

Topdanmark Investor Presentation October 2002



Topdanmark



How Topdanmark intends to create value

Operations

- An increase in premium income higher than the market
- A declining expense ratio



October 2002

How Topdanmark intends to create value

Capital

- Topdanmark is an insurance company
 - **Not an investment trust**
- Topdanmark intends to avoid unnecessary excess capital
 - **Share buy-back**



October 2002

Topdanmark



Corporate Governance

- Has removed all relevant limitations set out in the Articles of Association
- Lives up to the principles of good Corporate Governance
- No shareholder holds more than 10%
- A high share price is the only protection against uninvited take-over bids
- Revolving stock option scheme for management



October 2002

Topdanmark



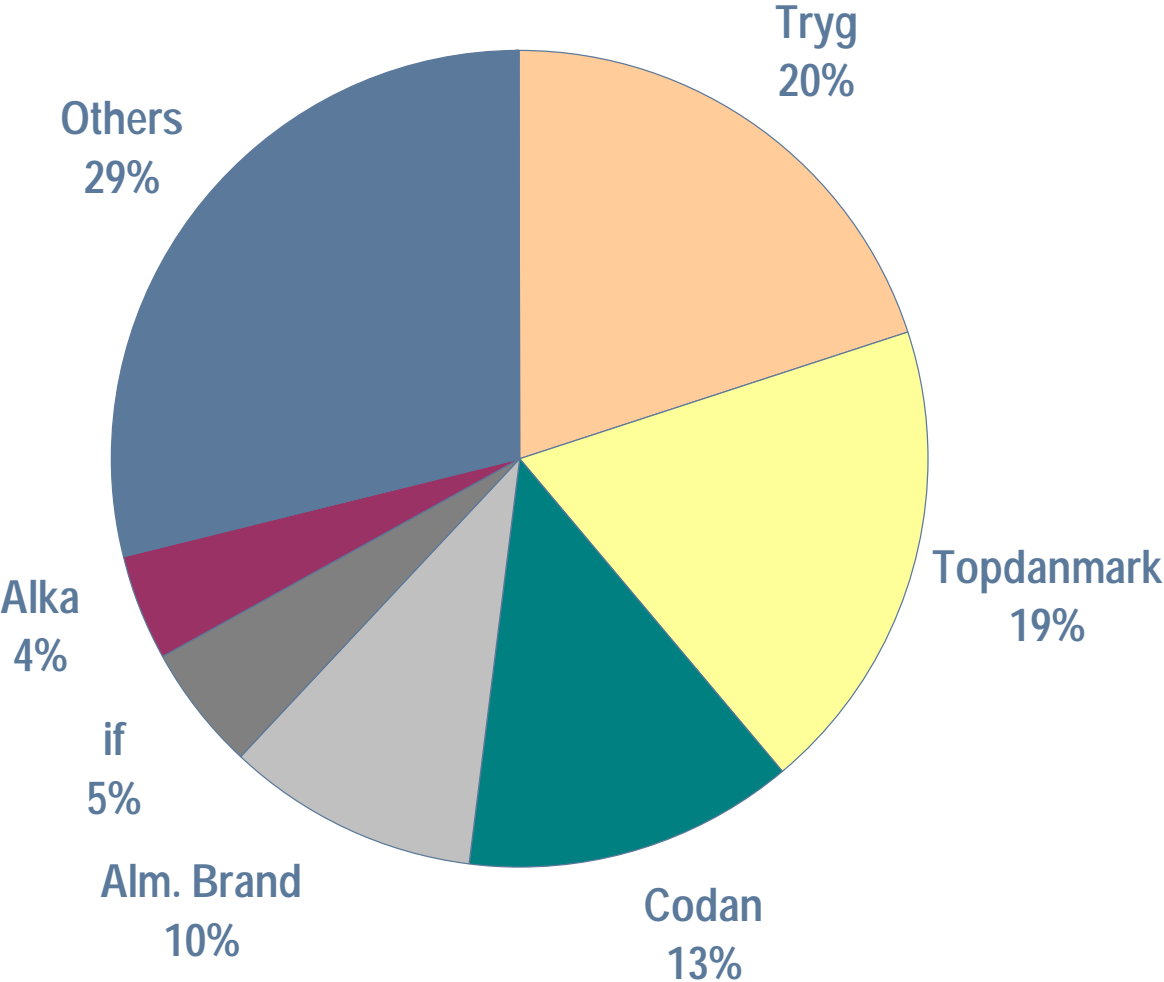
Key features of 2002 half-year accounts

- DKK 341m post-tax earnings
- DKK 487m pre-tax earnings before goodwill
- Result affected by large expenses on:
 - Storms
 - Cloudbursts
 - Fire claims } of almost DKK 180m
- Growth in premiums:
 - Non-life: 4.2%.
 - Life : 41.4%



October 2002

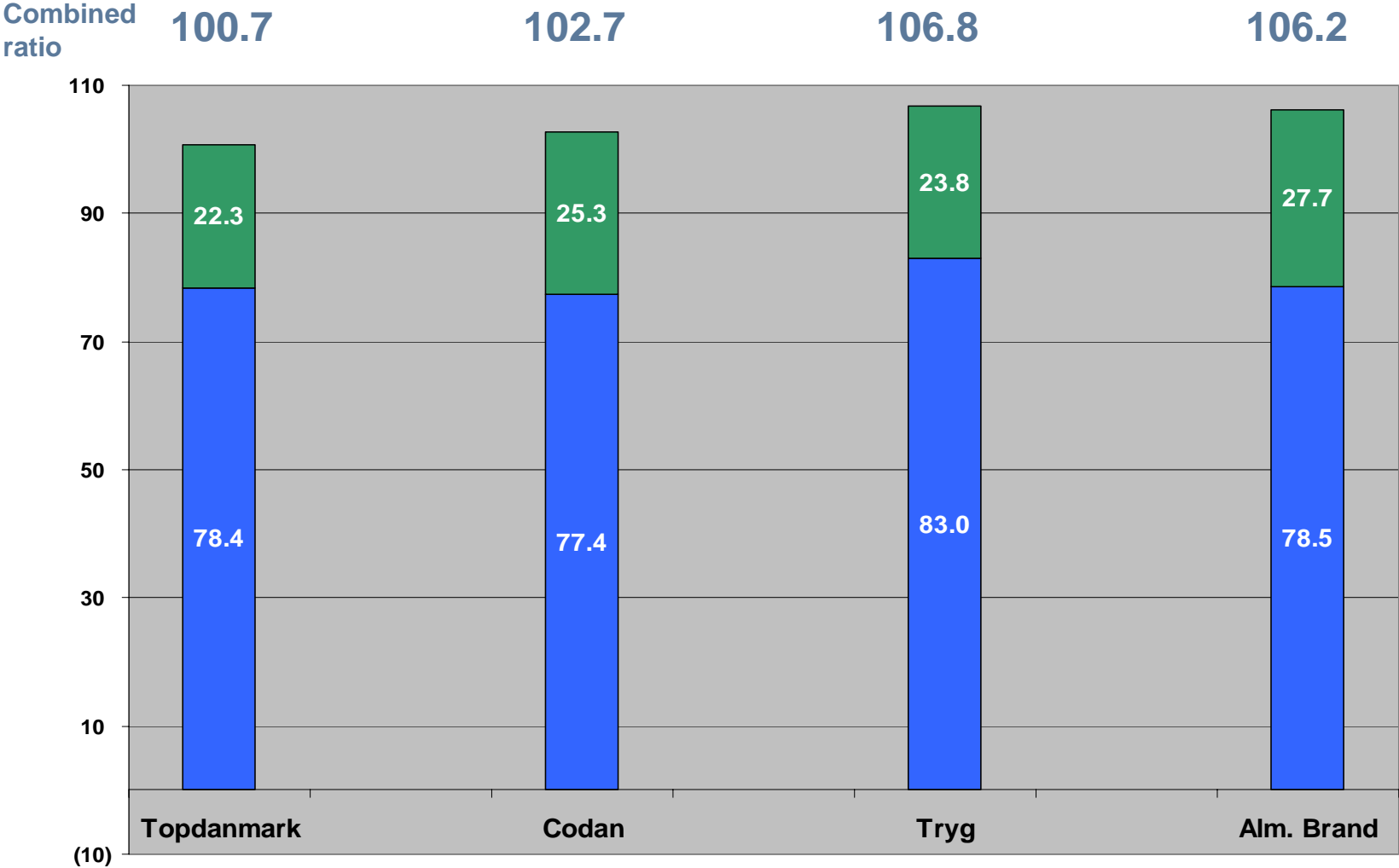
Non-life insurance - market share



October 2002



Most efficient insurance company in Denmark



Comparison of combined ratio - 2002 half-year - on own account

Expense ratio

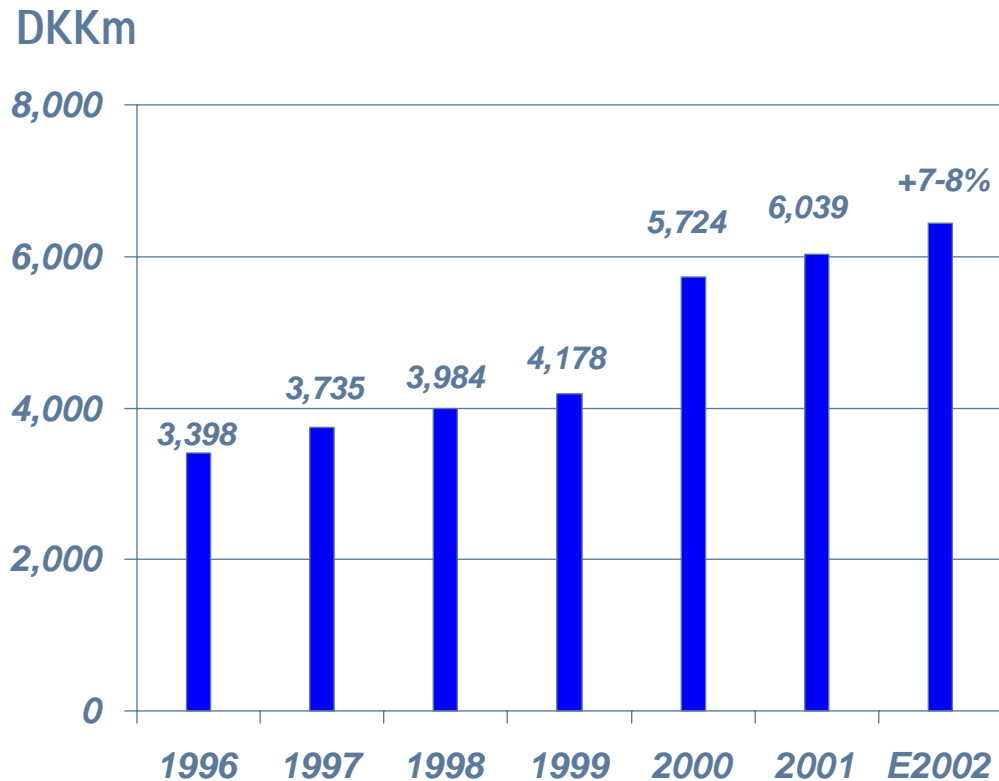
Loss ratio



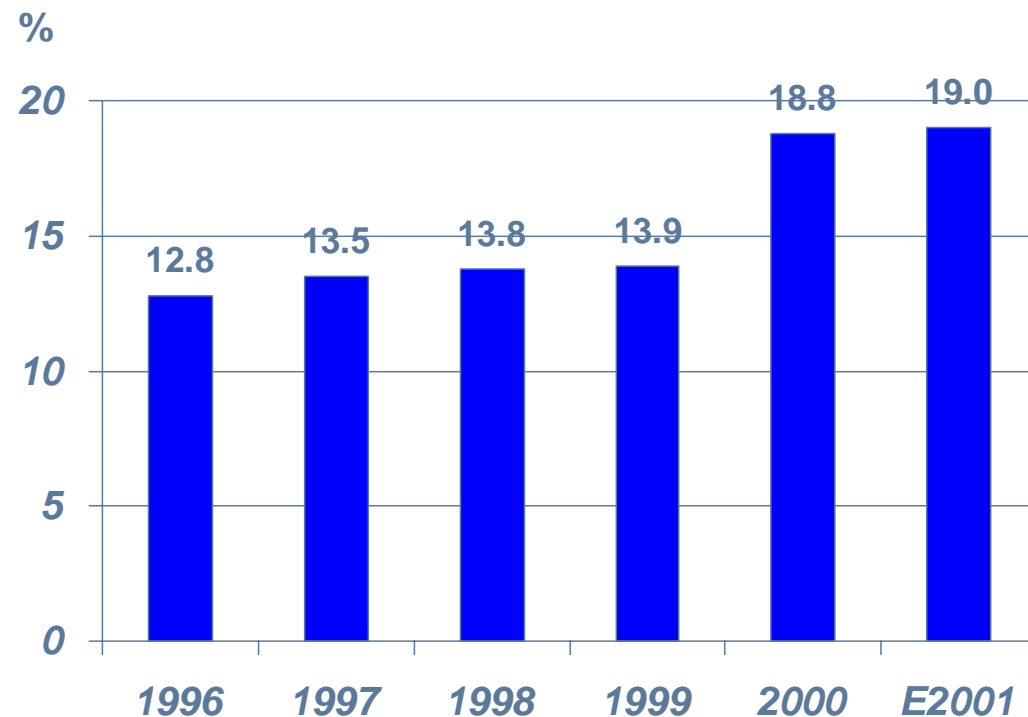
October 2002

Non-life insurance

Topdanmark - premium income



Topdanmark - market share

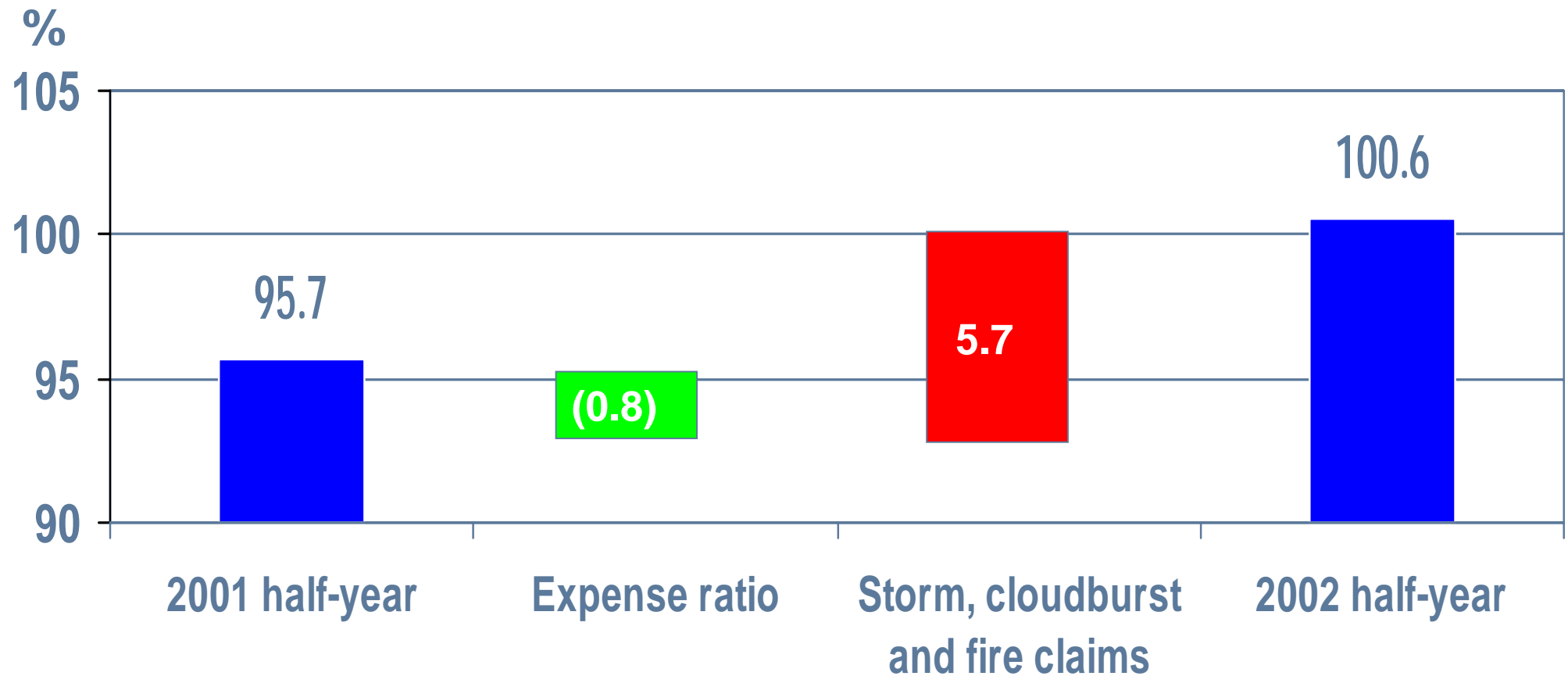


October 2002

Topdanmark



Non-life insurance - trend in combined ratio

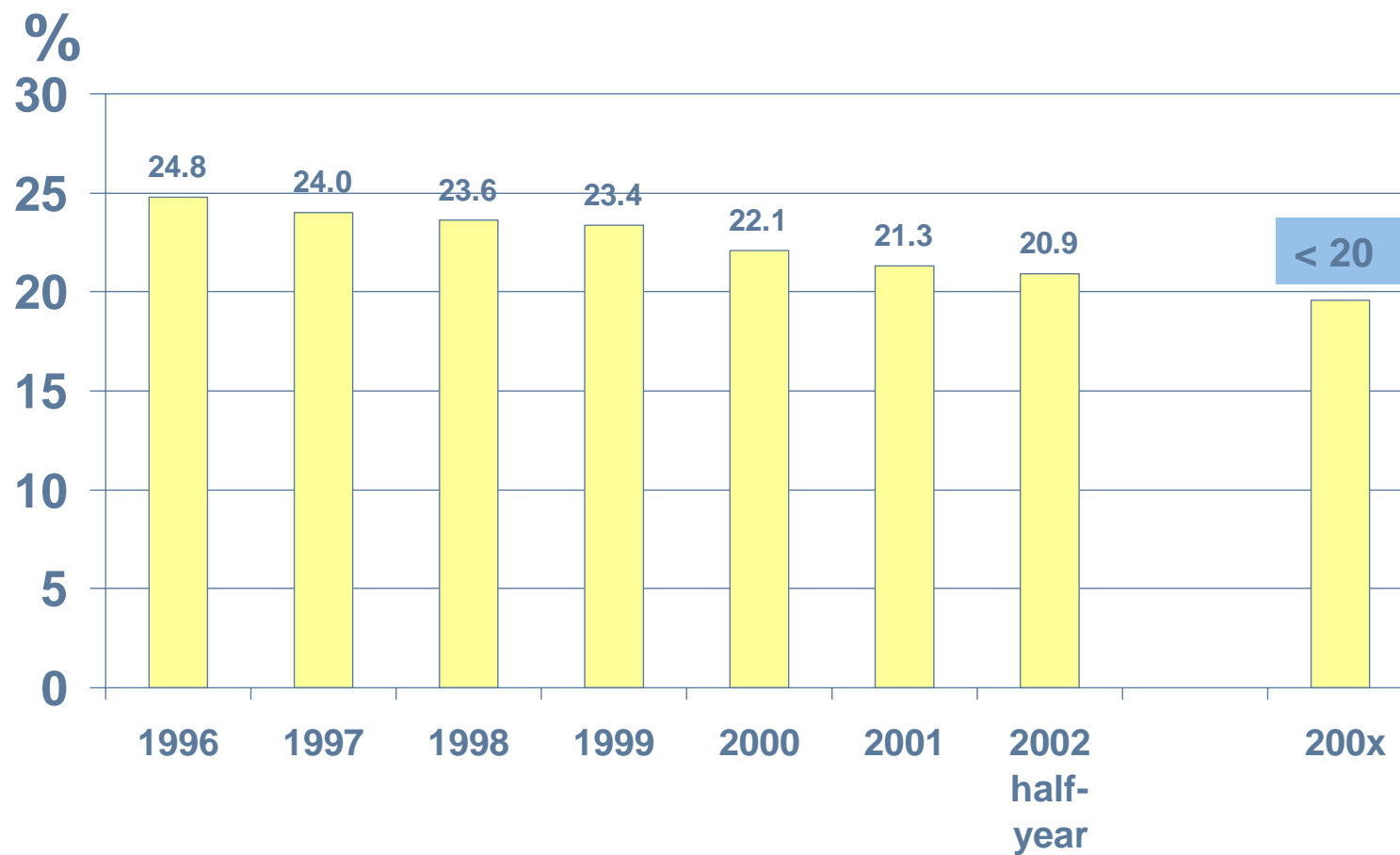


October 2002

Topdanmark



Topdanmark - trend in expense ratio (gross)



October 2002

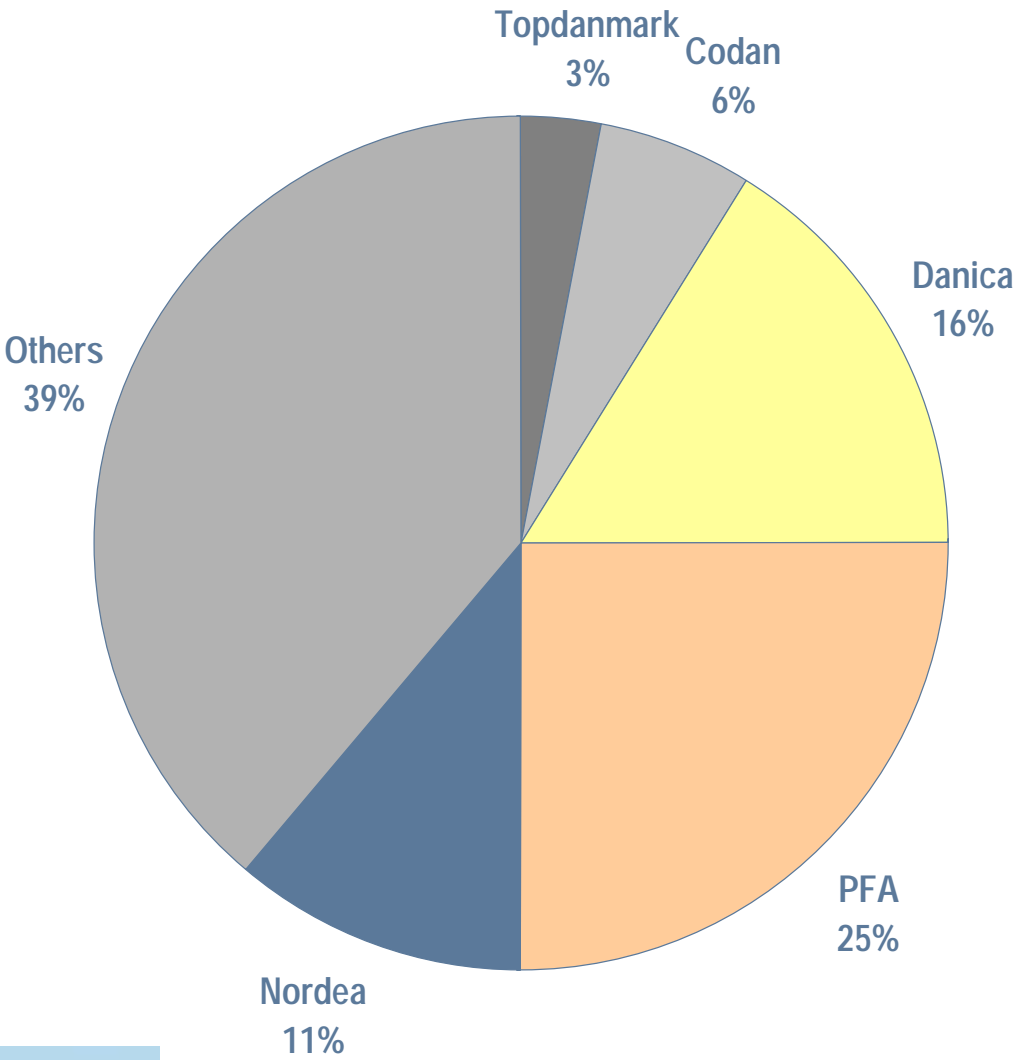
Necessary initiatives already implemented

- The Danish Act on civil liability provided increase in premiums at 1 July 2002
- Distribution through "home" going well
- 7-8% growth in premiums expected in 2002
- More claims to be expected in future due to more unstable weather
- Sufficient increases in premium rates to be implemented
- 8-9% growth in premiums expected in 2003
- Combined ratio about 96% expected in 2003



October 2002

Life insurance - market share

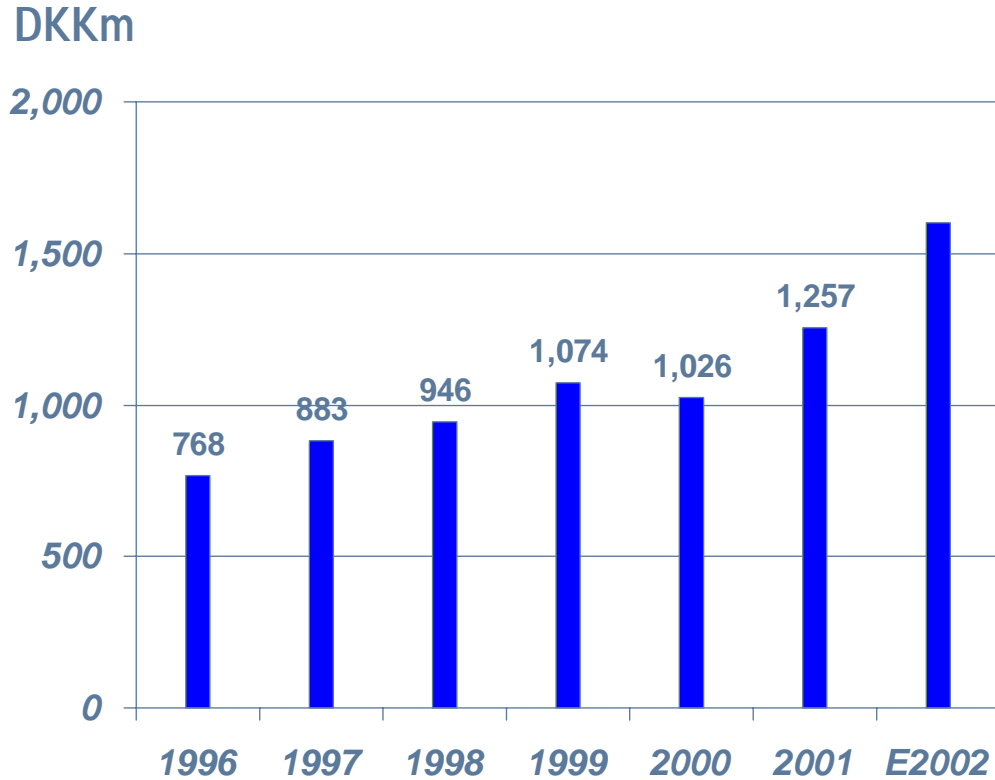


October 2002

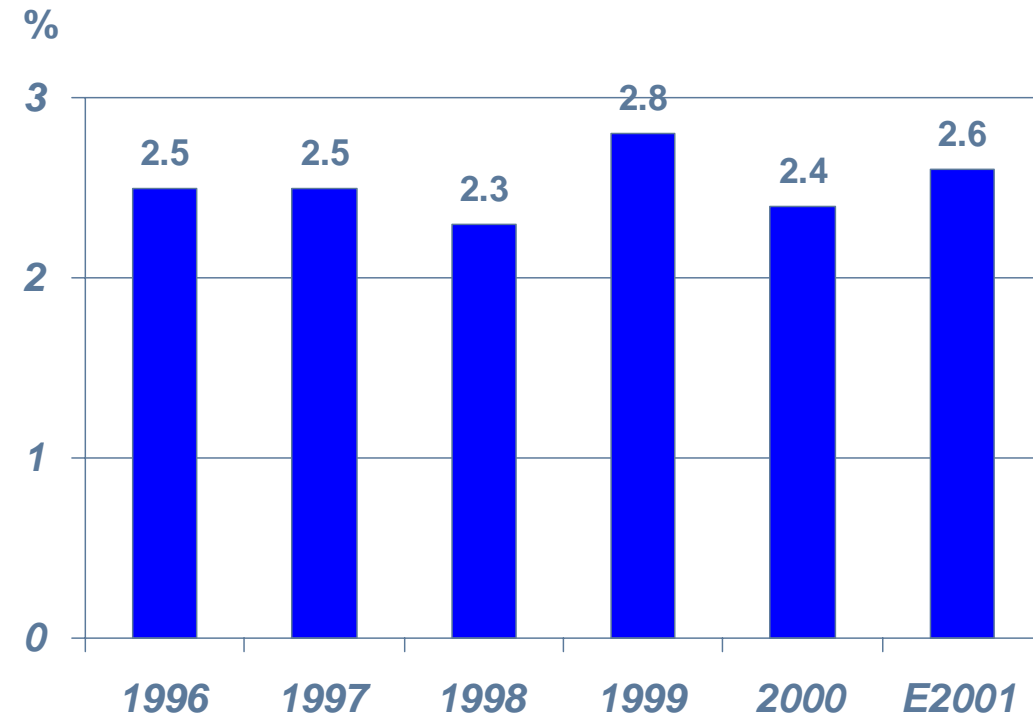


Life insurance

Topdanmark - premium income excl. BG Pension



Topdanmark - market share excl. BG Pension

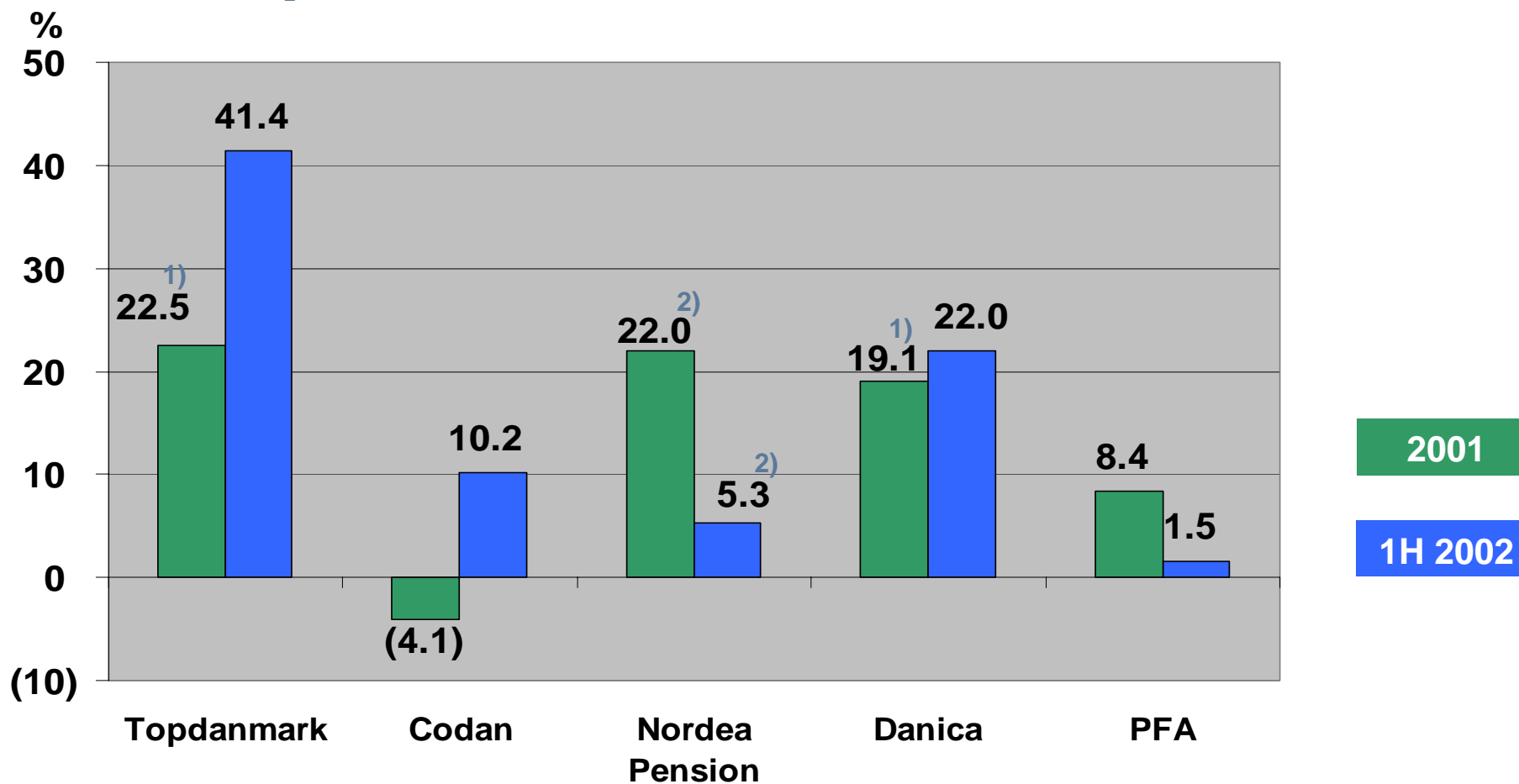


October 2002

Topdanmark



Trend in premiums



1) Excl. BG Pension

2) Excl. take-over of NESA's and IFV's pension fund



October 2002

Continued growth in life insurance

- Improved competitive position
- Relatively satisfactory return on investments in 2002 half-year
- In Danish Financial Supervisory Authority's green classification throughout recent months
- Lower result in life insurance due to new definition of profit
- Continued development of new products
- Business relationship initiated with Association of Danish Savings Banks (about 300 branches)
- Expected premium growth higher than market in 2002

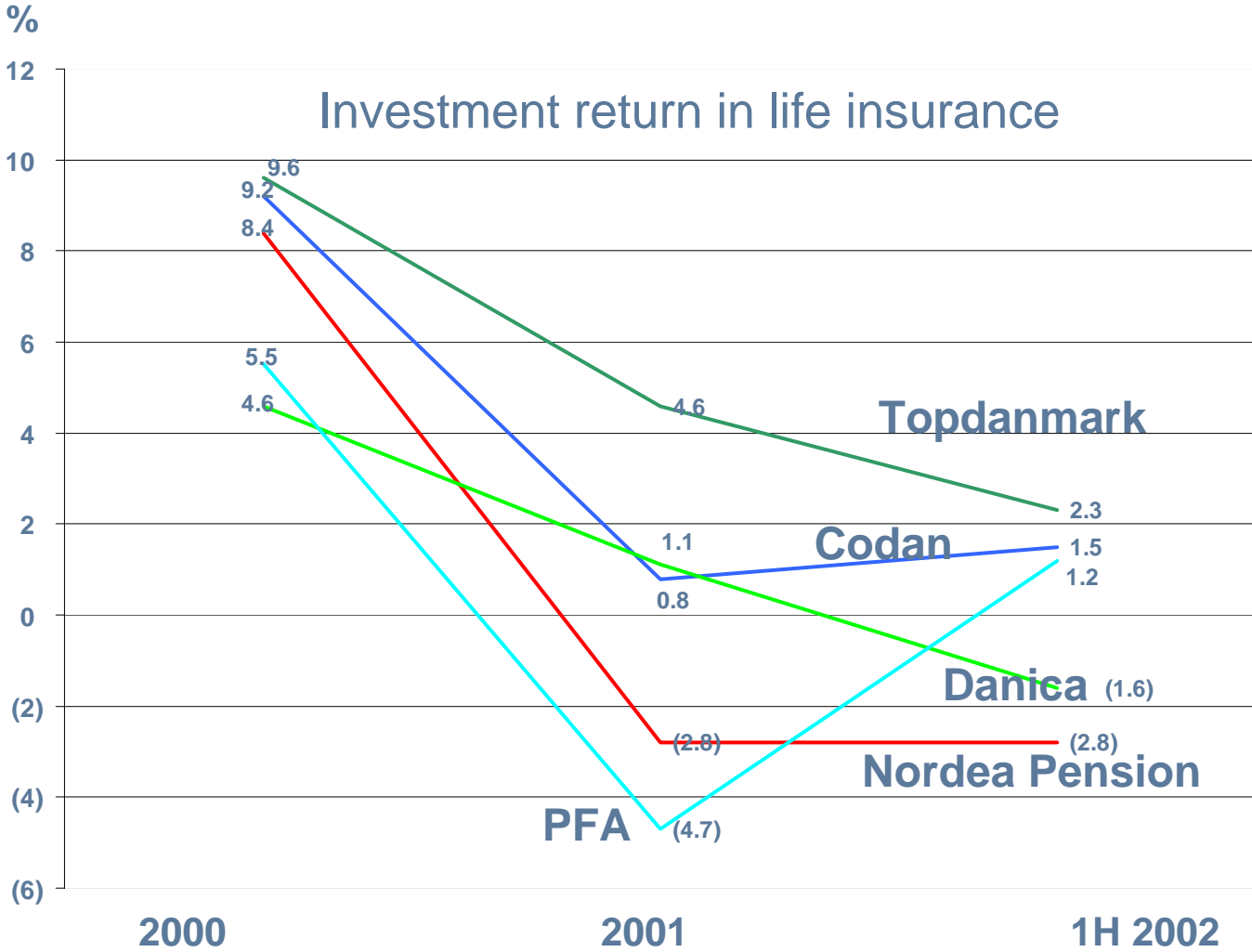


October 2002

Topdanmark



Difficult market - but satisfied ... relatively



October 2002

Share buy-back to continue unchanged

- Since 1998, 37% reduction in share capital due to share buy-back programme.
- Share buy-back of DKK 598m in 2002
- Expected share buy-back for 2002 continues to be DKK 600 - 700m
- Continued high level of share buy-back expected for 2003



October 2002

Return on equity - ROE

Example

Business

Premiums	100
Technical interest	<u>4</u>
Total income	104
Combined ratio	<u>96</u>
Profit from business	<u><u>8</u></u>

ROE

Premiums = 2 x equity	
Profit from equity	6%
Profit from business (2x8)	<u>16%</u>
ROE	<u><u>22%</u></u>



Downgraded forecast for 2002

- Expected post-tax earnings of DKK 325 - 425m in 2002
- Assumed profit of DKK 45m from shareholding in Danske Bank

Assumptions:

- Unchanged foreign exchange rates
- Stable interest rates
- An annual 8.5% return on equities.

as compared with level on 20 August 2002



October 2002

More claims and lower investment return

DKKm

Profit forecast for 2002 at Q1 2002 545 - 645

Revisions at Q2 2002

Lower investment return excl. Danske Bank (80)

Deteriorated claims trend in 2002 (270)
of which expected 90
of which covered by equalisation 90 (90)

Lower profit forecast for life insurance (50)
(220)

Downgraded profit forecast for 2002
at Q2 2002 325 - 425



October 2002

Most important risk factors

- Hurricane
- Danske Bank-share
- Further losses on equities



October 2002

Topdanmark



www.topfacts.dk



October 2002

Topdanmark

