

18 March 2004

## Announcement of financial results 2003

The Supervisory Board of Tryg Vesta Group A/S has approved the Tryg Vesta Group's annual report and accounts for 2003 with the following highlights:

- The Group reported a profit before tax and extraordinary items of DKK 789m for 2003, an improvement of DKK 1,867m relative to 2002.
- The Group's return on shareholders' equity before tax was 16.4 per cent in 2003 against a negative return of 52.9 per cent in 2002.
- The large general insurance portfolios in Denmark and Norway saw premium growth of 11.2 and 6.3 per cent, respectively.
- The technical result amounted to a profit of DKK 136m in 2003 against a loss of DKK 851m in 2002.
- The combined ratio improved from 111.7 in 2002 to 102.8 in 2003.
- The combined ratio for the Group's continued business (excl. run-off business) was 100.8 in 2003.
- The combined ratio for the Group's Danish general insurance operations improved from 105.6 in 2002 to 96.6 in 2003.
- The combined ratio for the Group's Norwegian general insurance operations improved from 110.6 in 2002 to 103.9 in 2003.
- The shareholders' equity increased by DKK 1,092m to DKK 5,360m in 2003.
- The reserves particularly in relation to personal accidents were strengthened by DKK 699m, corresponding to an impact on the combined ratio of 4.8 percentage points.

After our first full year under the ownership of Tryg i Danmark smba, the Tryg Vesta Group reports quite substantial improvements of the financial results. We achieved most of the targets we had set ourselves for 2003, and we have come a long way towards generating satisfactory overall results. We have also made a thorough strategic effort to define the framework for further enhancement in the years ahead, says Ms Stine Bosse, Group CEO.

The full annual report of the Tryg Vesta Group can be viewed at [www.trygvesta.com](http://www.trygvesta.com).

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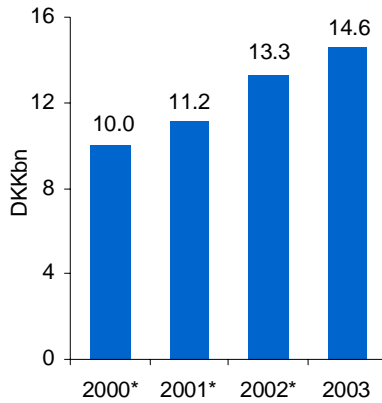
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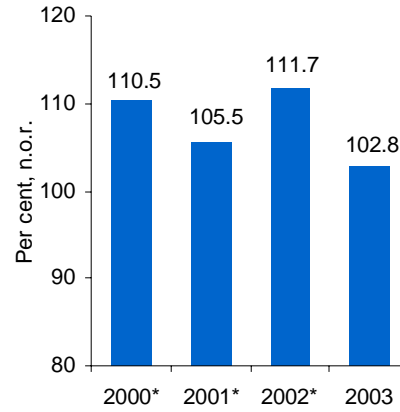
# Key ratios for the Tryg Vesta Group

**Premiums, net of reinsurance**



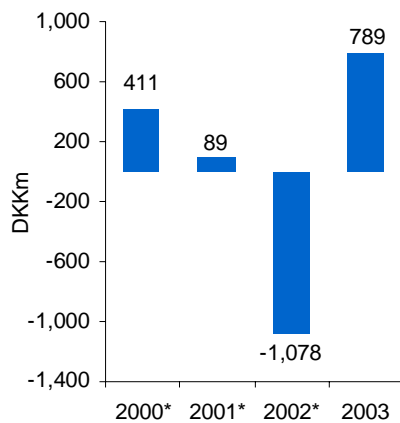
\* Pro forma figures

**Combined ratio**



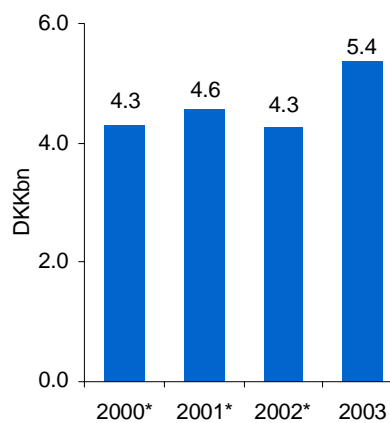
\* Pro forma figures

**Profit/loss on ordinary activities before tax**



\* Pro forma figures

**Shareholders' equity**



\* Pro forma figures

# Contents

Key ratios for the Tryg Vesta Group	2
Financial highlights and key ratios, the Tryg Vesta Group	4
Financial highlights and key ratios per business area	5
Review of the Tryg Vesta Group's financial performance	7
Danish general insurance	9
Norwegian general insurance	11
Other business operations	14
Investment activities	15
Outlook	17
Facts about the Tryg Vesta Group	18
Income statement, balance sheet and cash flow statement, the Tryg Vesta Group	19
Income statement and balance sheet, Tryg Vesta Group A/S (parent company)	24

## Financial highlights and key ratios, Tryg Vesta Group

DKKm	2003	2002 *)	2001 *)	2000 *)	Q4 2003	Q4 2002 *)
<b>Income statement</b>						
Gross earned premiums	17,333	17,002	13,536	11,700	4,336	4,660
Earned premiums, net of reinsurance	14,566	13,311	11,153	10,031	3,802	3,581
Technical interest, net of reinsurance	641	899	783	825	159	165
Claims incurred, net of reinsurance	-11,344	-11,285	-8,902	-8,366	-3,120	-3,161
Insurance operating expenses, net of reinsurance	-3,626	-3,577	-2,869	-2,719	-907	-935
Change in equalisation provisions	-101	-199	-77	-86	38	-177
<b>Technical result</b>	<b>136</b>	<b>-851</b>	<b>88</b>	<b>-315</b>	<b>-28</b>	<b>-527</b>
Profit/loss on investments after transfer to insurance activities	675	-175	1	726	183	280
Other ordinary expenses	-22	-52	0	0	-12	-37
<b>Profit/loss on ordinary activities before tax</b>	<b>789</b>	<b>-1,078</b>	<b>89</b>	<b>411</b>	<b>143</b>	<b>-284</b>
Extraordinary items and minority interests	1	-1,256	7	0	0	-300
Tax	-48	243	-45	-78	142	48
<b>Profit/loss for the year</b>	<b>742</b>	<b>-2,091</b>	<b>51</b>	<b>333</b>	<b>285</b>	<b>-536</b>
Loss on business in run-off, net of reinsurance	-699	-628	-316	-478		
<b>Balance sheet</b>						
Technical provisions, net of reinsurance	22,475	21,606	17,673	15,826		
Total shareholders' equity	5,360	4,268	4,564	4,305		
Total assets	31,359	29,833	24,032	23,575		
<b>Key ratios</b>						
Claims ratio, net of reinsurance	77.9	84.8	79.8	83.4	82.1	88.3
Expense ratio, net of reinsurance	24.9	26.9	25.7	27.1	23.8	26.1
Combined ratio, net of reinsurance	102.8	111.7	105.5	110.5	105.9	114.4
<b>Key ratios, continued business (excl. business in run-off)</b>						
Claims ratio, net of reinsurance	76.6	83.4	80.1	83.7	79.7	88.4
Expense ratio, net of reinsurance	24.2	25.7	25.3	26.9	23.5	24.0
Combined ratio, net of reinsurance	100.8	109.1	105.4	110.6	103.2	112.4
<b>Key ratios accounted for according to other method**)</b>						
Gross claims ratio	73.7	77.9	78.3	88.8	85.6	73.6
Ceded business, percentage relative to gross premiums	5.8	6.9	1.5	-5.8	-2.7	12.6
Gross claims ratio, net of ceded business	79.5	84.8	79.8	83.0	82.9	86.2
Gross expense ratio	22.9	24.3	24.5	26.1	22.3	24.8
Gross combined ratio, net of expenses to reinsurance	102.4	109.1	104.3	109.1	105.2	111.1
<b>Return on equity</b>						
Return on equity before tax	16.4	-52.9	2.2	8.7		
Return on equity after tax	15.4	-47.4	1.2	7.0		
<b>Full-time employees, end of the period</b>	<b>4,420</b>	<b>4,408</b>	<b>4,317</b>	<b>4,264</b>		

\*) The figures are pro forma figures as the Tryg Vesta Group was established on 28 June 2002.

\*\*\*) The Tryg Vesta Group calculates its key ratios pursuant to statutory rules, under which the combined ratio, net of reinsurance is calculated as the sum of the claims ratio, net of reinsurance, and the expense ratio, net of reinsurance. "Key ratios accounted for according to other method" are calculated using another method, which is employed by some other players in the Danish insurance market. According to this method, the combined ratio is calculated as the sum of the gross claims ratio, gross expense ratio and the results of ceded business in percentage relative to gross premiums. This method makes it easier to identify the actual costs of reinsurance.

## Financial highlights and key ratios per business area

DKK m	2003	2002 *)	2001 *)	2000 *)	Q4 2003	Q4 2002 *)
<b>The Group</b>						
Gross earned premiums	17.333	17.002	13.536	11.700	4.336	4.660
Technical result	136	-851	88	-315	-28	-527
Profit/loss on investment activities	675	-175	1	726	183	280
Other ordinary expenses	-22	-52	0	0	-12	-37
Profit/loss on ordinary activities before tax	789	-1.078	89	411	143	-284
Combined ratio	102,8	111,7	105,5	110,5	105,9	114,4
<b>The Group, continued business</b>						
Gross earned premiums	16.702	15.791	12.615	11.162	4.211	4.282
Technical result	373	-559	105	-321	68	-517
Profit/loss on investment activities	685	-170	4	711	192	294
Other ordinary expenses	-22	-52	0	0	-12	-37
Profit/loss on ordinary activities before tax	1.036	-781	109	390	248	-260
Combined ratio	100,8	109,1	105,4	110,6	103,2	112,4
<b>Danish general insurance</b>						
Gross earned premiums	8.242	7.411	6.467	6.211	2.105	1.964
Technical result	439	-64	-49	-233	127	-145
Profit/loss on investments	393	-128	49	607	147	201
Profit/loss on ordinary activities before tax	832	-192	0	374	274	56
Combined ratio	96,6	105,6	106,8	111,0	99,2	104,1
<b>Norwegian general insurance</b>						
Gross earned premiums	7.161	7.111	5.134	4.170	1.745	1.945
Technical result	42	-276	202	3	38	-212
Profit/loss on investments	316	-55	-42	78	68	106
Profit/loss on ordinary activities before tax	358	-331	160	81	106	-106
Combined ratio	103,9	110,6	101,6	108,8	100,2	114,2
<b>TBi</b>						
Gross earned premiums	716	722	552	426	218	240
Technical result	-10	-112	-12	-55	-60	-123
Profit/loss on investments	10	2	-1	0	-8	-8
Profit/loss on ordinary activities before tax	0	-110	-13	-55	-68	-131
Combined ratio	105,8	120,3	110,2	115,5	139,6	158,3
<b>Finnish general insurance</b>						
Gross earned premiums	61	21	2	-	19	9
Technical result	-48	-66	-29	-	-9	-21
Profit/loss on investments	-1	-1	0	-	0	-1
Profit/loss on ordinary activities before tax	-49	-67	-29	-	-9	-22
Combined ratio	182,0	493,5	1.886,2	-	151,4	358,9

\*) The figures are pro forma figures as the Tryg Vesta Group was established on 28 Juni 2002.

DKKm	2003	2002 *)	2001 *)	2000 *)	Q4 2003	Q4 2002 *)
<b>Polish general insurance</b>						
Gross earned premiums	491	496	462	361	118	125
Technical result	-49	-28	-7	-36	-27	-13
Profit/loss on investments	4	32	-2	26	-8	8
Profit/loss on ordinary activities before tax	-45	4	-9	-10	-35	-5
Combined ratio	119.2	111.7	106.3	120.5	140.9	117.0
<b>Estonian general insurance</b>						
Gross earned premiums	39	41	-	-	10	10
Technical result	-1	-13	-	-	-1	-3
Profit/loss on investments	0	0	-	-	0	0
Profit/loss on ordinary activities before tax	-1	-13	-	-	-1	-3
Combined ratio	106.1	136.5	-	-	118.7	131.0
<b>Business in run-off**)</b>						
Gross earned premiums	631	1,211	921	538	125	378
Technical result	-237	-292	-17	6	-96	-10
Profit/loss on investments	-10	-5	-3	15	-9	-14
Profit/loss on ordinary activities before tax	-247	-297	-20	21	-105	-24
Combined ratio	175.6	149.8	108.3	108.6	184.7	135.6
<b>Tryg Vesta Group A/S (parent company)</b>						
Loss on investments (excluding subsidiaries)	-37	-20	-	-	-7	-12
Other ordinary expenses	-22	-52	-	-	-12	-37
Loss on ordinary activities before tax	-59	-72	-	-	-19	-49

\*) The figures are pro forma figures as the Tryg Vesta Group was established on 28 June 2002.  
 \*\*) Business in run-off includes Chevanstell Ltd. as well as other Insurance.

# Review of the Tryg Vesta Group's financial performance

## Financial results

The profit for the year before extraordinary items and tax amounted to DKK 789m against a loss of DKK 1,078m in 2002. The technical result improved by DKK 987m and the results of investment activities improved by DKK 850m.

## Technical result

The technical result of DKK 136m was a significant improvement relative to 2002. The improvement of DKK 987m was achieved in spite of the falling interest rates in both Denmark and Norway, resulting in a reduction in the technical interest of DKK 258m.

The positive development of the technical result was a consequence of the Group's many profitability measures taken. Throughout the year, considerable focus was on the correlation between the customers' premiums and risks as well as on the Group's own efficiency and expense ratio.

Furthermore, weather-related losses and large losses were below average in 2003.

Compared with 2002, the combined ratio, net of reinsurance, improved by 8.9 percentage points. Of the 8.9 percentage points, 6.9 percentage points were attributable to claims and 2.0 percentage points to expenses.

In Denmark and Norway, which together have 89 per cent of the premiums, the combined ratios were reduced by 9.0 and 6.7 percentage points respectively.

The combined ratio for the fourth quarter was 105.9, an improvement of 8.5 percentage points relative to the fourth quarter of 2002. The fourth quarter performance was impacted, in particular, by the strengthening of the provisions for earlier years and one single large loss in the Danish general insurance operations.

In 2003, return on shareholders' equity before tax was provided by 16.4 per cent, compared with a negative return of 52.9 per cent in 2002.

## Premiums

Both in Norway and in Denmark, the effect of last year's premium increases on personal and commercial policies materialised in 2003. The customers chose in general to remain insured by the Group, and at the same time the inflow of new customers was satisfactory.

Total gross earned premiums of the Group were DKK 17,333m, composed primarily of a growth of 11.2 per cent in Denmark and 6.3 per cent in Norway. In addition, the development in earned

premiums was affected by the run-off procedures of Chevanstell Ltd. in London initiated in 2003, and as a natural consequence thereof, fall in premium earnings was as expected approximately DKK 600m.

### **Claims**

The Group's claims ratio, net of reinsurance, was 77.9 and has fallen by 6.9 percentage points since 2002. This was very satisfactory and was in particular due to the claims ratio for the Danish general insurance operations having fallen by 7.9 percentage points and that for the Norwegian general insurance operations having fallen by 6.6 percentage points.

The improved claims ratio was based on a strengthening of the reserves for earlier years. This was primarily attributable to the personal accident insurance operations and secondarily to the development of business in run-off.

The combined ratio, net of reinsurance, included a strengthening of the reserves – so-called run-off losses – of DKK 699m, which impacted the combined ratio by 4.8 percentage points.

The claims ratio for the personal accident insurance operations still is not satisfactory, and has lead to the Group's intensified focus on pricing these products.

### **Costs**

The Group's expense ratio, net of reinsurance, was 24.9 for 2003, which was an improvement of 2.0 percentage points relative to 2002.

The administrative expenses fell by DKK 206m to DKK 1,885m. The fall was attributable to general cost constraints and utilisation of synergies within the Group, represented in particular by the IT area, where the Group has established a common organisation for IT, as well as by the establishment of the Group's common alarm centre.

The expense ratio for Danish general insurance fell by 1.1 percentage point, and for Norwegian general insurance, it fell by 0.1 percentage point.

### **Profit on investments**

The Tryg Vesta Group's total profit on investments before transfer to insurance activities was DKK 1,448m equivalent to a return of 6.2 per cent for 2003. The investment return was affected by a positive return on bonds, shares and real property.

## Danish general insurance

DKKm	2003	2002 *)	2001 *)	2000 *)	Q4 2003	Q4 2002 *)
Gross earned premiums	8,242	7,411	6,467	6,211	2,105	1,964
Earned premiums, net of reinsurance	7,493	6,314	5,781	5,729	1,930	1,659
Technical interest, net of reinsurance	221	326	338	392	62	64
Claims incurred, net of reinsurance	-5,657	-5,265	-4,776	-4,829	-1,502	-1,394
Insurance operating expenses, net of reinsurance	-1,584	-1,399	-1,399	-1,528	-413	-334
Change in equalisation provisions	-34	-40	7	3	50	-140
<b>Technical result</b>	<b>439</b>	<b>-64</b>	<b>-49</b>	<b>-233</b>	<b>127</b>	<b>-145</b>
<b>Profit/loss on investments</b>	<b>393</b>	<b>-128</b>	<b>49</b>	<b>607</b>	<b>147</b>	<b>201</b>
<b>Profit/loss on ordinary activities before tax</b>	<b>832</b>	<b>-192</b>	<b>0</b>	<b>374</b>	<b>274</b>	<b>56</b>
Loss on business in run-off, net of reinsurance	88	55	-334	-518		
Technical provisions, net of reinsurance	11,777	10,396	8,842	8,313		
<b>Key ratios</b>						
Claims ratio, net of reinsurance	75.5	83.4	82.6	84.3	77.8	84.0
Expense ratio, net of reinsurance	21.1	22.2	24.2	26.7	21.4	20.1
Combined ratio, net of reinsurance	96.6	105.6	106.8	111.0	99.2	104.1
<b>Key ratios, according to other method</b>						
Gross claims ratio	70.6	82.2	79.0	90.7	73.7	83.6
Ceded business in % relative to gross premiums	6.2	1.7	2.6	-6.2	9.3	0.5
Gross claims ratio, net of ceded business	76.8	83.9	81.6	84.5	83.0	84.0
Gross expense ratio	20.3	21.1	23.9	25.9	16.3	19.5
Combined ratio, net of expenses to reinsurance	97.1	105.0	105.5	110.4	99.3	103.5
<b>Full-time employees, end of the period</b>	<b>2,248</b>	<b>2,330</b>	<b>2,458</b>	<b>2,552</b>		

\*) The figures are pro forma figures as the Tryg Vesta Group was established on 28 June 2002.

### Financial results

The profit on ordinary activities before tax of the Danish general insurance operations for 2003 amounted to DKK 832m against a loss of DKK 192m for 2002. The profit was composed of a technical result of DKK 439m and a profit on investments of DKK 393m.

The technical result for 2003 was a profit of DKK 439m against a loss of DKK 64m reported in 2002. The positive development of the technical result was a consequence of the many profitability measures taken in the year. Further, weather-related losses and large losses have been below average. Moreover, the technical result includes build-up of equalisation provisions by DKK 34m.

In addition, the financial results were affected by a very low technical interest, net of

reinsurance, of DKK 221m for 2003 against DKK 326m recorded in 2002.

The positive development of the technical result was expressed in a combined ratio, net of reinsurance, of 96.6, which was a significant improvement relative to the combined ratio, net of reinsurance, of 105.6 recorded in 2002.

The combined ratio for the fourth quarter was 99.2, an improvement of 4.9 percentage points relative to the fourth quarter of 2002. The fourth quarter performance was impacted, in particular, by the strengthening of provisions for earlier years – the so-called run-off losses – on personal accident insurance operations – as well as by a single large loss.

### **Premiums**

The gross earned premiums for 2003 were DKK 8,242m against DKK 7,411m recorded in 2002, equivalent to an increase of 11.2 per cent, which is higher than the general market levels.

This considerable increase was in particular attributable to recent years' premium increases having materialised. The customers chose in general to remain insured by Tryg, and at the same time the inflow of new customers was satisfactory.

The premium increases should be viewed as part of the initiatives to enhance profitability, among other things in connection with the statutory changes concerning The Danish Damages Liability Act.

### **Claims**

In 2003, the claims ratio, net of reinsurance, was 75.5, which was an improvement relative to the claims ratio of 83.4 recorded in 2002. The marked improvement was in particular due to premium increases on commercial policies as well as to loss limiting initiatives, which typically comprise an increase in the customers' deductibles and safeguarding requirements.

The development in claims under the Workers' Compensation insurance policies was not satisfactory, which has necessitated a considerable strengthening of the reserves. The negative development resulted in a run-off loss of DKK 150m within this area. In order to re-establish profitability, the premiums of selected customer segments have been increased.

### **Costs**

The development of expenses in 2003 was satisfactory. The expense ratio, net of reinsurance, was 21.1, which compared with 2002, was an improvement of 1.1 percentage point. The improvement of the expense ratio can partly be ascribed to the premium increases referred to and partly to the continued focus on streamlining internal processes.

## Norwegian general insurance

DKKm	2003	2002 *)	2001 *)	2000 *)	Q4 2003	Q4 2002 *)
<i>Exchange rate DKK/NOK, average of the year</i>	93.68	98.46	92.16	91.71	90.8	101.33
Gross earned premiums	7,161	7,111	5,134	4,170	1,745	1,945
Earned premiums, net of reinsurance	5,612	5,163	3,818	3,290	1,429	1,369
Technical interest, net of reinsurance	339	469	343	327	64	78
Claims incurred, net of reinsurance	-4,419	-4,404	-2,999	-2,752	-1,099	-1,274
Insurance operating expenses, net of reinsurance	-1,414	-1,304	-881	-825	-334	-289
Change in equalisation provisions	-76	-200	-79	-37	-22	-96
<b>Technical result</b>	<b>42</b>	<b>-276</b>	<b>202</b>	<b>3</b>	<b>38</b>	<b>-212</b>
<b>Profit/loss on investments</b>	<b>316</b>	<b>-55</b>	<b>-42</b>	<b>78</b>	<b>68</b>	<b>106</b>
<b>Profit/loss on ordinary activities before tax</b>	<b>358</b>	<b>-331</b>	<b>160</b>	<b>81</b>	<b>106</b>	<b>-106</b>
Profit/loss on business in run-off, net of reinsurance	-547	-494	46	45		
Technical provisions, net of reinsurance	8,788	9,030	6,404	5,763		
Technical provisions, net of reinsurance, NOK	9,940	9,193	6,868	6,358		
<b>Key ratios</b>						
Claims ratio, net of reinsurance	78.7	85.3	78.5	83.6	76.9	93.1
Expense ratio, net of reinsurance	25.2	25.3	23.1	25.1	23.3	21.1
Combined ratio, net of reinsurance	103.9	110.6	101.6	108.7	100.2	114.2
<b>Key ratios, according to other method</b>						
Gross claims ratio	72.9	75.8	77.2	86.6	73.1	73.8
Ceded business in percentage relative to gross premiums	7.8	9.2	2.0	-4.1	5.1	15.5
Gross claims ratio, net of ceded business	80.7	85.0	79.2	82.5	78.2	89.3
Gross expense ratio	22.4	22.6	22.0	24.4	22.0	20.7
Combined ratio, net of expenses to reinsurance	103.1	107.6	101.2	106.9	100.2	110.0
<b>Full-time employees, end of the period</b>	<b>1,460</b>	<b>1,374</b>	<b>1,272</b>	<b>1,141</b>		

\*) The figures are pro forma figures as the Tryg Vesta Group was established on 28 June 2002.

### Currency

The figures are stated in DKK. The exchange rate of NOK fell relative to DKK during 2003. Consequently, the earnings in Norway, translated to Danish kroner, will, other things being equal, show a falling trend due to the falling exchange rate.

### Financial results

The profit on ordinary activities before tax of the Norwegian general insurance operations for 2003 was DKK 358m against a loss of DKK 331 for 2002. The profit was composed of a

technical result of DKK 42m and a profit on investments of DKK 316m.

The technical result for 2003 was DKK 42m against a loss of DKK 276m reported in 2002. The development of the financial results was in general satisfactory and was primarily attributable to the profitability measures taken and to the fact that 2003 did not see any large losses. The equalisation provisions were increased by DKK 76m in 2003, which in particular related to transfers to the Norwegian Pool of Natural Perils.

Further, the technical result was affected by the falling interest rates in Norway, expressed in a technical interest of DKK 339m, which was DKK 130m less than in 2002.

The positive development of the technical result was expressed in a combined ratio, net of reinsurance, of 103.9, which was a significant improvement relative to the combined ratio, net of reinsurance, recorded in 2002, which was 110.6. The combined ratio for 2003, exclusive of run-off losses, was 100.8.

In 2003, the reserves were strengthened considerably for the Norwegian operations. The strengthening of the reserves – so-called run-off losses – amounted to just over DKK 500m, which primarily was attributable to the personal accident insurance operations. This corresponded to an impact on the combined ratio, net of reinsurance, of 9.8 percentage points in 2003.

The combined ratio for the fourth quarter was 100.2, an improvement of 14.0 percentage points relative to the fourth quarter of 2002. Fourth quarter performance was impacted, in particular, by a satisfactory performance of this year's insurance operations, lower costs and run-off losses on personal accident insurance operations.

### **Premiums**

The gross earned premiums for 2003 were DKK 7,161m compared with DKK 7,111m recorded in 2002. However, the increase, stated in local currency, was 6.3 per cent. The lower growth rate in Norway was due to a deliberate deselection of primarily the municipality segment.

The growth was in particular attributable to recent years' premium increases – primarily within the commercial insurance portfolio – having materialised. Further, it was attributable to Vesta's customers having chosen to remain customers in Vesta, and to a satisfactory inflow of new customers.

### **Claims**

In 2003, the claims ratio, net of reinsurance, was 78.7, which was an improvement relative to the claims ratio of 85.3 recorded in 2002.

It was in particular within the personal insurance areas: Workers' Compensation, diseases and other personal accident insurance in businesses that performance in 2003 was unsatisfactory.

**Costs**

In 2003, the expense ratio was 25.2, which was a small reduction relative to the level of 25.3 in 2002. The expense ratio was affected, like in 2002, by provisions for pension commitments as a result of the low interest level. In 2003, provisions of a little more than DKK 94m were made in respect of pension commitments to the employees, corresponding to an increase in the expense ratio of 1.7 percentage point.

## **Other business operations**

In general, the other business operations showed progress, expressed in an improvement in the combined ratios for Tryg-Baltica International (TBI) as well as for the Group's operations in Finland and Estonia, whereas the financial results for Poland deteriorated. The figures for these business operations have been presented in detail in the annual report for the Tryg Vesta Group.

## Investment activities

DKKm	Profit/loss		Profit/loss		Assets (end-year)	
	2003	2002*	4Q 03	4Q02*	2003	2002
Danish general insurance	699	278	223	302	13,096	10,379
Norwegian general insurance	701	463	142	240	10,666	10,640
TBi	29	27	-1	-4	815	688
Polish general insurance	18	41	1	9	369	435
Estonian general insurance	1	1	0	0	31	27
Chevanstell Ltd.	37	52	12	0	962	1,243
<b>Total</b>	<b>1,485</b>	<b>862</b>	<b>377</b>	<b>547</b>	<b>25,939</b>	<b>23,412</b>
Tryg Vesta Group A/S	-36	-20	-6	-12	-554	-298
<b>Total investments</b>	<b>1,448</b>	<b>842</b>	<b>371</b>	<b>535</b>	<b>25,385</b>	<b>23,114</b>
Transferred to technical interest	-773	-1,017	-188	-255		
Investment income	675	-175	183	280		

\* Pro forma

### Highlights

Highlights of the Tryg Vesta Group's investment activities in 2003:

- The Group's total profit on investment activities was DKK 1,448m.
- Price increases on international shares.
- The Group's total investment return was 6.2 per cent.
- The portfolio of investment properties was reduced by DKK 1.3bn.

### Performance

The Tryg Vesta Group's total profit on investment activities before transfer to technical interest was DKK 1,448m equivalent to a return of 6.2 per cent for the financial year 2003. The investment return was affected by a positive return on bonds, shares and real property. The total return and the return on bonds are calculated inclusive of debt in the parent company and all returns are calculated inclusive of currency hedges.

The return on investments for 2003 was an improvement of DKK 606m relative to 2002.

The return on the total bond portfolio in the Tryg Vesta Group, including cash funds and loans, was DKK 906m, corresponding to 4.9 per cent for the full year 2003. During 2003, the proportion of bonds was increased from approximately 77 per cent to approximately 83 per cent.

The financial year was very satisfactory for the international equity markets with good price increases, and it was extraordinarily satisfactory for the Danish and Norwegian markets. For the

financial year, the return on investments in equities was DKK 328m, equivalent to a return of 16.9 per cent. The proportion of shares in the Group was 9.2 per cent as at 31 December 2003 relative to 8.0 per cent as at 31 December 2002.

Real property worth DKK 1,278m was sold in 2003, reducing the portfolio of investment properties to DKK 2.0bn or 7.9 per cent of total investment assets against 14.6 per cent at the end of 2002.

As at 31 December 2003, the total investment portfolio of the Tryg Vesta Group was allocated with approximately DKK 13.9bn in the Danish companies, approximately DKK 10.7bn in the Norwegian companies, and small amounts in the other companies of the Tryg Vesta Group.

### **Asset allocation**

DKKm	2003	%	2002	%
Bonds etc.	21,035	82.9	17,903	77.5
Shares	2,341	9.2	1,840	8.0
Real property	2,009	7.9	3,371	14.6
Total	25,385	100.0	23,114	100.0

## Outlook

The Tryg Vesta Group's target is a combined ratio of close to 100 for 2004 – aiming at a level of about 95 at the end of 2005. An ambitious but realistic target.

Due to the natural movements in the business, the target for 2004 has been expressed by an interval delimited by “favourable development” and “negative development”. This allows for external circumstances, which are beyond the control of the Tryg Vesta Group. Such external circumstances may affect earnings – and consequently also the level of the combined ratio. A mild winter, few storms and few large losses will affect the financial results positively, whereas a winter with changeable weather, many heavy storms and many large losses will have a negative effect.

DKKm	Actual 2003	Expected 2004	Favourable development	Negative development
Technical result	136	475	700	150
Profit on investments	675	300		
Operating profit pre-tax	789	750		
Combined ratio (%)	102.8	100	98	102

The reason for the relatively large spread in the expectations to the technical result is that a deviation of one percentage point in relation to the combined ratio will affect the financial results by approximately DKK 150m in case of anticipated earned premiums, net of reinsurance, of DKK 15bn in 2004. During the year, the Tryg Vesta Group will relate the actual results to the expectations and targets, and examine whether deviations, if any, merely result from operational movements or from actual deviations from the targets.

The return on investments for 2004 is expected to be DKK 300-400m after transfer of technical interest, corresponding to a return on investment assets of 3.8 per cent. The expectations to the return on investments are based on the assumption that shares will produce a yield of 7.2 per cent, bonds a yield of 3.5 per cent and real property investments 6.8 per cent for the full year 2004.

The expectations to the results of ordinary activities before tax correspond to a return on the shareholders' equity before tax of 14 per cent for 2004.

On the whole, all expectations relate to 2004 and quarterly deviations are expected during the year – for instance seasonal variations resulting from the weather.

# Facts about the Tryg Vesta Group

The Tryg Vesta Group is the second-largest general insurer in the Nordic region. The Group comprises Tryg, Denmark's largest general insurer with a market share of just over 22 per cent, Vesta, Norway's third largest insurer with a market share of around 20 per cent, the reinsurer Tryg-Baltica international, Dansk Kaution and Tryg Polska in Poland. The Group also operates in Estonia and has a fast-growing branch in Finland.

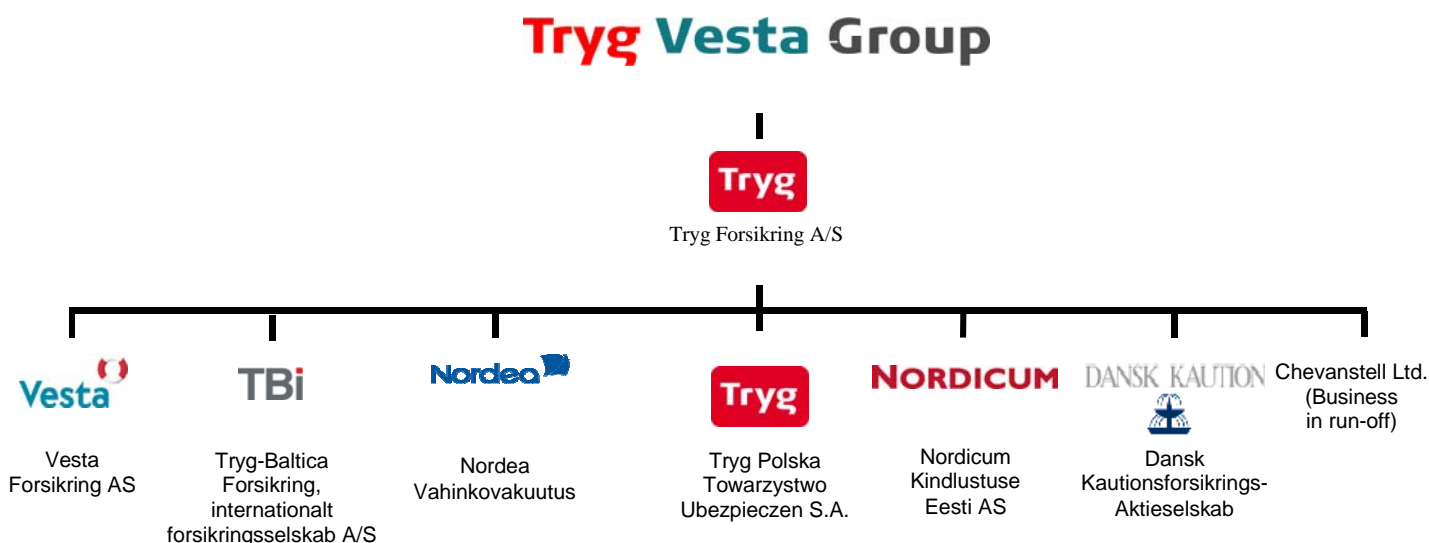
The Tryg Vesta Group has a strong strategic partnership with Nordea. The bank sells the Tryg Vesta Group's general insurance products, while the Tryg Vesta Group sells Nordea's life and pension products. Furthermore, the Tryg Vesta Group has a partnership with CSC, which will handle the Group's IT operations starting 1 June 2004.

The Tryg Vesta Group's distribution strategy is based on marketing one brand in each country, offering the same product, price and quality through all sales channels. The Group pursues a multi-channel distribution strategy. The most important channels are large customer centres and service centres or franchises, the Group's own insurance agents, real estate agents, car dealers and sales through Nordea's branches. In addition, the Group has signed agreements with a number of trade unions and professional groups to offer their members personal insurance. Likewise, industry agreements and agreements with insurance brokers exist on the commercial market.

The Tryg Vesta Group's 4,400 employees represent quality, advice and service, both to the individual personal customer and to the large industrial enterprise with several thousand employees.

The Tryg Vesta Group has some two million personal customers and 250,000 commercial customers. The Group generates an annual premium income of DKK 17.3bn. Its employees processed 650,000 claims and paid claims expenses of more than DKK 11.3bn in 2003.

## Organisation – Simplified legal structure



# Income statement, balance sheet and cash flow statement, the Tryg Vesta Group

## Income Statement

DKKm	2003	Pro forma 2002	28.01.-31.12.2002 *)
<b>General Insurance</b>			
<i>Earned Premiums</i>			
Gross premiums written	17.053	17.073	7.230
Ceded reinsurance premiums	-2.552	-3.730	-1.771
Change in the gross provisions for unearned premiums	336	-11	2.001
Change in the reinsurers' share of the provisions for unearned premiums	-215	39	-357
<b>Earned premiums, net of reinsurance</b>	<b>14.622</b>	<b>13.371</b>	<b>7.103</b>
<b>Technical interest, net of reinsurance</b>	<b>641</b>	<b>899</b>	<b>449</b>
<i>Claims incurred</i>			
Gross claims paid	-10.967	-11.992	-5.769
Reinsurance recoveries	1.672	2.528	1.194
Change in the gross provisions for claims	-1.808	-1.255	-1.030
Change in the reinsurers' share of the provisions for claims	-256	-583	-269
<b>Claims incurred, net of reinsurance</b>	<b>-11.359</b>	<b>-11.302</b>	<b>-5.874</b>
<b>Change in other insurance provisions, net of reinsurance</b>	<b>15</b>	<b>17</b>	<b>12</b>
<b>Bonus and premium rebates</b>	<b>-56</b>	<b>-60</b>	<b>-34</b>
<i>Insurance operating expenses</i>			
Acquisition costs	-2.080	-2.038	-1.037
Administrative expenses	-1.885	-2.091	-1.044
Acquisition costs and administrative expenses	-3.965	-4.129	-2.081
Commission and profit commission from the reinsurers	339	552	321
<b>Total insurance operating expenses, net of reinsurance</b>	<b>-3.626</b>	<b>-3.577</b>	<b>-1.760</b>
<b>Change in the equalisation provisions</b>	<b>-101</b>	<b>-199</b>	<b>-181</b>
<b>Technical result</b>	<b>136</b>	<b>-851</b>	<b>-285</b>

\*) Subsidiaries included as from 28 June 2002

## Income Statement

DKKm	2003	Pro forma 2002	28.01.-31.12.2002 *)
<b>Investment activities</b>			
<i>Income from investment assets</i>			
Income from non-consolidated undertakings	0	17	0
Income from land and buildings	193	230	112
Interest and dividends, etc.	883	978	541
Realised gains on investment assets	165	286	60
<b>Total income from investment assets</b>	<b>1.241</b>	<b>1.511</b>	<b>713</b>
<b>Unrealised gains on investment assets</b>	<b>476</b>	<b>0</b>	<b>0</b>
<i>Charges relating to investment assets</i>			
Investment management charges	-55	-49	-18
Interest expenses	-77	-34	-19
<b>Total charges relating to investment assets</b>	<b>-132</b>	<b>-83</b>	<b>-37</b>
Unrealised losses on investment assets	0	-450	-3
Exchange rate adjustments	-137	-136	-62
<b>Return on investment activities before transfer to insurance activities</b>	<b>1.448</b>	<b>842</b>	<b>611</b>
Technical interest transferred to insurance activities	-773	-1.017	-518
<b>Total return on investment activities</b>	<b>675</b>	<b>-175</b>	<b>93</b>
Other ordinary expenses	-22	-52	-52
<b>Profit/loss from ordinary activities before tax</b>	<b>789</b>	<b>-1.078</b>	<b>-244</b>
Extraordinary expenses	0	-1.256	-1.482
<b>Profit/loss before tax</b>	<b>789</b>	<b>-2.334</b>	<b>-1.726</b>
Tax	-48	243	47
<b>Profit/loss for the year</b>	<b>741</b>	<b>-2.091</b>	<b>-1.679</b>
The minority interests share of the profit/loss	1	0	0
<b>Tryg Vesta Group's share of the profit/loss for the year</b>	<b>742</b>	<b>-2.091</b>	<b>-1.679</b>

\*) Subsidiaries included as from 28 June 2002

## Balance Sheet as at 31 December

DKKm	2003	2002
Note		
<b>Assets</b>		
<b>Intangible assets</b>	<b>39</b>	<b>-</b>
<i>Investment assets</i>		
<b>Land and buildings</b>	<b>2,009</b>	<b>3,371</b>
<i>Other financial investment assets</i>		
Capital participation	2,323	1,825
Unit trust units	18	14
Bonds	19,968	17,785
Loans secured by mortgage	0	200
Other loans	70	73
Deposits in credit institutions	415	291
<b>Total other financial investment assets</b>	<b>22,794</b>	<b>20,188</b>
<b>Deposits with ceding undertakings, receivable</b>	<b>142</b>	<b>147</b>
<b>Total investment assets</b>	<b>29,945</b>	<b>23,706</b>
<i>Amounts owing</i>		
<i>Amounts owing in connection with direct insurance business</i>		
From policyholders	803	1,098
From insurance brokers	478	764
Total amounts owing in relation to direct insurance business	1,281	1,862
Amounts owing from insurance companies	1,474	1,358
Amounts owing from subsidiary undertakings	51	0
Other amounts owing	1,810	408
<b>Total amounts owing</b>	<b>4,616</b>	<b>3,628</b>
<i>Other assets</i>		
Furniture, equipment, computer hardware, motor vehicles, etc.	392	468
Cash in hand and at bank	558	735
Tax assets	425	495
Other	9	78
<b>Total other assets</b>	<b>1,384</b>	<b>1,776</b>
<i>Prepayments and accrued income</i>		
Accrued interest and rent earned	262	282
Prepaid acquisition costs	41	86
Other prepayments and accrued income	72	355
<b>Total prepayments and accrued income</b>	<b>375</b>	<b>723</b>
<b>Total assets</b>	<b>31,359</b>	<b>29,833</b>
<b>Total assets to cover the Danish companies' insurance provisions</b>	<b>16,791</b>	<b>-</b>

## Balance Sheet as at 31 December

DKKm	2003	2002
<b>Liabilities</b>		
<i>Shareholders' equity</i>		
<b>Share capital</b>	<b>1.700</b>	<b>1.300</b>
<b>Share premium account</b>	<b>2.968</b>	<b>2.968</b>
<b>Retained profits</b>	<b>692</b>	<b>0</b>
<b>Total shareholders' equity</b>	<b>5.360</b>	<b>4.268</b>
<b>Minority interests</b>	<b>4</b>	<b>10</b>
<b>Subordinate loan capital</b>	<b>700</b>	<b>0</b>
<i>Insurance provisions</i>		
<i>Provisions for unearned premiums</i>		
Gross provisions	5.239	5.711
The reinsurers' share	-393	-667
Provisions for unearned premiums, net of reinsurance	4.846	5.044
<i>Provisions for claims</i>		
Gross provisions	18.212	17.836
The reinsurers' share	-3.324	-3.965
Provisions for claims, net of reinsurance	14.888	13.871
<i>Provisions for annuities by Workers' Compensation</i>		
Gross provisions	1.159	1.139
Provisions for annuities, net of reinsurance	1.159	1.139
Provisions for bonuses and premium rebates, net of reinsurance	76	64
Equalisation provisions	1.424	1.438
Other insurance provisions, net of reinsurance	82	50
<b>Total insurance provisions, net of reinsurance</b>	<b>22.475</b>	<b>21.606</b>
<i>Provisions for other risks and charges</i>		
Provisions for pensions and similar obligations	141	185
Other provisions	179	352
<b>Total provisions for other risks and charges</b>	<b>320</b>	<b>537</b>
<b>Deposits with ceding undertakings, payable</b>	<b>0</b>	<b>6</b>
<i>Debt</i>		
Debt related to direct insurance	391	425
Debt related to reinsurance	520	580
Debt to credit institutions	656	1.249
Corporation tax	22	3
Other debt	647	953
Dividend for the financial year	50	0
<b>Total Debt</b>	<b>2.286</b>	<b>3.210</b>
<b>Accruals and deferred income</b>	<b>214</b>	<b>196</b>
<b>Total liabilities</b>	<b>31.359</b>	<b>29.833</b>

## Cash flow statement

DKKm	2003
<b>Cash generated from operations</b>	
Premiums	17.479
Claims paid	-11.076
Ceded business	-562
Expenses	-3.542
Change in other payables and other amounts receivable	-254
<b>Cash flow from insurance activities</b>	<u>2.045</u>
Interest and dividends	1.393
Taxes	-256
<b>Total cash generated from operations</b>	<u>3.182</u>
<b>Investments</b>	
Acquisition/sale of real property (net)	22
Acquisition/sale of equity investments and unit trust units (net)	-394
Purchase/sale of bonds (net)	-3.464
Purchase/sale of secured loans and other loan (net)	210
Purchase/sale of operating equipment (net)	-56
Acquisition of subsidiaries	-6
<b>Total investments</b>	<u>-3.688</u>
<b>Funding</b>	
Capital increase	400
Subordinate loan capital	700
Change in debt to credit institutions	-717
<b>Total funding</b>	<u>383</u>
<b>Changes in cash and cash equivalents, net</b>	
Price adjustment of cash and cash equivalents, beginning-of-year	-123
Additions relating to acquisition of subsidiaries	-54
<b>Changes in cash and cash equivalents, gross</b>	<u>-177</u>
Cash and cash equivalents, beginning-of-year	735
<b>Cash and cash equivalents, year-end</b>	<u>558</u>

Cash and cash equivalents comprise cash balance and demand deposits.

# Income statement and balance sheet, Tryg Vesta Group A/S (parent company)

## Income Statement

DKKm	2003	28.01.-31.12.2002 *)
<b>Investment activities</b>		
<i>Income from investment activities</i>		
Income from subsidiary undertakings	795	-425
Interest and dividends, etc.	43	4
<b>Total income from investment assets</b>	<b>838</b>	<b>-421</b>
<i>Charges relating to investment assets</i>		
Investment management charges	-10	-3
Interest expenses	-57	-5
<b>Total charges relating to investment assets</b>	<b>-67</b>	<b>-7</b>
Exchange rate adjustment	-13	-16
<b>Total Return on investment activities</b>	<b>758</b>	<b>-445</b>
Other ordinary expenses	-22	-52
<b>Profit/loss from ordinary activities before tax</b>	<b>736</b>	<b>-497</b>
Extraordinary expenses	0	-1.182
<b>Profit/loss before tax</b>	<b>736</b>	<b>-1.679</b>
Tax	6	0
<b>Profit/loss for the year</b>	<b>742</b>	<b>-1.679</b>

\*) Subsidiaries included as from 28 June 2002

## Balance Sheet as at 31 December

DKKm	2003	2002
<b>Assets</b>		
<i>Investments in subsidiary undertakings</i>		
Capital participation in subsidiary undertakings	5.929	4.584
Loans to subsidiary undertakings	600	702
<b>Total investments in subsidiary undertakings</b>	<b>6.529</b>	<b>5.286</b>
<i>Other financial investment assets</i>		
Deposits in credit institutions	100	0
<b>Total other financial investment assets</b>	<b>100</b>	<b>0</b>
<b>Total investment assets</b>	<b>6.629</b>	<b>5.286</b>
<i>Amounts owing</i>		
Amounts owing from subsidiary undertakings	47	92
Other amounts owing	0	1
<b>Total amounts owing</b>	<b>47</b>	<b>93</b>
<i>Other Assets</i>		
Cash in hand and at bank	50	14
Deferred tax assets	6	0
<b>Total other assets</b>	<b>56</b>	<b>14</b>
<b>Total assets</b>	<b>6.732</b>	<b>5.393</b>
<b>Liabilities</b>		
<i>Shareholders' equity</i>		
<b>Share capital</b>	<b>1.700</b>	<b>1.300</b>
<b>Share premium account</b>	<b>2.968</b>	<b>2.968</b>
<b>Retained profits</b>	<b>692</b>	<b>0</b>
<b>Total shareholders' equity</b>	<b>5.360</b>	<b>4.268</b>
<b>Subordinate loan capital</b>	<b>700</b>	<b>0</b>
<i>Debt</i>		
Debt to credit institutions	601	1.100
Other debt	21	25
Dividend for the financial year	50	0
<b>Total debt</b>	<b>672</b>	<b>1.125</b>
<b>Total liabilities</b>	<b>6.732</b>	<b>5.393</b>