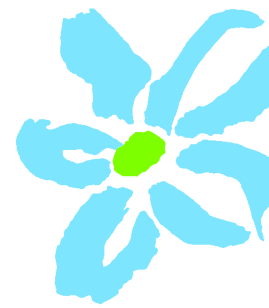


# Topdanmark

January - September 2001

29 November 2001



# Financial highlights

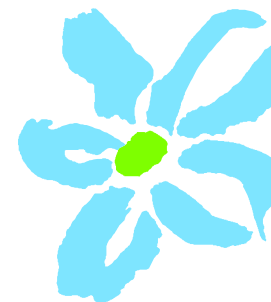
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- **DKK 131m profit after DKK 50m transfer to equalisation provisions (Q1 - Q3 2000: DKK 559m after utilising DKK 41m equalisation provisions)**
- **Result affected by decline in Danske Bank's share price in Q3 (414 mio. kr.)**
- **Claims trend increased from 72.3% to 75.3%**
- **Expense ratio declined from 22.0% to 21.5%**
- **Combined ratio increased from 94.3% to 96.8%**

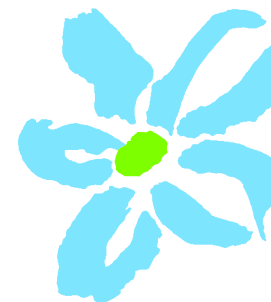
# Accounts Q3 2001

## - Topdanmark Group

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	<b>Q3</b>	<b>Q3</b>
<b>Premiums earned - DKKm</b>	<b>2000</b>	<b>2001</b>
Non-life insurance	4,277	4,512
Life insurance	1,450	880
	<u>5,227</u>	<u>5,392</u>
<b>Insurance</b>		
Non-life	435	5
Life	49	97
Total profit on insurance	484	102
<b>Parent company etc.</b>	<b>54</b>	<b>91</b>
Pre-tax profit on ordinary activities	538	193
Extraordinary items	(1)	(18)
Taxation	22	(44)
<b>Profit for the period</b>	<u><b>559</b></u>	<u><b>131</b></u>

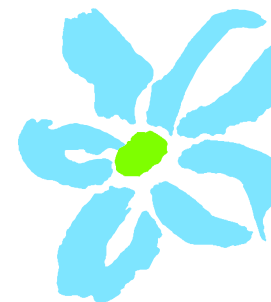


# Accounts Q3 2001

## - Non-life insurance

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<b>Financial highlights- DKKm</b>	<b>Q3 2000</b>	<b>Q3 2001</b>
Technical profit	244	142
Technical interest	279	173
Equalisation provision	41	(50)
Hurricane expenses on own account	(490)	0
<b>Technical profit</b>	<b>74</b>	<b>265</b>
Investment income	415	(201)
Goodwill amortisation	(54)	(59)
<b>Profit on non-life insurance</b>	<b>435</b>	<b>5</b>

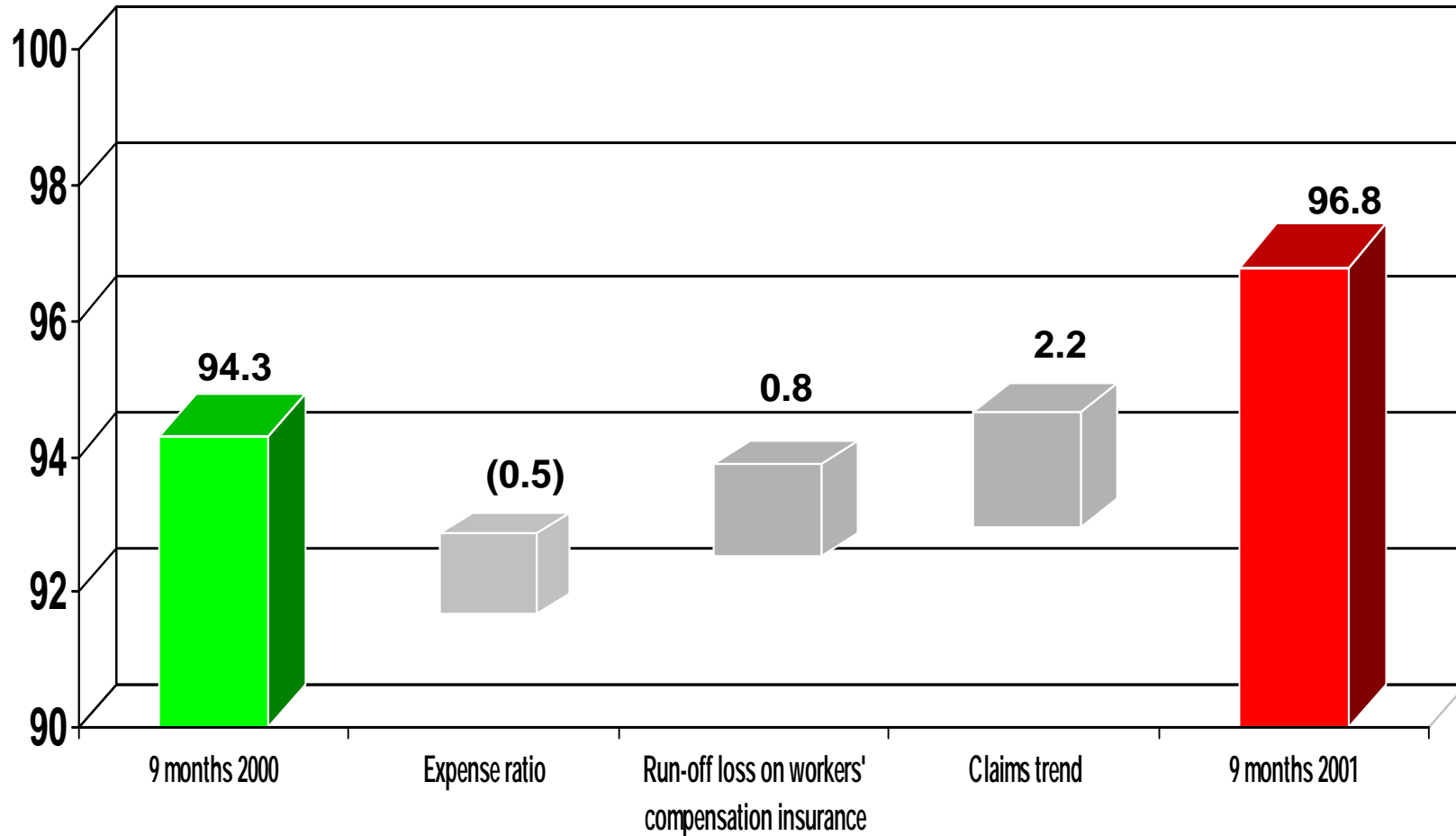
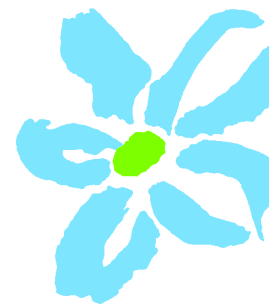


# Non-life insurance Ratios excl. hurricane claims

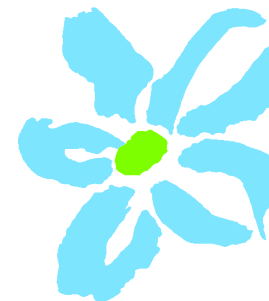
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	<b>9 months 2000</b>	<b>9 months 2001</b>
<b>Loss ratio (%)</b>	<b>77.3</b>	<b>77.2</b>
<b>Reinsurance ceded (%)</b>	<b>(5.0)</b>	<b>(1.9)</b>
	<b>72.3</b>	<b>75.3</b>
<b>Expense ratio (%)</b>	<b>22.0</b>	<b>21.5</b>
<b>Combined ratio (%)</b>	<b>94.3</b>	<b>96.8</b>

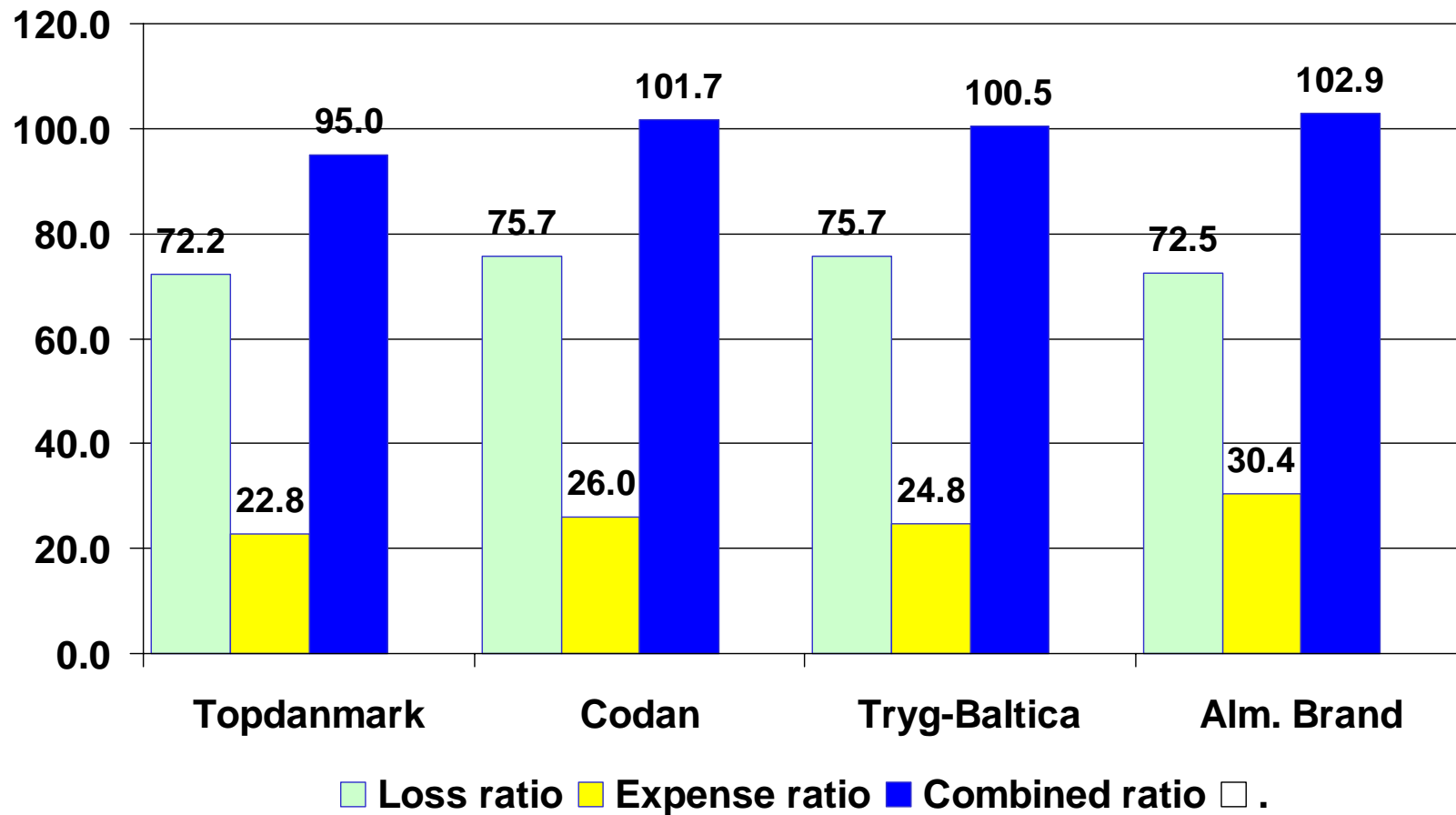
# Non-life insurance Trend in combined ratio

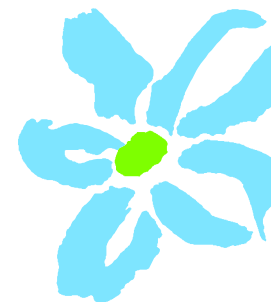


# Non-life insurance Ratios on own account



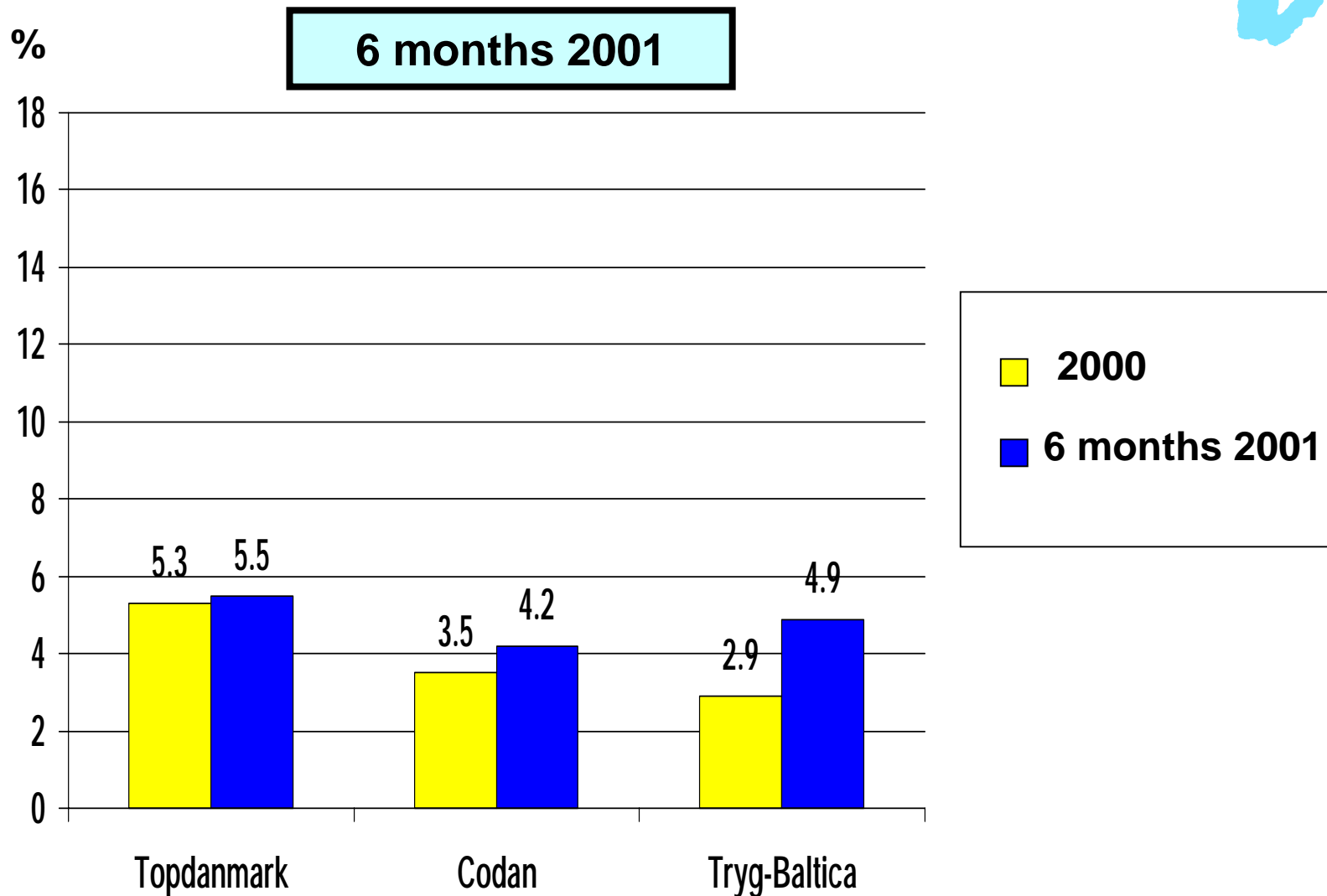
6 months 2001



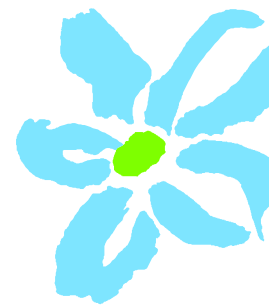


# Non-life insurance

## Annual growth in premiums



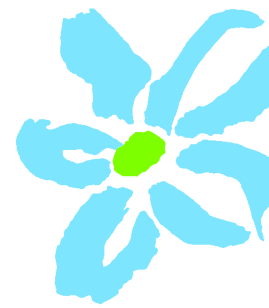




# Non-life insurance Reinsurance

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- General increase in prices
- Storm and marine cover has been taken out
- Fire and individual risk cover in Industrial & Marine remains to be taken out
- Increase in reinsurance prices will be transferred to customers

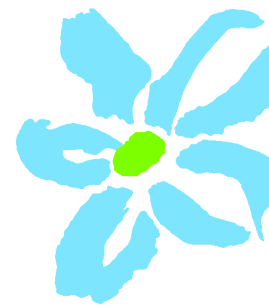


# Non-life insurance Perspectives

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## Personal

- No general increase in premium rates
- The Danish act on civil liability provides increase in premium rates from mid-2002
- Favourable tracking figures
- Branding project to be continued
- eBusiness
- ScalePoint (purchasing portal)



# Non-life insurance Perspectives

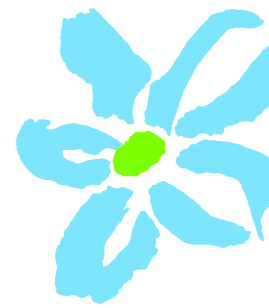
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## Agricultural

- Limited increase in premium rates
- Distribution agreement with DLG
- Top Agricultural Rescue

## Commercial

- No general increase in premium rates except the effect of the act on civil liability
- Increase in premium rates for Industriens Arbejdsskade

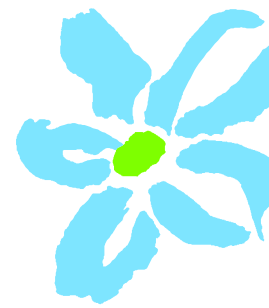


# Non-life insurance Perspectives

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## Industrial

- General and individual increases in premium rates
- Top Industrial Rescue



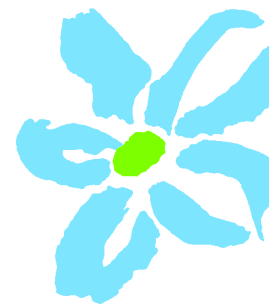
# Non-life insurance

## Structural adjustment

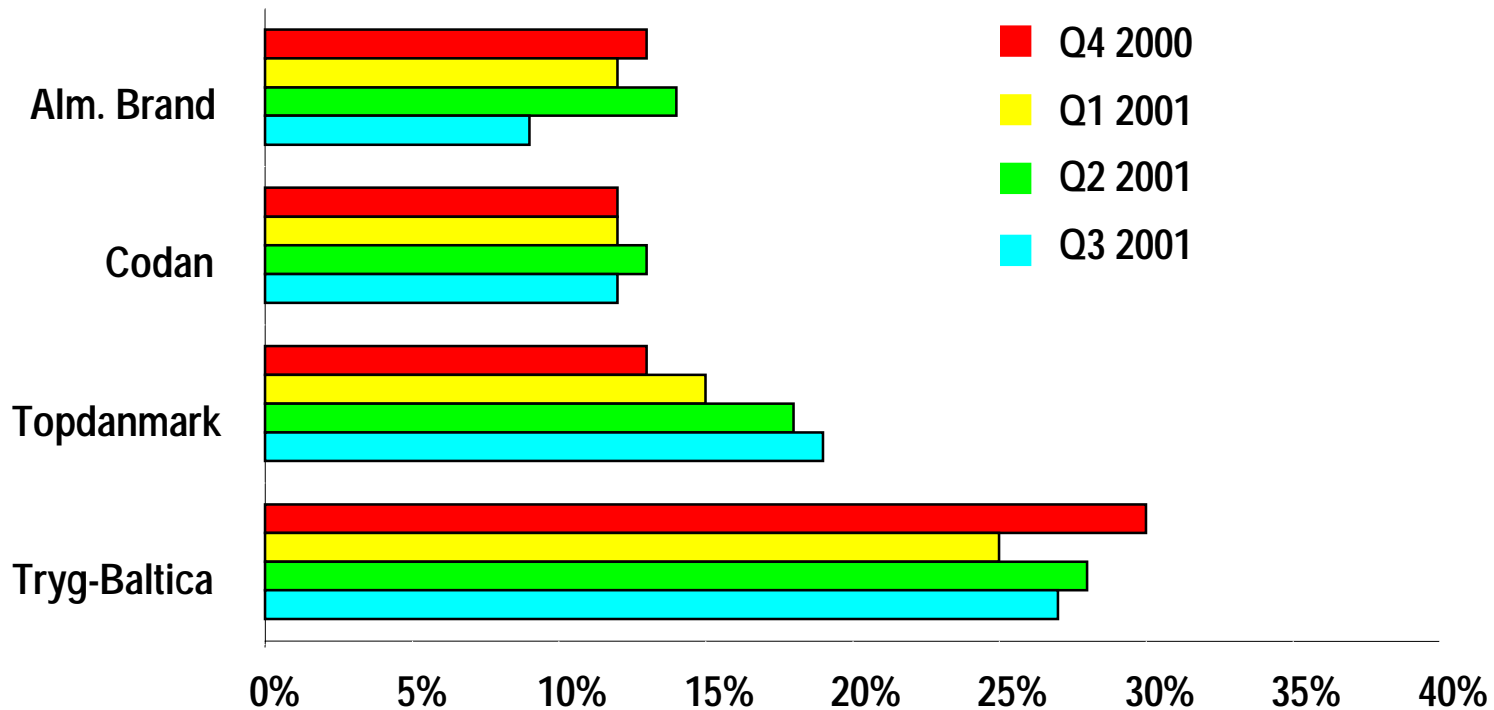
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- Unclarified structural adjustment
  - Tryg
  - Codan
  - Alm. Brand
  - if...
  - Tre Kroner
  - Others

# Non-life insurance Tracking figures

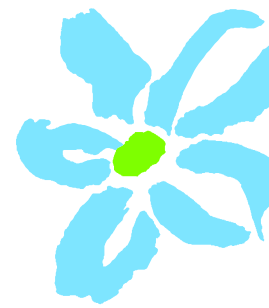


## Top of mind - trend



# Can money be made on non-life insurance?

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## Assumptions

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

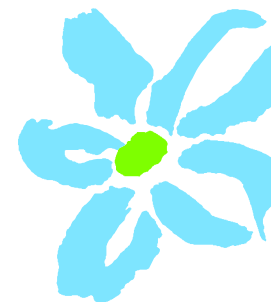
## Return on operations

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

## Return on shareholders' funds

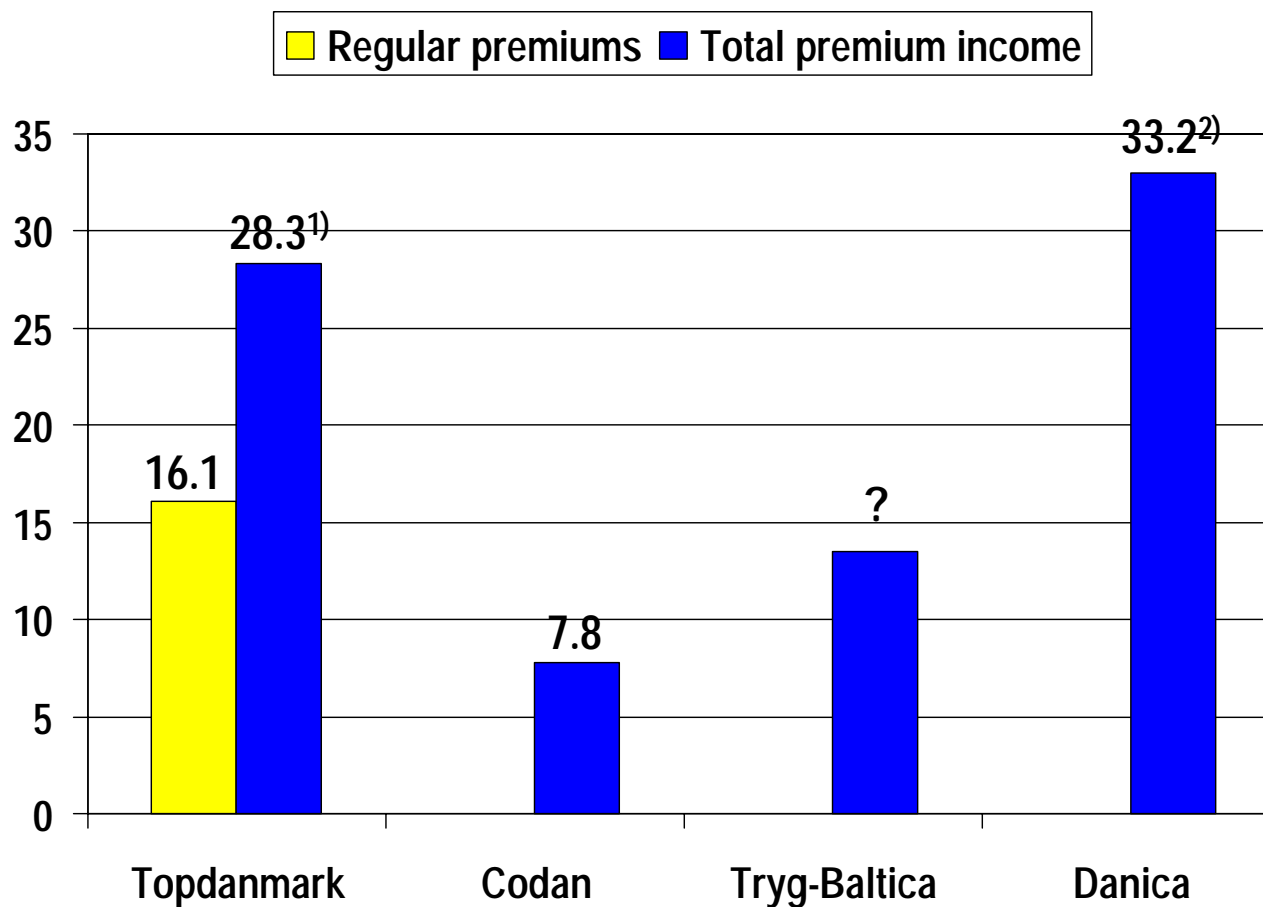
• ROE before taxation	<u>7%</u>
	23%

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# Life insurance

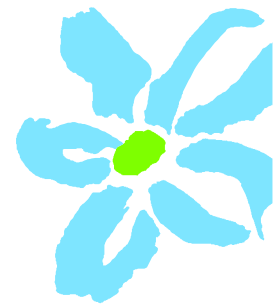
## Growth in premiums - Q1 - Q3 2001



1) Excl. BG Pension

2) About half the growth due to the take-over of BG Pension

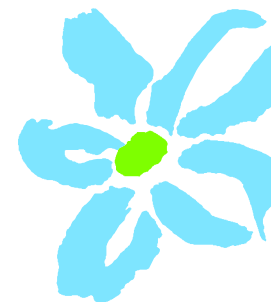




# Life insurance Perspectives

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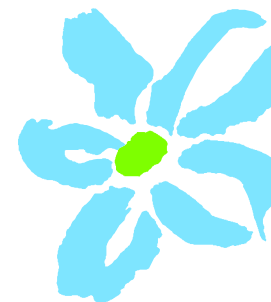
- Improved competitive position
  - Some players have stopped new business
- Increase in sale of life insurance through own sale channels
- Distribution agreements with Nykredit, DLG and Handelsbanken
- Recent introduction of unit-linked products
- Satisfactory return on investments
- Hedging of guaranteed pension benefits purchased in Q2 2001
- Throughout 2001 Topdanmark has been in the Danish Financial Supervisory Authority's green classification



# Life insurance Perspectives

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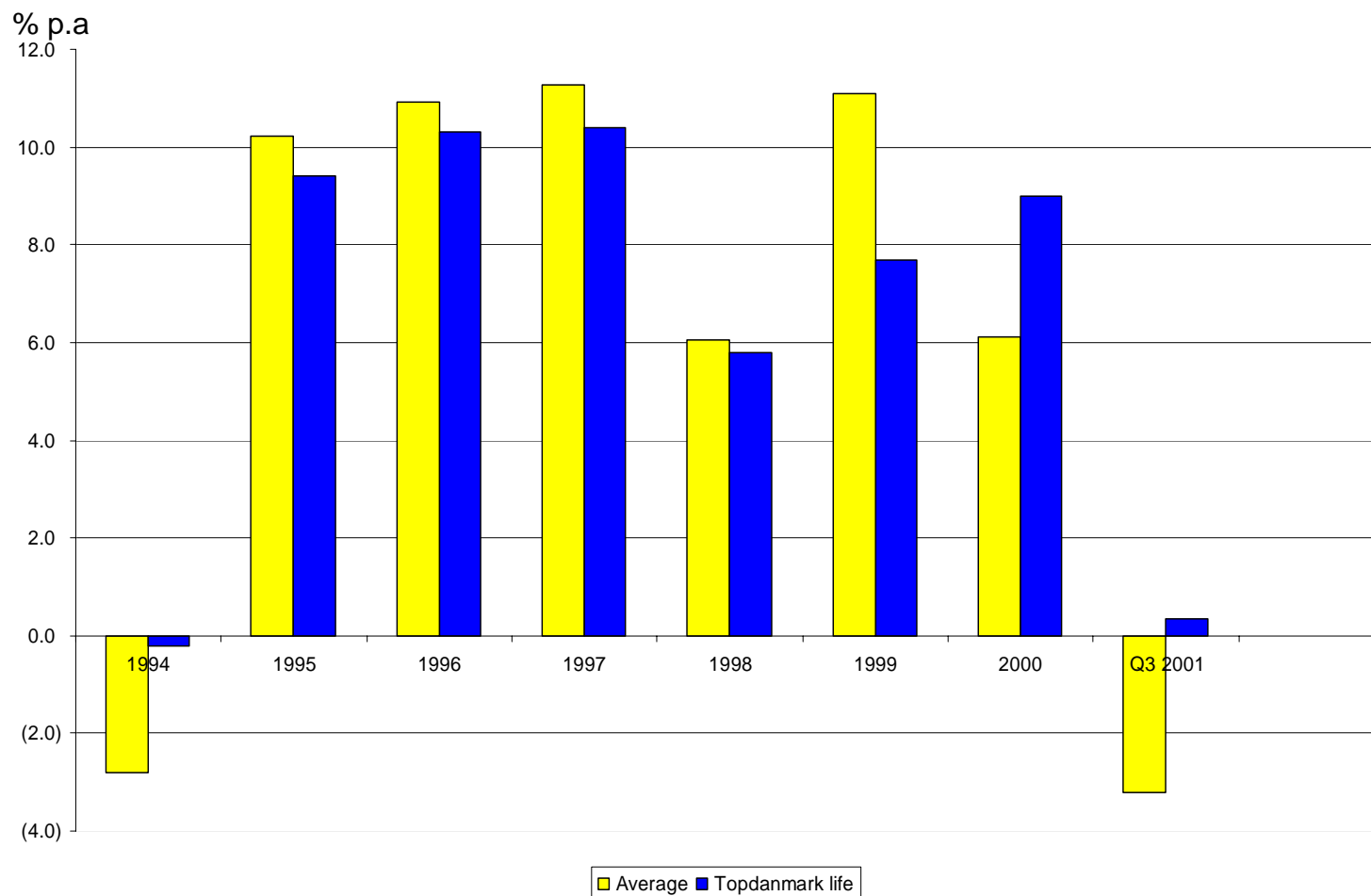
- **New profit principle from 2002**
  - **ROE will depend on investment result**
  - **Not expected to to cause lower average ROE generated by life insurance activities**



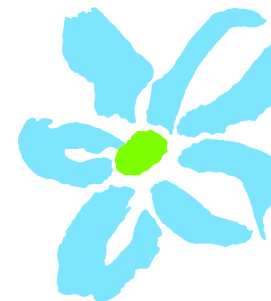
# Life insurance

## Trend in return on investments since 1994

Return after real interest rate duty / pension return tax



# Can money be made on life insurance?



**Shareholders' funds in Topdanmark life insurance -  
about DKK 1,200m**

**Bonus rate (6%) + 3%**

**DKK 108m**

**Plus miscellaneous**

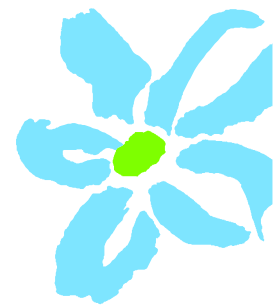
- illness / accident	10
- cost synergies	25
- income from management	10
- tax saved in parent company	15

60

**DKK 60m**

**DKK 168m**

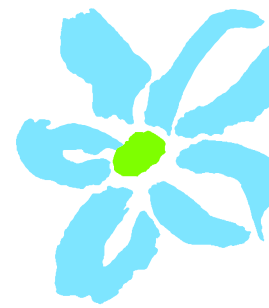
**14% p.a.**



# Share buy-back

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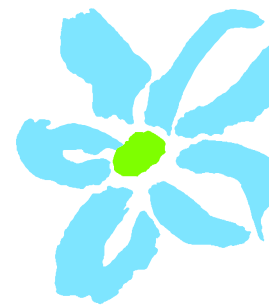
- In 2001 intention of extraordinary buy-back of up to 10% of share capital (corresponding to just under 3.5m shares) from Danske Bank
  - 2,245,000 shares bought back at present
- Ordinary share buy-back programme of DKK 200 - 350m in 2001
- DKK 290m of own shares bought back at present



# Share buy-back

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- Bought back in 2001
  - For subsequent write-down DKK 704m
  - Transferred from cover of share option programme for subsequent write-down DKK 277m
  - Total write-down DKK 981m
- Share buy-back for 2001 intended to total DKK 800 - 1,000m



# Profit forecast

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**Profit forecast 21 August 2001      DKK 575m - 675m**

**Lower investment result  
from 21 August to 26 November  
than assumed in the budget      DKK (210)m**

**New profit forecast for 2001      DKK 365m - 465m.**