



Investor presentation  
August and September 2008

**TrygVesta** 

Certain statements in this presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as “targets”, “believes”, “expects”, “aims”, “intends”, “plans”, “seeks”, “will”, “may”, “anticipates”, “continues” or similar expressions.

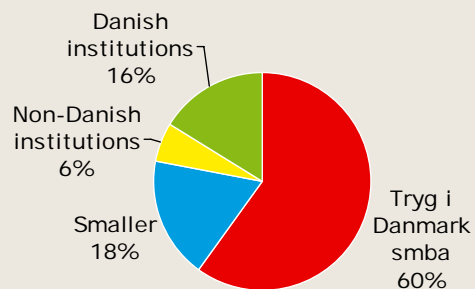
A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this presentation including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

We urge you to read our annual report available on our website at [www.trygvesta.com](http://www.trygvesta.com) for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected.

We are not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

Shares outstanding 66m  
Market cap DKK 24bn (USD 5.0bn)



- Focused Nordic, non-life insurance company
- Vision: To be perceived as the leading **“peace of mind”** supplier in the Nordic region
- Strong brand and market position
- Attractive growth prospects
- Broad distribution platform

### Outlook 2008:

GEP +5% (in local currency)

CR ~ 88

### Dividend policy:

Payout of 50% of result after tax

Share buy backs for additional surplus capital

### TrygVesta share

Performance since IPO incl. dividends



# Overall financial performance of TrygVesta



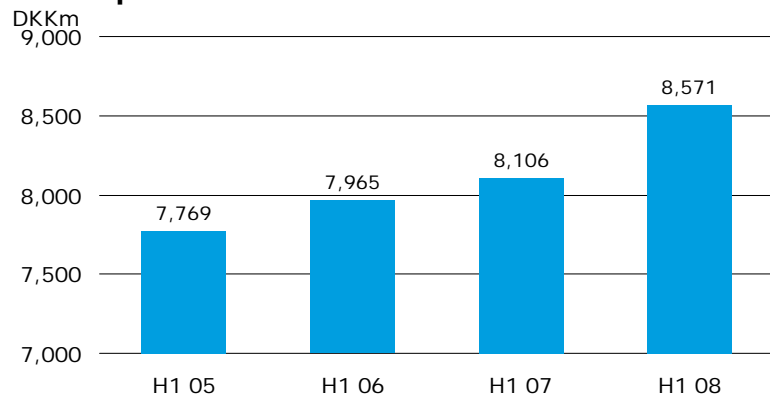
## 4.9% premium growth (5.7% in DKK) and above market growth

- Technical result up 3.4% to DKK 1.321m and combined ratio of 87.6
- Investment return of 0.9% gross or DKK 346m. After transfer of technical interest the investment result, net was DKK (500)m, due to decline in equity markets
- Pre-tax result was DKK 801m and net income DKK 534m
- Outlook 2008 for result before tax is maintained at DKK 2.3bn

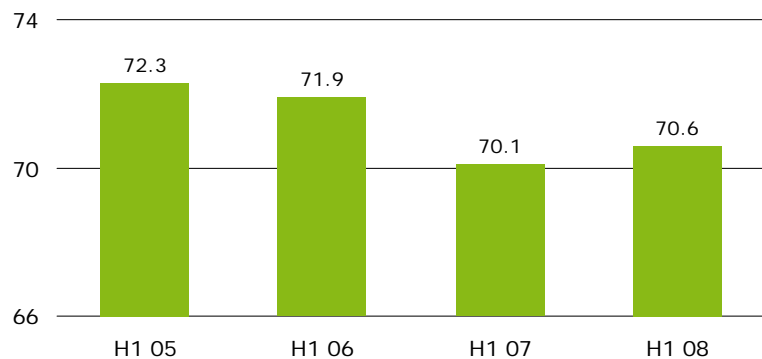
- **Added 171,500 insurances in H1 2008, of which 111,500 from Finland and Sweden**
- **Claims ratio impacted by increasing claims inflation**
- **Cost ratio maintained despite increase in cost of sales and higher wages**
- **Successful launch of Tryg Vejhjælp – roadside assistance**
- **New distribution agreement for Denmark and Sweden with DLG**



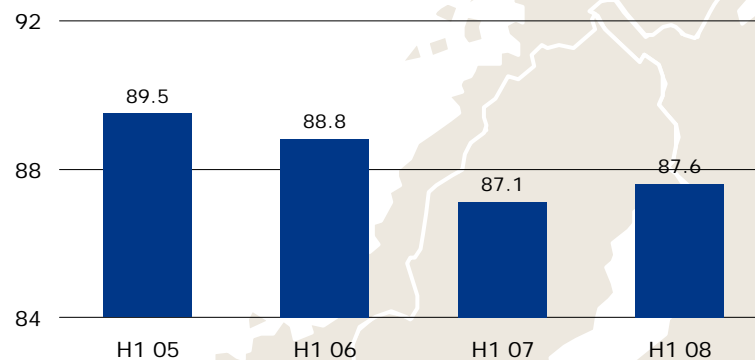
## Gross premium income



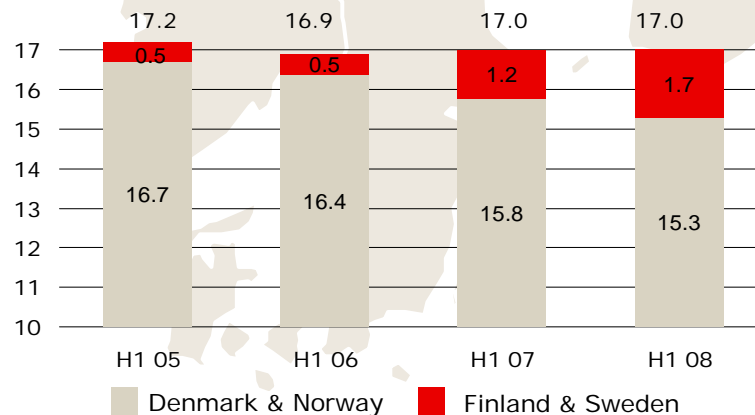
## Claims ratio



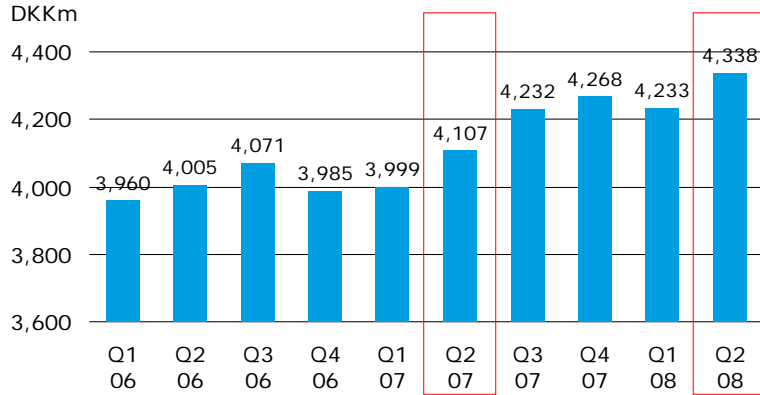
## Combined ratio



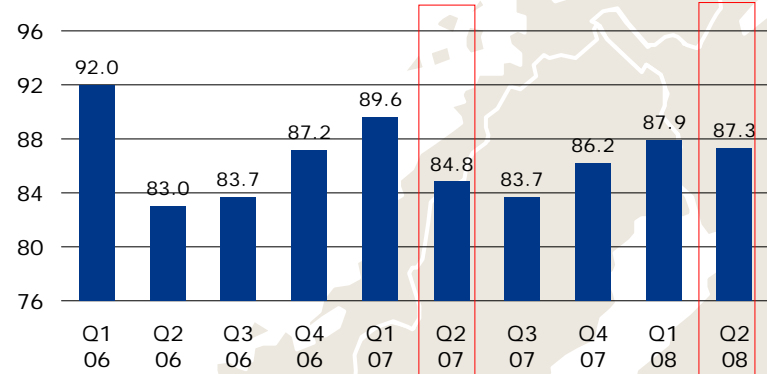
## Expense ratio



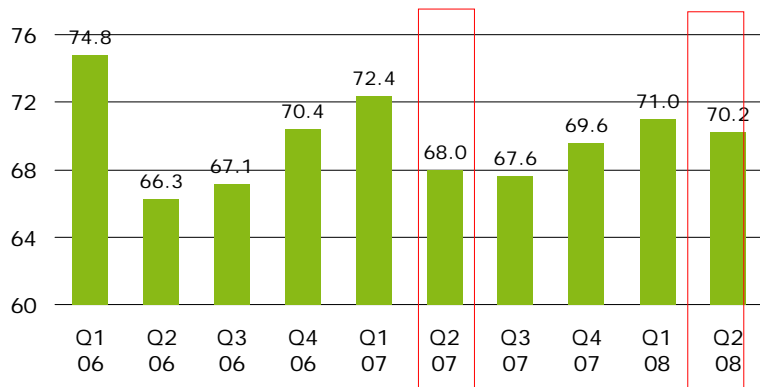
## Gross premium



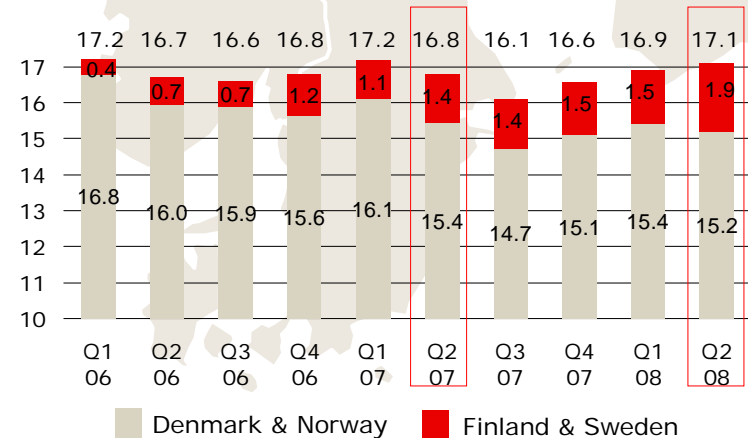
## Combined ratio



## Claims ratio



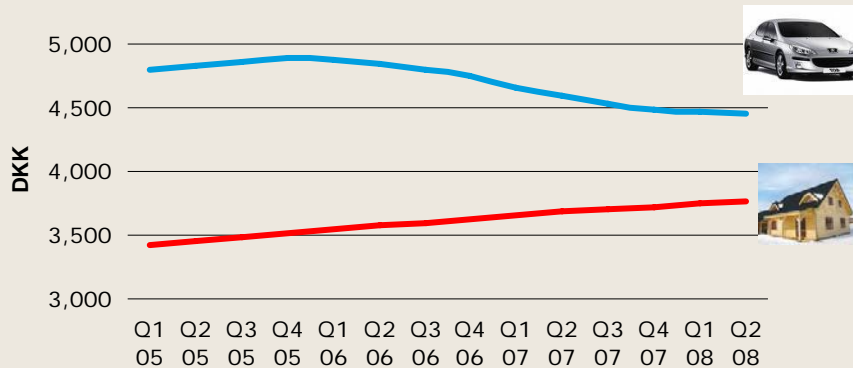
## Expense ratio



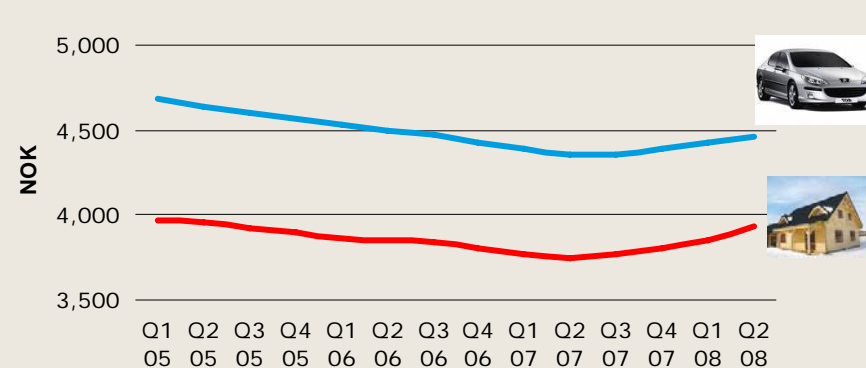
## Average prices for main products are trending upward and hence lessen impact from increasing claims inflation

- Danish house insurance increased 2.1% since mid 2007 – increase in average claims cause awareness of further price increases
- Norwegian average prices for car and house insurance increased by 2.5% and 5.0% respectively. On 1 July 2008, additional price increases were implemented
- Danish car insurance prices fell 2.4%

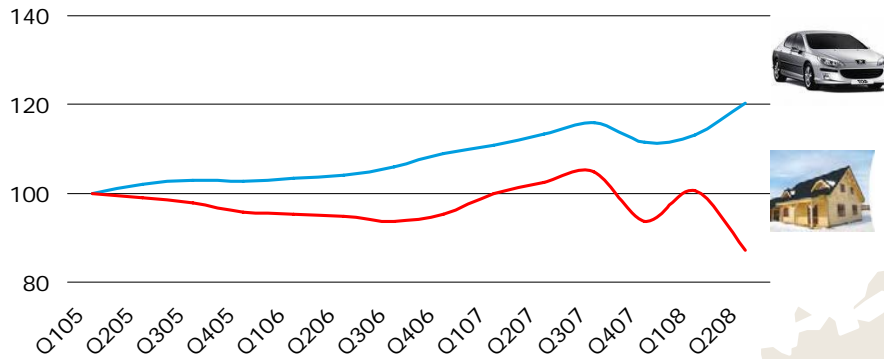
### Average prices in Denmark



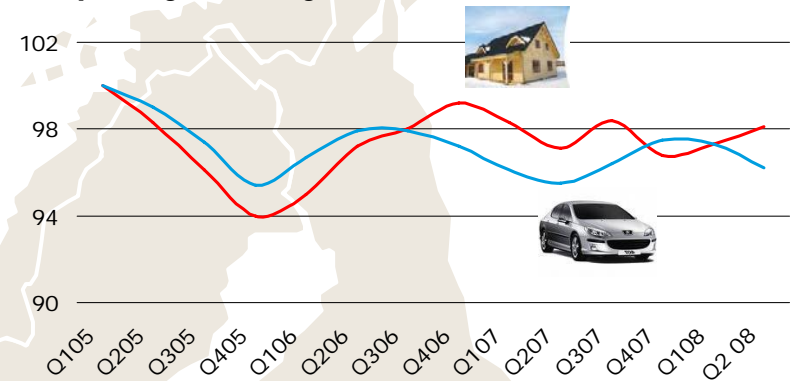
### Average prices in Norway



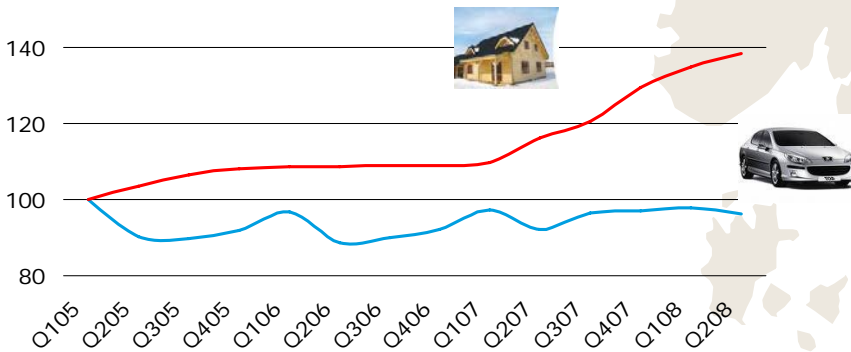
## Frequency Denmark



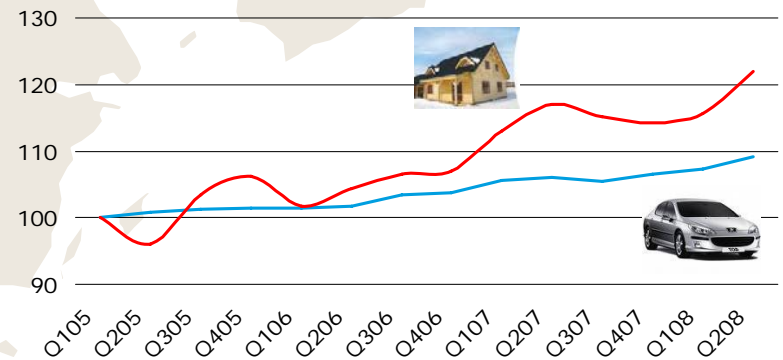
## Frequency Norway



## Average claims Denmark



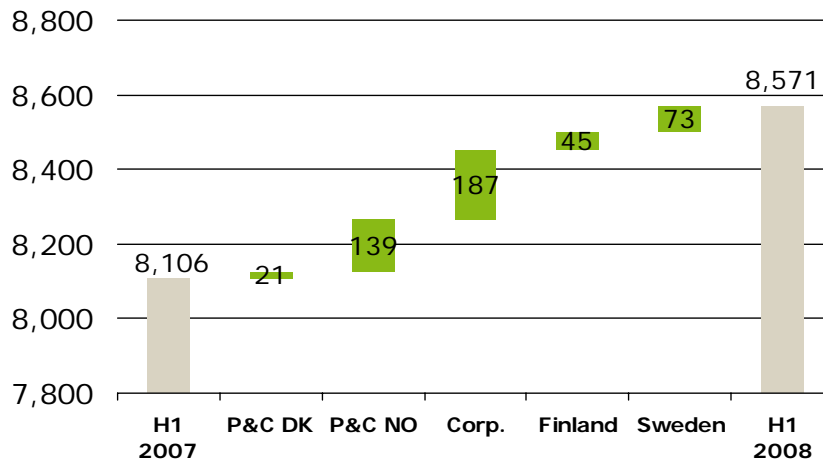
## Average claims Norway



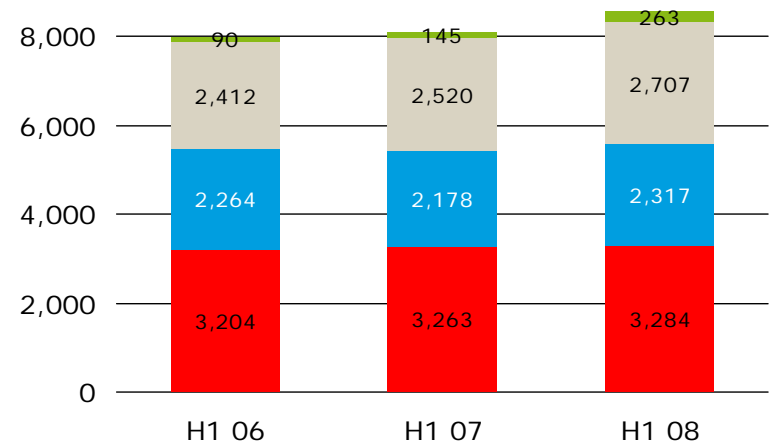
Gross premiums grew 5.7% in DKK or DKK 465m to DKK 8,571m

- Corporate and P&C Norway were the biggest growth contributors with 6.6% and 4.1% respectively
- Growth from New Markets (Finland & Sweden) continued at rapid pace
- Number of insurances grew 171,500, of which 111,500 from New Markets
- Moderate growth in P&C Denmark and impacted by lower prices for car insurance

**Gross premium drivers**  
DKKm



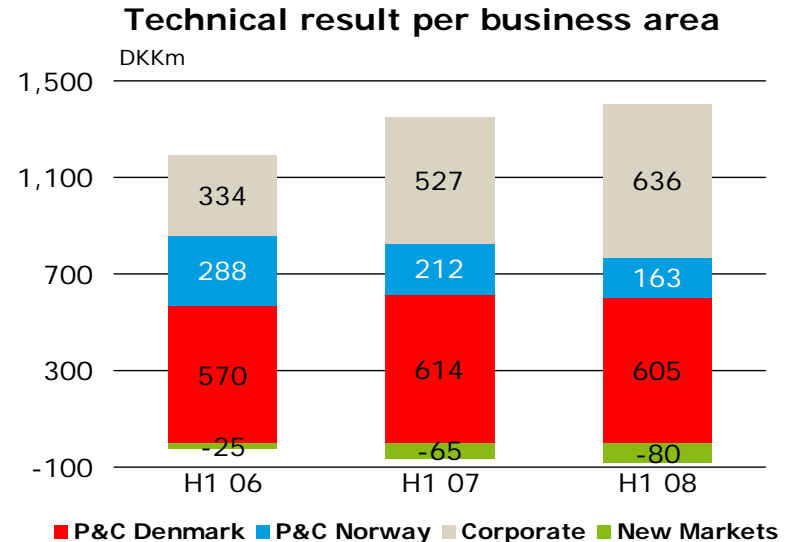
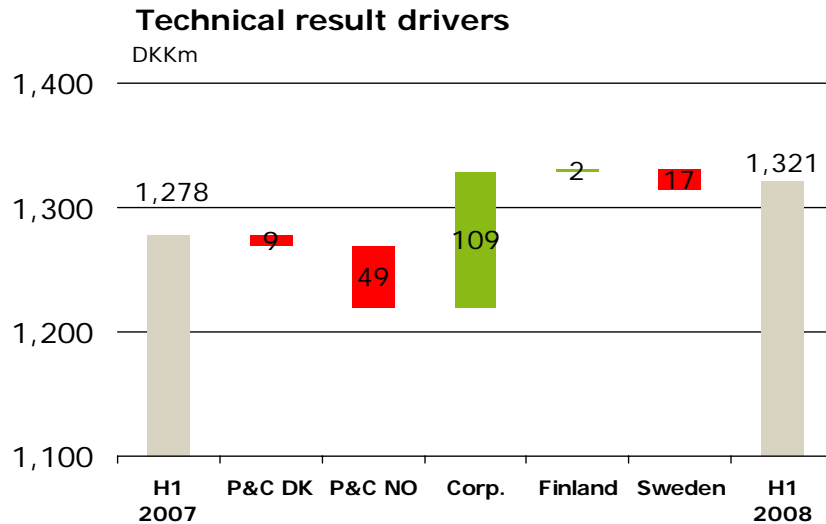
**Gross premium per business area**  
DKKm



■ P&C Denmark ■ P&C Norway ■ Corporate ■ New Markets

## Technical result grew 3.4% or DKK 43m to DKK 1,321m

- H1 2008 favourably impacted by mild winter with fewer large claims and weather claims and positive run-off. However, average claims are impacted by increasing claims inflation
- Technical result excluding run-off was DKK 928m, a reduction of DKK 28m
- Q2 was DKK 61m lower to DKK 684m due to higher claims cost and cost related to increased sales in P&C Norway



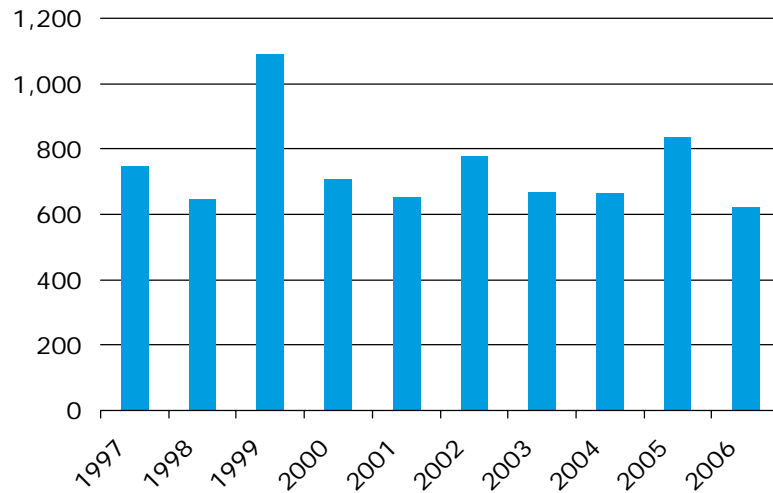
# Claims



## Total number of property and content and auto claims

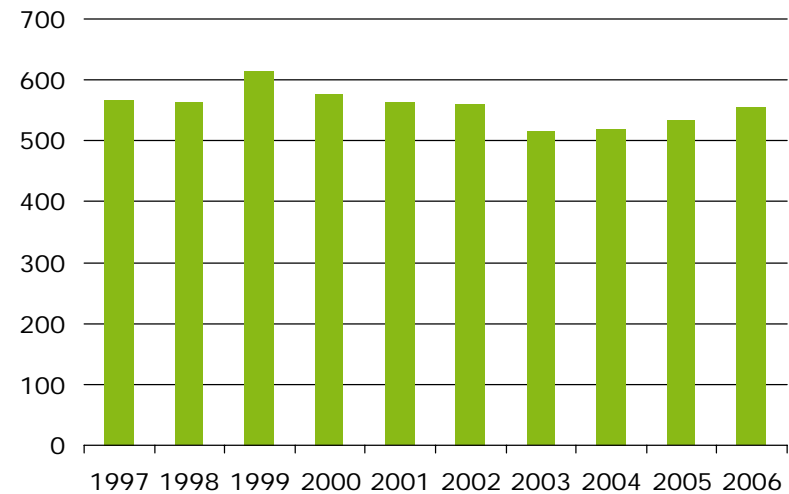
### Property and content claims

In thousands



### Motor claims

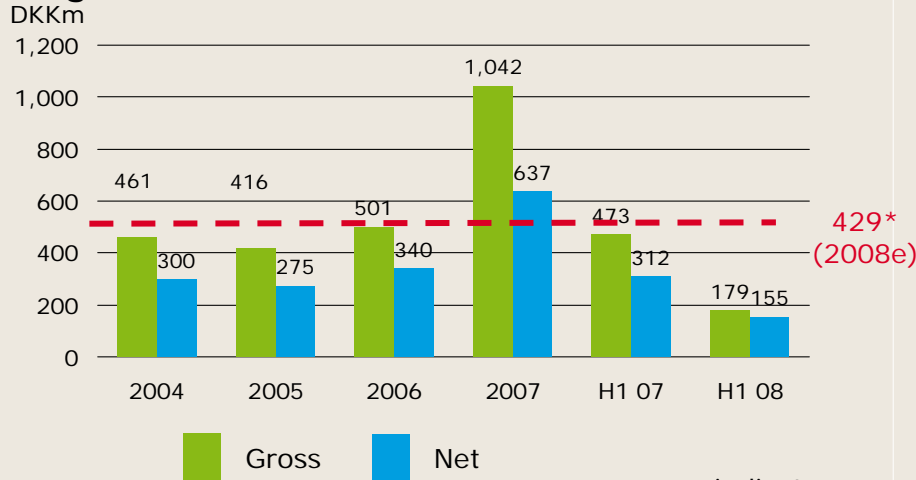
In thousands



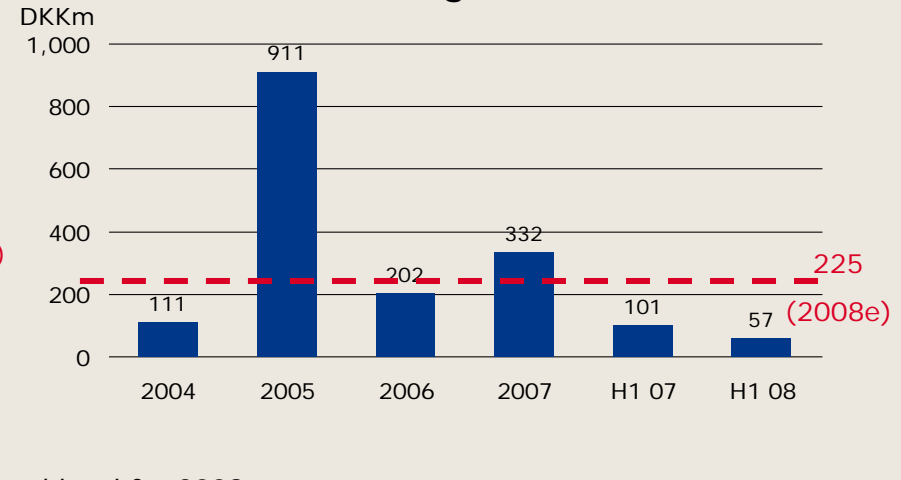
Source: Forsikringsoplysningen, national statistics

A mild winter resulted in fewer large claims and weather related claims.

## Large claims



## Weather related claims, gross



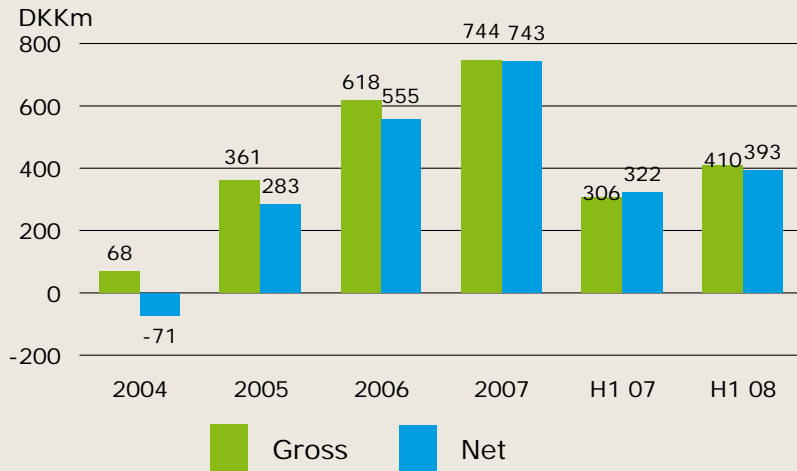
----- indicates assumed level for 2008

\* The initial outlook for 2008 assumed large claims of DKK 500m. In H1 2008, large claims amounted DKK 179m and consequently the Outlook has been adjusted.

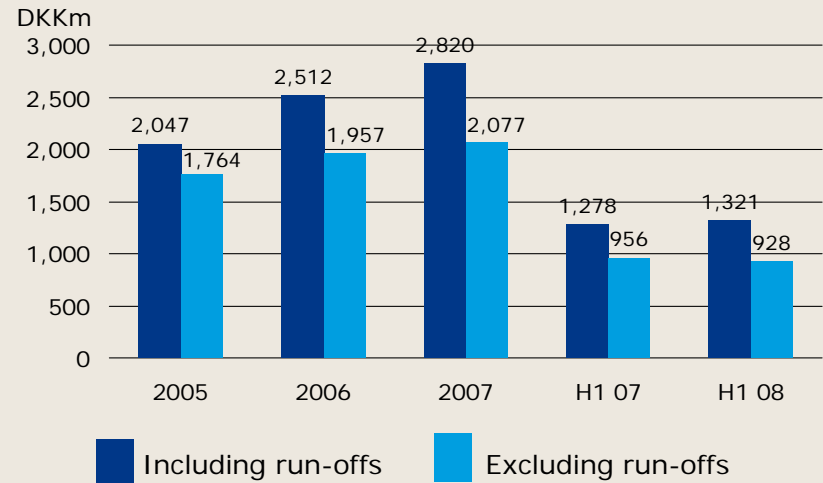
Run-off in H1 2008 of DKK 410m gross and DKK 393m net.

- Impact on combined ratio of 4.6% in H1 2008 versus 4.0% in H1 2007 and 4.5% full year 2007

## Run-off



## Technical result

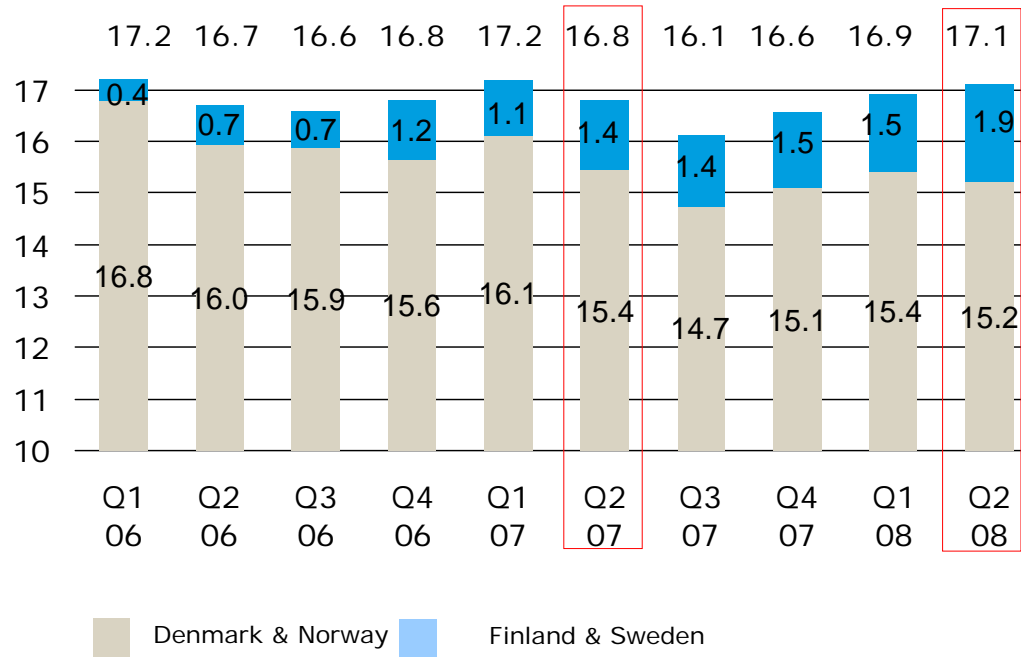


# Expenses



Gradual decline in cost ratio due to a combination of improved efficiency in Denmark and Norway and counterbalanced by expansion in Finland and Sweden

## Expense ratio



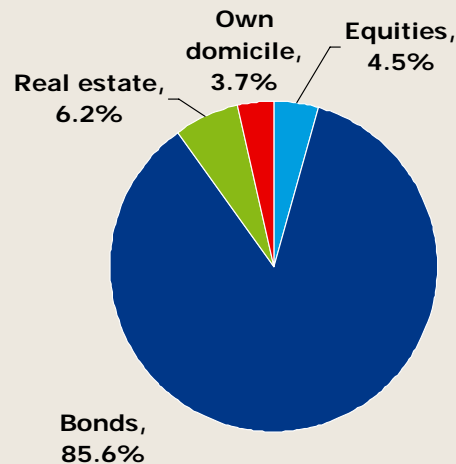
# Investments



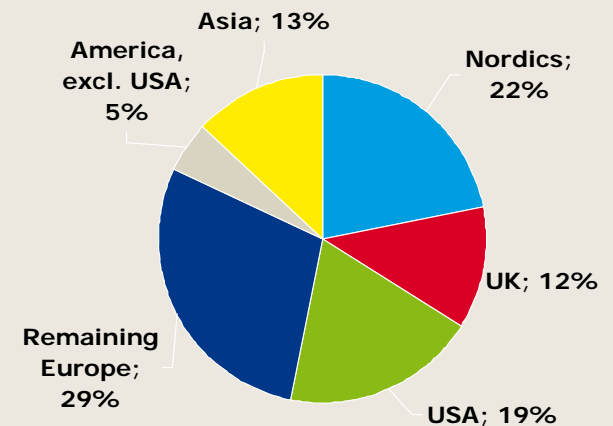
## Gross investment return of 0.9%. Net investment result of DKK (500)m due to decline in equity markets.

- Investment portfolio of DKK 37.1bn
- Performance in 2008 impacted by equity markets decline of approx. 20%, however...
- ...relatively low weight of equities compared with peers
- Real estate weight increased to 9.9% as corporate headquarters have been acquired

### Portfolio structure



### Equity concentration



# Capital and Outlook



DKKm	2007	2008 February	2008 May	2008* August	Negative scenario	Positive scenario
Premium growth in local currency	4%	5%	5%	5%		
Technical result before run-off	2,077	2,200	2,200	2,200	2,050	2,350
Technical result after run-off	2,820	2,200	2,400	2,600	2,450	2,750
Investment result, net	340	400	0	(300)		
Pre-tax result	3,109	2,500	2,300	2,300	2,150	2,450
Net income	2,266	1,900	1,600	1,500	1,400	1,600
Combined ratio	86.1	90	89	88	89	87

\* Outlook for remainder of 2008 assumes: zero run-off, large claims of DKK 250m and weather related claims of DKK 170m

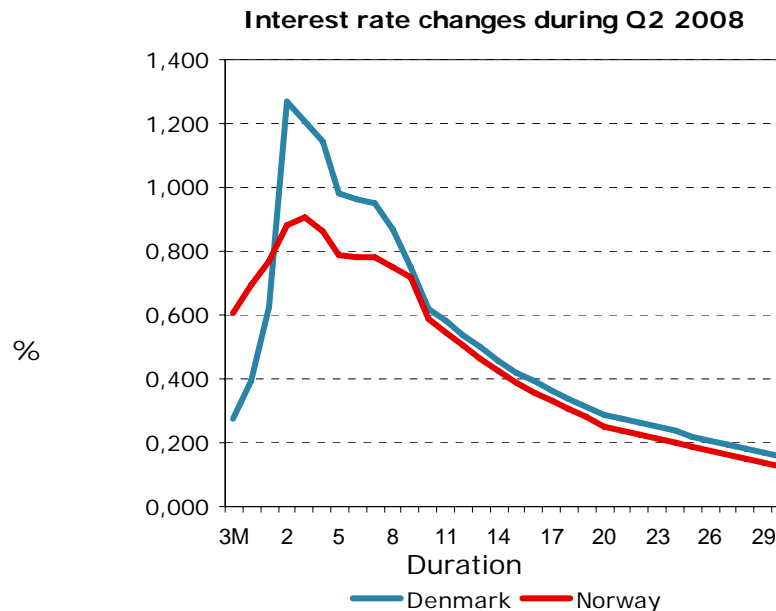
**Return assumptions p.a.**

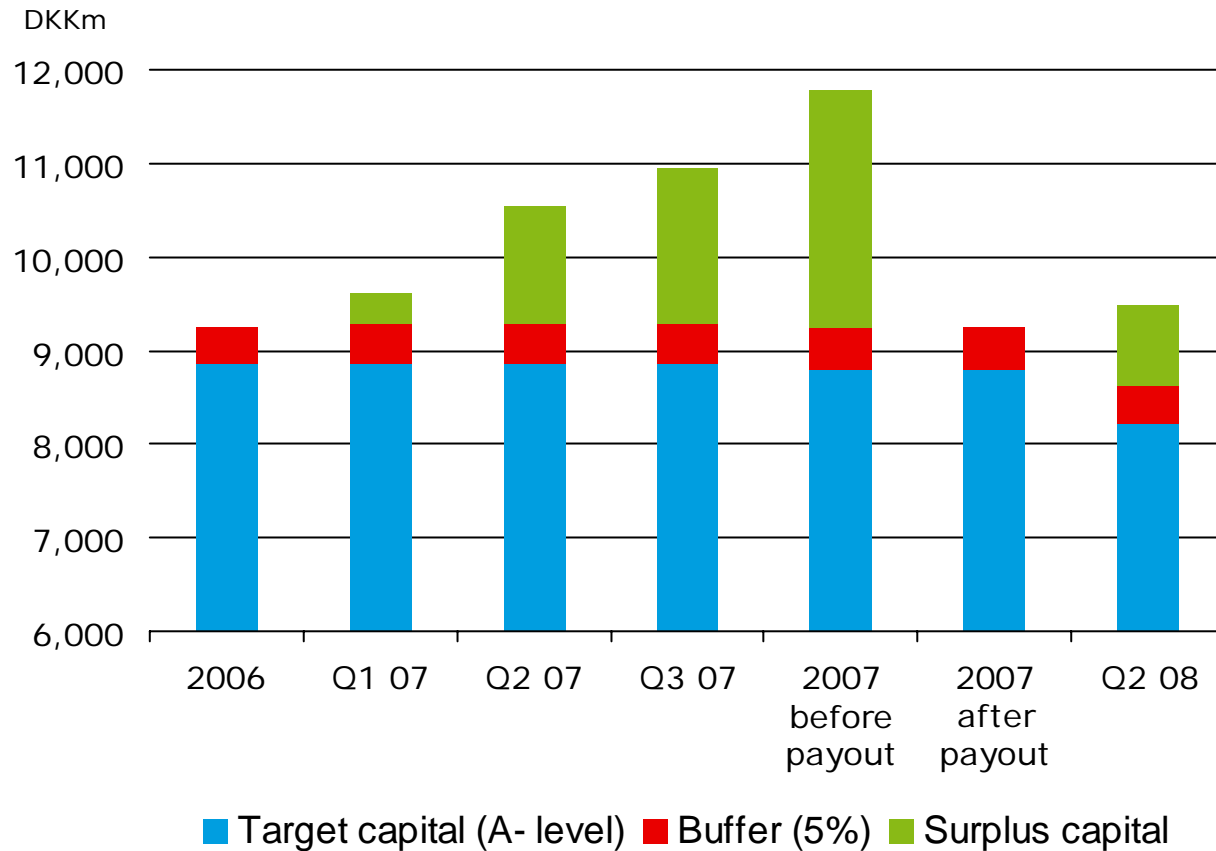
Equity	7.0%
Bonds	6.1%
Real estate	5.9%

Since Q1 2008 net investment outlook for 2008 has been reduced from DKK 0m to DKK (300)m. This was caused by;

1. Lower return than anticipated on equities	DKK (80)m
2. Higher transfer to technical interest due to higher rates	DKK (100)m
3. Mismatching between bonds and claims provisions	DKK (120)m
<b>Total</b>	<b>DKK (300)m</b>

### Mismatching due to change in yield curve during Q2 2008

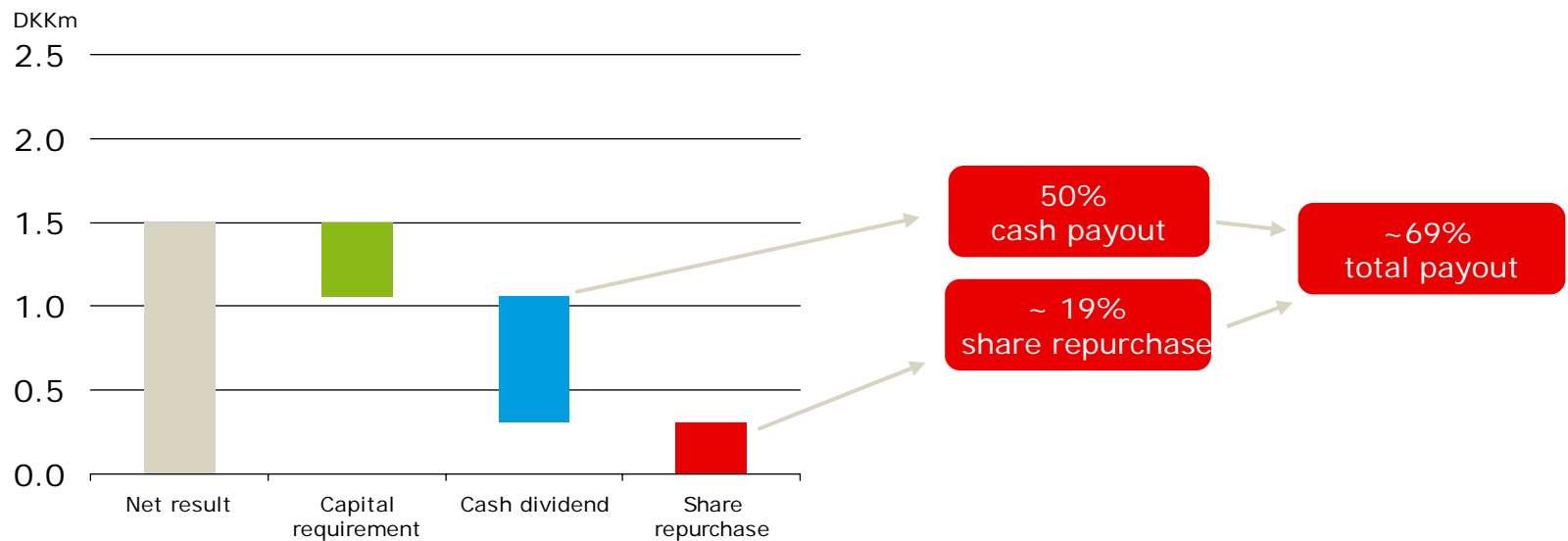




A- corresponds to a capital (equity + hybrid and after dividend payout) to net premiums of 52 to 56%.

## Policy for shareholder repatriation

- 50% of annual net result to be paid out as cash dividend
- Surplus capital to be repatriated via share repurchase
  
- Based on Outlook 2008 the repatriation for 2008 will be:



Guidance  
since IPO

Combined ratio of 90-92  
ROE after tax of 19-21%

Growth & competition

Efficiencies & cost

Claims

Capital



New guidance

Combined ratio of 89-91  
ROE after tax of 21-23%

Assumptions a.o.

8-10% equity weight in investment portfolio

Run-off at zero

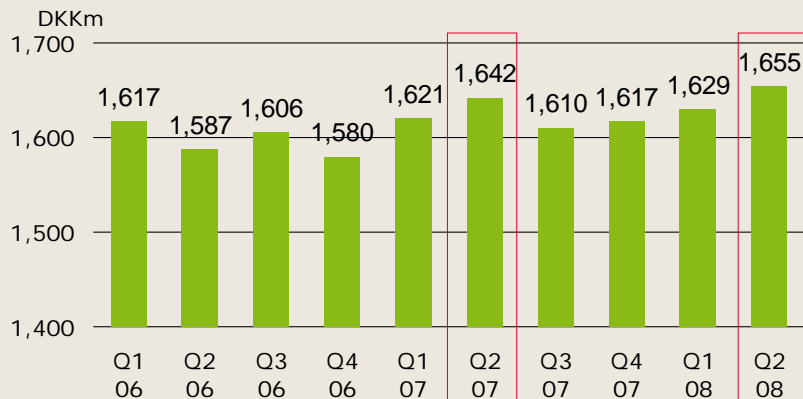
## Business line performance



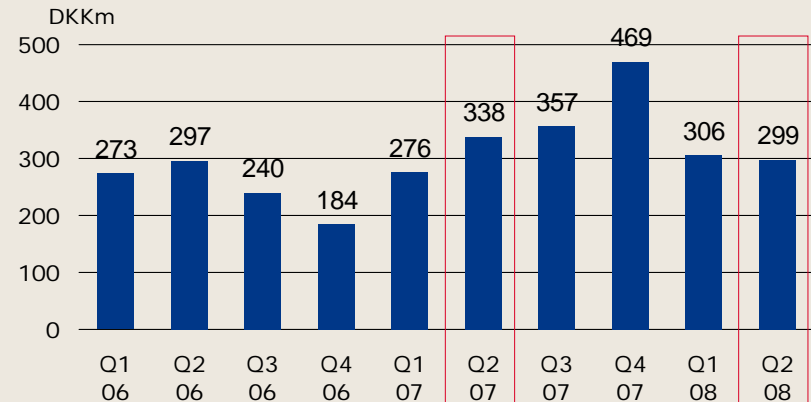
## Gradual improvement in premium growth whilst maintaining solid profitability

- Premium growth pre-bonus of 0.7% in Q2 2008 and impacted by price increase of 2.4% in house insurance, 2.1% price decline in car insurance and an increase of 26.000 insurances
- Combined ratio of 84.4 in H1 2008 versus 83.8 in H1 2007. The increase is impacted by several medium sized property claims
- New distribution agreement with DLG, a Danish and Swedish distribution company, bodes well for future premium growth

### Gross premiums



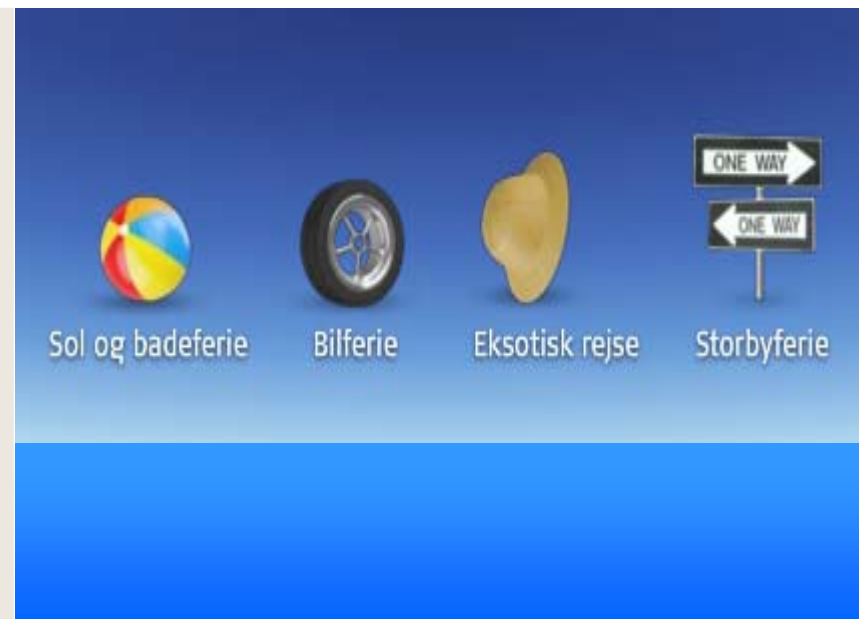
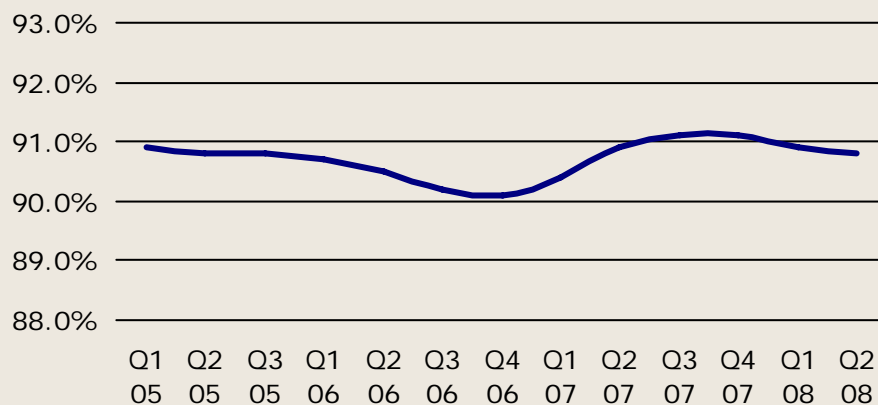
### Technical result



## 90.8% retention rate in Q2 2008

- Solid customer loyalty, satisfaction and innovation underlines competitive strength

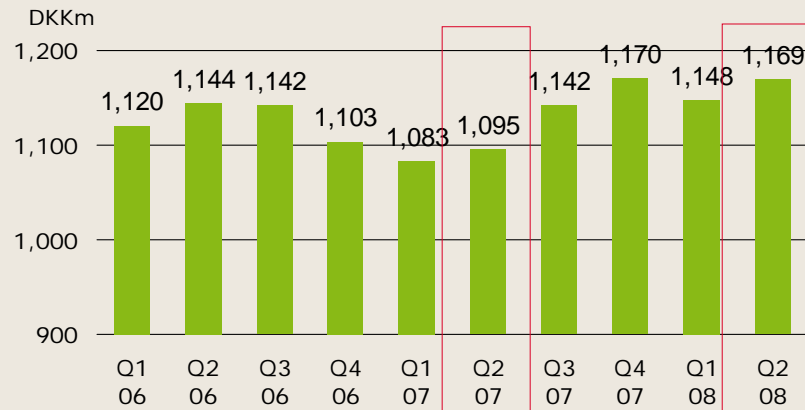
### Retention since 2005



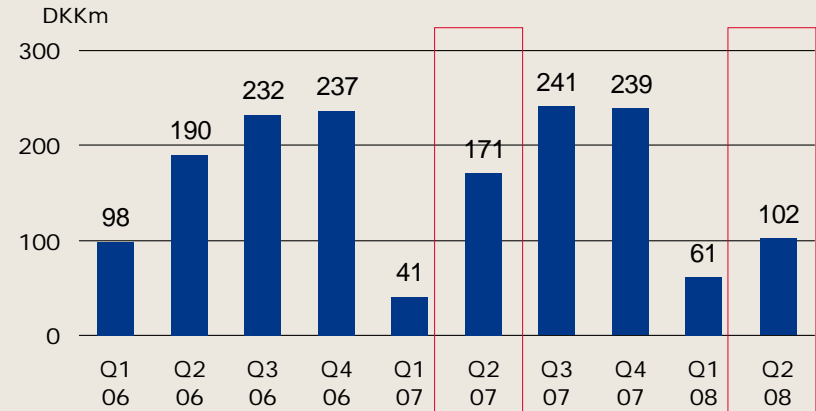
## Accelerating premium growth and good momentum in sales and marketing initiatives

- Premium growth of 4.1% in NOK (6.4% in DKK) driven by improved customer loyalty, better sales and price increases
- Combined ratio of 95.7 versus 93.8 in H1 2007 due to higher claims
- Renewal rates increasing 0.1% to 86.3%. Oslo region seeing solid progress
- New franchise offices opened in Oslo and new customer system provides for further growth

### Gross premium



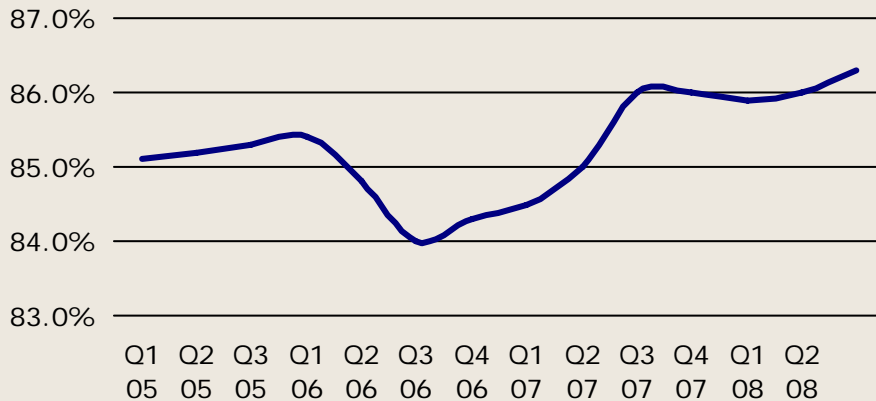
### Technical result



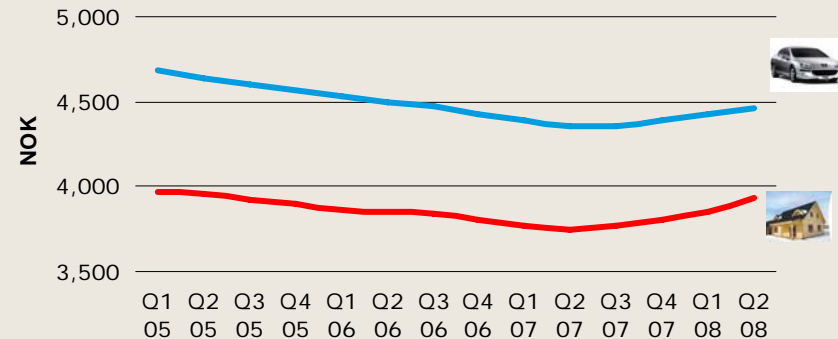
**Retention** has improved since TrygVesta removed the introduction rebate for new customers and in return gave loyal customers better conditions

**Prices** have been raised since mid-2007 and combined with market initiatives provide a good basis for further growth and solid profitability

### Retention since 2005



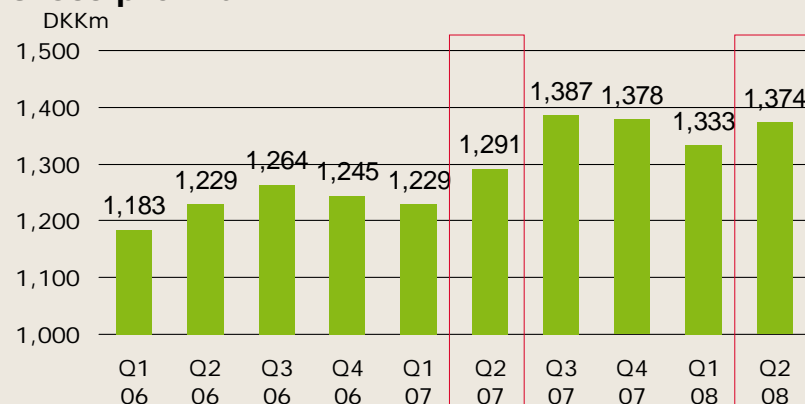
### Average prices in Norway



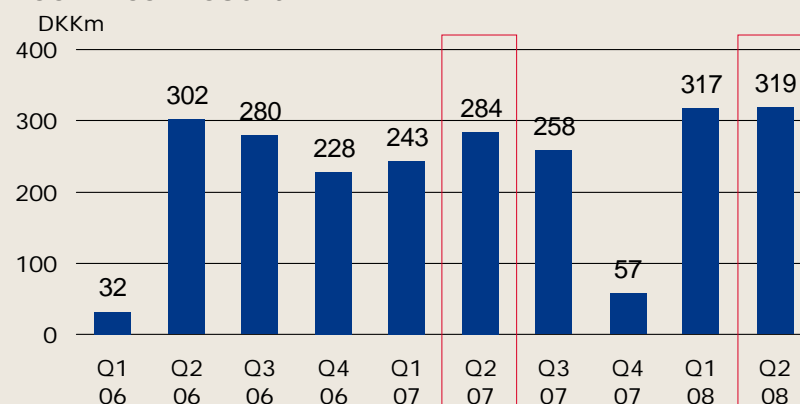
## Corporate showing solid growth and good profitability

- Premium growth of 7.4% in H1 2008 primarily due to intake of new customers in 2007
- Combined ratio of 80.0 and impacted by fewer large claims, good risk selection and run-off equivalent to 8.9%

### Gross premium



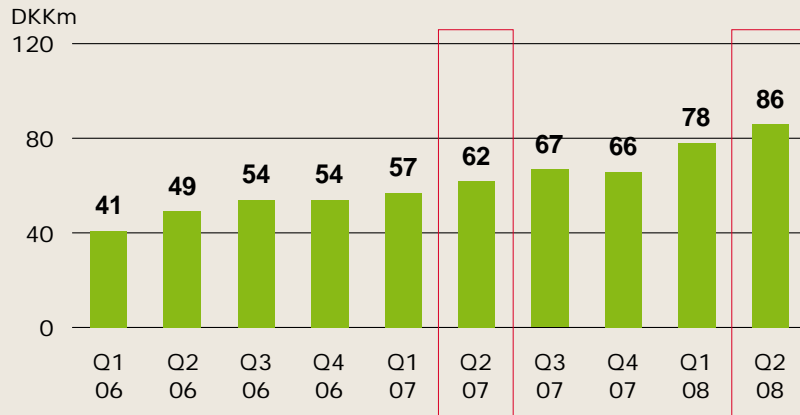
### Technical result



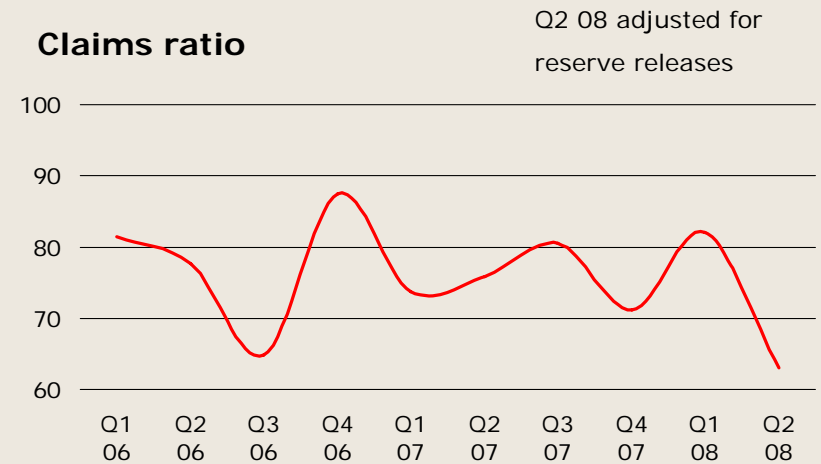
## Accelerating sales and prudent risk selection

- Broader sales platform since summer 2007 is showing its impact on sales in 2008
- An increase of 47,000 insurances in H1 2008 – exceeding sales targets
- Portfolio is now DKK 400m
- Target 8% share of the private market in 2012

### Gross premium

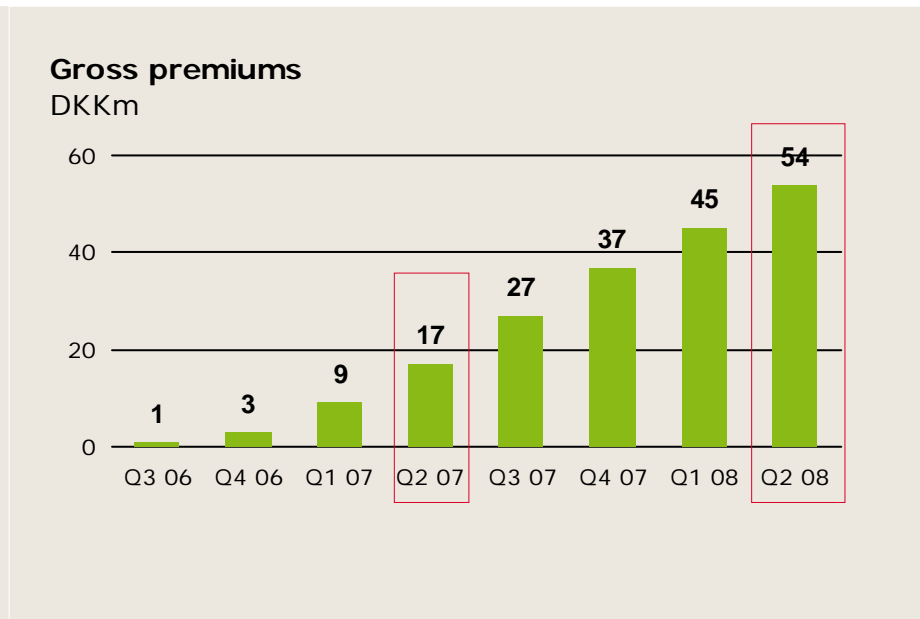
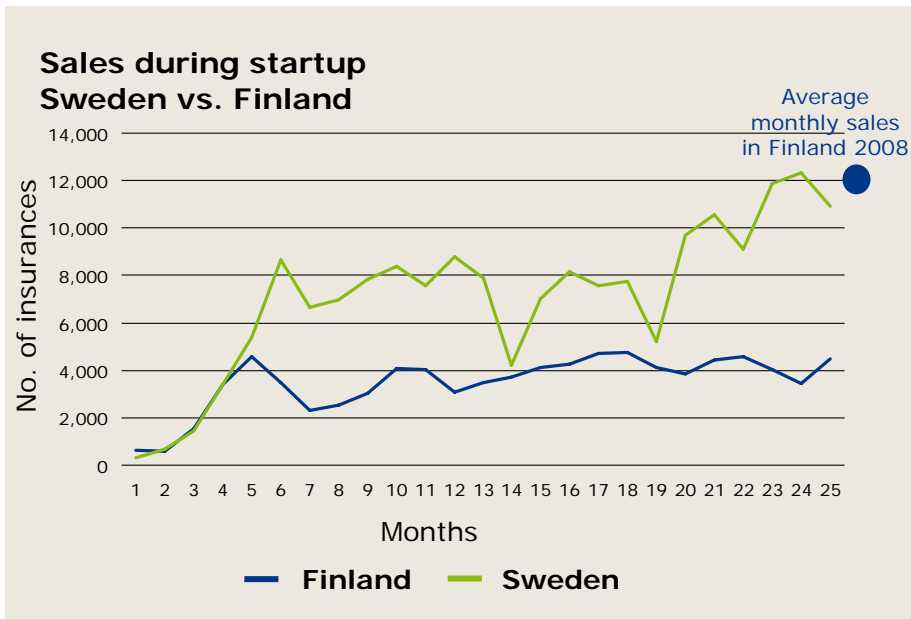


### Claims ratio



## Focused sales effort and expanding organisation

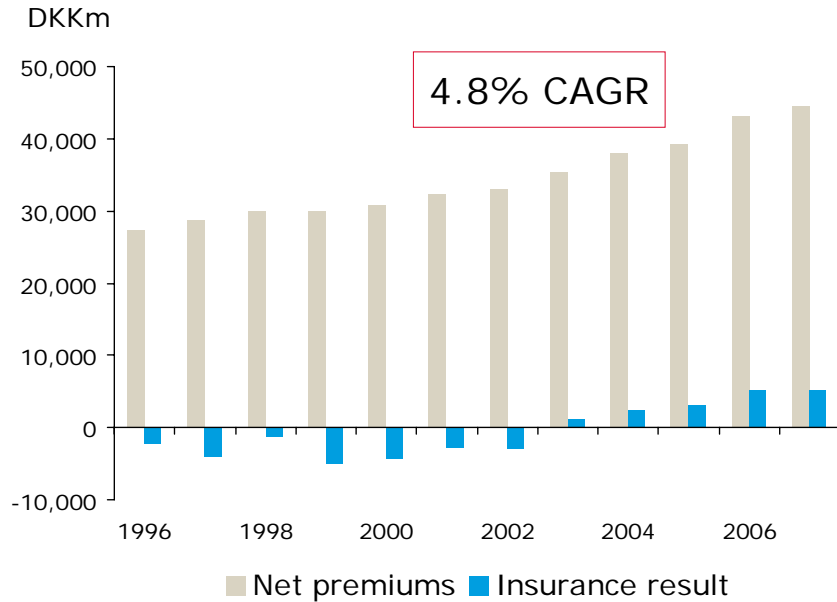
- Gross premium of DKK 54m and an increase of 64,000 insurances in H1 2008
- In Q2 alone, an increase of 44,000 insurances and portfolio reached DKK 242m
- Claims ratio of 99.0 in H1 is acceptable for a new portfolio.
- Target 8% share of private market in 2012



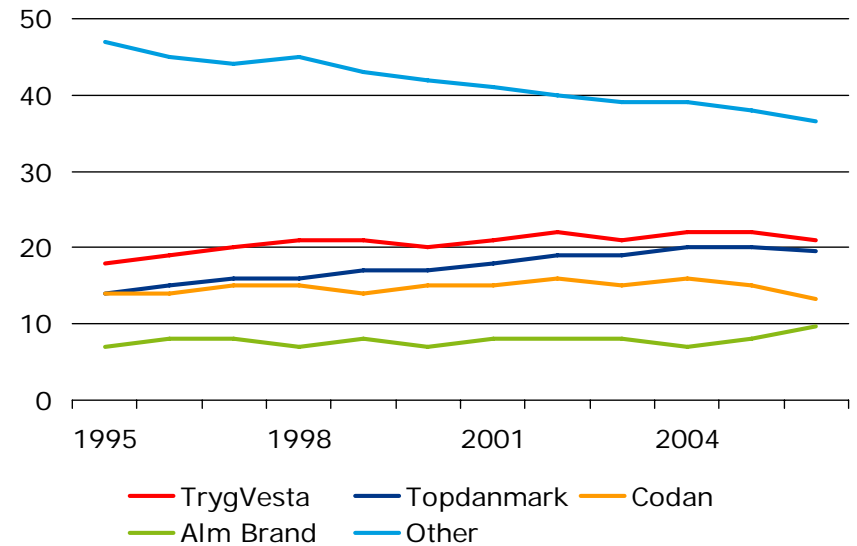
# Operating environment



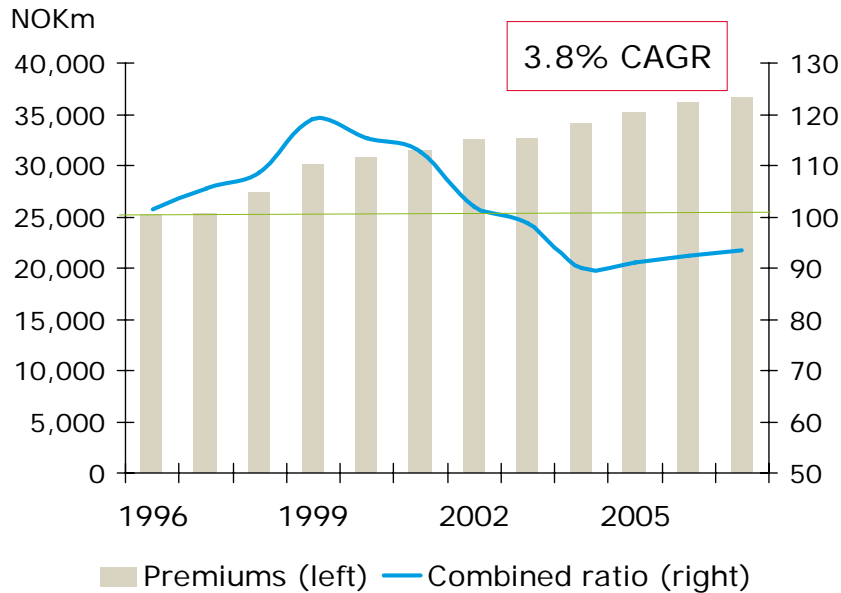
## Market size and profitability



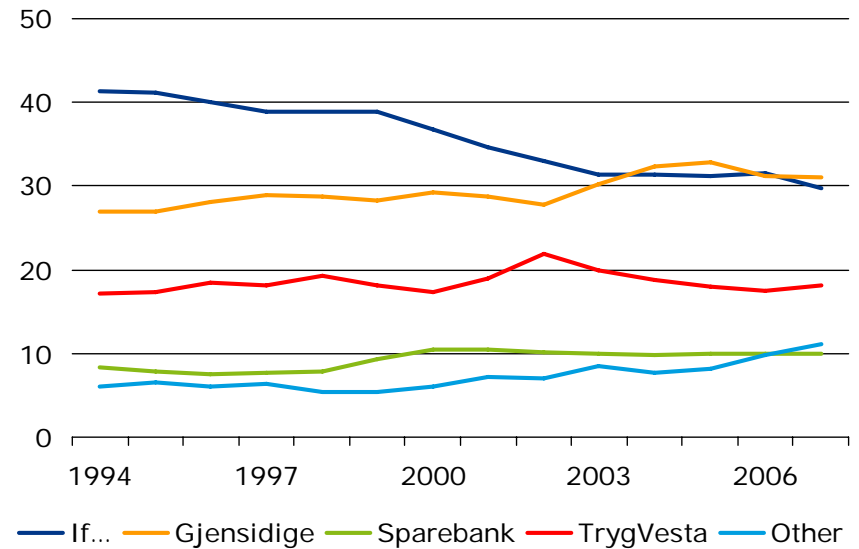
## Market shares



## Market size and profitability

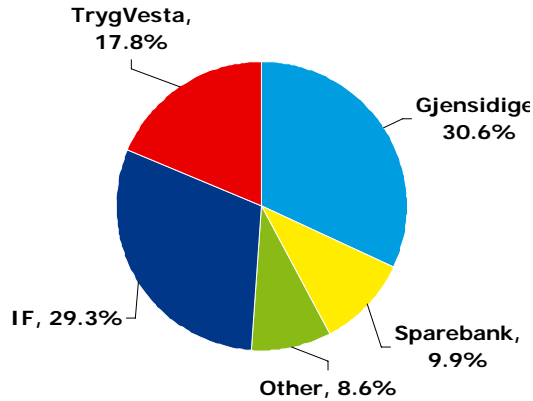


## Market shares

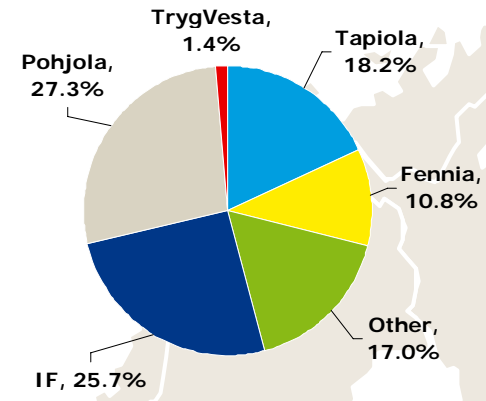


# The Nordic region- structure of the insurance market

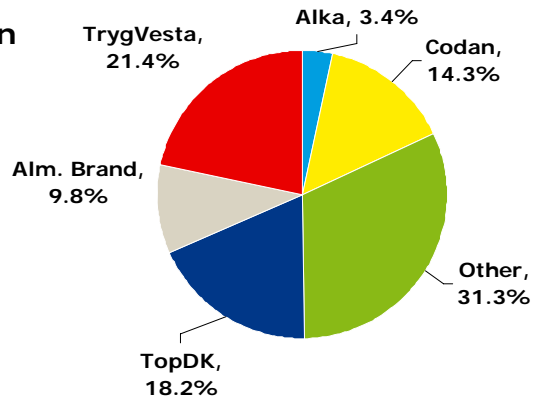
## Norway EUR 4.7bn



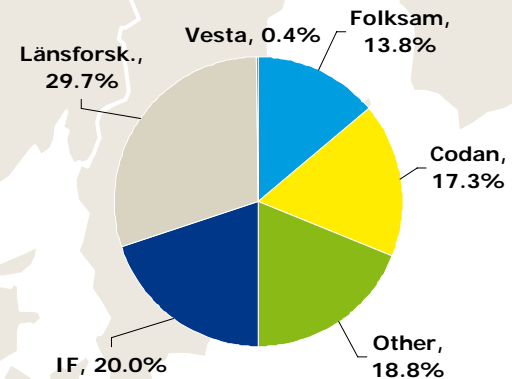
## Finland EUR 3.2bn



## Denmark EUR 6.2bn



## Sweden EUR 6.2bn





Denmark



Norway



Vahinkovakuutus

Finland



Sweden

**Distribution channel**

Customer center



Local service center



Call centre



Franchise



Bancassurance



Nordea online bank



E-business/Self-service



Insurance brokers



Car dealers



Real estate agents



Affinity groups





For further information, please visit [www.trygvesta.com](http://www.trygvesta.com)