

March 2011

# Topdanmark's 2010 results

# Highlights

## Q4 2010

- Post-tax profit of DKK 488m (Q4 2009: DKK 337m)
- CR of 89.2 (Q4 2009: 91.1)
- CR of 93.2 (Q4 2009: 94.3) excluding run-off gains
- 0.9% decline in non-life premiums and 4.1% in life premiums

## 2010

- Post-tax profit of DKK 1,168m (2009: DKK 1,446m)
- Actual result about DKK 200m higher than assumed
- CR of 93.3 (2009: 91.1)
- CR of 95.7 (2009: 93.6) excluding run-off gains
- Weather-related claims 3.0pp above a normal level
- 1.3% decline in non-life premiums and 5.8% increase in life premiums

## Profit forecast model for 2011

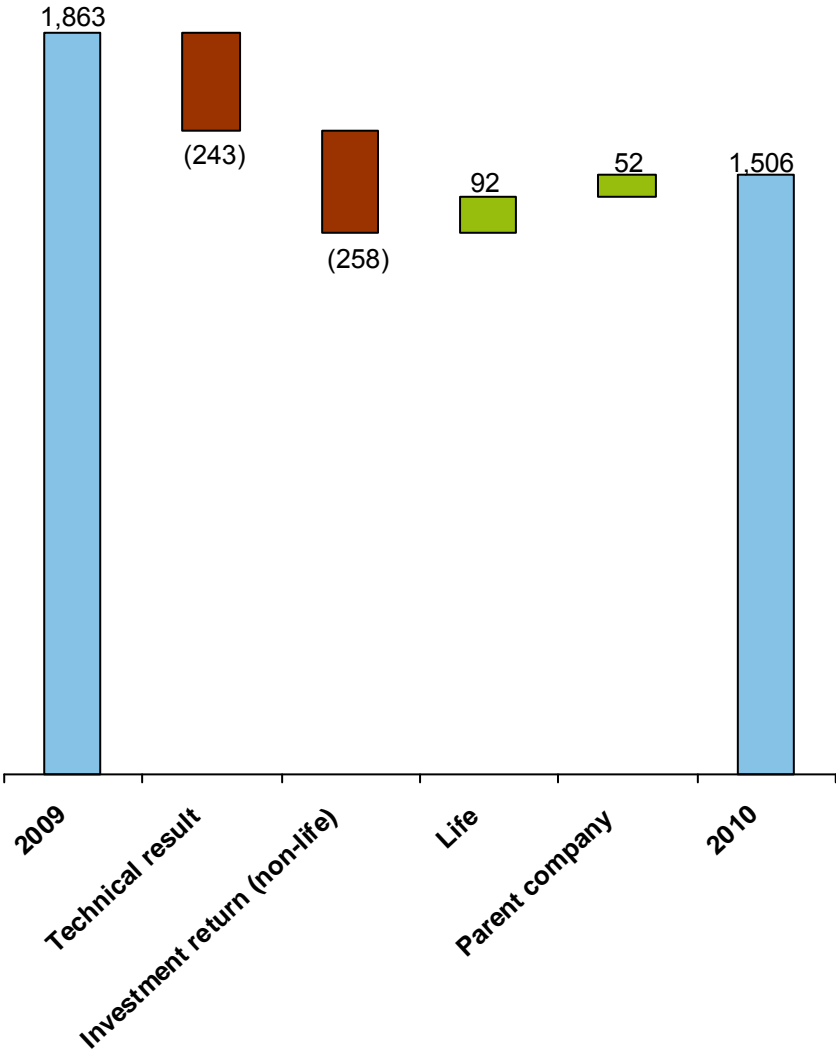
- Unchanged non-life premium growth of 1-2%
- CR adjusted from around 92 to around 91 excluding run-off profits / losses
- Post-tax profit forecast model of DKK 1,100-1,200m

## Share buy-back programme

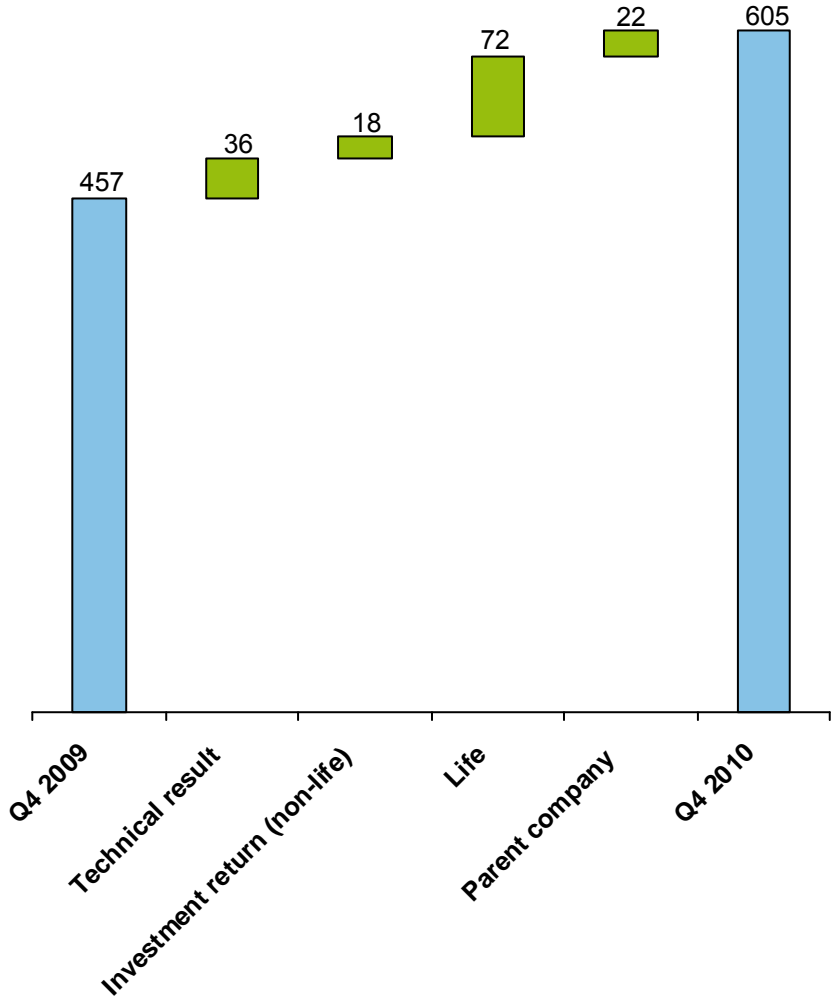
- Bought back DKK 833m of own shares out of DKK 1bn programme
  - DKK 167m transferred to 2011
- Buy-back programme of DKK 1,300m for 2011
  - Yield of 11.8%

# Trend in pre-tax results

2009-2010

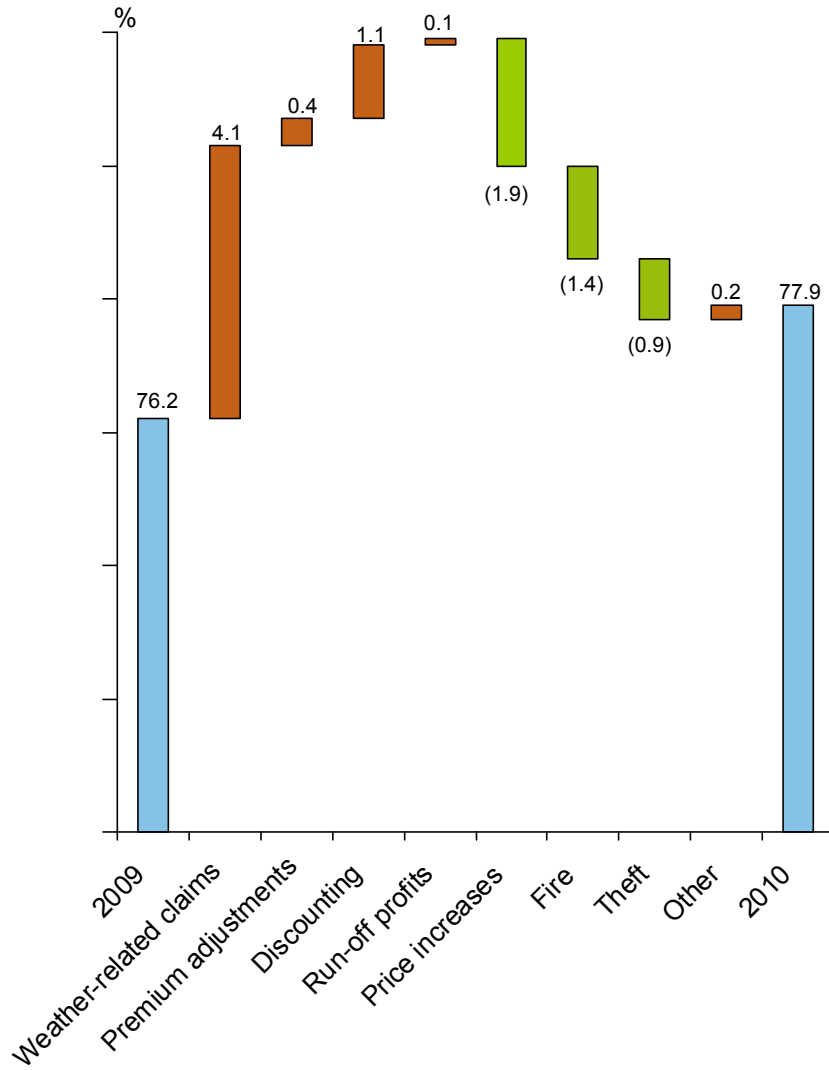


Q4 2009-Q4 2010

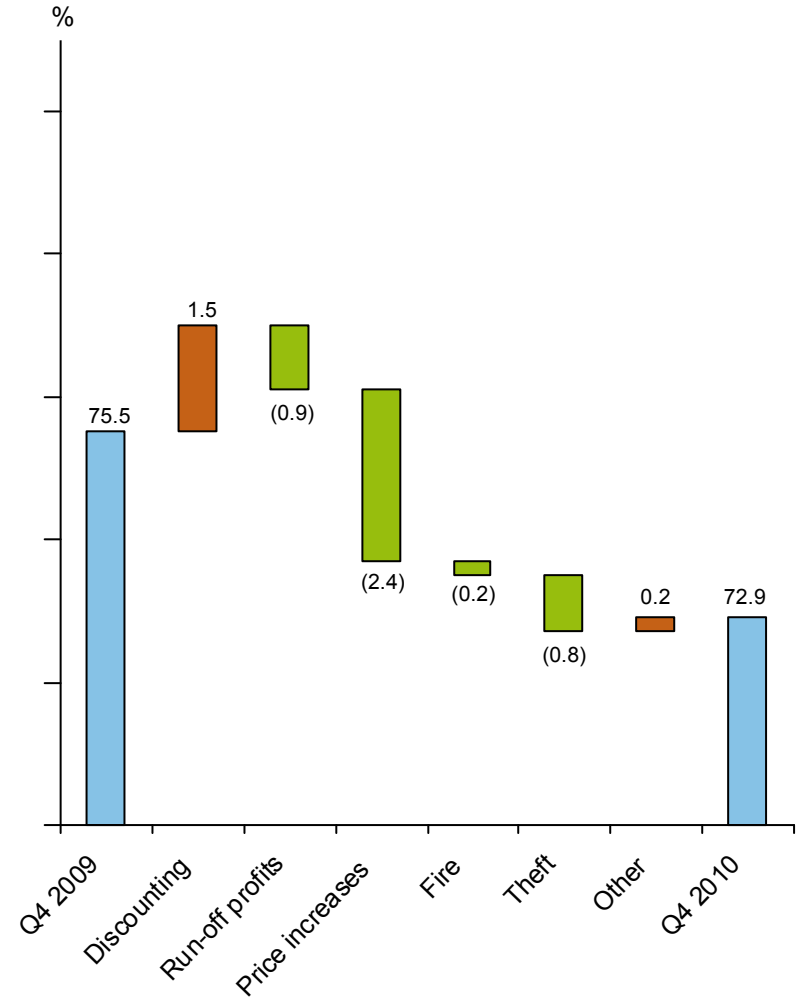


# Claims trend

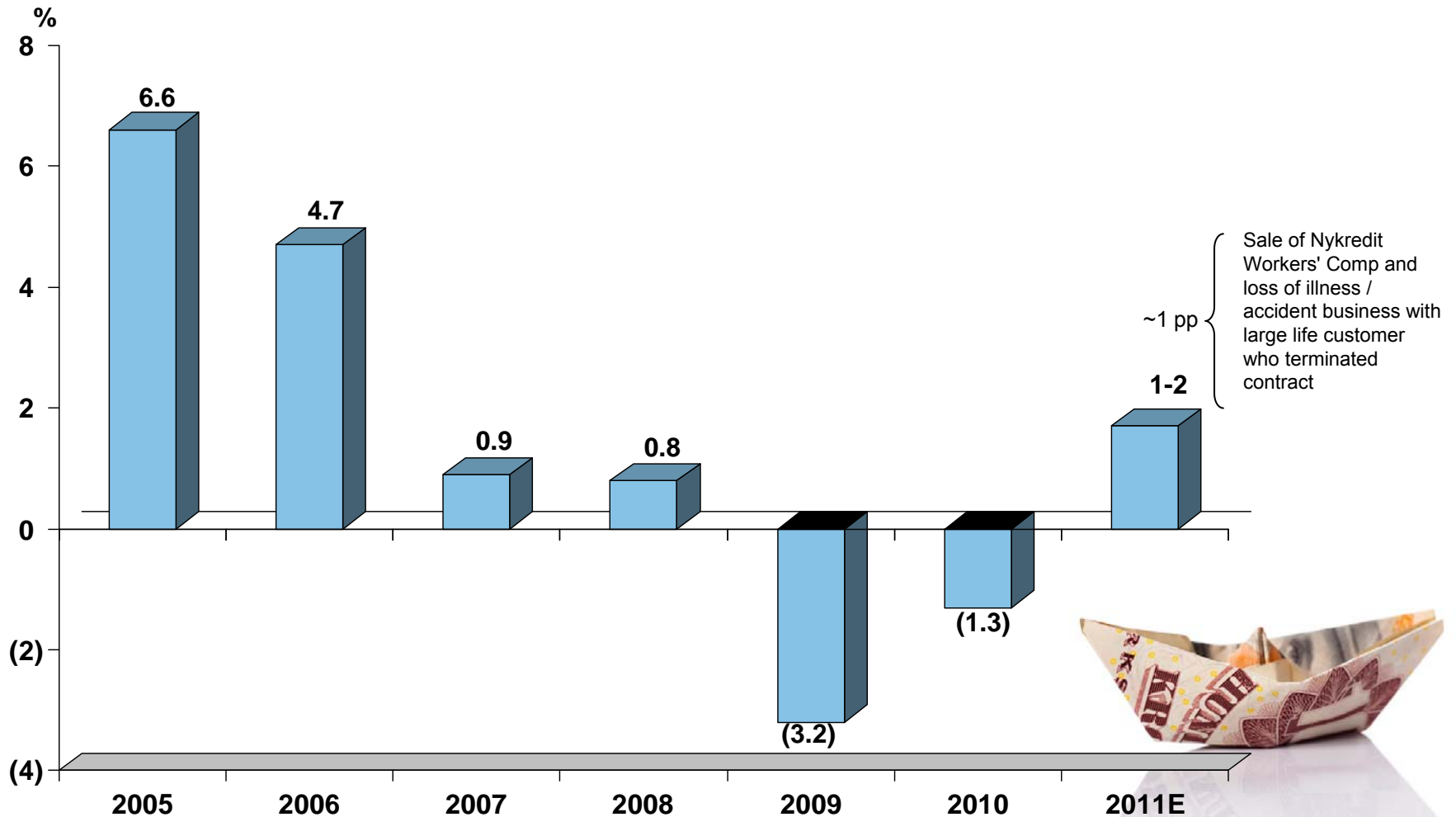
## 2009-2010



## Q4 2009-Q4 2010

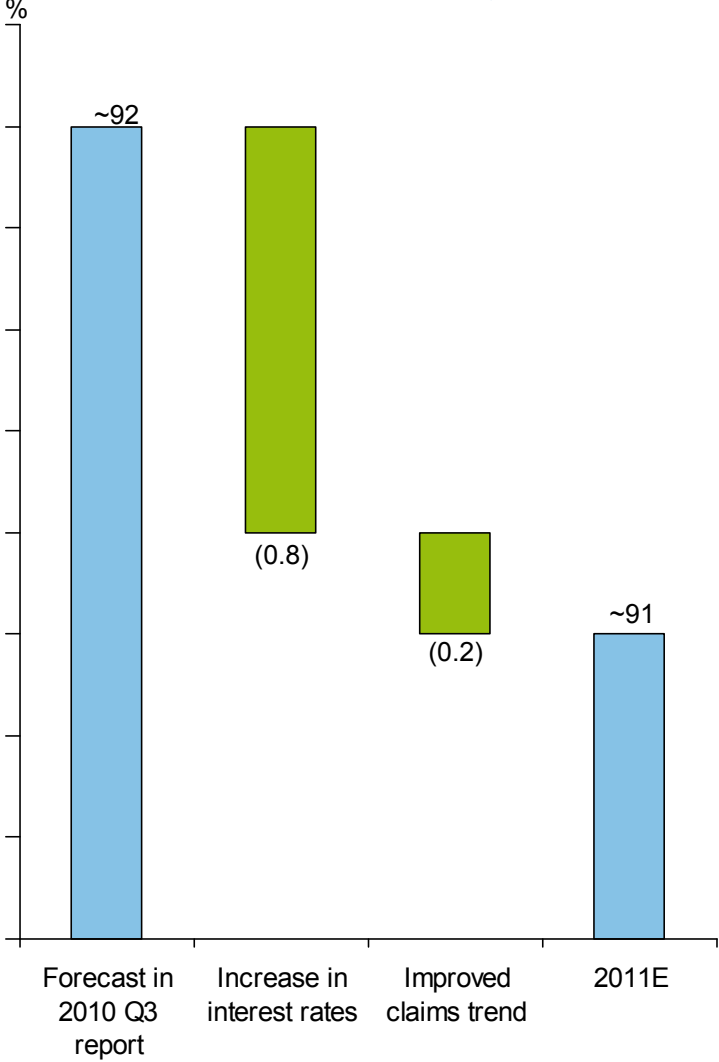


# Premium growth

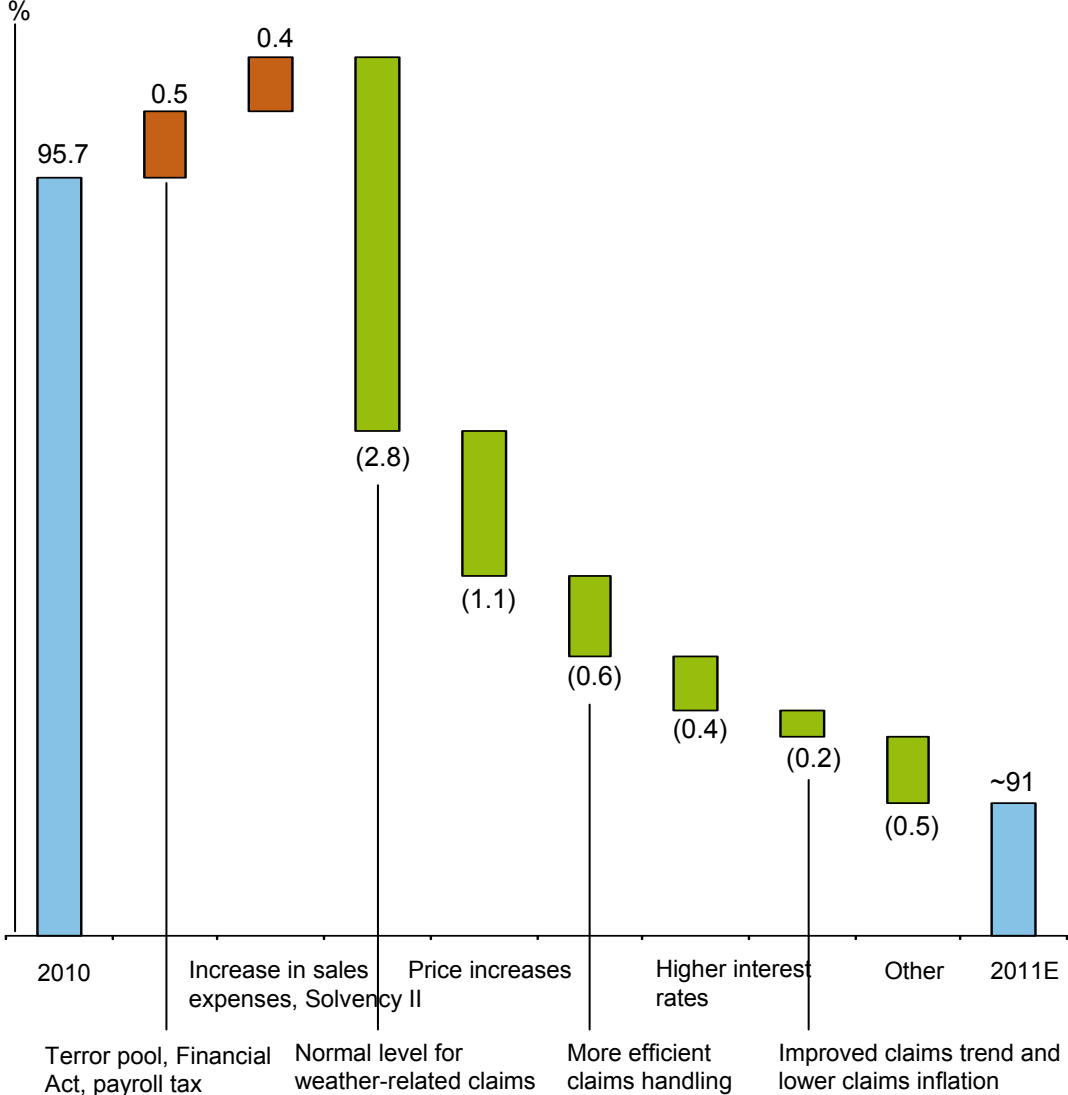


# Assumed CR of 91 in 2011

Deviation from Q3 forecast



Deviation from 2010



Excl. run-off profits / losses

# Results – Life insurance

## Result of life insurance

(DKKm)	Life I	Life V	2009 Group	Life I	Life V	2010 Group
Investment return	42	60	102	40	50	91
Risk allowance	73	52	125	79	51	130
Transferred to/from shadow account	(73)	113	40	144	0	144
Profit in Topdanmark Link			38			33
Profit in Nykredit Life insurance			0			3
Financing charges Life Holding			(8)			1
Other			(5)			(17)
<b>Profit on life insurance</b>			<b>292</b>			<b>384</b>
<b>Shadow account end of period</b>	<b>137</b>	<b>0</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Investment return

## - for Topdanmark Group excl. life insurance

Investment return	Portfolio 31 Dec											
	2009		2010		Return Q4 2009		Return Q4 2010		Return 2009		Return 2010	
	(DKKbn)		(DKKbn)		(DKKkm)		(DKKkm)		(DKKkm)		(DKKkm)	
Danish equities	0.3	0.4	(4)	(1.7)	27	7.6	74	25.9	72	22.4		
Foreign equities	0.9	0.9	54	3.1	72	8.0	283	40.6	112	12.6		
Government and mortgage bonds	10.5	12.3	70	0.6	28	0.2	449	4.7	232	2.0		
Credit bonds	0.6	0.7	18	5.5	5	0.7	108	18.5	61	8.7		
CDOs	0.9	0.7	29	3.1	60	8.8	(10)	(1.1)	148	22.6		
Properties	1.3	1.3	16	1.2	16	1.3	75	6.0	68	5.3		
Assets rel. to I/A	1.4	1.6	25	1.8	13	0.8	91	6.6	91	5.9		
Money market etc.	3.7	0.8	16	0.6	24	1.3	192	4.0	86	3.5		
Interest-bearing debt	(3.6)	(2.2)	(15)	(0.6)	(13)	(0.6)	(123)	(3.1)	(46)	(1.8)		
	16.0	16.5	209	1.3	232	1.4	1,139	7.3	824	4.8		
Asset management			27		24		53		55			
Total investment return			236		256		1,192		879			
<b>Transferred return technical provisions</b>												
Discounting			(83)		(69)		(364)		(304)			
Technical interest			(12)		(8)		(102)		(58)			

The exposure in foreign equities has been adjusted by use of derivatives. The return percentages are calculated as the ratio between the return on financial instruments and the size of the exposure of the underlying asset. The return on government and mortgage bonds and assets related to I/A (illness/accident) includes revaluations of claims provisions.



# Profit forecast model for 2011

(DKKm)	2010	Forecast for 2011		
		25 February 2011		
Non-life insurance				
- Technical result	626	820	–	870
- Investment return after transfer to technical result etc.	465	320	–	380
Profit on non-life insurance	1,092	1,140	–	1,250
Life insurance	384	280	–	310
Parent company etc.	31	10	–	20
Pre-tax profit	1,506	1,430	–	1,580
Taxation	(338)	(330)	–	(380)
Profit for the year	1,168	1,100	–	1,200

Representing a profit per share of DKK 80

# Buy-back potential 2011

## Buy-back potential 2011

(DKKm)	31 Dec 2010
Estimated necessary solvency capital 2012 - Before growth	4,500
Subordinated loan capital - Insurance	(250)
<hr/> Necessary solvency capital - Holding 31 Dec 2010	<hr/> 4,250
Shareholders' equity 31 Dec 2010	4,900
Hybrid capital	404
Goodwill	(441)
Other intangible assets	(327)
Tax asset	(19)
<hr/> Surplus capital 31 Dec 2010: DKK 267m	<hr/> 4,517
Expected post-tax profit (average value)	1,150
Movements in shareholders' equity	150
<hr/> Expected capital cover 31 Dec 2011	<hr/> 5,817
Surplus capital / buy-back potential in 2011	1,567

Any solvency capital requirement exceeding DKK 4,500m in 2012 will be covered by issuing further supplementary capital. In June 2010 Topdanmark Forsikring issued subordinated loan capital of DKK 100m with step-up in 2015 and expiry in 2018. This issue is intended as resources for the change to Solvency II and therefore it will not be included in the share buy-back potential until the actual Solvency II requirement is known.



# 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 and assumptions set out in the 2010 Annual Report. 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 the trend in reinsurance market. Also see [www.topdanmark.com](http://www.topdanmark.com) → [Risk management](#).

The above description of risk factors 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 2010 Annual Report.

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