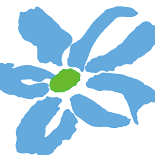


# **Presentation of Topdanmark**

**January 2003**



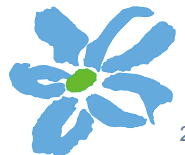
Topdanmark



# How Topdanmark intends to create value

## Operations

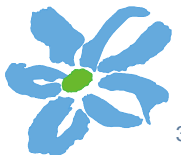
- An increase in premium income higher than the market
- A declining expense ratio



# How Topdanmark intends to create value

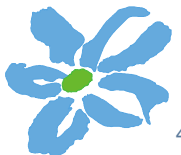
## Capital

- 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 Q1 - Q3 2002 results

1/2

- DKK 51m loss
- Positive cash flow of DKK 73m
- Expense ratio in first three quarters declined from 21.5% to 20.3% (3Q 2002: 19.1%)
- Combined ratio increased in first three quarters from 96.8% to 99.7% (3Q 2002: 97.9% / 3Q 2001: 99.1%)
- Growth in premiums
  - Non-life insurance 5.9%
  - Life insurance 36.3%



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January 2003

5

# Key features of Q1 -Q3 2002 results

2/2

- Compared to forecast for 2002 of DKK 540 - 640m set out in 2001 Annual report, earnings in Q1 - Q3 2002 were affected by:
  - Deviation due to decline in equity prices DKK 495m
    - DKK 130m in Topdanmark Livsforsikring
    - DKK 365m in the rest of Topdanmark Group
  - Weather-related claims DKK 160m
  - Shift to variable capitalisation rate in workers' compensation DKK 66m
  - Total DKK 721m



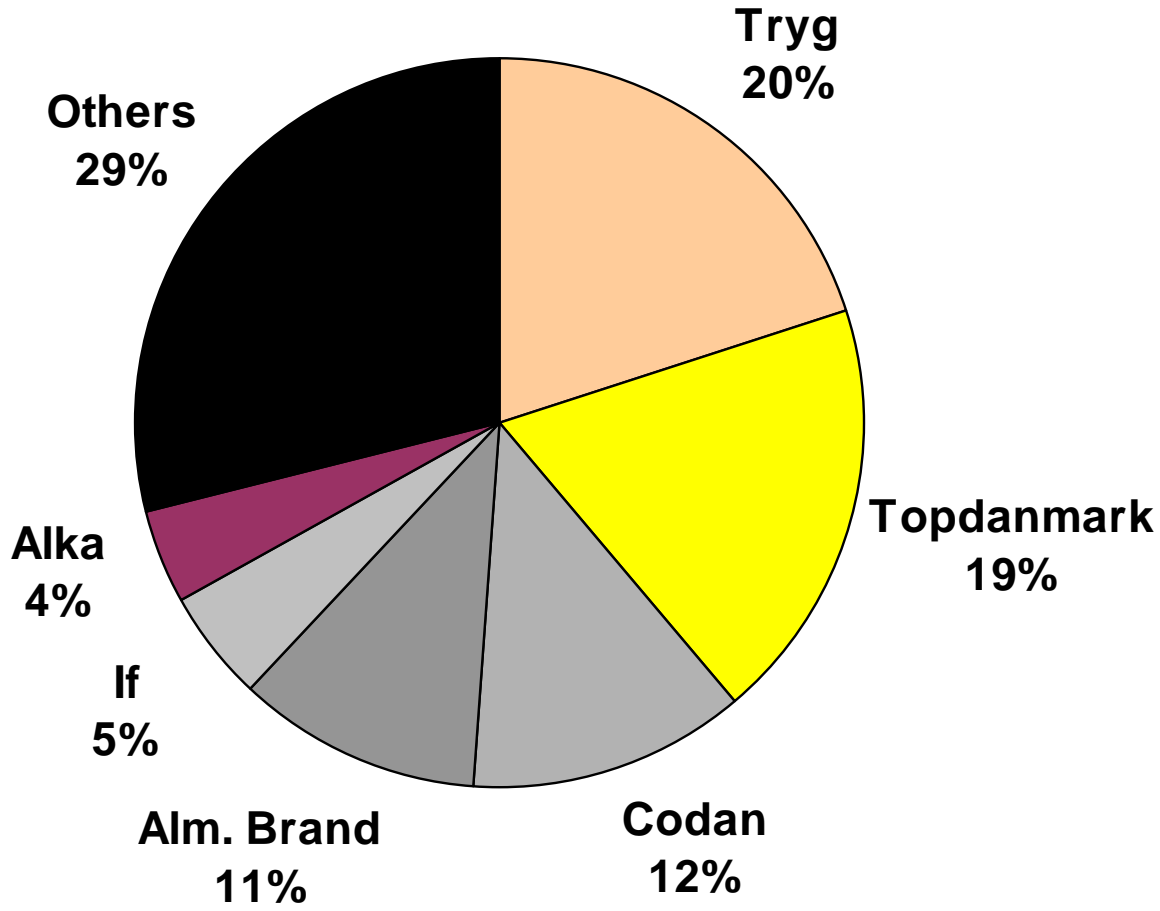
Group

Topdanmark



January 2003

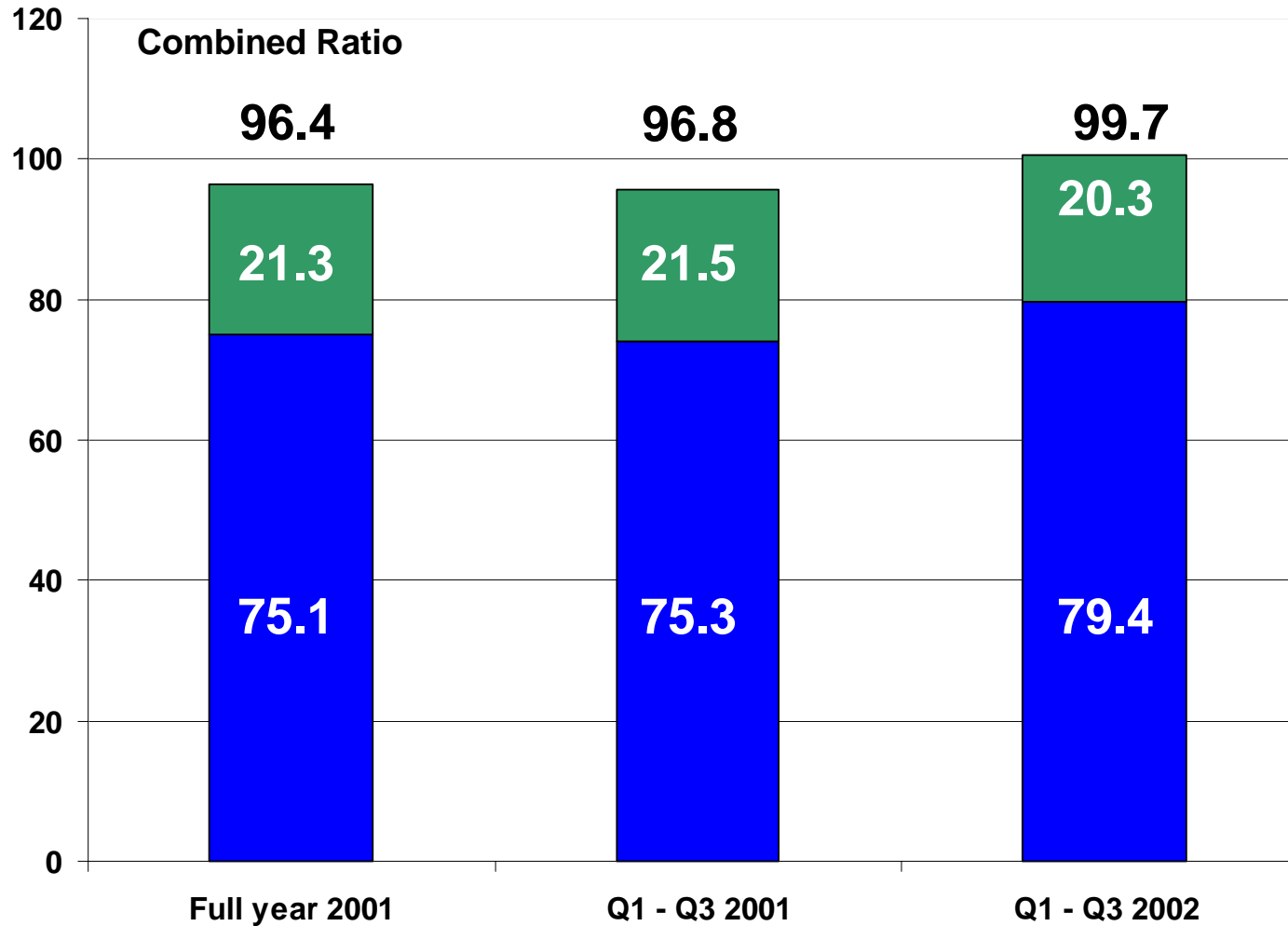
# Non-life insurance - market share



Non-life



# Increase in claim payments due to bad weather



- **Combined ratio increased to 99.7%**
- **Due to storm and bad weather in Q1 - Q3 2002 loss ratio 3.4 percentage points higher than assumed**
- **Further decline in expense ratio**

**Expenses**

**Claims incl. reinsurance**

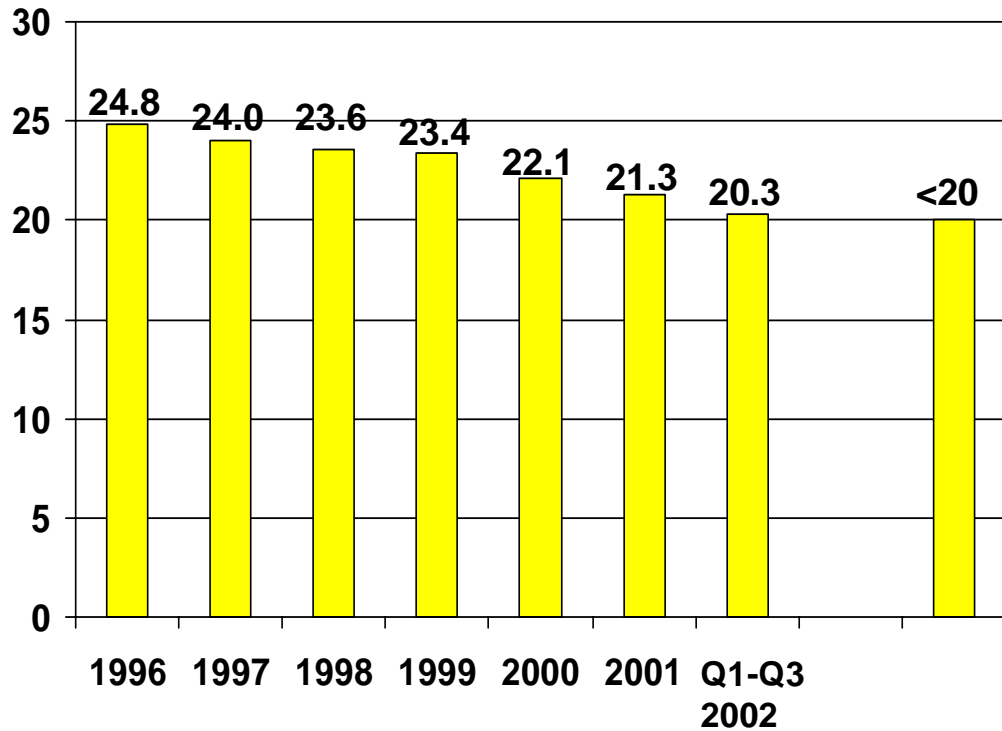
**Non-life**



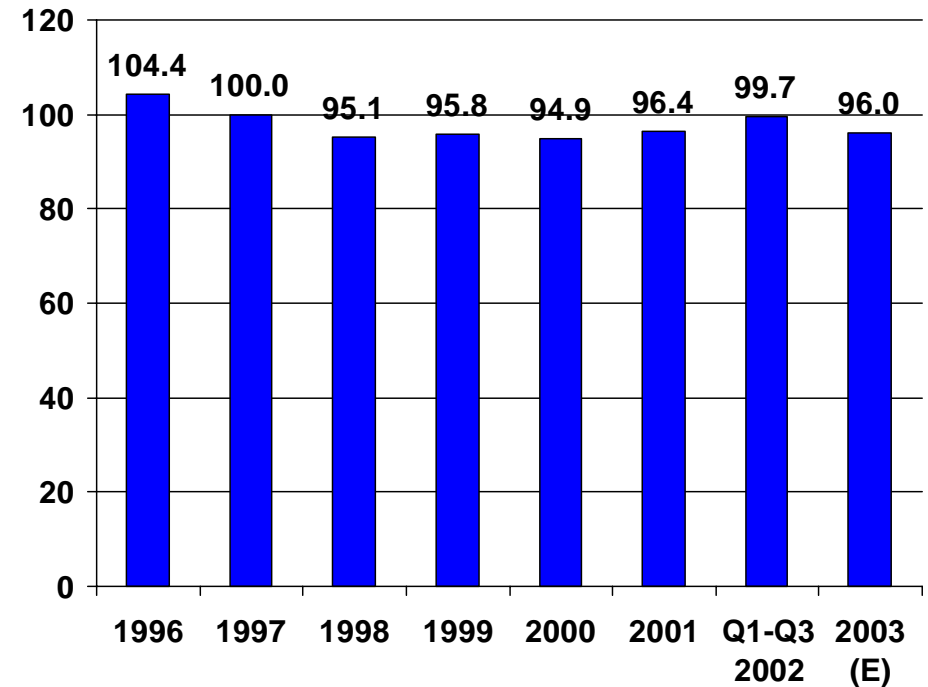


# Trend in Topdanmark's ratios

## Expense ratio



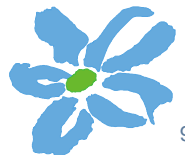
## Combined ratio excl. 1999's storm



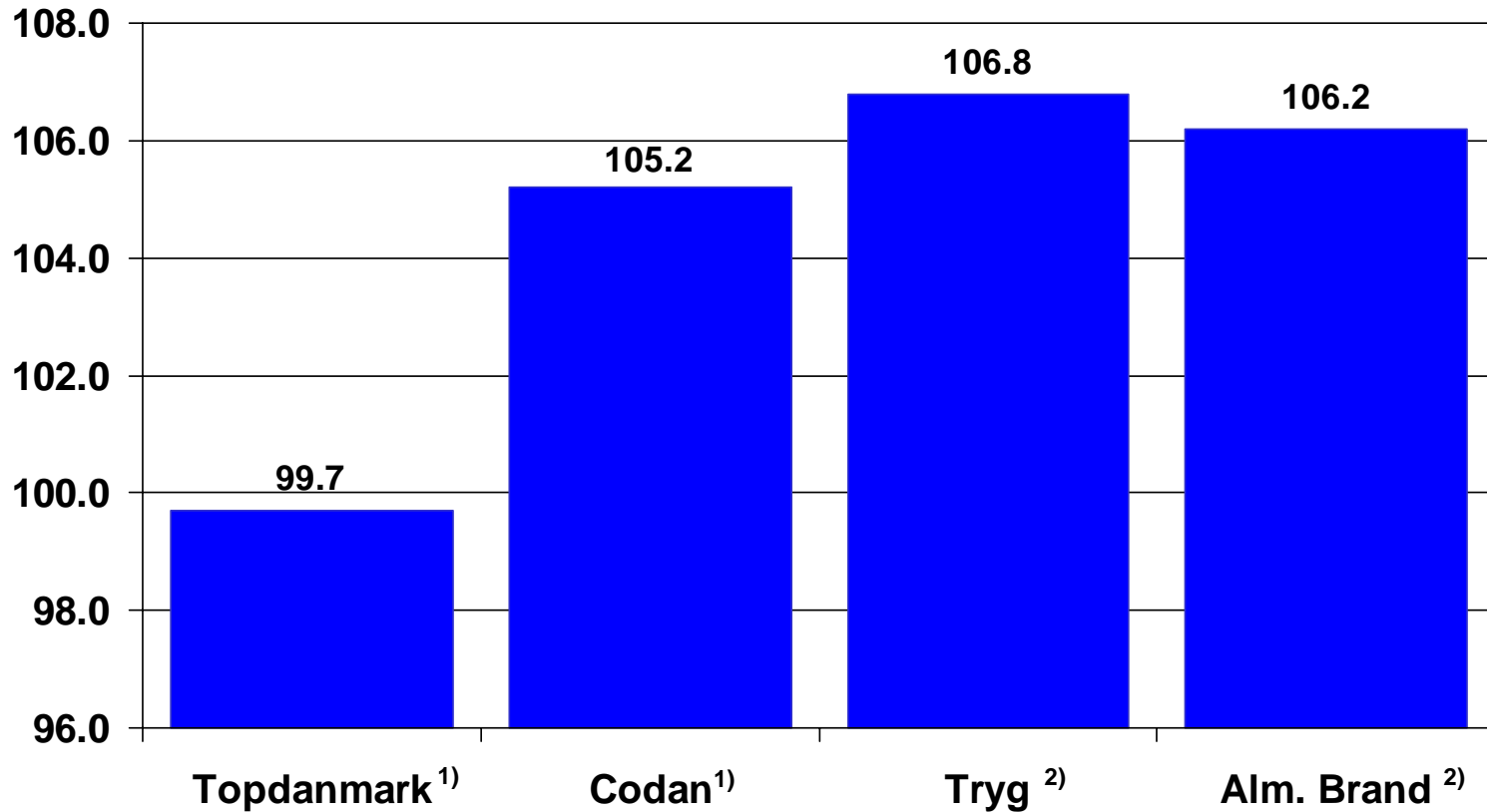
Non-life



Topdanmark



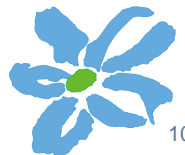
# Comparison of combined ratio



1) Q1-Q3 2002

2) H1 2002

Non-life



# What has happened in the world around us?

Fair lost about DKK 400m.

IA → Topdanmark

Provinzial → Alm. Brand

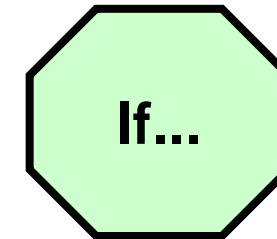
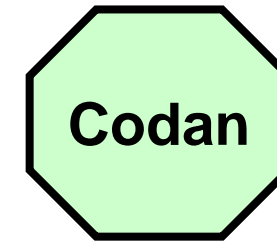
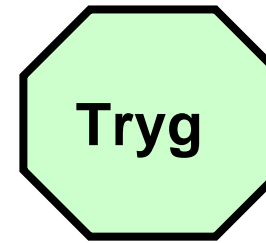
Allianz Nordeuropa → Alka

Trekroner → Codan

Zürich → Tryg

Plus Forsikring bankrupt

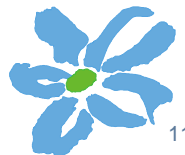
Gerling throttling down



Hamburg-Mannheimer stops writing new business

Non-life

Topdanmark



January 2003



# Can profit be made on non-life insurance?

## Assumptions

- Shareholders' funds 50% of premium income
- Combined ratio 96%
- Technical interest rate 3%
- Return on shareholders' funds 7%

## Return on operations

- Income 100
- Technical interest 3
- Expenditure 103

- Expenditure 96

7 ~ ROE = 14%

## Return on shareholders' funds

- ROE before taxation 7%

21%



Non-life

# Necessary initiatives already implemented

- 5.9% growth in premiums in Q1 - Q3 2002
- Distribution through "home" going well
- New customers from Plus Forsikring
- 7 - 8% growth in premiums expected in 2002
- More claims to be expected in future due to more unstable weather
- Announcement of sufficient increases in premium rates of just over 2%
- Increased sales expected through Danske Bank / BG Bank
- 8 - 9% growth in premiums expected in 2003
- Combined ratio about 96% expected in 2003



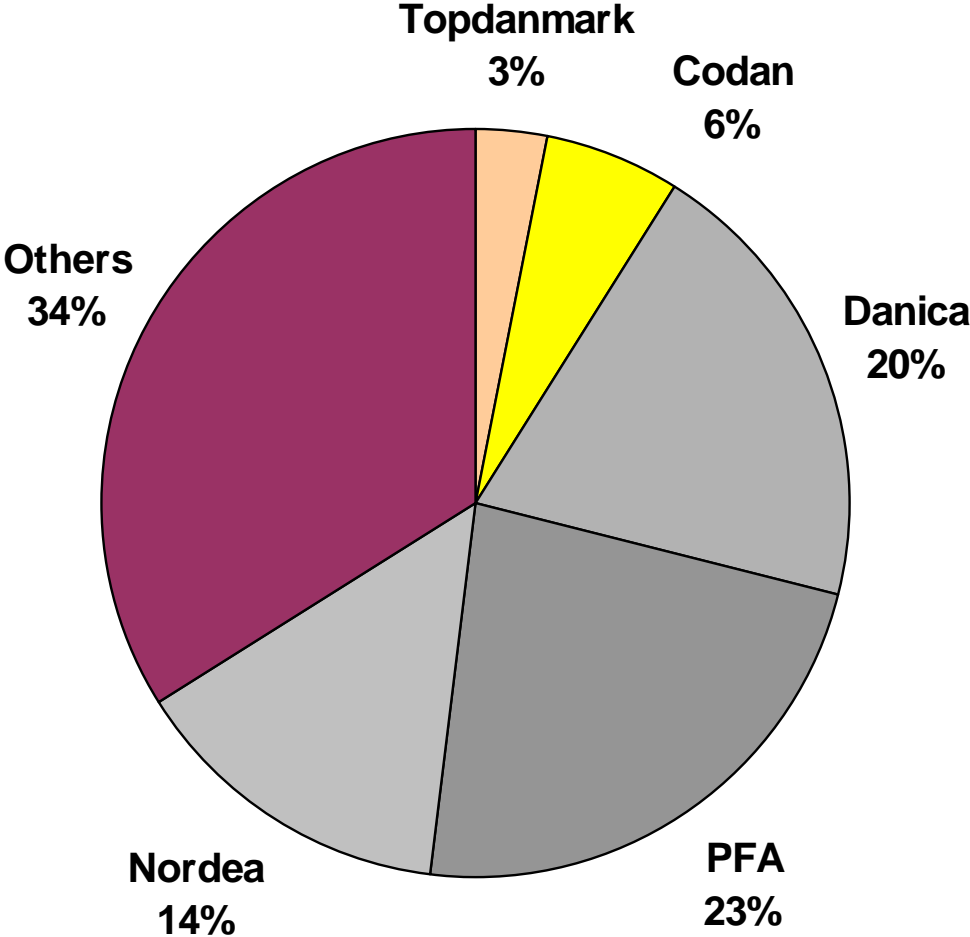
**Non-life**

**Topdanmark**



January 2003

# Life insurance - market share



Life



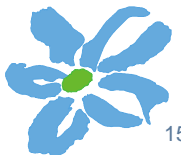
# Continued growth in life insurance

- 36.3% growth in premiums in Q1 - Q3 2002
- Improved competitive position
- In Danish Financial Supervisory Authority's green classification throughout 2002
- Business relationship initiated with Association of Danish Savings Banks (about 300 branches)
- Introduction of new unemployment insurance
- Expected premium growth significantly higher than market in 2002
- Expected premium growth higher than market also in 2003
- Lower result in life insurance in 2002 due to new definition of profit



Life

Topdanmark

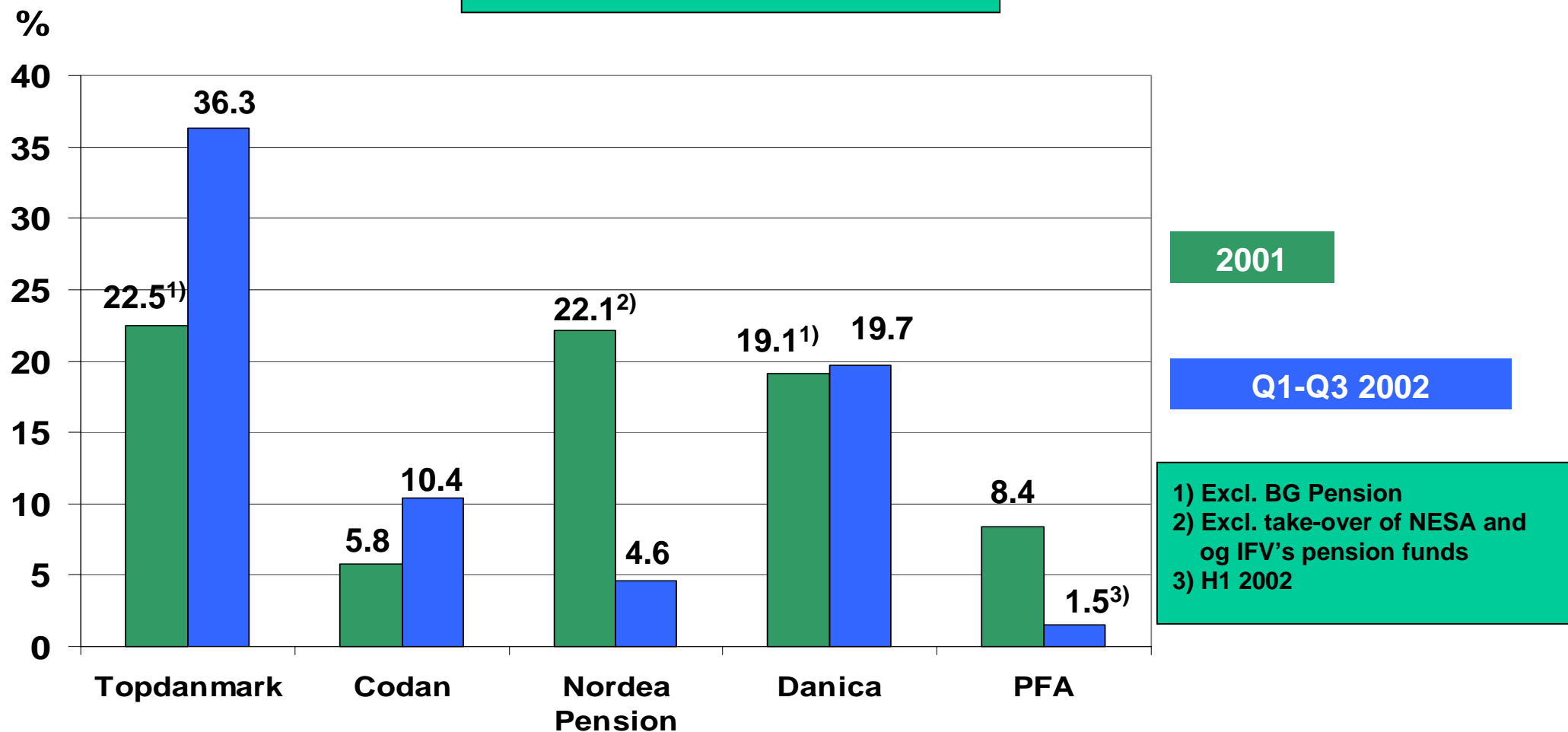


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15

# Excellent improvement in life insurance premiums

## Overall trend in premiums



Life



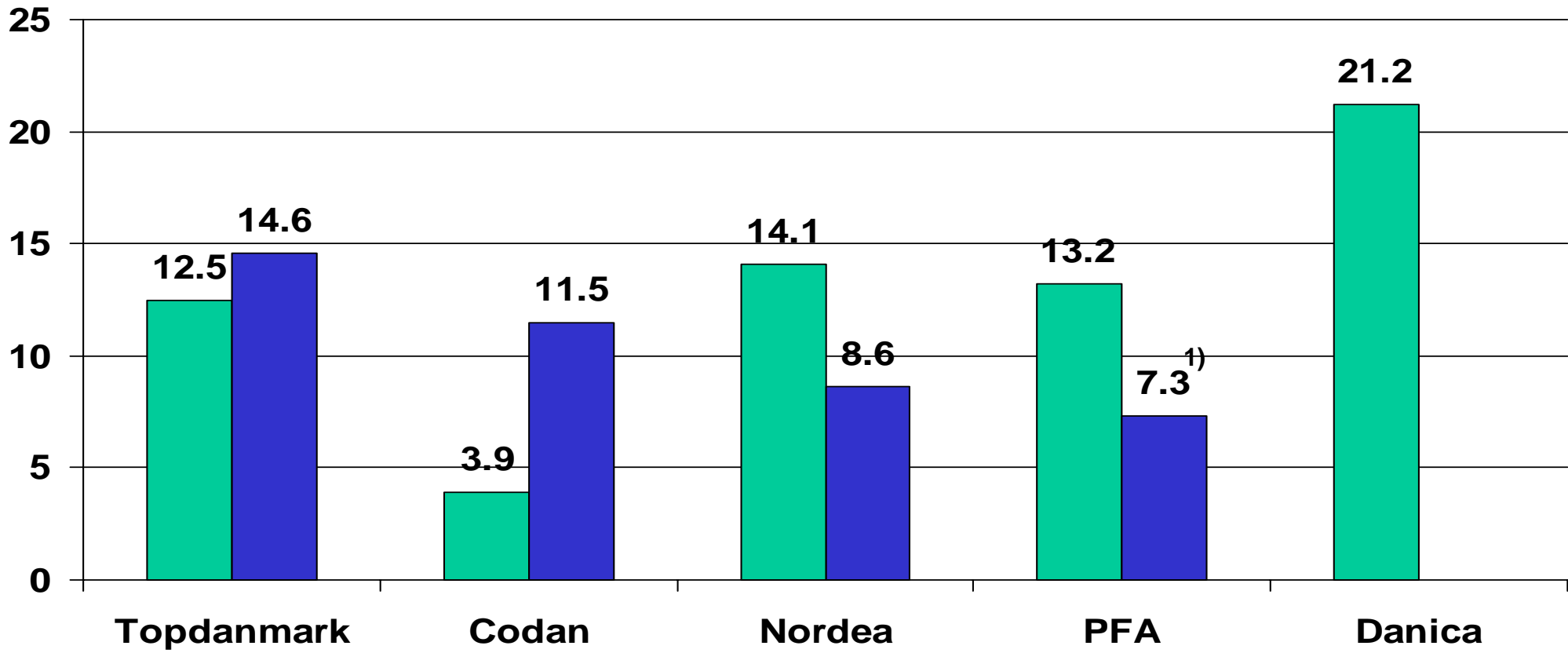
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# Growth in premiums

Life - regular premiums



1) H1 2002

2001 Q1-Q3 2002

Life



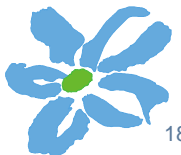
# Share buy-back to continue unchanged

- Since 1998, 35% reduction in share capital due to share buy-back programme.
- Share buy-back of DKK 682m in 2002 to 26 November 2002
- Expected share buy-back for 2002 continues to be DKK 600 - 700m



Group

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18

# Unchanged profit forecast for 2002

- Expected post-tax earnings of DKK 325 - 425m in 2002
- Assumed loss of DKK 117m from shareholding in Danske Bank

## Assumptions:

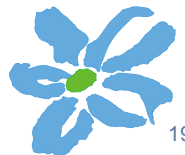
- Unchanged foreign exchange rates
- Stable interest rates
- An annual 8.5% return on equities.

as compared with level on 25 November 2002



Group

Topdanmark



[www.topfacts.dk](http://www.topfacts.dk)

