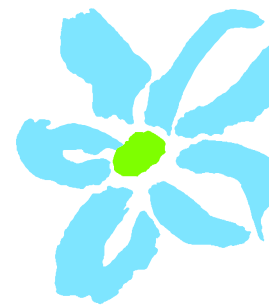


Topdanmark

June 2002

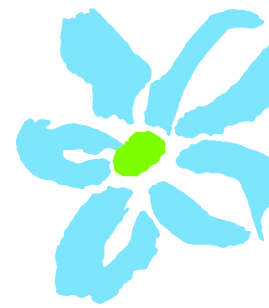
How Topdanmark intends to create value



Operations

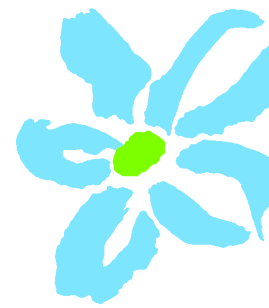
- **An increase in premium income higher than the market**
- **A declining expense ratio**

How Topdanmark intends to create value



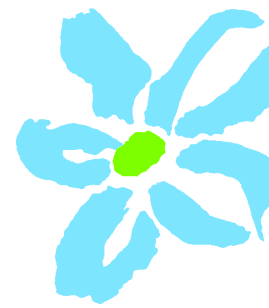
Capital

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



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**

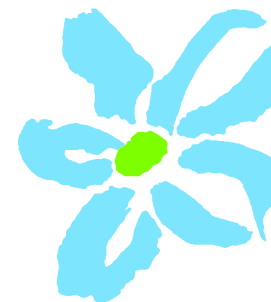


Highlights

- **DKK 212m post-tax profit**
- **DKK 285m profit before tax and goodwill amortisation (cash flow)**
- **Profit affected by DKK 112m of post-tax non-recurring income**
- **4.0% growth in premiums in non-life and 36.5% in life insurance**
- **Expense ratio declined from 21.8% to 20.9%**
- **Combined ratio increased from 95.4% to 100.7%**

Trend in results

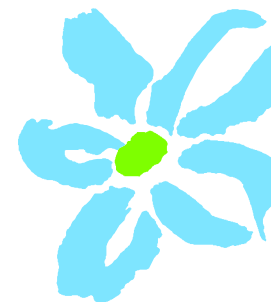
Topdanmark Group



Financial highlights

DKKm	Q1 2001	Q2 2002
Key figures		
Premiums earned		
Non-life insurance	1,492	1,552
Life insurance	395	539
	<u>1,887</u>	<u>2,091</u>
Insurance		
Non-life insurance	56	67
Life insurance	32	32
Total profit on insurance	<u>88</u>	<u>99</u>
Parent company etc.		
Pre-tax profit on ordinary activities	<u>116</u>	<u>23</u>
	204	122
Tax on profit on ordinary activities	(43)	(22)
Extraordinary items after tax	<u>0</u>	<u>112</u>
Profit for the period	<u>161</u>	<u>212</u>

Trend in results

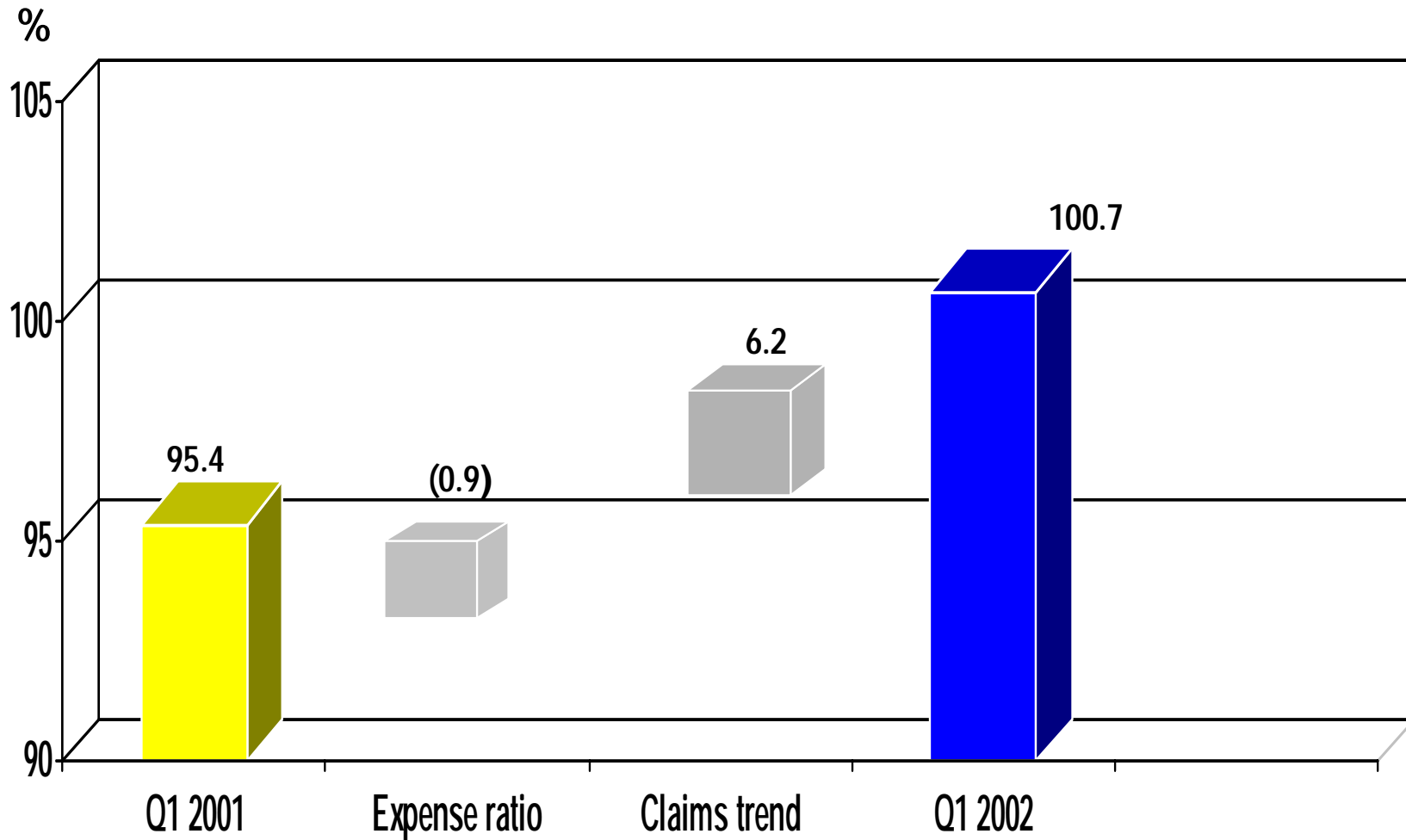
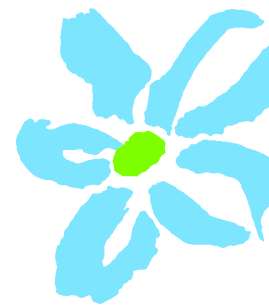


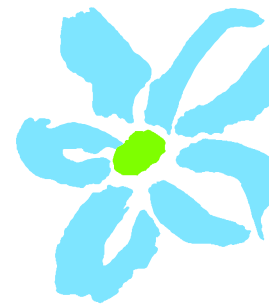
Non-life insurance

DKKm	Q1 2002	Q1 2002
Gross premiums earned	1,492	1,552
Technical interest	78	60
Claims incurred	(1,206)	(1,193)
Reinsurance ceded	107	(45)
Expenses	(325)	(325)
Equalisation provisions	2	0
Technical result	148	49
Investment income excluding Danske Bank	(29)	1
Non-life insurance before Danske Bank and goodwill	119	50
Danske Bank	(43)	37
Goodwill amortisation	(20)	(20)
Profit on non-life insurance	56	67

Non-life insurance

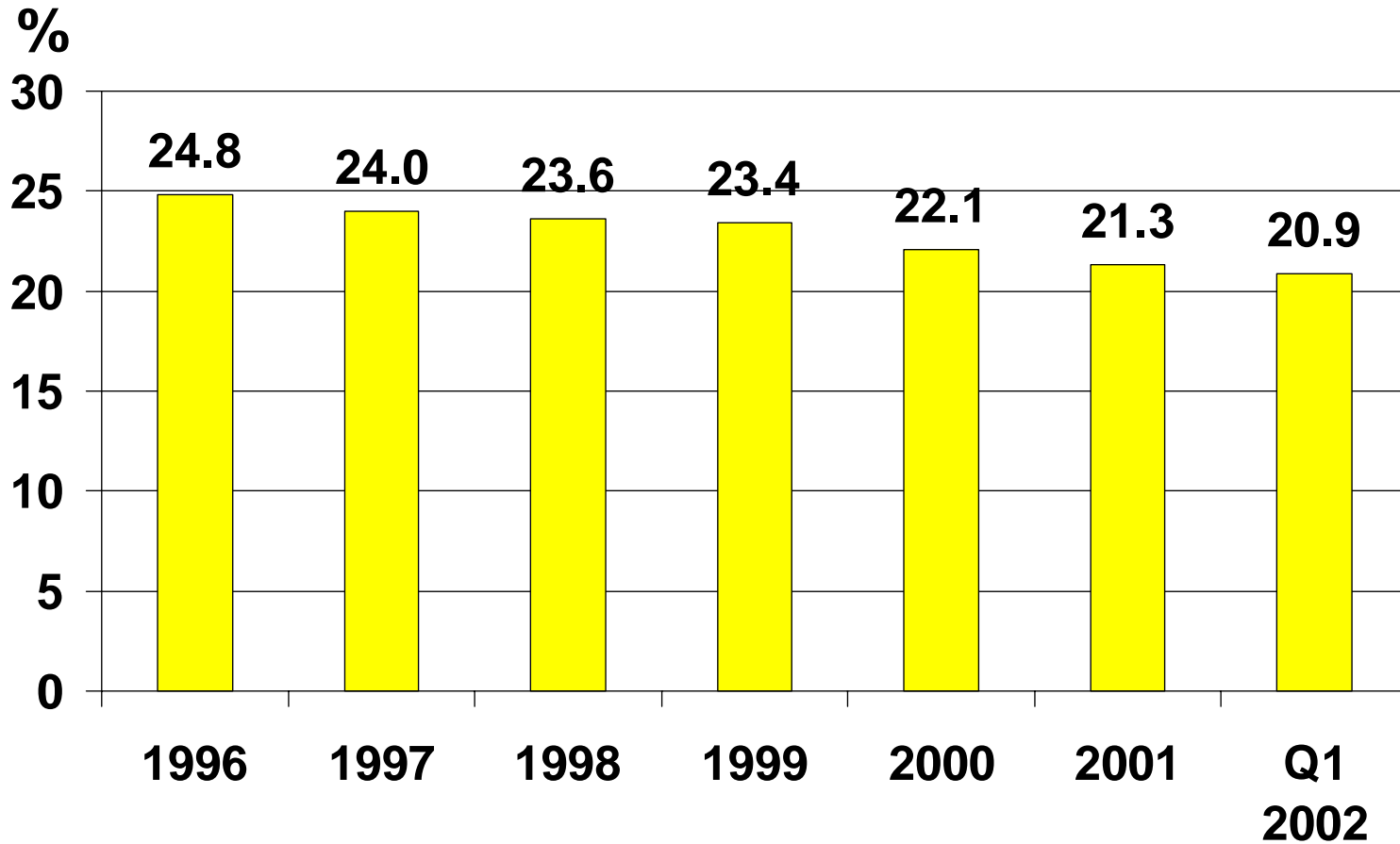
Trend in combined ratio



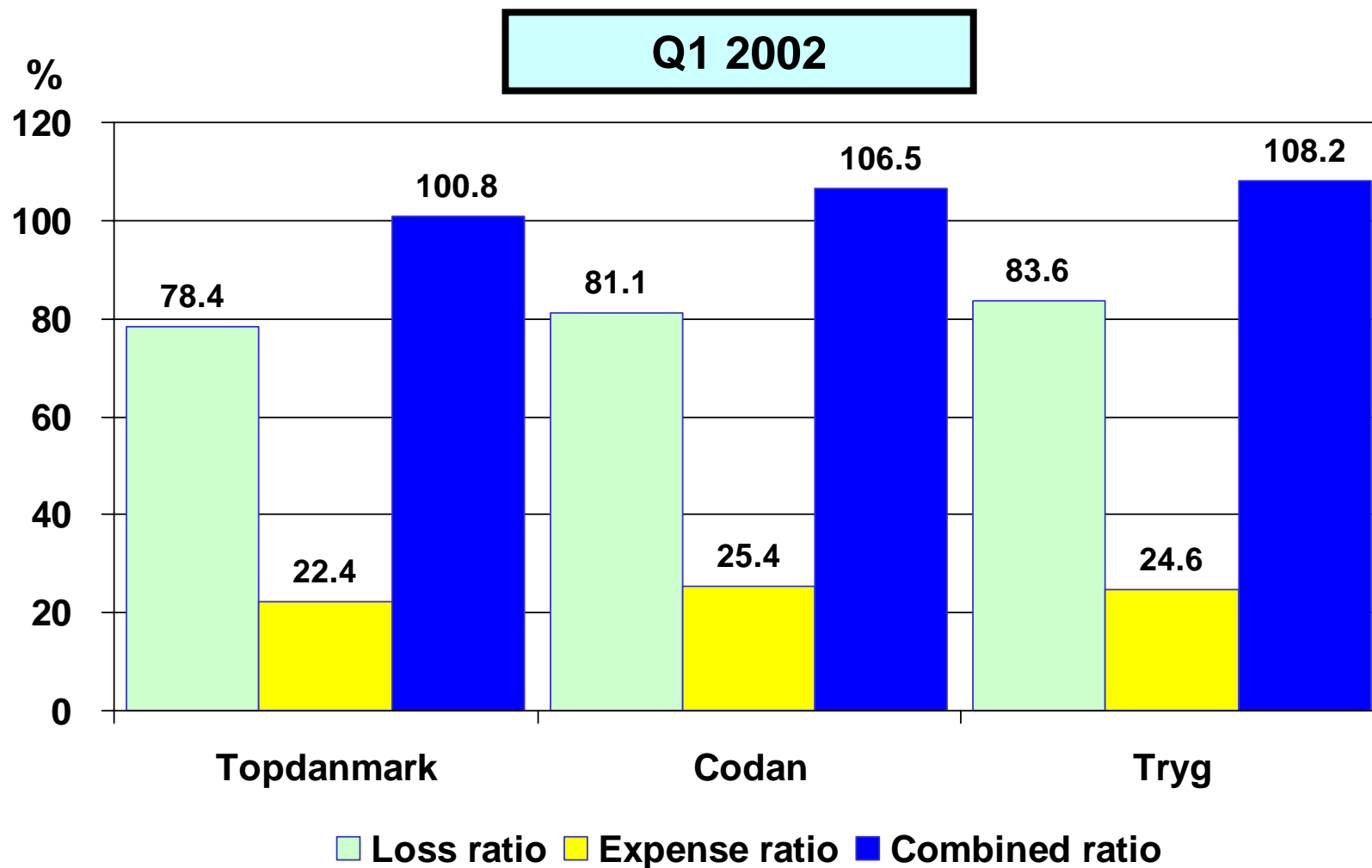
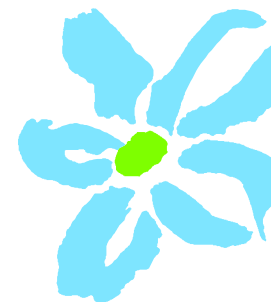


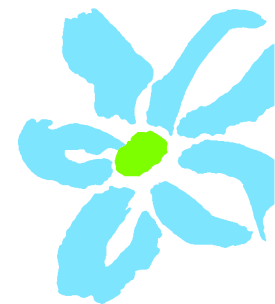
Non-life insurance

Trend in expense ratio

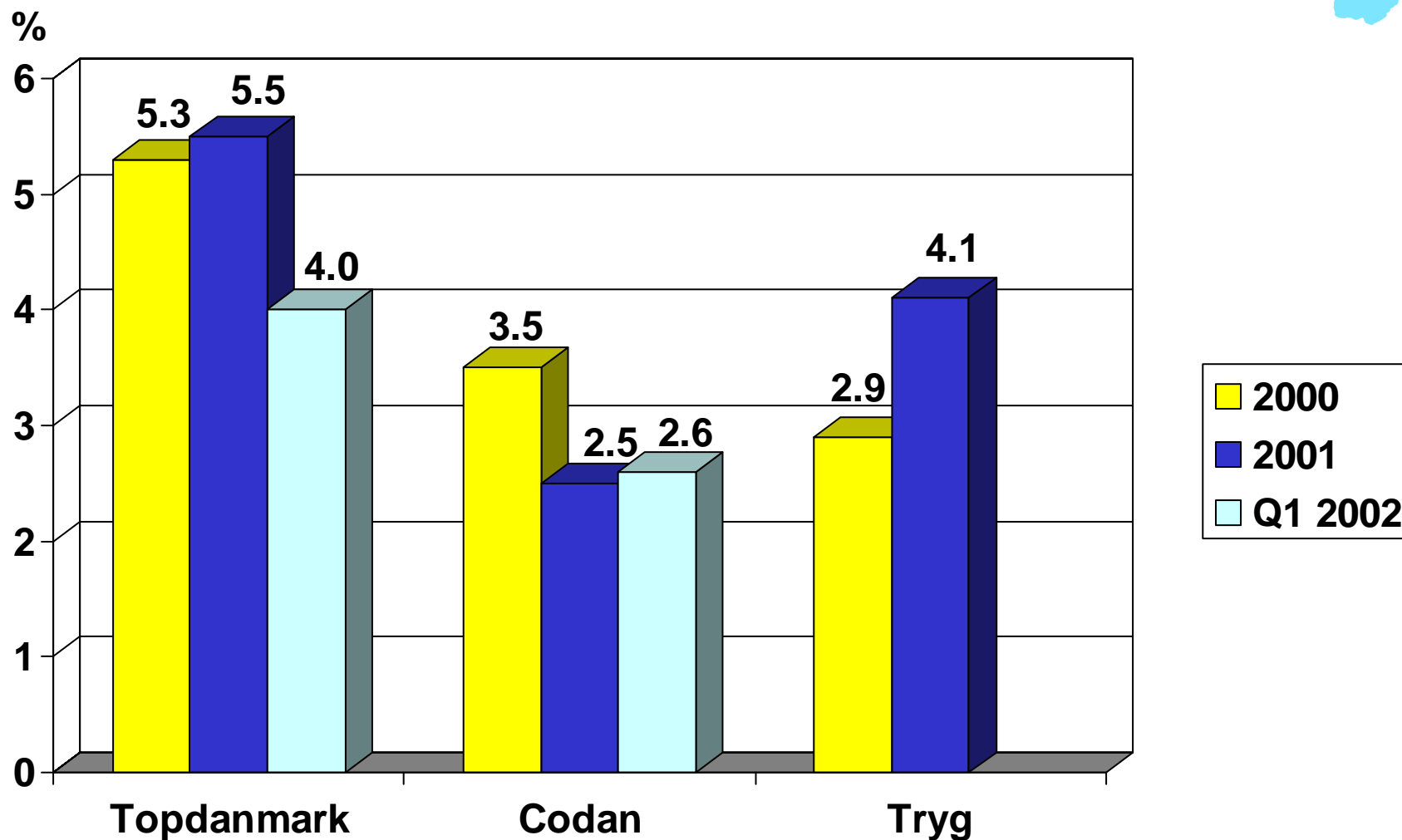


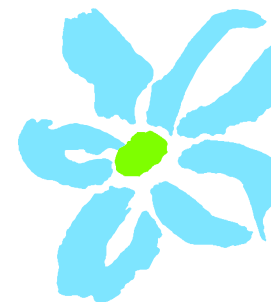
Non-life insurance Ratios on own account





Non-life insurance Annual growth in premiums

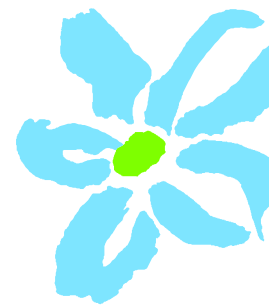




Non-life insurance Reinsurance

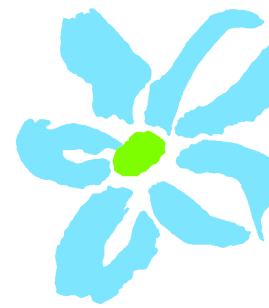
- **Increase in prices**
- **Increase in reinsurance prices passed on to customers, if possible**
- **Higher expenses on storm programme assumed in budget as from 1 August 2002**

Non-life insurance Perspectives



- **The Danish Act on civil liability provides increase in premiums with effect from 1 July 2002**
- **Distribution through "home" from 1 May 2002**
- **eBusiness**
- **7-8% growth in premiums expected in 2002**

Can profit be made on non-life insurance?



Assumptions

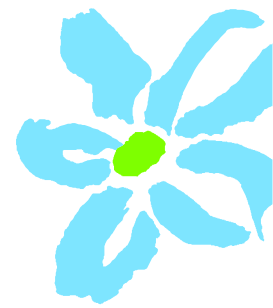
- Shareholders' funds 50% of premium income
- Combined ratio 96%
- Technical interest rate 4%
- Return on shareholders' funds 7%

Return on operations

• Income	100
• Technical interest	<u>4</u>
	104
• Expenditure	<u>96</u>
	8 ~ ROE = 16%

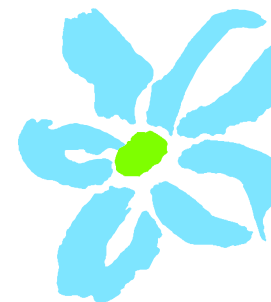
Return on shareholders' funds

• ROE before taxation	<u>7%</u>
	23%



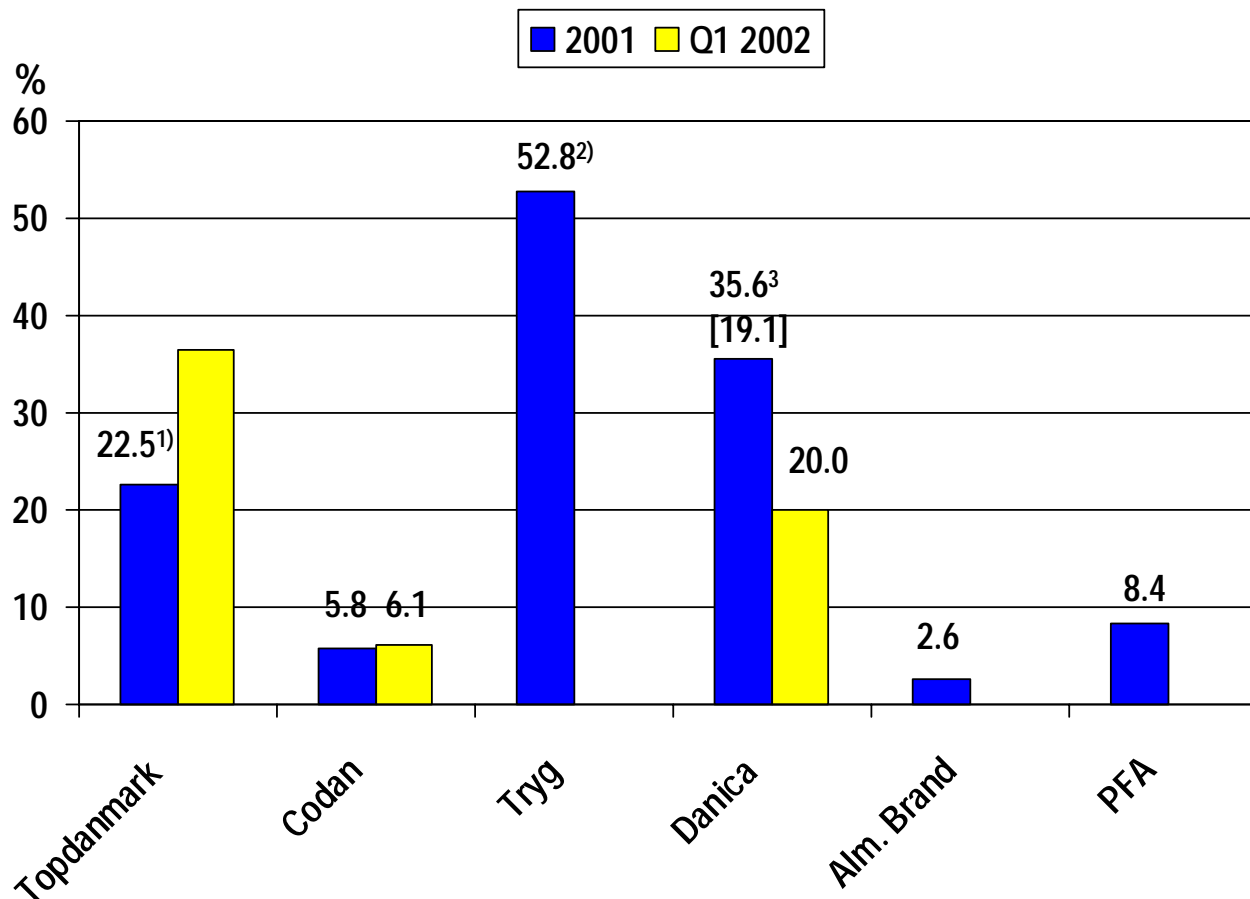
Life insurance Perspectives

- **Improved competitive position**
- **Unit-linked products introduced**
- **Satisfactory return on investments**
- **Expected premium growth higher than market in 2002**
- **New policy on calculation of profit**



Life insurance

Growth in total premiums



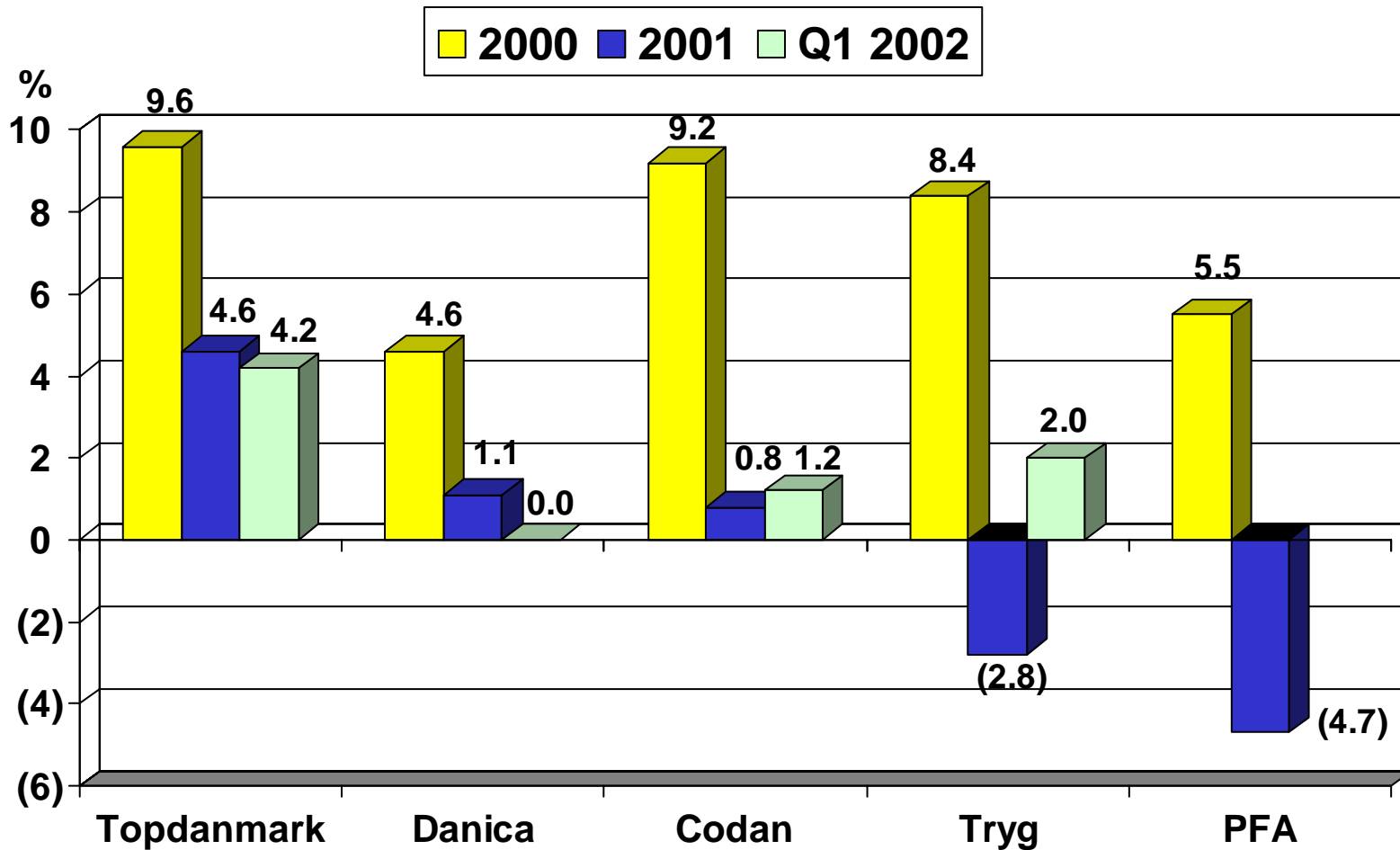
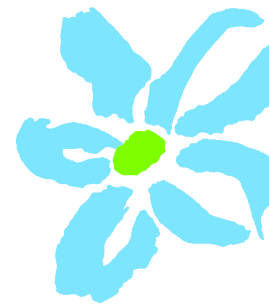
1) Excl. BG Pension

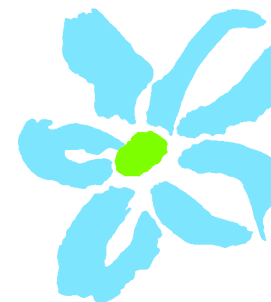
2) 22% excl. take-over of NESA & IFV's Pension funds

3) Incl. BG Pension for 2000

Life insurance

Return on investments before pension return tax

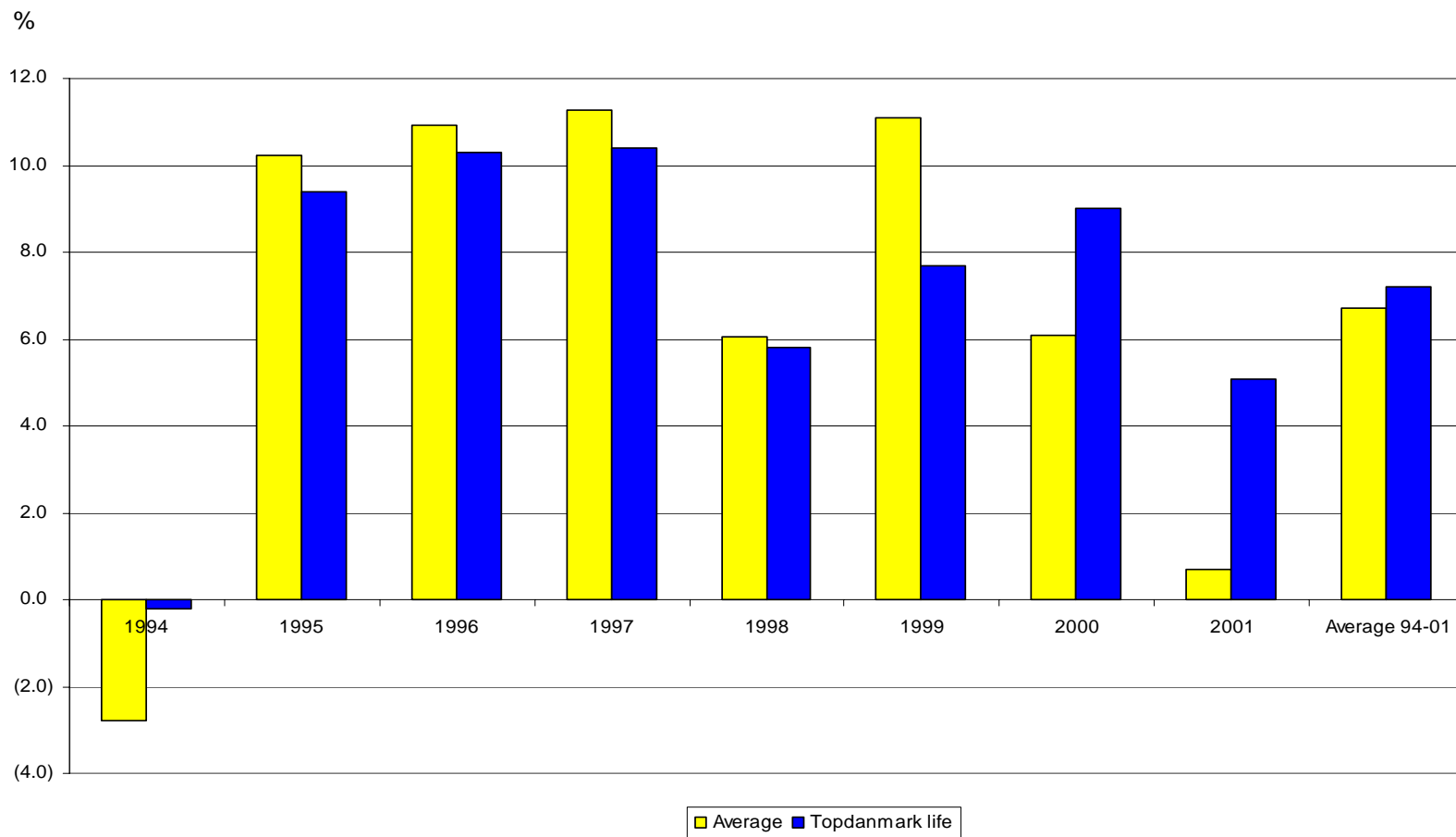


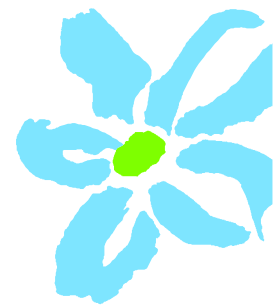


Life insurance

Trend in return on investments since 1994

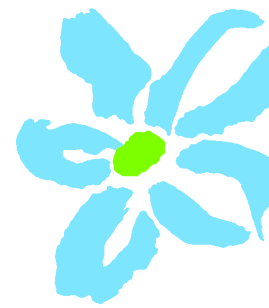
Return on investments





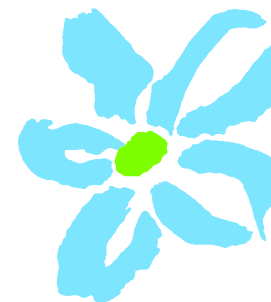
Structural alignment

- Tryg - Zurich
- Codan
- Alm. Brand
- if...
- PFA



Share buy-back

- **Since 1998, 34% reduction in share capital due to share buy-back programme**
- **Expected share buy-back of DKK 600 - 700m in 2002**
- **Share buy-back for 2003 expected not to be lower than that for 2002**

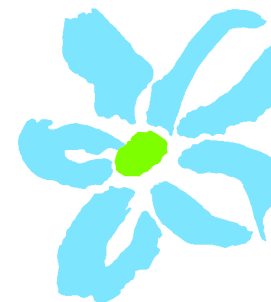


Share buy-back

Size of shareholders' funds

DKKm

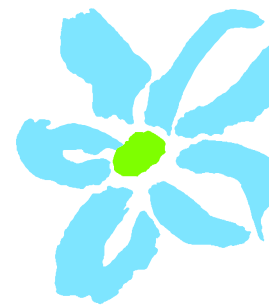
2 x required solvency in non-life insurance (premium based)	1,742	
1.5 x required solvency in life insurance	837	
1 year's growth in required solvency	206	
0.3 x equity exposure (Group excl. life)	754	
1 x interest rate exposure (Group excl. life)	71	
0.3 x investment in run-off business	<u>49</u>	
		3,659
less equalisation provisions in Group excl. life and workers' compensation insurance		171
less up to 20% long-term loan capital or committed lines to parent company		<u>732</u>
Total shareholders' funds		2,756



Share buy-back

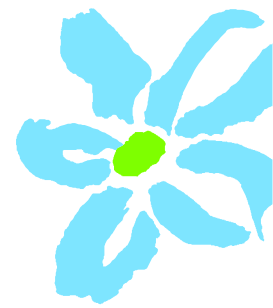
DKKm

Shareholders' funds 1 Jan. 2002		3,746	
Less: tax asset	(425)		
goodwill	<u>(617)</u>		
		<u>(1,042)</u>	
Capital cover		2,704	
Expected profit before tax and goodwill (average value)		<u>812</u>	
Expected capital cover Dec. 2002			3,516
Reasonable level of capital cover 1 Jan. 2002		2,756	
Expected growth in capital cover 2003 (5% increase in solvency)		<u>139</u>	
Expected reasonable level of capital cover 31 Dec. 2002			2,895
Share buy-back potential in the remaining part of 2002			621

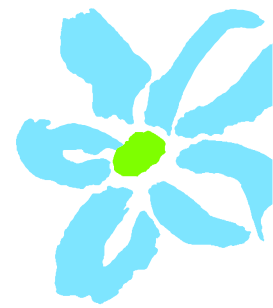


Profit forecast

- **Subject to an annual 8.5% return on equities and stable foreign exchange and interest rates unchanged from the level on 27 May 2002
Topdanmark continues to expect a post-tax profit of DKK 545m - 645m**
- **This excludes the result of the shareholding in Danske Bank, in the budget assumed to be DKK 300m based upon the share price on 27 May 2002**
- **Expected profit before tax and goodwill amortisation (cash flow): about DKK 1.1bn**



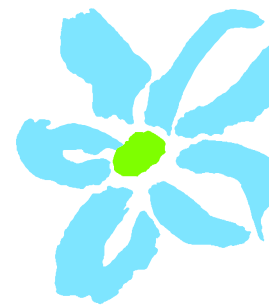
www.topfacts.dk



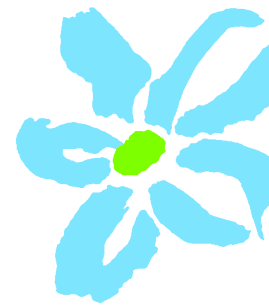
Appendix

Life insurance

New policy on calculation of profit



- **Profit in Topdanmark Livsforsikring defined as the sum of :**
 - **Interest on shareholders' funds (excl. shareholders' funds in unit-linked company) using rate of return on investments before pension return tax**
 - **Result of Topdanmark Link**
 - **Allowance for risk**
 - **The company always operates with a capital base equivalent to at least 150% of solvency margin**
 - **To allow for risk 5% of the capital base is added to profit**
 - **In addition a further 1% is taken on difference between total shareholders' funds and capital base**
 - **25% of overall administrative and risk result if it is a profit**
 - **Result of illness / accident insurance**
 - **Overall a more volatile result is expected, but not a lower average ROE**
-



Life insurance

Example of new policy on calculation of profit

Assumptions :

- Shareholders' funds 1 Jan. DKK 1,400m
- Return on investments 6%
- Solvency margin DKK 558m

Example

DKKm

Investment return on shareholders' fund

1,400 x 0.06

84

Result in Topdanmark Link

0

Allowance for risk

558 x 1.5 x 0.05

41

1,400 - (558 x 1.5) x 0.01

5

46

46

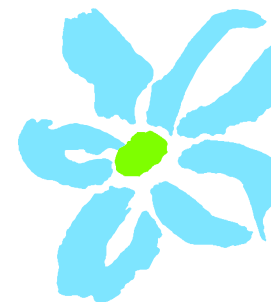
Administrative and risk result 28 x 0.25

7

Result from illness and accident insurance

9

146



Life insurance

Why Topdanmark Livsforsikring?

<u>Example</u>	<u>DKKm</u>
Investment return on shareholders' funds	84
Result from unit-link activities, risk allowance etc.	<u>62</u>
	146
Cost synergies	25
Asset management	<u>10</u>
	181
ROE	13%