

Topdanmark Q1 2008 Results

Highlights

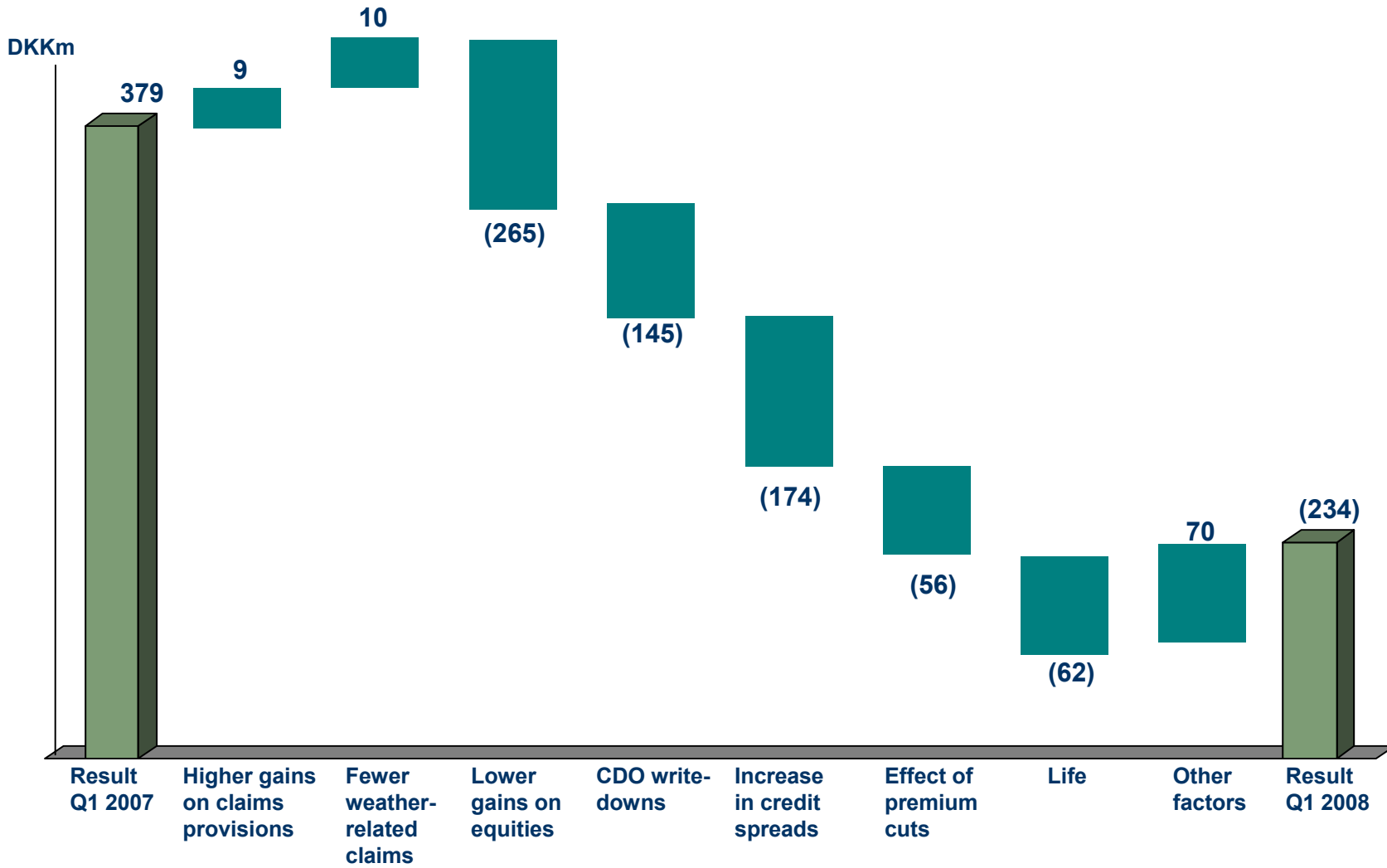
Q1 2008:

- **Post-tax loss of DKK 234m (Q1 2007: DKK 379m profit)**
- **1.1% premium growth in non-life and 20.3% in life**
- **Technical result increased 8.5%**
- **Unchanged expense ratio at 14.7**
- **CR improved from 86.9 to 86.2**

Prospects for 2008

- **Post-tax profit for 2008 remains unchanged at DKK 750 – 850m**
 - **Representing a post-tax ROE of 23%**
- **Expected share-buy back also remains unchanged at DKK 1,050m**
 - **Representing a 8.9% buy-back yield**
- **Expected premium growth in non-life reduced from in line with or just over 2 - 3% to around 1%**
- **Expected growth in regular premiums in life increased from 8 – 10% to 10%**

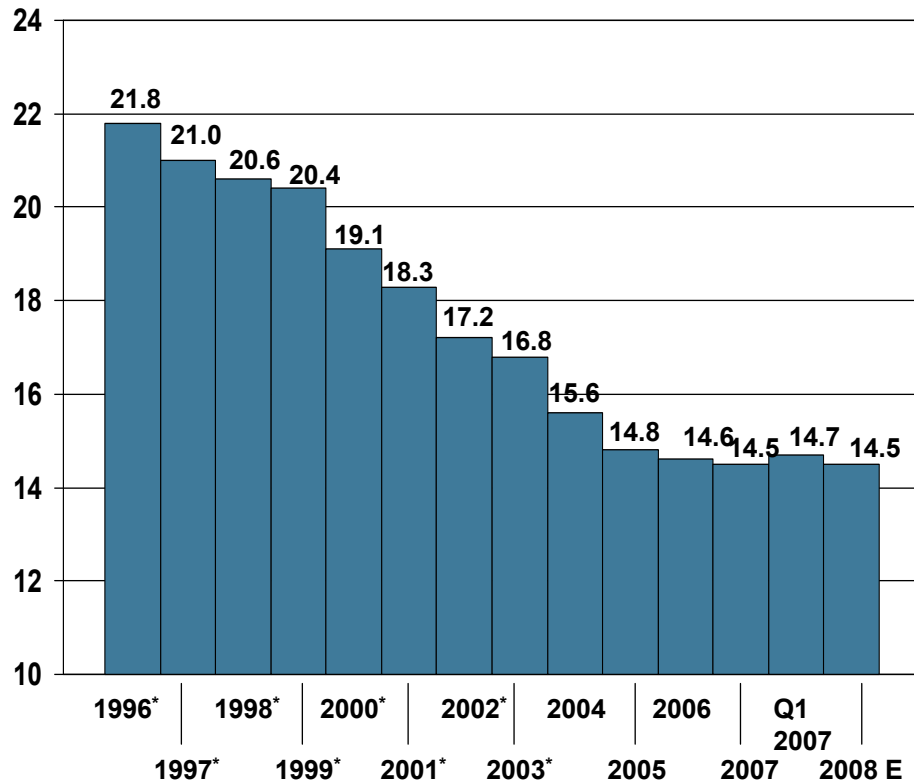
Trend in result Q1 2007 - Q1 2008



Ratios by segments

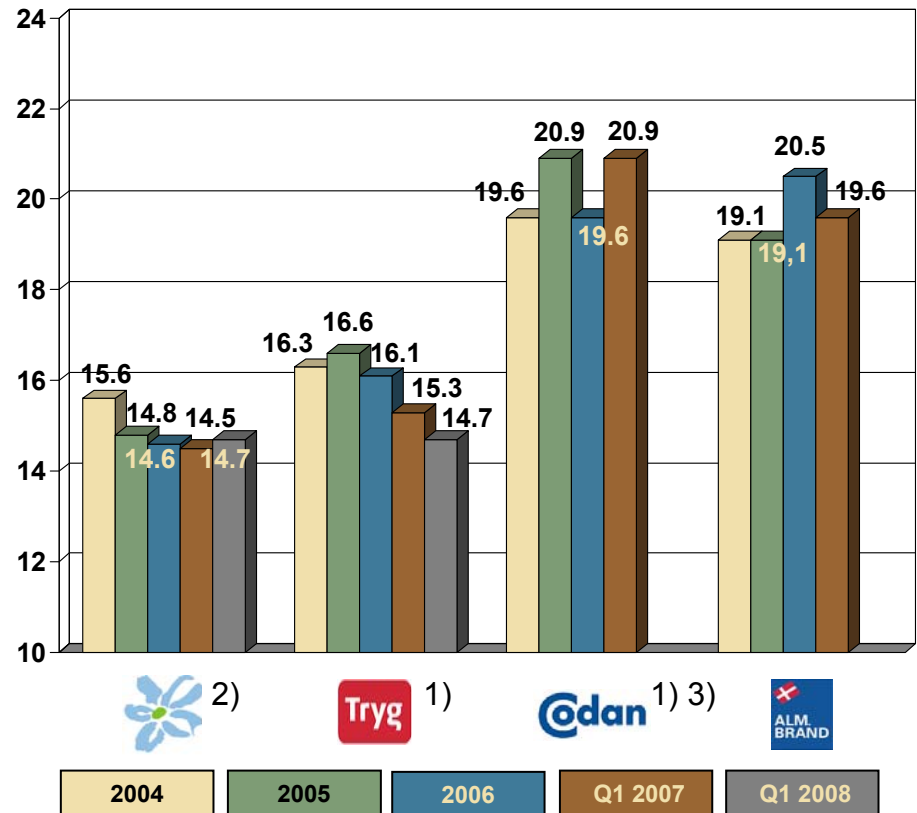
	Personal		Commercial		Industrial		Group	
	Q1 2007	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Q1 2008	Q1 2007	Q1 2008
Gross loss ratio (%)	68.7	67.1	70.8	69.3	45.4	66.2	67.2	67.8
Net reinsurance ratio (%)	1.5	1.2	3.8	3.6	29.2	17.3	5.0	3.7
Claims trend (%)	70.2	68.3	74.6	72.9	74.6	83.5	72.2	71.5
Gross expense ratio (%)	15.3	15.3	14.2	14.4	14.2	12.8	14.7	14.7
Combined ratio	85.5	83.6	88.8	87.3	88.8	96.3	86.9	86.2
CR adjusted for any gains on / strengthening of provisions	86.1	86.8	89.3	88.0	99.9	98.2	88.5	88.3

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

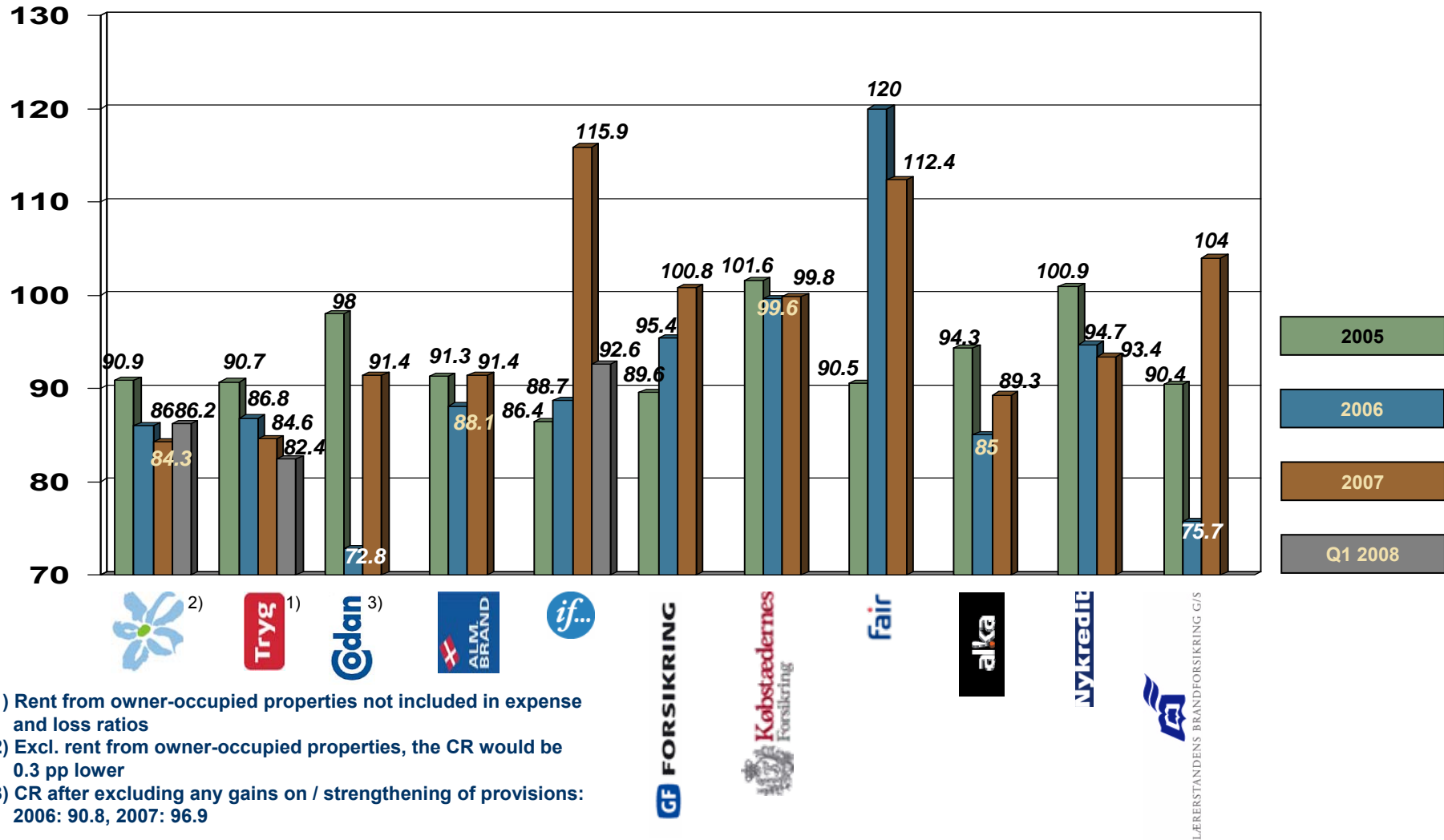


1) Rent from owner-occupied properties not included in expense ratio

2) Excl. rent from owner-occupied properties, the expense ratio would be 0.1 pp lower

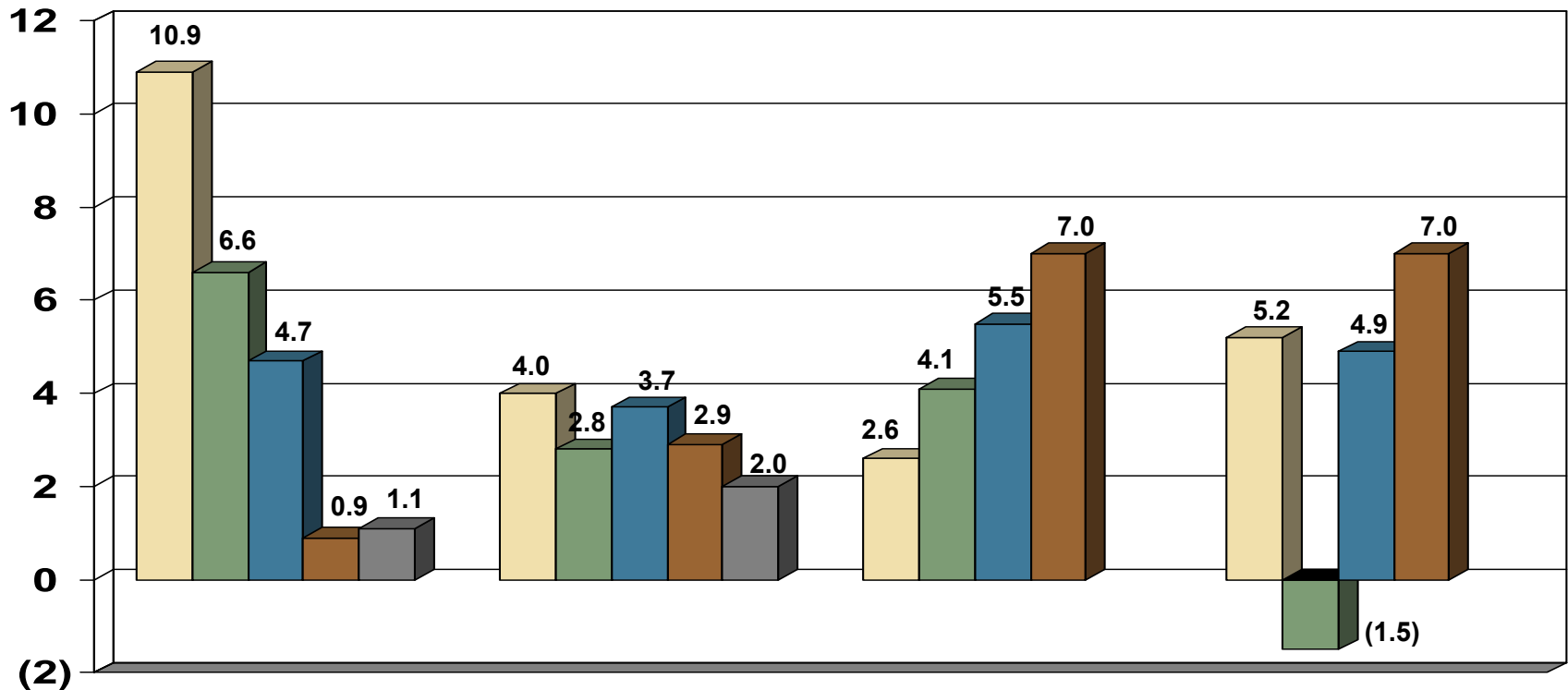
3) Separate figures no longer disclosed for Denmark

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)



2004

2005

2006

2007

Q1 2008

Prospects in non-life insurance

2008

- Measures to improve competition implemented in 2008, effect DKK 140m
- Previously premium growth expected to be in line with or just over 2 - 3%
- Now premium growth expected to be around 1%
 - Due to further price cuts of DKK 140m in motor, workers' comp, house and contents
 - Effect of DKK 45m ~ 0.5 pp in 2008
 - Slower than expected effect time for new measures
 - Lower expected growth in Commercial
 - Due to an increase in life sales
 - Lower expected growth in Industrial
 - Due to increased competition
- Improved exchange rate of customers now seen in Personal
- Expected CR improved from just under 89 to just over 88

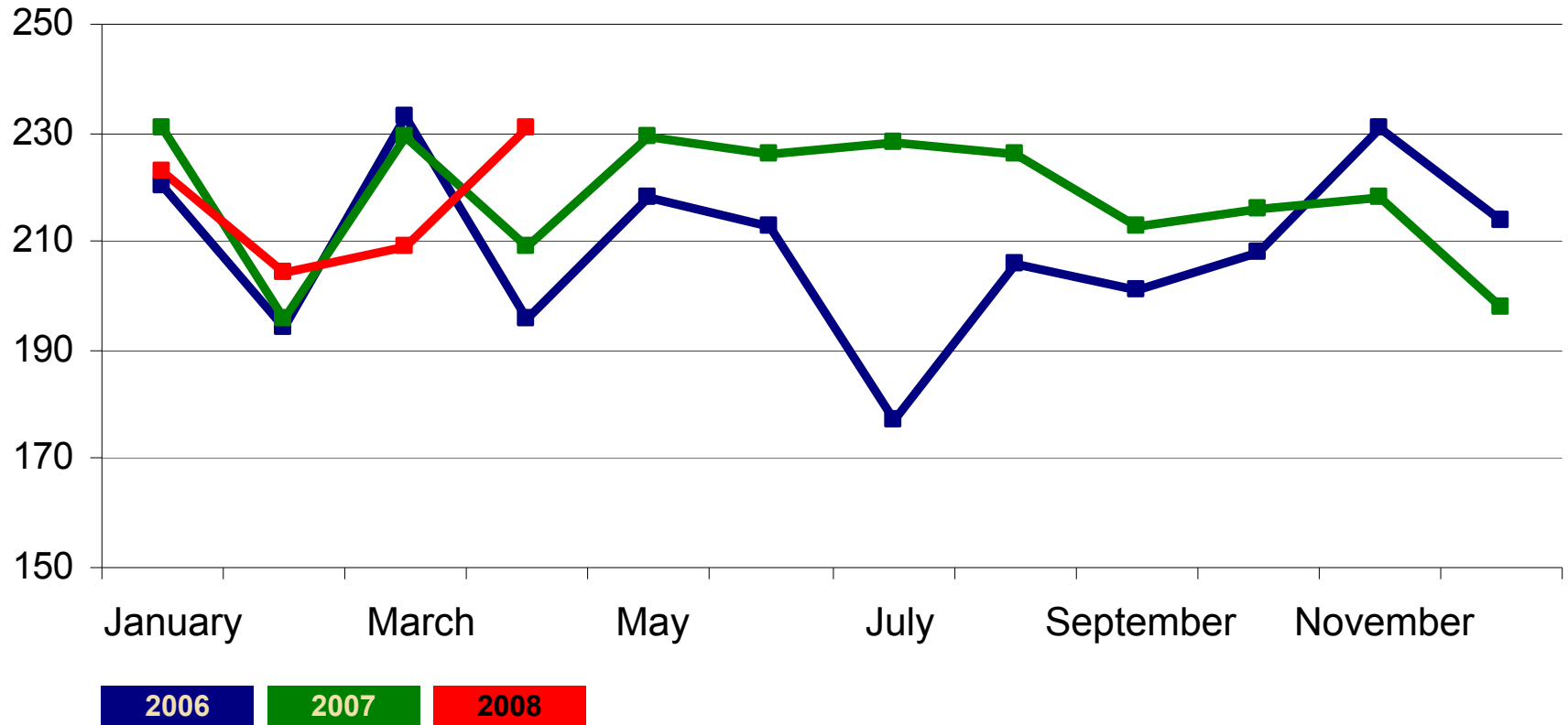
Maintaining operational goals:

- 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

1.5 pp

Motor insurance Claims frequency - passenger cars



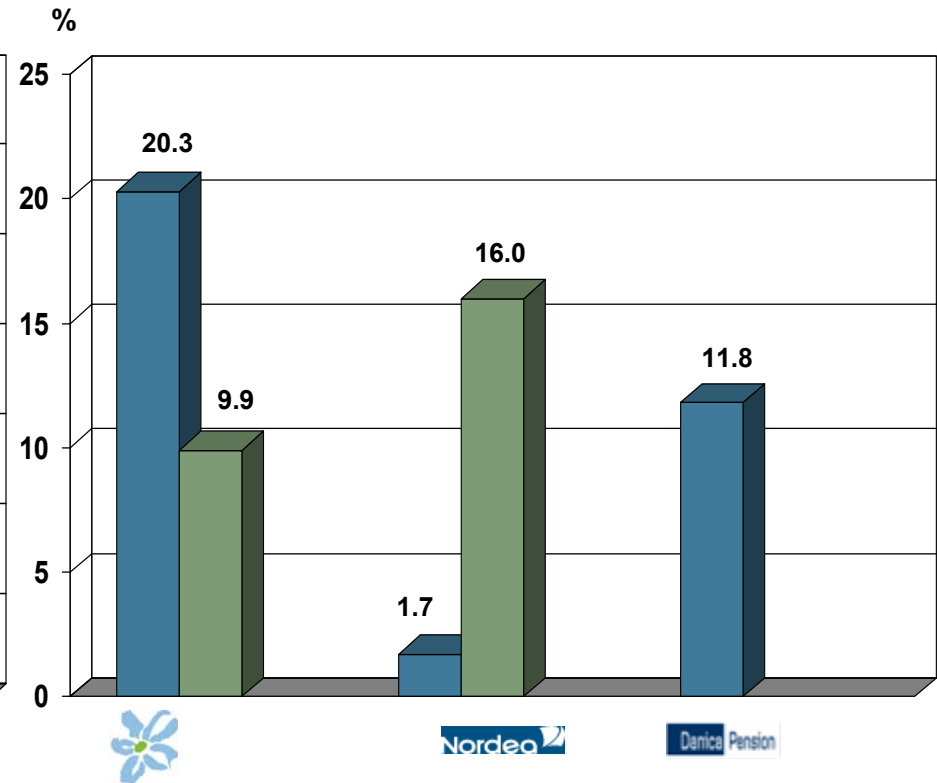
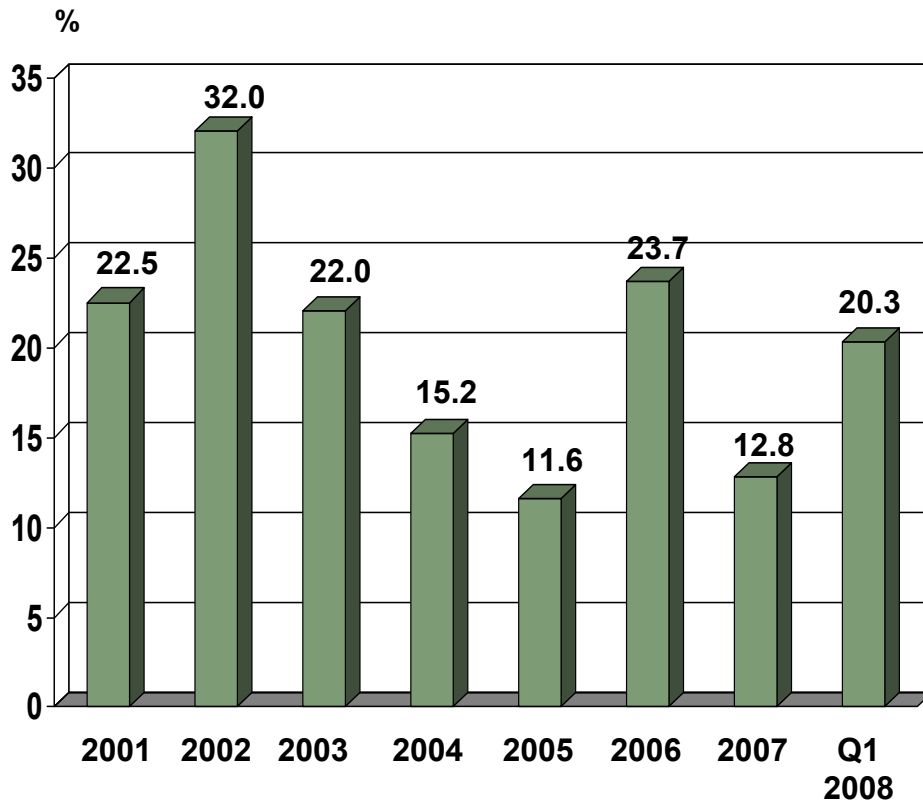
Result of life insurance

(DKKm)	Liv I	Liv V	Q1 2007 Group	Liv I	Liv V	Q1 2008 Group
Investment return	7	8	15	(8)	(9)	(17)
Risk allowance	14	13	27	12	13	25
Transferred to shadow account	0	0	0	(12)	(13)	(25)
Profit / (loss) in Topdanmark Link	1		1	(16)		(16)
Financing charges Liv Holding			(3)			(3)
Calculated compensation etc.			5			(1)
Profit / (loss) on life insurance			45			(38)
Shadow account end of period	0	0	0	12	65	77

Continued high premium growth

19.3% CAGR in Topdanmark (2001 - 2007)

Comparison of premium growth Q1 2008



Total premiums

Regular premiums

Prospects in life insurance

- **Expected premium growth in regular premiums upgraded from 8 - 10% to around 10% for 2008**
- **Overall expected premium growth of 5 - 10% in 2008**
- **Topdanmark has Denmark's most satisfied life customers**
- **DKK 52m transferred to the shadow account in Liv V**
 - **Shadow account balance at 31 December 2008: DKK 105m**
 - **Will be included in income in a subsequent period when investment return is sufficiently high**

Investment return for Topdanmark Group excluding life insurance in Q1 2008

DKK m	Portfolio DKK bn	Return DKK m	% return
Danish equities	0.5	(45)	(8.5)
Foreign equities	0.7	(158)	(17.6)
Government and mortgage bonds	9.1	77	0.8
Credit bonds	1.5	(87)	(5.8)
CDOs	1.3	(157)	(10.7)
Investment properties	0.9	9	1.0
Other	1.5	(18)	(1.0)
Total	15.5	(379)	(2.5)

CDOs - Returns and portfolios Q1 2008

	Group excl. life insurance	Life insurance
Return Q1		
AAA and AA	(52)	(111)
Lower than AA	(105)	(239)
Total return	(157)	(350)
Interest		
Interest	36	79
Revaluations		
Revaluations	(193)	(429)
Total return	(157)	(350)
Book value 31 March		
AAA and AA	834	1,248
Lower than AA	479	986
Total book value	1,313	2,234

Unrealised write-downs of CLOs, without subprime exposure, and transfers to shadow account

DKKm

Write-downs of CLOs in 2007	181	
Shareholders' share in life	45	
Write-downs of CLOs in Q1 2008	176	
Shareholders' share in life	<u>47</u>	449
Transferred to shadow account in 2007	53	
Transferred to shadow account in 2008E	<u>52</u>	105
		<u>554</u>

Unchanged 2008 profit forecast

- In the 2007 Annual Report the post-tax profit forecast for 2008 was DKK 750 - 850m
- Since the 2007 Annual Report the following assumptions have been changed:

Combined ratio, $\geq 89 \rightarrow \leq 88$ corresponding to	DKK	33m
Life	DKK	(10)m
Lower growth in non-life	DKK	(17)m
Other factors	<u>DKK</u>	<u>(6)m</u>
Total after taxation	DKK	0m

- Therefore, post-tax profit forecast for 2008 unchanged at DKK 750 -850m
 - Excluding any gains / losses on claims provisions
 - Including buffer of 1pp
- Forecast corresponds to a post-tax ROE of 23%

Forecast assumptions for 2008 are based on equity prices at 14 May 2008

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

Unchanged expected share buy-back of DKK 1,050m

Comprising:

- Expected ordinary share buy-back DKK 680m
- Transferred from 2007 DKK 121m
- Lower solvency margin around DKK 250m
- Expected share buy-back for 2008 DKK 1,050m
representing a buy-back yield of 8.9%

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 324

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 Q1 2008 Report.

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

Appendix

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%

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

Immediate effect

DKKm	Post-tax
Revaluation of investment assets	(311)
Revaluation of claims provisions	247
Non-recurring effect of increase in interest rates	(64)

Annual effect

DKKm	Post-tax
Excess return on interest-bearing assets	24
1.1 percentage point decline in loss ratio	74
One year's effect of increase in interest rates	98
Non-recurring effect of increase in interest rates	(64)
Total effect on results	34

Interest rate exposure based on equity prices at 9 May 2008

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 5.0%
 - ROE after taxation 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)	366	
1 x interest rate exposure (Group excl. life)	98	
	<u> </u>	4,521
Financed by:		
subordinated loan capital, long-term loan capital or committed lines to parent company (20% of DKK 4,521m)		<u>(904)</u>
Total reasonable level of capital cover 1 Jan 2008		<u>3,617</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>3,779</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	(135)	
Value of own shares on exercise of share options	105	
Value of own shares to hedge option programme ¹⁾	365	296
Capital cover 1 Jan 2008		<u>4,011</u>
Expected profit after cash-impacting tax 2008 (avg)		800
Movements in shareholders' equity		40
Expected capital cover 31 Dec 2008		<u>4,851</u>
Expected reasonable level of capital cover 31 Dec 2008		<u>(3,779)</u>
Share buy-back potential 2008		<u>1,072</u>

1) 70% of market value - 840 - 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)

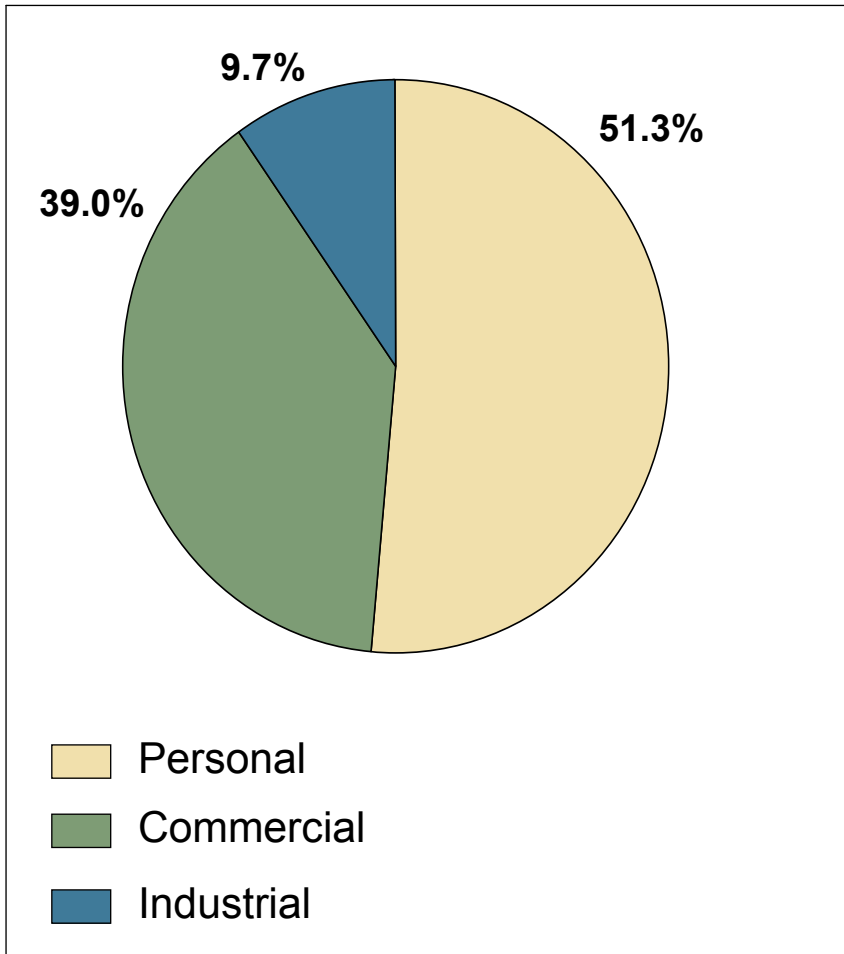
Return on life insurance:

	Normalised Annual return	
Investment return on shareholders' equity, 4.5%	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%

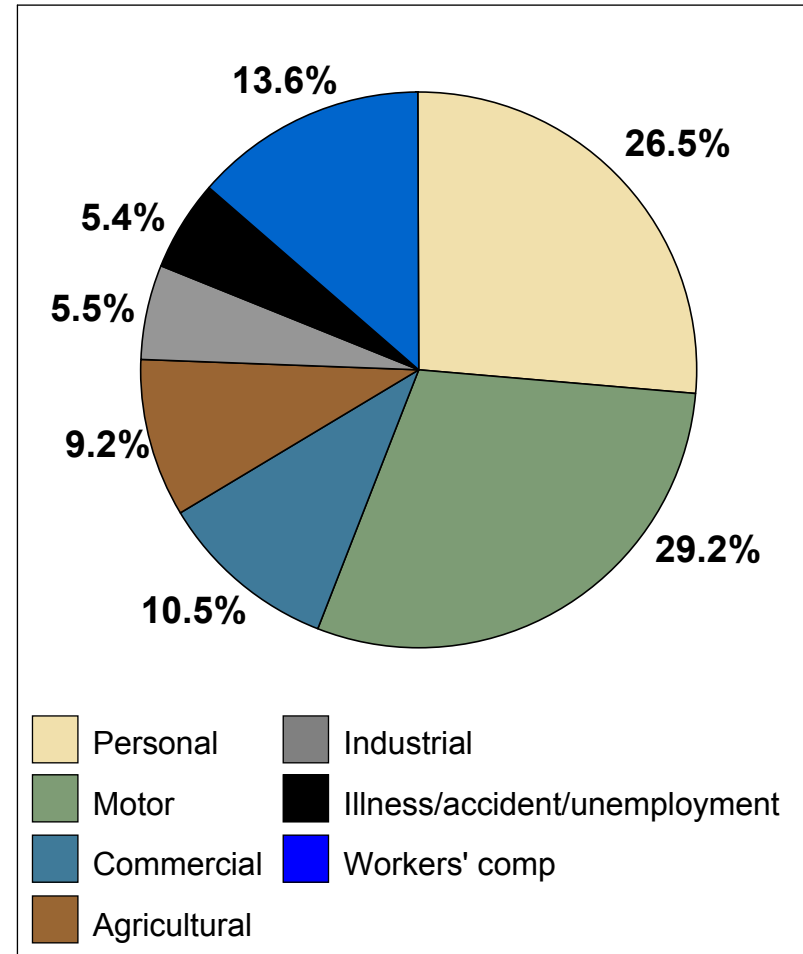
Other life-related result:

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

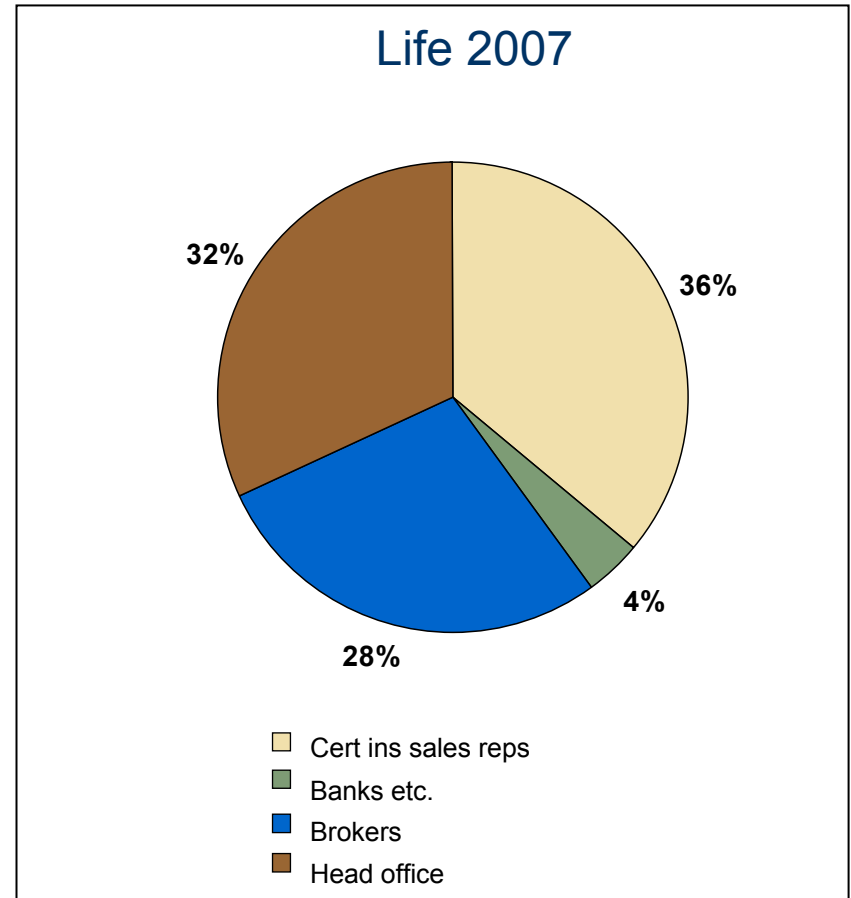
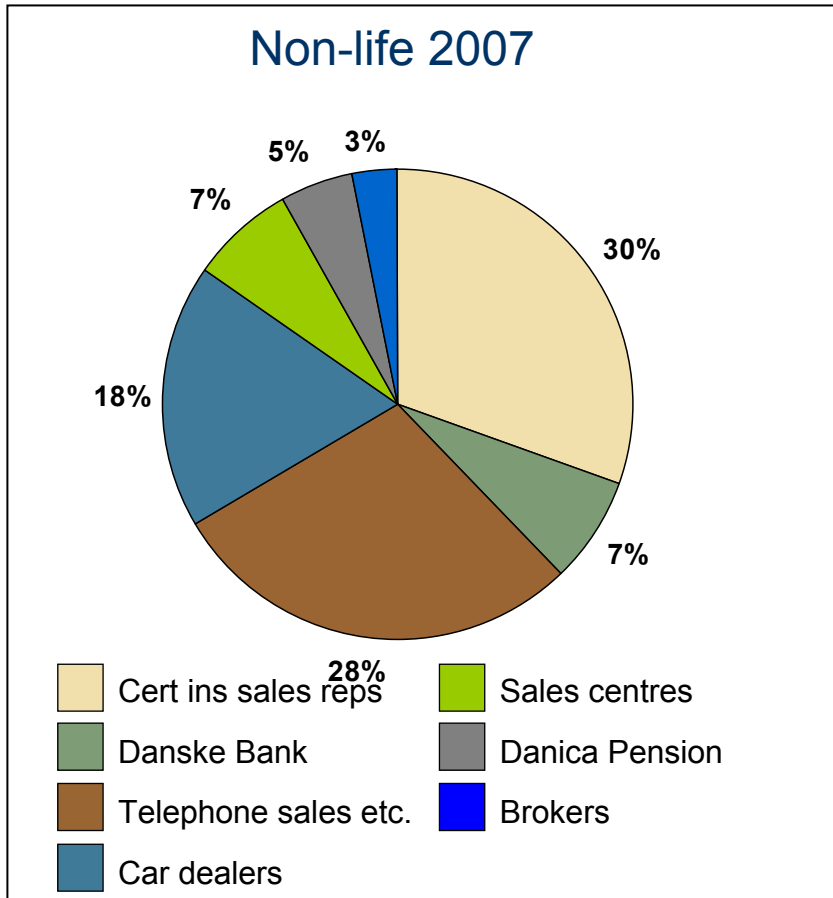
Premiums by segment 2007



Premiums by product 2007



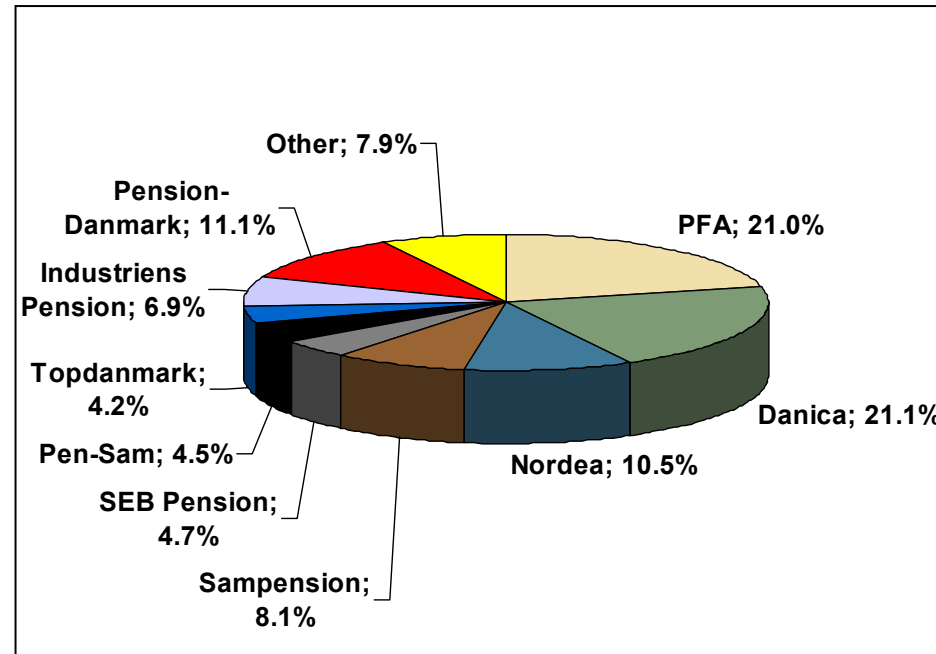
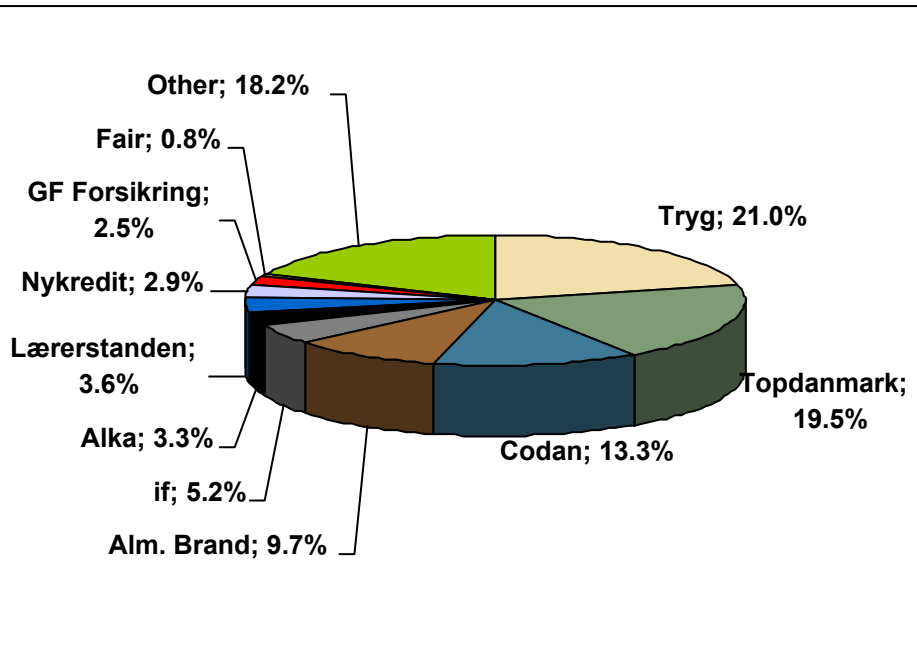
Distribution channels



Market share

Market share in non-life in 2006

Market share in life 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
2008	21				

Large-scale claims are defined as gross claims exceeding DKK 5m
Comprising 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
2008	47				

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

Investment assets at 31 March 2008

(DKKm)	Group excl. life	Life group
Interest bearing investment assets	13,023	18,332
Equities	1,334	4,343
Index-linked bonds	285	1,686
Investment properties	859	2,462
Associated companies	39	533
Other	0	397
Investment assets	15,540	27,753
Intra-group balances	673	(673)
Investment assets corresponding to illness / accident provisions	1,240	(1,240)
Investments	17,453	25,840
Liquid funds	136	99
Interest earned	170	240
Interest-bearing debt / derivatives	(1,684)	(1,962)
Net investments assets	16,075	24,217