



IR Newsletter no. 1 | 2010

TrygVesta 

HIGHLIGHTS

- > Additional expenses of DKK 700m to cover winter claims in Q1 2010
- > Guidance 2010 adjusted, but only due to the hard winter of 2010
- > Underlying claim trends support the original guidance

Winter claims of DKK 700m in Q1 2010

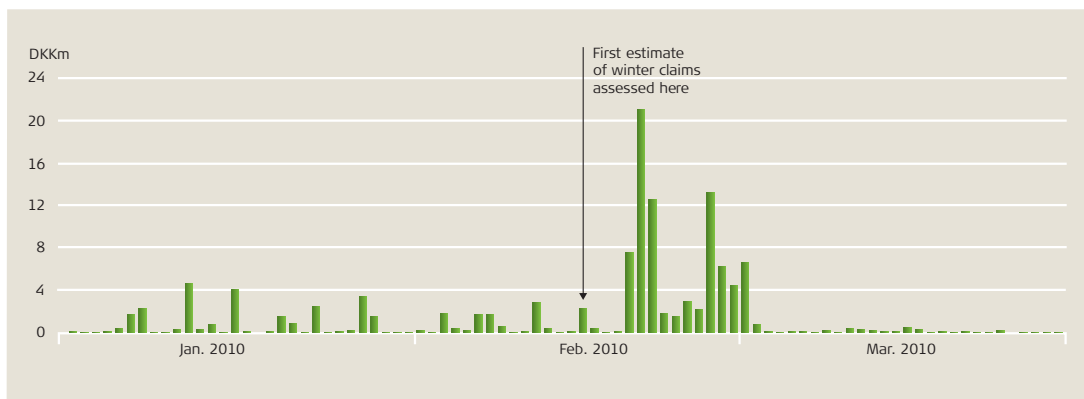
The winter of 2010 was the hardest winter in more than 20 years in Denmark and the coldest in Norway in 110 years. Insurance policies are bought to cover winter claims and accidents among others. Subsequently, TrygVesta’s claims expenses and loss estimates for the first quarter of 2010 are significantly impacted by the unusual winter of 2010

The typical winter related claims occur within the following areas:

- > Snow pressure claims on buildings
- > Water damages brought on by thaw (melting snow)
- > Frost eroded pipes
- > More fire claims in Norway due to increased use of electrical heaters and wood stoves
- > Claims caused by icy roads and side walks

In connection with the full-year 2009 results, TrygVesta estimated that winter claims would amount to around 1 percentage points of the Group’s gross premiums or in the range of DKK 150-200m. This estimate was calculated in mid February and was based on the development of claims in the first four weeks of 2010 – and thus before the snow pressure and melt water claims occurred. The number of claims rose dramatically when thaw set in at the end of February and the beginning of March, which is why the claims expenses are larger than anticipated and previously communicated.

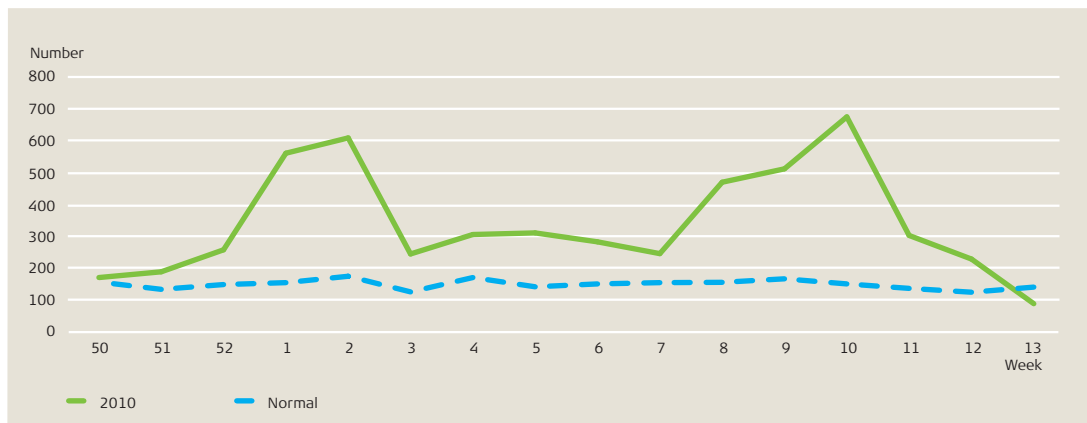
ASSESSED WINTER CLAIMS EXPENSES WITHIN PROPERTY AND AGRICULTURE IN DENMARK





The figure on the previous page shows the expected claims expenses per claims date within Property and Agriculture in Denmark. As seen in the figure, the winter claims were primarily reported from 20 February to 2 March 2010.

REPORTED WINTERRELATED VILLA CLAIMS IN NORWAY



Based on the latest calculation, we expect winter related claims to reach around DKK 700m. The estimate is still uncertain mainly concerning snow pressure claims within Property and Agriculture in Denmark where reserves still cover the largest part of the anticipated expenses. In Finland, the additional expenses are less as winter related claims as a rule are exempted from cover.

WINTER CLAIMS BY COUNTRY*

Denmark	DKK 400m
Norway	DKK 300m
Sweden	SEK 50m

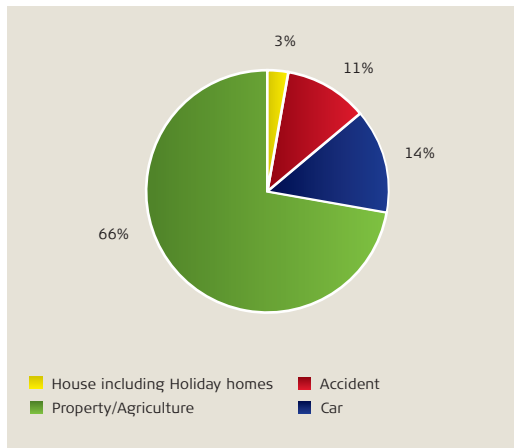
* The assessment method is based on the expected additional cost of winter claims compared to a normal winter.

The uncertainty of the total expected expenses is due to the fact that so far only around 15% of the claims have been paid out. The expected expenses consist of:

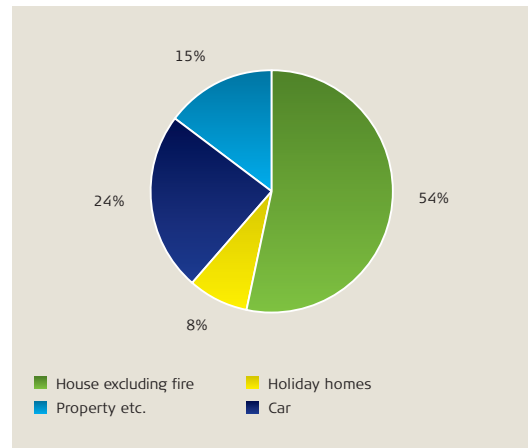
- > Provisions for claims (how much the claims handler expects each individual claim to cost)
- > IBNR reserves; Incurred but not reported
- > IBNER reserves; Incurred but not enough reported

Part of the expected expenses will be covered by TrygVesta's reinsurance programme. The programme covers accumulated claims surpassing DKK 100m over a 21 day period and which concerns frost eroded pipes, snow pressure claims or damages caused by melted snow. We estimate that a smaller part (approximately DKK 50m) of the claims expenses will be covered by our reinsurers.

WINTER CLAIMS IN DENMARK



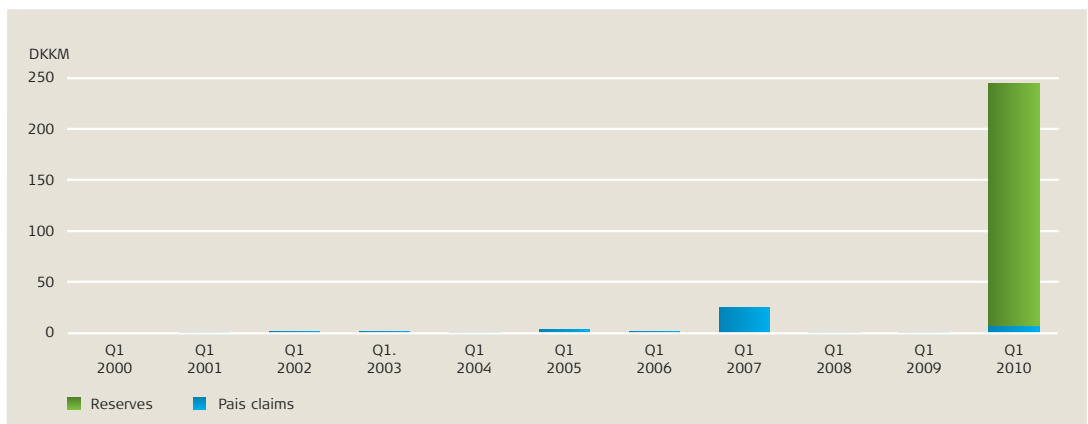
WINTER CLAIMS IN NORWAY



A breakdown of insurance types shows that Agriculture is hit the hardest. In Norway, houses have suffered especially due to inflowing water and snow pressure claims.

To underline the severity of the winter of 2010, the figure below illustrates the development of winter claims expenses. The figure shows claims expenses within Property and Agriculture in Denmark in the first quarter of a ten year period. The expected claims expenses in 2010 primarily contain case reserves and provisions for claims as only 15% of the claims have been paid out.

WINTER CLAIMS WITHIN PROPERTY AND AGRICULTURE IN THE LAST 10 YEARS



EXTRAORDINARY WINTER CLAIMS AFFECT THE OUTLOOK 2010

DKKm	Realised 2009	Outlook 2010 (February 2010)	Effect on outlook 2010 (April 2010)
Premium growth in local currency	4.9 %	3-4 %	
Technical result	1,554	1,200-1,600	700
Investment result, net	1,086	200-300	
Profit before tax	2,603	1,400-1,800	
Profit after tax	2,008		
Combined ratio	92.3		
Combined ratio before run-off	96.2	93-95	3 percentage points

The extraordinary winter claims consequently impact the 2010 guidance for insurance technical result before run-offs negatively by DKK 700m and combined ratio before run-off guidance is increased by 3 percentage points from 93-95 to 96-98. Over the past four years, run-offs have on average amounted to approximately DKK 700m per year.

First quarter 2010 results and updated guidance for 2010 will be published on 21 May 2010.

FURTHER INFORMATION

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