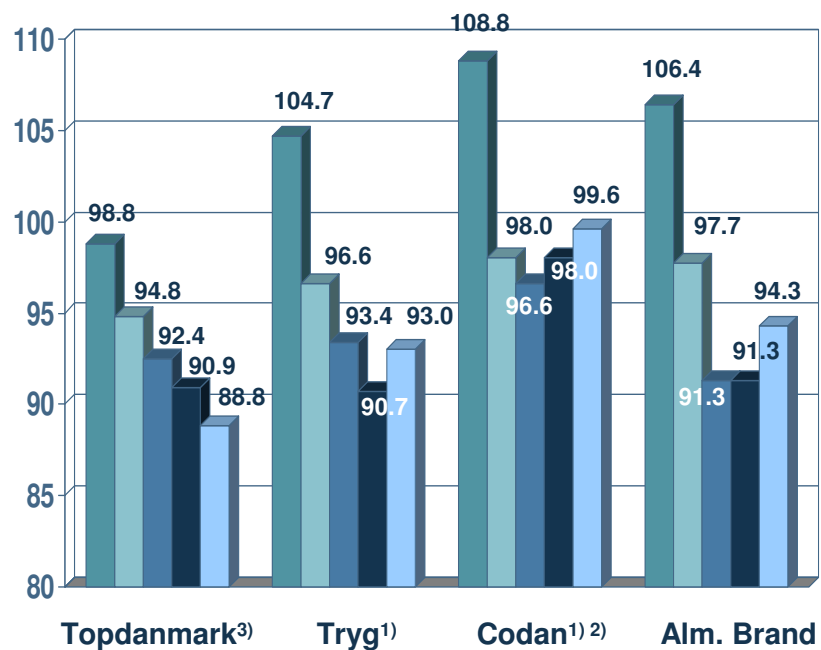


¹⁾ Rent from owner-occupied properties not included in expense ratio

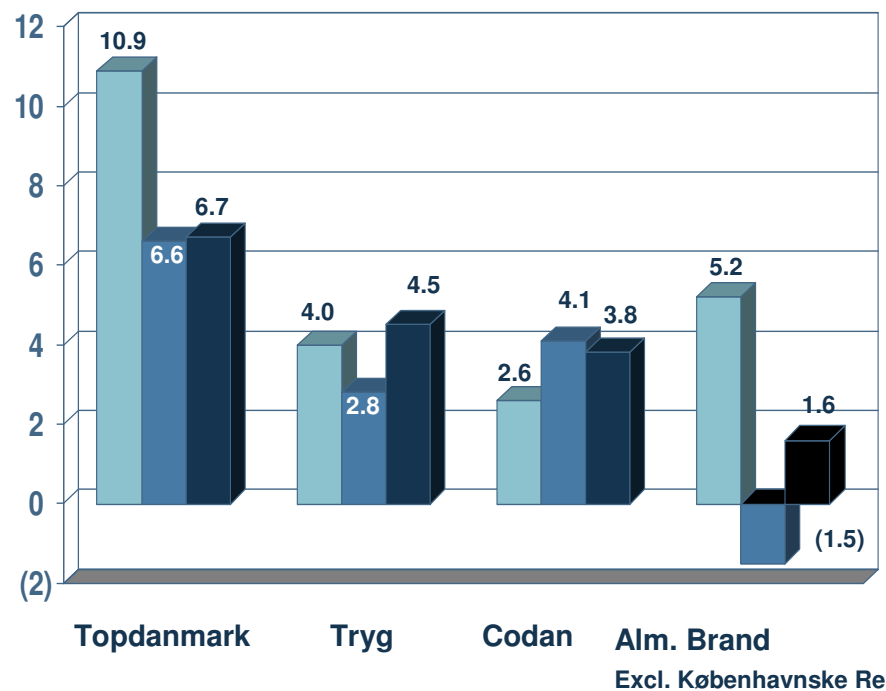
²⁾ Excl. rent from owner-occupied properties, the expense ratio would be 0.4 pp lower

Higher premium growth than market

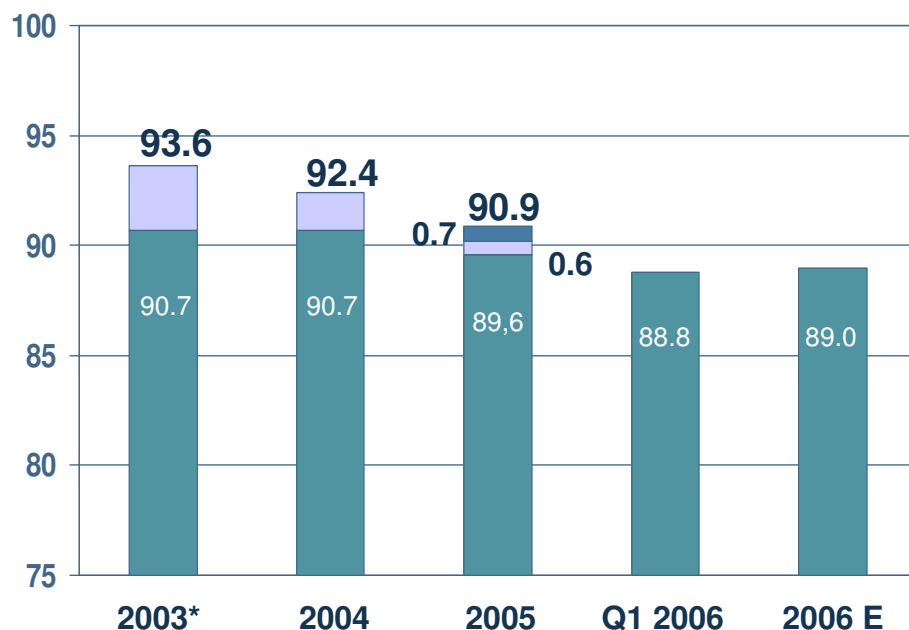
Combined ratio (Danish insurance)



Premium growth (Danish insurance)



- 1) Rent from owner-occupied properties not included in expense and loss ratios
- 2) Excl. discounting of claims provisions
- 3) Excl. rent from owner-occupied properties, the combined ratio would be 0.6 pp lower



- Strengthening of provisions
- January storm adjusted to a normal level
- Combined ratio

* 2003 reduced by estimated IFRS effect

Downwards trend in combined ratio:

- Improvement in workers' compensation
- Declining loss ratio due to increase in interest rates
- Falling motor claims frequency

Providing good opportunities for resisting increased competition

Premium growth in 2006 expected to be impacted by:

- **Sale of marine business to Codan representing 0.6 pp**
- **Loss of industrial customers representing 0.7 pp**
- **Loss of workers' compensation customers representing 0.9 pp**
- **Intensified competition based on distribution, customer service and risk selection**

6.7% premium growth in Q1 2006

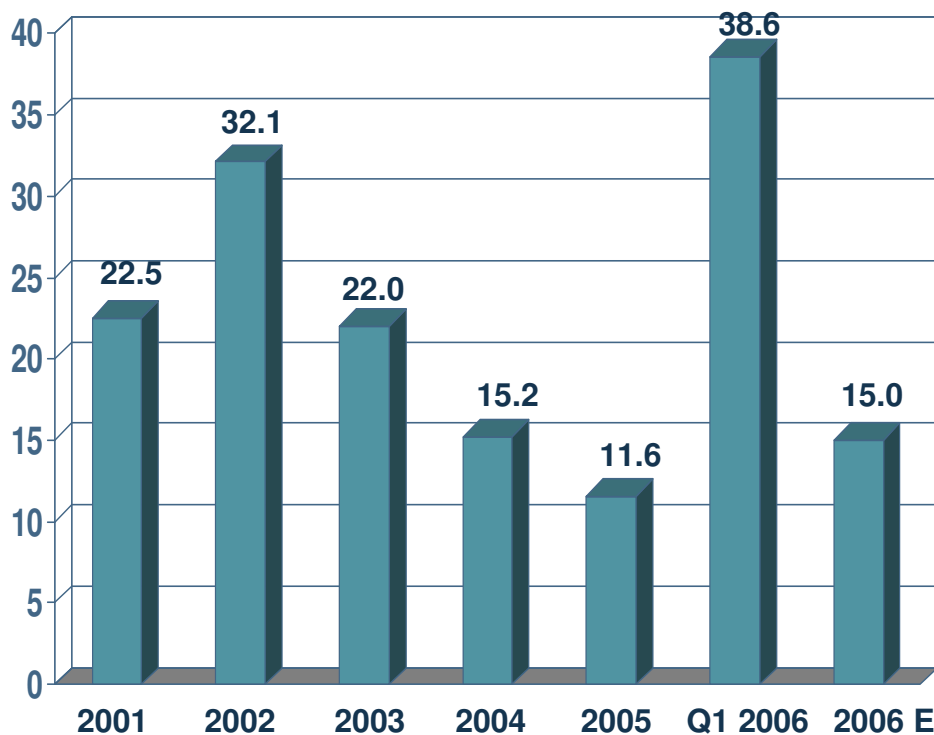
- **3 – 4% estimated market growth**
- **Continued growth in the areas of personal and SME customers**

Premium growth expected to gradually decline throughout 2006

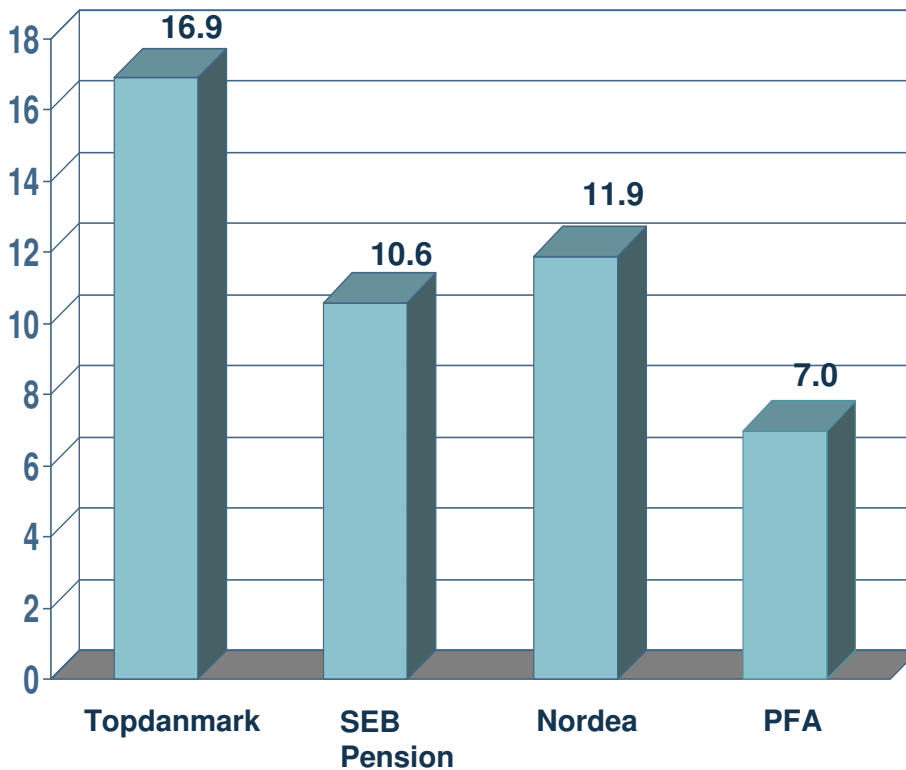
Expected premium growth in 2006 improved from just over 4% to just under 5%

Continued high growth in regular premiums

Premium growth, gross premiums

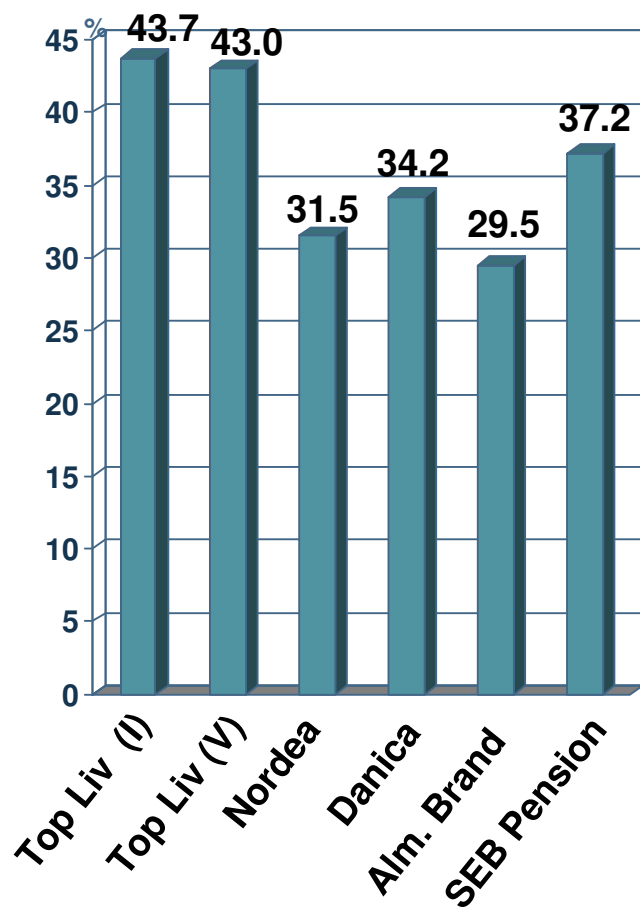


Comparison of premium growth in regular premiums Q1 2006

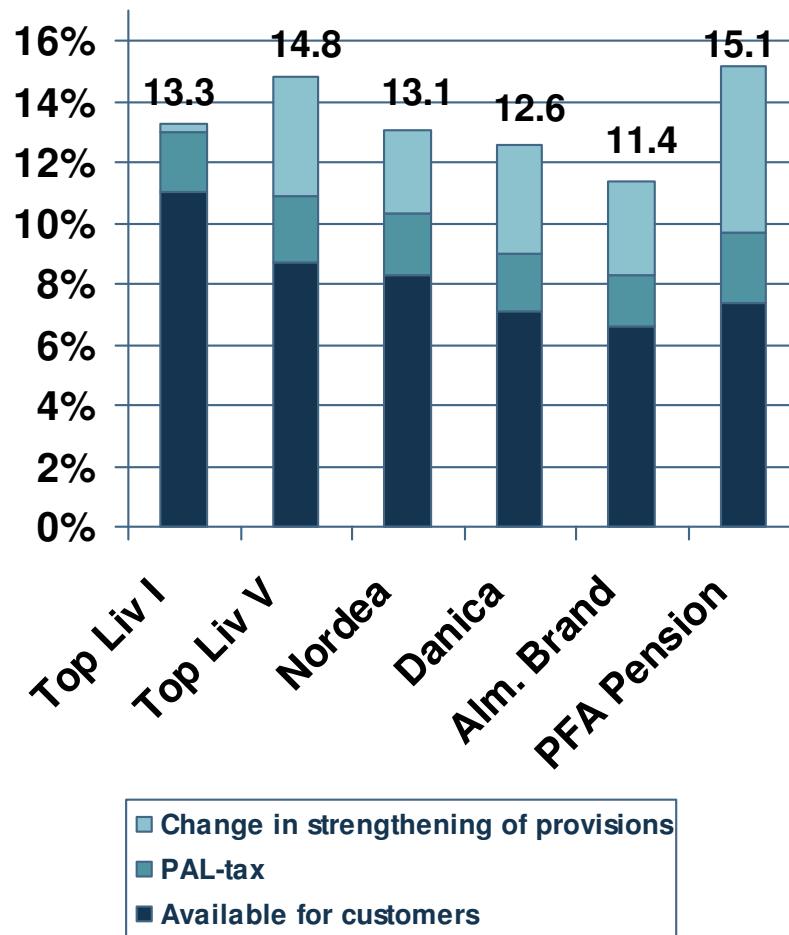


High net return for Topdanmark's pension customers 8

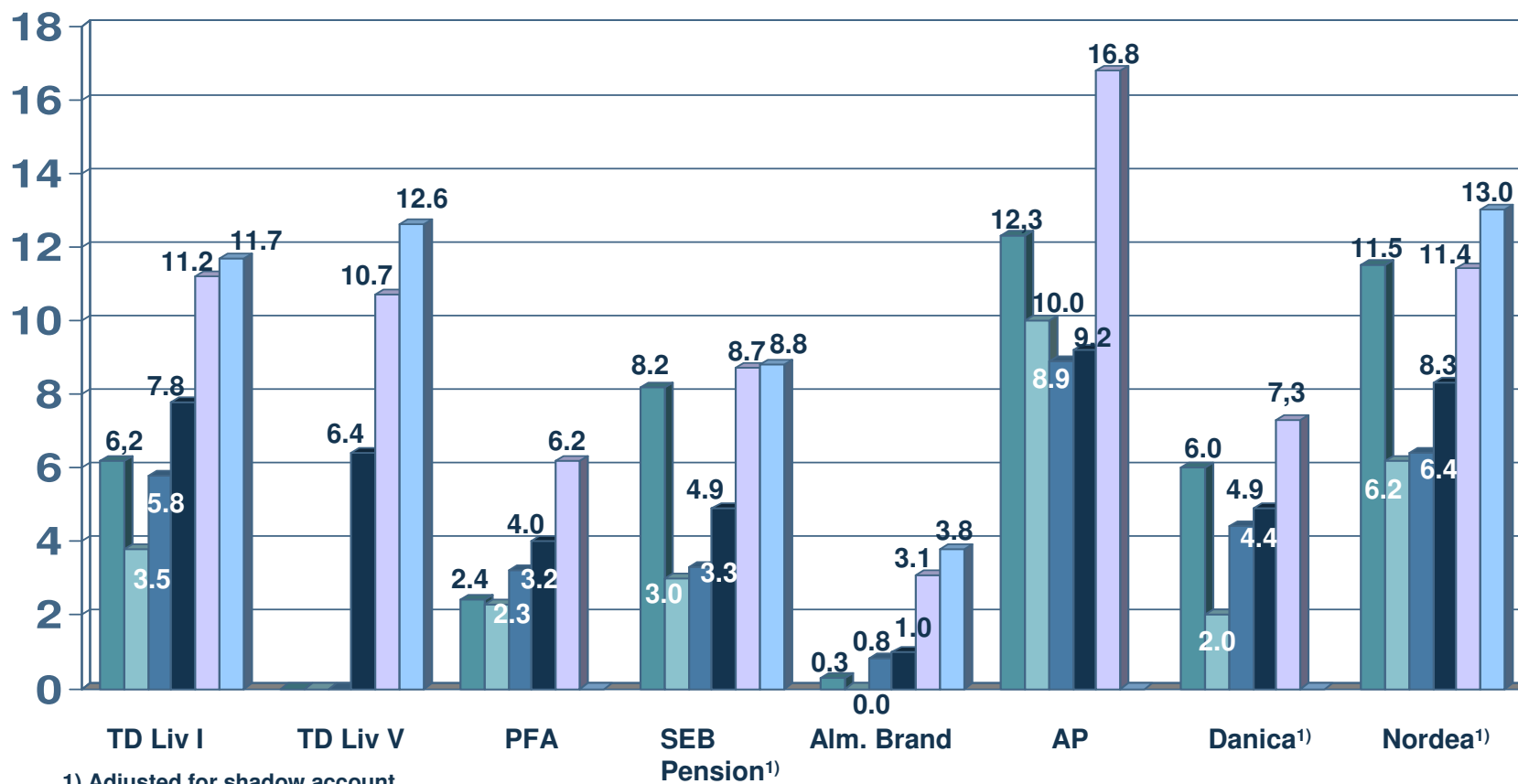
Accumulated investment return 2002 - Q1 2006



Comparison of net and gross returns 2005



Comparison of bonus ratios



Expected premium growth in 2006 increased from 5% to 15%

- Over 10% in regular premiums

Bonus ratio of 11.7% in Liv I, one of the highest of the market

5% rate of interest on policyholders' savings in Liv I in 2006

- Most other market players: 4.5%

Increased customer mobility

Increased penetration into large businesses

New market interest rate product introduced – Profile Pension

- Expecting increasing proportion of new business in market interest rate product
- Later offering existing customers with guaranteed pension benefits to switch over to market interest rate product

Effect of a 1 pp increase in interest rates

11

Immediate effect

DKKm	Post-tax
Revaluation of investment assets	(274)
Revaluation of claims provisions	224
Non-recurring effect of increase in interest rates	(50)

First year effect

DKKm	Post-tax
Excess return on interest-bearing assets	29
0.9 percentage point decline in loss ratio	58
Ongoing effect of increase in interest rates	87
Non-recurring effect of increase in interest rates	(50)
Total effect on results	37

Upgraded profit forecast for 2006

12

- Post-tax profit forecast for 2006 of DKK 1,000 – 1,100m in 2005 Annual Report
- Given the trend in 2006 to date, post-tax forecast for investment result and combined ratio improved by:

Investment result	DKK 86m
Combined ratio corresponding to	<u>DKK 64m</u>
Total	DKK 150m

- Post-tax profit forecast for 2006 upgraded by DKK 150m to DKK1,150 –1,250m
 - Corresponding to a post-tax ROE of 28%

Forecast assumptions for 2006 are based on equity prices at 19 May 2006

Share buy-back corresponding to a “yield” of 10%

13

Expected share buy-back also upgraded by DKK 150m to DKK 1,350m in 2006

2006 share buy-back corresponding to a “yield” of 10%

2006 to date DKK 505m shares bought back

Since 1998 Topdanmark has bought back just over 52% of the outstanding shares

- Average price per share: DKK 227

www.topdanmark.com

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

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” in the Q1 2006 interim report.

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 2006 interim report.

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

Appendix

Assumptions

- Shareholders' funds 33% of premium income
- Combined ratio 89
- Interest income on provisions (incl. discounting effect) equal to 1.0% of premium income
- Return on shareholders' funds 5%

Return on operations

• Income	100.0
• Interest income	<u>1.0</u>
	101.0
• Expenditure	<u>89.0</u>
	12.0 ~ ROE = 36.0%

Return on shareholders' funds

• ROE before taxation	<u>5.0%</u>
	41.0%

	DKKm	DKKm
2 x required solvency in non-life (premium based)	2,435	
1.5 x required solvency in life	1,293	
1 year's growth in required solvency	261	
0.3 x equity exposure (Group excl. life)	443	
1 x interest rate exposure (Group excl. life)	<u>83</u>	
		4,515
financed by subordinated loan capital, long-term loan capital or committed lines to parent company (20% of DKK 4,515m)		<u>(903)</u>
Total shareholders' funds		3,612



DKKm

Shareholders' funds 1 Jan 2006		3,973	
Less: tax asset	(78)		
goodwill	(441)		
Value of own shares on exercise of share options / warrants	128		
Value of own shares to hedge warrant scheme	<u>318</u>		
		(73)	
Capital cover		<u>3,901</u>	
Expected profit and movements in shareholders' funds after cash-impacting tax 2006 (average value)		<u>1,255</u>	
Expected capital cover 31 Dec			5,156
Reasonable level of capital cover at Jan 1 2006		3,612	
80% of 1 year's normal growth in required solvency		<u>160</u>	
Expected reasonable level of capital cover 31 Dec			<u>(3,771)</u>
Share buy-back potential 2006			1,384



Assumptions:

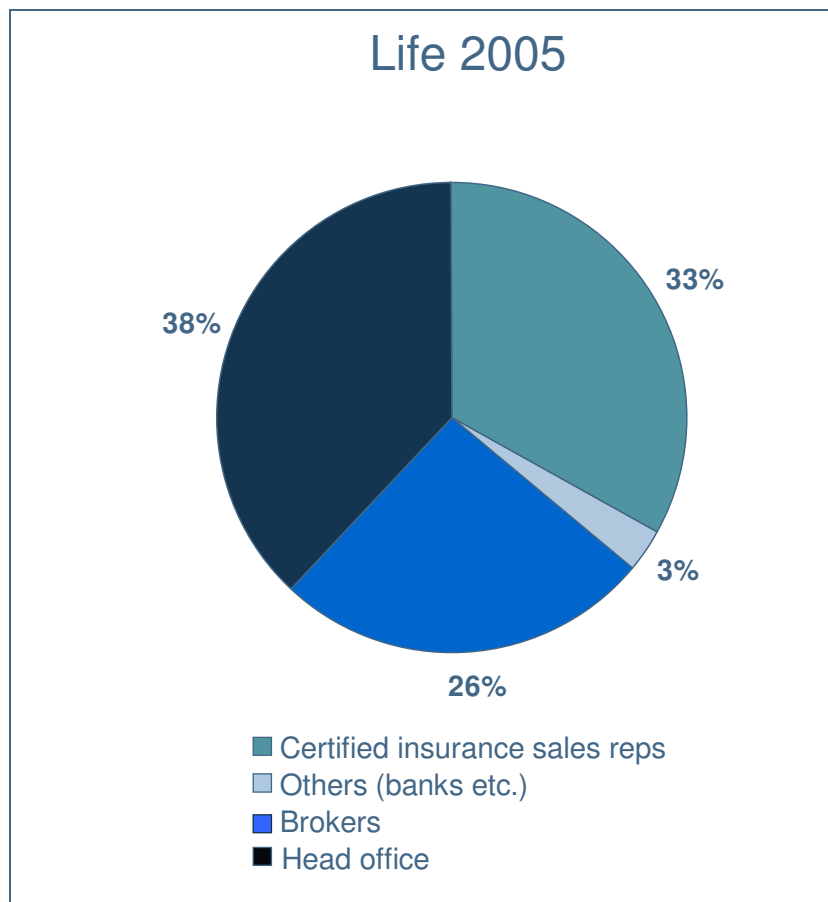
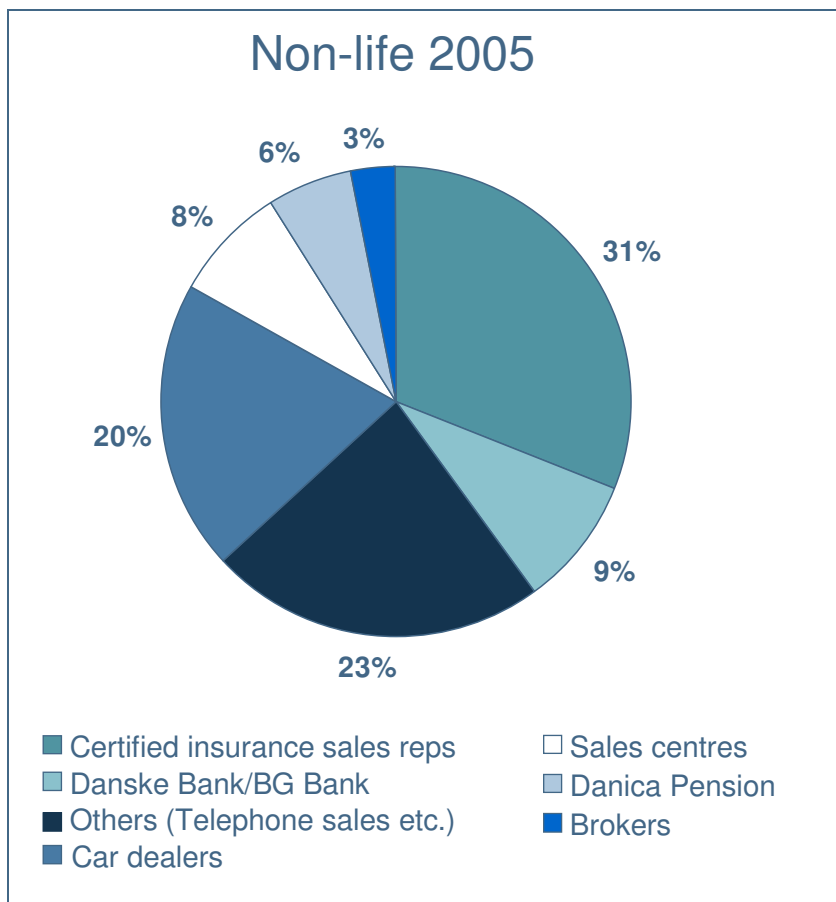
- Solvency minimum: DKK 883m
- Minimum capital requirement: $120\% \times \text{solvency minimum} = \text{DKK } 1,060\text{m}$
- Investment return on shareholders' funds: 4.5%
- Risk and administrative result: 0.5% of premiums = DKK 15m
- Insurance technical result before bonus contribution being in profit
- Customers' savings:
 - Liv I : DKK 9.4bn.
 - Liv V : DKK 8.0bn

Return on life insurance:

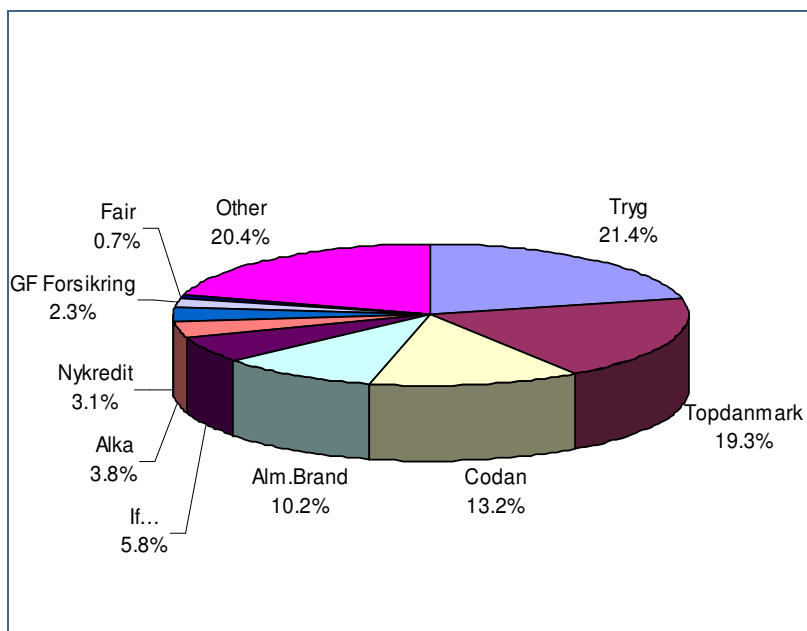
	DKKm	
Investment return on minimum capital requirement 4.5%	48	
Risk allowance : 0.40% / 0.55% of customers' savings	81	
25% of risk and administrative result	4	
		133 ~ ROE = 12.5%

Other life-related result:

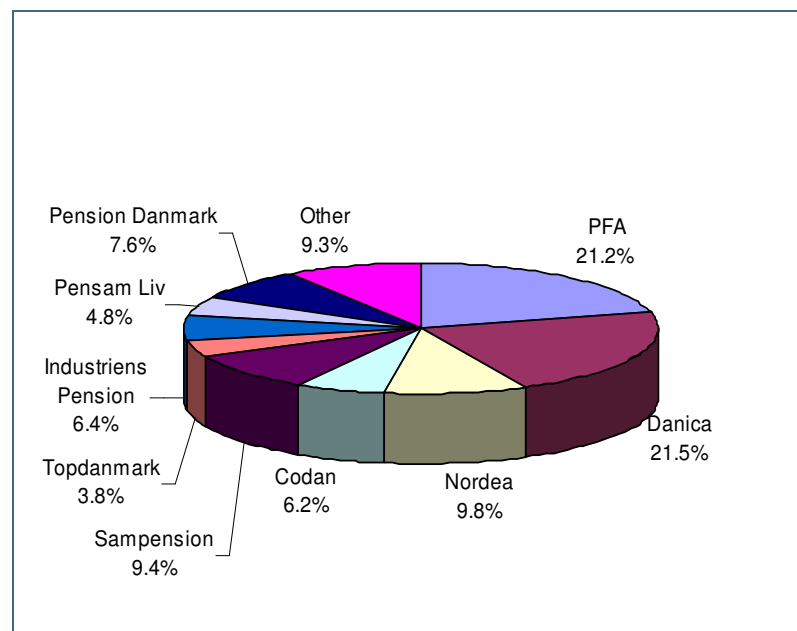
Life-related non-life (health insurance and critical illness insurance etc.)	13	
Asset management	18	
Other synergies within, among others, distribution	25	
		56
		189 ~ ROE = 17.8%



Market share in non-life 2004



Market share in life 2004

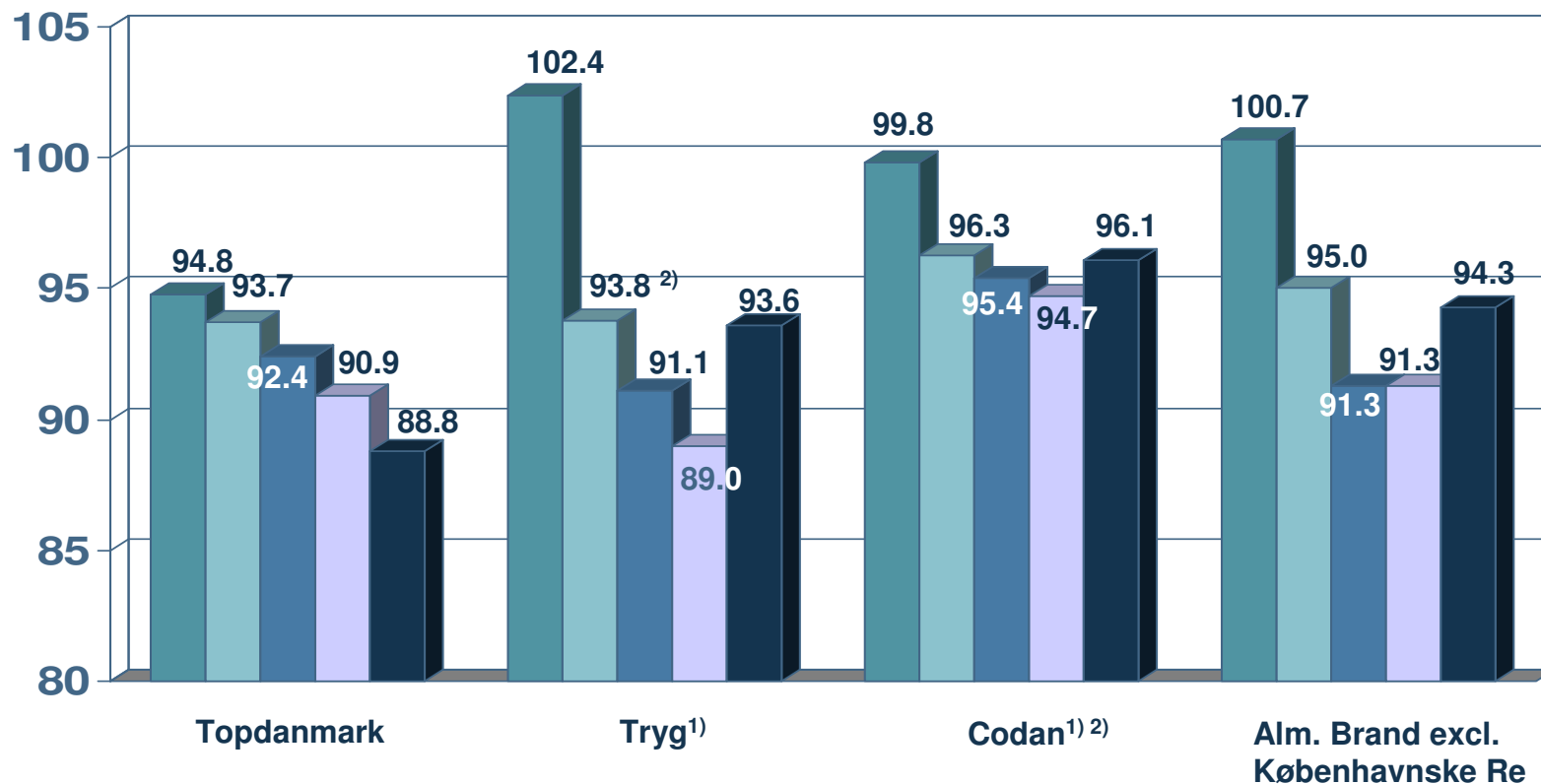


Investment assets at 31 March 2006 (incl. liquid funds)

24

(DKKm)	Group excl. life insurance	Life insurance group
Interest bearing investment assets	13,365	17,246
Equities	1,254	4,161
Index-linked bonds	0	1,620
Investment properties	271	2,223
Associated companies	37	407
Other	0	758
Investment assets	14,927	26,415
Intra-group balances	1,663	(1,663)
Investment assets corresponding to illness / accident provisions	763	(763)
Investments	17,353	23,989
Interest earned	118	273
Interest-bearing debt / derivatives	(1,686)	(3,148)
Net investment assets	15,785	21,114

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

