

November 2010

Topdanmark Q1-Q3 2010 results

Highlights

Q3 2010

- Post-tax profit of DKK 318m (Q3 2009: DKK 519m)
- CR of 93.7 (Q3 2009: 90.8) – Weather-related claims 2pp above a normal level
- 0.1% decline in non-life premiums and 21.3% increase in life premiums

Q1-Q3 2010

- Post-tax profit of DKK 680m (Q1-Q3 2009: DKK 1,109m)
- CR of 94.7 (Q1-Q3 2009: 91.1)
- CR of 96.6 excl. run-off profits (Q1-Q3 2009: 93.4)
- Weather-related claims 4.4pp above a normal level
- 1.5% decline in non-life premiums and 9.5% increase in life premiums

Profit forecast model for 2010

- Non-life premium growth revised from minus 1% to minus 1.5%
- Assumed CR unchanged at 94-95 excl. run-off profits / losses in Q4 2010
- Profit forecast model upgraded to DKK 900-1,000m from DKK 800-900m

Share buy-back programme

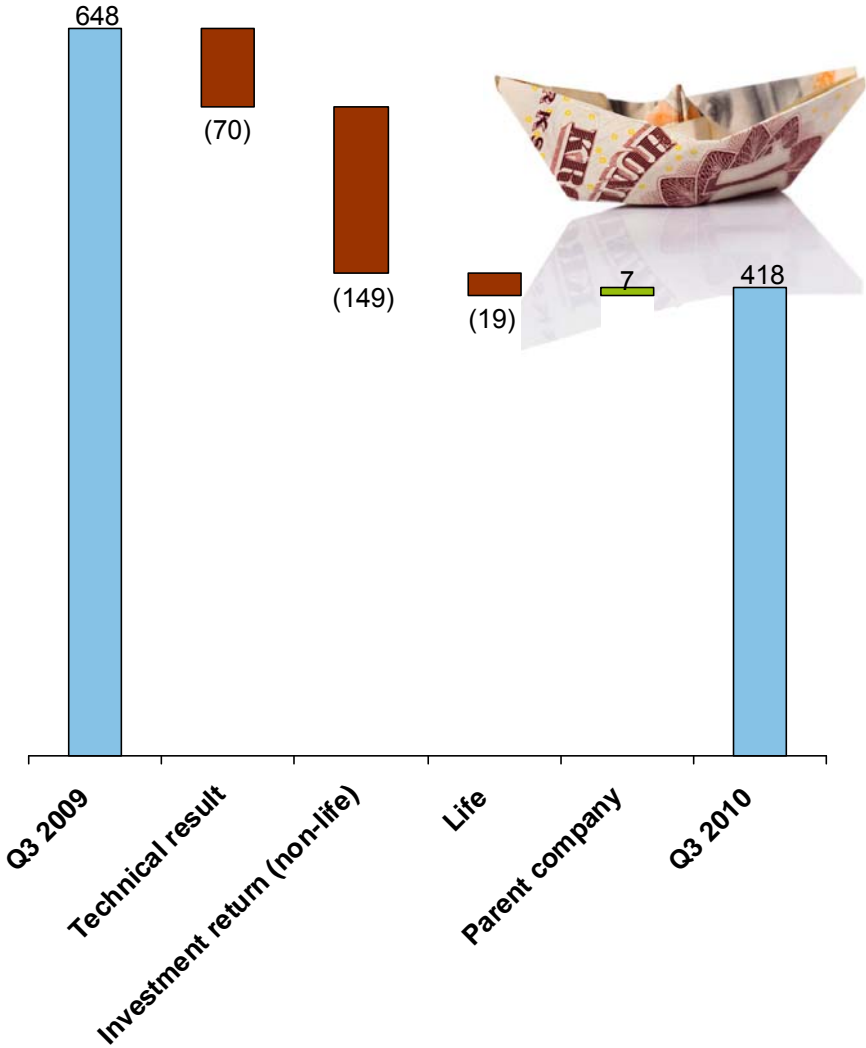
- Upgraded to DKK 1bn from DKK 900m
 - Buy-back yield of 9.2%

Assumptions for non-life insurance for 2011

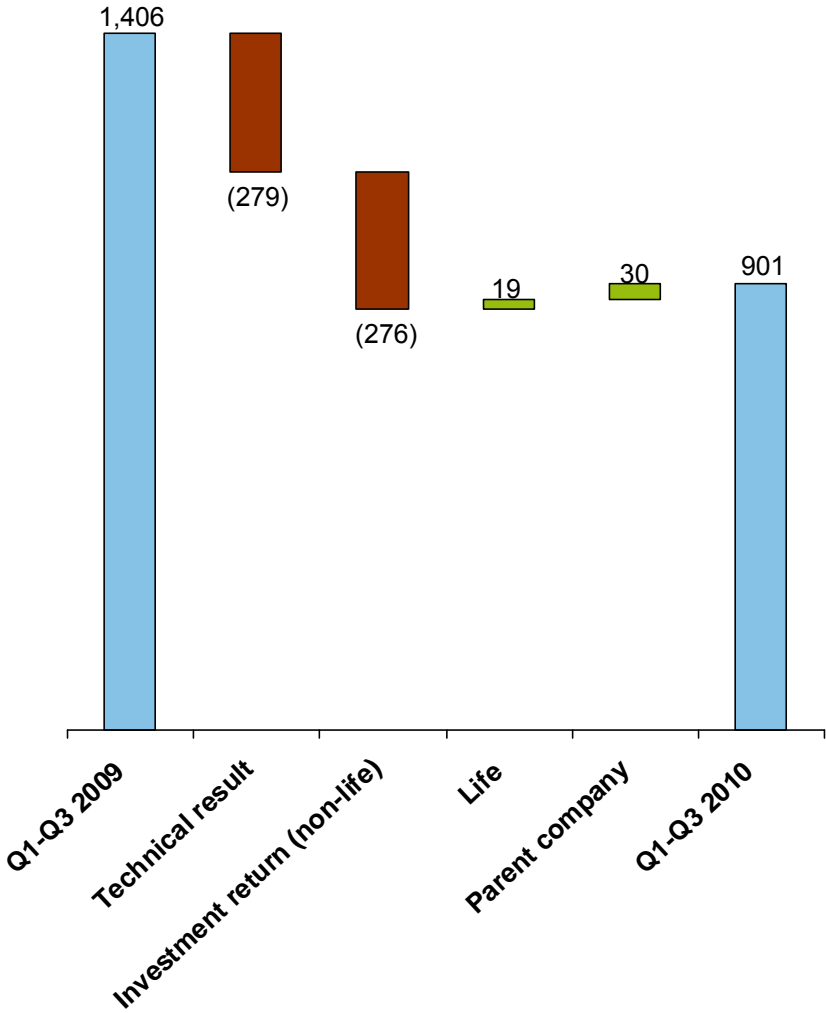
- Assumed premium growth of 1-2% and CR of around 92 excluding run-off

Trend in pre-tax results

Q3 2009-Q3 2010

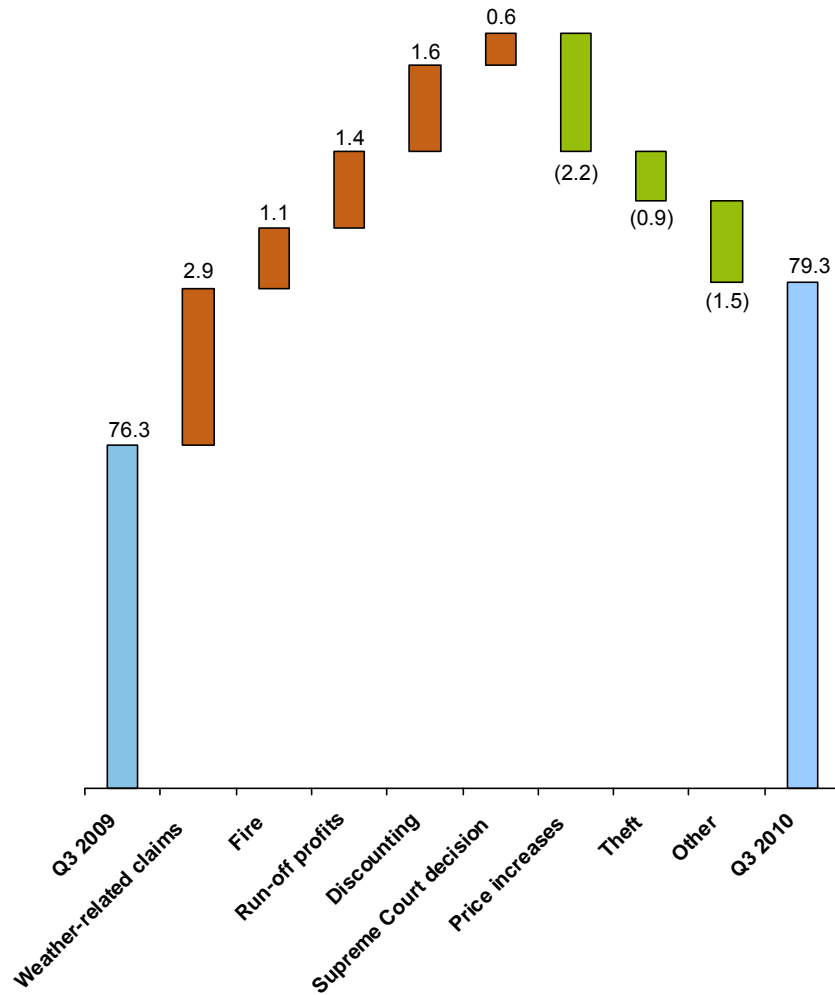


Q1-Q3 2009 – Q1-Q3 2010

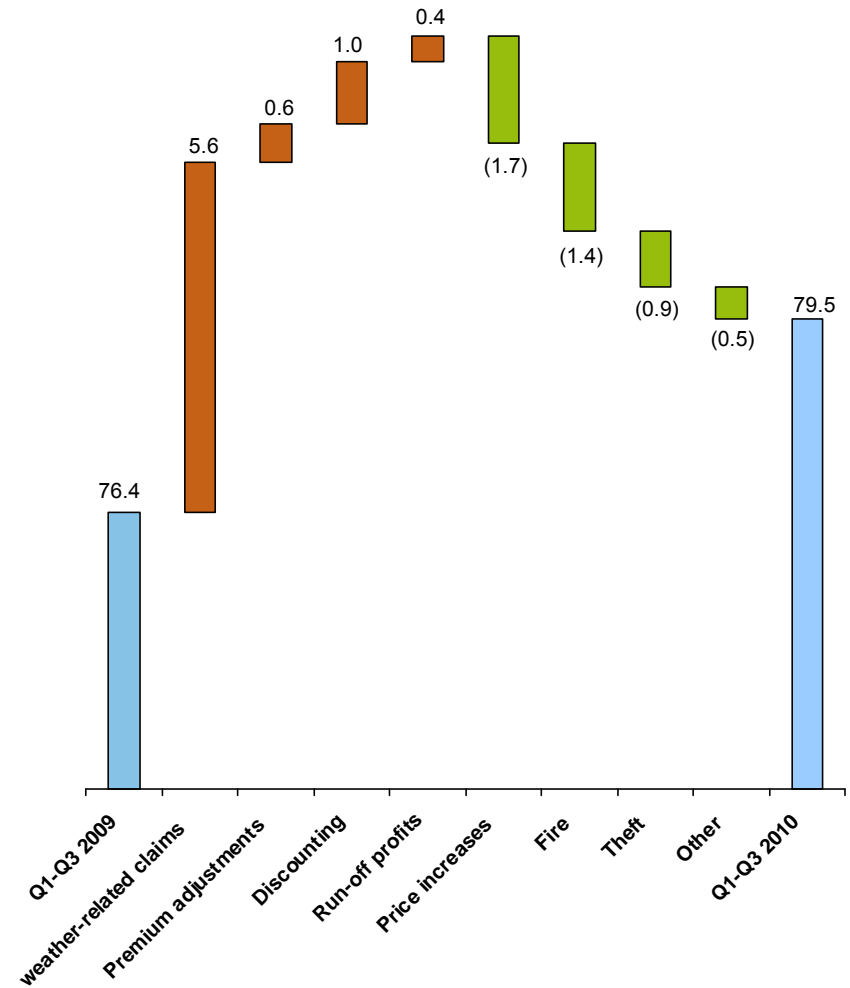


Claims trend

Q3 2009-Q3 2010



Q1-Q3 2009 – Q1-Q3 2010



Supreme Court decision on workers' comp

- Supreme Court decision impacts the extent of compensation paid to part-time employees for their loss of earnings potential
- Topdanmark's provisioning policy allows for the occasional delivery of new Supreme Court decisions which increase the level of compensation for cases already decided
- Supreme Court decision will result in supplementary compensation, perhaps up to DKK 200m
 - Reversal of run-off profits of DKK 63m in H1 2010
 - Remainder already provided for in Topdanmark's general provisioning
- Future annual effect of around DKK 18m (0.2pp of CR)
- Similar Supreme Court decision in 2009 also absorbed by reserves
- Normal level of run-off profits / losses expected in the future

Results – Life insurance

(DKKm)	Life I	Life V	Q1-Q3 2009 Group	Life I	Life V	Q1-Q3 2010 Group
Investment return	32	45	77	32	52	84
Risk allowance	54	38	92	59	38	97
Transferred to/from shadow account	(54)	36	(18)	0	0	0
Profit in Topdanmark Link etc.			32			27
Financing charges Life Holding			(7)			(1)
Other			(2)			(15)
Profit on life insurance			174			193
Shadow account end of period	117	75	192	143	0	143

Investment return

- Topdanmark Group excl. life insurance Q1-Q3 2010

	Portfolio 30 Sep		Return Q3 2009		Return Q3 2010		Return Q1-Q3 2009		Return Q1-Q3 2010	
	2009	2010	Return Q3 2009		Return Q3 2010		Return Q1-Q3 2009		Return Q1-Q3 2010	
	(DKKbn)	(DKKbn)	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%	(DKKkm)	%
Danish equities	0.3	0.4	47	16.1	17	5.0	78	28.1	45	13.7
Foreign equities	0.8	0.9	142	20.5	72	8.4	229	36.4	40	4.3
Government and mortgage bonds	9.7	13.0	115	1.2	51	0.4	379	4.0	204	1.8
Credit bonds	0.7	0.7	38	5.7	33	4.7	90	13.7	56	7.9
CDOs	0.9	0.7	(4)	(0.5)	32	4.7	(39)	(4.1)	88	12.7
Properties	1.3	1.3	23	1.8	15	1.2	59	4.7	51	4.0
Assets rel. to I/A	1.5	1.6	27	1.9	21	1.3	66	4.7	77	5.1
Money market etc.	4.1	1.5	52	1.1	17	0.8	176	3.5	62	2.1
Interest-bearing debt	(2.7)	(2.4)	(19)	(0.7)	(12)	(0.6)	(108)	(2.5)	(33)	(1.3)
	16.6	17.6	421	2.6	245	1.4	930	6.0	592	3.4
Asset management			9		12		26		31	
Total investment return			430		257		956		623	
Transferred return technical provisions										
Discounting			(91)		(70)		(281)		(235)	
Technical interest			(19)		(12)		(90)		(50)	

Unchanged goal of Solvency II capital of DKK 4.5bn

- Topdanmark has participated in QIS5
- Unchanged expectation of solvency capital of DKK 4.5bn being sufficient by the end of 2012
 - Based on approval of internal model
 - Before allocation of solvency capital to growth
- Previously reported that if, contrary to expectations, Topdanmark cannot use an internal model on non-life insurance risks, the solvency requirement would be around DKK 1bn higher
- On the basis of the QIS5 calculations, Topdanmark now believes that the capital requirement will only increase DKK 600-800m if it is calculated using the standard model
- If so, it could be financed by issuing tier 2 capital
- Capital reserve of DKK 100m already accumulated as subordinated loan capital
- Issue of further supplementary loan capital intended by 2013
- If tier 2 capital of, for example, DKK 700m is issued with a 4pp margin to the reinvestment rate, the extra post-tax cost will be DKK 21m
- By way of comparison the post-tax profit for a normal year is around DKK 1bn

Profit forecast model for 2010

(DKKm)	2009	Forecast for 2010		Forecast for 2010	
		13 August 2010	12 November 2010		
Non-life insurance					
- Technical result	869	520	- 570	500	- 540
- Investment return after transfer to technical result etc.	723	250	- 310	390	- 430
Profit on non-life insurance	1,592	770	- 880	890	- 970
Life insurance	292	290	- 310	310	- 360
Parent company etc.	(21)	(10)	- 0	(10)	- 0
Pre-tax profit	1,863	1,050	- 1,190	1,190	- 1,330
Taxation	(417)	(250)	- (290)	(290)	- (330)
Profit for the year	1,446	800	- 900	900	- 1,000

Representing a profit per share of DKK 62.9

Buy-back for 2010

- Buy-back for 2010 upgraded by DKK 100m to DKK 1bn
 - Representing a yield of 9.2%
- To date in 2010 own shares of DKK 732m bought back
- Leaving a balance of DKK 268m of the 2010 programme
- Since 1998 Topdanmark has bought back own shares of DKK 8.8bn representing 62.3% of outstanding shares
 - Average price per share: DKK 345



Assumed premium growth of 1-2% in 2011

Effect of automatic price indexation: 2%

+ Price increases

+ Growth measures

- Sale of portfolio of Nykredit Arbejdsskadeforsikring

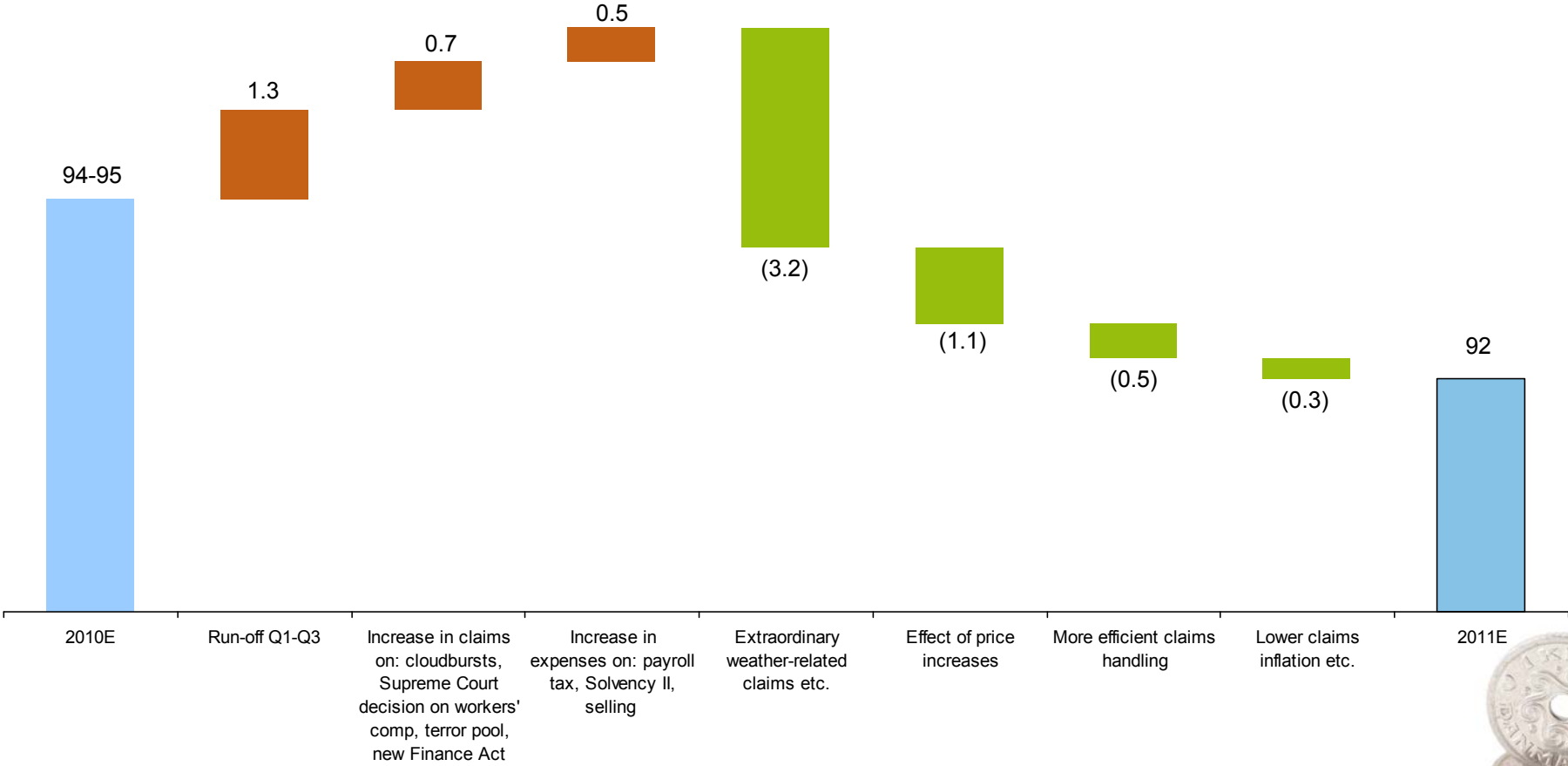
- Loss of a large customer in illness / accident

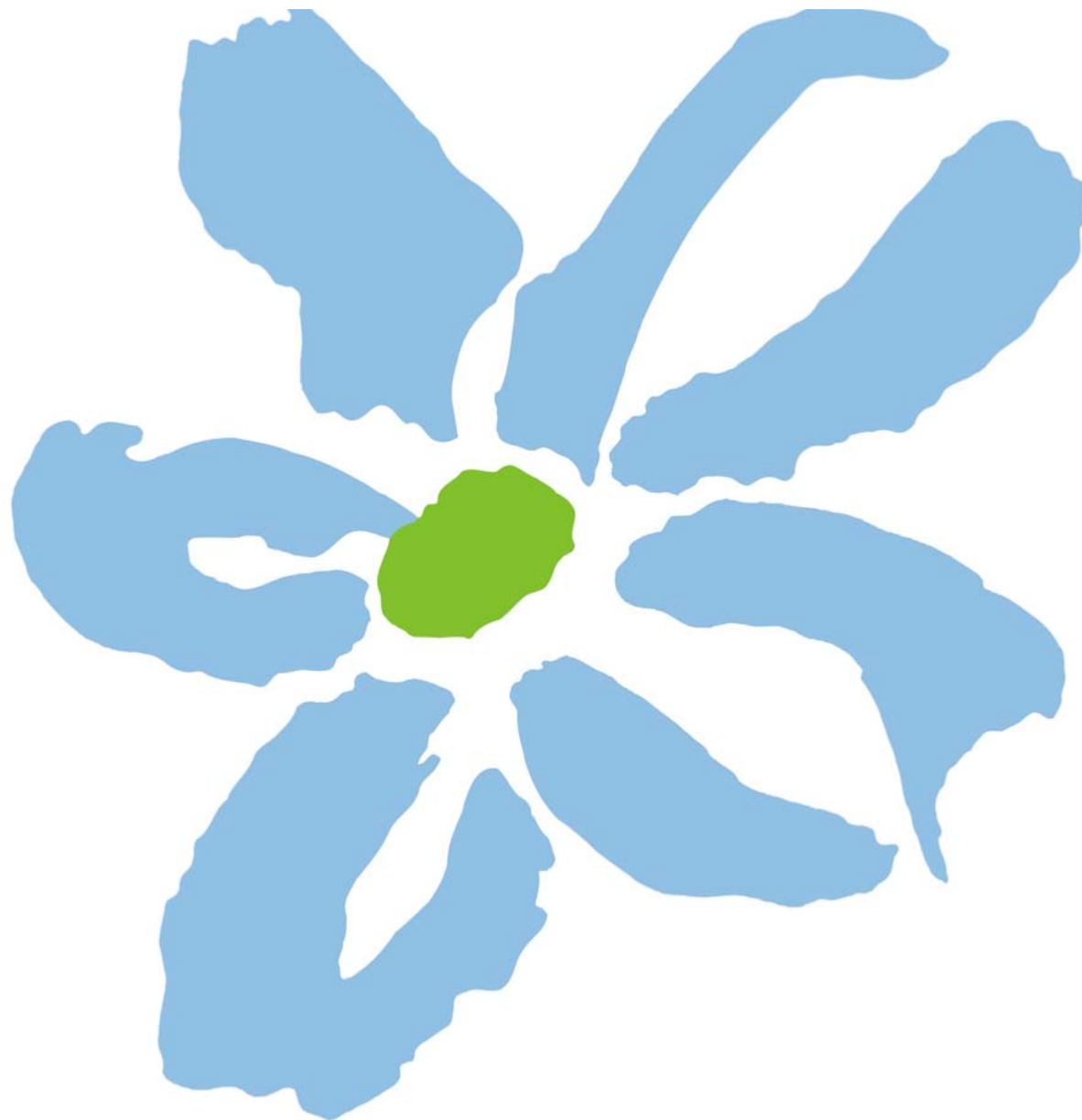
- Intense competition in workers' comp

Overall expected premium growth: 1-2%

Assumed CR of around 92 in 2011

excl. any run-off profits / losses – other things being equal





Disclaimer

This interim report 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 interim 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 → [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 this interim report.

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

