

Presentation of Topdanmark

March 2003



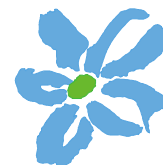
Key features

- Earnings declined 27% to DKK 296m
- Operating profit of DKK 445m higher than profit forecast of DKK 325-425m in Q3 2002 announcement (excl. result from shareholding in Danske Bank)
- Cash flow fell 6% to DKK 484m
- Cash flow per share increased 5% to DKK 18.0
- Expense ratio reduced from 21.3% in 2001 to 20.2% in 2002
- Combined ratio increased from 96.4% in 2001 to 98.8% in 2002 (Q4 2002: 96.1%)
- Underlying combined ratio of 94.6% in 2002
- Premium growth
 - Non-life insurance 7.1%
 - Life insurance 32.0%



Group

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Assumptions for 2002 forecast

	Forecast	Actual
• Combined ratio	96%	98.8%
• Return on equities in Topdanmark Group excl. life insurance and Danske Bank	8.5%	(13.9)%
• Return on investments in Topdanmark Livsforsikring	6%	3.3%



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Variations

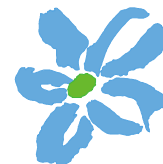
DKKm

Actual result excl. Danske Bank		445
Variations from profit forecast (Annual Report 2001)		
• Weather claims	118	
• Equity losses	30	
• Life insurance	<u>57</u>	
	205	205
Other variations		
• Run-off loss	155	
• Change to variable capitalisation rate	<u>66</u>	
	221	<u>221</u>
		871
Profit forecast (Annual Report 2001) excl. Danske Bank		<u>545 - 645</u>
Range of variance		226 - 326



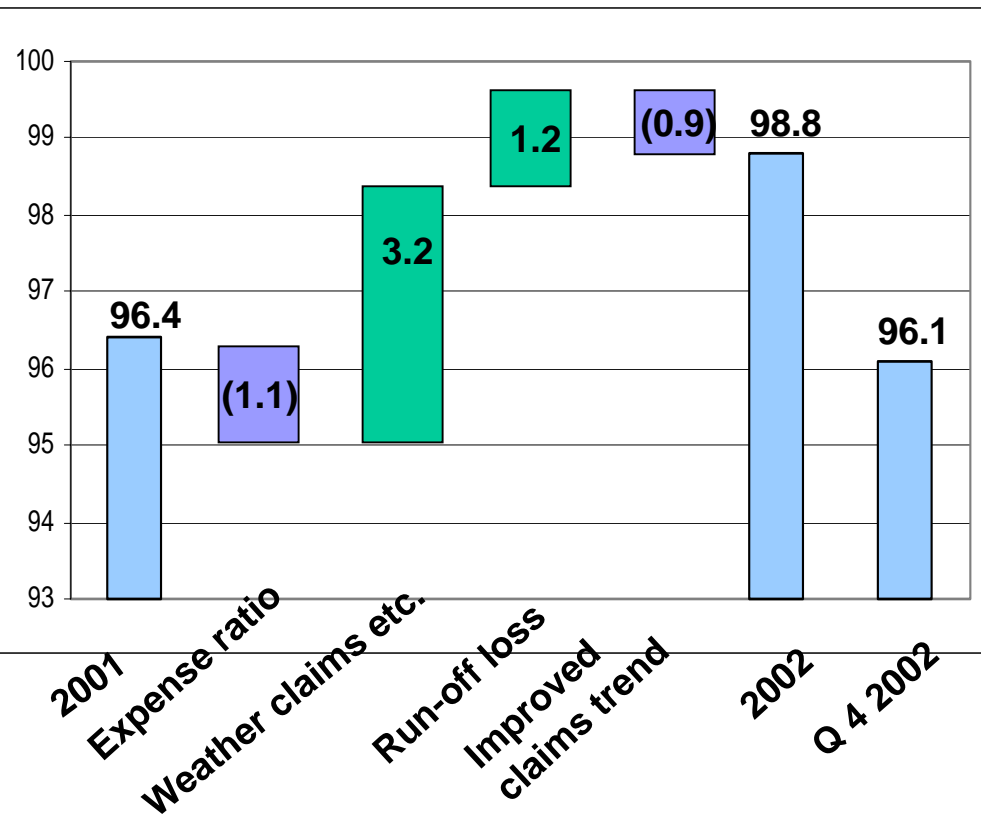
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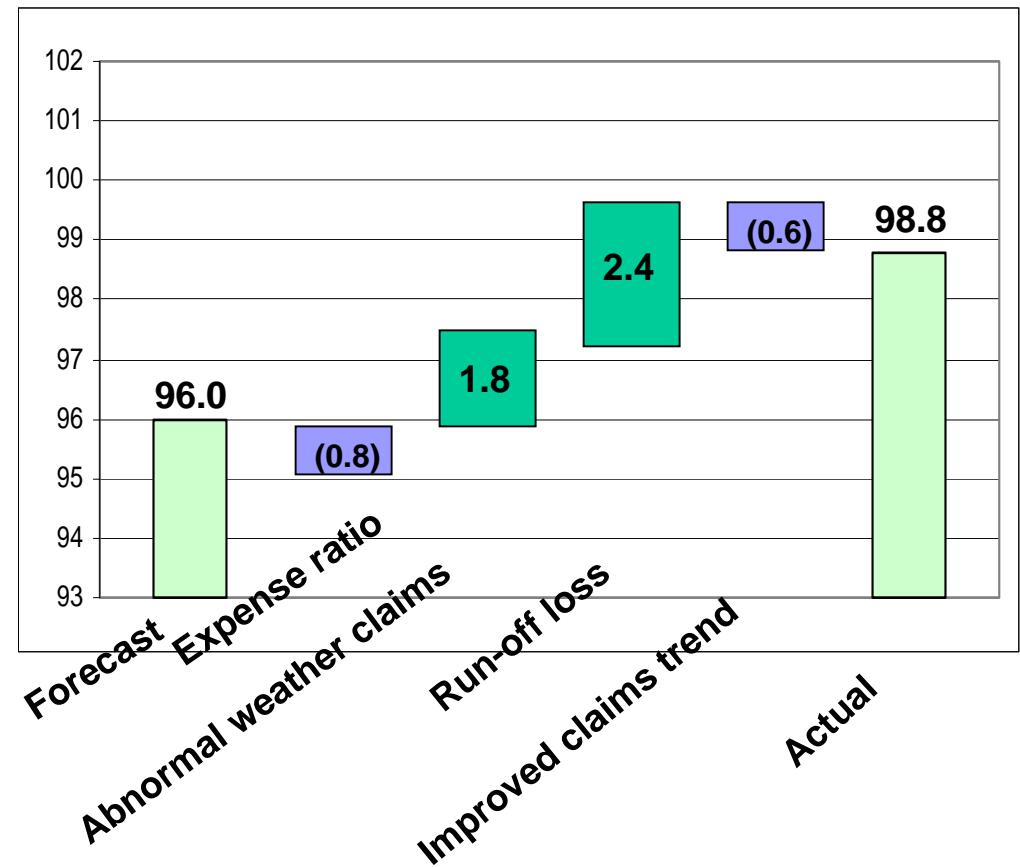


Improved underlying claims trend in 2002

Combined ratio compared with 2001



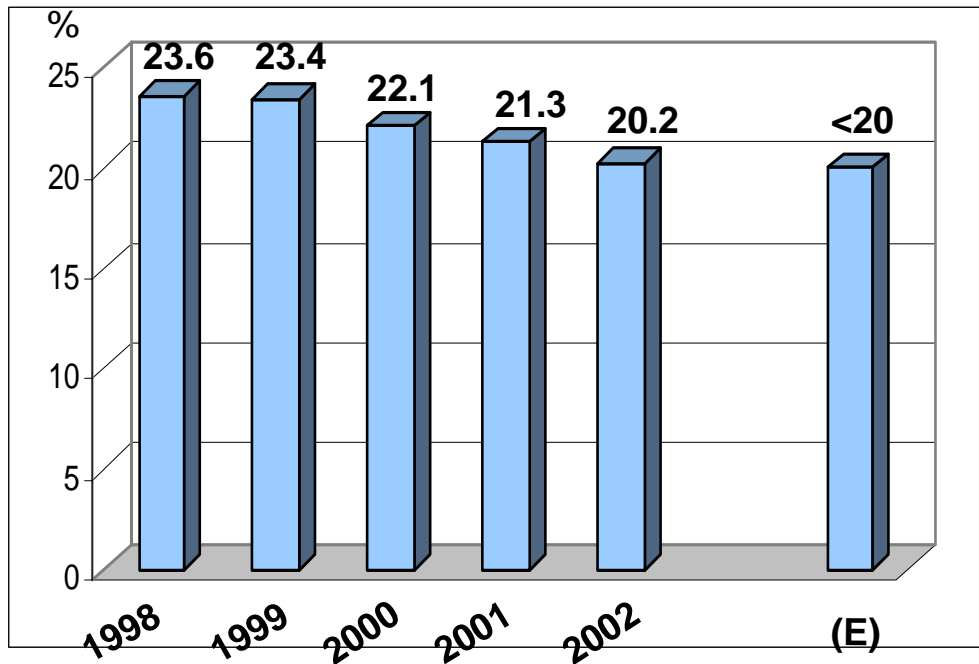
Combined ratio compared with forecast in 2001 Annual Report



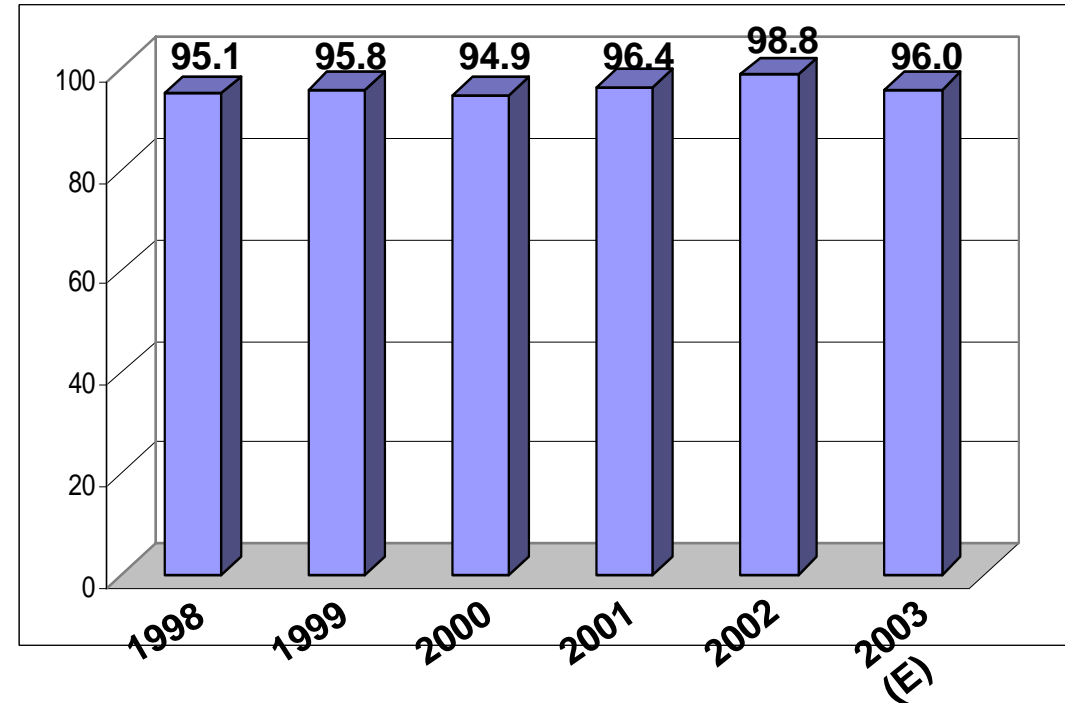
Non-life

Continued decline in expense ratio - "Normal" level of 96% for combined ratio

Expense ratio



Combined ratio - excl. 1999-hurricane



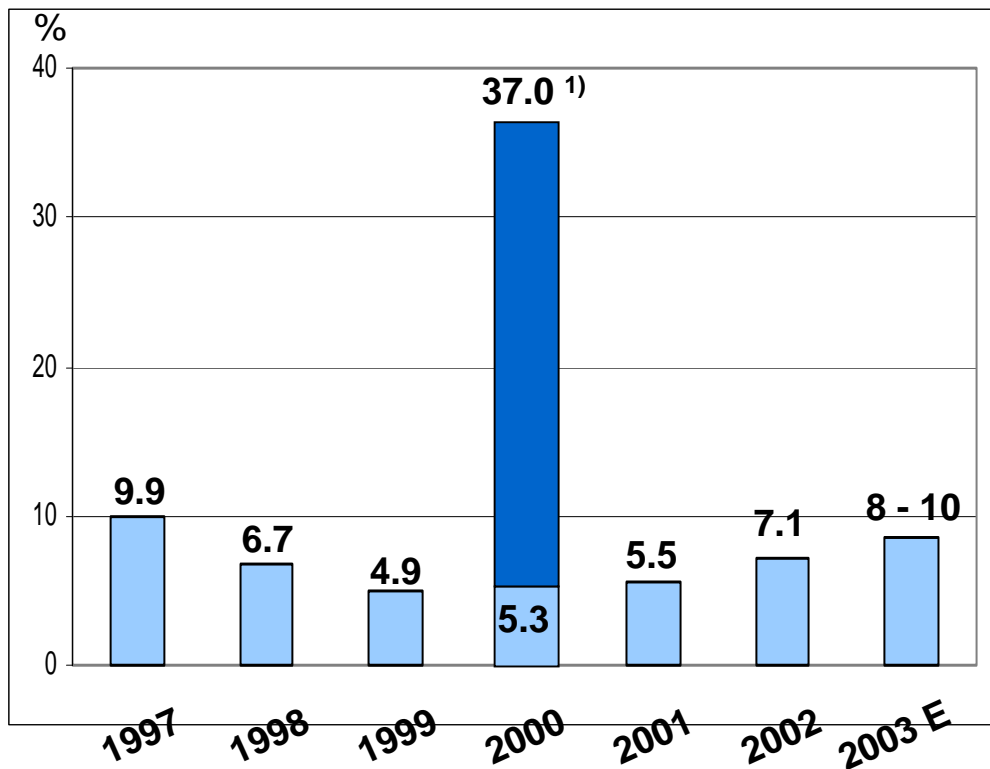
Non-life

Topdanmark

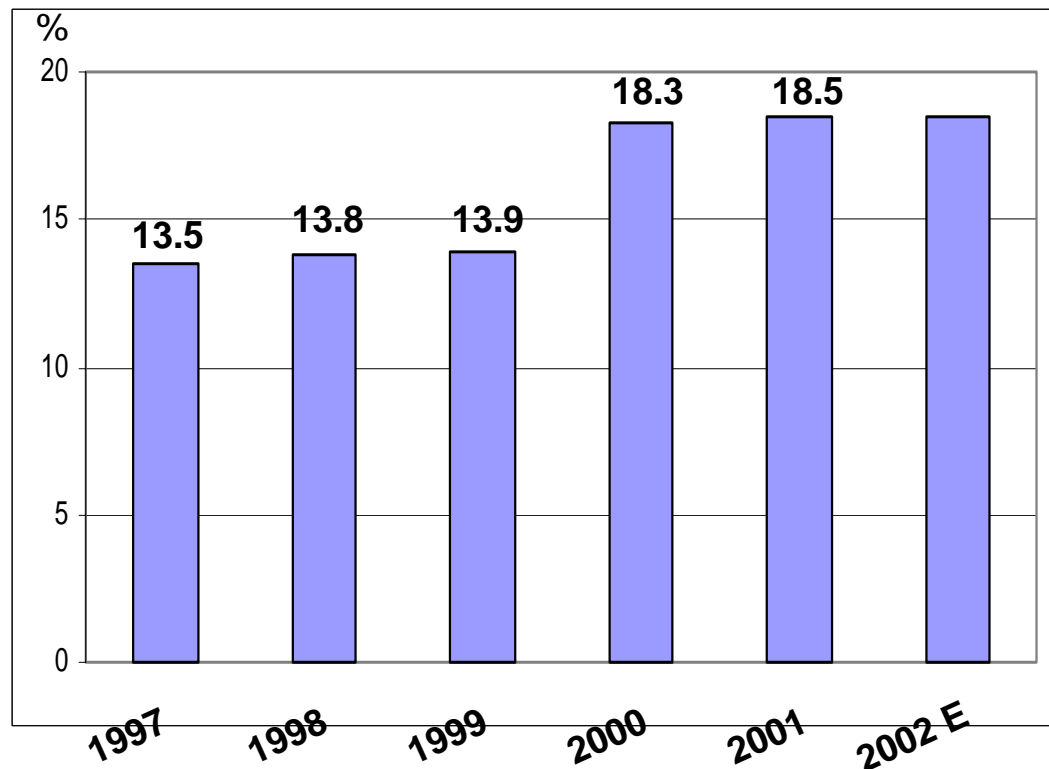


Topdanmark gains market share in non-life

Premium growth



Trend in market share

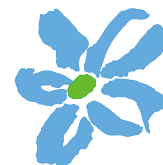


¹⁾ Including the acquisition of Danske Forsikring / Danica Forsikring

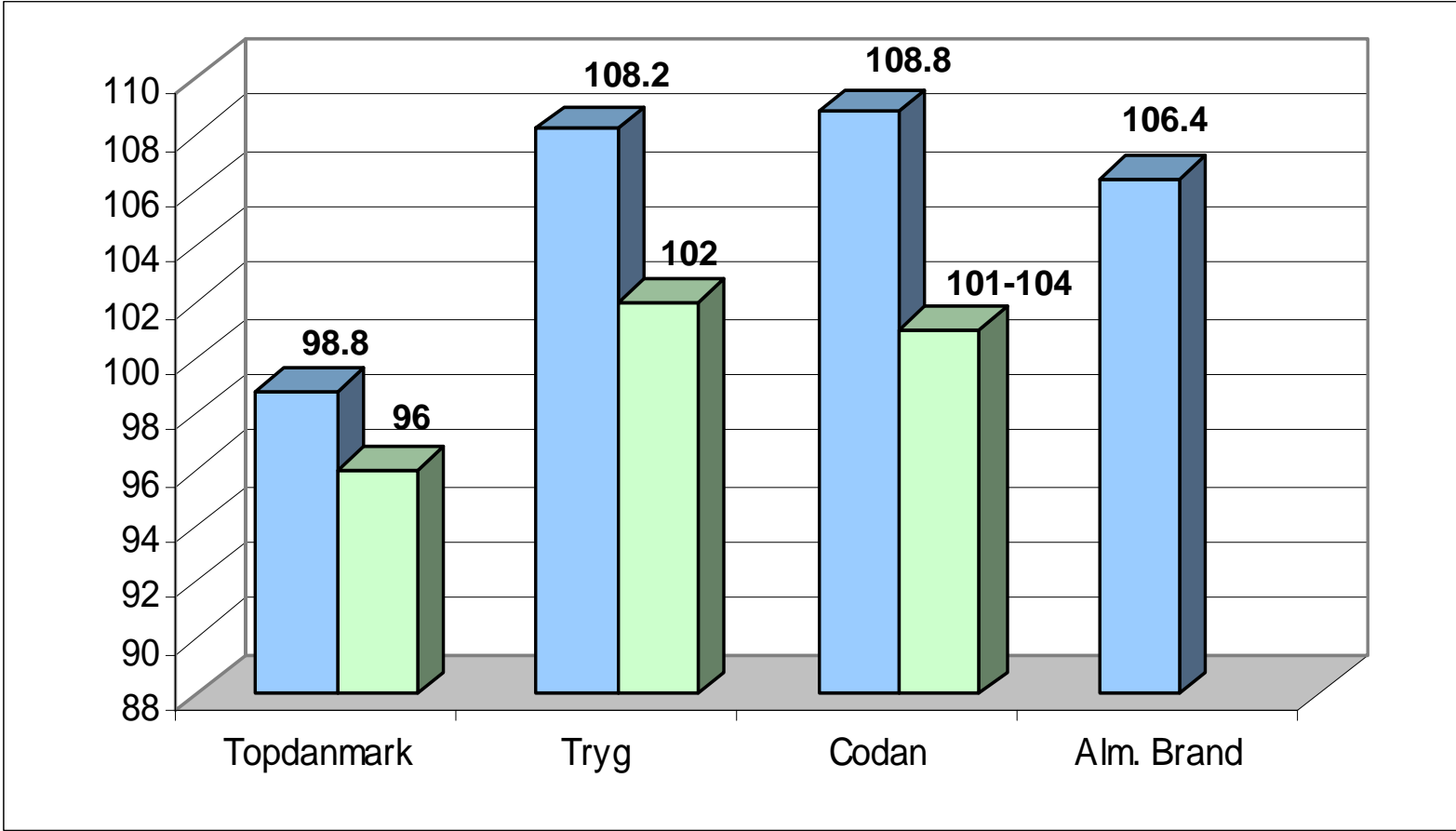


Non-life

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Gap to competitors widened in 2002



**Combined ratio
2002**

**Official
forecasts
for 2003**

Group



Favourable market situation

Fewer players

Provinzial → Alm. Brand

Allianz Nordeuropa → Alka

Trekroner → Codan

Zürich → Tryg

Gerling throttles down

Hamburg-Mannh. stops

Plus Forsikring bankrupt

Focus on profit

Tryg

Codan

Fair

Alm.
Brand

If...

Non-life



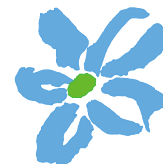
Strong prospects for non-life insurance

- Improved competitive situation
- Premium growth of 8-10% expected in 2003
 - Net premium increase of 2%
 - 2.6% effect in 2003 from Act on Civil Liability
 - Increase in sales through own sales channels
 - Full effect in 2003 of sales through "home"
 - Expected increase in sales through Danske Bank / BG Bank / Danica Pension
- "Normal" level of weather claims raised DKK 25m to DKK 115m due to expectation of worse weather
- Stability in reinsurance prices
- Expected combined ratio continues to be around 96% for 2003
 - Including contingency element in case of unexpected claims
- Lower investment income anticipated due to fall in interest rates
 - Risk free interest rate was 3.5% in 2002 - now it is about 2.8%



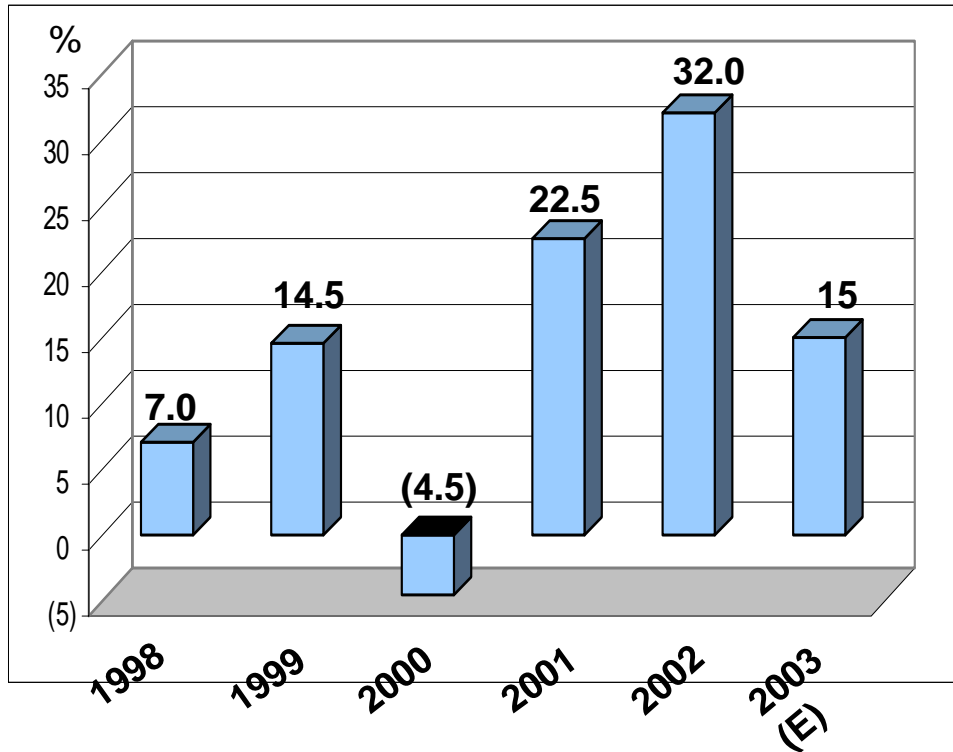
Non-life

Topdanmark

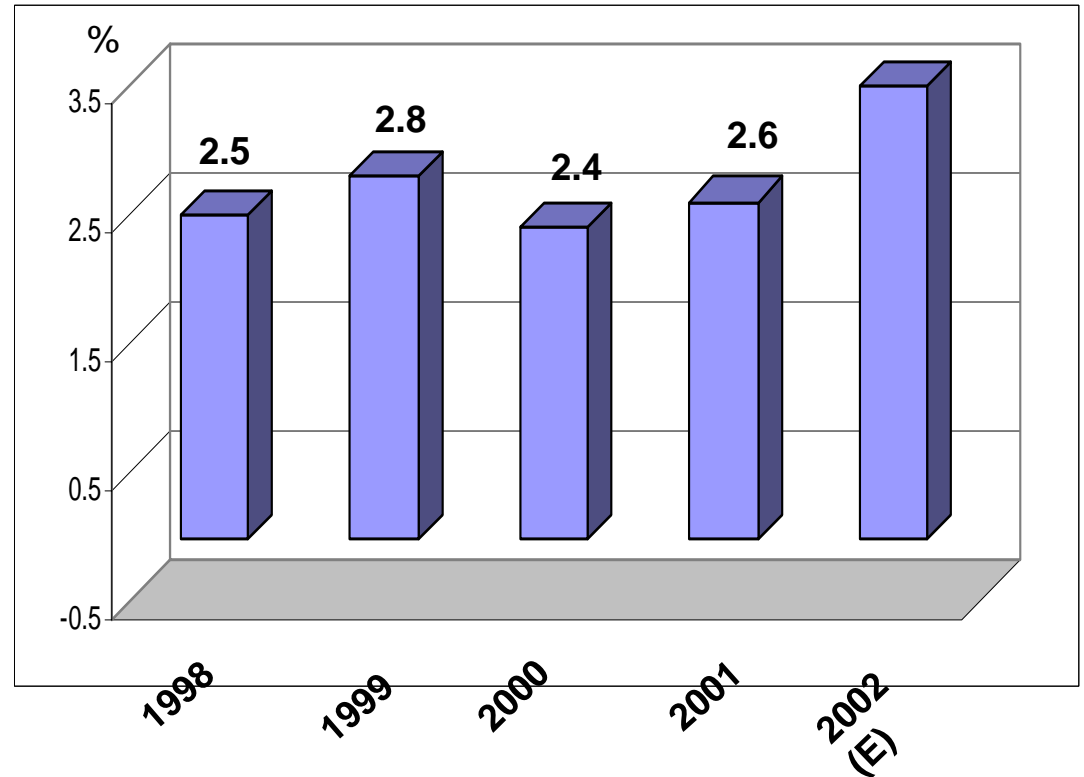


Topdanmark's life insurance gains market share

Premium growth excl. BG Pension



Trend in market share excl. BG Pension

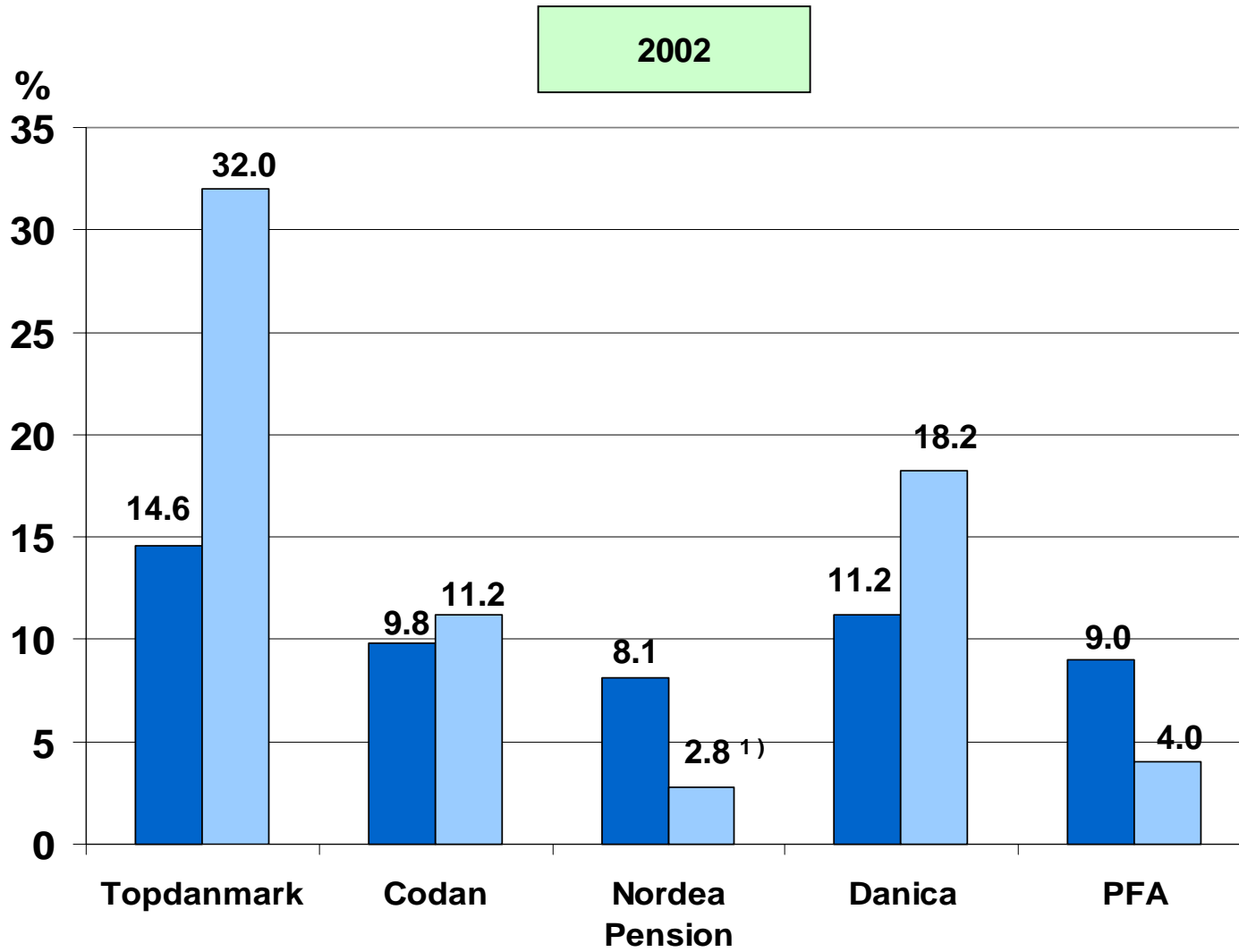


Life

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Excellent premium growth in Topdanmark Livsforsikring



Regular premiums

Total premiums

1) Excl. take-over of Nesa and IFV's pension fund

Life



Growth expected to continue in life insurance

- Improved competitive situation
- Topdanmark receives more attention from brokers
- Increase in sales through own sales channels
- Expected increase in sales through banks and mortgage lenders
- Several new products introduced
- Advantage gained from the Group selling both life and non-life products
- Co-operating with AIG on international customers' subsidiaries in Denmark
- Expected premium growth of 15% in 2003
- Change to market value principle expected to provide a contingency element in case of loss on investment assets

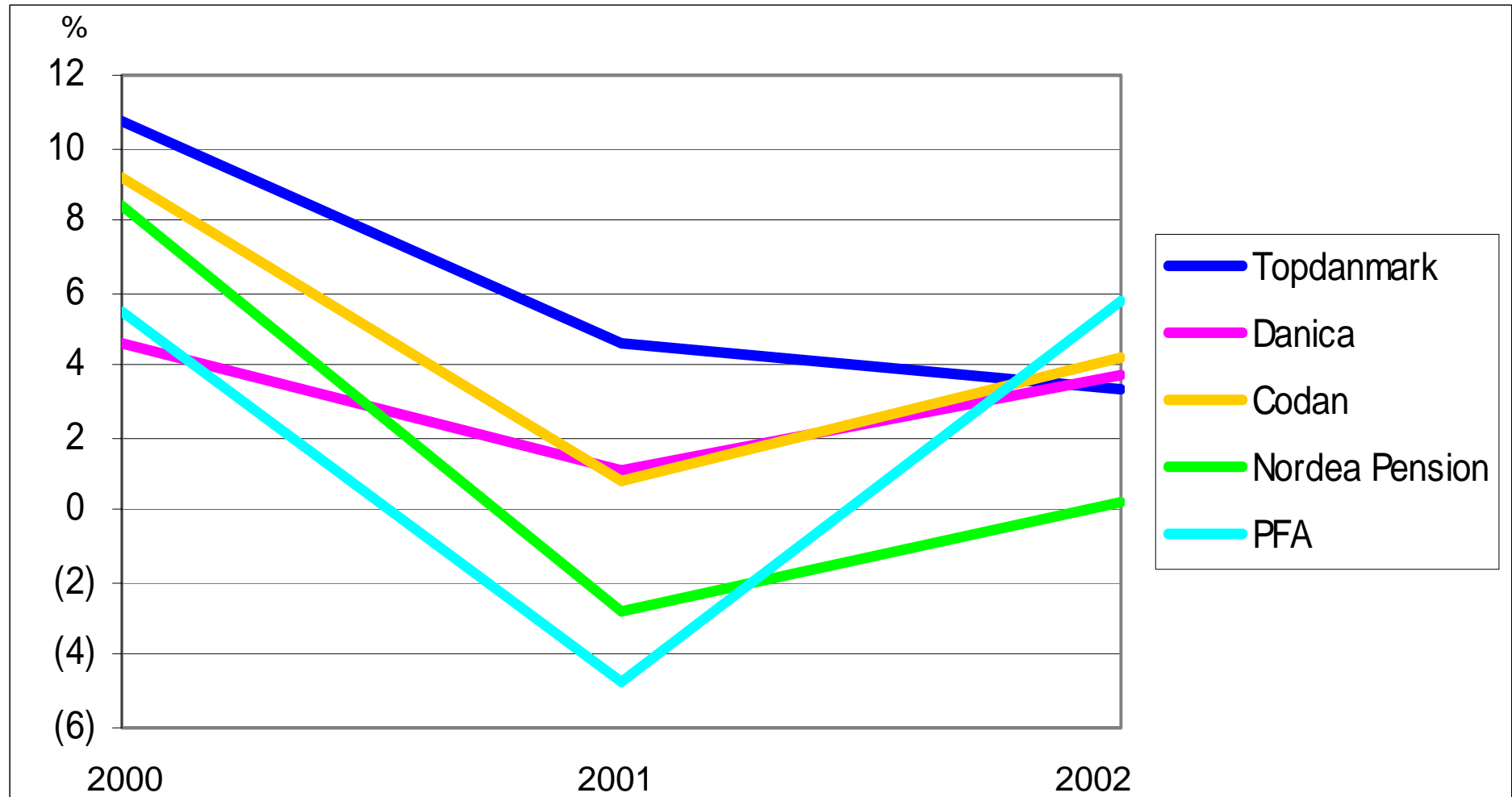


Life

Topdanmark

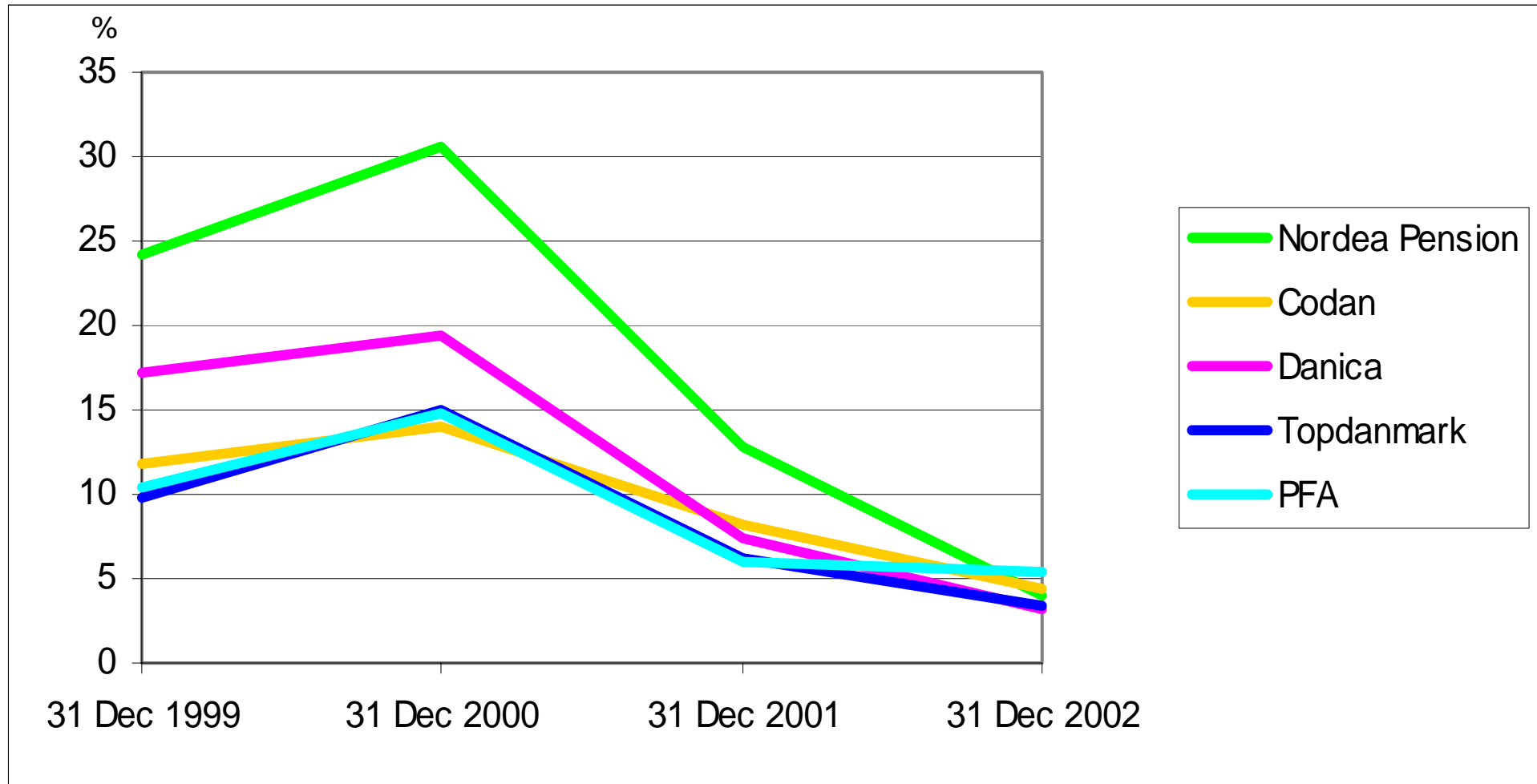


Best return on investments in 2000 and 2001 - In line with market in 2002



Life

Trend in collective bonus



Life

Continued high level of share buy-back

- Since 1998 share buy-back has reduced share capital by 36%
- In 2002 Topdanmark bought back own shares of DKK 682m; including DKK 335m bought back from EurAPCo
- In 2003 estimated share buy-back of DKK 350 - 450m
 - Representing 9% of Topdanmark's market cap
- 2003 to have higher share buy-back from market
- To date in 2003 shares of DKK 24m bought back



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Profit forecast for 2003

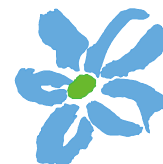
Significant forecast assumptions for 2003

- Premium growth in non-life insurance 8 - 10% p.a.
- Combined ratio 96%
- Return in non-life of interest-bearing investments of Topdanmark Group excl. life 3.5% p.a.
- Return on investments in life insurance 5.0% p.a.
- Return on equities incl. Danske Bank shares 7.0% p.a.



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Profit forecast for 2003

- Profit excl. shareholding in Danske Bank
- Loss on shareholding in Danske Bank
- Expected profit

DKKm

400 - 500

(85) - (85)

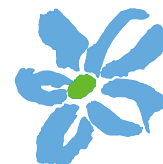
315 - 415

Forecast assumptions based on share price on 10 March 2003



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Profit forecast for 2003

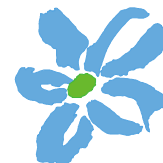
• DKKm	2001	2002	2003
• Non-life insurance excl. Danske Bank shares	307	349	510 - 590
• Life insurance	129	83	110 - 130
• Parent company etc.	105	55	-80 - -60
• Profit before goodwill / tax	541	487	540 - 660
• Goodwill amortisation	(79)	(79)	(79) - (79)
• Tax	(26)	(75)	(61) - (81)
• Post-tax income taken to shareholders' funds	0	112	0 - 0
• Profit excl. Danske Bank shares	436	445	400 - 500
• Result of Danske Bank shares	(28)	(149)	(85) - (85)
• Profit for the year	408	296	315 - 415

Forecast assumptions based on share price on 10 March 2003

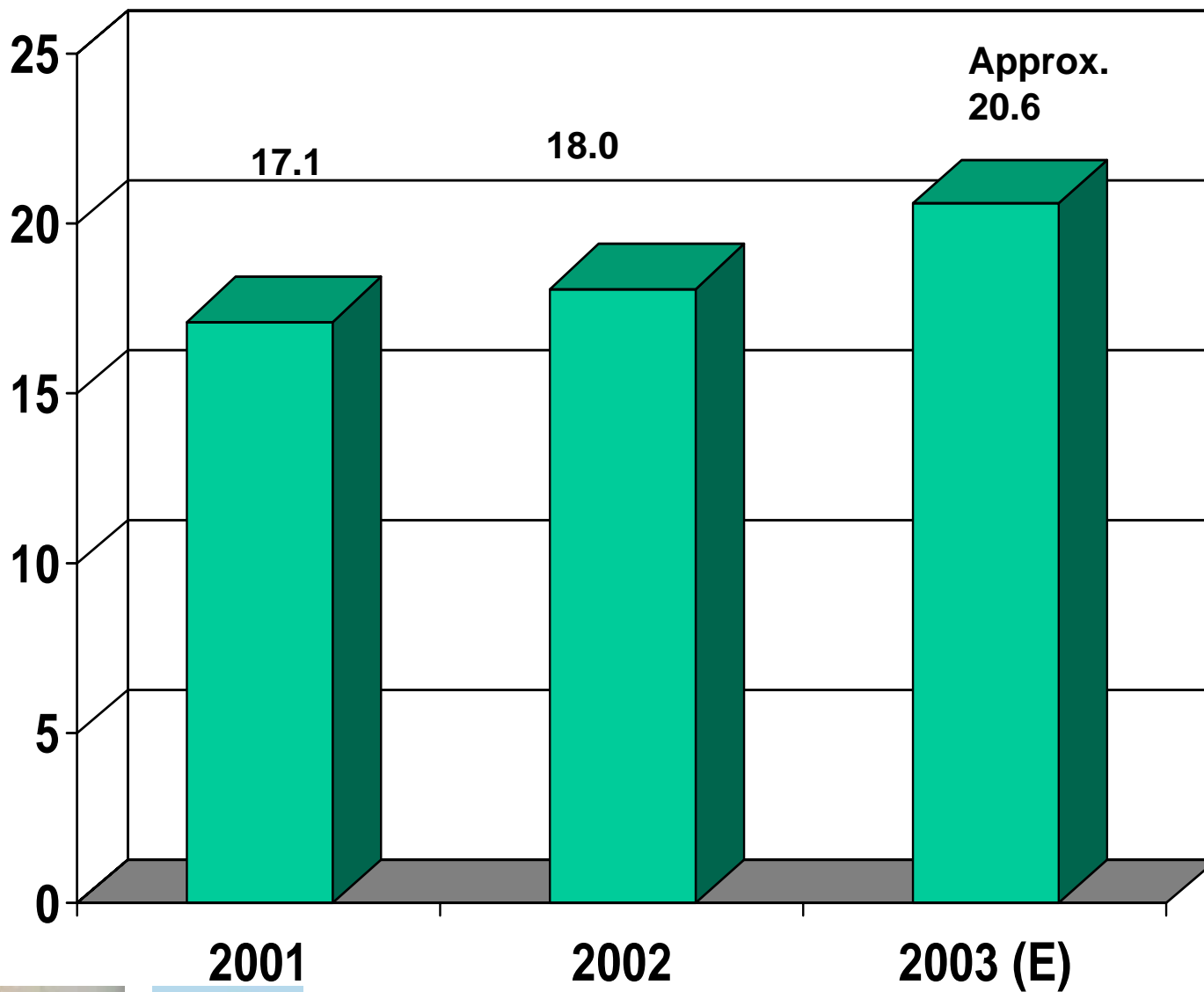


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High and continuously increasing cash flow per share



2001

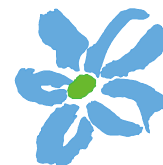
2002

2003 (E)

Group



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www.topfacts.dk

- a source of updated information on Topdanmark

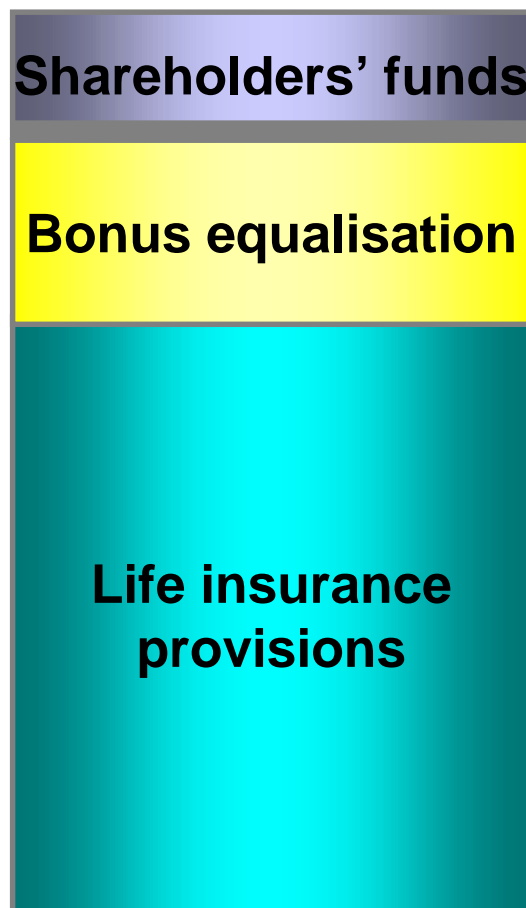


Appendix

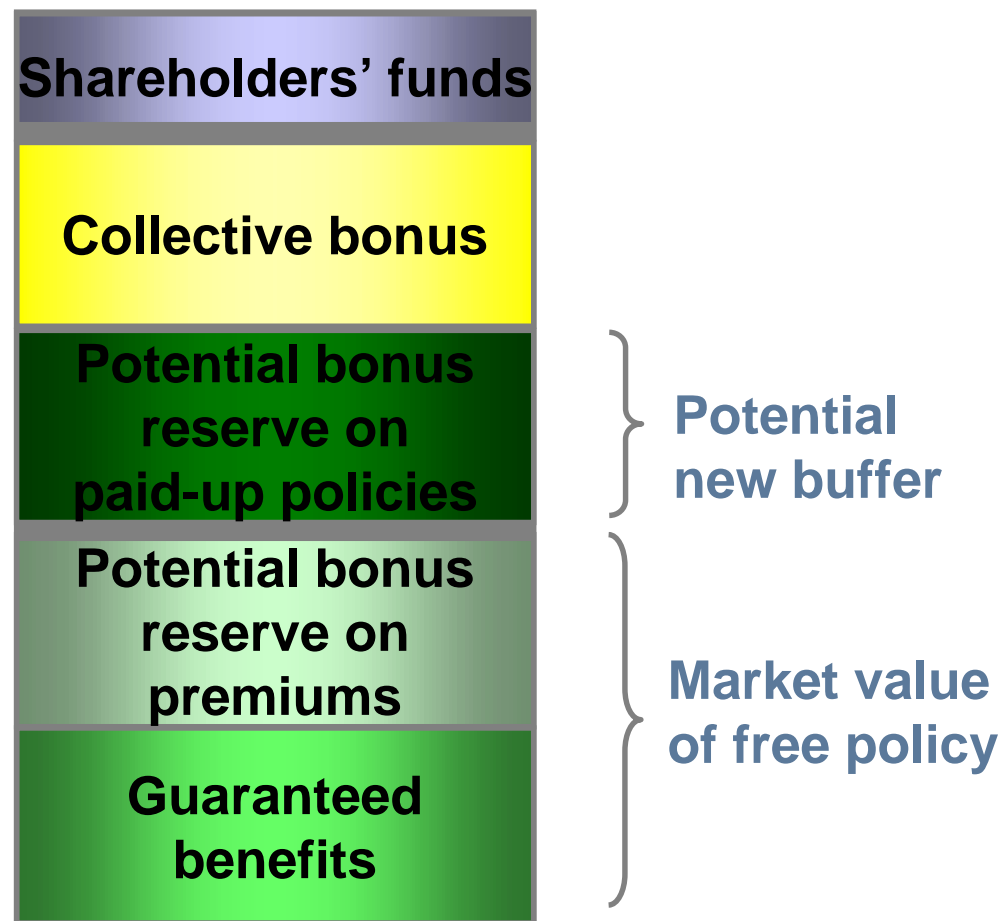


Effect of change to new accounting rules

Old rules



New rules



Life

Lower risk profile

Yellow risk scenario

	1 Jan 2003	28 Feb 2003
Collective potential bonus reserve	409	169
Individual potential bonus reserve	1,162	1,051
Shareholders' funds	1,179	1,177
After pension return tax 28 Feb 2003		
	Decline in interest rates	Increase in interest rates
Interest rate risk on assets -1%	(780)	401
Equity risk - (30%)	473	473
Credit risk	190	190
Subsidiaries (incl.property) (12%)	324	324
Interest rate risk on liabilities	<u>693</u>	<u>(278)</u>
Total scenario loss	900	1,110



Life

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Lower risk profile

Yellow risk scenario

	Decline in interest rates	Increase in interest rates
Individual potential bonus reserve	636	1,717

Distribution of scenario loss:

Collective potential bonus reserve	169	169
Individual potential bonus reserve	477	816
Shareholders' funds	<u>254</u>	<u>125</u>
Total	900	1,110



Life

Significant decline in interest rates - and what then?

Assumptions:

- 4.5% ↘ 3.25% excl. option (2.75% after pension return tax)
- Life provisions doubled over 10 years
- Shareholders' funds doubled over 10 years
- 3.5% bonus rate to all policyholders
- 8.25% return to be transferred to shareholders' funds

Conclusion:

- Funds will be available for risk allowance for 10 years



Life

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Alternatives in order to continue unchanged

To avoid diluting the option the following measures could be considered:

- Splitting the portfolio
- Writing new business in a new company



Life

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“Normal” profit in life insurance

Necessary capital according to model:

- 80% of 1.5 x solvency minimum DKK 742m
- Shareholders' funds DKK 1,179m
- Excess capital DKK 437m which could be allocated for capital cover in non-life insurance

Return in life insurance

	DKKm
Investment return on necessary capital 5%	37.1
Risk premium 1 5% of 1.5 x solvency minimum, 5% of DKK 928m	46.4
Risk premium 2 1% of DKK 1,179 m - 928m	2.5
25% of risk and administrative result	10.0
Profit on asset management	15.0
Total return	<hr/> 111.0

Interest on necessary capital 15%

Additionally there will be synergies of about DKK 25m



Life

Can profit be made on non-life insurance?

Assumptions

- Shareholders' funds 33% of premium income
- Combined ratio 96%
- Technical interest rate 3.0%
- Return on shareholders' funds 5%

Return on operations

• Income	100	
• Technical interest	<u>3</u>	
	103	
• Expenditure	<u>96</u>	
	7	~ ROE = 21%
<u>Return on shareholders' funds</u>		<u>5%</u>
• ROE before taxation		26%



Non-life

Topdanmark



Share buy-back model 1/2

	DKKm	DKKm
2 x solvency requirement in non-life (premium based)	1,860	
1.5 x solvency requirement in life	928	
1 year's growth in solvency requirement	223	
0.3 x equity exposure (Group excl. life)	486	
1 x interest rate exposure (Group excl. life)	<u>57</u>	
		3,554
less equalisation provisions in Topdanmark Group excluding life and workers' compensation insurance and		(99)
less up to 20% loan capital by way of long-term loans or committed lines to parent company		<u>(711)</u>
Total shareholders' funds		2,744



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Share buy-back model 2/2

DKKm

Shareholders' funds 1 Jan 2003		3,321	
Shareholders' funds net of tax asset	(383)		
Shareholders' funds net of goodwill	<u>(559)</u>		
Capital cover		<u>(942)</u>	
		2,379	
Expected pre-tax profit before goodwill 2003 (average value)		<u>515</u>	
Expected capital cover 31 Dec			2,894
Reasonable capital cover		2,744	
80% of 1 year's normal growth in required solvency		<u>120</u>	
Expected reasonable level of capital cover 31 Dec			<u>(2,864)</u>
Share buy-back potential 2003			30
Release of capital by selling Danske Bank			<u>292</u>
Total share buy-back potential 2003			322



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