

Topdanmark's H1 2004 results

How Topdanmark intends to create value

Operations

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

Group

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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**

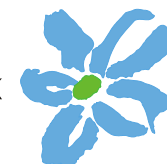
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Corporate Governance

- 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

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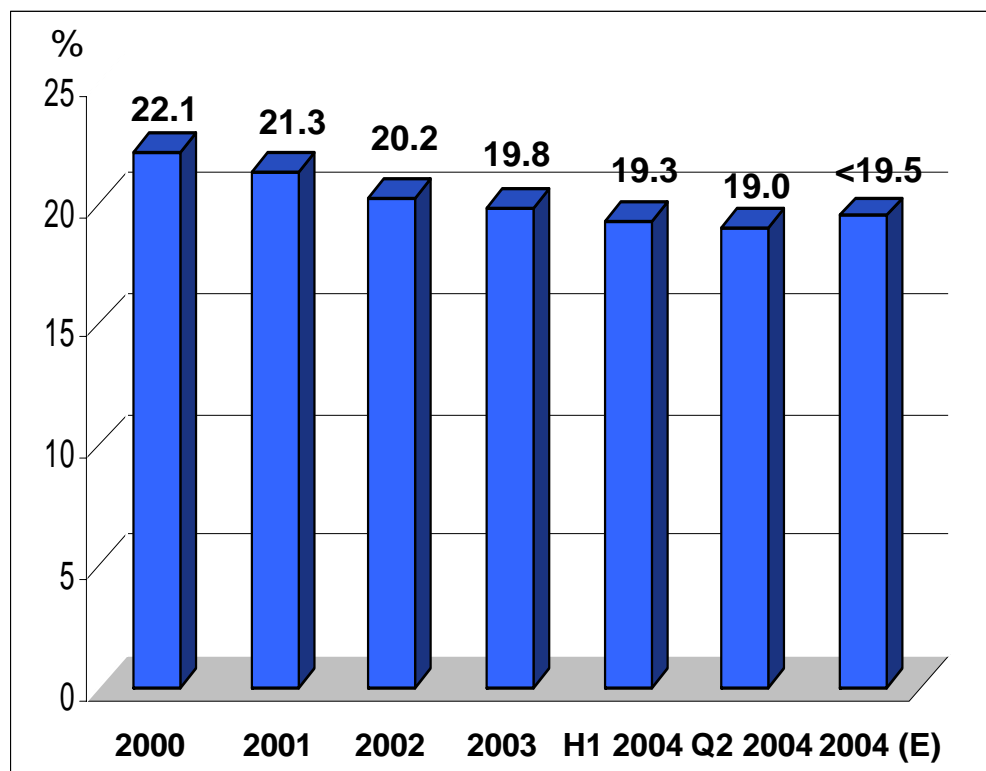
Key features of H1 2004

- DKK 384m post-tax profit after transferring DKK 43m to equalisation provisions
 - H1 2003: DKK 579m, DKK 25m to equalisation provisions
- Increase in non-life insurance result - but lower investment income
- Post-tax return on shareholders' funds 10.2% (21.4% annualised)

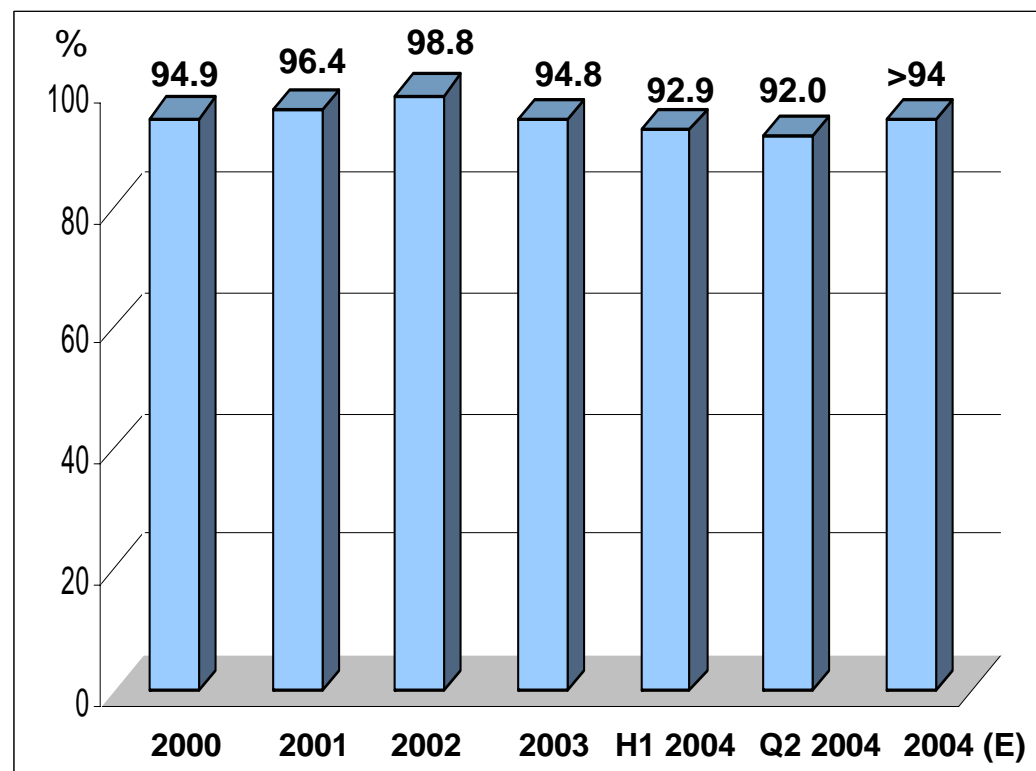
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Trend in expense ratio

Expense ratio

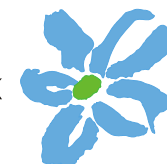


Combined ratio (excl. 1999 hurricane)

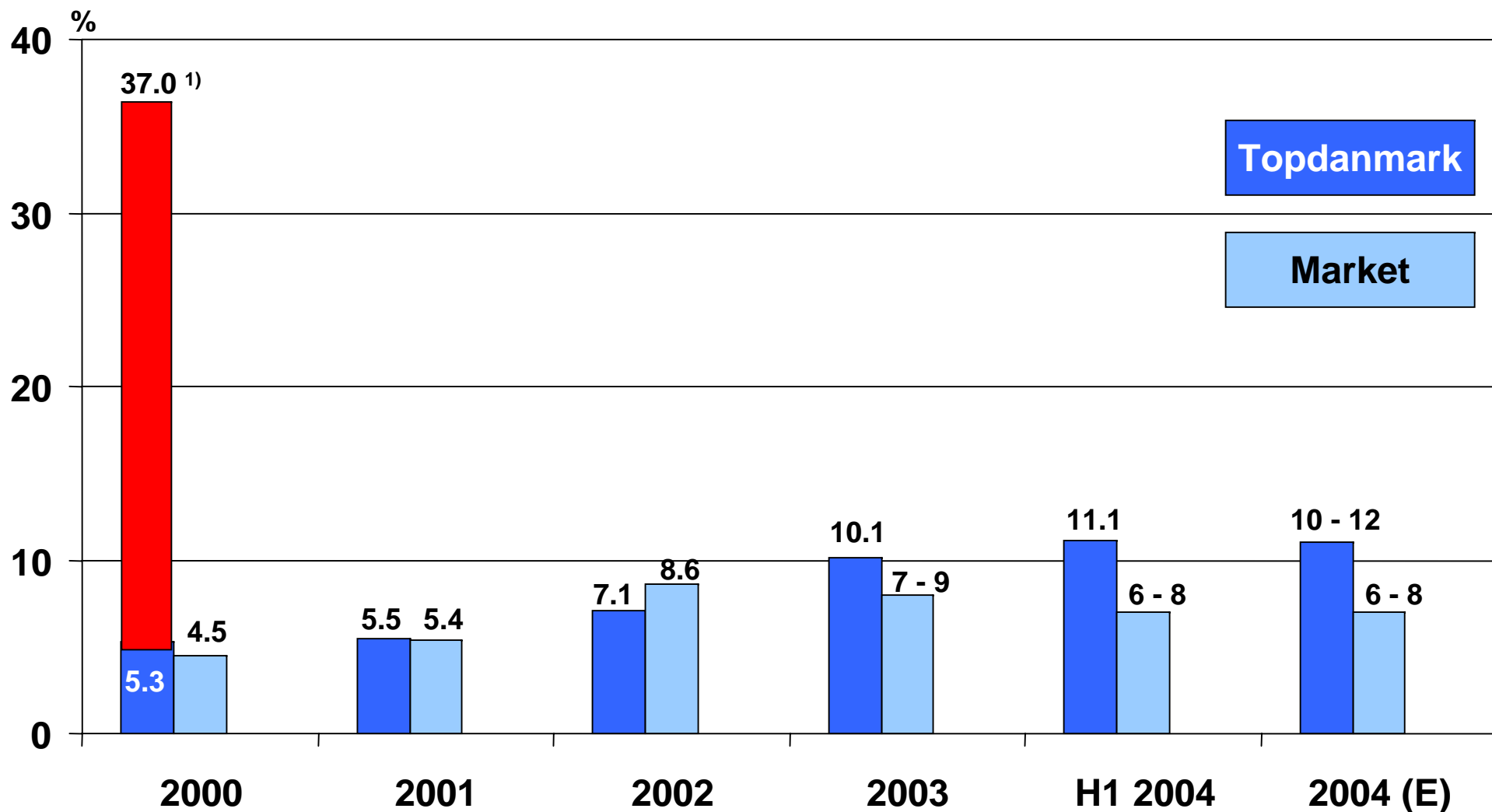


Non-life

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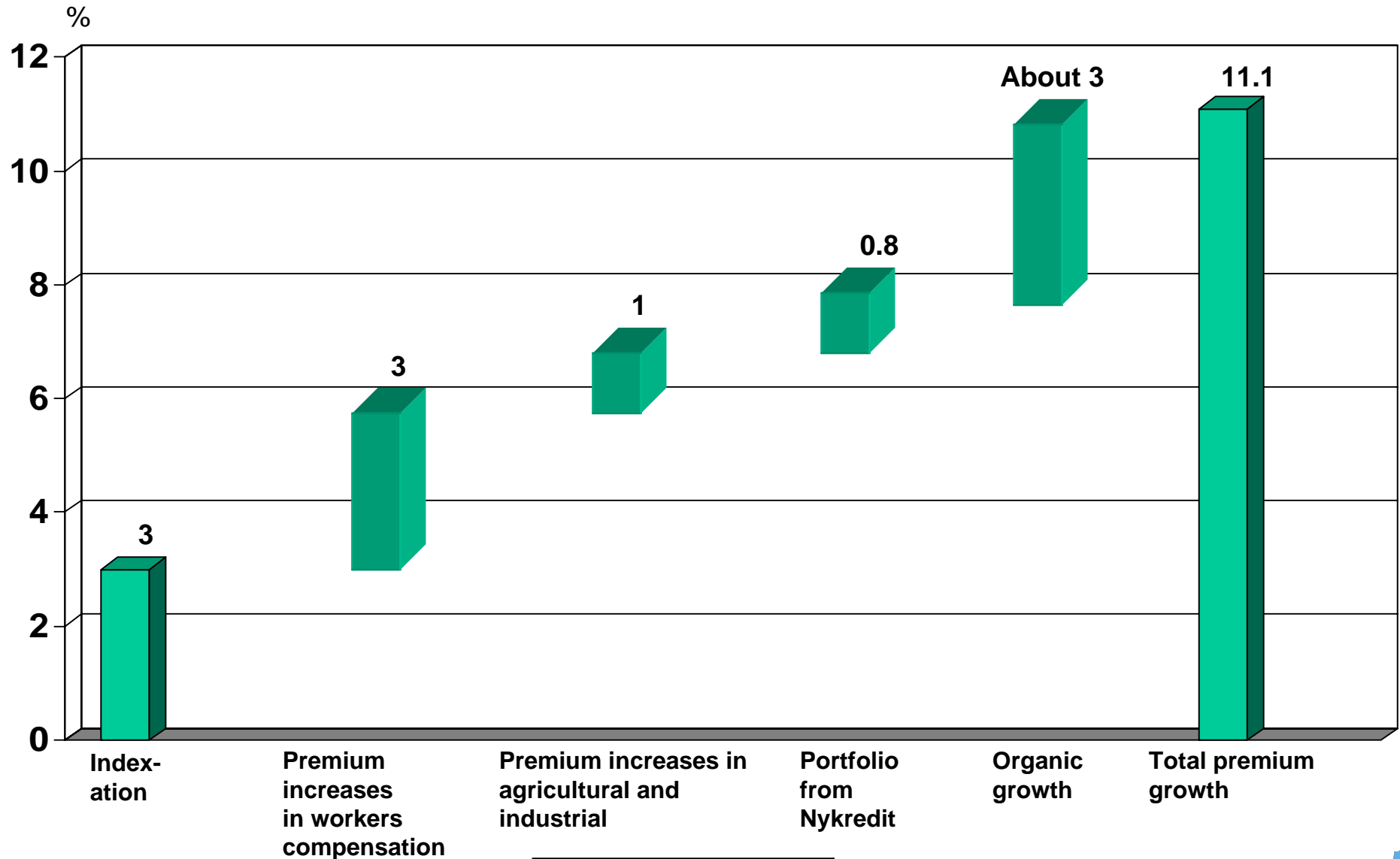
Growth in premiums



¹⁾ Including the acquisition of Danske Forsikring/Danica Forsikring

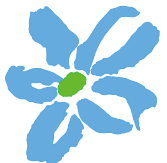
Non-life

Growth in premiums H1 2004



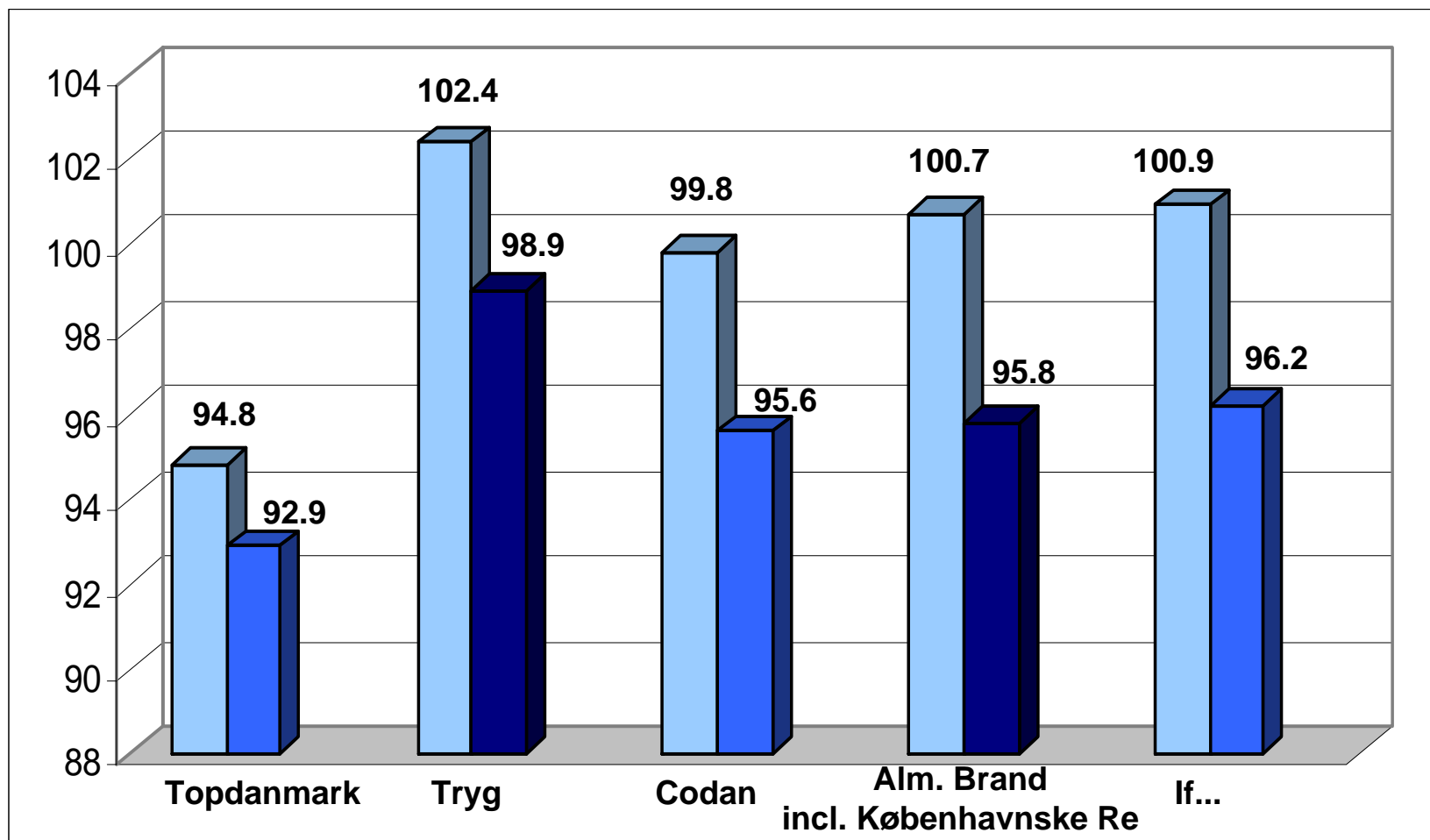
Non-life

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Comparison of combined ratio

Combined ratio



Combined ratio
2003

Combined ratio
Q1 2004

Combined ratio
H1 2004

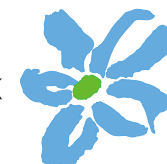
Non-life

Prospects in non-life insurance

- Higher than expected growth in premiums in personal and commercial lines
- Expected growth in premiums in 2004 upgraded from 8 - 10% to 9 - 11% at Q1 2004. Now upgraded to 10 - 12%
- Reinsurance programme on storm increased by DKK 200m to 3.8bn
- Foreign marine hull business of DKK 40m will not be renewed
- Favourable effect on results if short-term interest rate goes up

Non-life

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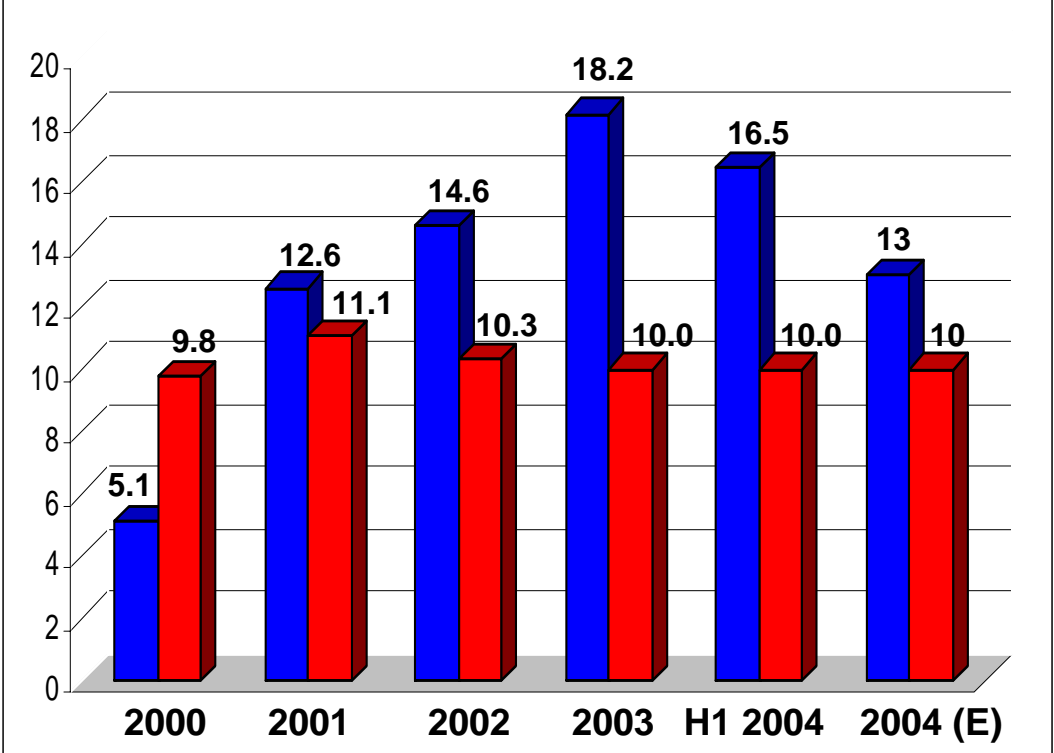
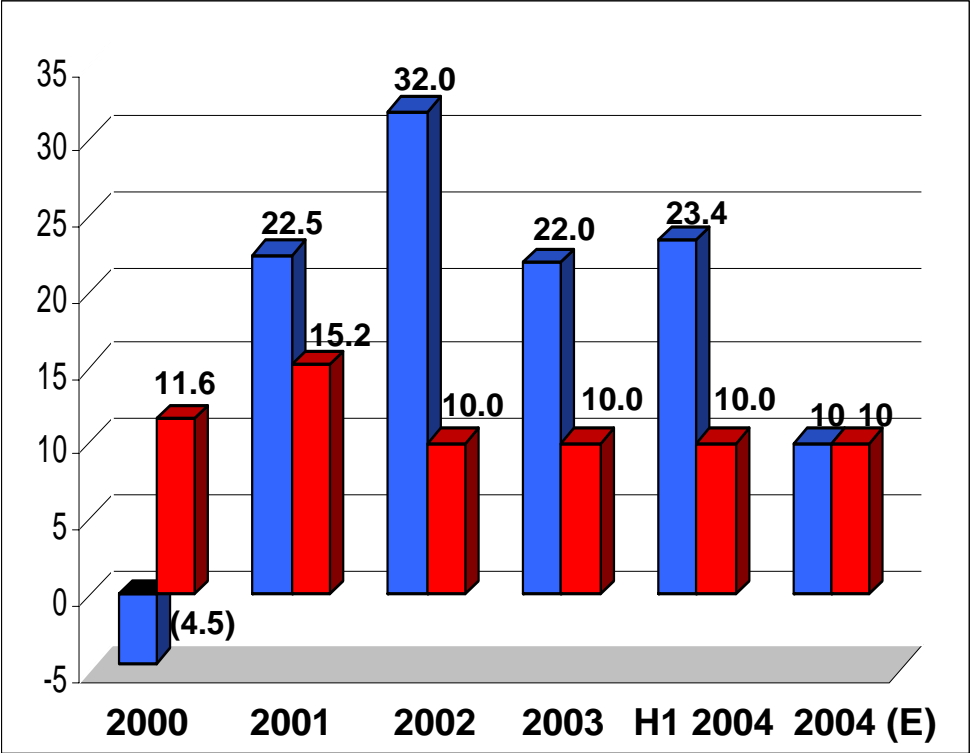
Continued high growth in Topdanmark Livsforsikring

Premium growth
excl. BG Pension

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Market

Trend in regular premiums
excl. BG Pension

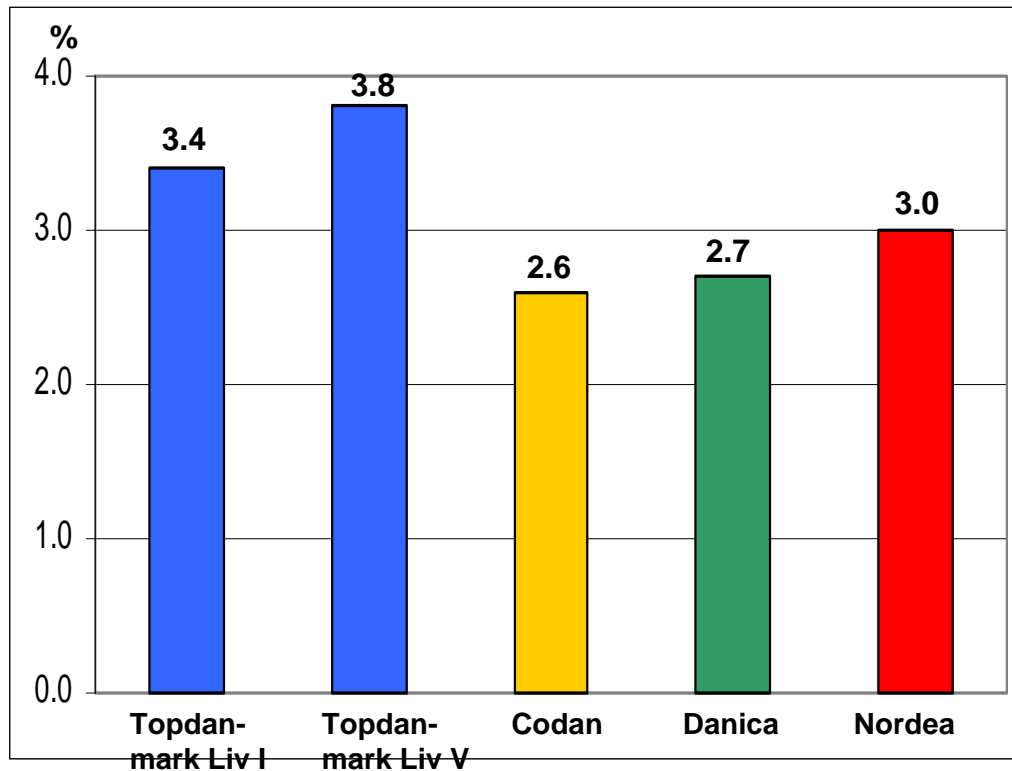


Life

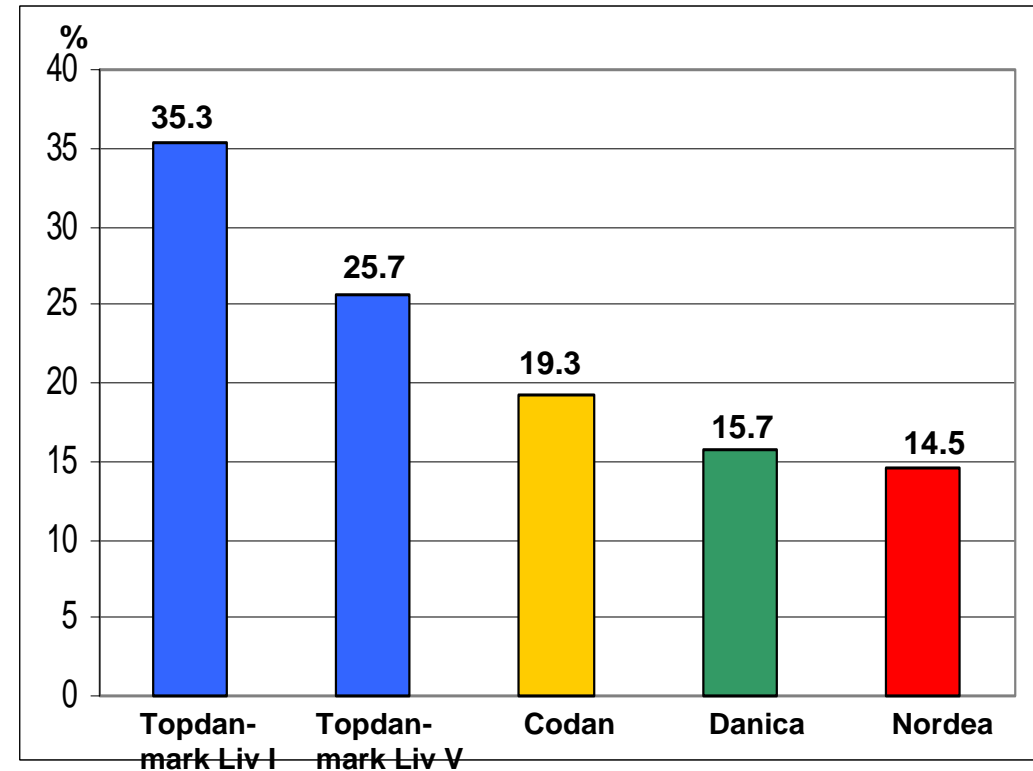


Comparison of investment return before PAL-tax

Investment return H1 2004



Accumulated investment returns 2000 - H1 2004



Life

Profit forecast for 2004

- Continued expected post-tax profit of DKK 575 - 675m for 2004
- Improved quality of the expected 2004 result
 - Expected combined ratio reduced from just under 95% to just over 94%
 - Including weather-related claims etc. of DKK 115m
 - However tax payment expected to be slightly higher and investment income slightly lower

Forecast assumptions are based on equity prices at 12 August 2004

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Share buy-back 2004

- Continued expected share buy-back of approximately DKK 800m for full year
- To date in 2004, share buy-back totalled DKK 555m
- Share buy-back since 1998 represents 47% of outstanding shares
- Average price of shares bought back: DKK 205 per share

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www.topdanmark.com

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

Appendix

“Normal” profit in life insurance

Minimum capital requirements according to policy for calculation of profit:

- 80% of 1.5 x solvency minimum: DKK 805m
- Shareholders' funds: DKK 1,350m
- Excess capital which could be reallocated as capital in non-life insurance: DKK 545m

Return in life insurance

	DKKm
Investment return on minimum capital requirements 5%	40
Risk premium 1 5% of 1.5 x solvency minimum, 5% of DKK 1,006m	50
Risk premium 2 1% of DKK 1,350 m - 1,006m	3
25% of risk and administrative result	10
Profit on asset management	15
Total return	<hr/> 118
Interest on minimum capital requirement	15%

Additionally there will be synergies of about DKK 25m

Life

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Can profit be made on non-life insurance?

Assumptions

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

Return on operations

• Income	100.0	
• Technical interest	<u>2.5</u>	
	102.5	
• Expenditure	<u>94.0</u>	
	8.5	~ ROE = 25.5%

Return on shareholders' funds

• ROE before taxation	<u>5.0%</u>
	30.5%

Non-life

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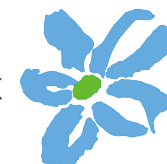


Share buy-back model 1/2

	DKKm	DKKm
2 x required solvency in non-life (premium based)	2,161	
1.5 x required solvency in life	1,007	
1 year's growth in required solvency	317	
0.3 x equity exposure (Group excl. life)	249	
1 x interest rate exposure (Group excl. life)	<u>13</u>	
		3,747
less equalisation provisions in Group excluding life and workers' compensation insurance and		(148)
financed by long-term loan capital or committed lines to parent company (20% of DKK 3,747m plus expected proceeds on redemption of warrants at strike price)		<u>(910)</u>
Total shareholders' funds		2,678

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Share buy-back model 2/2

DKK m

Shareholders' funds 1 Jan 2004		3,612	
Less: tax asset	(296)		
intangible assets	<u>(506)</u>		
		<u>(802)</u>	
Capital cover		2,810	
Expected pre-tax profit before goodwill 2004 (average value)		<u>841</u>	
Expected capital cover 31 Dec			3,651
Reasonable level of capital cover		2,678	
80% of 1 year's normal growth in required solvency		<u>139</u>	
Expected reasonable level of capital cover 31 Dec			<u>2,818</u>
Share buy-back potential 2004			833

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Disclaimer

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 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 this interim report.

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