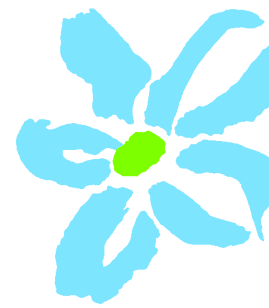


Topdanmark

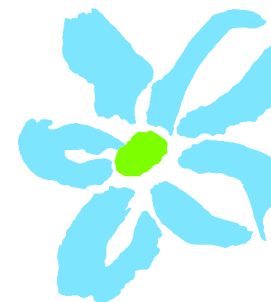
**Conference Call
2 November 1999**



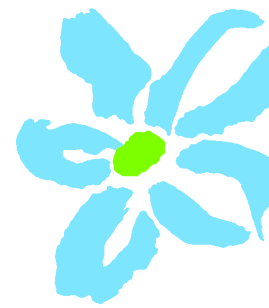
Topdanmark intends

- **to improve its position in the Danish insurance market**
- **to be an insurance company - not an investment trust**
- **to create added value for shareholders**

Financial highlights 1999 half-year



	<u>Den Danske Bank Non-life ins. group</u>	<u>Topdanmark</u>	<u>Total</u>
Premiums	663	2,013	2,676
Technical interest on own account	14	66	80
Claims incurred	(448)	(1,414)	(1,862)
Expenses on reinsurance	0	(10)	(10)
Expenses	<u>(198)</u>	<u>(475)</u>	<u>(673)</u>
Profit on insurance	<u>31</u>	<u>180</u>	<u>211</u>
Loss ratio	67.5%	70.7%	70.0%
Expense ratio	29.9%	23.6%	25.1%
Combined ratio	97.4%	94.3%	95.1%

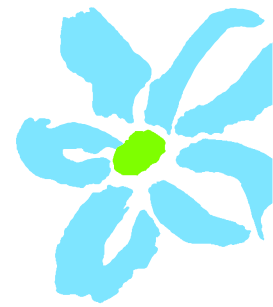


Quality of acquired portfolio

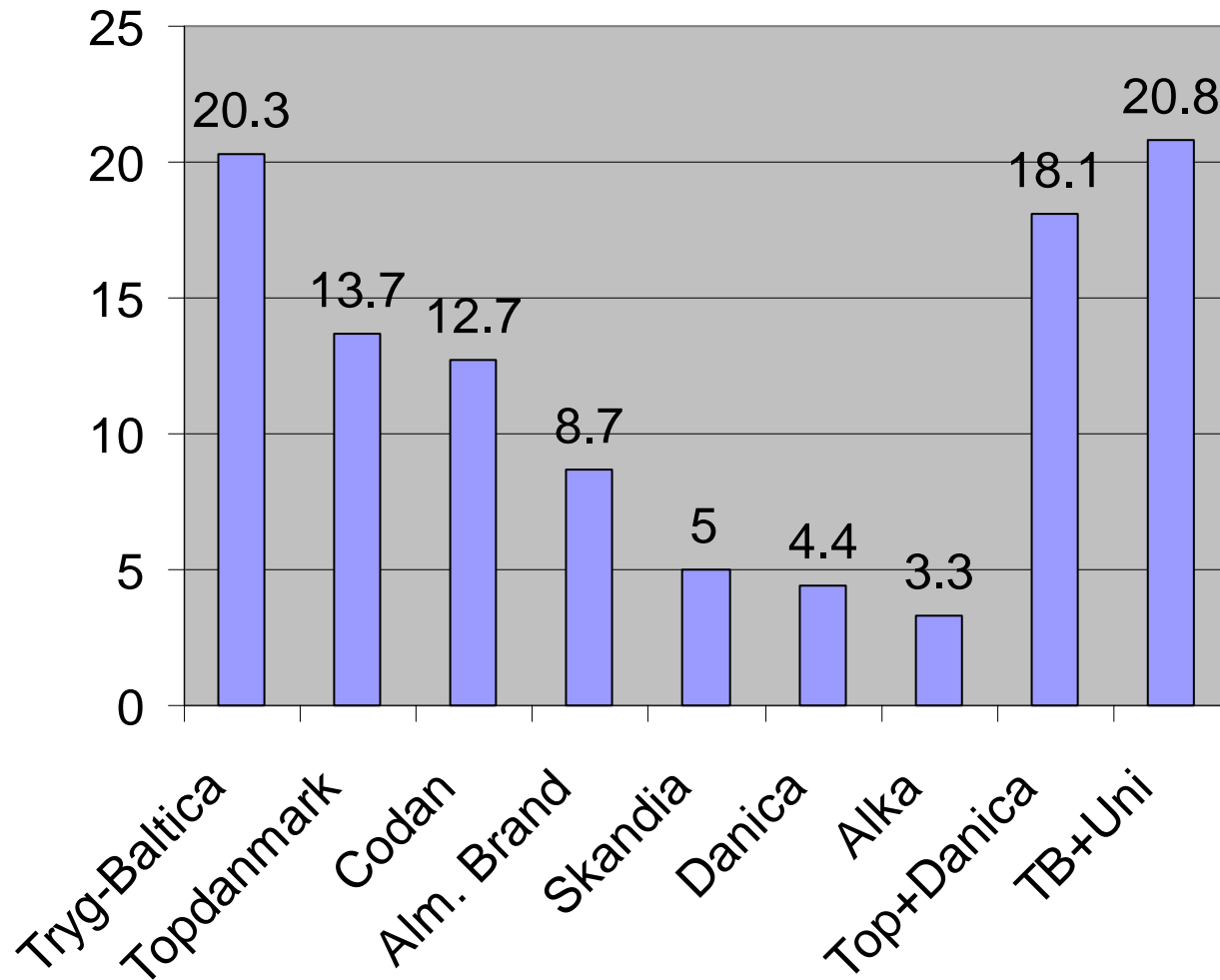
Taking over a non-life insurance portfolio of about DKK 1,400m (31.12.1999)

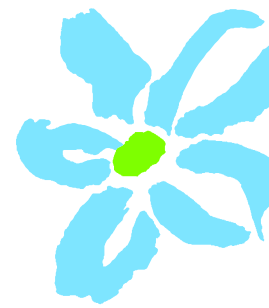
Good claims trend of the portfolio taken over

- **Loss ratio of 67.5% for 1999 half-year**
- **A portfolio of high stability**



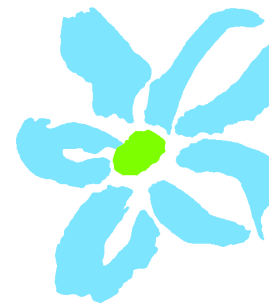
Market shares - non-life 1998





Distribution agreement

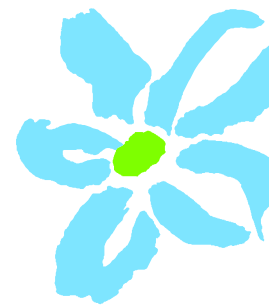
- **Topdanmark has the right of exclusive distribution of non-life insurance through Den Danske Bank's distribution channels for five years**
- **The sale of non-life insurance is part of the incentive scheme for Den Danske Banks' sales staff**



Increased distribution efficiency

Den Danske Bank's distribution channels

- **Certified insurance sales representatives**
- **Pension advisers**
- **400 bank branches**



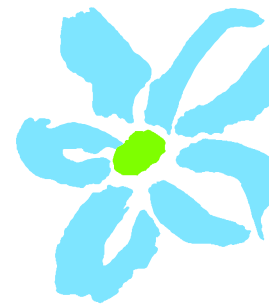
Staff

Topdanmark takes over 300 employees

- Policy employees
- Claims employees

Topdanmark takes over only a few

- Administrative employees / management structure
- Sales employees



Legal structure

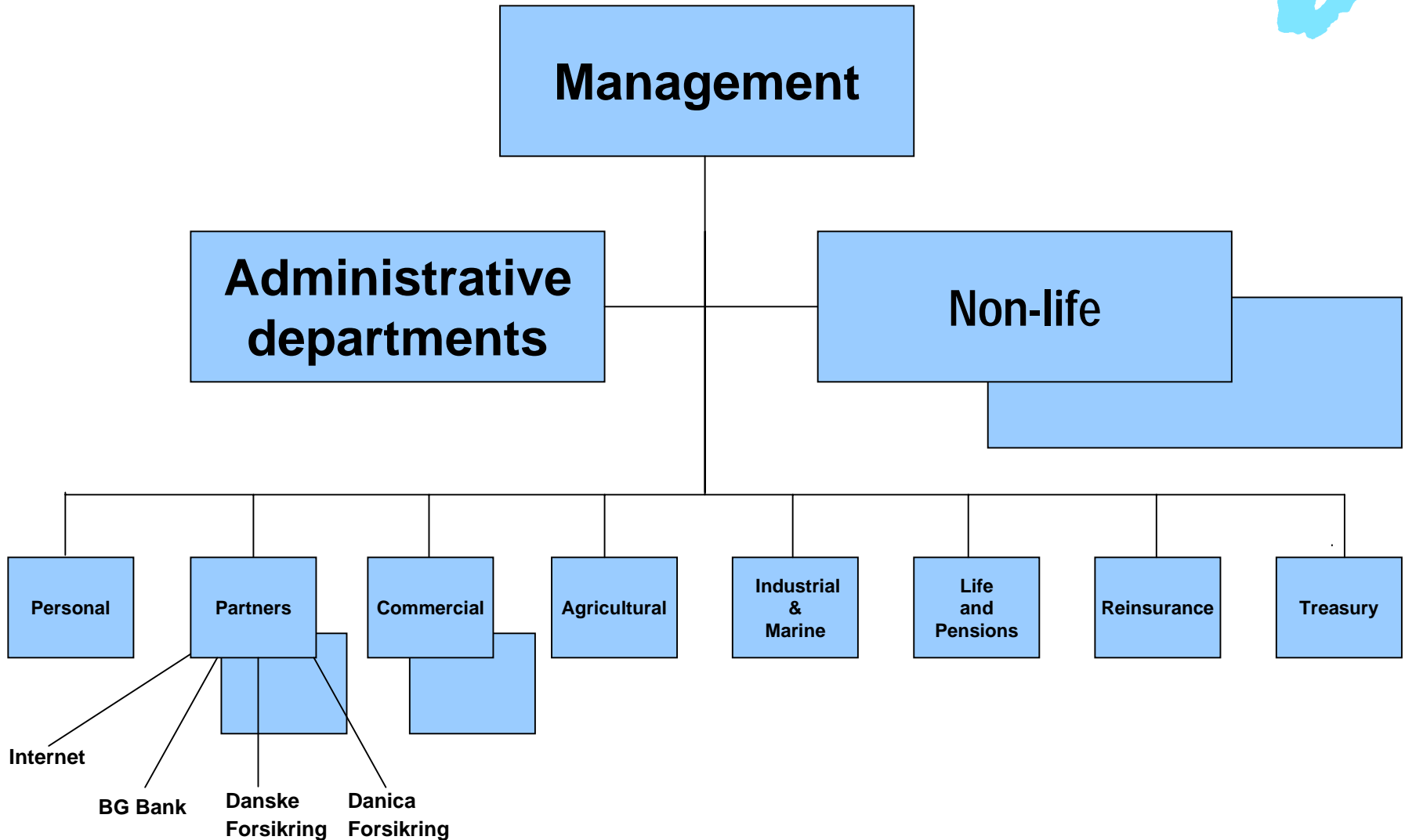
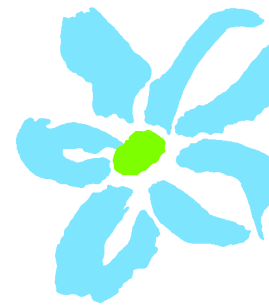
Topdanmark A/S

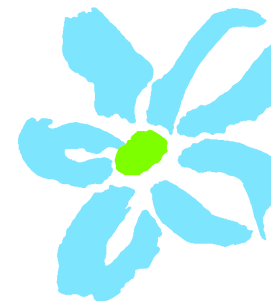
Topdanmark Forsikring

Danica Forsikring

Danske Forsikring

Business structure





Business structure



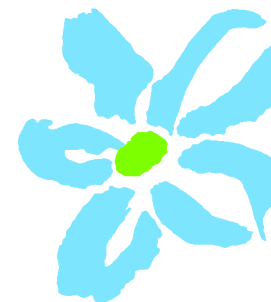
Distribution:

- | | | | | | |
|---|--|--|--|--|---|
| <ul style="list-style-type: none">• 7 customer service centres• 38 sales centres• Certified insurance sales representatives• Telephone sales• Car dealers• Referrals through DDB on group agreements | <ul style="list-style-type: none">• Internet• BG Bank's 250 branches• DDB's 400 branches• DDB's certified insurance sales representatives | <ul style="list-style-type: none">• 2 customer service centres• Certified insurance sales representatives• Sales and referrals through BG Bank• Sales and referrals through DDB | <ul style="list-style-type: none">• 4 customer service centres• Certified insurance sales representatives• Referrals through DDB | <ul style="list-style-type: none">• 2 industrial centres• 16 industrial consultants• 1 marine department• 1 insurance broker department• Referrals through DDB | <ul style="list-style-type: none">• TDF's sales channels• Pension advisers• Brokers• BG Bank |
|---|--|--|--|--|---|

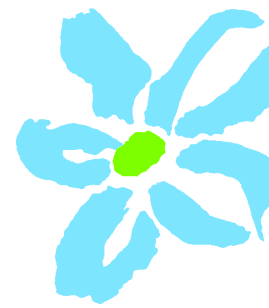
Estimated market share:

13%	7%	15%	50%	30 of the 100 largest Danish companies	4-5%
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Topdanmark's capital structure - DKKm (before acquisition)



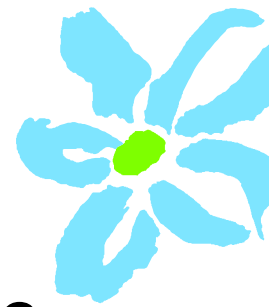
<u>Topdanmark-assets at 30 Juni 1999</u>		<u>Expected post-tax profit in 1999</u>	
Affiliated companies (insurance)	2,904		
Equities	146		
Own shares	124		
Tax asset	<u>125</u>		
	3,299 [75%]	524 [95%]	
Bonds and investment assets	1,226		
Debt	<u>(119)</u>		
	1,107 [25%]	26 [5%]	
Total	4,406 [100%]	550 [100%]	



Financing

Topdanmark buys Den Danske Bank's non-life insurance companies

- **Financing requirements**
 - **Goodwill about DKK 725m**
 - **Solvency requirement DKK 250m**
 - **Total about DKK 975m**
- **Goodwill and the increase in solvency requirement will be financed by the existing excess capital**

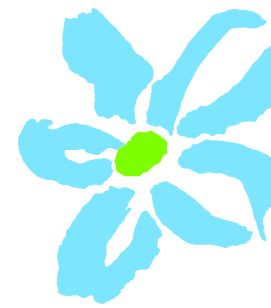


Excess capital

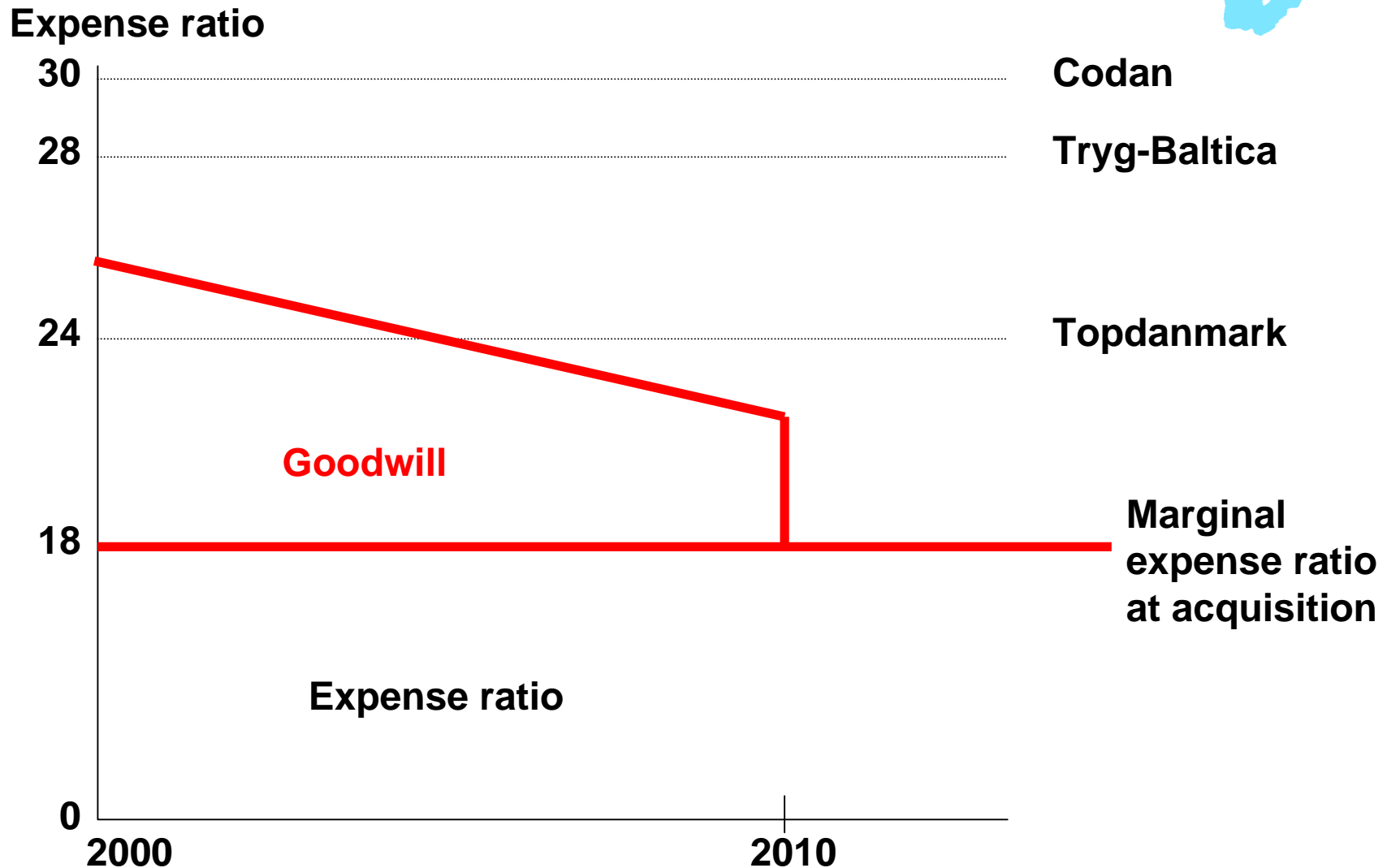
Topdanmark's share buy-back programme will continue unchanged

- **In total DKK 850 - 1,200m in 2000 and 2001 from Topdanmark A/S**

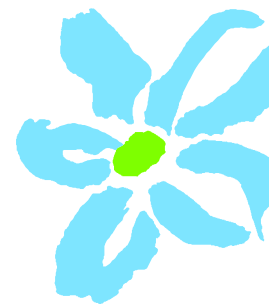
Overall, Topdanmark's excess capital will be reduced to an appropriate level



Marginal expense ratio at acquisition



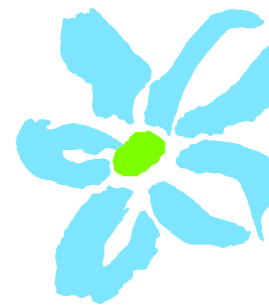
Financial case for the portfolio taken over



Assumptions

- The portfolio of DKK 1,400m will be maintained increasing by an index of 3% per year
 - Annual sales of DKK 250m
 - 20% cancellations the first year
Subsequently 18% per year
- Level of premiums will decline by 5% over the first seven years
- Expense ratio: 18%
- Loss ratio: 75%

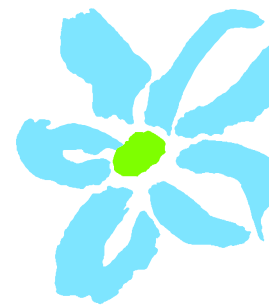
Financial case for the portfolio taken over



Present value at a discount rate of 7.5% after tax after 20 years

- **DKK 1,526m - 775m = DKK 751m after tax**
- **Internal interest rate : 14.6% after tax**
- **Alternative interest rate: 2.7% after tax**

Financial case for the portfolio taken over

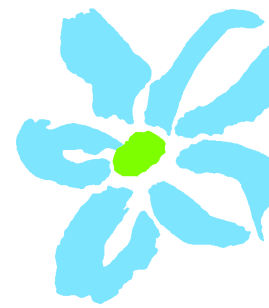


Assumptions

- The portfolio will be maintained for five years and subsequently it will run off

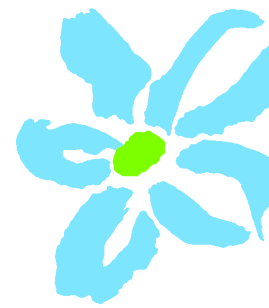
Present value after 20 years

- DKK 1,235m - 775m = DKK 462m after tax
- Internal Interest rate : 10.6% after tax
- Alternative interest rate : 2.7% after tax



Effect on accounts

- **Goodwill will be amortised by DKK 72.5m per year over the period 2000 - 2010**
 - **Subject to approval by the Danish Financial Supervisory Authority**
- **Extraordinary expenses of DKK 75m in 1999**

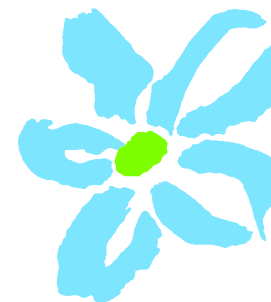


Effect of acquisition on accounts ("1999")

Assumption

- Profit rate 12.5%
- Premium income DKK 1,400m

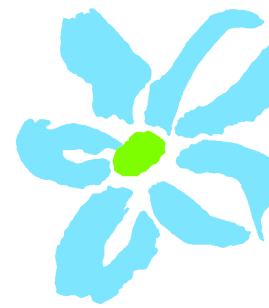
	<u>DKKm</u>
• Profit	175
• Interest on goodwill (4%)	<u>(29)</u>
	146
• Taxation (32%)	<u>(47)</u>
	99
• Amortisation of goodwill	<u>(72.5)</u>
• Effect of acquisition on accounts	26.5



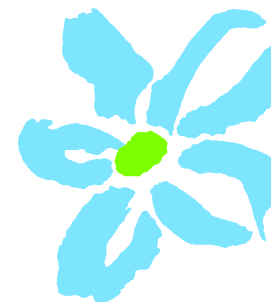
Profit forecast for 1999 - DKKm

	Forecast at 23.8.99	Forecast at 01.11.99
Non-life insurance	330 - 370	330 - 370
Kapital Holding	120	120
Life assurance	70 - 80	70 - 80
Parent company	50 - 60	50 - 60
Extraordinary expenses	0	(75)
Pre-tax profit	570 - 630	495 - 555
Taxation	(45) - (55)	(20) - (30)
	525 - 575	475 - 525

Topdanmark achieves by the acquisition



- **Increased distribution efficiency**
- **Reduced expense ratio**
- **Increased competitiveness**
- **Adapted capital structure**



Topdanmark's goals and strategies

It is Topdanmark's objectives:	It is Topdanmark's goals:	It is Topdanmark's strategy:
<p>to carry out nation-wide, Danish life and non-life insurance and pension fund business</p> <p>to be attractive to customers by being an independent and pre-eminent insurance group</p> <p>to ensure that its shareholders achieve a long-term, competitive, stable return</p>	<p>to improve its position in the Danish insurance market</p> <p>to ensure that its expense ratio is lower than the general market level</p> <p>to ensure that its growth in life and non-life insurance as well as pension fund business is higher than that of the market</p> <p>to ensure that the Topdanmark share reflects insurance risk rather than investment risk</p>	<p>to base its development strategy primarily on organic growth, but also including close co-operation with alliance partners</p> <p>to participate in international insurance business through Eureka</p>
	<p>to ensure that the Topdanmark share is both attractive and liquid</p>	<p>to optimise its shareholders' return/risk conditions by ensuring that shareholders' funds continue to reflect both the volume of business and an investment policy which is in agreement with this</p>
	<p>To be able to attract and keep qualified employees</p>	<p>to be a dynamic company encouraging personal and occupational development</p> <p>to align the goals of management and employees with those of its shareholders</p>