

Value creation in Topdanmark



Profile of Topdanmark's shares

- Focused national strategy
- Topdanmark is an insurance share
 - not an investment trust
- Limited investment exposure
 - Principle: Shareholders can take investment exposure themselves
- Calculated insurance risks
 - Returns on insurance and investment risks are not correlated - insurance risk therefore attractive

Profile of Topdanmark's shares

- Meets, practically speaking, the principles of good Corporate Governance
 - has removed all relevant limitations set out in the Articles of Association
- Gradually reduced risk premium (discount rate)
- Relatively limited top line growth in non-life – higher in life
- High cash flow
- Large share buy-back programme

Can profit be made on non-life insurance?

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Assumptions

- Shareholders' funds 33% of premium income
- Combined ratio 94%
- Interest income on provisions equal to 2.5% of premium income
- Return on shareholders' funds 5%

Return on operations

- Income
- Interest income

100.0

2.5

102.5

- Expenditure

94.0

8.5 ~ ROE = 25.5%

Return on shareholders' funds

- ROE before taxation

5.0%

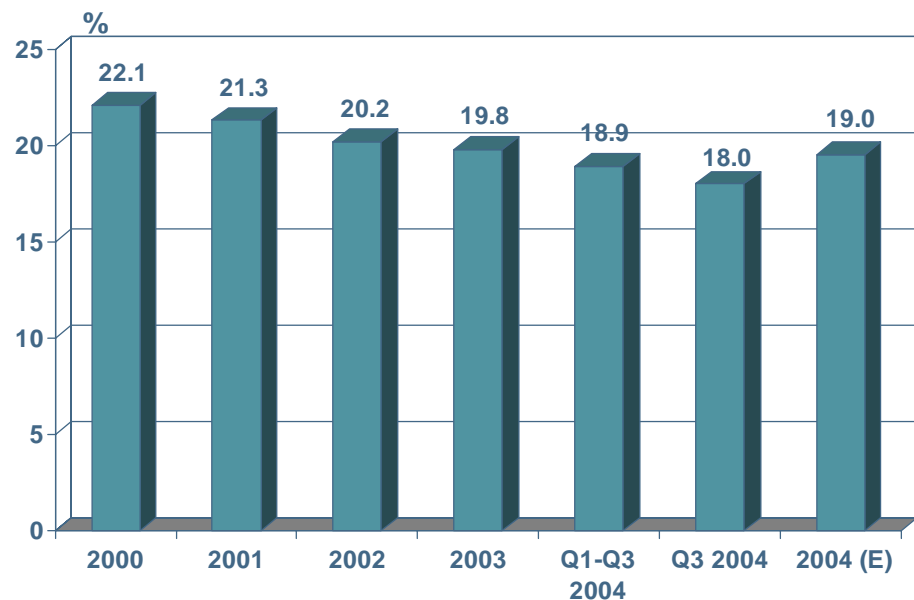
30.5%

- DKK 553m post-tax profit after transferring DKK 19m to equalisation provisions
 - Q1 - Q3 2003: DKK 742m, DKK 48m to equalisations provisions
- Increase in non-life insurance result – but lower investment income and higher tax payment
- Post-tax return on shareholders' funds 14.9% (20.3% annualised)

Trend in expense ratio

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Expense ratio



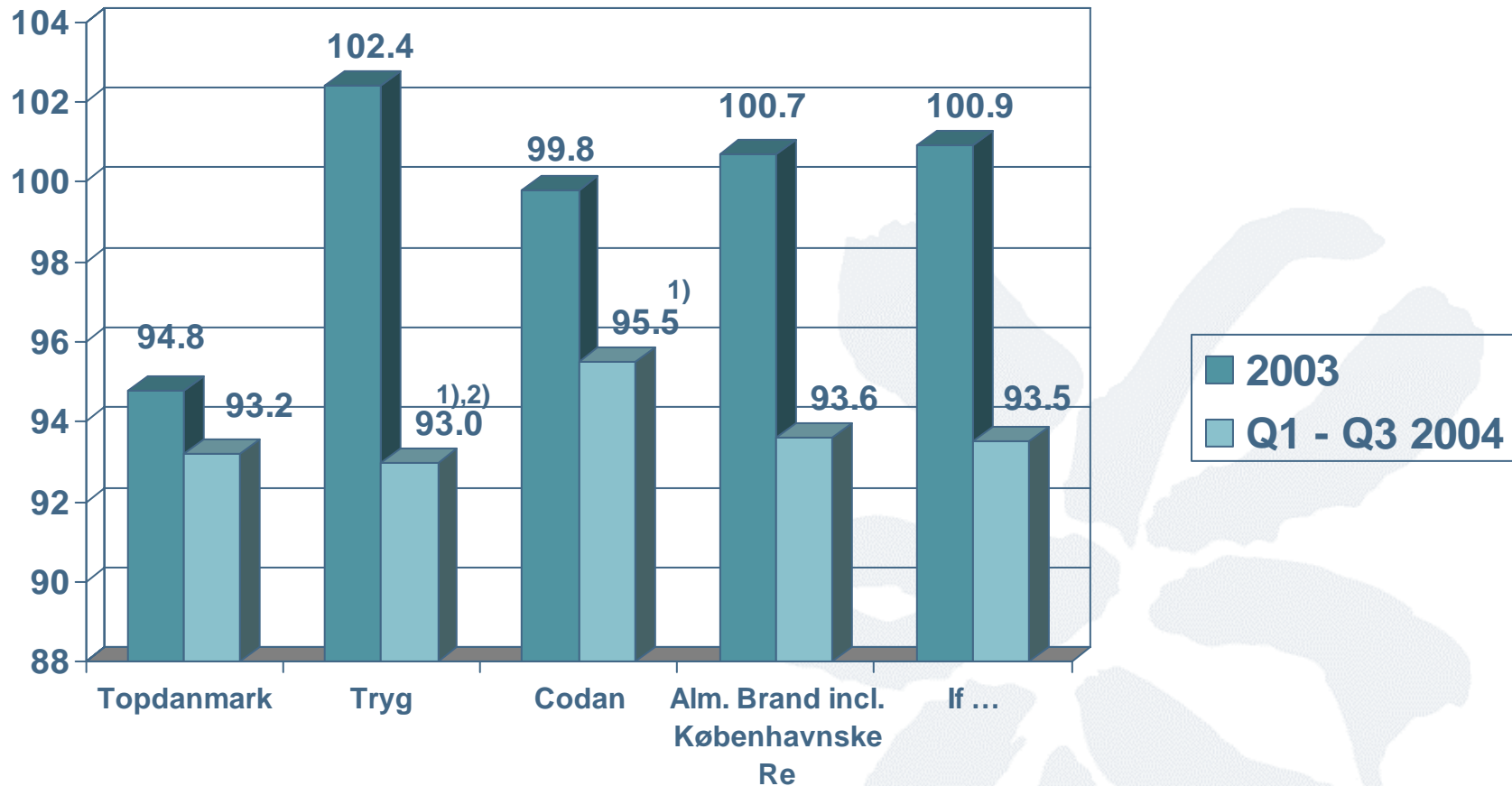
Combined ratio (excl. 1999-hurricane)



Non-life

Comparison of combined ratios – group level

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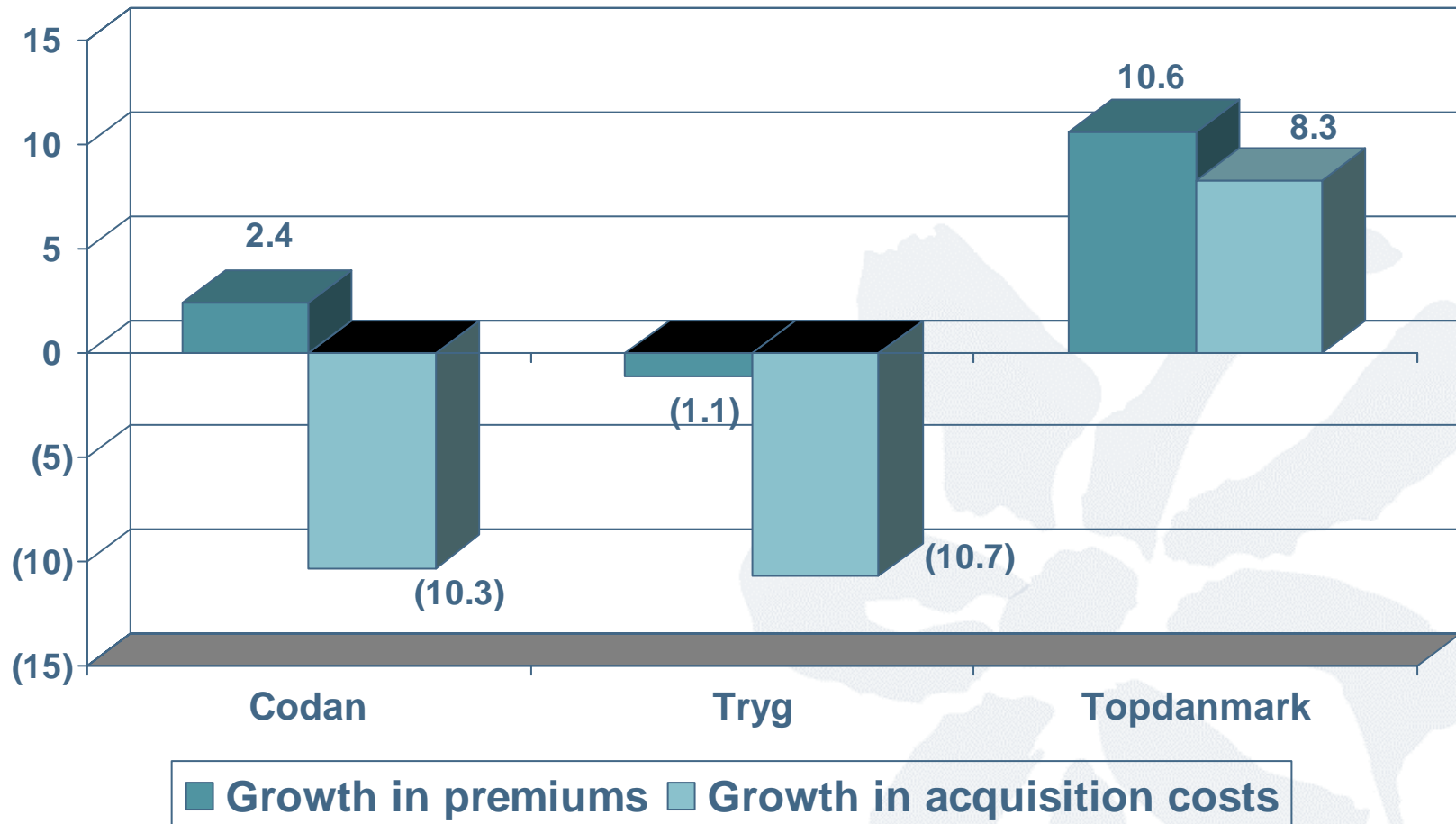


- 1) Excl. capitalisation of acquisition costs \approx 0.3 percentage points
- 2) Excl. reinsurance settlement costs \approx 0.6 percentage points

Non-life

Growth in premiums and acquisition costs Q1–Q3 2004 – group level

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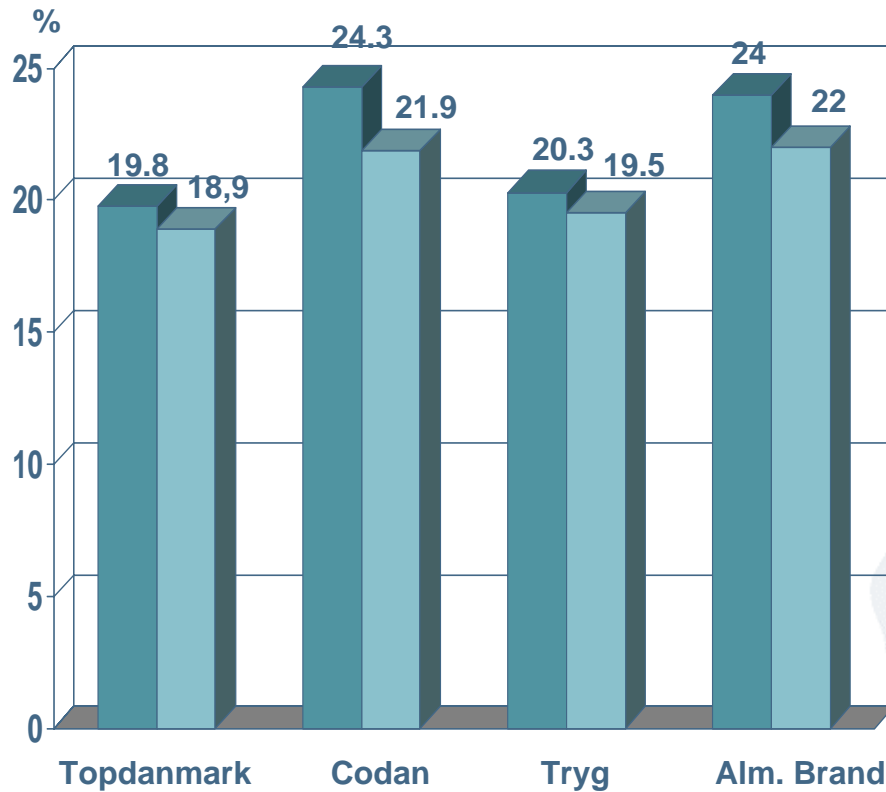


Non-life

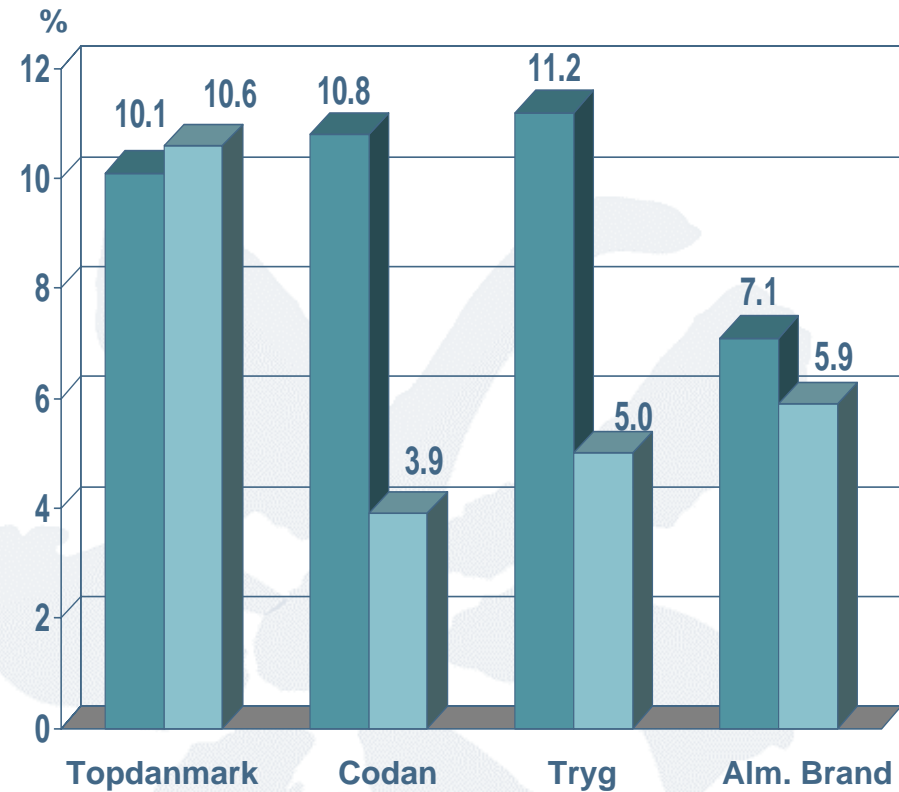
Comparison of expense ratios and premium growth (Danish insurance)

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Comparison of expense ratio



Comparison of premium growth



2003

Q1 - Q3 2004

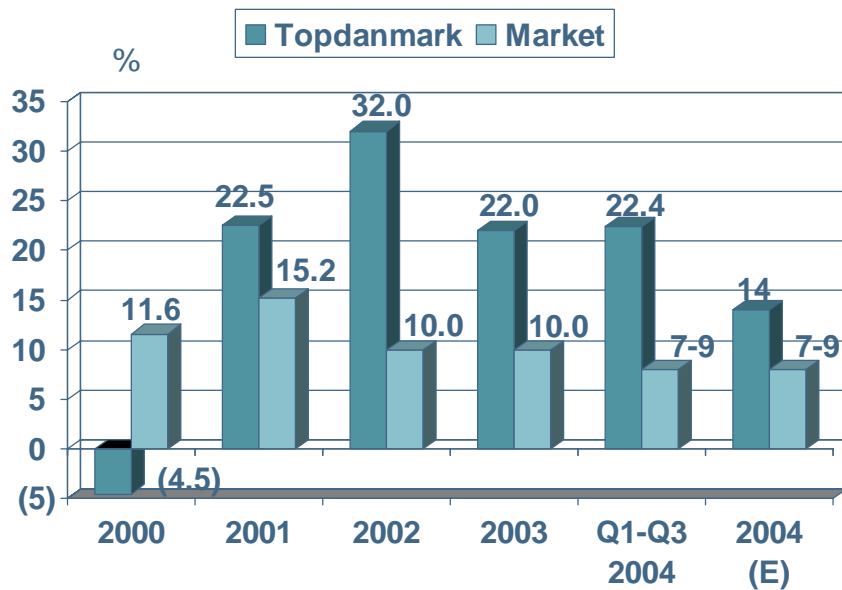
Non-life

- Improved quality of portfolio
 - Relatively high premium growth in personal market
 - Relatively lower premium growth in industrial market and for large farms
- Expected premium growth around 11% for 2004
- Improved customer loyalty
- Major event incurred about DKK 75m claims in Q4
- Expected combined ratio unchanged at just over 94% for 2004
- Expected combined ratio improved to 94% in 2005
- Favourable effect on results if interest rates go up

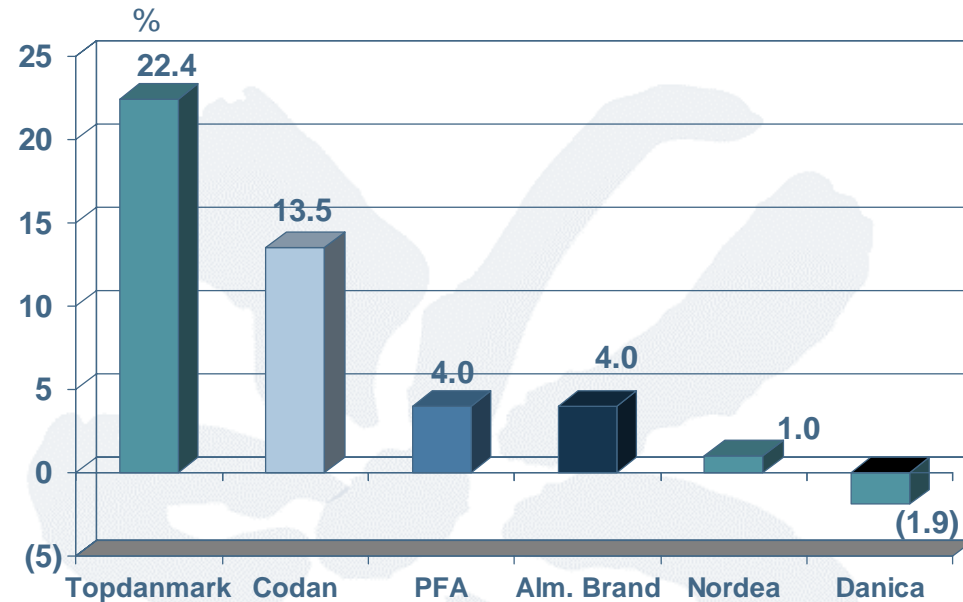
Continued high growth in Topdanmark Livsforsikring

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Premium growth
excl. BG Pension



Comparison of premium growth
Q1 - Q3 2003 → Q1 - Q3 2004



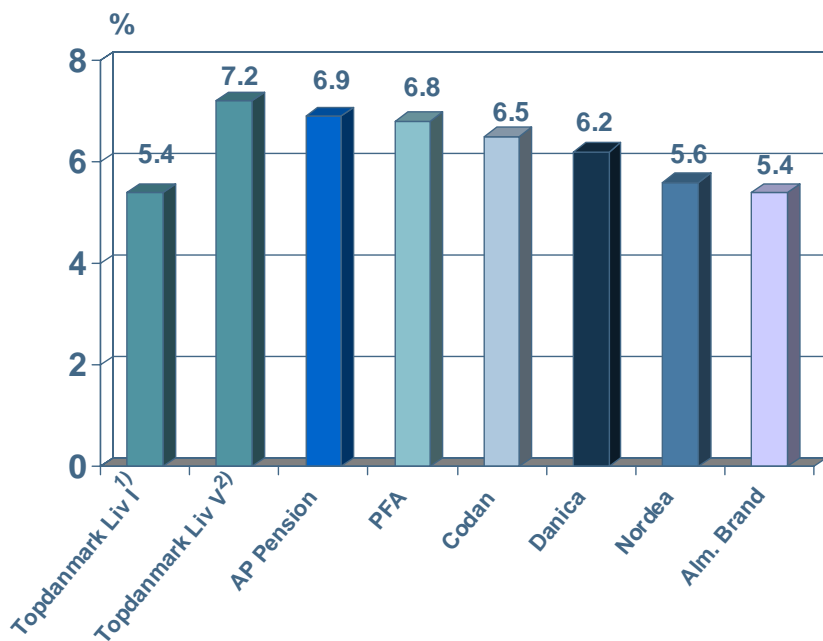
Life



Comparison of investment return before PAL-tax

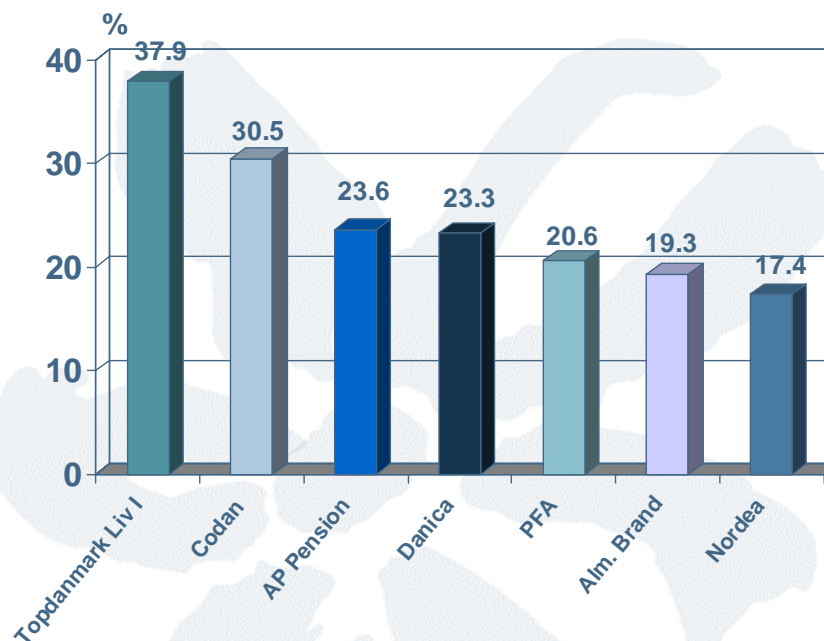
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Investment return Q1 - Q3 2004



1) 2.5% and 1.5% guarantees
2) 4.5% guarantees

Accumulated investment returns 2000 - Q3 2004



- Combined ratio expected to improve from just over 94% in 2004 to around 94% in 2005
- The expected 2005 combined ratio of around 94% includes storm claims from the hurricane on 8 January 2005

- Expected post-tax profit upgraded by DKK 50m to DKK 625 – 725m
- Expected profit includes
 - Major fire in Q4 resulted in about DKK 75m claims
 - Weather-related claims etc. of DKK 115m after reinsurance
 - Up to 23 November weather-related claims etc. of DKK 62m in 2004
 - Strengthening of annuity reserves in workers' compensation by DKK 80m due to decline in interest rates

Forecast assumptions are based on equity prices at 19 November 2004

- Share buy-back programme upgraded by DKK 50m to about DKK 850m for 2004
- Most of increased element of share buy-back will occur in 2005
- DKK 803m shares bought back in 2004
 - DKK 47m transferred for buy-back in 2005
- Since 1998, 48% outstanding shares bought back
- Average price of share bought back: DKK 210 per share

www.topdanmark.com

**- a source of up-to-date
information on Topdanmark**

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 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 trend in reinsurance market. Also see “Risk factors” on page 8 of the Q1 – Q3 2004 interim report and our website www.topdanmark.com → Business → Value creation → Risk factors.

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 Q3 – Q4 2004 interim report.