



Annual Report 2004

2 March 2005

Stine Bosse
Group CEO, TrygVesta

2004, in brief



Substantial improvements all over

- Profit on ordinary activities was DKK 1,947m against DKK 1,045m in 2003
- Insurance operations was DKK 1,456m against DKK 356m in 2003
- The combined ratio was 93.1 – return on equity 33.9%
- Considerable improvement of financial results in the three main business areas
- Improved expense and claims ratios
- Substantial improvement in Finnish operations – premium growth 60%
- 2005 forecast: profit of DKK 1,600m and a combined ratio of 94

2004 results in figures



Improvements all over

DKKm	Q4 2004	2004	2003
Gross earned premiums	3,954	16,308	16,702
Earned premiums, net of reinsurance	3,570	14,525	14,190
Claims ratio, net of reinsurance	74.5%	70.9%	76.6%
Expense ratio, net of reinsurance	21.4%	22.2%	24.3%
Combined ratio, net of reinsurance	95.9%	93.1%	100.9%
Technical result	277	1,456	376
Investments	314	517	685
Profit before tax	585	1,947	1,045

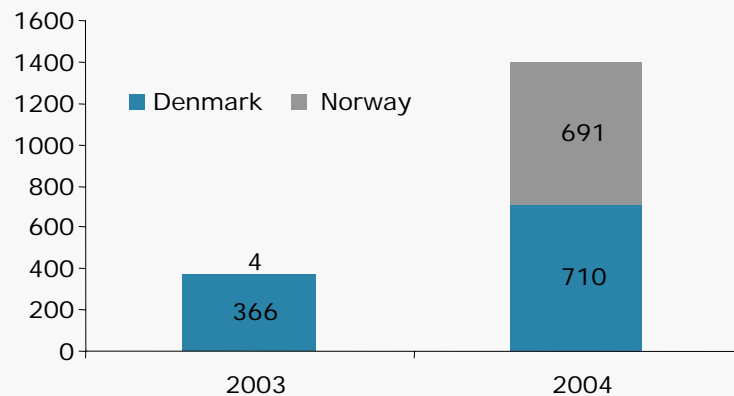
The three business areas



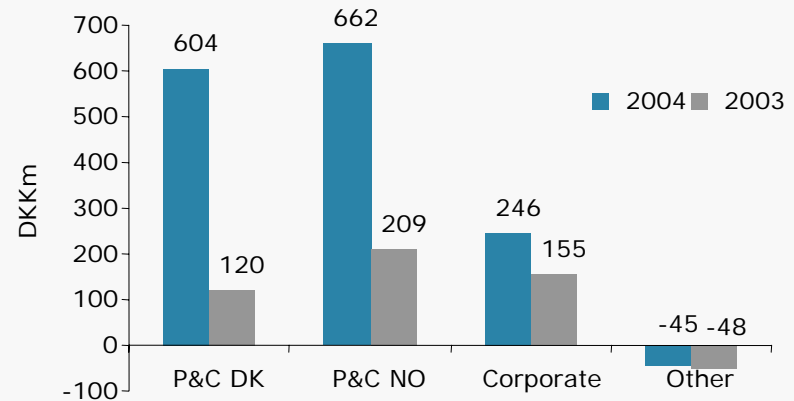
Competence centres and proximity to customers

- Personal and commercial customer focus in Denmark and Norway
- Enhanced Nordic organisation for corporate customers
- Next wave of Nordic synergies – value process accomplished
- Significantly improved Norwegian profit contribution

Profit contribution



Technical result



Highlights of 2004



Stronger focus on Nordic entity – 1st wave of Nordic synergies

- Nordic organisation/shared staff functions
- Joint outsourcing of IT operations
- New customer concepts in Denmark
- Unemployment insurance in Denmark
- Good ratings from S&P and Moody's
- Divestment of TBi, Poland and Estonia
- Fireworks blaze in Kolding, DK, totalling DKK 100m
- Tsunami in Asia totalling DKK 28m after taking into account the reinsurers' share
- Value process well underway

Q4

Q4

Q4

Q4

Costs



Continued improvement of cost level

DKKm	Q4 2004	2004	2003
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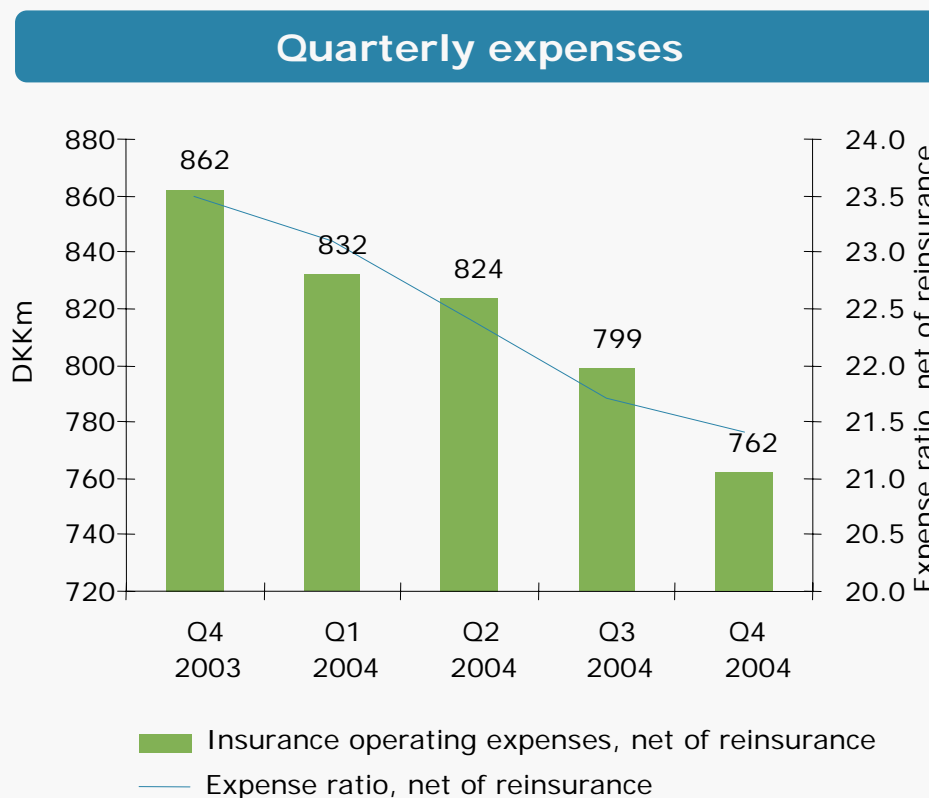
Operating costs



Fall in costs

- Nordic synergies
- Nordic staff functions
- Nordic IT sourcing
- Efficiency improvements in distribution
- Net prices of broker customers
- Fewer employees (29)

- Costs down by DKK 225m



Claims



Significantly improved claims level

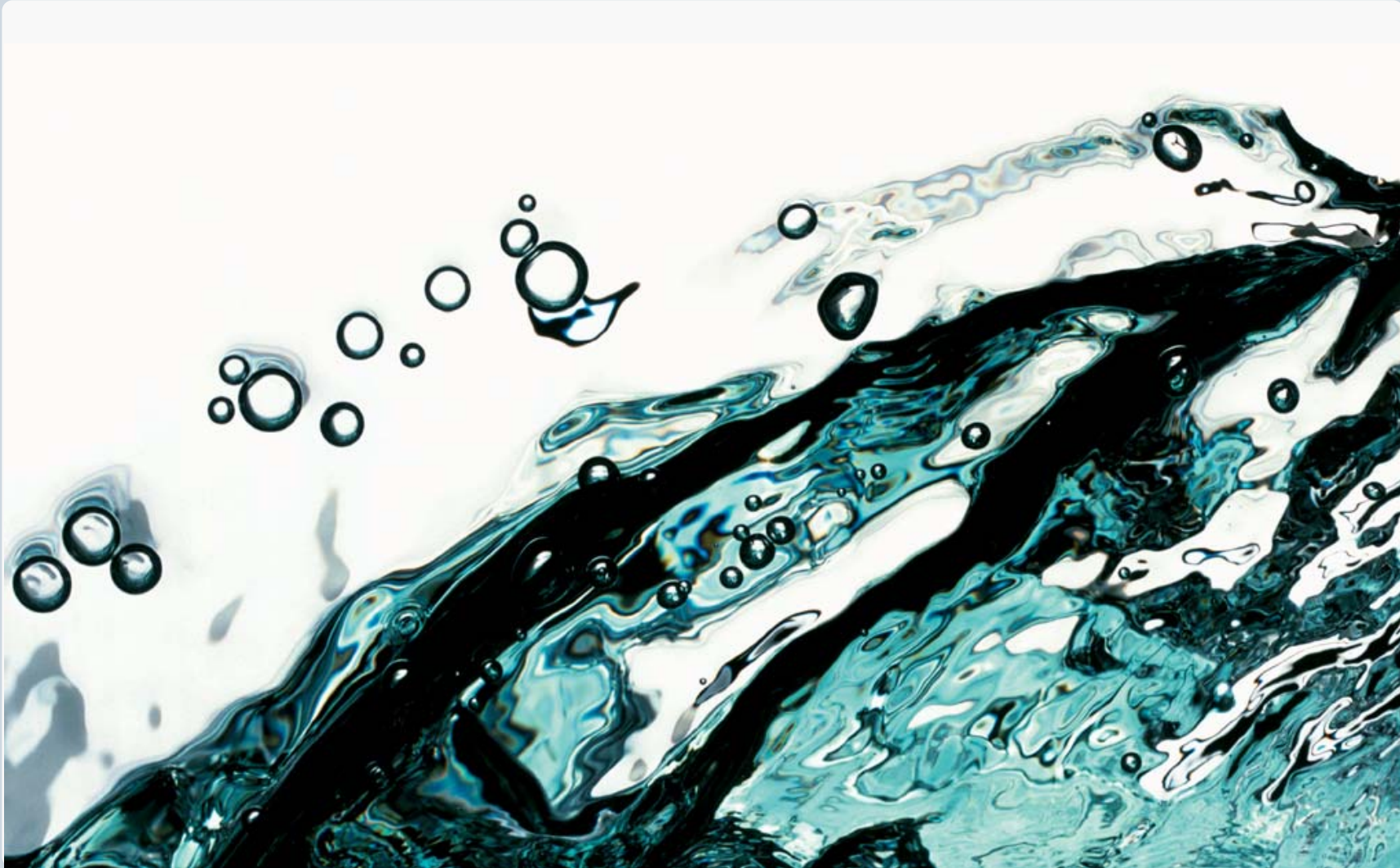
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Fall in claims

- Improved portfolio
- Reduced average claims
- Enhanced Nordic efforts within claims procurement
- Low claims frequency particularly in respect of House and Motor
 - Increased deductible
 - Favourable weather conditions in Norway

The three business areas

TrygVesta



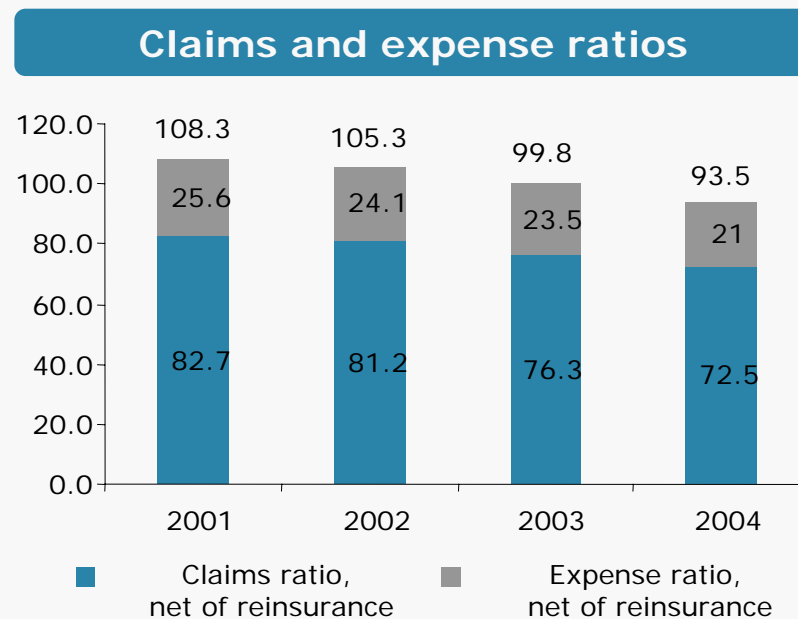
Profitability – healthy business development

Claims ratio down 3.8 points

- Bottom line initiatives fed through
- Kolding blaze DKK 100m
- Disaster in Asia DKK 15m
- Kolding blaze and Asia disaster affected combined ratio by 2%
- Tryg Reparation and Tryg Bygning
- Initiatives within Accident and Workmen's compensation

Expense ratio down 2.6 points

- Efficiency improvements and synergies



Personal & Commercial Denmark



Good results on a solid foundation

Growth of 5.6%

- Handsome sales
- Own sales team
- Bank assurance
- Workmen's compensation legislation

Significantly improved result

DKKm	2004	2003
Gross earned premiums	5,977	5,660
Gross claims incurred	(4,257)	(4,194)
Gross expenses	(1,235)	(1,287)
Profit on gross business	485	179
Loss on ceded business	(99)	(167)
Technical interest, net of reinsurance	164	147
Change in equalisation provisions	54	(39)
Technical result	604	120
Key ratios, net of reinsurance		
Claims ratio, net of reinsurance	72.5	76.3
Expense ratio, net of reinsurance	20.9	23.5
Combined ratio, net of reinsurance	93.4	99.8
Gross key ratios		
Gross claims ratio	71.2	74.1
Ceded business as a percentage of gross premiums	1.7	3.0
Gross claims ratio, net of ceded business	72.9	77.1
Gross expense ratio	20.7	22.7
Combined ratio net of expenses to reinsurance	93.6	99.8

Personal & Commercial Norway

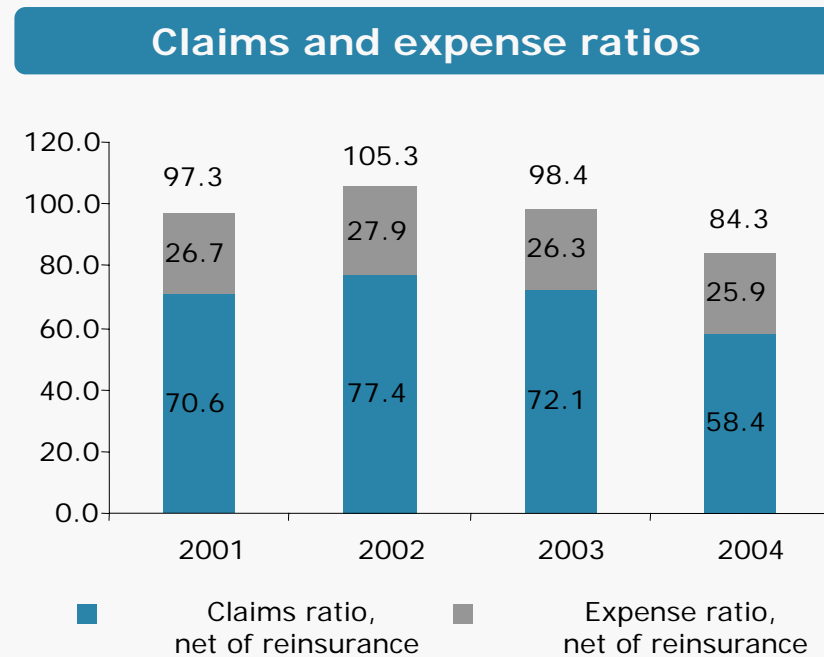


Significantly lower claims expenses -
focus on improvements and customers

Claims ratio down 13.7 points

- Low claims frequency in respect of Motor and House
- Substantially fewer house fires, lowest level in 12 years
- Disaster in Asia DKK 18m
- Effect of premium increases

Expense ratio down 0.4 point



Personal & Commercial Norway



Strong focus on improvements

Growth of 2.5% in the local currency

- Effect of recent years' premium increases
- Intensified price competition
- Favourable trend in the number of customers in H2

Very satisfactory performance

DKKm	2004	2003
Gross earned premiums	4,421	4,553
Gross claims incurred	(2,615)	(3,275)
Gross expenses	(1,106)	(1,123)
Profit on gross business	700	155
Loss on ceded business	(86)	(93)
Technical interest, net of reinsurance	140	204
Change in equalisation provisions	(92)	(57)
Technical result	662	209
Key ratios, net of reinsurance		
Claims ratio, net of reinsurance	58.4	72.1
Expense ratio, net of reinsurance	25.9	26.3
Combined ratio, net of reinsurance	84.3	98.4
Gross key ratios		
Gross claims ratio	59.1	71.9
Ceded business as a percentage of gross premiums	1.9	2.0
Gross claims ratio, net of ceded business	61.0	73.9
Gross expense ratio	25.0	24.7
Combined ratio net of expenses to reinsurance	86.0	98.6

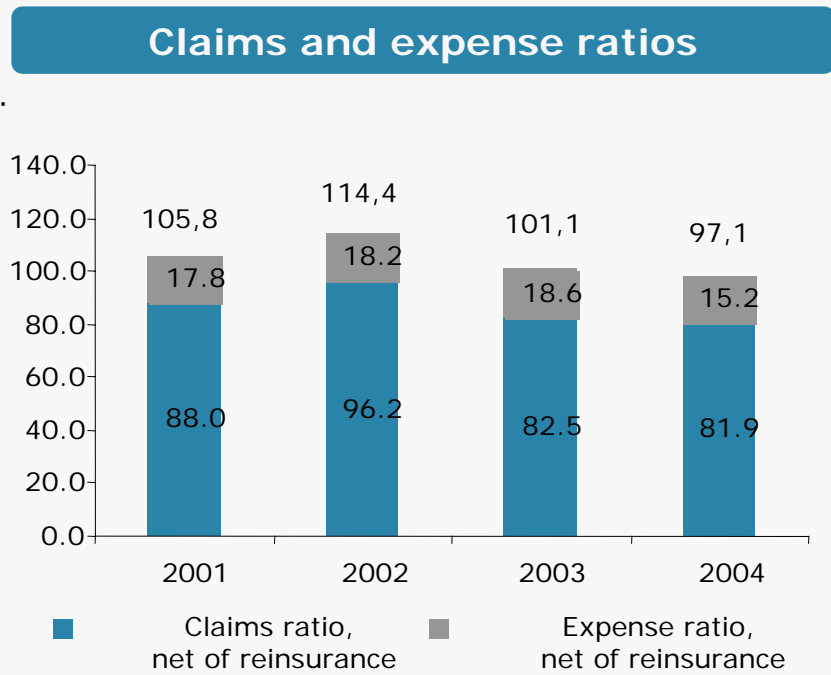
Profitability restored – focus on personal insurance

Claims ratio down 0.6 point

- Good performance Property, Liability, etc.
- Strengthening of personal accident reserves
- Doubling of average claims in respect of workmen's compensation over five years
- Sustained improvement in claims level relative to 2003

Expense ratio down 3.4 points

- New broker settlement
- Efficiency improvements and synergies



Necessary measures yielded results

Reduction of 5.3% in the local currency

- Significant measures
- Net prices
- Intensified competition

Substantial improvement

- Strong growth in the Norwegian market

DKKm	2004	2003
Gross earned premiums	4,786	5,190
Gross claims incurred	(3,417)	(3,555)
Gross expenses	(689)	(873)
Profit on gross business	680	762
Loss on ceded business	(570)	(801)
Technical interest, net of reinsurance	190	209
Change in equalisation provisions	(54)	(15)
Technical result	246	155
Key ratios, net of reinsurance		
Claims ratio, net of reinsurance	81.9	82.5
Expense ratio, net of reinsurance	15.2	18.6
Combined ratio, net of reinsurance	97.1	101.1
Gross key ratios		
Gross claims ratio	71.4	68.5
Ceded business as a percentage of gross premiums	11.9	15.4
Gross claims ratio, net of ceded business	83.3	83.9
Gross expense ratio	14.4	16.8
Combined ratio net of expenses to reinsurance	97.7	100.7

Strong growth and high level of portfolio quality

Gross premiums surged

- From DKK 61m to DKK 97m
- 64,500 insurance policies sold in 2004 - 30% more than in 2003
- Market share in personal business over 1.5%

CR, net of reinsurance, down 33.4p

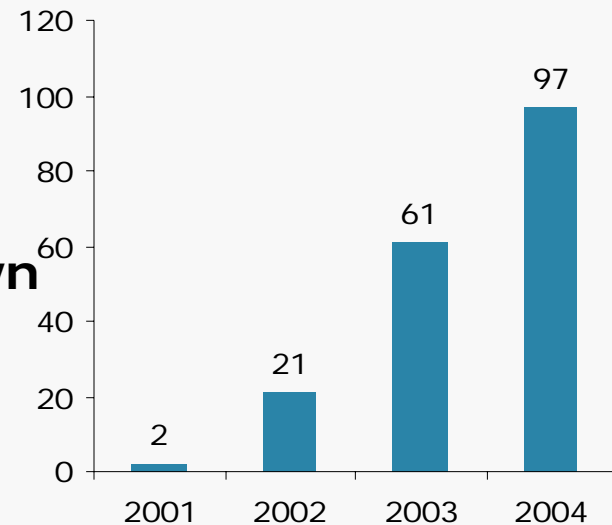
Claims ratio, net of reinsurance, down 9.6p

- Remarkable growth
- Satisfactory customer claims performance

Expense ratio, net of reinsurance, down 23.8p

- Controlled development in expenses
- Start-up phase with considerable IT costs and commissions

Finland:
Gross earned premiums

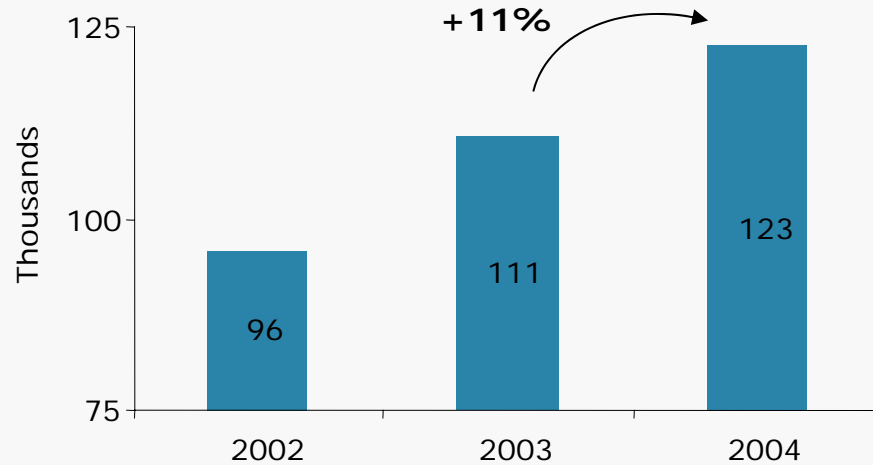


Bank distribution

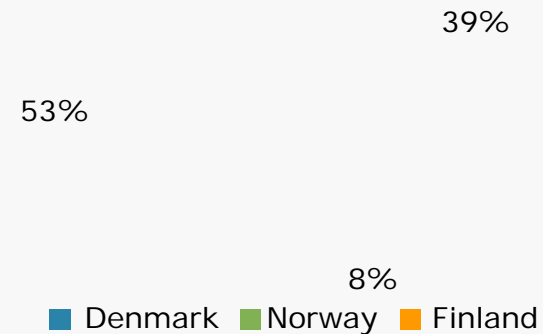


- Sustained fair growth in gross premiums
- Bank distribution at most mature stage in Denmark
- Finland grew almost 60%
- Considerable potential in Norway

Sales of new policies through bank distribution



...by market



Comparison of Nordic peers

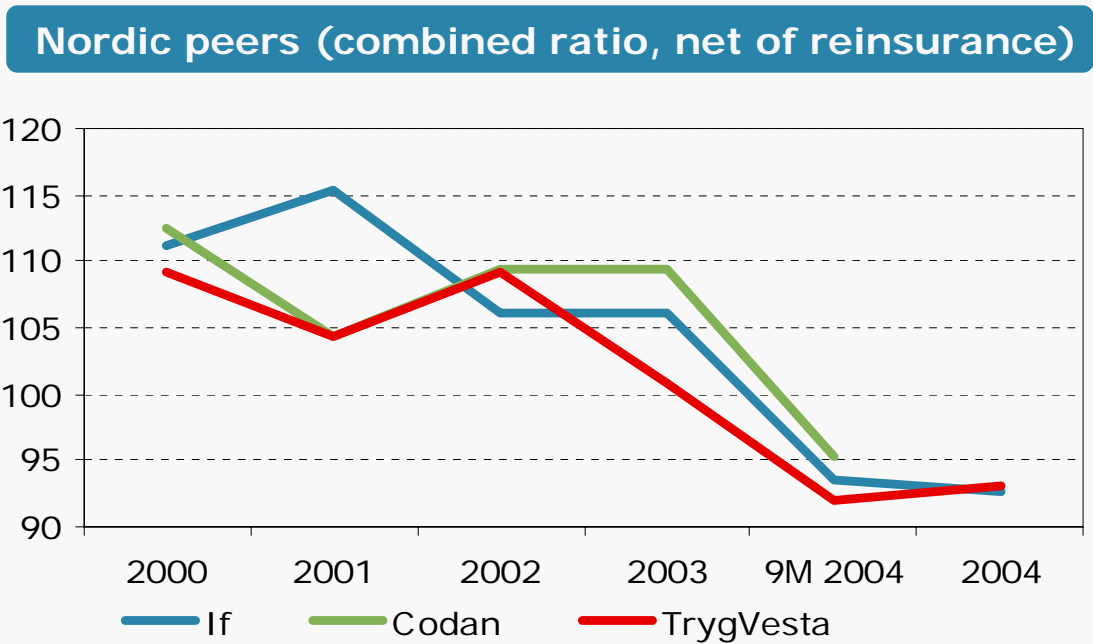


Pre-tax ROE 2004

- If 26.8%
- TrygVesta 33.9%

ROI 2004

- If 4.3%
- TrygVesta 4.7%



Comparison of Nordic peers



TrygVesta in line with Nordic peers

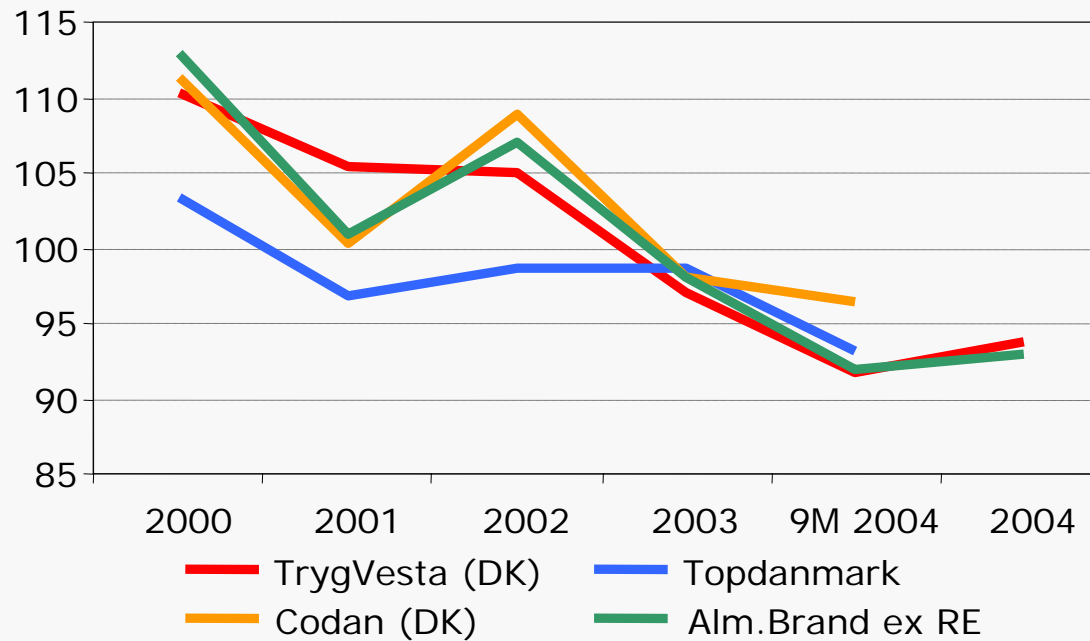
DKKm	Nordic peers			
	TrygVesta		If	
	2003	2004	2003	2004
Gross premiums	16,702	16,308	30,678	30,192
Premiums, net of reinsurance	14,190	14,525	27,891	27,029
Technical interest, net of reinsurance	595	537	1,569	1,475
Claims, net of reinsurance	(10,866)	(10,296)	(22,676)	(20,073)
Expenses, net of reinsurance	(3,442)	(3,217)	(5,467)	(4,976)
Technical result	376	1,456	1,317	3,630
Claims ratio, net of reinsurance	76.6	70.9	81.3	74.3
Expense ratio, net of reinsurance	24.3	22.2	19.6	18.4
Combined ratio, net of reinsurance	100.9	93.1	100.9	92.7
Profit on ordinary activities before tax	1,045	1,947	1,508	2,850
ROE (before tax)	27.7%	33.9%	15.5%	26.8%

Comparison of Danish peers



Combined ratio

Danish peers (net combined ratio)



Comparison of Danish peers



Continued growth

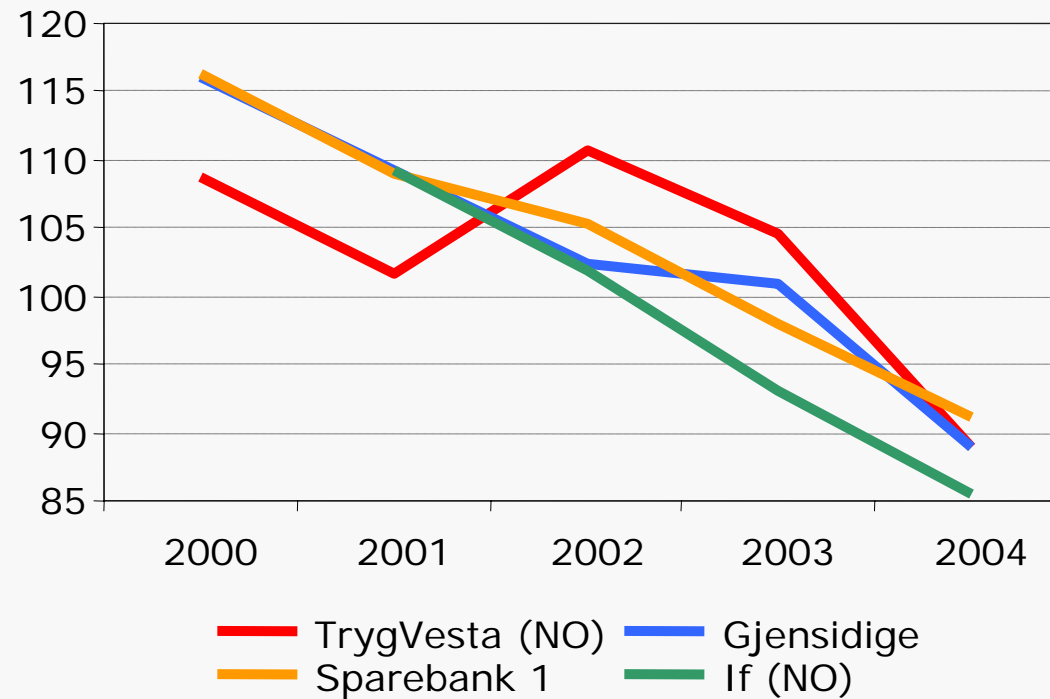
DKKm	Danish peers							
	TrygVesta (DK)		Topdanmark		Codan (DK)		Alm.Brand ex Re	
	2003	2004	2003	2004	2003	2004	2003	2004
Gross premiums	8,242	8,570	7,116		5,634		3,925	4,129
Premiums, net of reinsurance	0	0	6,388		4,517		3,725	3,933
Technical interest, net of reinsurance	0	0	105		124		118	129
Claims, net of reinsurance	0	0	(4,680)		(2,452)		(2,674)	(2,744)
Expenses, net of reinsurance	0	0	(1,341)		(798)		(962)	(919)
Change in equalisation provisions	0	0	(55)		0		(43)	(82)
Technical result	443	790	417		149		164	317
Gross claims ratio	70.4	71.6	70.0		68.1		70	68
Reinsurance expenses	6.1	3.5	5.1		5.6		3	3
Gross expense ratio	20.4	19.0	19.8		24.3		25	22
Net combined ratio *)	96.9	94.1	94.8		98.0		98	93
Group								
Profit on ordinary activities before tax	1,045	1,947	1,121		967		178	288
ROE (before tax)	28%	33.9%	32%		9%		13%	14.3%

Comparison of Norwegian peers



Strong growth by Vesta

Norske konkurrenter (combined ratio f.e.r.)



Comparison of Norwegian peers



Strong growth by Vesta

Norwegian peers

NOKm	TrygVesta (NO)		Gjensidige		Sparebank 1		If (NO)	
	2003	2004	2003	2004	2003	2004	2003	2004
Gross premiums	7,681	7,422	11,255	12,753	3,317	3,493	n.a.	n.a.
Premiums, net of reinsurance	6,001	6,157	10,596	12,345	2,151	2,483	11,349	11,276
Technical interest, net of reinsurance	713	419	821	634	180	141	663	560
Claims, net of reinsurance	(4,892)	(4,133)	(8,298)	(8,521)	(1,617)	(1,714)	(7,783)	(6,943)
Expenses, net of reinsurance	(1,377)	(1,336)	(2,385)	(2,462)	(492)	(548)	(2,781)	(2,693)
Other items	(143)	(148)	(317)	(338)	(109)	(105)	-	-
Technical result	114	939	416	1,659	112	258	1,448	2,200
Claims ratio, net of reinsurance	81.5%	67.1%	78.3%	69.0%	75.2%	69.0%	68.6%	61.6%
Expense ratio, net of reinsurance	23.0%	21.7%	22.5%	19.9%	22.9%	22.1%	24.5%	23.9%
Combined ratio, net of reinsurance	104.5%	88.8%	100.8%	89.0%	98.0%	91.1%	93.1%	85.5%

*) Result after contingency fund provisions, etc.
 Note: The result relates to Vesta Forsikring A/S, NGAAP

Large claims and weather related claims



Expenses related to windstorms and disasters close to normal year in 2004

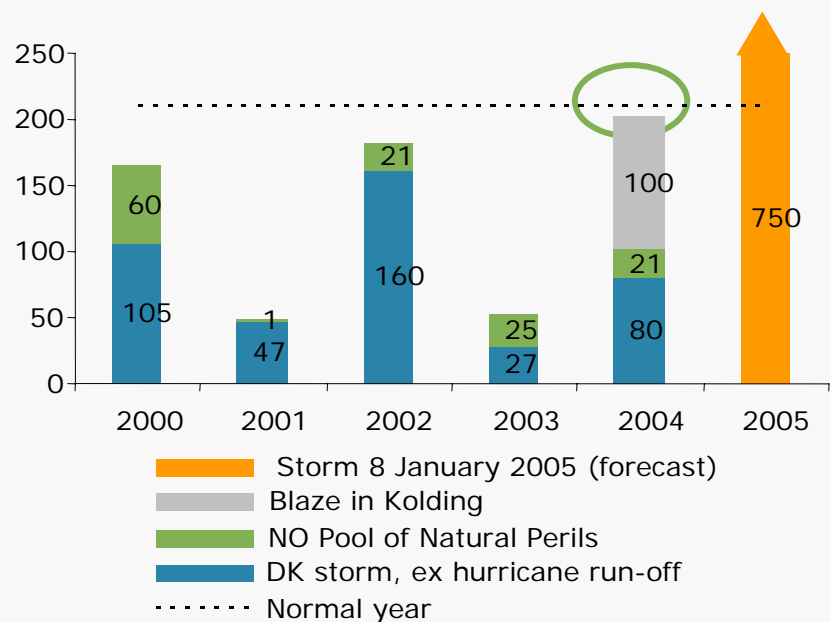
- + DKK 149m relative to 2003

Expenses related to large claims close to normal year in 2004

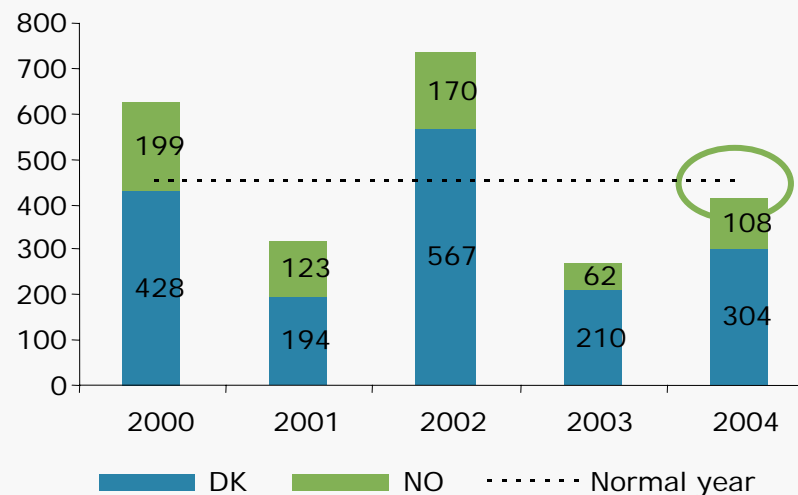
- + DKK 140m relative to 2003

Last four years generally below normal

Gross disaster and windstorm expenses



Gross large claims expenses, total



Risk management



- Common Nordic risk management organisation
- Common risk management policies
- Adjustment of reinsurance programme supported by ALM model
 - Synergies totalling DKK 40m annually
 - From proportional to non-proportional: DKK 30m saved in 2003
 - From proportional to non-proportional: DKK 140m saved in 2004
 - Natural disaster cover totalling DKK 3.5bn, net of reinsurance DKK 100m in Denmark and DKK 70m in Norway
 - Terrorist event cover (property, etc.) increased to DKK 1.5bn
 - Terrorist event cover (accident and workmen's compensation) increased to DKK 1.5bn from 2005

IFRS - Effect on equity



- Statement of opening equity at 1 January 2005 made up in accordance with IFRS standards adopted at 31 December 2004

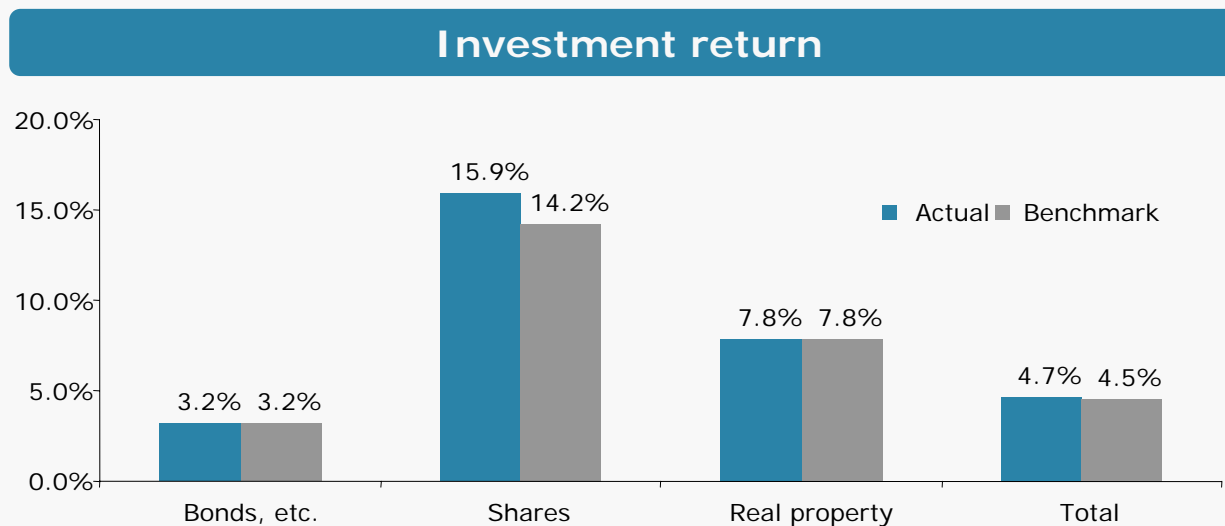
Effect on equity in connection with transition to IFRS, DKKbn

Equity at 31 December 2004	6.1
Equalisation provisions including Pool of Natural Perils	1.4
Provisions for claims Discounting	0.7
Claims handling costs	(0.4)
Pension liabilities	(0.3)
Dividend	0.7
Other items, including employee benefits, etc.	(0.2)
Tax on IFRS changes including contingency fund provisions	(1.1)
Equity at 1 January 2005	6.9

Investment result



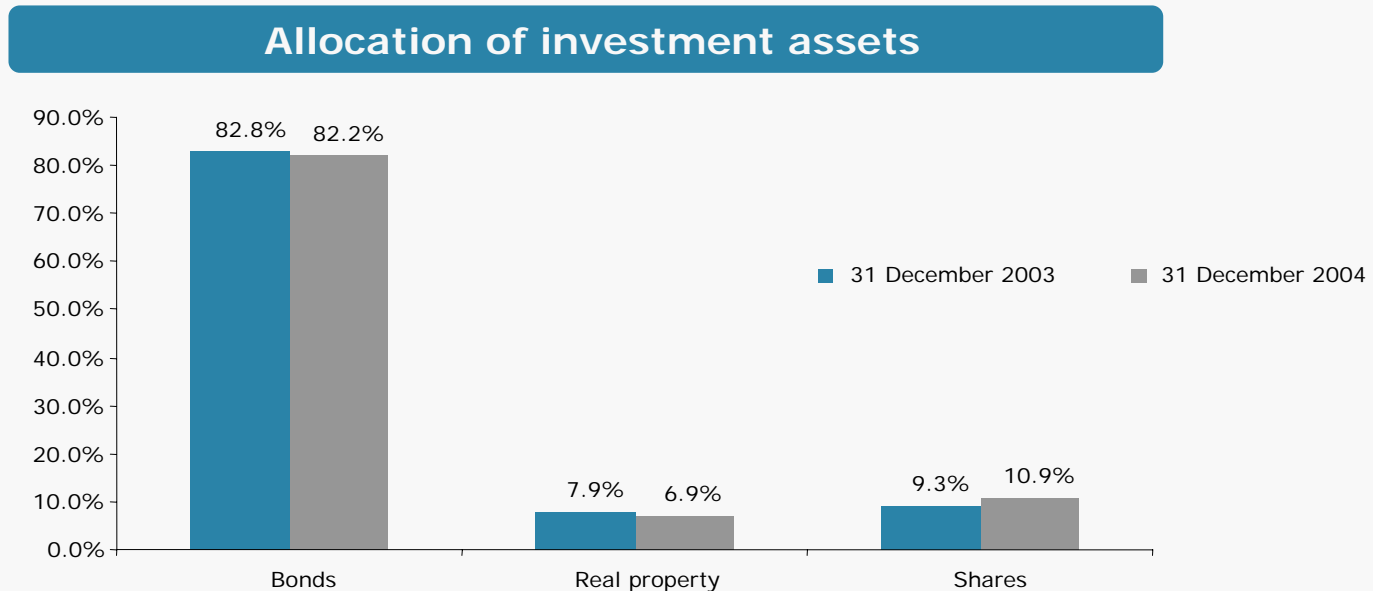
- Total investment return was DKK 1,244m
- Investment result after transfer was DKK 517m
- Falling interest rates and increasing share prices yielded larger than expected capital gains
- TrygVesta yielded a total return before other financial income and expenses of 4.7%, 0.2% better than the benchmark return of 4.5%.



Asset allocation



- Investments at 31 December 2004: Bonds DKK 23.8bn, real property DKK 2.0bn and shares DKK 3.2bn. Total: DKK 28.9bn
- Relative to the Danish FSA's yellow-light scenario, TrygVesta only used 38% of its risk capacity at 31 December 2004
- Duration at 31 December 2004 of 1.3 years against 1.8 years at 31 December 2003



Strategy



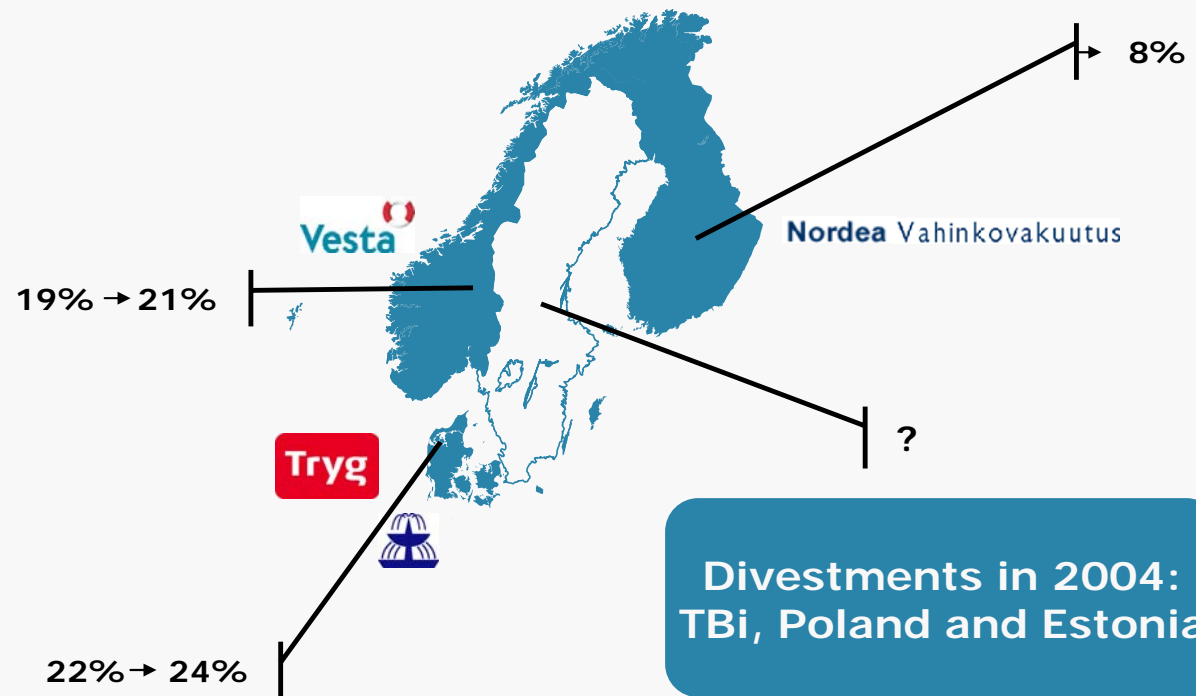
2002	2003	2004	2005
<ul style="list-style-type: none">- Formation of TrygVesta- Contribution of capital- Loss of DKK 1.1bn before tax	<ul style="list-style-type: none">- Premium increases and phase-out of unprofitable segments- Profit of DKK 1.0bn before tax	<ul style="list-style-type: none">- Focus on direct Nordic insurance- Divestment of TBI, Poland and Estonia- Restructured Nordic organisation<ul style="list-style-type: none">- 1st wave of Nordic synergies- Profit of DKK 1.9bn before tax	<ul style="list-style-type: none">- Customer-oriented activities<ul style="list-style-type: none">- 2nd wave of Nordic synergies- Profit forecast of DKK 1.6bn before tax

TrygVesta's strategic focus areas for 2005

- Focus on direct Nordic insurance
- Retaining commitment to existing customers
- Growth in personal and commercial portfolio
- Adjustment of resources and realisation of Group synergies
- Optimisation of corporate portfolio
- Common identity and shared values

Strategy

- *Focus on direct Nordic insurance*
- *Retaining commitment to existing customers*
- *Growth in personal and commercial portfolio*



Strategy



- *Adjustment of resources and realisation of Group synergies*

1st wave, visible in 2004

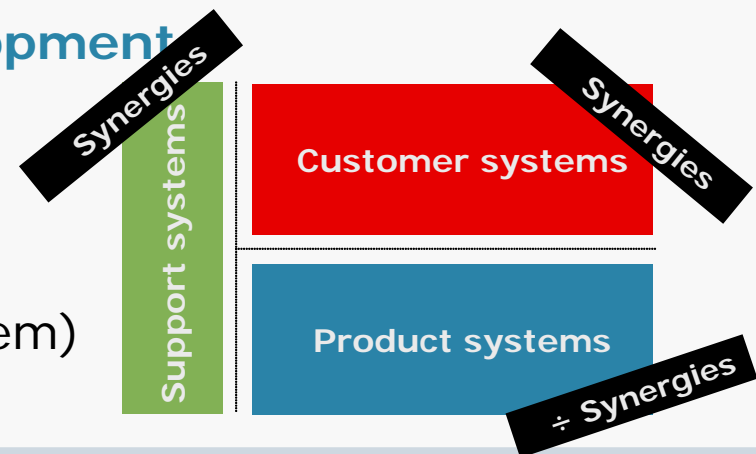
- IT operations (outsourcing)
- Joint procurement
- Joint reinsurance
- Shared staff functions

2nd wave, visible in 2005-06

- Identified cost-savings
 - Staff functions (primarily)
 - Business areas

3rd wave - Innovation and development

- Innovation and development
- Investment in new customer-oriented systems
- Backbone systems (fin. man. system)



Strategy

TrygVesta

Common identity and shared values

We supply peace of mind because:

- we show people respect, openness and trust*
- we show initiative, share knowledge and assume responsibility*
- we provide solutions characterised by quality and simplicity*
- we create sustainable results*

Vi skaber tryghed fordi

Vi møder mennesker med respekt, åbenhed og tillid

Vi viser initiativ, deler viden og tager ansvar

Vi leverer løsninger kendetegnet ved kvalitet og enkelhed

Vi skaber bæredygtige resultater

TrygVesta

Vi skaper trygghet fordi

Vi møter mennesker med respekt, åpenhet og tillit

Vi viser initiativ, deler kunnskap og tar ansvar

Vi leverer løsninger basert på kvalitet og enkelhet

Vi skaper bæredyktige resultater

Goals and expectations 2005



- 2005 profit forecast: DKK 1,600m
- Combined ratio of 94 in 2005

Financial forecast for 2005

DKKm	Actual 2003	Actual 2004	Forecast 2005	Favourable scenario	Negative scenario
Technical result	373	1,456	1,325	1,600	1,000
Investment result	685	517	300		
Pre-tax operating profit	1,036	1,947	1,600		
Combined ratio, net of reinsurance	100.8	93.1	94	92	96

Goals and expectations 2005



The forecast is based on a normal scenario particularly within:

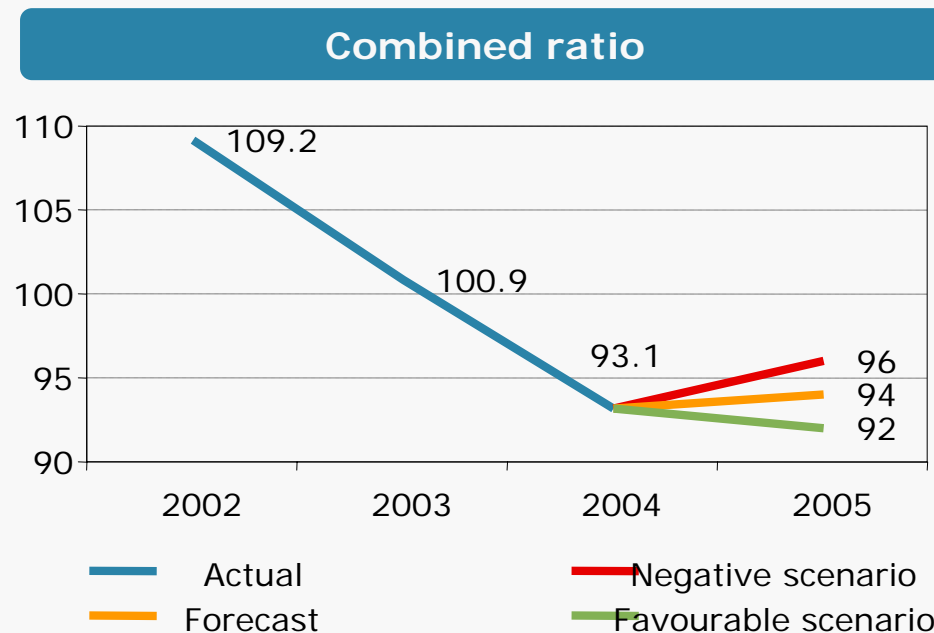
- Large claims
- Storm and weather related expenses
- Claims frequency in respect of the individual areas

Interval for combined ratio:

Mio. DKK

- Favourable scenario 92
- Negative scenario 96

The January 2005 storm was within the limits of a normal scenario





March 2005



Side 36

TrygVesta • The 2004 financial year