

May 2012

# Topdanmark's Q1 2012 results

# Highlights – Q1 2012

- Profit improved to DKK 561m in Q1 2012 (Q1 2011: DKK 425m)
- Profit better than assumed due to a higher than expected investment return

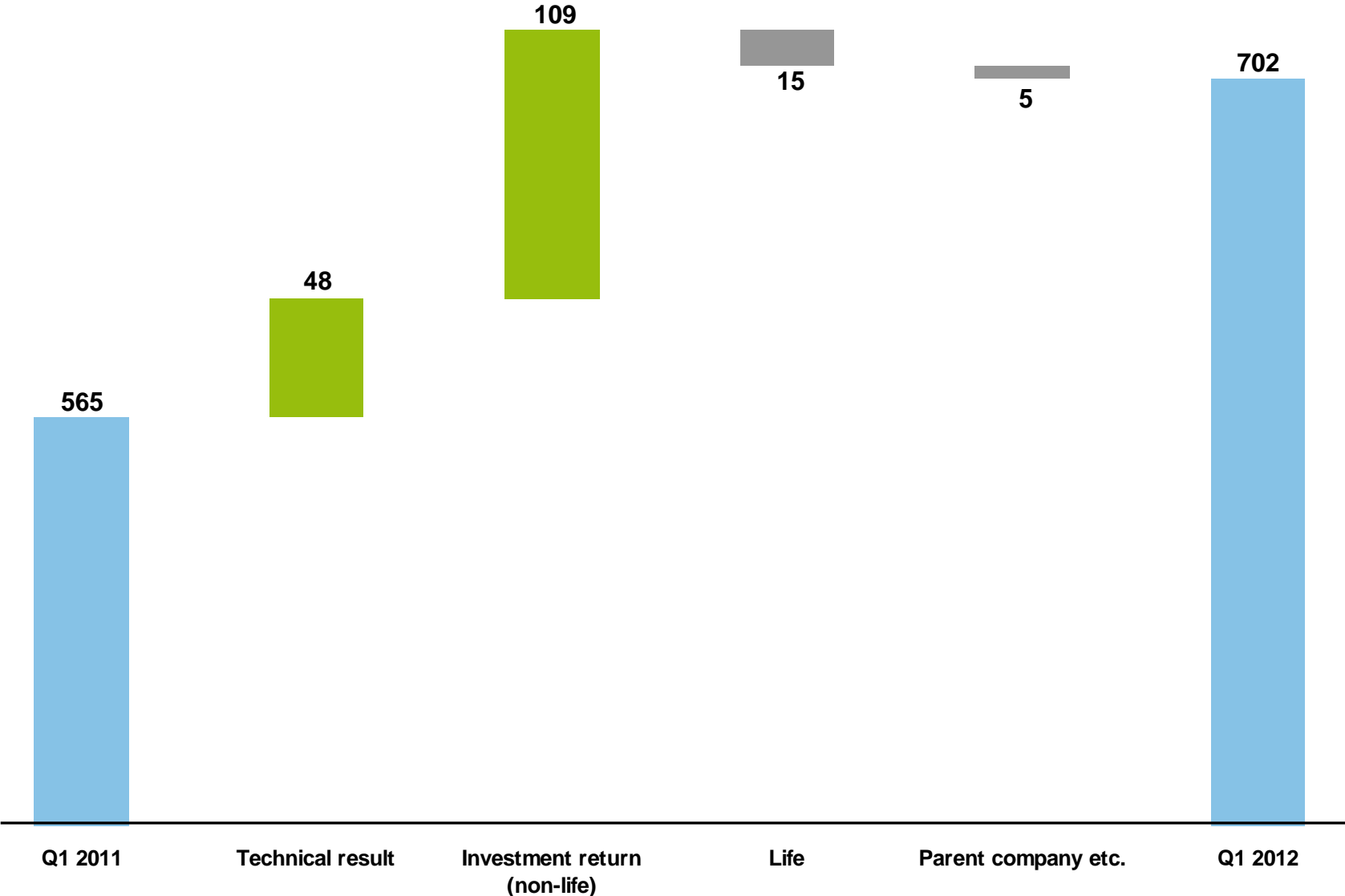
- Non-life premiums increased 0.8%
- Assumed growth in premiums remains unchanged at 1-2% for 2012

- CR improved to 90.2 in Q1 2012 (Q1 2011: 93.0)
- CR excl. run-off declined to 92.2 in Q1 2012 (Q1 2011: 94.0)

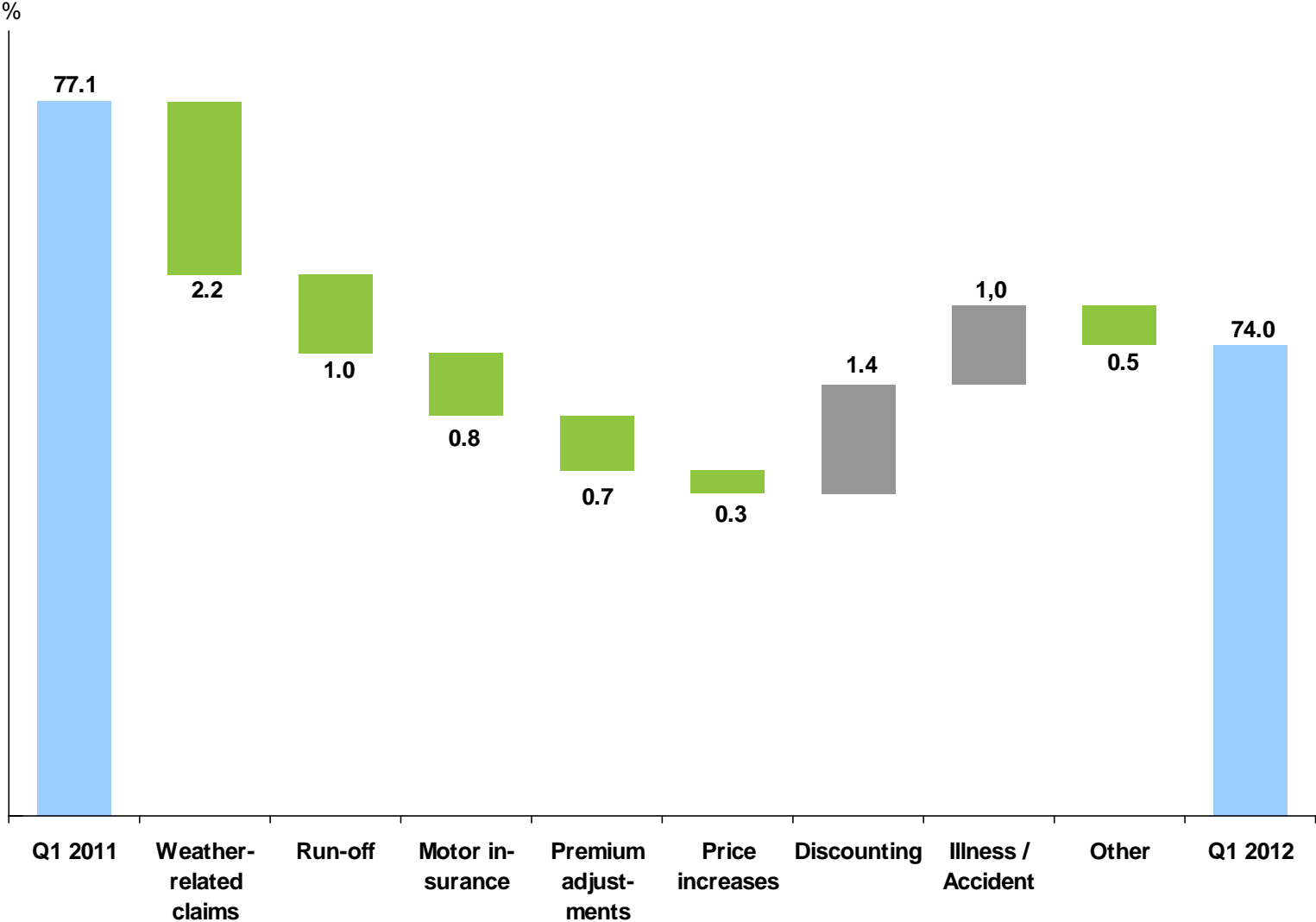
- Assumed CR of around 91 for full year 2012, excl. run-off profits / losses in Q2-Q4 2012
- Profit forecast model for 2012 upgraded by DKK 100m to DKK 1,250-1,350m, excl. run-off profits / losses in Q2-Q4 2012

- Share buy-back programme for 2012 increased by DKK 100m to DKK 1.4bn
  - Buy-back yield of 11.0%

# Trend in pre-tax results – Q1 2011-Q1 2012



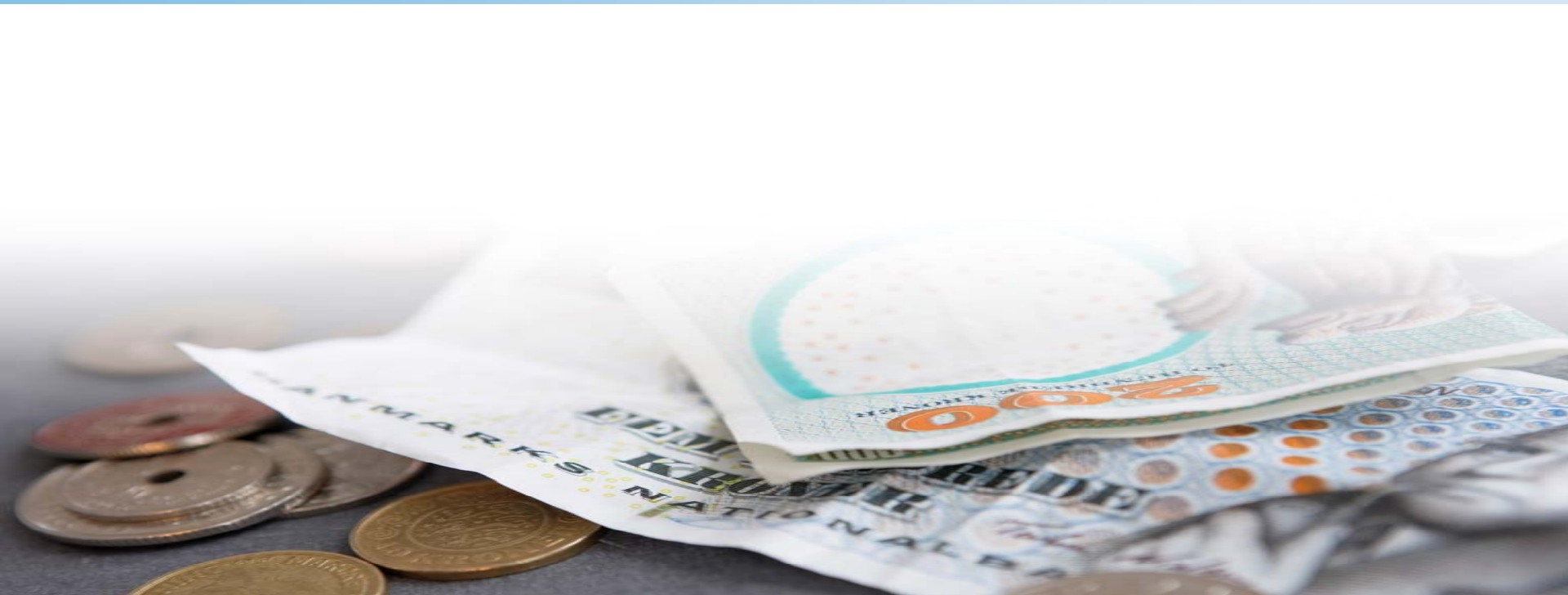
# Claims trend – Q1 2011-Q1 2012



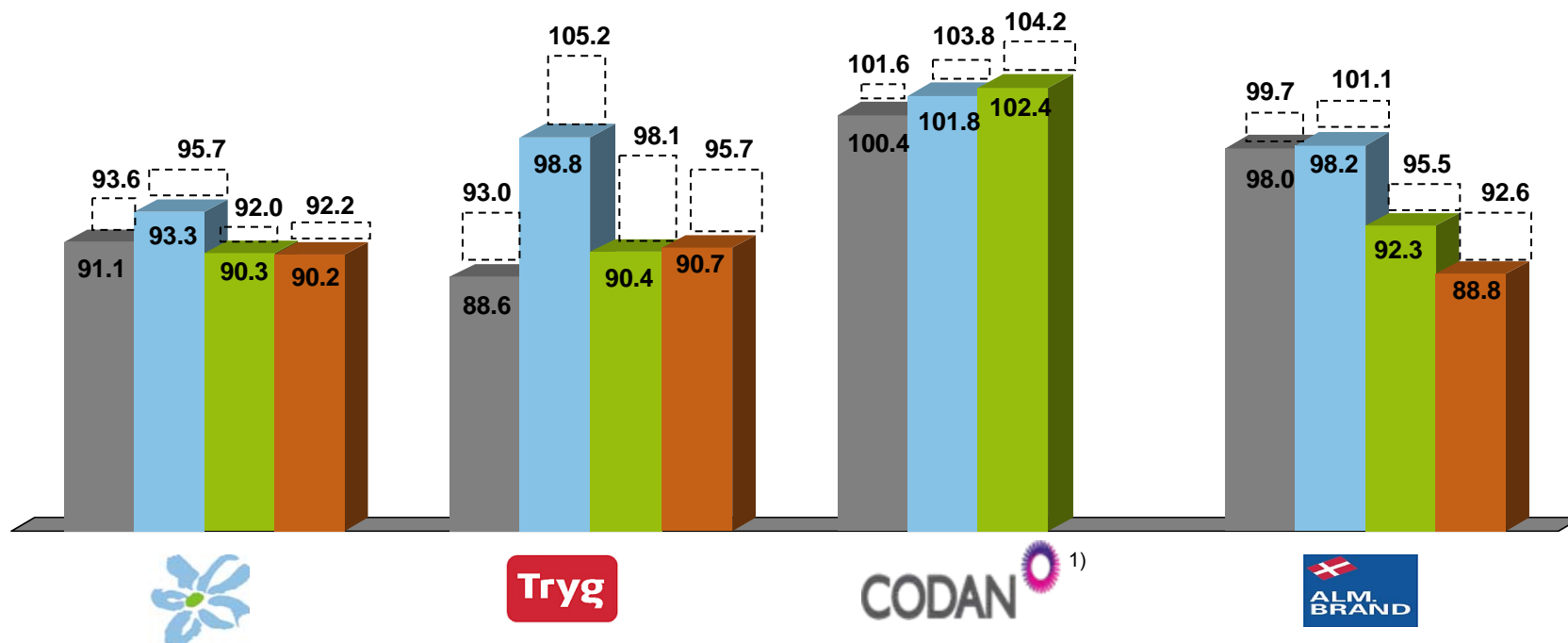
# Assumed premium growth continues to be 1-2% for 2012

0.8% premium growth in Q1 2012

- Assumed premium growth continues to be 1-2 % for 2012
  - Effect of distribution changes expected to be gradually reflected during 2012
  - Sales force has been increased



# Comparison – CR incl. and excl. run-off (Danish insurance)



1) Scandinavian business

# Prospects for life insurance 2012

- Continued expected decline of about 5% in regular premiums
- Assumed recognition as income of risk allowance of DKK 170m in 2012
- Assumed recognition as income of DKK 20m from shadow account in 2012 (previously DKK 90m)
- Shadow account forecast at 31 December 2012 is DKK 100m (previously DKK 30m)
- Pre-tax profit forecast of DKK 320-350m for 2012 (previously: DKK 380-410m)
- Results highly sensitive to fluctuations in investment return
- Risk allowance and shadow account will be considered when finalising the 2012 Annual Report



# Results – Life insurance

(DKKm)			Q1 2011			Q1 2012
	Life I	Life V	Group	Life I	Life V	Group
Investment return	22	12	34	17	13	31
Risk allowance	26	16	42	28	15	43
Transferred, shadow account	(15)	(3)	(18)	(31)	(0)	(31)
Other			8			8
<b>Profit on life insurance</b>			66			51
<b>Shadow account end of period</b>	15	3	18	144	2	146



# Investment return

## – for Topdanmark Group excl. life insurance

	Portfolio 31 March		Return Q1 2011		Return Q1 2012	
	2011 (DKKbn)	2012	(DKKbn)	%	(DKKbn)	%
Danish equities	0.4	0.4	8	2.0	37	11.2
Foreign equities	0.8	0.8	49	5.7	81	11.0
Government and mortgage bonds	12.5	12.7	125	1.0	213	1.7
Credit bonds	0.8	0.5	24	3.3	35	7.3
CDOs	0.8	0.7	120	17.4	89	13.3
Properties	1.3	1.4	28	2.2	17	1.2
Assets rel. to I/A	1.8	2.0	37	2.3	25	1.3
Money market etc.	2.5	3.8	9	0.5	14	0.4
Subordinated capital	(0.8)	(1.2)	(9)	(1.2)	(16)	(1.4)
Interest-bearing debt	(2.2)	(2.1)	(4)	(0.3)	(4)	(0.2)
	18.0	19.0	388	2.3	491	2.7
Asset management			10		14	
Total investment return			398		505	
<b>Transferred return technical provisions</b>						
Discounting			(79)		(58)	
Technical interest			(24)		(10)	

The exposure in foreign equities and credit bonds have been adjusted by use of derivatives. The return percentages are calculated as the ration 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. From 2012 the return related to I/A has been calculated before pension return tax whereas in 2011 it was calculated after pension return tax. The comparatives for 2011 have been restated.

# Profit forecast model for 2012

## Profit forecast 2012

(DKKm)	2011	Forecast for 2012 23 February 2012		Forecast for 2012 11 May 2012	
Non-life insurance					
- Technical result	907	770	- 820	790	- 840
- Investment return after transfer to technical result etc.	179	350	- 400	490	- 540
Profit on non-life insurance	1,086	1,120	- 1,220	1,280	- 1,380
Life insurance	187	380	- 410	320	- 350
Parent company etc.	76	20	- 30	20	- 30
Pre-tax profit	1,349	1,520	- 1,660	1,620	- 1,760
Taxation	(326)	(370)	- (410)	(370)	- (410)
Profit for the year	1,023	1,150	- 1,250	1,250	- 1,350

Representing a profit per share of DKK 102

# Buy-back for 2012 – increased by DKK 100m to DKK 1.4bn

- Buy-back programme increased by DKK 100m to DKK 1.4bn for 2012
  - Buy-back yield of 11.0%
- To date in 2012 own shares of DKK 424m bought back
- Leaving a balance of DKK 976m of the 2012 programme
- Since 1998 Topdanmark has cancelled 66.6% of outstanding shares
  - Average price per share: DKK 378



# 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 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 the trend in reinsurance market. Also see [www.topdanmark.com](http://www.topdanmark.com) → [Investor](#) → [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 Q1 2012 interim report.

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