

Presentation of Topdanmark

October 2003



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



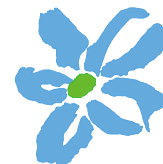
Key features of H1 2003

- DKK 579m post-tax profit after transfer of DKK 25m to equalisation provisions
 - H1 2002 : DKK 229m plus non-recurring income of DKK 112m
- H1 2003 cash flow increased 39.6% to DKK 679m
- Cash flow per share increased 51.4% to DKK 26.6
- Expense ratio declined from 20.9% in H1 2002 to 20.0% in H1 2003
- Combined ratio declined from 100.6% to 95.2%
- Premium growth
 - Non-life 12.6%
 - Life 11.7%
 - Regular premiums 16.5%
- 5.9% (12.2% annualised) return on investments in Topdanmark Livsforsikring



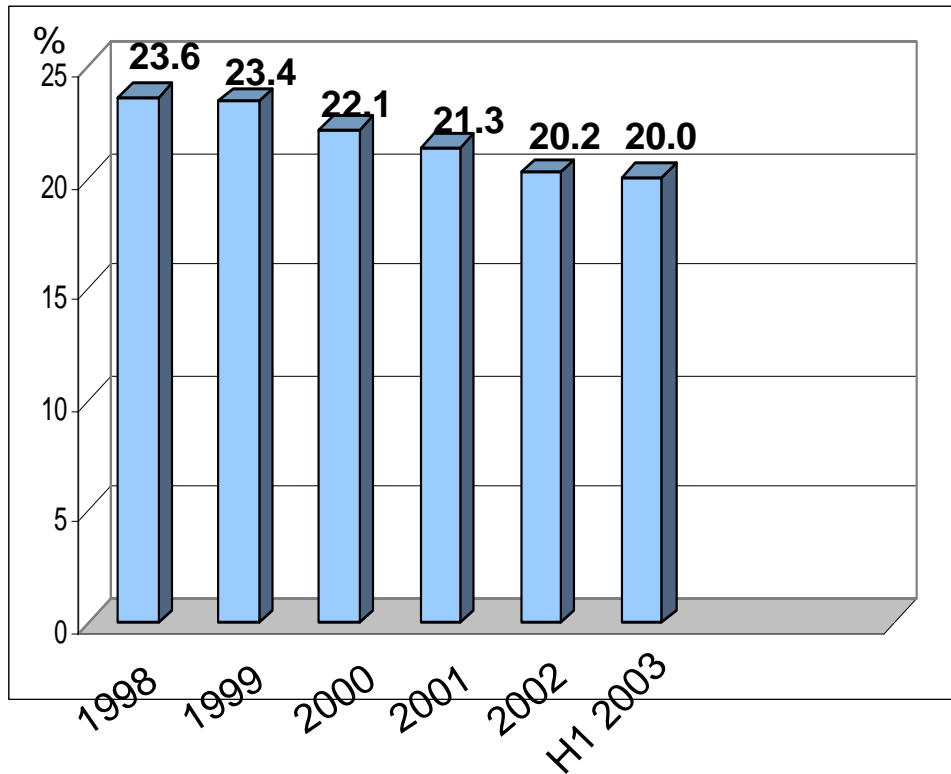
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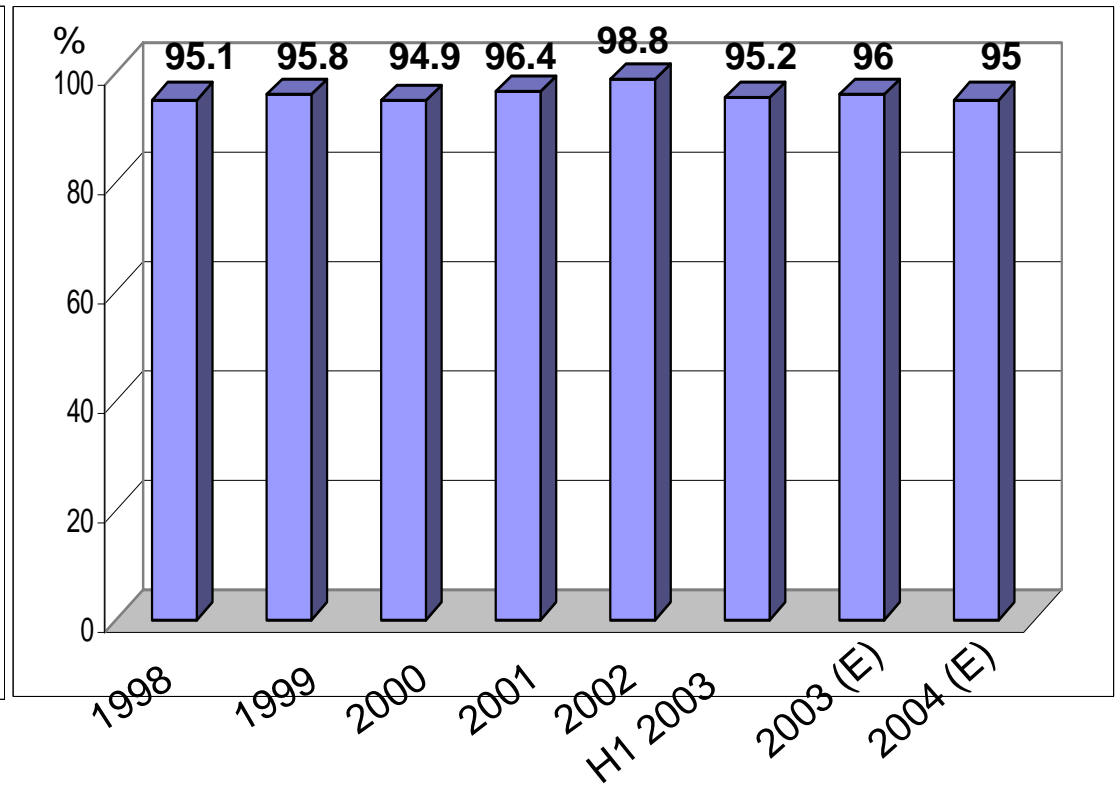


Continued decline in expense ratio

Expense ratio



Combined ratio - excl. 1999-hurricane



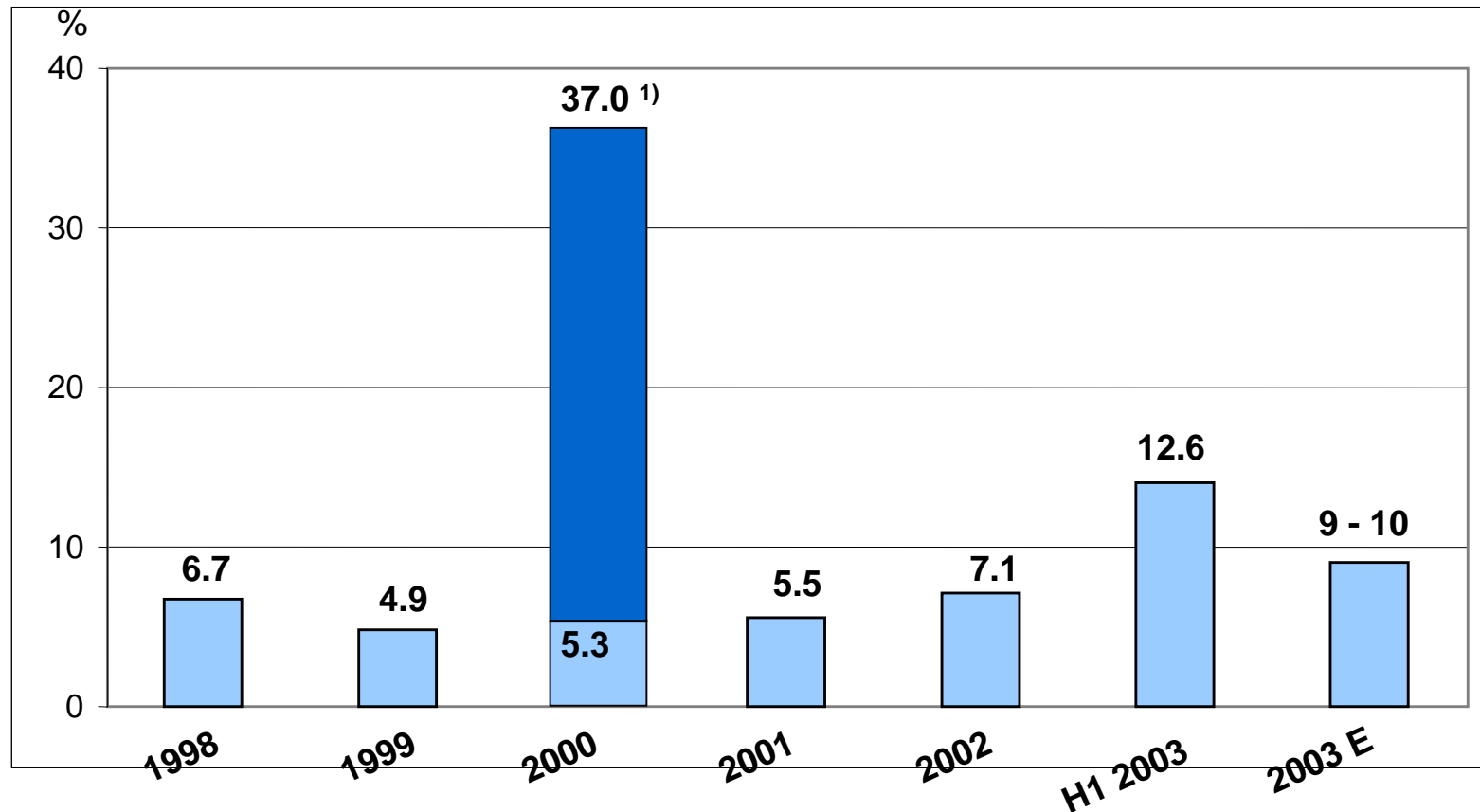
Non-life

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Increased growth in premiums

Growth in premiums



¹⁾ Including the acquisition of Danske Forsikring / Danica Forsikring

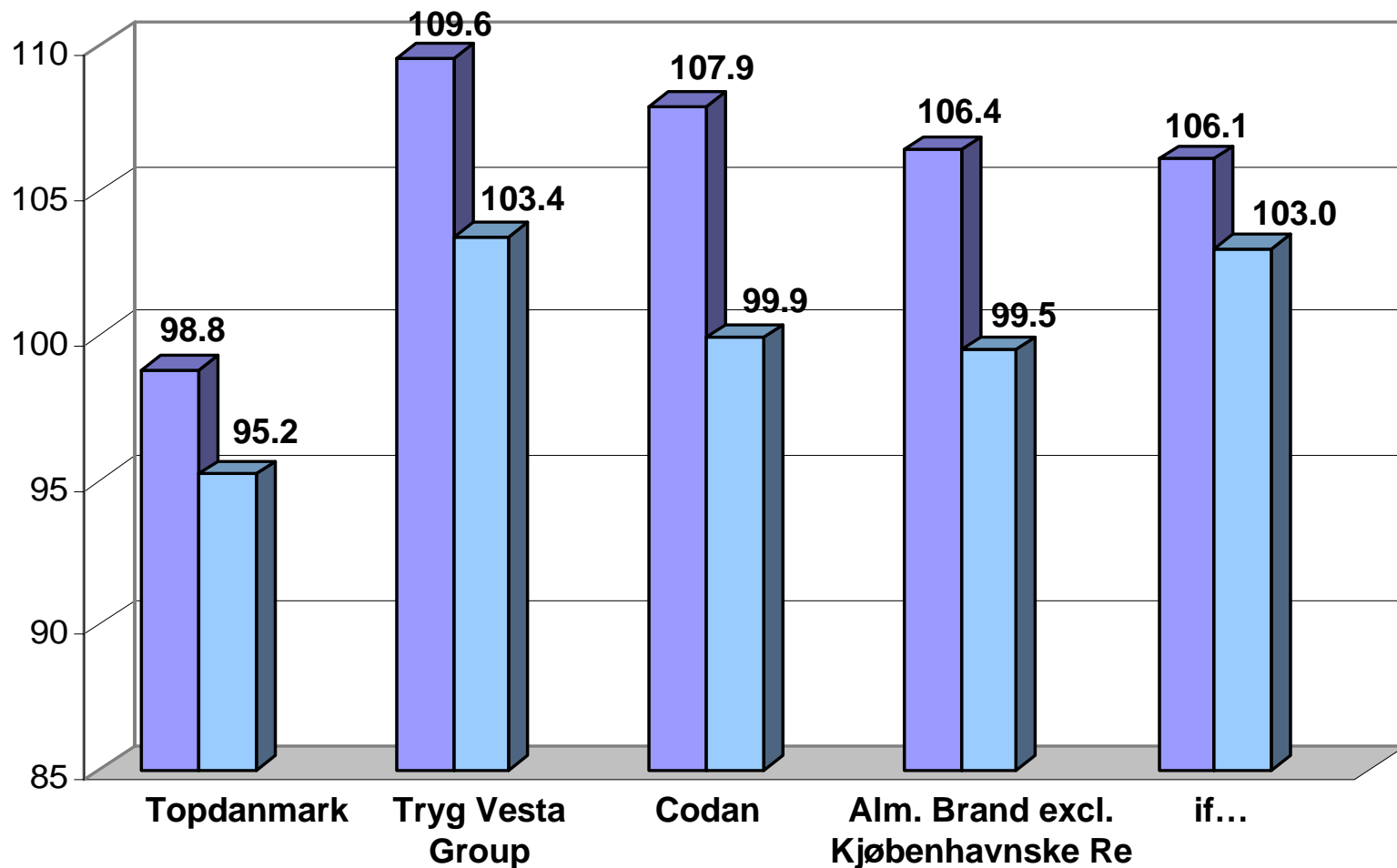


Non-life

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Topdanmark keeps the lead in combined ratio



Combined ratio
2002

Combined ratio
H1 2003

Non-life



Prospects for non-life insurance

- Market affected by general premium increases due to low capitalisation, low interest rates, high combined ratio
- Excluding effect of civil liability Act, Topdanmark kept premium increases to around 3%
- Improved competitive position
- Expected premium growth 9 - 10% in 2003
- Reinsurance programme on storm increased by DKK 100m to DKK 3.6bn
 - Savings of nearly 10%
- Cloudburst claims of just under DKK 30m in Q2
- Build-up of equalisation provisions
 - DKK 25m in H1 2003
- Expected combined ratio continues to be 96% for 2003
- Continued low investment income
 - Risk free interest rate 3.5% in 2002; 2.6% in H1 2003
- Target for 2004 - combined ratio of around 95%



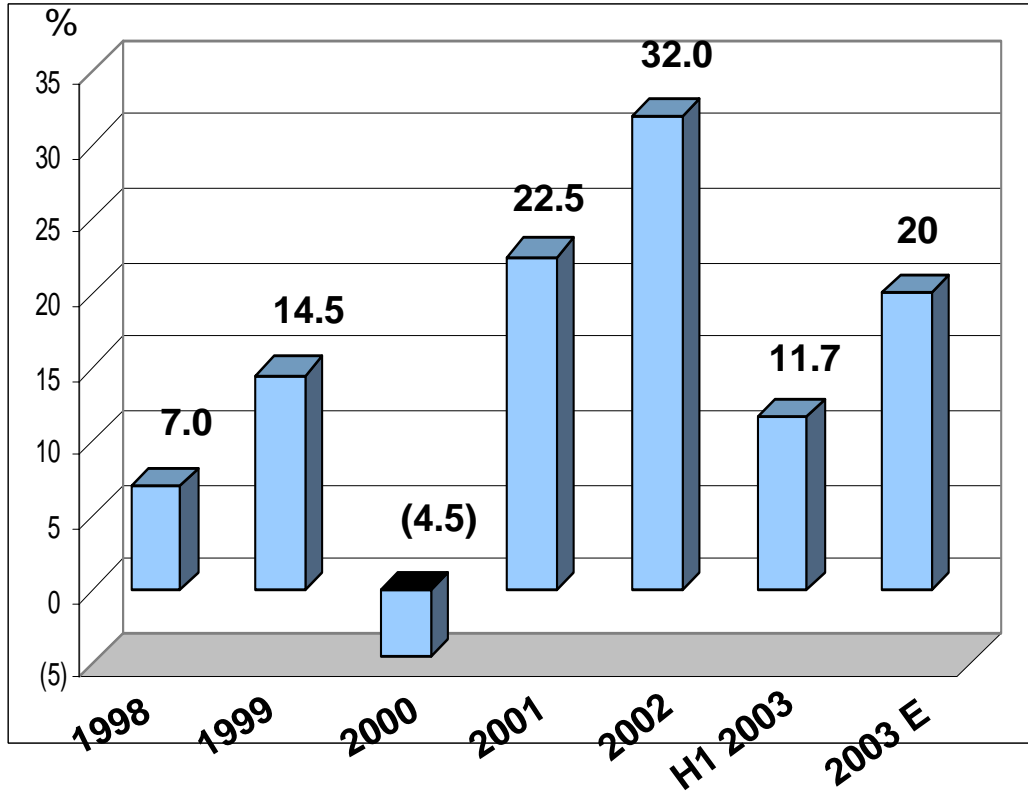
Non-life

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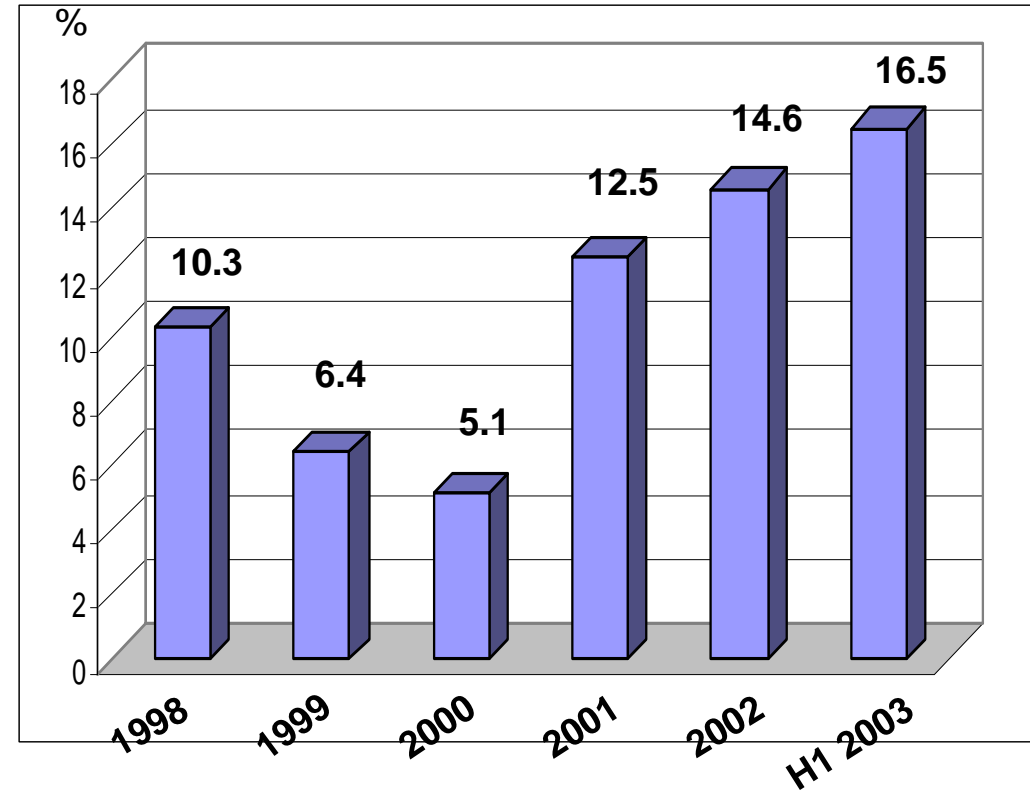


Increased growth in regular premiums

Premium growth
excl. BG Pension



Trend in regular premiums
excl. BG Pension



Life

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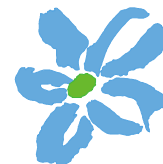
Growth expected to continue in Topdanmark Livsforsikring

- Improved competitive position
- Premium growth for 2003 upgraded from 15% to about 20%
 - Based on higher than expected sales in H1
 - Continued expected high sales in H2
- Investment policy maintained
 - About 15% exposure in equities at 30 June 2003
- 5.9% return on investments in H1 2003
- Allowance for risk from Q1 2003 included in income already in Q2 2003
- Increase in bonus reserves from 3.5% to 4.2%
- Topdanmark Livsforsikring ranked as the Danish life insurance with most satisfied and loyal customers by Aalunds Business Analyse (business analysis company)



Life

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Shareholding in Danske Bank

- In September 2003 Topdanmark's 1.6% stake in Danske Bank reduced to a level representing an ordinary portfolio investment
- Expect to invest proceeds in
 - Repayment of loans
 - Purchase of bonds
 - Purchase of portfolio equities
 - Share buy-back
- Sale of Danske Bank-shares has
 - reduced exposure to financial risk
 - reduced volatility in Topdanmark's results
 - increased share buy-back potential



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Profit forecast for 2003

DKKm

- | | |
|--|------------------|
| • Profit excl. shareholding in Danske Bank | 500 - 600 |
| • Profit on shareholding in Danske Bank | <u>145 - 145</u> |
| • Expected profit | 645 - 745 |
| • Cash flow | Approx. 880 |
| • Cash flow per share | Approx. DKK 35 |

Forecast assumptions based on share price on 14 August 2003



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Opportunity to increase share buy-back in 2003

- Share capital reduced 40% from share buy-backs since 1998
- H1 2003 Report expected DKK 450 - 550m share buy-back for 2003
- Following reduction of investment in Danske Bank share buy-back programme for 2003 upgraded by DKK 100m to DKK 550 - 650m
- At 30 September 2003 own shares of DKK 480m bought back



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www.topfacts.dk

- a source of updated information on Topdanmark



Appendix



“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 2.5%
- Return on shareholders' funds 5%

Return on operations

• Income	100.0	
• Technical interest	<u>2.5</u>	
	102.5	
• Expenditure	<u>96.0</u>	
	6.5	~ ROE = 19.5%

Return on shareholders' funds

• ROE before taxation	<u>5.0%</u>
	24.5%



Non-life

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	251	
0.3 x equity exposure (Group excl. life)	544	
1 x interest rate exposure (Group excl. life)	<u>50</u>	
		3,633
less equalisation provisions in Topdanmark Group excluding life and workers' compensation insurance and less up to 20% loan capital by way of long-term loans or committed lines to parent company		(113)
Total shareholders' funds		<u>(727)</u> 2,793



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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>879</u>	
Expected capital cover 31 Dec 2003			3,258
Reasonable capital cover		2,793	
80% of 1 year's normal growth in required solvency		<u>122</u>	
Expected reasonable level of capital cover 31 Dec 2003			<u>2,915</u>
Release of capital by selling Danske Bank			343
Total share buy-back potential 2003			<u>343</u>
			686



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