

Presentation of Topdanmark

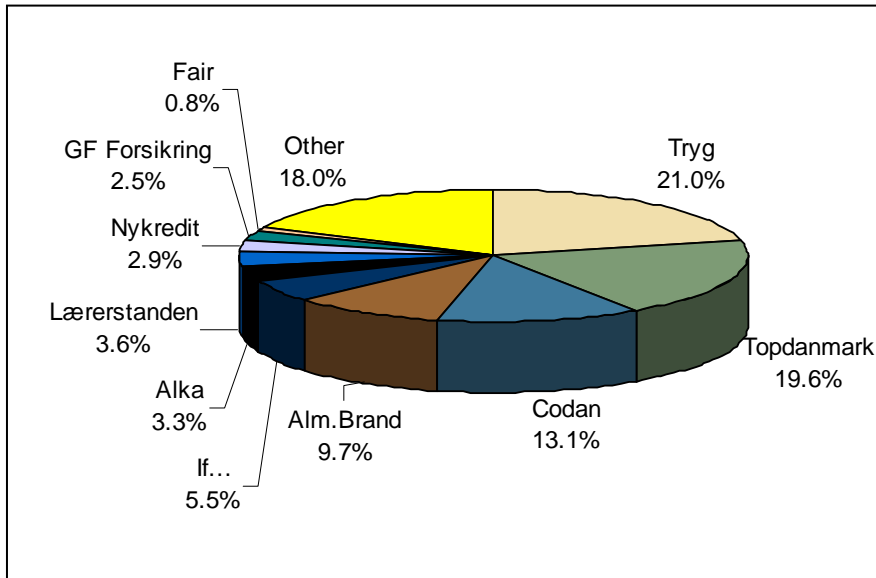
Share profile

Clearly focused strategy

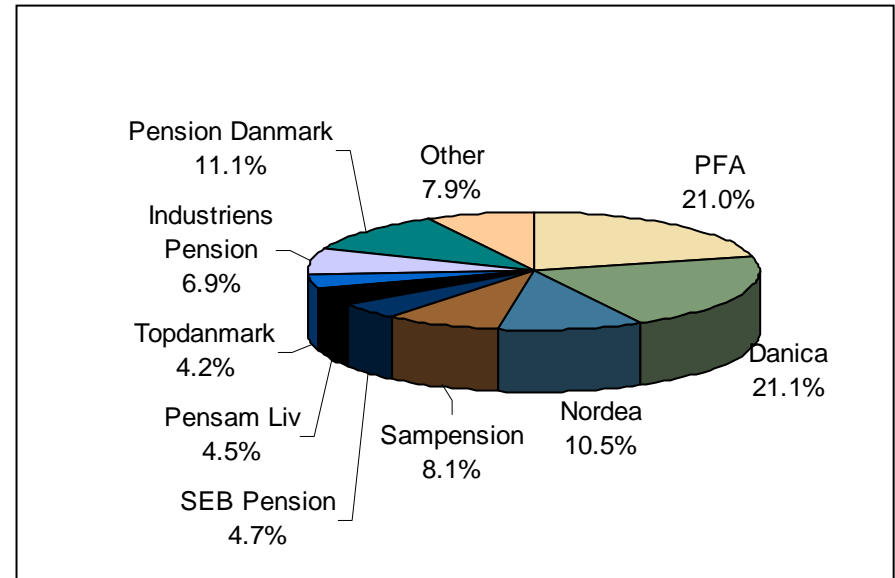
- Danish player
- A non-life insurance company - one of our investments is in a life insurance company
- Calculated insurance risks
- Relatively limited top line growth in non-life - higher in life
- High cash flow
- Large share buy-back programme
- 100% free float
- No limitations set out in the Articles of Association

Market share

Market share in non-life 2006



Market share in life 2006



Source: Based on each company's Annual Report

Highlights

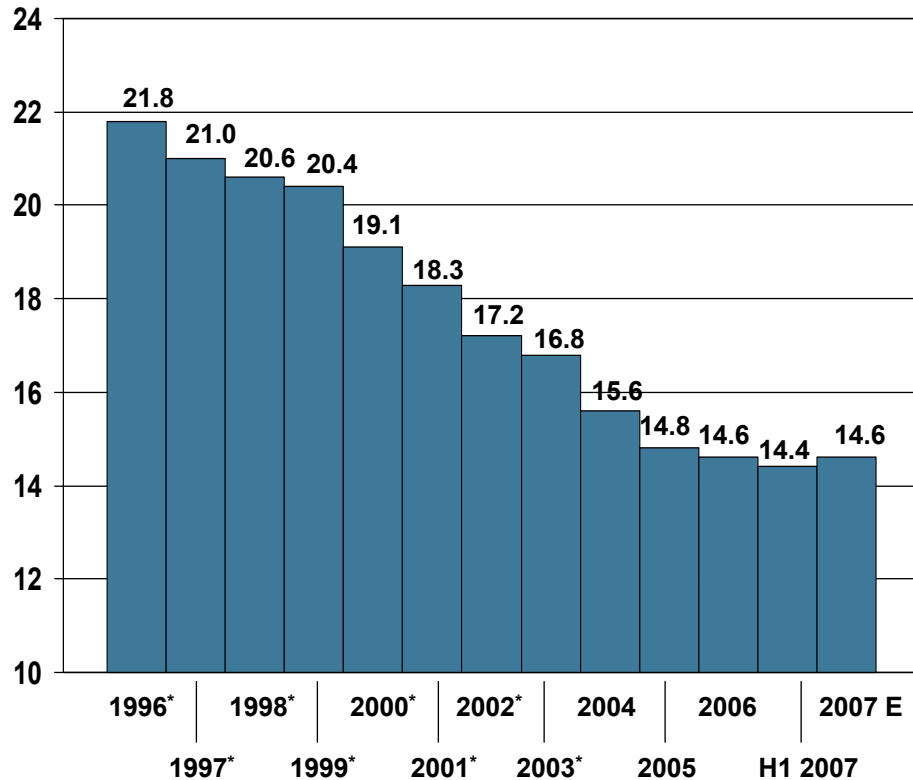
H1 2007:

- Post-tax profit of DKK 764m (H1 2006: DKK 689m)
- 0.4% premium growth in non-life and 8.3% in life
- 17.6% post-tax ROE (38.4% annualised)
- Expense ratio unchanged at 14.4
- CR improved from 86.4 to 85.9

Prospects for 2007

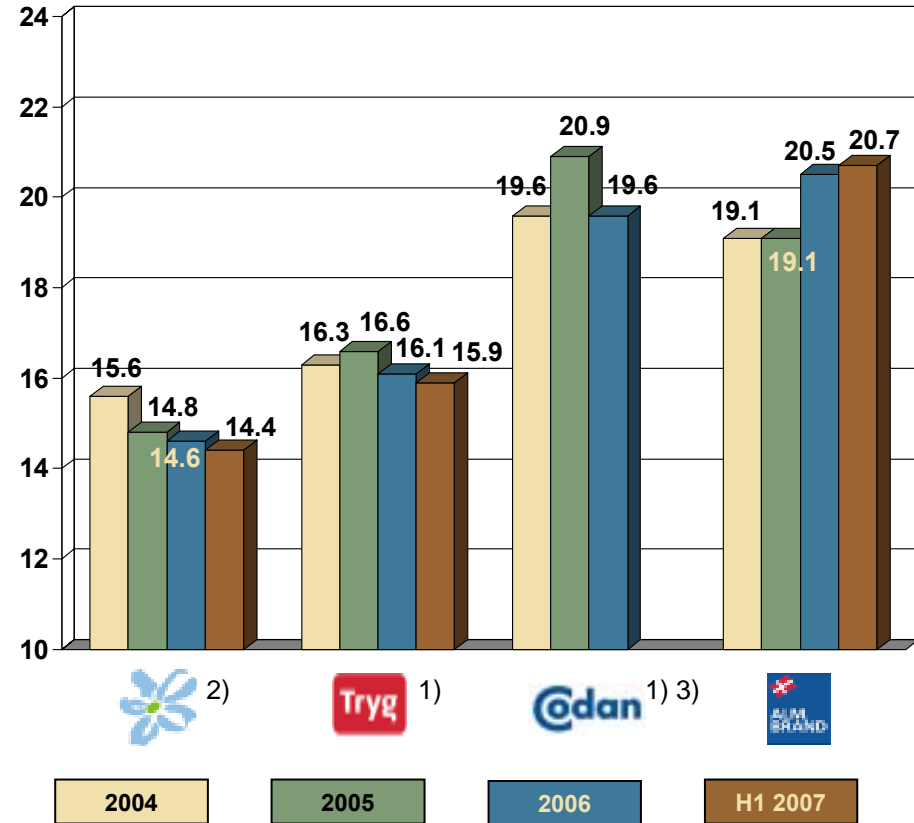
- Expected premium growth unchanged at 1% in non-life. Expected premium growth increased from 5% to 10% in life
- CR expected to improve from just below 88 to now just over 87
- In spite of a better than assumed claims trend profit forecast reduced by DKK 100m due to the turbulence in the equity and credit markets over the summer
- In spite of changed profit forecast share buy-back programme increased from DKK 1,800m to DKK 2,100m representing a yield of 11.7%

Trend in Topdanmark's expense ratio



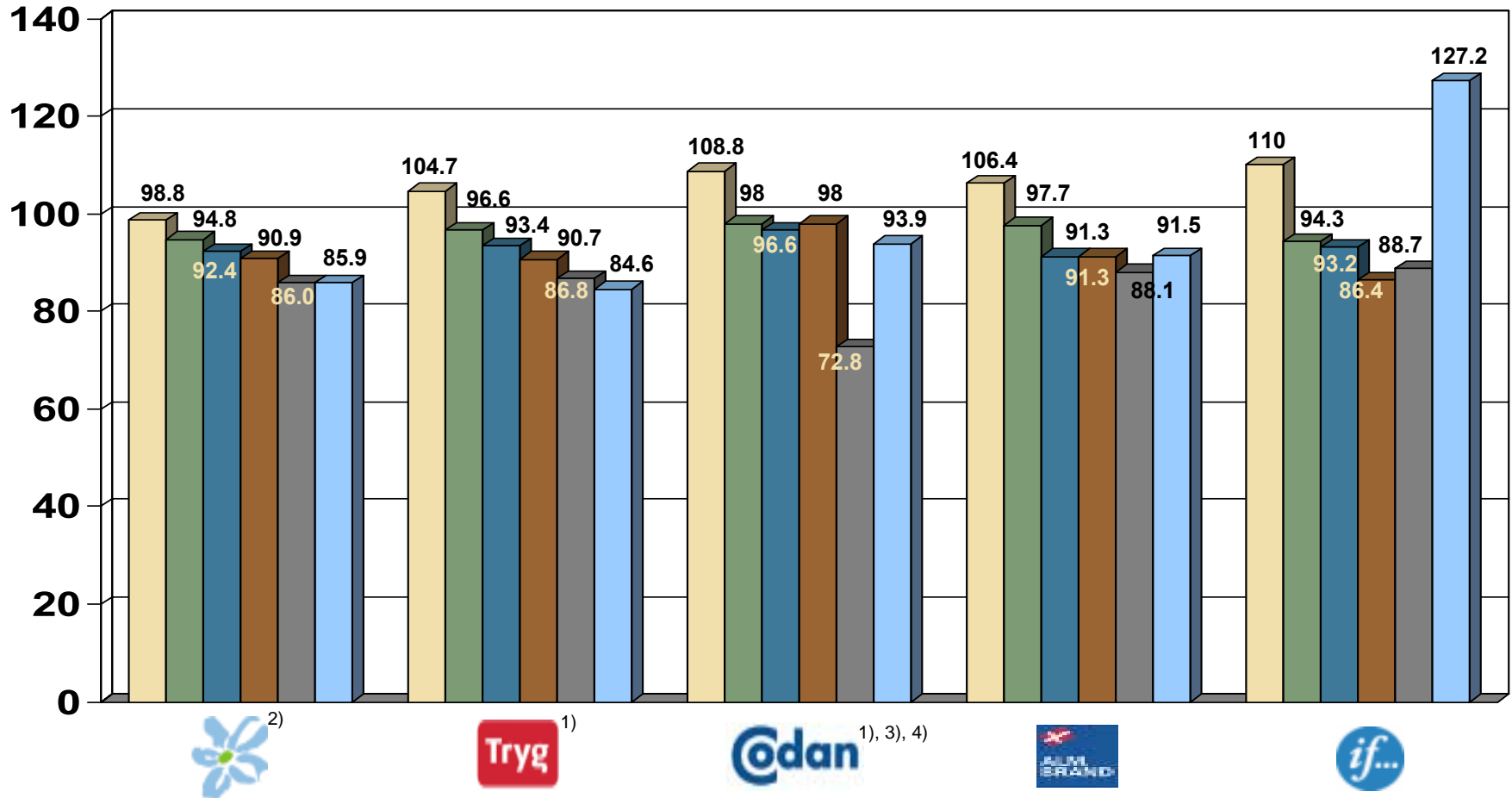
*Reduced by estimated IFRS effect 1996 - 2003

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
- 3) Separate figures no longer disclosed for Denmark

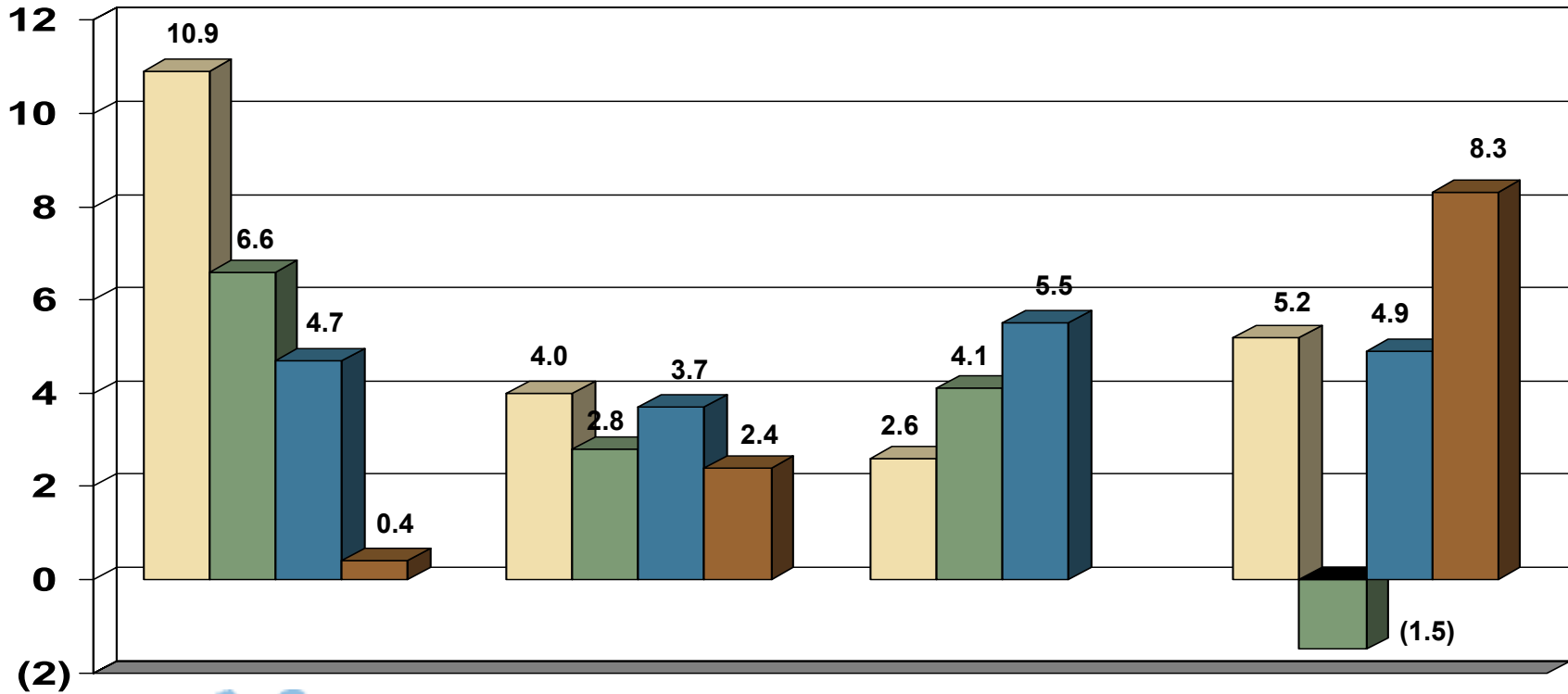
Comparison of CR (Danish insurance)



- 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
- 3) Separate figures no longer disclosed for Denmark
- 4) Figures for the Nordic countries incl. the Baltic countries



Comparison of premium growth (Danish insurance)



2004

2005

2006

H1 2007

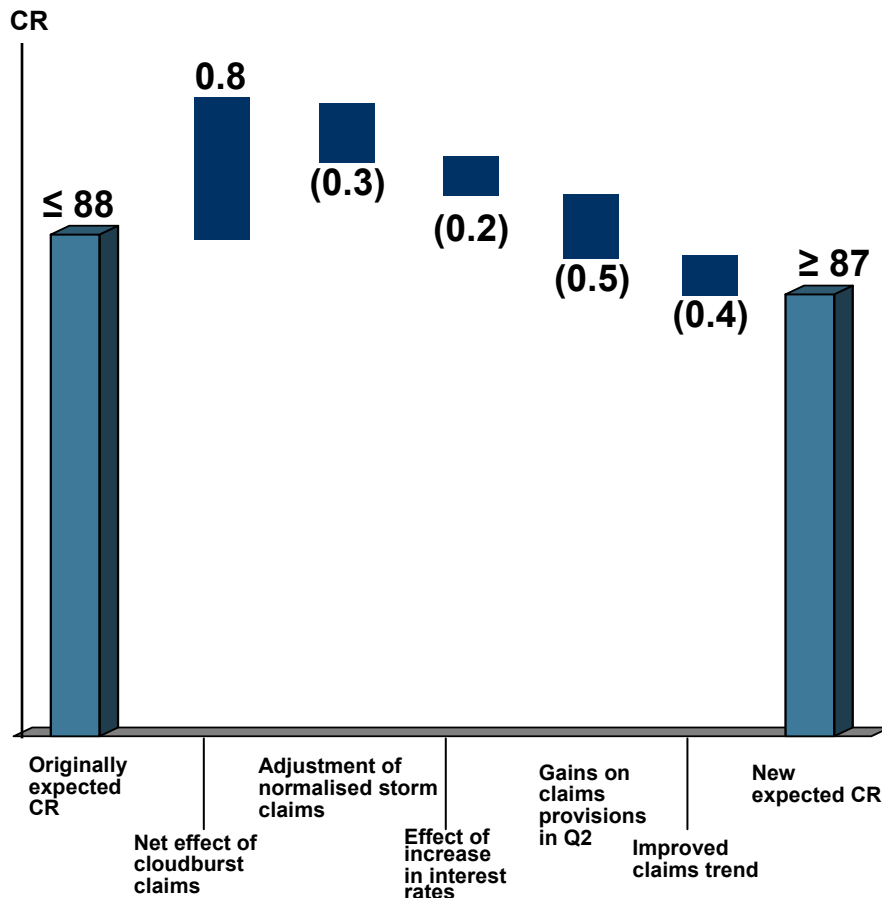
Prospects in non-life insurance 1/2

Premium growth

- Intensified competition in, among others, industrial and motor insurance
- Expected market growth of 2 - 3% in 2007
- Topdanmark has invested in improving its competitiveness
 - New motor and workers' comp insurance rates will have a 2.8 pp adverse effect on premium growth in 2007
- New motor insurance rate has the required effect
 - Increase in the sale of motor insurance policies to senior citizens and those motorists with low annual kilometres driven
 - But also slightly greater loss than expected of those motorist driving substantial distances, young motorists and those with only liability insurance → Improved quality of motor portfolio
- Premium increases corresponding to 0.6 pp due to new Act with effect from 1 July 2007
- Continued expected premium growth of around 1% in 2007
- Solvency II

Prospects in non-life insurance 2/2

Adjustment of expected CR for 2007



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

Can profit be made on non-life insurance?

- Assumptions:
 - Shareholders' equity 33% of premium income
 - Combined ratio 87
 - 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>87.0</u>
	14.5 ~ ROE = 43.5%

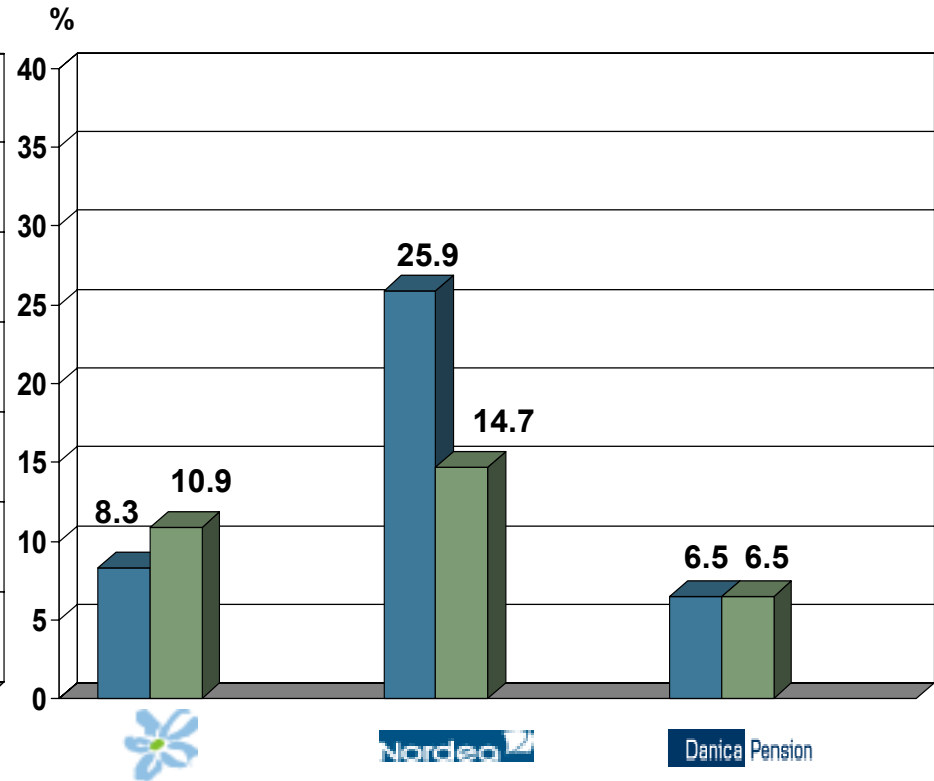
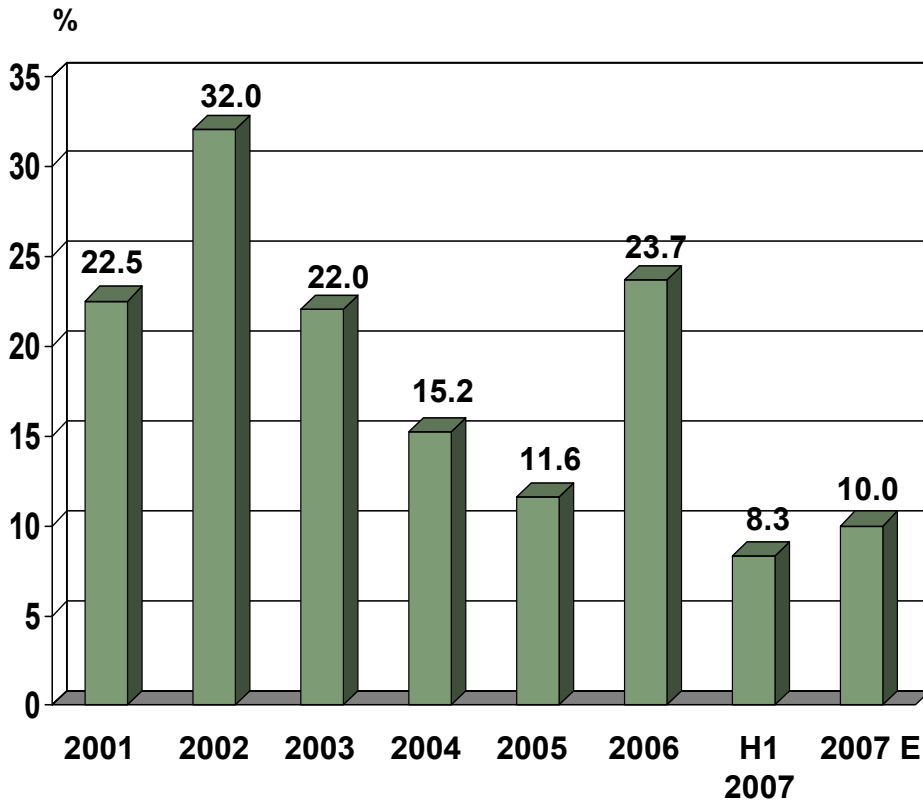
- ROE:

• ROE before taxation	<u>5.0%</u>
	48.5%

Continued high growth in regular premiums

Trend in Topdanmark's premium growth

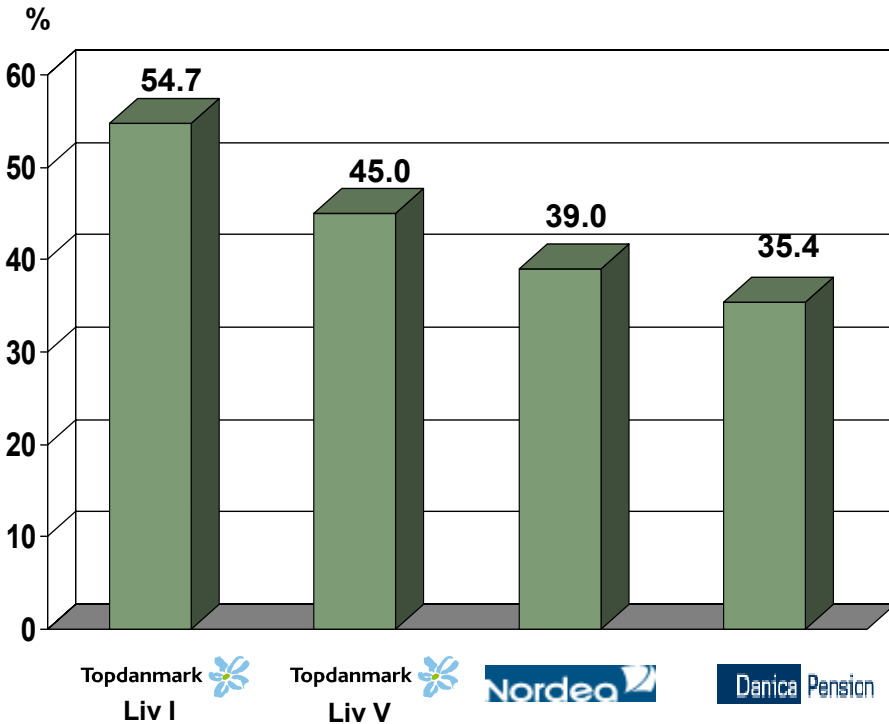
Comparison of premium growth in H1 2007



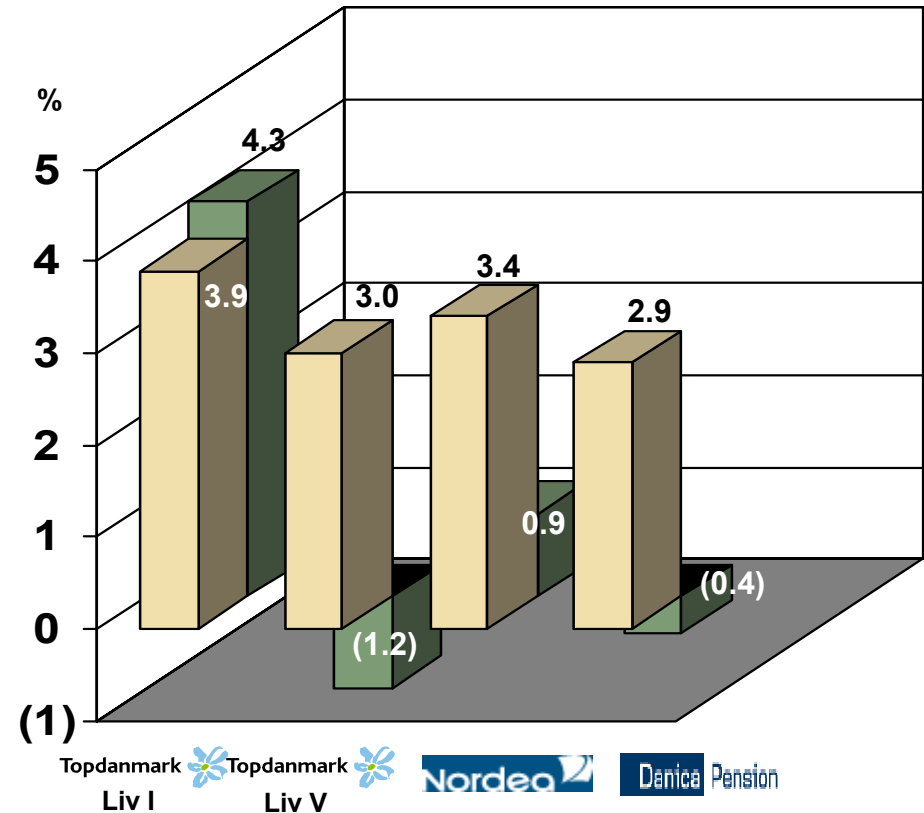
Total premiums **Regular premiums**

High gross and net returns for Topdanmark's pension customers

Accumulated investment return 2003 - H1 2007



Comparison of net and gross returns H1 2007

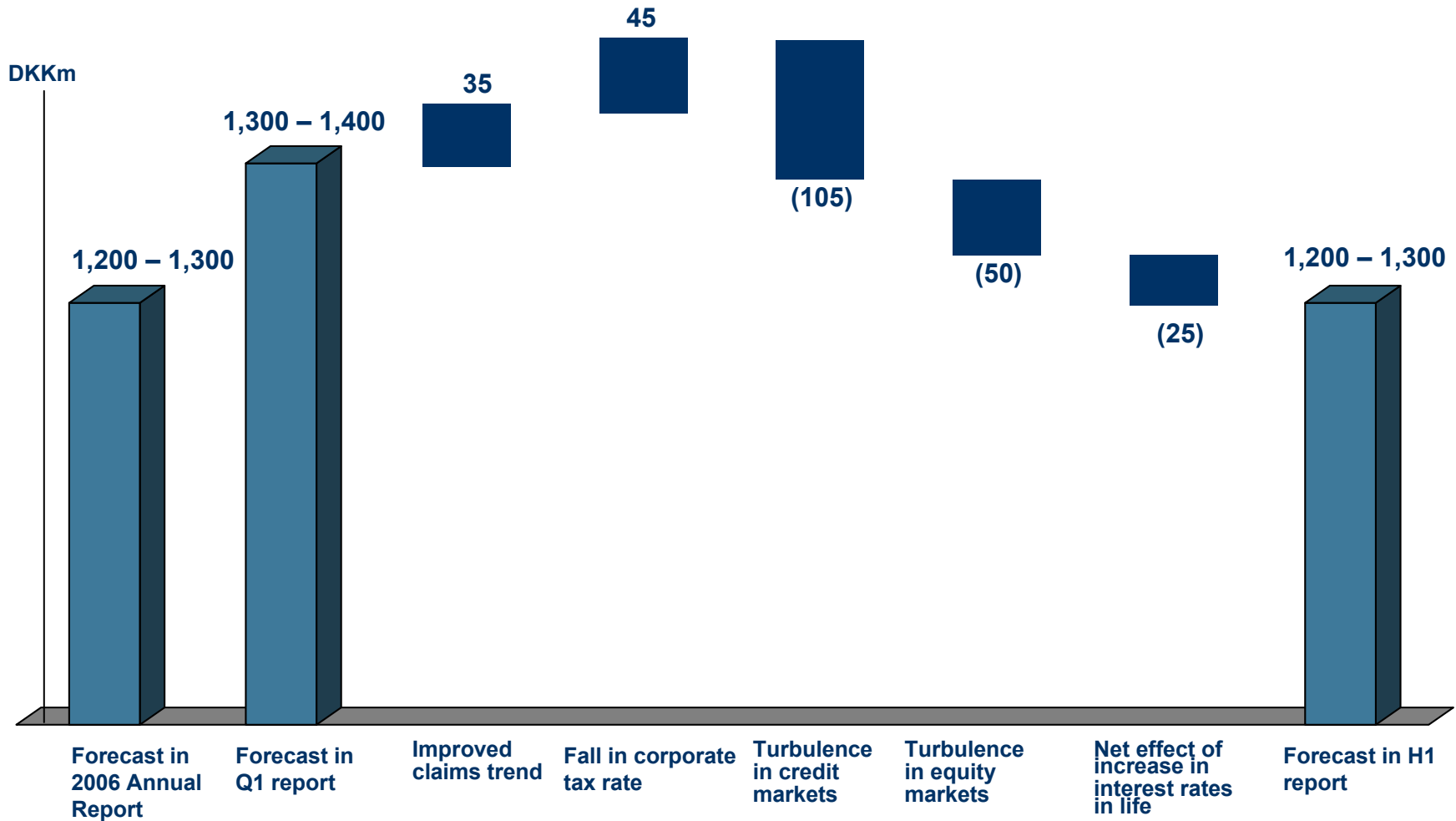


Net Gross

Prospects in life insurance

- Intensified competition on moving existing pension schemes
- 8% - 10% expected market growth in 2007
- Topdanmark's expected premium growth updated from 5% to 10% in 2007
 - 10% expected growth in both regular and single premiums
- Profile Pension expected to account for an increasing share of new business
 - 36% in H1 2007
- Bonus ratio of 12.5% in Life I; one of the highest in the market
- Topdanmark has Denmark's most satisfied life customers

New profit forecast for 2007



Forecast assumptions for 2007 are based on equity prices at 24 August 2007

Share buy-back represents a yield of 11.7%

- Expected buy-back also reduced by DKK 100m to DKK 1,700m in 2007
- However increase due to the issue of DKK 400m of hybrid capital
- Therefore overall share buy-back of DKK 2,100m
- Proportion not bought back in 2007 to be added to ordinary programme for 2008
- Expected buy-back in 2007 represents a yield of 11.7%
- To date in 2007 DKK 1,347m shares bought back
- Remaining buy-back of DKK 753m in 2007
- Since 1998 Topdanmark has bought back 56% of the outstanding shares
 - Average price per share: DKK 277

Fixed income portfolio 2007

Rounded figures

	DKKm		
AAA, AA			
Danish mortgage bonds	9,600	77%	
Covered bonds	300	2%	
CDOs	800	6%	
Credits	100	<u>1%</u>	86%
A, BBB			
CDOs	100	1%	
Credits	300	<u>2%</u>	3%
<BBB			
CDOs	600	5%	
Credits	200	<u>2%</u>	6%
Money market etc.	<u>500</u>	<u>4%</u>	<u>4%</u>
Total	12,500	100%	100%

Topdanmark's CDO exposure 1/2

- Topdanmark's exposure in CDO tranches covered by CDO-VaR (tranches rated lower than AA)
 - Senior secured loans (CLOs) DKK 683m
 - ABS CDOs (subprime exposure) DKK 41m
 - Book value at 31 July 2007 DKK 724m

- Market value of Topdanmark's investment in CDOs and credit bonds written down by DKK 140m
 - Of which DKK 100m in Q3

- Write-down reflects
 - CLOs: Market imbalances, increased return requirements etc. Expected cash flow unchanged from that at the time of investment
 - ABS CDOs: Ultimate subprime debtors' ability to pay poorer than assumed. Expected cash flow lower than at the time of investment

Topdanmark's CDO exposure 2/2

- None of Topdanmark's bonds or CDO investments have defaulted or been downgraded
 - ABS CDOs comprise 7 CDO subprime exposure investments
 - No downgrading of tranches in these CDOs
 - 2005 vintage or previous

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 → [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 2007 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

(DKK m)

Premium risks	1,362
Provisioning risks	2,283
Disaster risks	157
Diversification effect	(608)
<hr/>	
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)
<hr/>	
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	(307)
Revaluation of claims provisions	239
Non-recurring effect of increase in interest rates	(68)

Annual effect

DKKm	Post-tax
Excess return on interest-bearing assets	26
1.2 percentage point decline in loss ratio	77
One year's effect of increase in interest rates	103
Non-recurring effect of increase in interest rates	(68)
Total effect on results - first year	35
Total effect on results - second year and afterwards	103

Interest rate exposure based on equity prices 22 August 2007

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)	451	
1 x interest rate exposure (Group excl. life)	95	
	<hr/>	4,675
Financed by:		
subordinated loan capital, long-term loan capital or committed lines to parent company (20% of DKK 4,675m)		(935)
Total reasonable level of capital cover 1 Jan 2007		<hr/> 3,740
1 year's normal growth in reasonable level of capital cover		<hr/> 165
Expected reasonable level of capital cover 31 Dec 2007		<hr/> 3,905

Share buy-back model (2/2)

Share buy-back potential 2007 (DKKm)

Shareholders' equity 1 Jan 2007		4,366
Hybrid capital	410	
Adjusted for: Goodwill	(441)	
Tax asset	(80)	
Value of own shares on exercise of share options	29	
Value of own shares to hedge warrant programme ¹⁾	432	350
Capital cover 1 Jan 2007		<u>4,716</u>
Expected profit after cash-impacting tax 2007 (avg)		1,250
Movements in shareholders' equity		40
Expected capital cover 31 Dec 2007		<u>6,006</u>
Expected reasonable level of capital cover 31 Dec 2007		<u>(3,905)</u>
Share buy-back potential 2007		<u>2,101</u>

¹⁾ 70% of market value - 900 - 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)

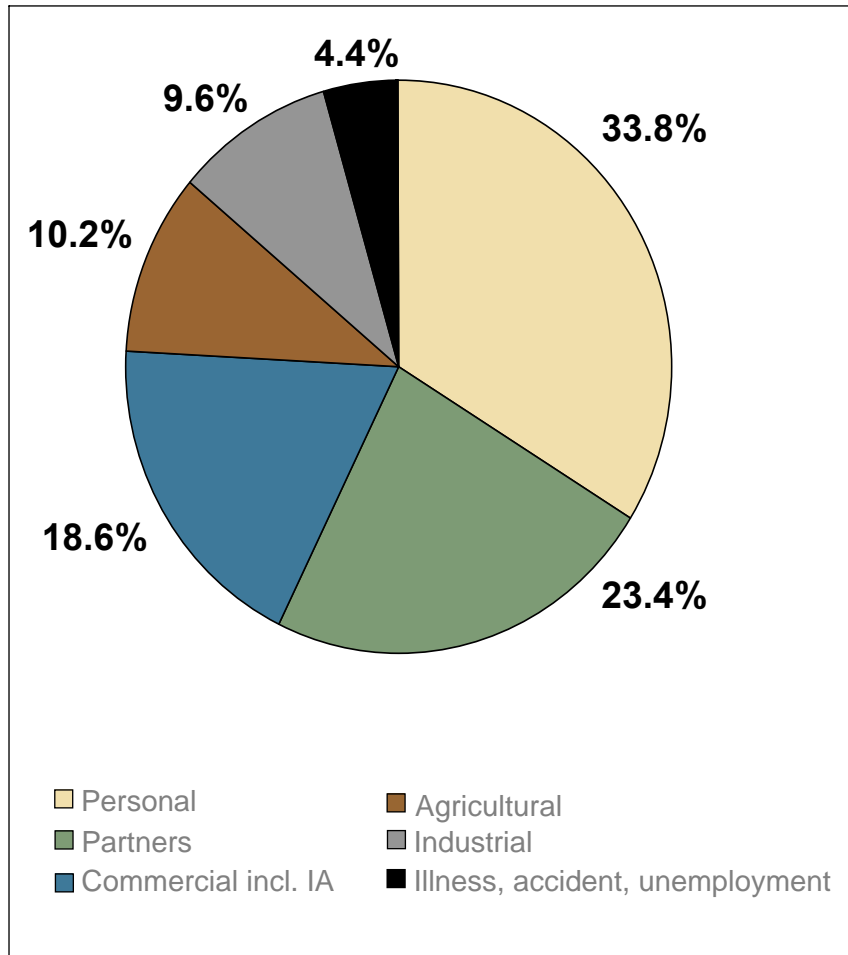
Return on life insurance:

	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%

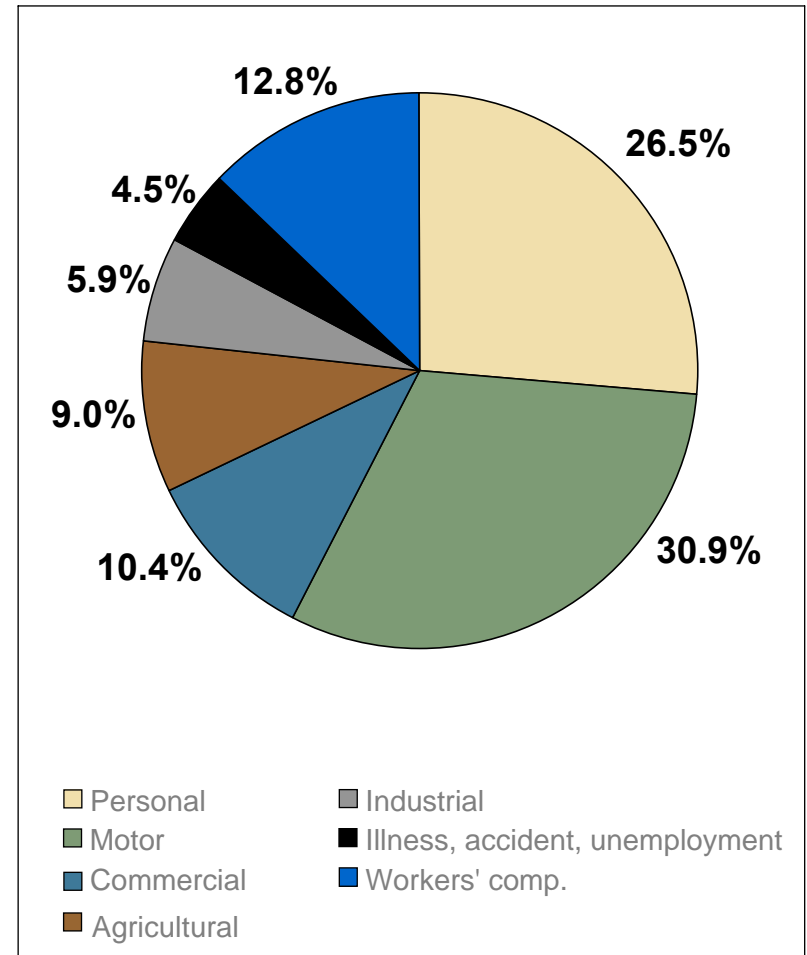
Other life-related result:

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

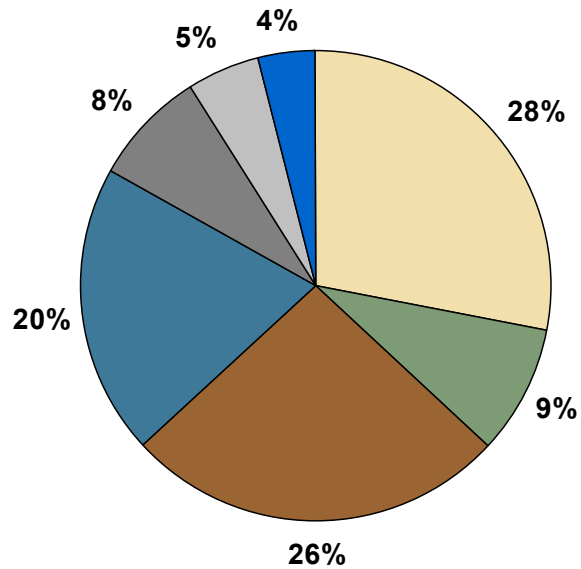


Premiums by product



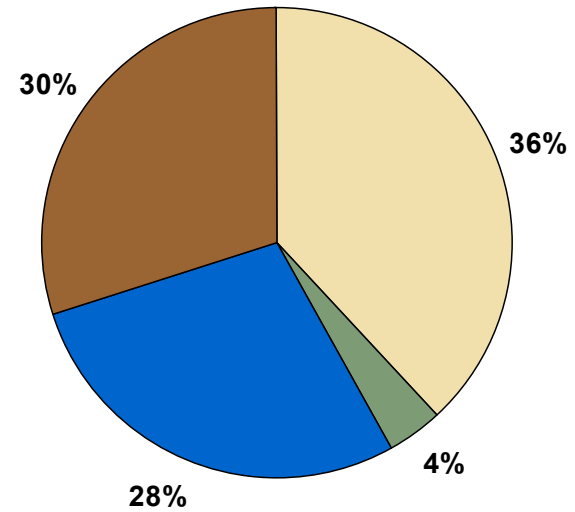
Distribution channels

Non-life 2006



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

Life 2006

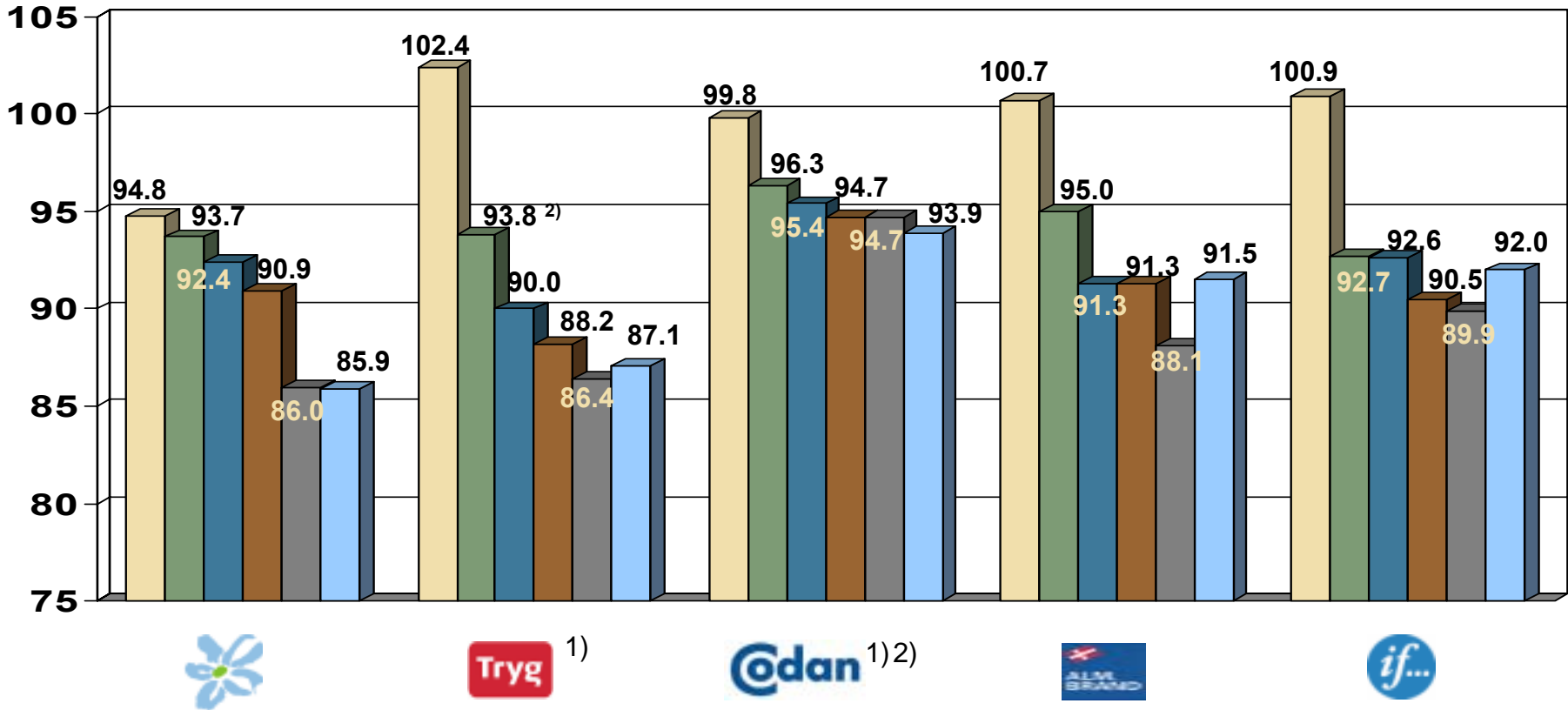


- Certified insurance sales reps
- Banks etc.
- Brokers
- Head office

Investment assets at 30 June 2007

(DKKm)	Group excl. life	Life group
Interest bearing investment assets	13,801	17,269
Equities	1,389	4,901
Index-linked bonds	3	1,229
Investment properties	289	2,336
Associated companies	36	449
Other	0	314
Investment assets	15,518	26,498
Intra-group balances	993	(993)
Investment assets corresponding to illness / accident provisions	1,013	(1,013)
Investments	17,524	24,492
Interest earned	188	258
Interest-bearing debt / derivatives	(1,500)	(487)
Net investment assets	16,212	24,263

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

