

Topdanmark's results 2005



2005:

- 50% increase in post-tax profit to DKK 1,160m
- Profit per share increased 61% to DKK 58
- 6.6% premium growth in non-life and 11.6% in life
- 31.7% post-tax ROE
- Expense ratio declined from 15.6 to 14.8
- Combined ratio declined from 92.4 to 90.9
- Combined ratio was 87.3 in Q4

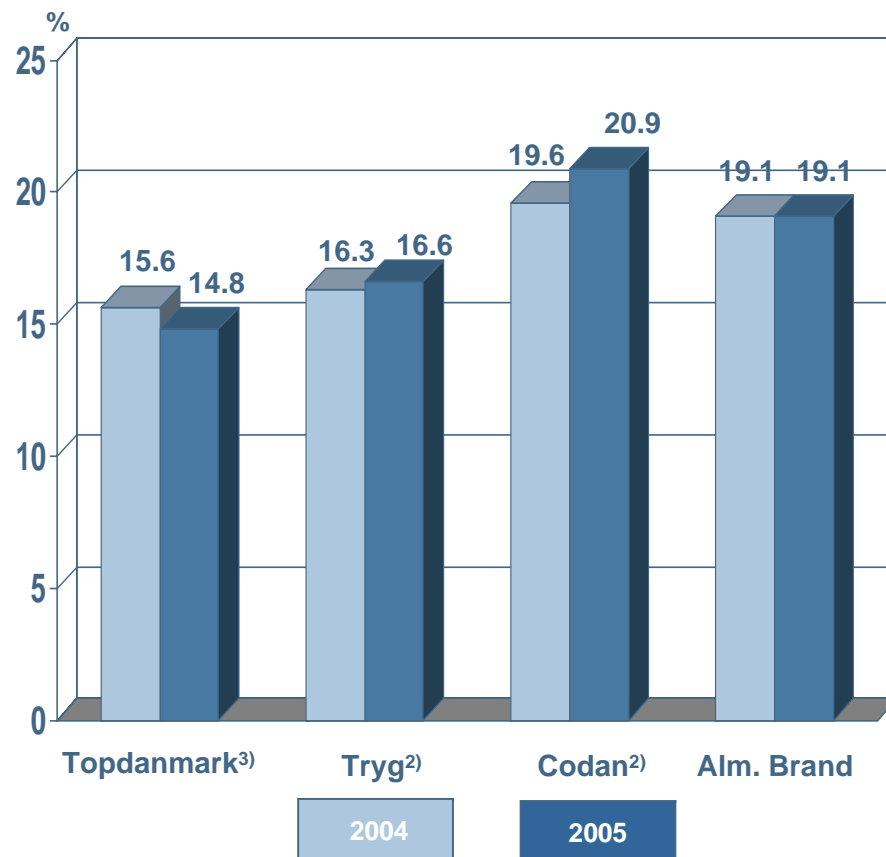
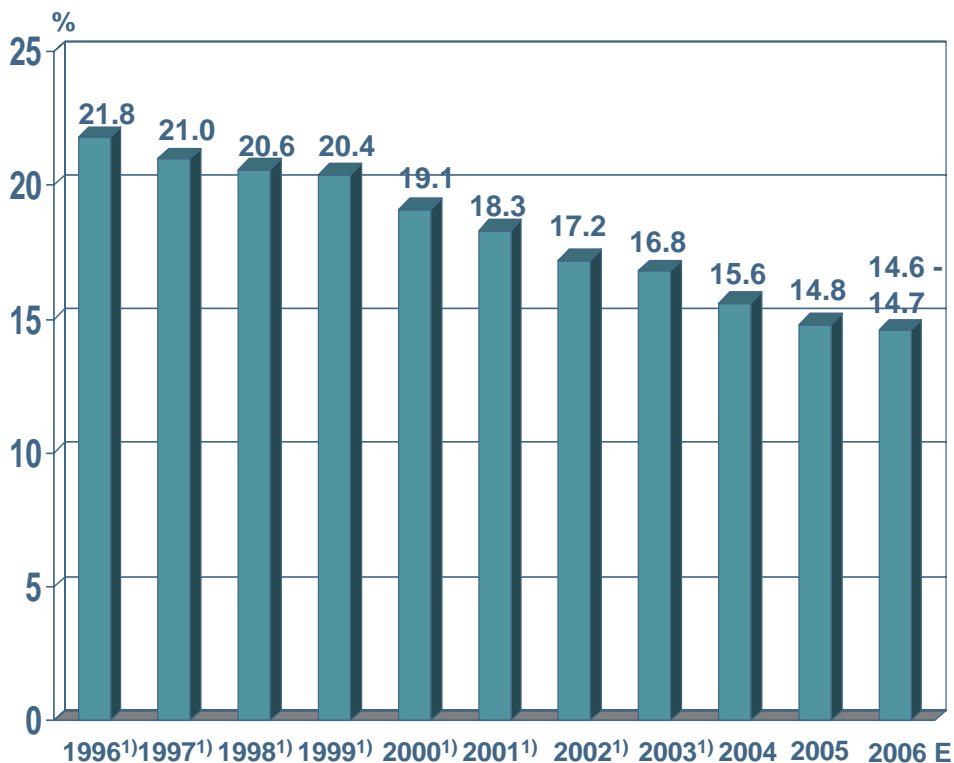
Prospects:

- Expected combined ratio for 2006 improved from 91 to around 90
- Expected post-tax profit of DKK 1,000 - 1,100m in 2006
- Expected share buy-back of around DKK 1,200m in 2006

Enhanced difference in expense ratio

Topdanmark

Danish non-life insurance



¹⁾ Reduced by estimated IFRS effect 1996-2003

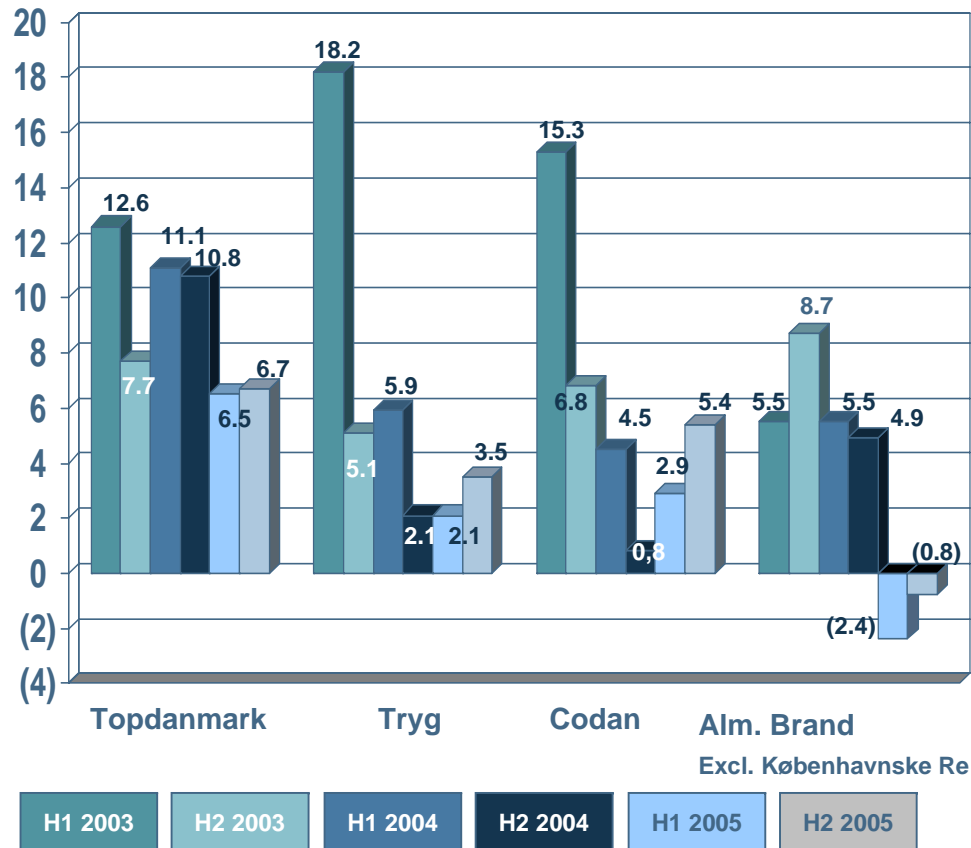
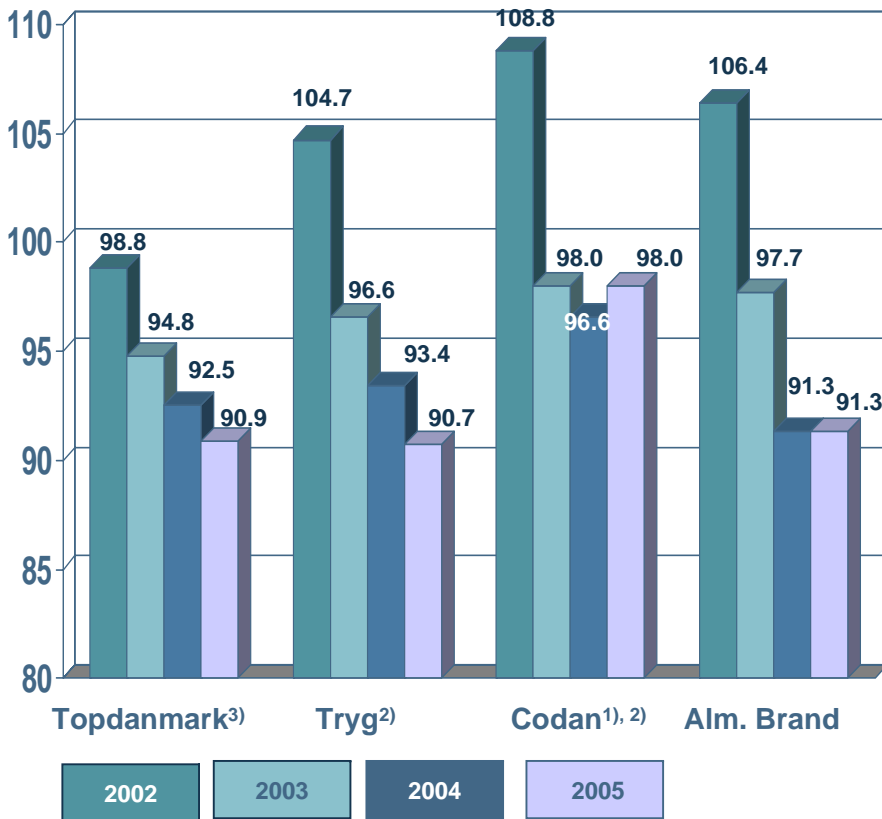
²⁾ Rent from owner-occupied properties not included in expense and loss ratios

³⁾ Excl. rent from owner-occupied properties, the expense ratio will be 0.4 pp lower

Higher premium growth than market

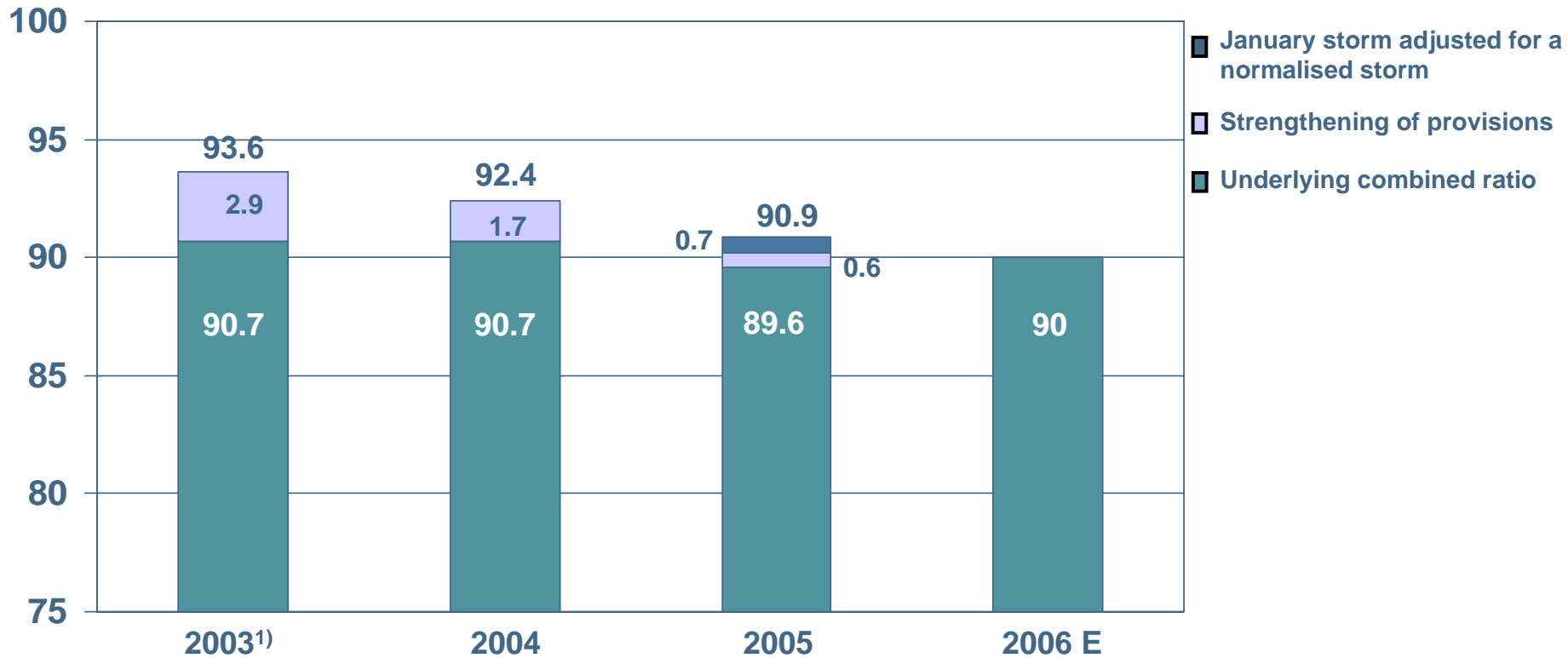
Combined ratio (Danish insurance)

Premium growth (Danish insurance)



- 1) Rent from owner-occupied properties not included in expense and loss ratios
- 2) Excl. discounting of claims provisions
- 3) Excl. rent from owner-occupied properties, the combined ratio will be 0.4 pp lower

Combined ratio stable at around 90



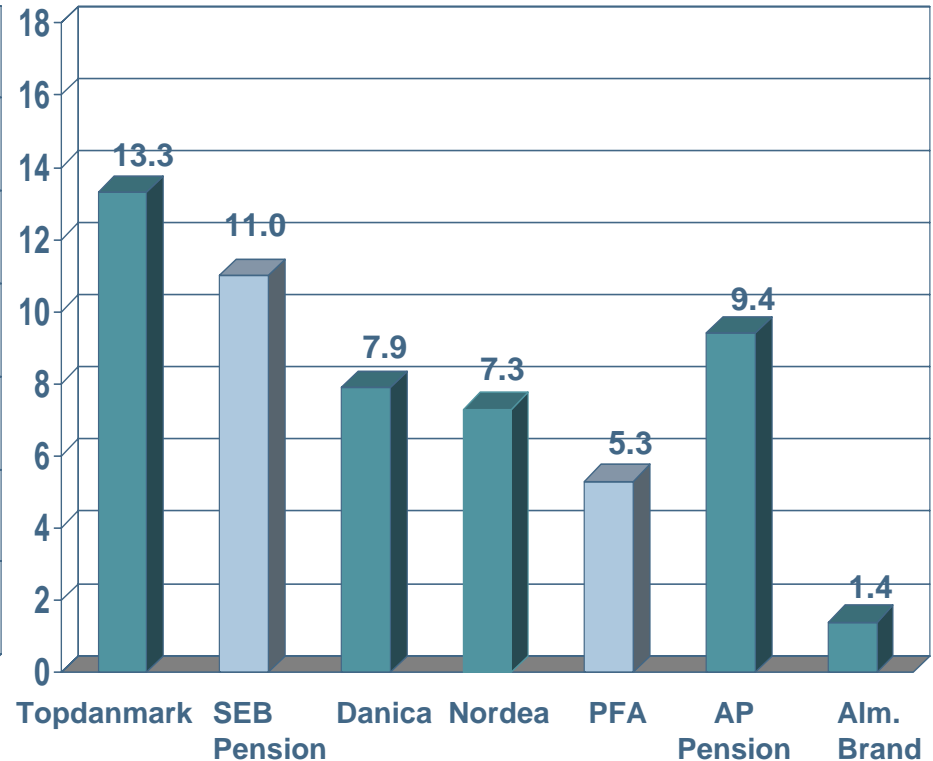
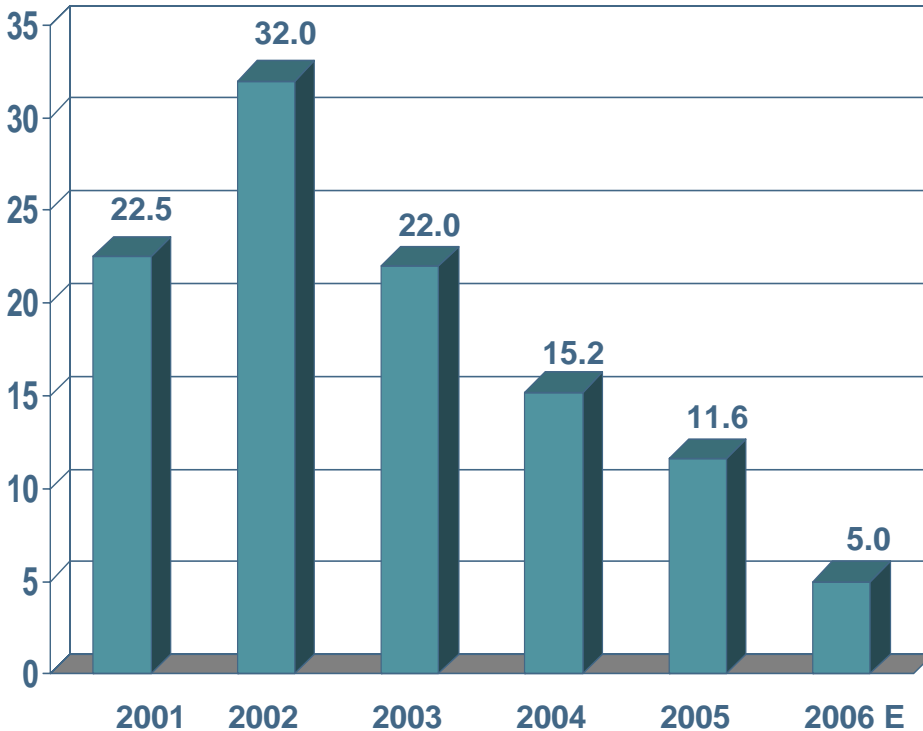
¹⁾ 2003 reduced by estimated IFRS effect

- **Just over 4% expected premium growth**
 - Around 3% estimated market growth
- **Premium growth expected to be impacted by:**
 - Sale of marine business to Codan representing 0.6 pp
 - Loss of industrial customers representing 0.7 pp
 - Loss of workers' compensation customers representing 0.9 pp
 - Intensified competition based on distribution, customer service and risk selection
 - Continued growth in the areas of personal and SME customers
- **Topdanmark to implement micro rating for contents policies in the spring**
- **Unchanged claims frequency expected in motor insurance**
- **CR expected to decline in workers' compensation (2005: almost 120%)**
- **Inflation swap contracts written to reduce the risk of inflation in workers' compensation and illness / accident insurance**
- **Forecast interest rate on interest-bearing assets: 3.82%**
 - 2.97% at 18 November 2005
- **DKK 50m interest rate exposure in the event of a 1 pp parallel shift in the interest rate curve**

Continued high growth in regular premiums

Premium growth

Comparison of premium growth in regular premiums



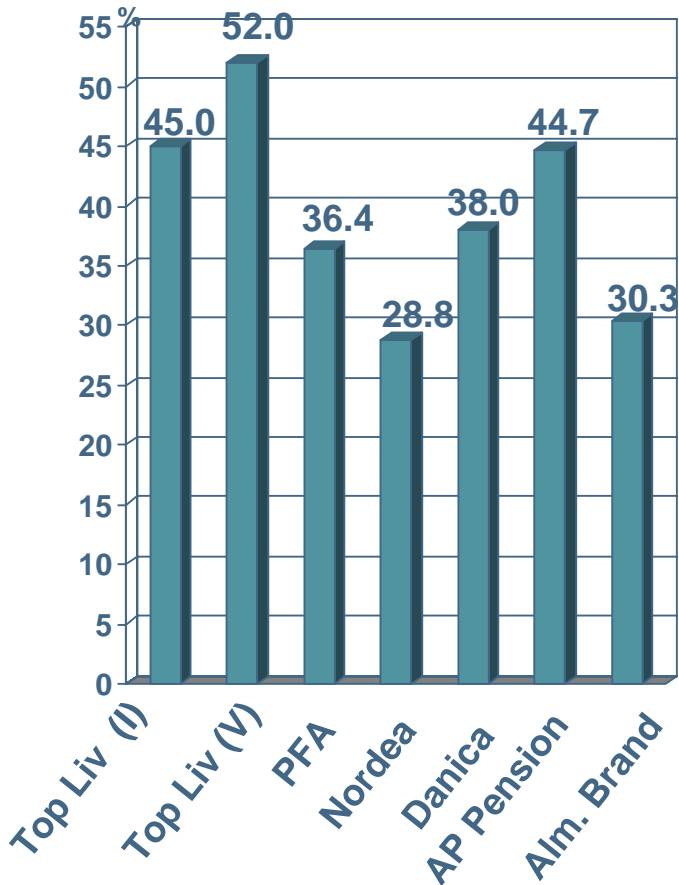
Topdanmark

H1 2005

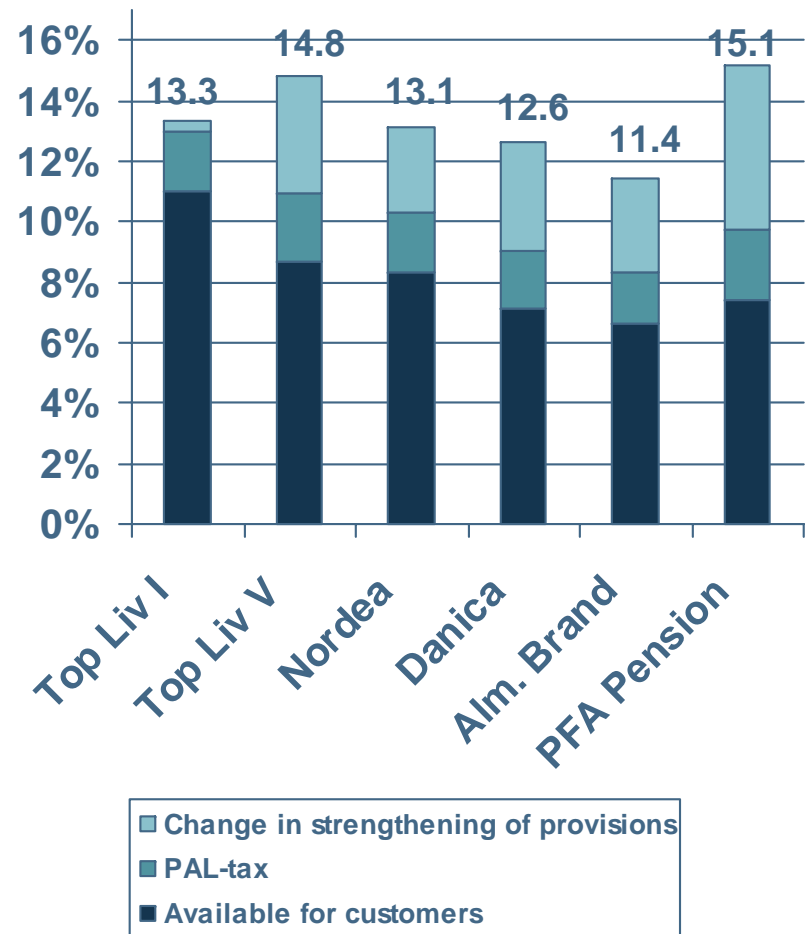
2005

High net return for Topdanmark's pension customers 8

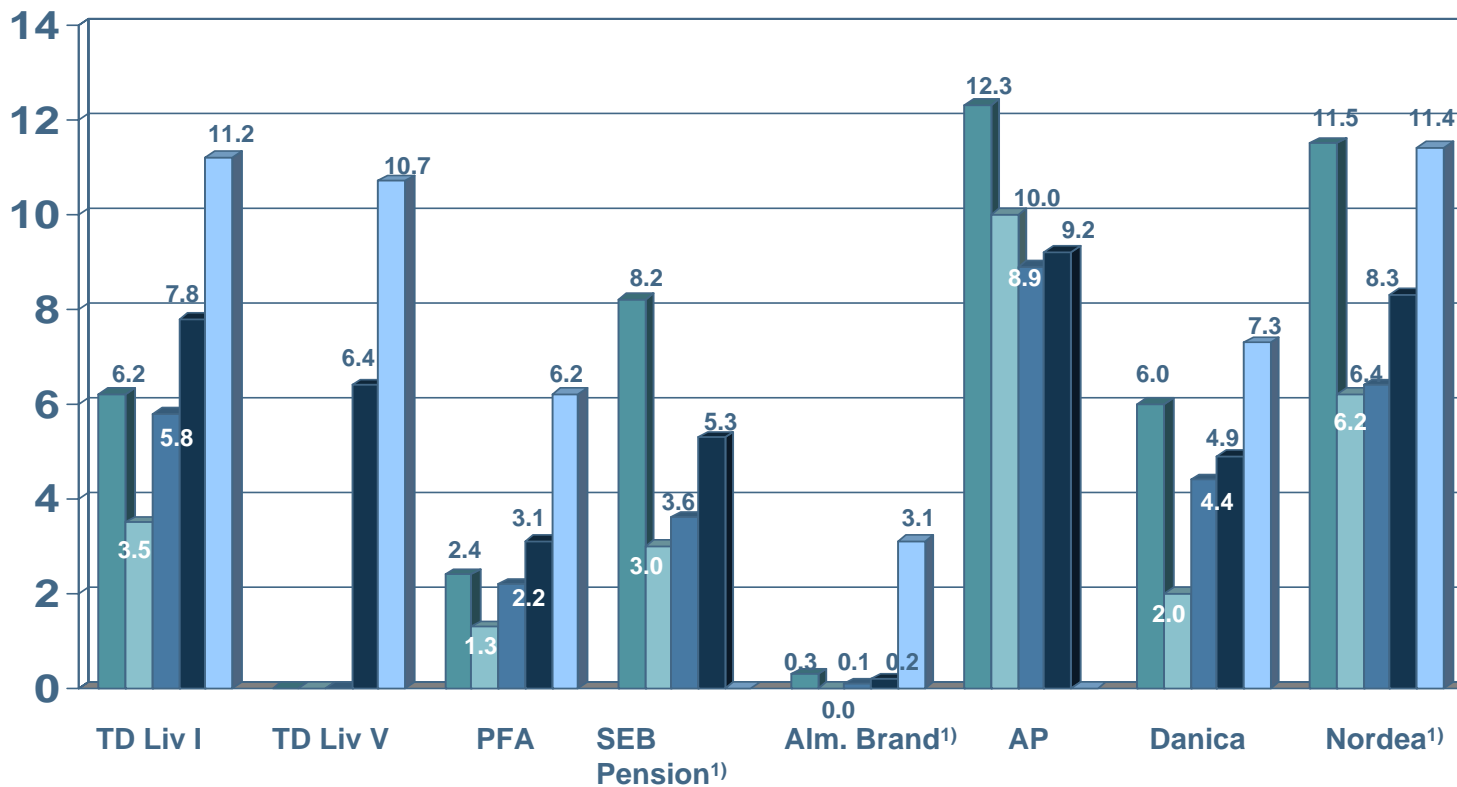
Accumulated investment return 2001-2005



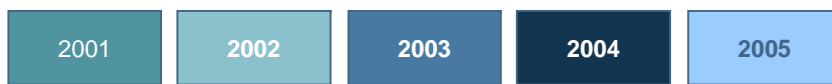
Comparison of net and gross returns 2005



Comparison of bonus ratios



1) Adjusted for shadow account



5% expected premium growth

- About 10% in regular premiums

Bonus ratio of 11.2% in Liv I, one of the highest of the market

5% rate of interest on policyholders' savings in Liv I

- Most other market players: 4.5%

Increased customer mobility

Increased penetration among large businesses

Introduction of new market interest rate product

High customer satisfaction in research by Aalund Business Research

Continued growth in health insurance

- More frequently part of collective agreements

Profit forecast for 2006

Profit forecast for 2006

(DKKm)	2004	2005	2006
Non-life insurance	866	1,309	1,280 - 1,360
Life insurance	156	107	85 - 105
Parent company etc.	53	(12)	(45) - (25)
Pre-tax profit	1,075	1,404	1,320 - 1,440
Taxation	(299)	(244)	(320) - (340)
Profit for the year (parent company)	776	1,160	1,000 - 1,100

Forecast assumptions for 2006 are based on equity prices at 10 March 2006

Share buy-back corresponding to a “yield” of 10%

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In 2005 DKK 676m shares bought back

Expected share buy-back of DKK 1,200m in 2006

- Corresponding to a “yield” of 10%

2006 to date DKK 49m shares bought back

Since 1998 Topdanmark has bought back just over 50% of the outstanding shares

- Average price per share: DKK 220

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” in the 2005 Annual Report.

The above description of potential risks 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 2005 report.

This publication is a translation. In case of any divergence, the original Danish text shall prevail.

Appendix

Assumptions

- Shareholders' funds 33% of premium income
- Combined ratio 90
- Interest income on provisions (incl. discounting effect) equal to 1.0% of premium income
- Return on shareholders' funds 5%

Return on operations

• Income	100.0	
• Interest income	<u>1.0</u>	
	101.0	
• Expenditure	<u>90.0</u>	
	11.0	~ ROE = 33.0%

Return on shareholders' funds

• ROE before taxation		<u>5.0%</u>
		38.0%

	DKKm	DKKm
2 x required solvency in non-life (premium based)	2,435	
1.5 x required solvency in life	1,293	
1 year's growth in required solvency	261	
0.3 x equity exposure (Group excl. life)	431	
1 x interest rate exposure (Group excl. life)	<u>50</u>	
		4,470
financed by subordinated loan capital, long-term loan capital or committed lines to parent company (20% of DKK 4,470m)		<u>(894)</u>
Total shareholders' funds		3,576

DKKm

Shareholders' funds 1 Jan 2006		3,973	
Less: tax asset	(78)		
goodwill	(441)		
Value of own shares on exercise of share options / warrants	128		
Value of own shares to hedge warrant scheme	309		
		<u>(82)</u>	
Capital cover		<u>3,891</u>	
Expected profit and movements in shareholders' funds after cash-impacting tax 2006 (average value)		<u>1,105</u>	
Expected capital cover 31 Dec			4,996
Reasonable level of capital cover at Jan 1 2006		3,576	
80% of 1 year's normal growth in required solvency		<u>160</u>	
Expected reasonable level of capital cover 31 Dec			<u>3,736</u>
Share buy-back potential 2006			1,260

Assumptions:

- Solvency minimum: DKK 869m
- Minimum capital requirement: $120\% \times \text{solvency minimum} = \text{DKK } 1,043\text{m}$
- Investment return on shareholders' funds: 4.5%
- Risk and administrative result: 0.5% of premiums = DKK 12m
- Insurance technical result before bonus contribution being in profit
- Customers' savings: Liv I : DKK 9.8bn.
 Liv V : DKK 7.9bn

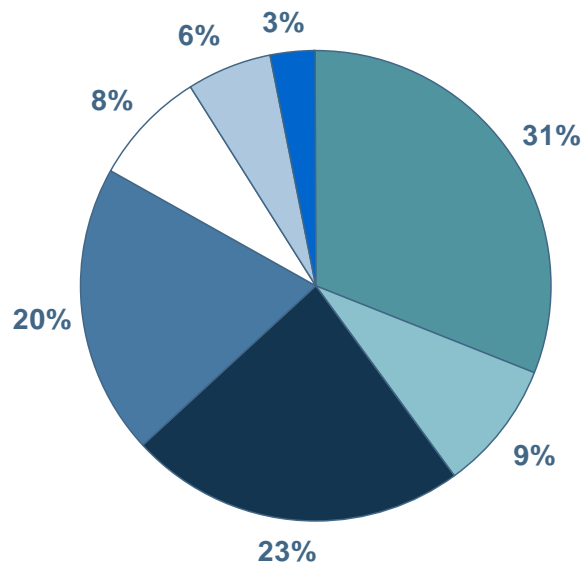
Return on life insurance:

	DKKm	
Investment return on minimum capital requirement 4.5%	47	
Risk allowance : 0.40% / 0.55% of customers' savings	82	
25% of risk and administrative result	3	
		132 ~ ROE = 12.7%

Other life-related result:

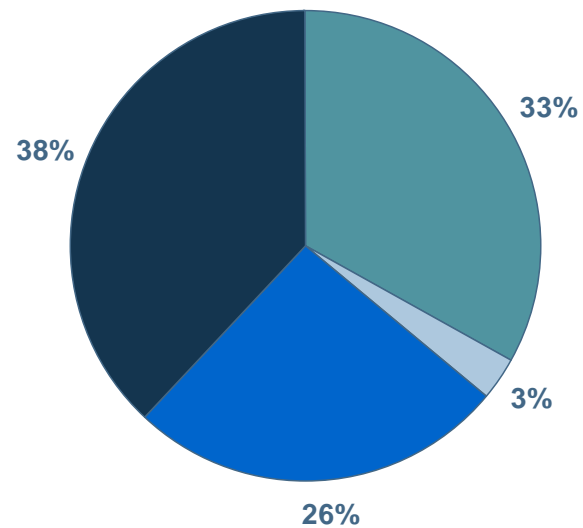
Life-related non-life (health insurance and critical illness insurance etc.)	17	
Asset management	18	
Other synergies within, among others, distribution	25	
		60
		192 ~ ROE = 18.4%

Non-life 2005



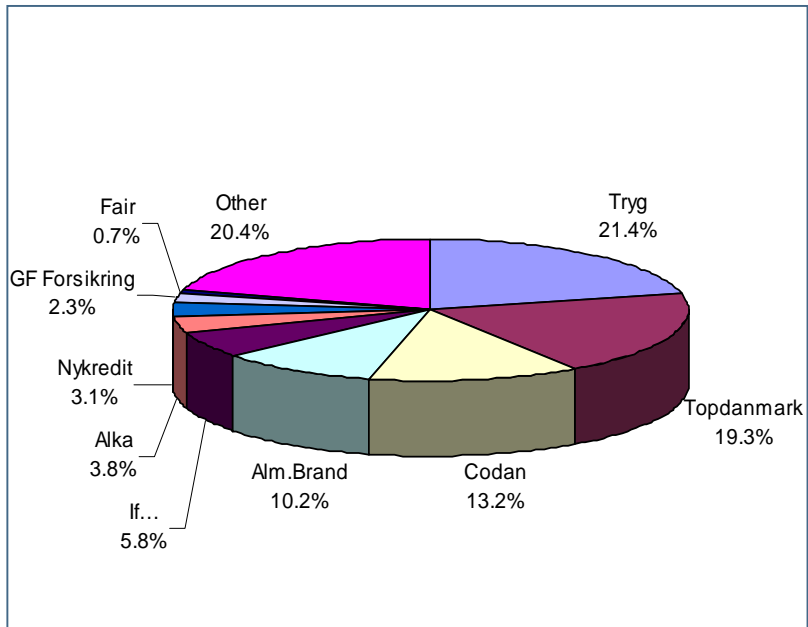
- Certified insurance sales reps
- Danske Bank/BG Bank
- Others (Telephone sales etc.)
- Car dealers
- Sales centres
- Danica Pension
- Brokers

Life 2005

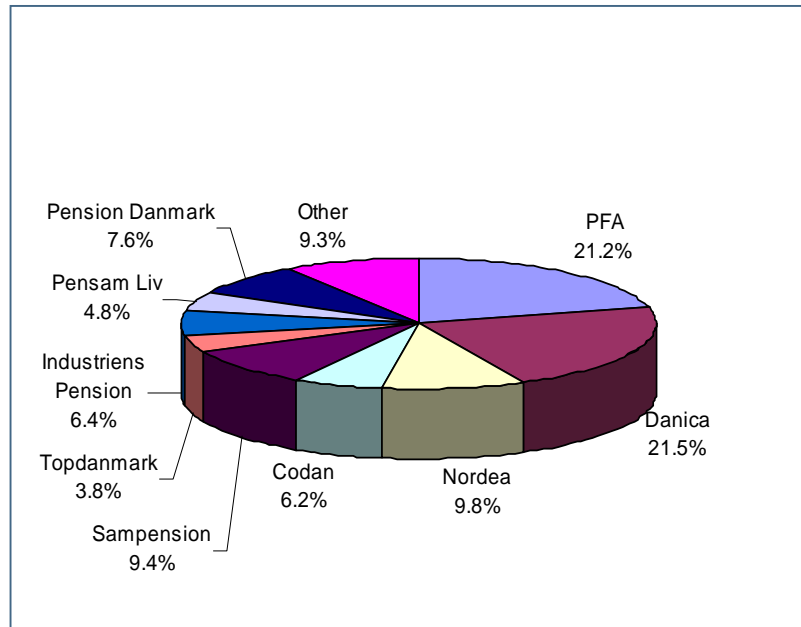


- Certified insurance sales reps
- Others (banks etc.)
- Brokers
- Head office

Market share in non-life 2004



Market share in life 2004

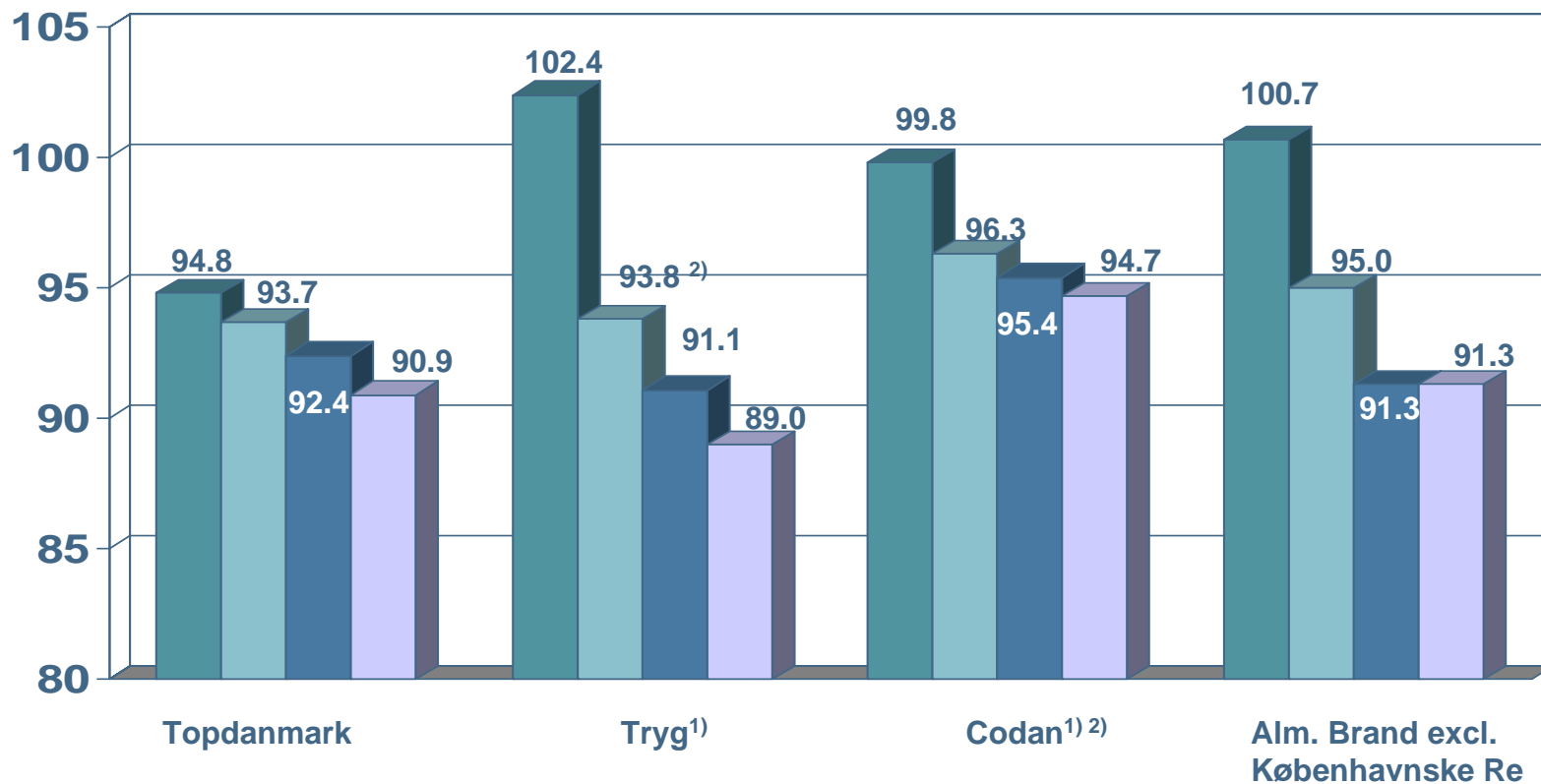


Investment assets at 31 December 2005 (incl. liquid funds)

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(DKKm)	Group excl. life insurance	Life insurance group
Interest bearing investment assets	11,606	14,416
Other equities	1,317	3,958
Index-linked bonds	0	1,545
Investment properties	271	2,222
Associated companies	35	413
Other	0	1,106
Investment assets	13,229	23,660
Intra-group balances	920	(920)
Investment assets corresponding to illness / accident provisions	662	(662)
Investments	14,811	22,078
Interest earned	144	283
Interest-bearing debt / derivatives	(1,092)	(1,681)
Net investment assets	13,863	20,680

Combined ratios at a group level



1) Rent from owner-occupied properties not included in expense and loss ratios

2) Excl. discounting of claims provisions

