

Topdanmark 2007 Results

Highlights

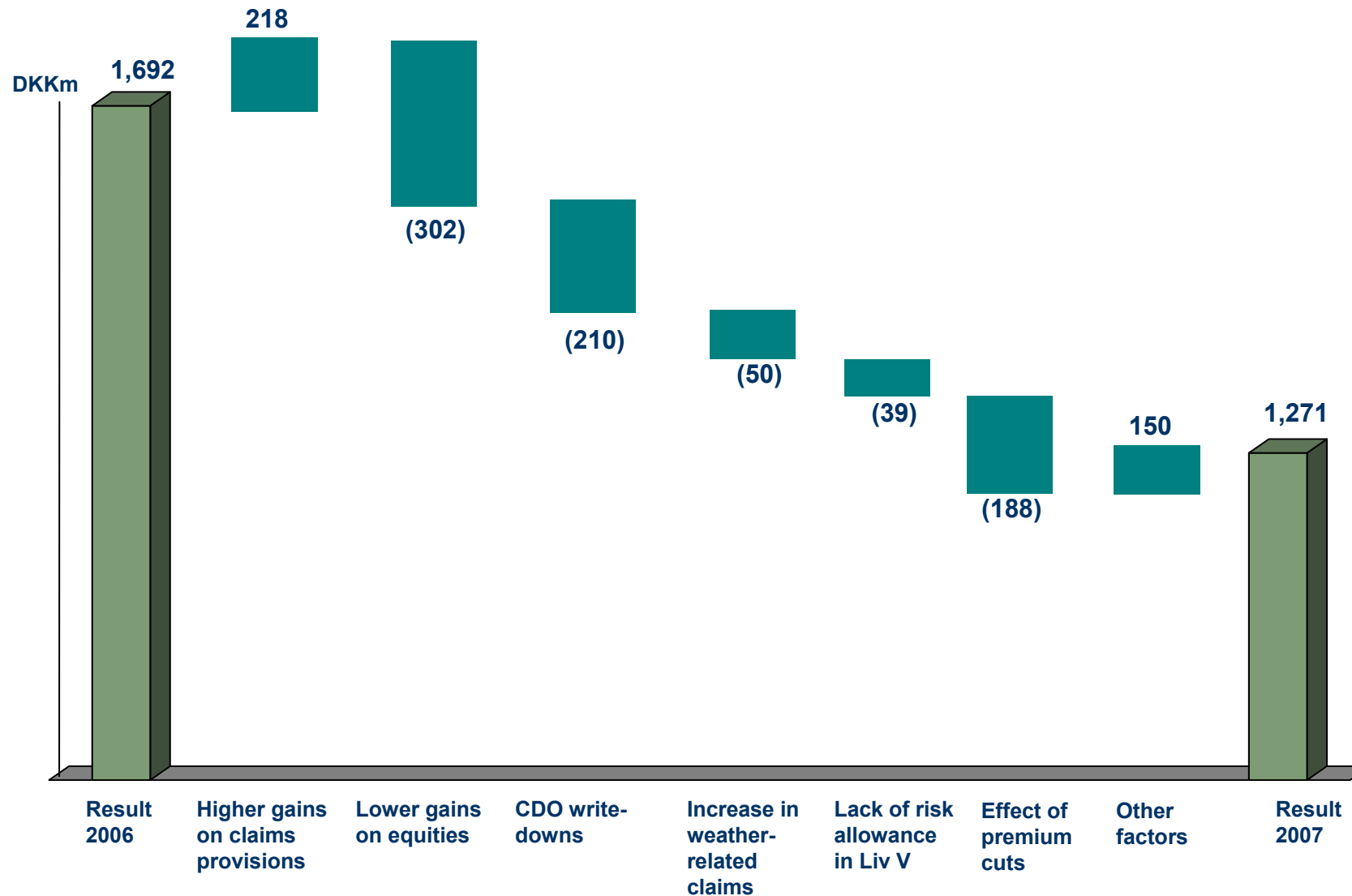
2007:

- Post-tax profit of DKK 1,271m (2006: DKK 1,692m)
- Profit exceeded assumptions of most recent forecast by DKK 71 - 171m
- 31.2% post-tax return on shareholders' equity
- 14.0 increase in operating profit to DKK 1,561m
- 0.9% premium growth in non-life and 12.8% in life
- Expense ratio improved from 14.6 to 14.5
- CR improved from 86.0 to 84.3

Prospects for 2008

- Expected post-tax profit of DKK 750 – 850m
- Representing a ROE of 23%
- Expected premium growth unchanged in line with or just over market growth of 2 - 3%
- Expected CR just under 89 assuming a 2.6 pp adverse effect on the claims trend due to weather-related claims and unforeseen events and excluding any gains on claims provisions
- Expected share-buy back of DKK 1,050m
 - Representing a 8.9% buy-back yield

Trend in result 2006 - 2007



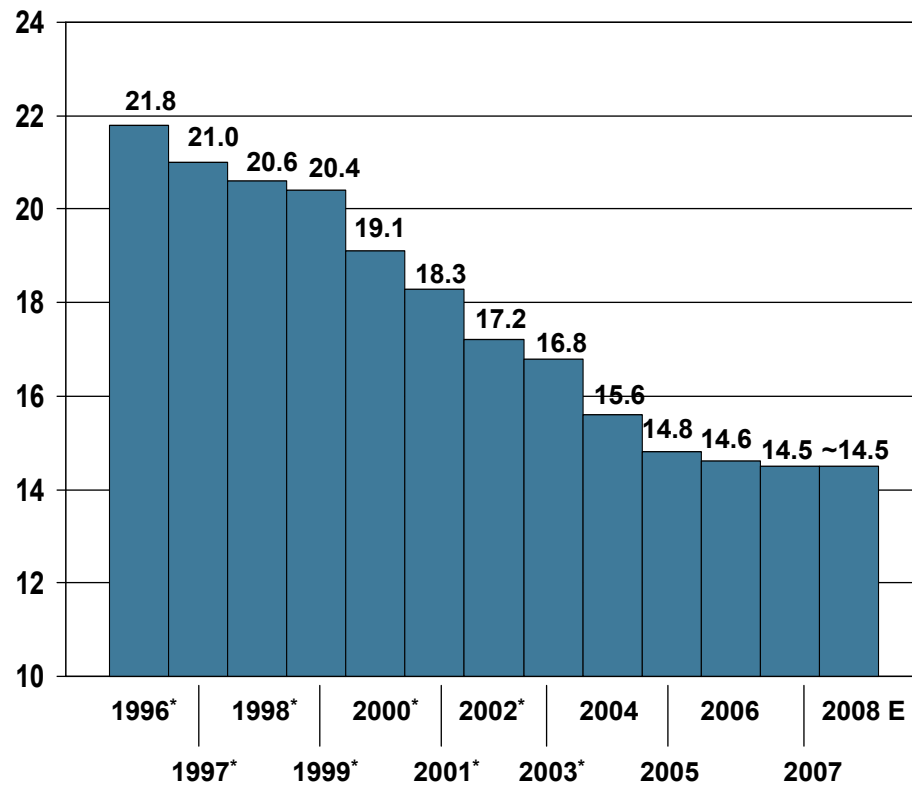
Ratios by segments

	Personal		Commercial		Industrial		Group	
	2006	2007	2006	2007	2006	2007	2006	2007
Gross loss ratio (%)	67.2	67.5	68.4	66.0	65.0	58.1	67.4	65.9
Net reinsurance ratio (%)	1.4	0.7	5.0	3.8	14.4	21.0	4.0	3.9
Claims trend	68.6	68.2	73.4	69.8	79.4	79.1	71.4	69.8
Gross expense ratio (%)	15.1	15.5	14.2	13.7	13.0	13.2	14.6	14.5
Combined ratio	83.7	83.7	87.6	83.5	92.4	92.3	86.0	84.3
CR adjusted for any gains on / strengthening of provisions	84.7	88.3	86.4	85.5	96.0	97.9	86.4	88.0

Trend in combined ratio

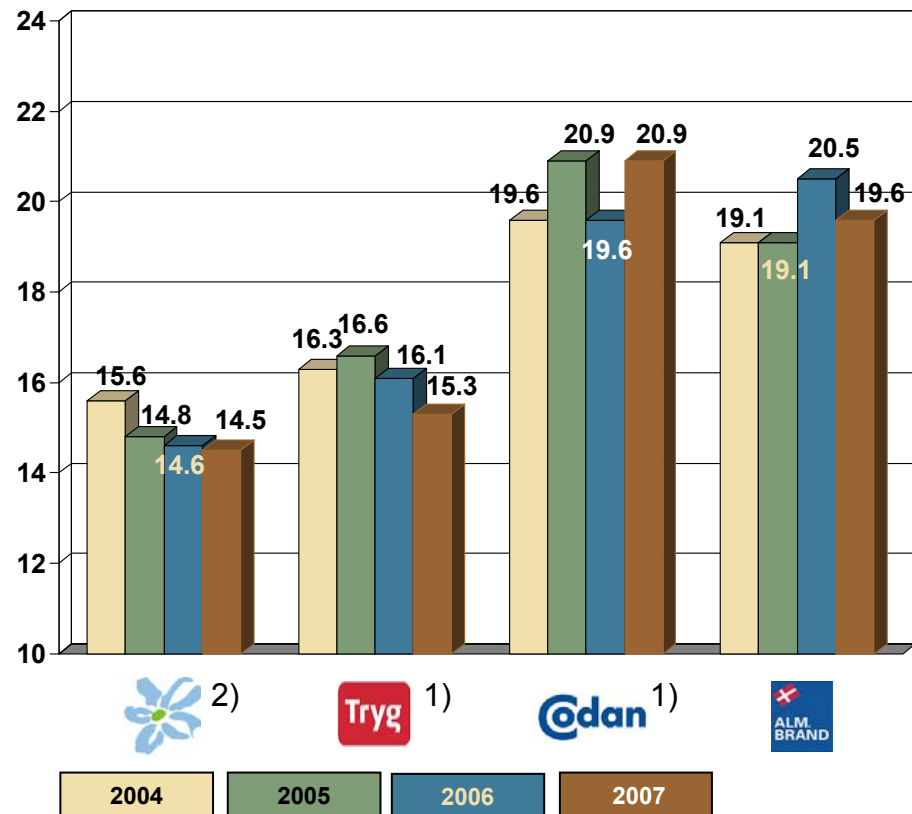


Trend in Topdanmark's expense ratio



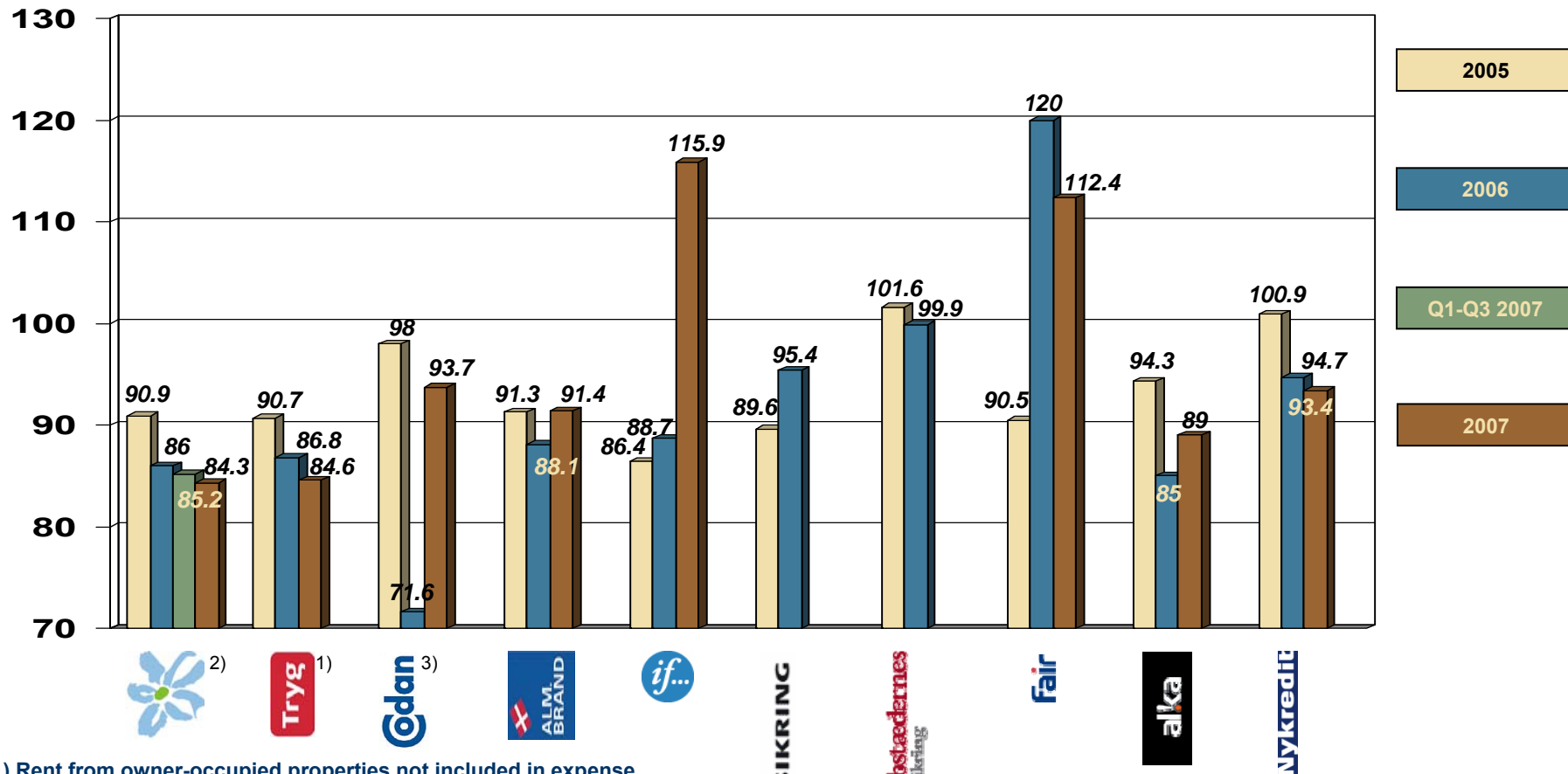
*Reduced by estimated IFRS effect 1996-2003

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



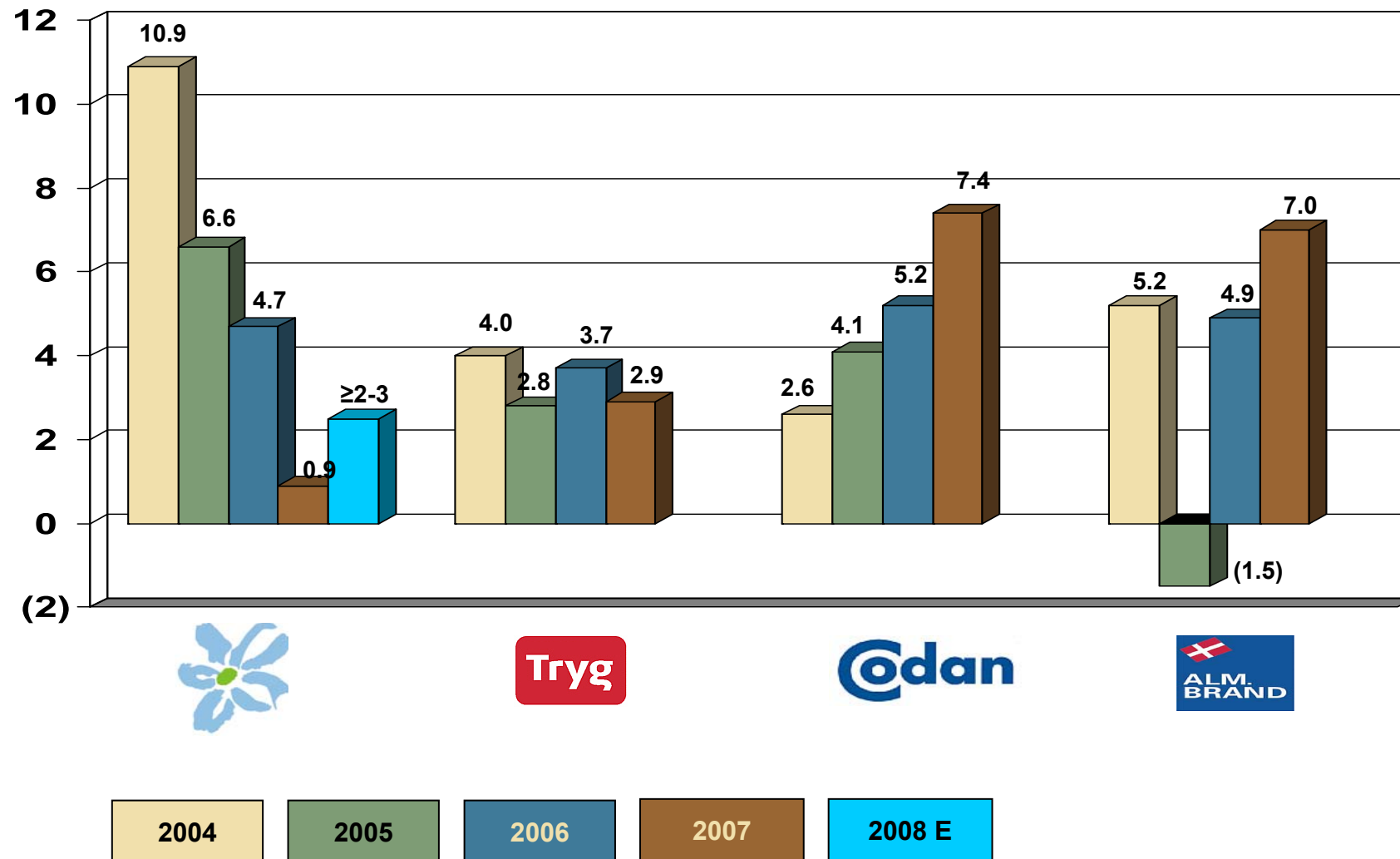
- 1) Rent from owner-occupied properties not included in expense ratio
- 2) Excl. rent from owner-occupied properties, the expense ratio would be 0.2 pp lower

Comparison of CR in the Danish market



- 1) Rent from owner-occupied properties not included in expense and loss ratios
- 2) Excl. rent from owner-occupied properties, the CR would be 0.3 pp lower
- 3) CR after excluding any gains on / strengthening of provisions:
2006: 90.8, 2007: 96.9

Comparison of premium growth (Danish insurance)



Prospects in non-life insurance

2008

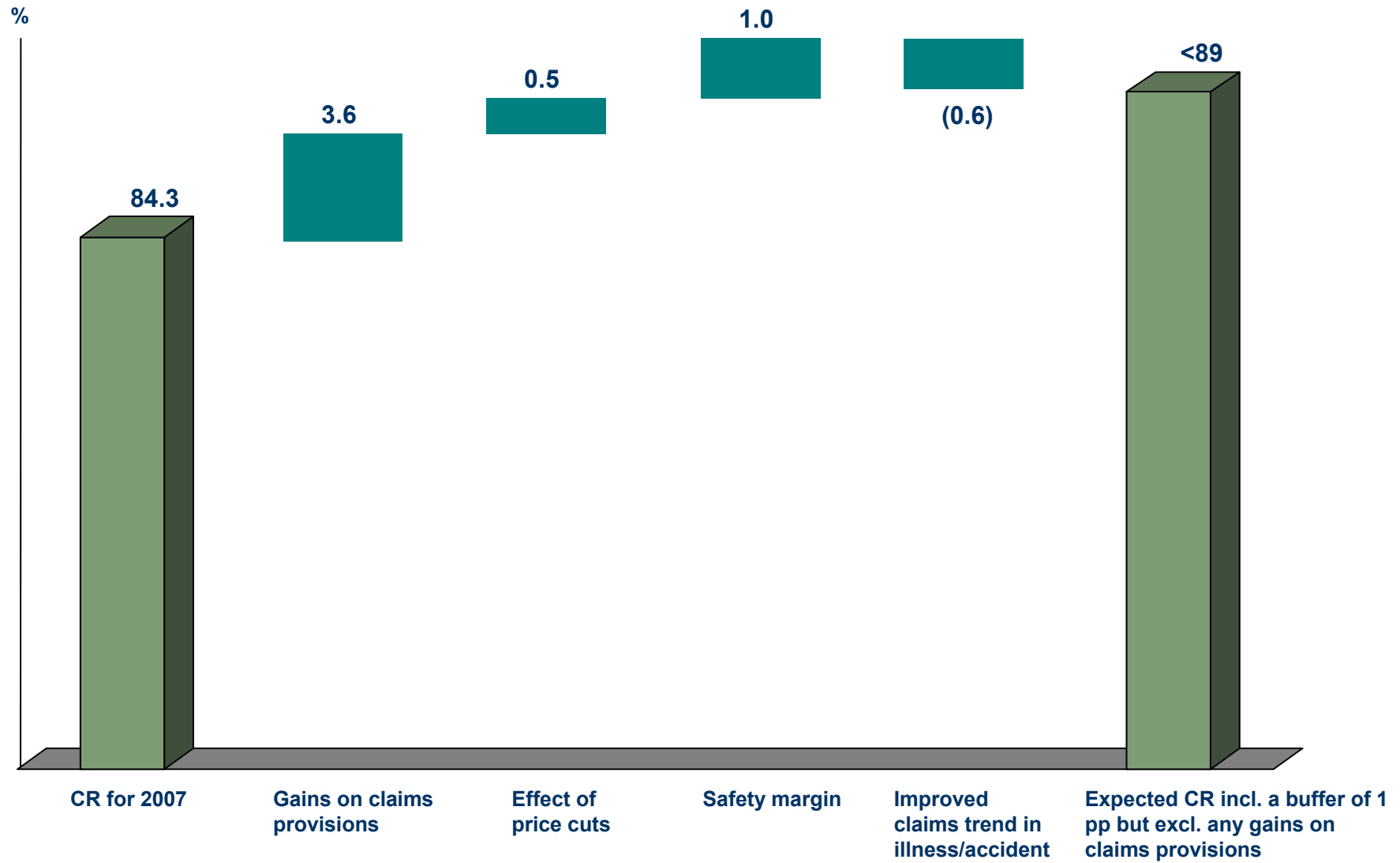
- Unchanged competitive situation
 - Expected market growth of 2 - 3%
- Expected premium growth of $\geq 2 - 3\%$.
 - Despite 1.7 pp fall from price cuts
- Price cuts
 - In motor, workers' comp, accident, motorcycle and house
 - Accounting effect of DKK 150m in 2008
- Competitiveness increased by
 - Employing more certified insurance sales reps
 - Improving efficiency of sales centres
- Renewal percentage of 91
- Expected CR just under 89
- Increase in customer satisfaction

Maintaining operational goals:

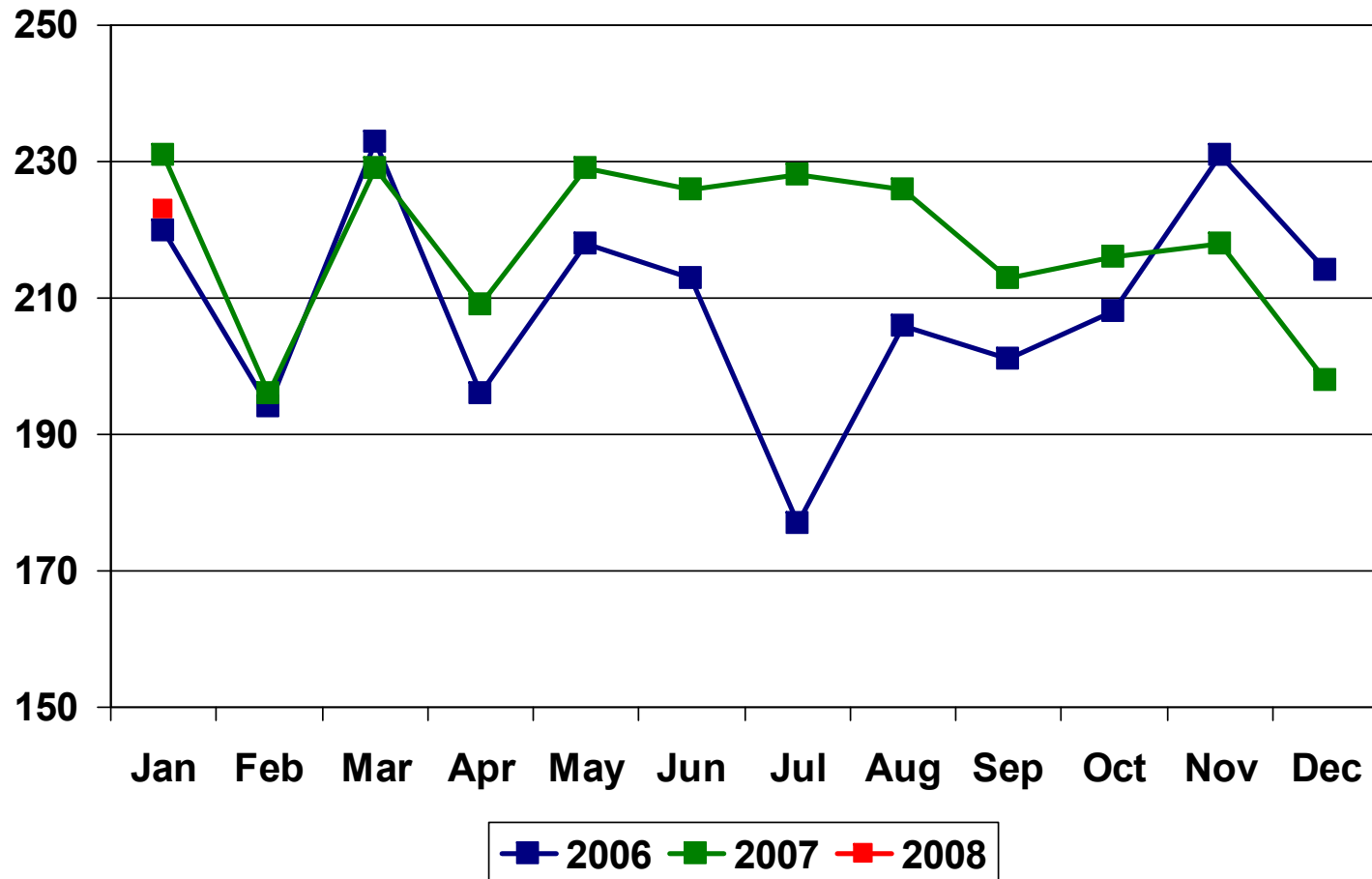
- 12% profit margin in the next 2 or 3 years
 - Corresponding to a CR of just over 89
- 10% profit margin in the longer term
 - Corresponding to a CR of just over 91
- 5% annual growth in gross premiums

Operational goals include a safety margin of 1 pp but exclude any gains on / strengthening of provisions

Expected CR for 2008

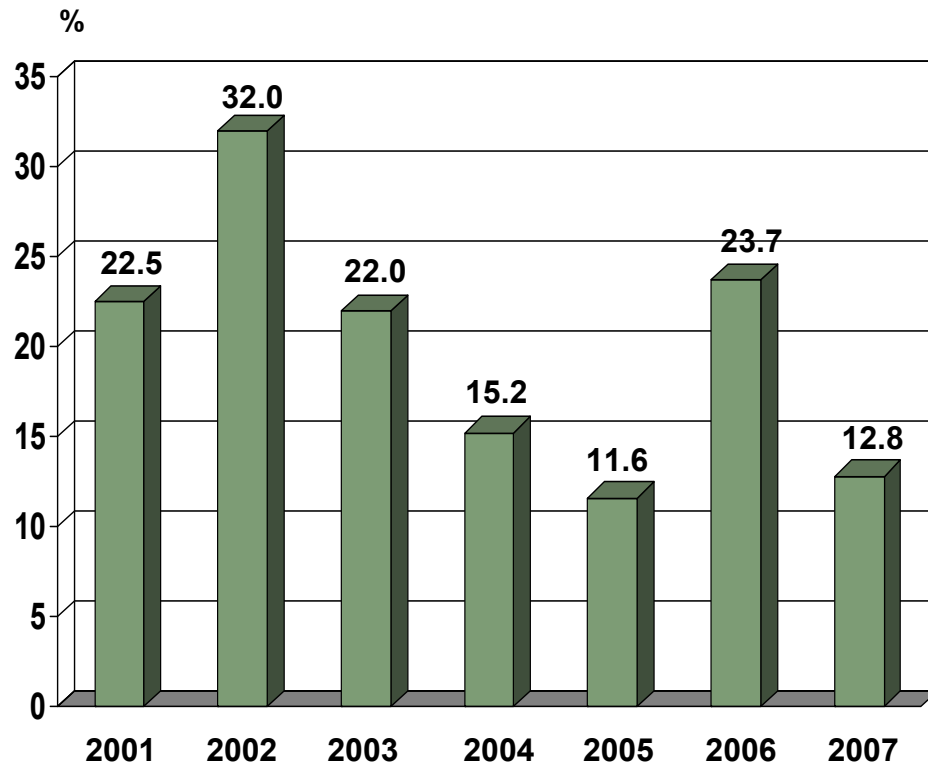


Motor insurance Frequency - passenger cars

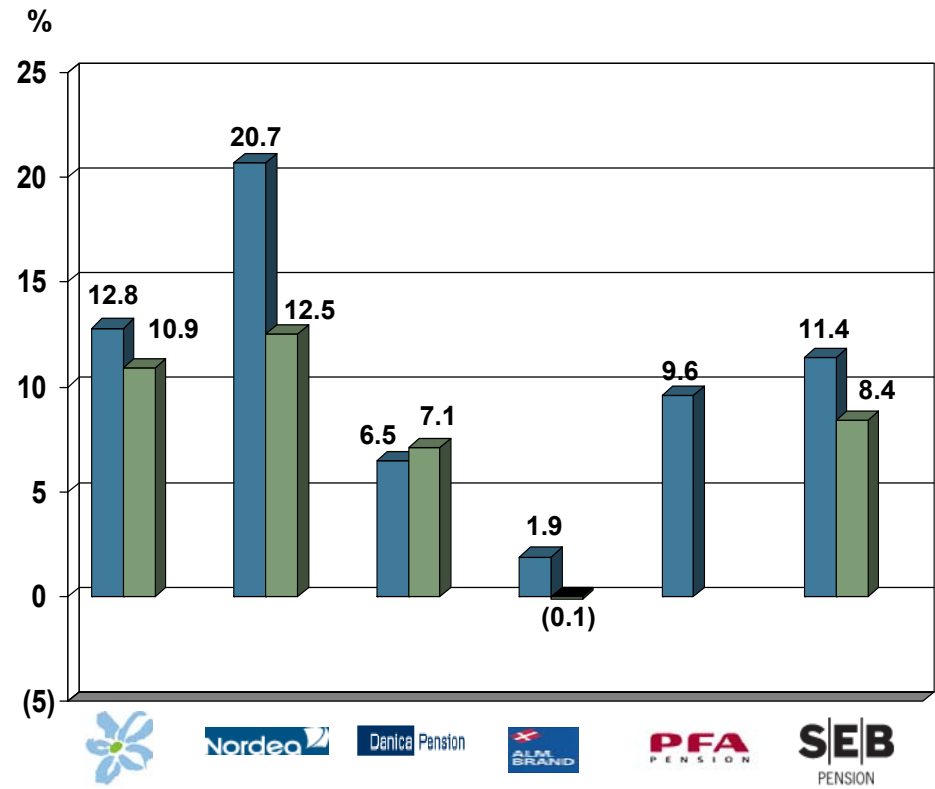


Continued high premium growth

19.3% CAGR in Topdanmark



Comparison of premium growth 2007



Total premiums

Regular premiums

Prospects in life insurance

- **Intensified competition on moving existing pension schemes**
 - **Growth but also severe competition in illness and accident insurance**
- **8-10% expected market growth in 2008**
- **Topdanmark expects 8 - 10% growth in regular premiums in 2008**
- **Profile Pension expected to account for an increasing share of new business**
 - **39% in 2007**
 - **Reduced tied-up capital**
- **Topdanmark has Denmark's most satisfied life customers**
- **DKK 52m transferred to the shadow account**
 - **Will be included in income in future years when the investment return is sufficiently high**

Result of life insurance

(DKKm)	Liv I	Liv V	2006 Group	Liv I	Liv V	2007 Group
Investment return	26	39	65	7	9	16
Risk allowance	39	44	83	56	52	108
Transferred to shadow account			0		(52)	(52)
Profit / (loss) in Topdanmark Link	10		10	(14)		(14)
Financing charges Liv Holding			(8)			(11)
Calculated compensation etc.			(32)			3
Profit on life insurance			118			50

Investment return for Topdanmark Group excluding life insurance

DKKm	Portfolio DKKbn	Return DKKm	% return
Danish equities	0.5	41	5.9
Foreign equities	1.0	168	12.0
Government and mortgage bonds	6.9	444	5.6
Credit bonds	1.6	10	0.3
CDOs	1.5	(131)	(6.5)
Other	2.4	62	3.1
Total	13.9	594	3.7

CDOs - Returns and portfolios 2007

CDOs - Returns and portfolios 2007

With no subprime exposure

DKKm	AAA and AA	Lower than AA	Interest	Revaluations	Total return
Return Group excl. life insurance	(1)	(45)	135	(181)	(46)
Book value 31 December	891	610			
Return life insurance	3	(87)	288	(371)	(84)
Book value 31 December	1,370	1,284			
					(280)
					149
					(131)

With subprime exposure

DKKm	AAA and AA	Lower than AA	Interest	Revaluations	Total return
Return Group excl. life insurance	(25)	(60)	14	(99)	(85)
Book value 31 December	30	11			
Return life insurance	(35)	(174)	36	(244)	(209)
Book value 31 December	39	28			

Unrealised write-downs of CLOs and transfers to shadow account

DKKm

Write-downs of CLOs in 2007	181
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Write-downs of CLOs in 2008	135
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Transferred to shadow account in 2007	52
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Transferred to shadow account in 2008	38
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	<u>406</u>
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Profit forecast for 2008

(DKKm)	2006	2007	2008	
Non-life insurance	2,047	1,580	1,015	- 1,095
Life insurance	118	50	70	- 90
Parent company etc.	58	27	(60)	- (40)
Pre-tax profit	2,223	1,657	1,025	- 1,145
Taxation	(531)	(386)	(275)	- (295)
Profit for the year	1,692	1,271	750	- 850

The profit forecast is based on the assumptions described in the 2007 Annual Report
 The expected profit represents a ROE of 23%

Forecast assumptions for 2008 are based on equity prices on 6 March 2008

Expected share buy-back for 2008 represents a buy-back yield of 8.9%

- Expected ordinary share buy-back DKK 680m
- Transferred from 2007 DKK 121m
- Lower solvency margin around DKK 250m
- Expected share buy-back for 2008 representing a buy-back yield of 8.9% DKK 1,050m
- To date in 2008, 309m shares bought back
- DKK 741m to be bought in remainder of the year
- Since 1998 Topdanmark has bought back 59% of the outstanding shares
 - Average price per share: DKK 320

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 2007 Annual Report.

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

Appendix

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

Immediate effect

DKKm	Post-tax
Revaluation of investment assets	(265)
Revaluation of claims provisions	237
Non-recurring effect of increase in interest rates	(28)

Annual effect

DKKm	Post-tax
Excess return on interest-bearing assets	23
1.1 percentage point decline in loss ratio	70
One year's effect of increase in interest rates	93
Non-recurring effect of increase in interest rates	(28)
Total effect on results	65

Interest rate exposure based on equity prices 31 December 2007

Can profit be made on non-life insurance?

- **Assumptions:**
 - Shareholders' equity 33% of premium income
 - Combined ratio 89
 - 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>89.0</u>
	12.5 ~ ROE = 37.5%
- **ROE:**

• ROE before taxation	<u>5.0%</u>
	42.5%

Share buy-back model (1/2)

Reasonable level of capital cover 1 Jan and 31 Dec 2008 (DKKm)

2 x required solvency in non-life (premium based)	2,550	
1.5 x required solvency in life	1,314	
1 year's growth in required solvency	193	
0.3 x equity exposure (Group excl. life)	440	
1 x interest rate exposure (Group excl. life)	77	
	<u>77</u>	4,574
Financed by:		
subordinated loan capital, long-term loan capital or committed lines to parent company (20% of DKK 4,574m)		(915)
Total reasonable level of capital cover 1 Jan 2008		<u>3,659</u>
1 year's normal growth in reasonable level of capital cover		<u>162</u>
Expected reasonable level of capital cover 31 Dec 2008		<u>3,821</u>

Share buy-back model (2/2)

Share buy-back potential 2008 (DKKm)

Shareholders' equity 1 Jan 2008		3,715
Hybrid capital	402	
Adjusted for: Goodwill	(441)	
Tax asset	(70)	
Value of own shares on exercise of share options	104	
Value of own shares to hedge option programme ¹⁾	317	312
Capital cover 1 Jan 2008		<u>4,027</u>
Expected profit after cash-impacting tax 2008 (avg)		800
Movements in shareholders' equity		<u>40</u>
Expected capital cover 31 Dec 2008		<u>4,867</u>
Expected reasonable level of capital cover 31 Dec 2008		<u>(3,821)</u>
Share buy-back potential 2008		<u>1,046</u>

¹⁾ 70% of market value - 710 - 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 12.8bn
 - Life V: DKK 8.0bn
 - Link: DKK 1.6bn

Normalised return in life insurance

(DKKm)

Return on life insurance:

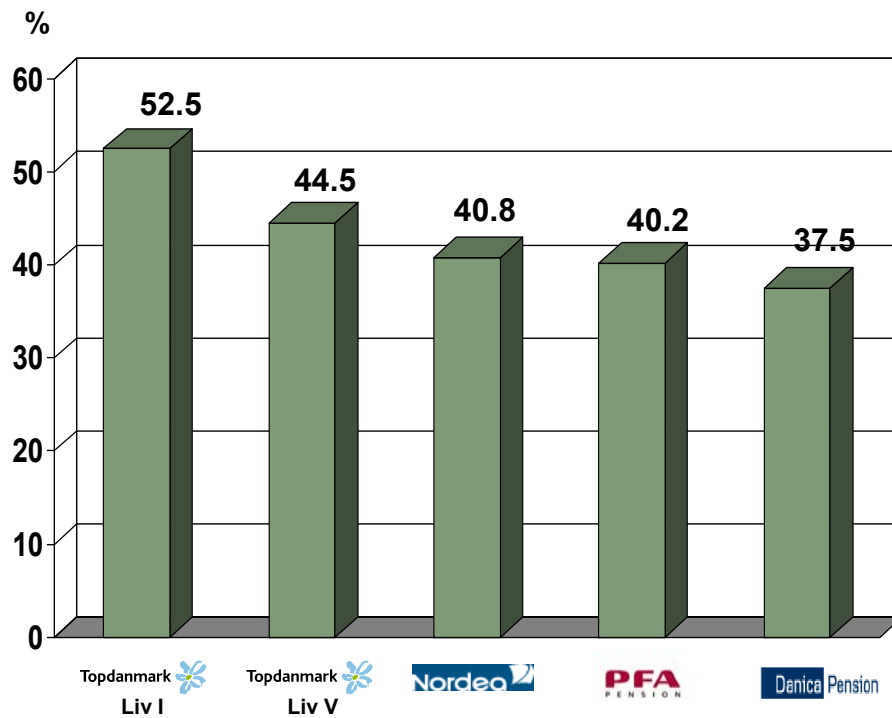
Investment return on shareholders' equity, 4.5%	Normalised Annual return	
	42	
Risk allowance: 0.50% / 0.65% of customers' savings	116	
Cost result of new business	(10)	
Risk and administrative result in Topdanmark Link	<u>2</u>	
Total return	150	150 ~ ROE = 16.0%

Other life-related result:

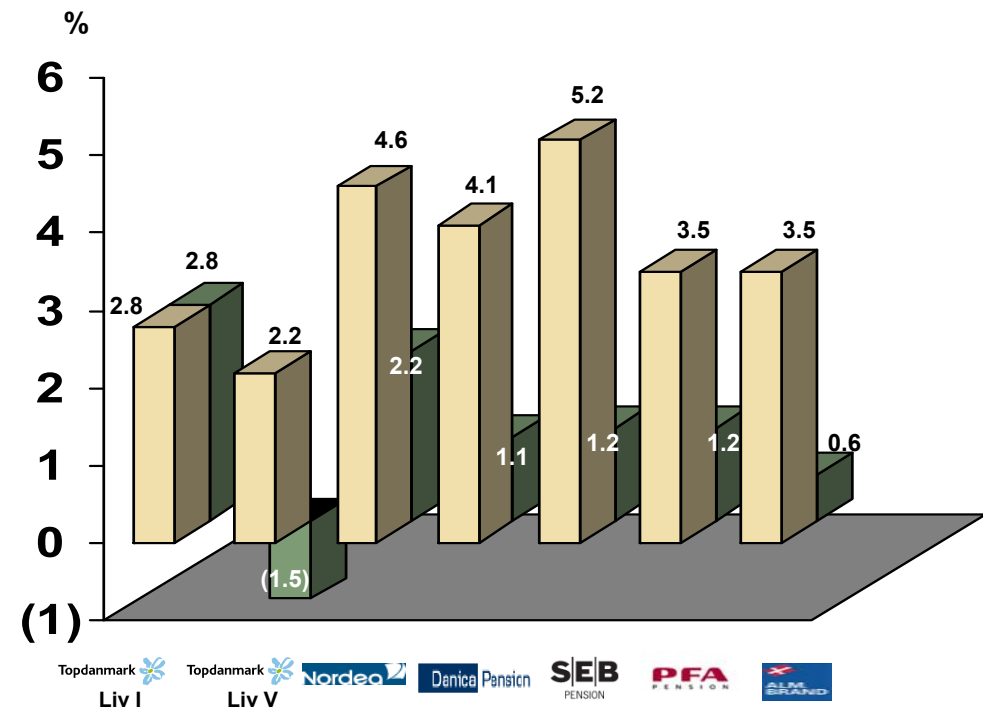
Life-related non-life (health and critical illness etc.)	30	
Asset management	22	
Other synergies in e.g. distribution	<u>35</u>	
	87	85
		<u>237</u> ~ ROE = 25.0%

High gross and net returns for Topdanmark's pension customers

Accumulated investment return 2003 - 2007

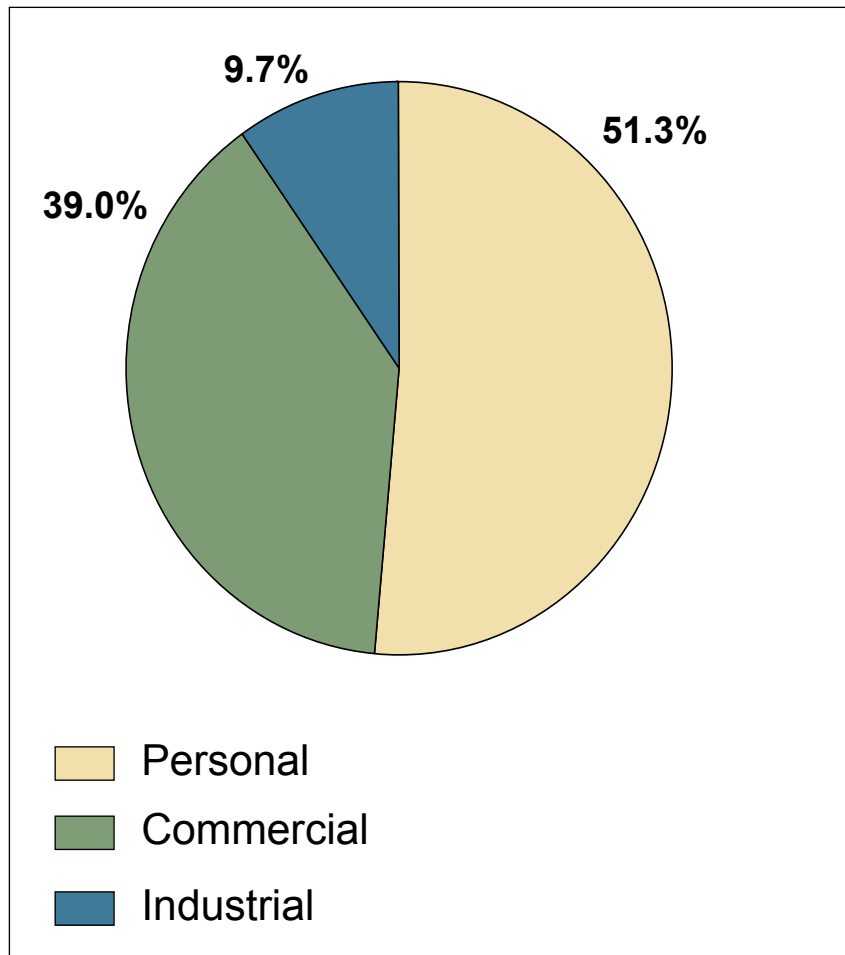


Comparison of net and gross returns 2007

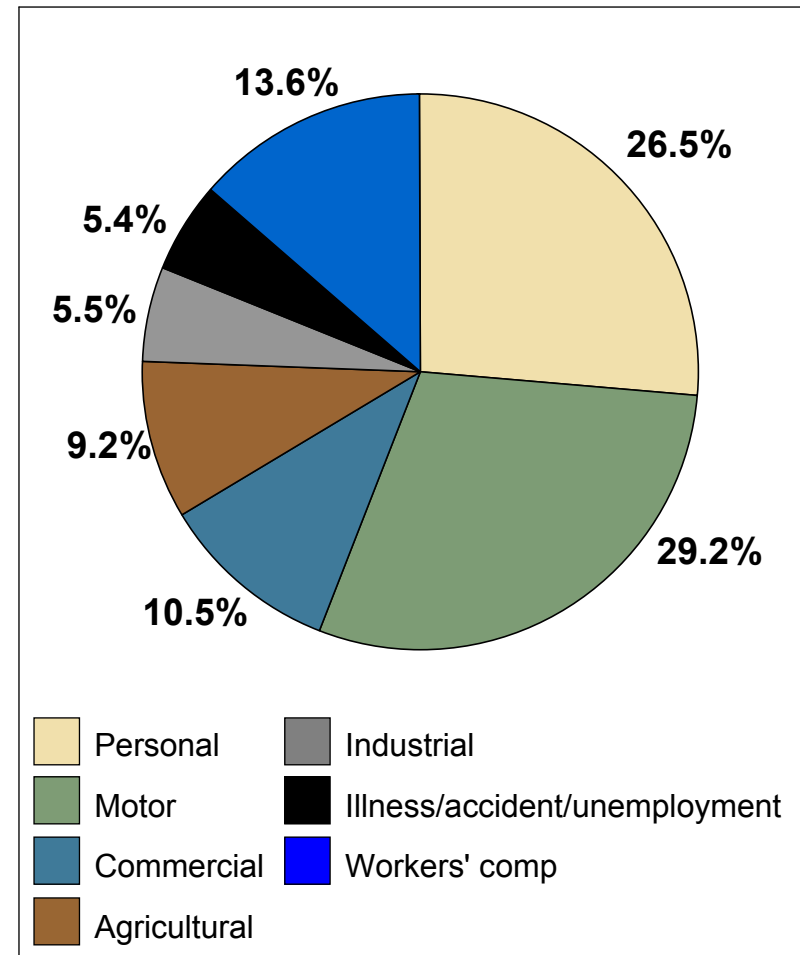


Net Gross

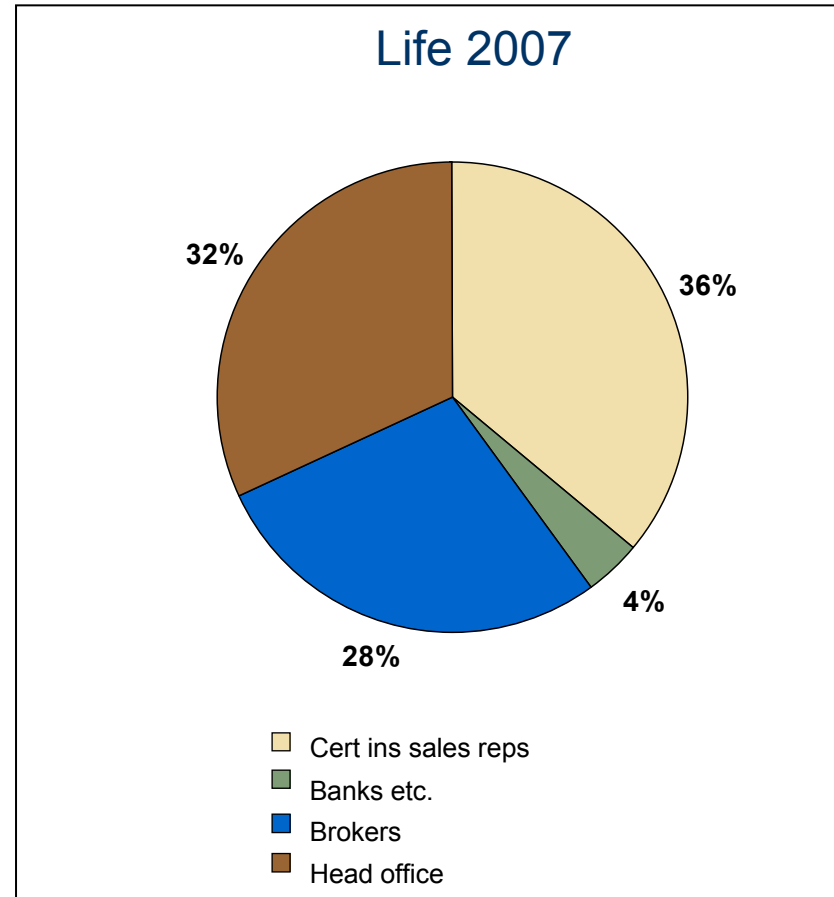
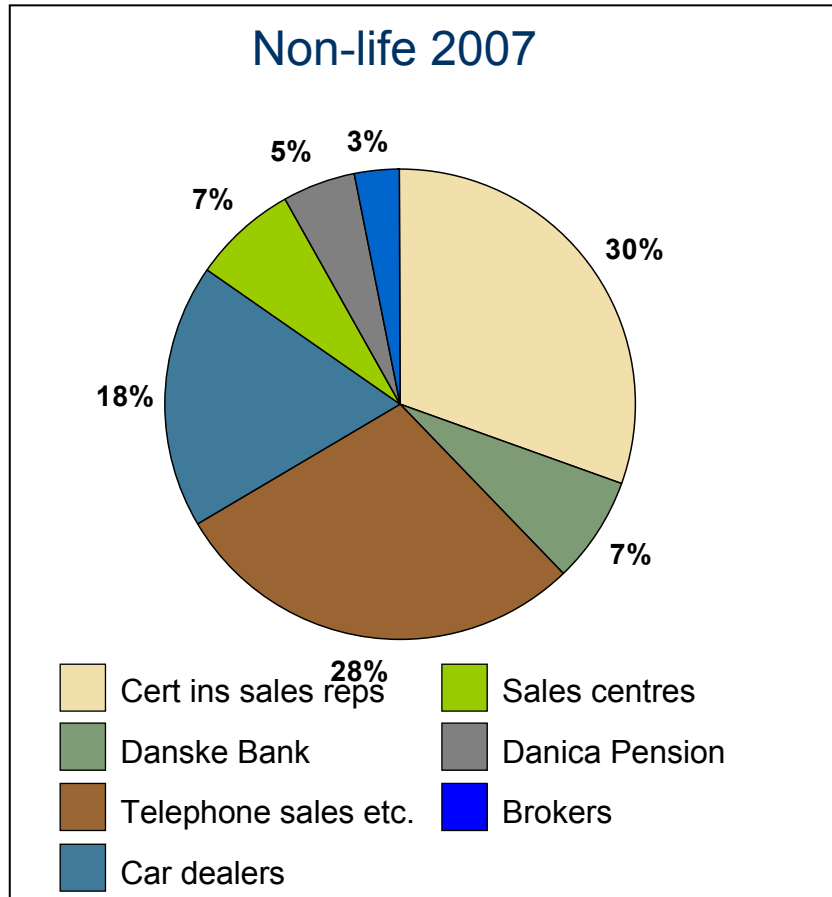
Premiums by segment



Premiums by product

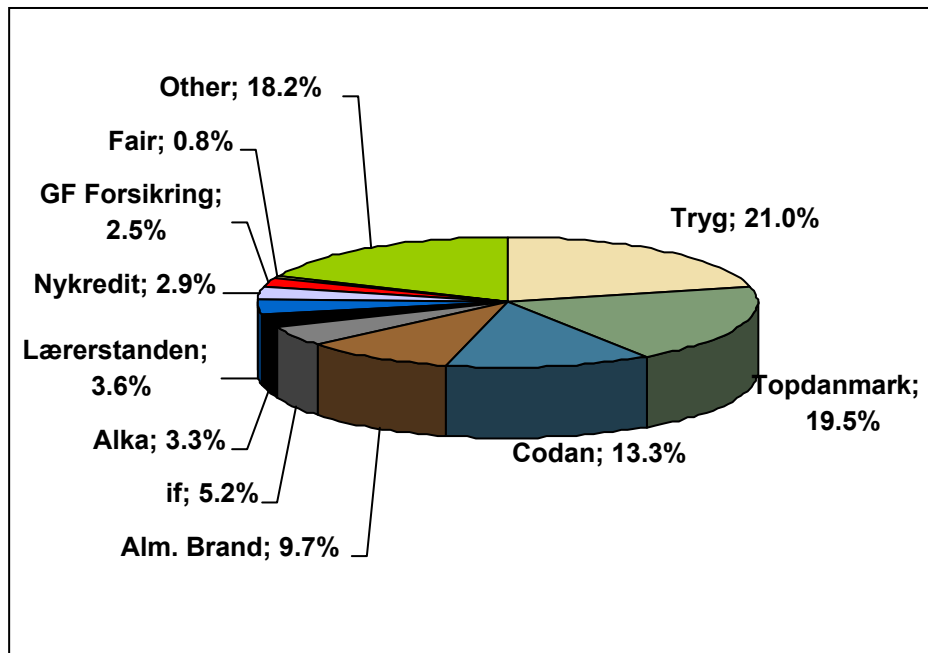


Distribution channels

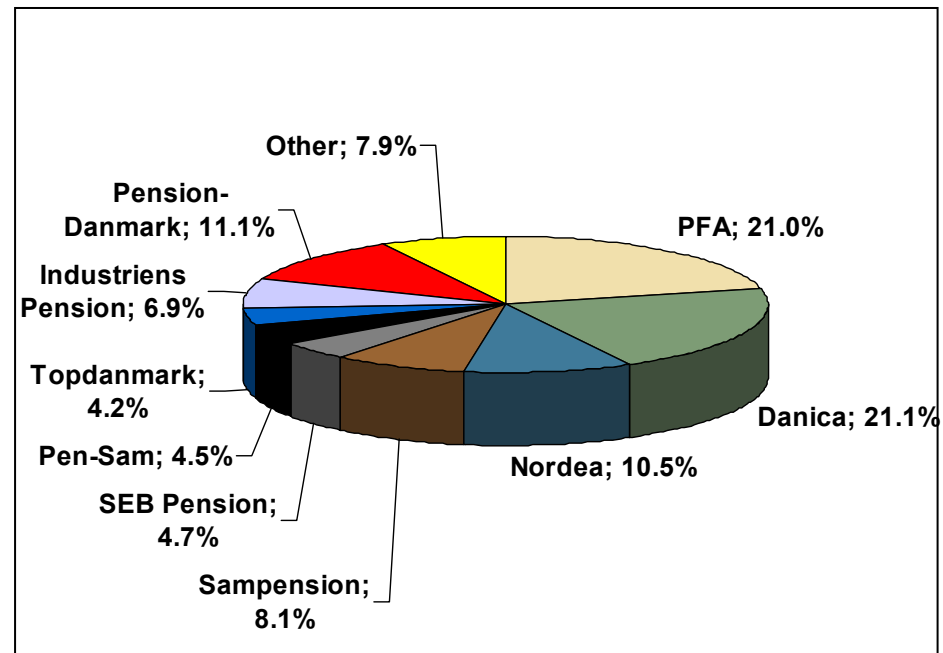


Market share

Market share in non-life in 2006



Market share in life insurance in 2006



Source: Based on each company's Annual Report

Large-scale and weather-related claims

(DKKm) Large-scale claims

	Q1	Q2	Q3	Q4	Financial year
2006	5	12	22	25	64
2007	18	17	31	(3)	63

Large-scale claims are defined as gross claims exceeding DKK 5m
Including property claims in Commercial and Industrial

(DKKm) Weather-related claims

	Q1	Q2	Q3	Q4	Financial year
2006	0	11	64	13	88
2007	42	12	129	29	212

Comprising gross claims exceeding DKK 4.5m per event within 72 hours

Investment assets at 31 December 2007

(DKKm)	Group excl. life	Life group
Interest bearing investment assets	11,263	15,883
Equities	1,490	4,914
Index-linked bonds	281	1,786
Investment properties	859	2,443
Associated companies	37	523
Other	0	326
Investment assets	13,930	25,875
Intra-group balances	236	(236)
Investment assets corresponding to illness / accident provisions	1,066	(1,066)
Investments	15,232	24,573
Liquid funds	62	118
Interest earned	193	304
Interest-bearing debt derivatives	(932)	(284)
Net investments assets	14,555	24,711

Solvency requirement

**Estimated individual solvency requirement for
Topdanmark Forsikring incl. subsidiaries
at 31 December 2007**

(DKKm)

Solvency requirement:

Non-life insurance

- Insurance risks	1,335
- Market risks	974

Life insurance

- Insurance risks	14
- Market risks	236

Counterparty risks 45

Diversification effect (566)

Operational risk 341

Individual solvency requirement 2,379

Capital base in individual solvency requirement

Shareholders' equity 4,340

Subordinated loan capital 250

Intangible assets (593)

Proposed dividends (500)

Provisions for CoC (218)

Expected pre-tax result 2008 1,135

Capital base Topdanmark Forsikring 4,414

Excess cover 86%

Gains on / strengthening of provisions

By line of business (DKKm)

- **Illness / Accident**
- **Workers' comp**
- **Third-party liability**
- **Motor comprehensive**
- **Marine, aviation and transport**
- **Fire and contents / personal**
- **Fire and contents / commercial**
- **Change of ownership**
- **Liability**
- **Other direct insurance**
- **Overall gains on claims provisions**

