

Topdanmark's Q1 2004 results



How Topdanmark intends to create value

Operations

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



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How Topdanmark intends to create value

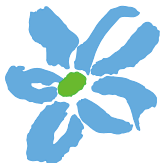
Capital

- 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 Q1 2004

- DKK 246m post-tax profit after transferring DKK 19m to equalisation provisions
 - Q1 2003 : DKK 102m, DKK 24m to equalisation provisions
- Post-tax return on shareholders' funds 6.5% (28.5% annualised)
- Cash flow increased from DKK 133m in Q1 2003 to DKK 337m in Q1 2004
- Cash flow per share increased from DKK 5.1 to DKK 14.4
- Combined ratio declined from 95.0 to 93.9
- Premium growth
 - Non-life 7.9%
 - Life 68.0%



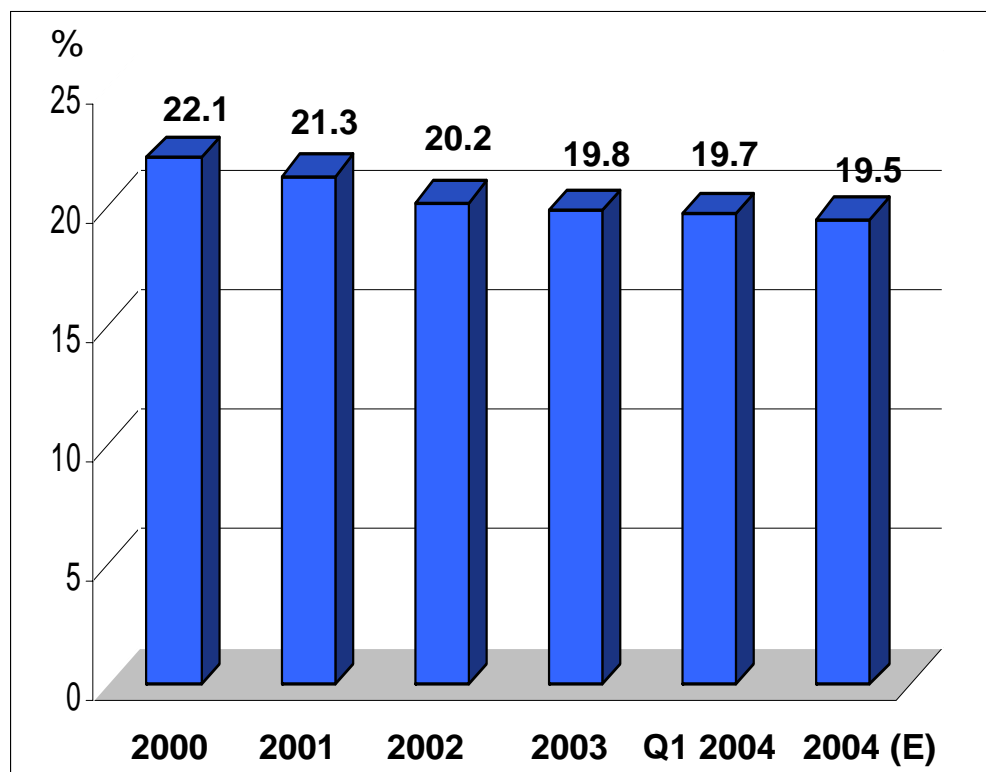
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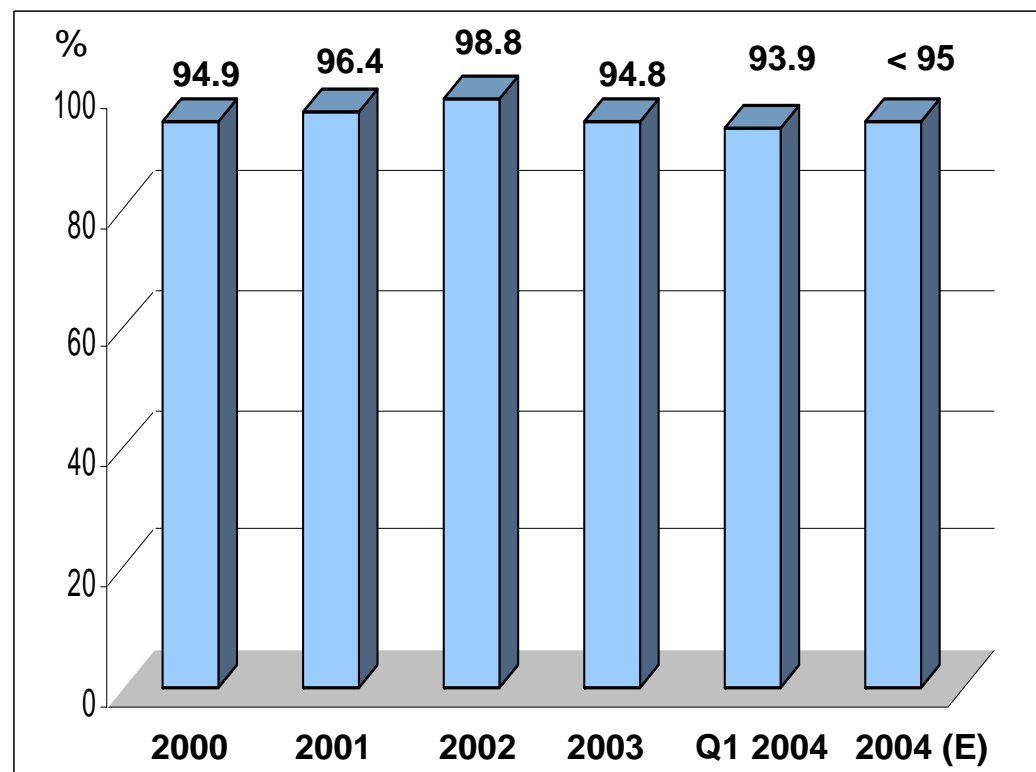


Decline in expense ratio

Expense ratio

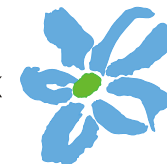


Combined ratio (excl. 1999 hurricane)

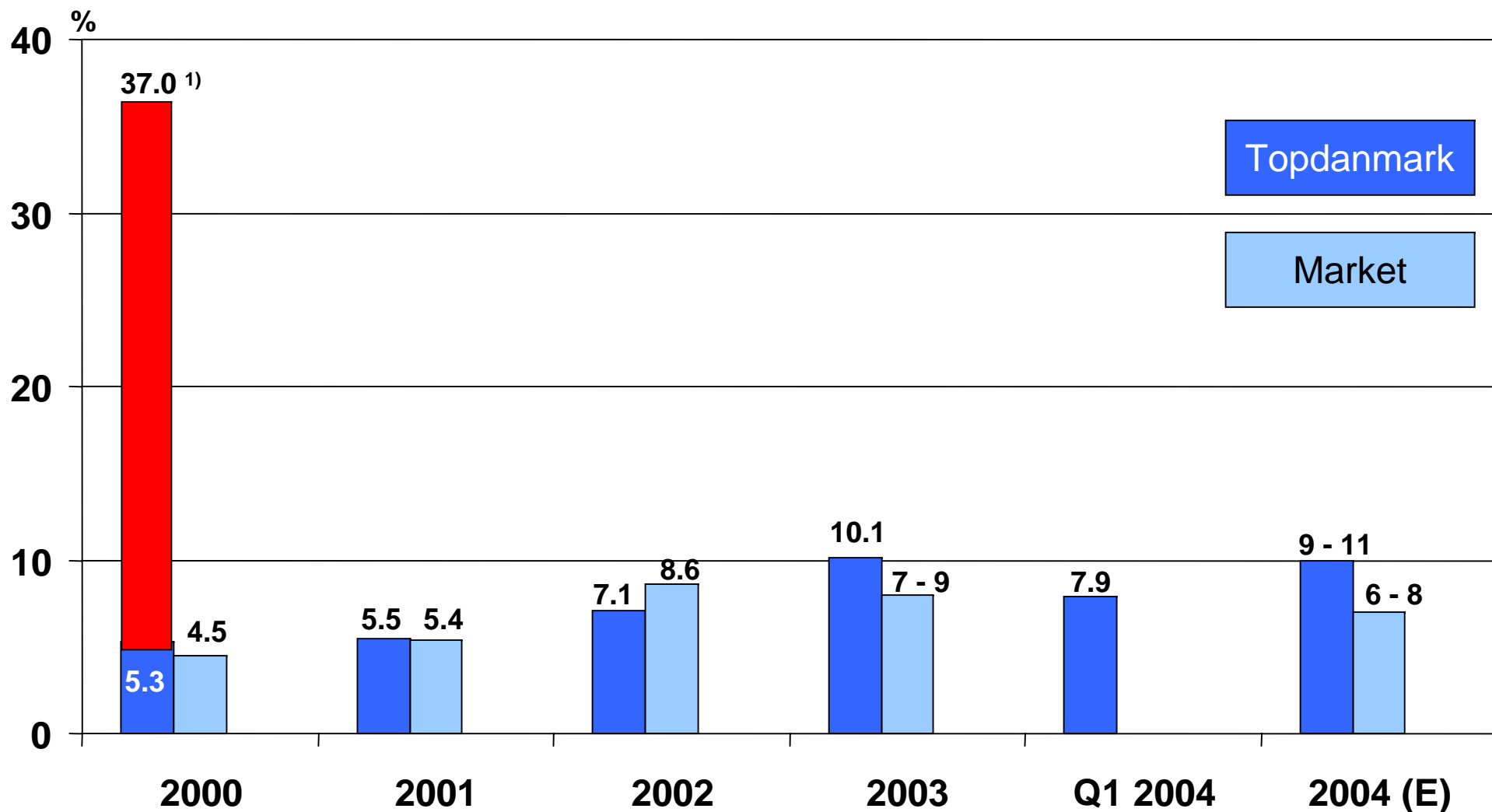


Non-life

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Growth in premiums



1) Including the acquisition of Danske Forsikring/Danica Forsikring

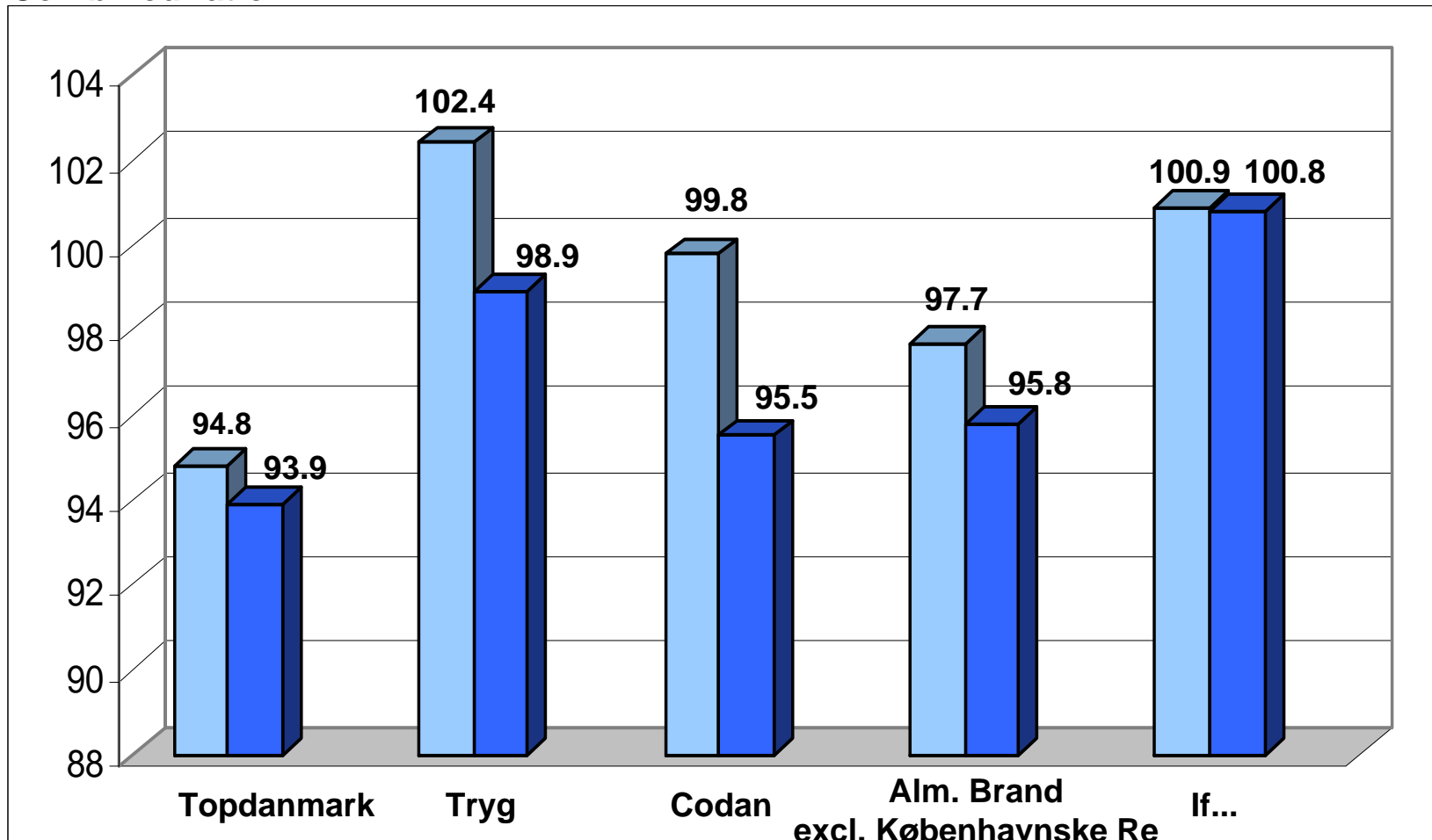


Non-life



Comparison of combined ratio

Combined ratio



Combined ratio
2003

Combined ratio
Q1 2004

Non-life



Non-life insurance in Q1 2004 - 1/3

- Premium growth of 7.9%
 - Premium increases in agricultural and industrial insurance 1 percentage point
 - Decrease in agricultural and industrial customers (1) percentage point
 - Premium increases due to new Act on workers' compensation 3 percentage points
 - Indexation 3 percentage points
 - Organic growth 2 percentage points



Non-life

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Non-life insurance in Q1 2004 - 2/3

- Higher than expected growth in premiums in personal and commercial lines
- Improvement in quality of non-life portfolio
- Agreements with a number of unemployment insurance funds and trade unions to sell insurance cover for protection against involuntary unemployment
 - Captured one third of new market
 - Significant interest in new product
 - Marginal impact on premiums in 2004



Non-life

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Non-life insurance in Q1 2004 - 3/3

- Nykredit withdrawn from commercial market
 - Topdanmark taken over Nykredit's workers' compensation portfolio of DKK 66m
 - Agreement with Nykredit to refer complex commercial customers to Topdanmark, except agricultural and commercial customers



Non-life

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Prospects in non-life insurance

- **Expected growth in premiums in 2004 upgraded from 8 - 10% to 9 -11%**
- **Declining interest rates in Q1 2004**
 - **Average risk-free interest 2.1% in Q1 2004; 2.4% in 2003**
- **Favourable impact on accounts if short-term interest rates go up**



Non-life

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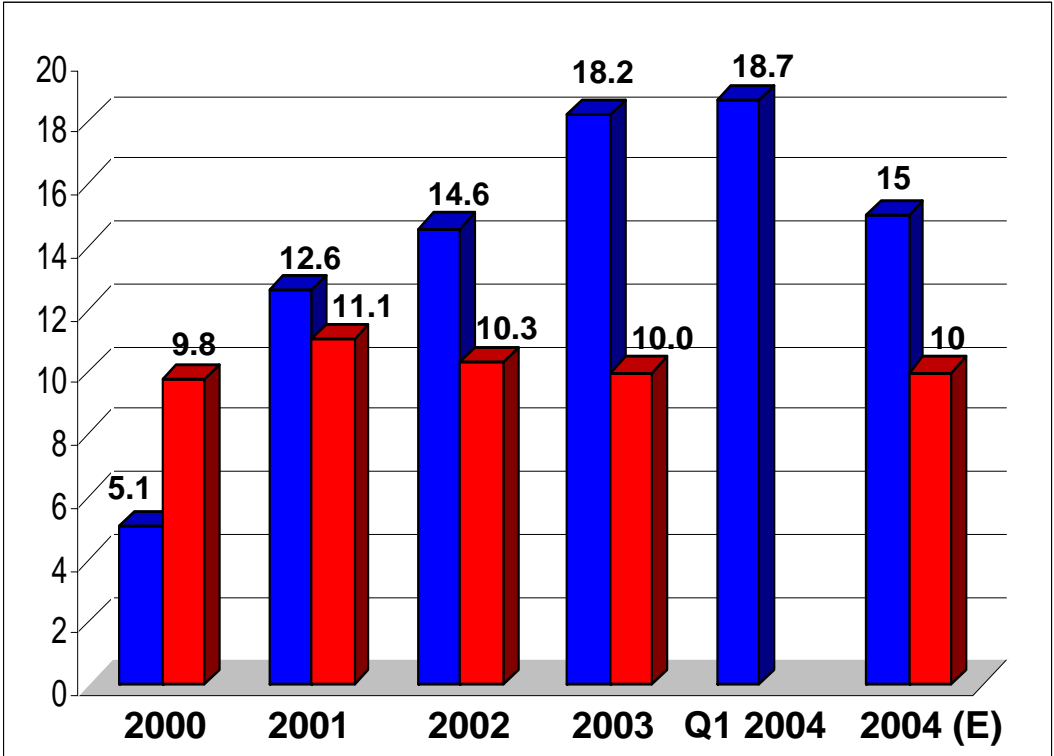
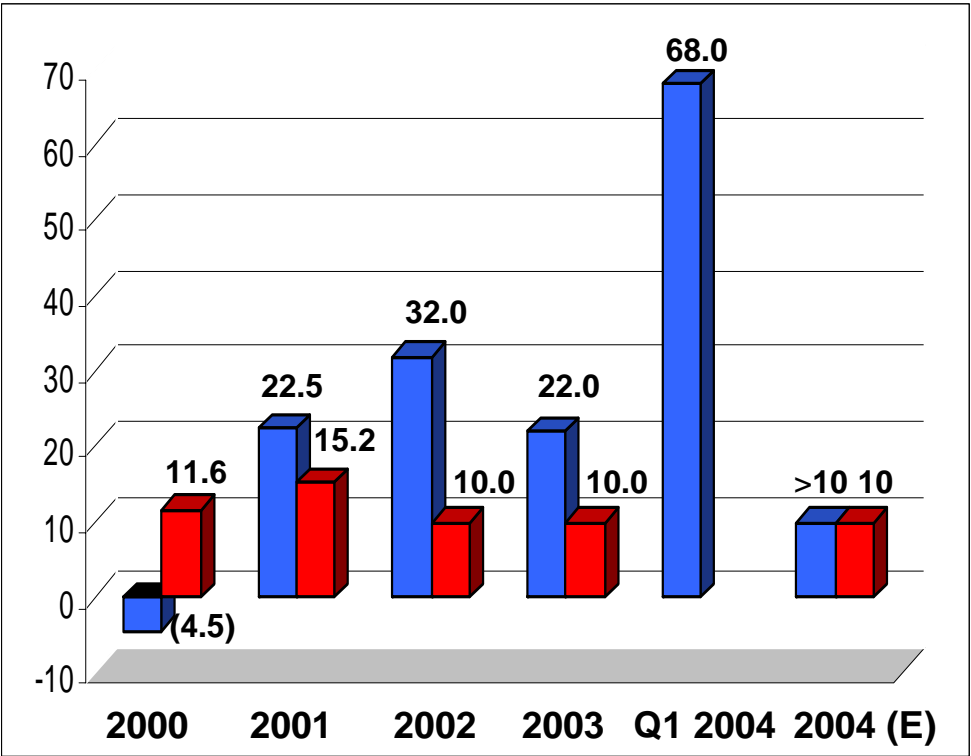
Continued high growth in Topdanmark Livsforsikring

Premium growth
excl. BG Pension

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Trend in regular premiums
excl. BG Pension

Market



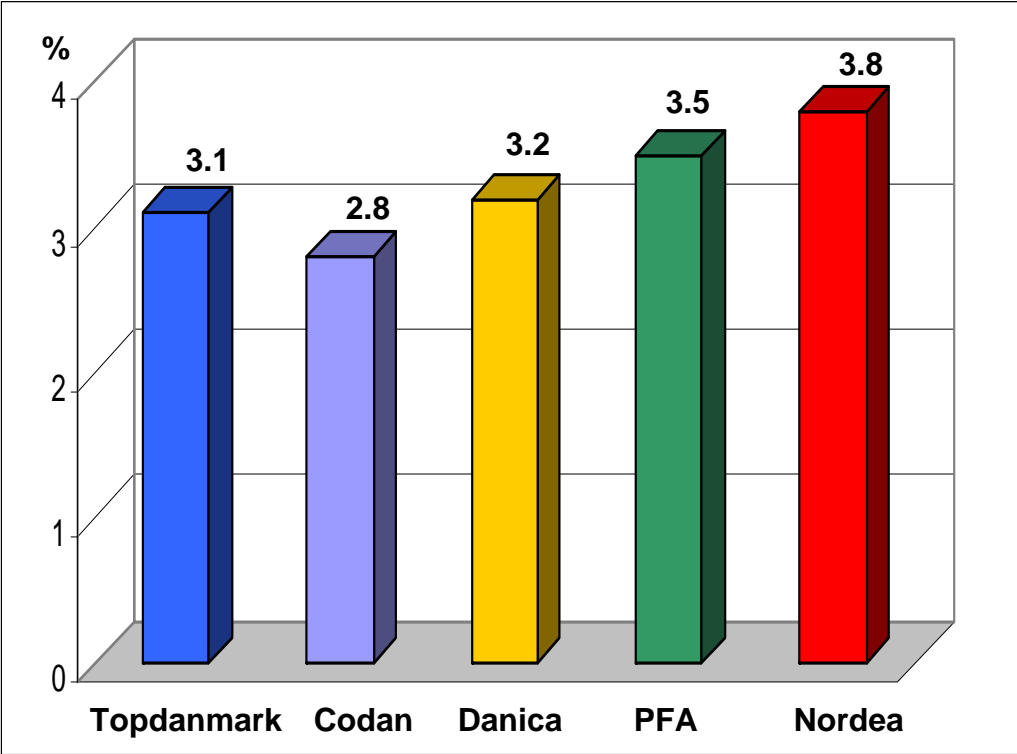
Life

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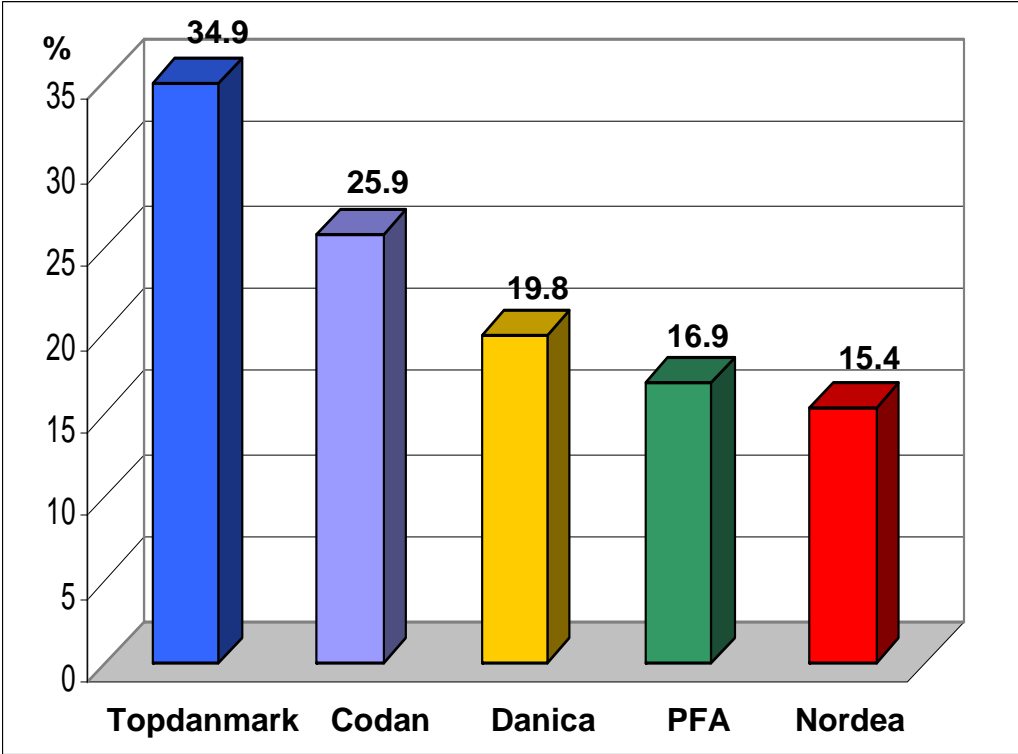


Comparison of investment return before PAL-tax

Investment return Q1 2004



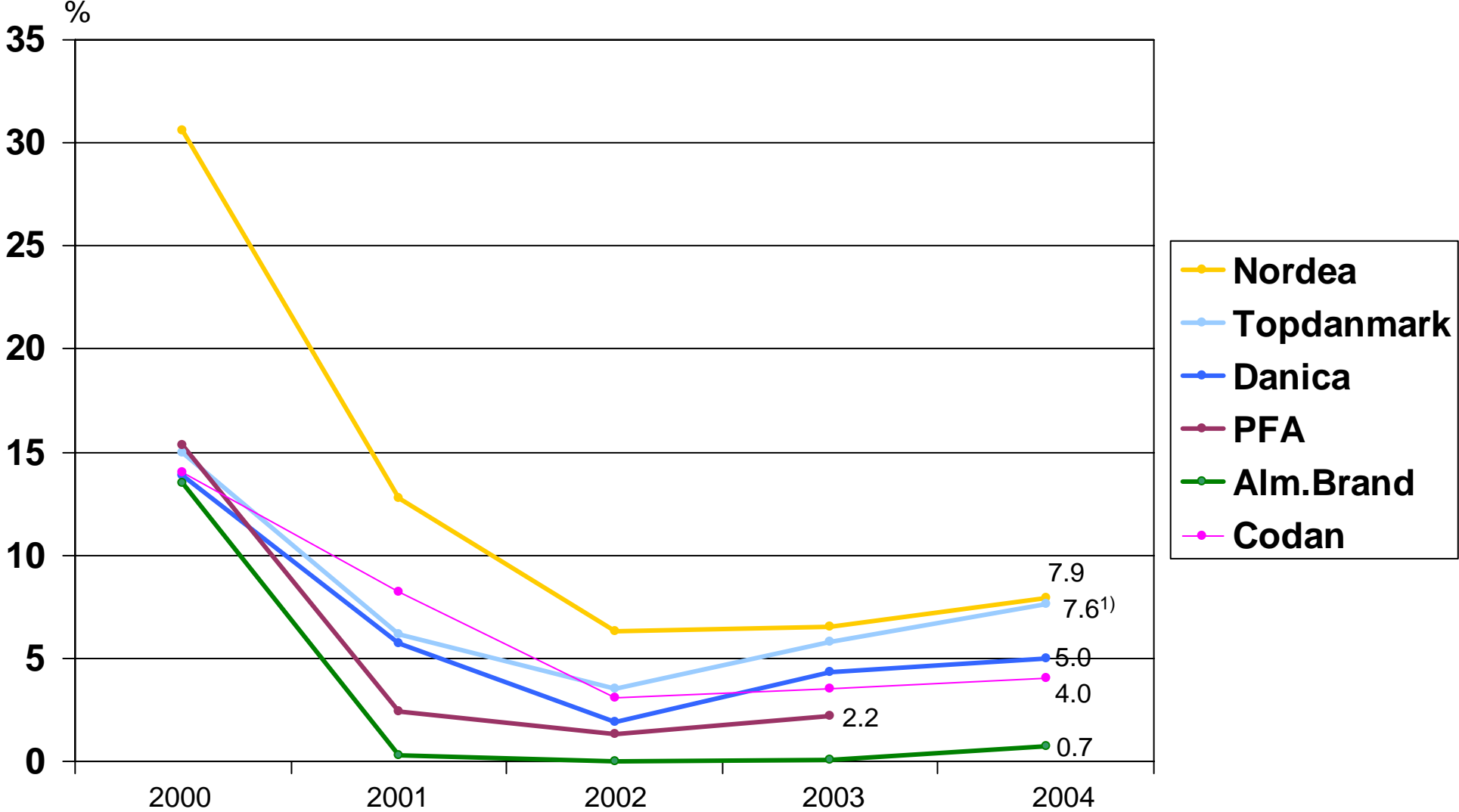
Accumulated investment returns 2000-Q1 2004



Life



Trend in bonus ratio adjusted for shadow account



1) Bonus ratio in company writing new business



Life



Profit forecast for 2004

- Continued expected combined ratio of just under 95
 - Including impact of weather-related claims etc. DKK 115m
- Expected investment income lower than forecast in 2003 Annual Report
- Continued expected post-tax profit of DKK 575 - 675m for 2004

Forecast assumptions based on equity prices at 13 May 2004



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Share buy-back 2004

- Continued expected share buy-back of around DKK 800m in full year
- To date in 2004 share buy-back of DKK 286m
- Share buy-back since 1998 represents 45% of outstanding shares
- Average price of shares bought back: DKK 198 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

Can profit be made on non-life insurance?

Assumptions

- Shareholders' funds 33% of premium income
- Combined ratio 95%
- 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>95.0</u>	
	7.5	~ ROE = 22.5%

Return on shareholders' funds

• ROE before taxation	<u>5.0%</u>
	27.5%



Non-life

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	222	
0.3 x equity exposure (Group excl. life)	255	
1 x interest rate exposure (Group excl. life)	<u>48</u>	
		3,693
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 3,702m plus expected proceeds on redemption of warrants at strike price)		<u>(910)</u>
Total shareholders' funds		<u>2,635</u>



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Share buy-back model 2/2

DKKm

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>825</u>	
Expected capital cover 31 Dec			3,635
Reasonable level of capital cover		2,635	
80% of 1 year's normal growth in required solvency		<u>136</u>	
Expected reasonable level of capital cover 31 Dec			<u>2,771</u>
Share buy-back potential 2004			864



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