

19 May 2004

## Financial results for the three months ended 31 March 2004

TrygVesta's interim report for the three months ended 31 March 2004 includes the following highlights:

- The pre-tax profit on ordinary activities was DKK 285m in the first quarter of 2004, an improvement of DKK 443m compared with the first quarter of 2003.
- The technical result amounted to DKK 101m, an improvement of DKK 204m relative to the first quarter of 2003.
- The combined ratio fell to 98.7 from 107.2 in the first quarter of 2003. The combined ratio in Denmark was 95.0 and the combined ratio in Norway was 101.2.
- The positive performance was primarily attributable to the profitability-enhancing measures taken.
- Shareholders' equity increased by DKK 1,421m to DKK 5,585m relative to the first quarter of 2003.
- The development in gross premiums reflected last year's decision to discontinue the UK business.
- Premiums, net of reinsurance, increased by DKK 42m to DKK 3,625m, which was in line with expectations.
- The performance during the first quarter of 2004 has not given rise to any change of the expectations for a combined ratio of 100 for 2004.
- The return on investments corresponds the expectations and reflects a conservative risk profile.

– Our first quarter performance was satisfactory. We continue to see a positive effect of the many measures we introduced in 2003 to enhance profitability and thereby improve the correlation between price and risk. At the same time, the Nordic integration and implementation of our new organisation are progressing as planned, says Ms Stine Bosse, Group CEO.

### Further information

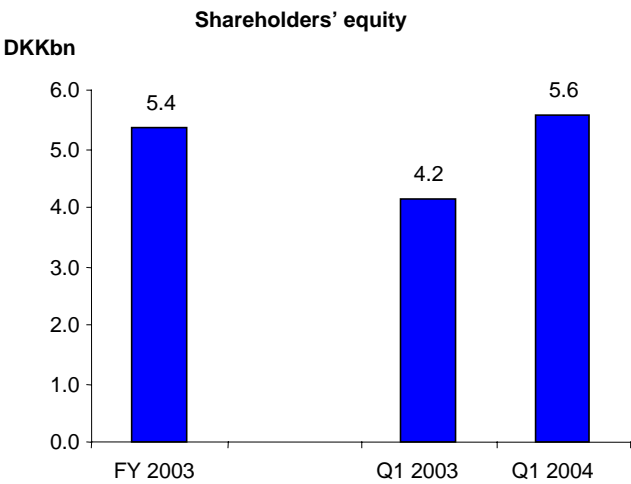
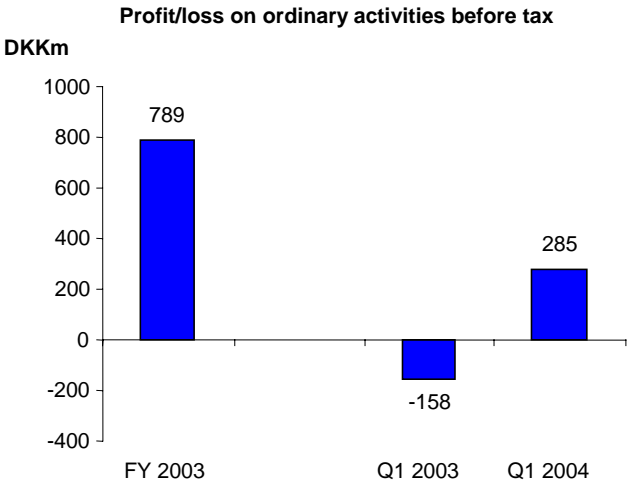
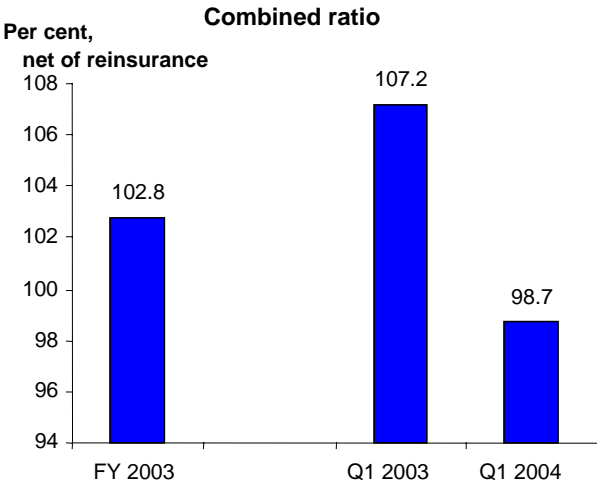
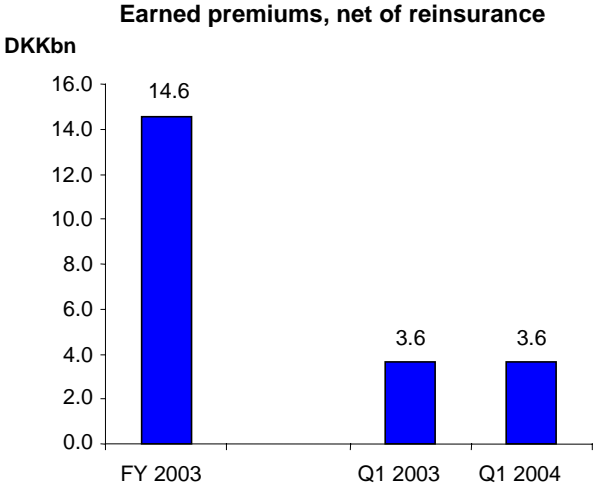
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# Key ratios for TrygVesta



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## Financial highlights and key ratios, TrygVesta

<b>DKK</b>	<b>Q1 2004</b>	<b>Q1 2003</b>	<b>FY 2003</b>
Gross earned premiums	4,095	4,344	17,333
Earned premiums, net of reinsurance	3,625	3,583	14,566
Technical interest, net of reinsurance	103	201	641
Claims incurred, net of reinsurance	-2,743	-2,887	0
Insurance operating expenses, net of reinsurance	-835	-952	-3,626
Change in equalisation provisions	-49	-48	-101
<b>Technical result</b>	<b>101</b>	<b>-103</b>	<b>136</b>
Profit/loss on investments after transfer to insurance activities	191	-52	675
Other ordinary expenses	-7	-3	-22
<b>Profit/loss on ordinary activities before tax</b>	<b>285</b>	<b>-158</b>	<b>789</b>
Extraordinary items and minority interests	0	0	1
Tax	-60	53	-48
<b>Profit/loss for the period</b>	<b>225</b>	<b>-105</b>	<b>742</b>
<b>Balance sheet</b>			
Technical provisions, net of reinsurance	25,094	23,731	22,475
Total shareholders' equity	5,585	4,164	5,360
Total assets	34,240	31,698	31,359
<b>Key ratios</b>			
Claims ratio, net of reinsurance	75.7	80.6	77.9
Expense ratio, net of reinsurance	23.0	26.6	24.9
Combined ratio, net of reinsurance	98.7	107.2	102.8
<b>Key ratios, continued business (excluding business in run-off)</b>			
Claims ratio, net of reinsurance	75.3	81.1	76.6
Expense ratio, net of reinsurance	23.1	25.9	25.2
Combined ratio, net of reinsurance	98.4	107.0	100.8
<b>Alternative calculation of key ratios*)</b>			
Gross claims ratio	72.4	75.0	73.7
Ceded business as percentage of gross premiums	4.5	6.6	5.8
Gross claims ratio, net of ceded business	76.9	81.6	79.5
Gross expense ratio	22.0	24.3	22.9
Gross combined ratio, net of expenses to reinsurance	98.9	105.9	102.4
Return on equity before tax	20.8	-15.0	16.4
Return on equity after tax	16.4	-10.0	15.4
<b>Number of full-time employees at the end of the period</b>	<b>4,406</b>	<b>4,417</b>	<b>4,420</b>
<p>*) TrygVesta calculates its key ratios in accordance with the rules issued by the Danish Financial Supervisory Authority which means that 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. "Alternative calculation of key ratios" is an alternative method used by some Danish insurance companies. Using this method, the combined ratio is calculated as the sum of the gross claims ratio, the gross expense ratio and the result of ceded business as a percentage of gross premiums. This method makes the actual cost of reinsurance more transparent.</p>			

## Financial highlights and key ratios per business area

DKK M	Q1 2004	Q1 2003	FY 2003
<b>The Group</b>			
Gross earned premiums	4,095	4,344	17,333
Technical result	101	-103	136
Profit/loss on investments	191	-52	675
Other ordinary expenses	-7	-3	-22
Profit/loss on ordinary activities before tax	285	-158	789
Combined ratio	98.7	107.2	102.8
<b>The Group, continued business</b>			
Gross earned premiums	4,056	4,156	16,702
Technical result	99	-96	373
Profit/loss on investments	191	-53	685
Other ordinary expenses	-7	-3	-22
Profit/loss on ordinary activities before tax	283	-152	1,036
Combined ratio	98.4	107.0	100.8
<b>Danish general insurance</b>			
Gross earned premiums	2,151	2,021	8,242
Technical result	143	17	439
Profit/loss on investments	143	-41	393
Profit/loss on ordinary activities before tax	286	-24	832
Combined ratio	95.0	100.9	96.6
<b>Norwegian general insurance</b>			
Gross earned premiums	1,589	1,849	7,161
Technical result	-29	-74	42
Profit on investments	50	51	316
Profit/loss on ordinary activities before tax	21	-23	358
Combined ratio	101.2	113.1	103.9
<b>TBi</b>			
Gross earned premiums	170	150	716
Technical result	10	-6	-10
Profit/loss on investments	5	-1	10
Profit/loss on ordinary activities before tax	15	-7	0
Combined ratio	97.3	106.4	105.8
<b>Finnish general insurance</b>			
Gross earned premiums	20	12	61
Technical result	-15	-13	-48
Profit/loss on investments	0	0	-1
Loss on ordinary activities before tax	-15	-13	-49
Combined ratio	176.1	216.7	182.0

DKKm	Q1 2004	Q1 2003	FY 2003
<b>Polish general insurance</b>			
Gross earned premiums	119	118	491
Technical result	-9	-19	-49
Loss on investments	0	7	4
Loss on ordinary activities before tax	-9	-12	-45
Combined ratio	114.1	127.0	119.2
<b>Estonian general insurance</b>			
Gross earned premiums	9	9	39
Technical result	-1	-1	-1
Profit/loss on investments	0	0	0
Loss on ordinary activities before tax	-1	-1	-1
Combined ratio	121.2	106.7	106.1
<b>Business in run-off*)</b>			
Gross earned premiums	39	188	631
Technical result	2	-7	-237
Profit/loss on investments	0	1	-10
Profit/loss on ordinary activities before tax	2	-6	-247
Combined ratio	157.9	110.5	175.6
<b>Tryg Vesta Group A/S (parent company)</b>			
Loss on investments (excluding subsidiaries)	-7	-69	-37
Other ordinary expenses	-7	-3	-22
Loss on ordinary activities before tax	-14	-72	-59
*) Business in run-off comprises run-off across the legal structure including Chevanstell Ltd.			

# Review of TrygVesta's performance

## Financial results

TrygVesta reported an aggregate profit on ordinary activities before tax of DKK 285m for the first quarter of 2004, which was an improvement of DKK 443m relative to the first quarter of 2003. Both the technical result and the investment income improved strongly.

## Technical result

The technical result of DKK 101m was a significant improvement relative to the first quarter of 2003. The improvement of DKK 204m was achieved in spite of falling interest rates in both Denmark and Norway, which reduced the technical interest by DKK 98m.

The favourable development of the technical result was due to the many profitability-enhancing measures introduced by TrygVesta, including the efforts to improve the correlation between price and risk, and targeted cost savings measures.

Compared with the first quarter of 2003, the combined ratio, net of reinsurance, improved by 8.5 percentage points, of which 4.9 percentage points were attributable to claims and 3.6 percentage points to expenses.

In Denmark and Norway, which together account for 91 per cent of premiums in TrygVesta, the combined ratio was reduced by 5.9 and 11.9 percentage points, respectively.

The return on equity after tax in the first quarter of 2004 was 16.4 per cent compared with a negative return of 10.0 per cent in the first quarter of 2003.

## Premiums

TrygVesta's aggregate gross premiums amounted to DKK 4,095m, primarily composed of 6 per cent growth in Denmark and a negative growth in premiums of 1 per cent in Norway (made up in local currencies) relative to the first quarter of 2003. Premiums, net of reinsurance, amounted to DKK 3,625m, composed of 10 per cent growth in Denmark and 7 per cent growth in Norway (made up in local currencies).

Gross premiums were affected by the fact that Chevanstell Ltd. in London was put into run off in 2003 resulting, as expected, in a fall in premiums of approximately DKK 150m relative to the first quarter of 2003.

The level of premiums in Norway was as expected due to the measures introduced to enhance profitability. The introduction in 2003 of net pricing to customers served by brokers and the withdrawal from unprofitable business, such as insurance of municipalities, affected premiums, as had been expected.

A restructure of TrygVesta's reinsurance programme contributed to the positive performance of premiums, net of reinsurance.

### **Claims**

TrygVesta's claims ratio, net of reinsurance, was 75.7, which was a fall of 4.9 percentage points relative to the first quarter of 2003. The satisfactory performance was due, in particular, to a fall of 3.3 percentage points in the claims ratio in Denmark and a fall of 8.8 percentage points in Norway, primarily as a result of the full effect of the measures to enhance profitability introduced in 2003.

### **Costs**

TrygVesta's expense ratio, net of reinsurance, was 23.0, which was an improvement of 3.6 percentage points relative to the first quarter of 2003. The fall was attributable to general cost restraints and synergies achieved by TrygVesta in-house.

The expense ratio fell by 2.6 percentage points in Denmark and 3.1 percentage points in Norway relative to the first quarter of 2003.

### **Return on investments**

TrygVesta generated a total profit on investment activities of DKK 361m before transfer to technical interest, equal to a return of 1.4 per cent (5.6 per cent annualised) for the first quarter of 2004, which was an improvement of DKK 243m relative to the first quarter of 2003.

### **Special events during the first quarter of 2004**

#### **Nordic synergies in the pipeline**

At the beginning of the first quarter of 2004, TrygVesta changed its organisational structure to create a stronger foundation for improved efficiency and profitable growth. TrygVesta's new platform consists of two dedicated local business areas for personal and commercial customers in Norway and Denmark, respectively, and one dedicated Nordic business area for the industrial market.

The implementation of the new organisational structure is progressing as planned. The aim is to ensure targeted growth of the profitable part of the personal and commercial portfolio and a better-balanced industrial portfolio, and this is one of TrygVesta's strategic focus areas for 2004 and 2005.

At the same time, the sales organisation in Norway was changed during the first quarter of 2004 to place greater emphasis on regional coordination of the different sales channels, salespersons, franchise outlets and Nordea's branches.

In connection with the changed organisation, TrygVesta launched initiatives to further reduce costs, including by reaping the benefits from Nordic synergies and enhancing work and



production processes. The initiatives support TrygVesta's target of reducing the combined ratio to a level of around 95 by the end of 2005.

TrygVesta continued to develop the common alarm centre, *Tryg Alarm*, in Denmark in the first quarter of 2004. Previously serving Danish travel insurance customers only, *Tryg Alarm* is now staffed by employees and doctors round the clock ready to assist all TrygVesta's travel and health insurance customers in an emergency. The alarm centre has a number of external partners around the world within such areas as transport, payment transfers and hospitals.

TrygVesta has launched a value process to support the efforts to create a new organisation and a common design. As part of the value process, the new shortened name and logo for the entire business – TrygVesta – signal that the integration is progressing as planned.

### **Expanded partnership with CSC**

In January 2004, it was agreed to expand TrygVesta's partnership with CSC to comprise Vesta effective 1 June 2004, thereby putting CSC in charge of all TrygVesta's IT operations. The partnership with CSC is expected to improve the quality, accessibility, reliability and speed of TrygVesta's IT systems and to provide operational savings.

### **Unemployment insurance**

TrygVesta entered the market for unemployment insurance in the first quarter of 2004. To date, the company has signed agreements with unemployment insurance fund STA, the Danish Association of Managers and Executives, associations for IT professionals (Prosa) and self-employed persons (DANA), the unemployment insurance fund of the Association of Professional Technicians and the association of holders of diplomas in specialised business studies/market economists.

The agreements enable the associations and unemployment insurance funds involved to offer their members to take out unemployment insurance to supplement their benefits. Under the unemployment insurance, members are eligible for a supplement to their benefit ensuring they get up to 80 per cent of their former salary should they become unemployed.

## Danish general insurance

DKKm	Q1 2004	Q1 2003	FY 2003
Gross earned premiums	2,151	2,021	8,242
Earned premiums, net of reinsurance	2,012	1,829	7,493
Technical interest, net of reinsurance	53	64	221
Claims incurred, net of reinsurance	-1,511	-1,434	-5,657
Insurance operating expenses, net of reinsurance	-400	-411	-1,584
Change in equalisation provisions	-11	-31	-34
<b>Technical result</b>	<b>143</b>	<b>17</b>	<b>439</b>
<b>Profit/loss on investments</b>	<b>143</b>	<b>-41</b>	<b>393</b>
<b>Profit/loss on ordinary activities before tax</b>	<b>286</b>	<b>-24</b>	<b>832</b>
Technical provisions, net of reinsurance	13,137	11,538	11,777
<b>Key ratios</b>			
Claims ratio, net of reinsurance	75.1	78.4	75.5
Expense ratio, net of reinsurance	19.9	22.5	21.1
Combined ratio, net of reinsurance	95.0	100.9	96.6
<b>Alternative calculation of key ratios*)</b>			
Gross claims ratio	74.3	72.5	70.6
Ceded business as percentage of gross premiums	1.8	6.9	6.2
Gross claims ratio, net of ceded business	76.1	79.4	76.8
Gross expense ratio	19.2	21.5	20.3
Gross combined ratio, net of expenses to reinsurance	95.3	100.9	97.1
<b>Number of full-time employees at the end of the period</b>	<b>2,240</b>	<b>2,293</b>	<b>2,248</b>

The Danish general insurance operations reported a profit on ordinary activities before tax of DKK 286m for the first quarter of 2004 against a loss of DKK 24m for the first quarter of 2003. The profit was composed of a technical result of DKK 143m and investment income of DKK 143m.

The technical result was an improvement of DKK 126m relative to the first quarter of 2003. The favourable development of the technical result was primarily due to the many profitability-enhancing measures that have been introduced. Overall, the performance was satisfactory despite a large marine loss that entailed gross expenses of DKK 73m. Furthermore, the technical result includes a DKK 11m strengthening of equalisation provisions.

TrygVesta in Denmark recovered a larger amount from its reinsurers than was the case in the first quarter of 2003 as reflected in the key ratio "ceded business as a percentage of gross premiums", which fell from 6.9 to 1.8 per cent.

The positive development of the technical result is reflected in a combined ratio, net of reinsurance, of 95.0, which is a marked improvement relative to the combined ratio, net of reinsurance, of 100.9 recorded in the first quarter of 2003.

Gross premiums amounted to DKK 2,151m against DKK 2,021m in the first quarter of 2003, equal to an increase of 6 per cent, while premiums, net of reinsurance, amounted to DKK 2,012m against DKK 1,829m in the first quarter of 2003, equal to an increase of 10 per cent. The increase in premiums was, in particular, attributable to the effect of the substantial profitability-enhancing measures implemented in 2003. Premiums, net of reinsurance, were furthermore favourably affected by a restructure of TrygVesta's reinsurance programme.

The claims ratio, net of reinsurance, was 75.1, which was a reduction of 3.3 percentage points relative to the first quarter of 2003.

The expense ratio, net of reinsurance, was 19.9, which was 2.6 percentage points lower than in the first quarter of 2003. The fall was attributable to the continued focus on cost savings and better exploitation of synergies within TrygVesta.

## Norwegian general insurance

<b>DKKm</b>	<b>Q1 2004</b>	<b>Q1 2003</b>	<b>FY 2003</b>
<i>DKK/NOK rate, quarterly / annual average</i>	86.38	99.35	93.68
Gross earned premiums	1,589	1,849	7,161
Earned premiums, net of reinsurance	1,315	1,416	5,612
Technical interest, net of reinsurance	30	120	339
Claims incurred, net of reinsurance	-1,013	-1,214	-4,419
Insurance operating expenses, net of reinsurance	-319	-387	-1,414
Change in equalisation provisions	-42	-9	-76
<b>Technical result</b>	<b>-29</b>	<b>-74</b>	<b>42</b>
<b>Profit on investments</b>	<b>50</b>	<b>51</b>	<b>316</b>
<b>Profit/loss on ordinary activities before tax</b>	<b>21</b>	<b>-23</b>	<b>358</b>
Technical provisions, net of reinsurance	9,689	9,824	8,788
Technical provisions, net of reinsurance, NOK	10,980	10,449	9,940
<b>Key ratios</b>			
Claims ratio, net of reinsurance	77.0	85.8	78.7
Expense ratio, net of reinsurance	24.2	27.3	25.2
Combined ratio, net of reinsurance	101.2	113.1	103.9
<b>Alternative calculation of key ratios*)</b>			
Gross claims ratio	72.4	81.1	72.9
Ceded business as percentage of gross premiums	5.9	4.7	7.8
Gross claims ratio, net of ceded business	78.3	85.8	80.7
Gross expense ratio	22.7	24.3	22.4
Gross combined ratio, net of expenses to reinsurance	101.0	110.1	103.1
<b>Number of full-time employees at the end of the period</b>	<b>1,443</b>	<b>1,411</b>	<b>1,460</b>
All figures are in DKK. The NOK has depreciated relative to DKK from the first quarter of 2003 to the first quarter of 2004. This means, among other things, that all other things being equal, earnings in Norway will show a falling trend when translated into DKK due to the depreciated exchange rate.			

The Norwegian general insurance operations reported a profit on ordinary activities before tax of DKK 21m for the first quarter of 2004 against a loss of DKK 23m for the first quarter of 2003. The profit was composed of a negative technical result of DKK 29m and a profit on investments of DKK 50m.

The technical result improved by DKK 45m relative to the first quarter of 2003. The performance was generally satisfactory and primarily attributable to profitability-enhancing measures. Equalisation provisions were increased by DKK 42m in the first quarter of 2004, relating, in particular, to provisions in respect of the Norwegian Pool of Natural Perils.

Furthermore, the technical result was impacted by falling Norwegian interest rates and thus also

by a reduction in the discount rate for workers' compensation, as reflected in technical interest of DKK 30m in the first quarter of 2004 as compared with DKK 120m in the first quarter of 2003.

The positive development of the technical result is reflected in a combined ratio, net of reinsurance, of 101.2, which was a marked improvement relative to the combined ratio, net of reinsurance, of 113.1 recorded in the first quarter of 2003.

Gross premiums were DKK 1,589m against DKK 1,849m in the first quarter of 2003. However, made up in the local currency, the fall was just 1 per cent. Premiums, net of reinsurance, were DKK 1,315m against DKK 1,416m in the first quarter of 2003. However, made up in the local currency, the change equalled 7 per cent growth. The improved premiums performance was due to the continued focus on profitable business and the introduction of net pricing to customers served by brokers. Premiums, net of reinsurance, were furthermore favourably affected by a restructure of TrygVesta's reinsurance programme.

The claims ratio, net of reinsurance, was 77.0, which was a reduction of 8.8 percentage points relative to the first quarter of 2003. The strong fall was primarily due to the full effect of premium increases and other measures to enhance profitability implemented in 2003.

The expense ratio, net of reinsurance, was 24.2, which was a reduction of 3.1 percentage points relative to the first quarter of 2003. As was the case in 2002 and 2003, the expense ratio was affected by provisions for pension commitments due to falling interest rates in Norway.

## Other business areas

### **Finnish general insurance**

Nordea Vahinkovakuutus reported a negative technical result of DKK 15m, which was on a level with the result reported for the first quarter of 2003. Gross premiums are developing favourably, as was expected, and amounted to DKK 20m against DKK 12m in the first quarter of 2003. A total of 1,500 policies are now sold each week, including 5 per cent originating from Finland's most successful Internet portal, Nordea's 'Solo Market'.

### **Tryg-Baltica international (TBi)**

TBi, TrygVesta's reinsurance company, reported a technical result of DKK 10m, which was in line with expectations and an improvement of DKK 16m relative to the first quarter of 2003. The performance was affected by the absence of large losses in the first quarter of 2004.

The positive performance of the technical result is reflected in a combined ratio, net of reinsurance, of 97.3, which was a marked improvement relative to the combined ratio, net of reinsurance, of 106.4 recorded in the first quarter of 2003.

In early April 2004, A.M. Best Co. confirmed the A- (Excellent) rating awarded to Tryg-Baltica international (TBi) in the autumn of 2003.

### **Polish general insurance**

Tryg Polska reported a negative technical result of DKK 9m, an improvement of DKK 10m relative to the first quarter of 2003. Gross premiums are developing as expected and amounted to DKK 119m against DKK 118m in the first quarter of 2003.

### **Estonian general insurance**

Nordicum Kindlustus reported a negative technical result of DKK 1m, which was on a level with the result reported for the first quarter of 2003. Gross premiums are developing as expected and amounted to DKK 9m, which was unchanged from the first quarter of 2003.

### **Business in run-off**

TrygVesta's business in run-off, primarily Chevanstell Ltd., is performing as expected. The technical result of business in run-off was DKK 2m in the first quarter of 2004. As was expected, gross premiums in respect of business in run-off fell from DKK 188m in the first quarter of 2003 to DKK 39m in the first quarter of 2004.

## Investment activities

DKKm	Q1	Q1	FY	Assets	
	2004	2003	2003	31.03.2004	31.12.2003
Danish general insurance	223	40	706	14,019	13,096
Norwegian general insurance	120	171	701	11,134	10,666
Tryg-Baltica international (TBi)	11	4	29	859	815
Polish general insurance	5	9	18	354	369
Estonian general insurance	0	0	1	31	31
Business in run-off	9	11	30	908	962
<b>Total</b>	<b>368</b>	<b>235</b>	<b>1,485</b>	<b>27,305</b>	<b>25,939</b>
<b>Tryg Vesta Group A/S</b>	<b>-7</b>	<b>-69</b>	<b>-37</b>	<b>-571</b>	<b>-554</b>
<b>Total investments</b>	<b>361</b>	<b>166</b>	<b>1,448</b>	<b>26,734</b>	<b>25,385</b>
Transferred to technical interest	-170	-218	-773		
<b>Investment income</b>	<b>191</b>	<b>-52</b>	<b>675</b>		

### Highlights

Highlights of TrygVesta's investment activities in the first quarter of 2004:

- Total investment income was DKK 361m before transfer to technical interest
- Falling interest rates generated capital gains on bonds
- Capital gains on shares
- Total investment return of 1.4 per cent (5.6 per cent annualised).

### Performance

TrygVesta generated a total profit on investment activities of DKK 361m before transfer to technical interest, equal to a return of 1.4 per cent (5.6 per cent annualised) for the first quarter of 2004. The return was affected by positive returns on bond and shareholdings and on real property.

The return on the overall bond portfolio in TrygVesta including cash and loans was DKK 271m, equal to 1.3 per cent (5.2 per cent annualised), while shares and real property yielded returns of DKK 60m and DKK 30m, respectively, equal to 2.2 per cent and 1.5 per cent. Bonds account for 81 per cent of total investments, while shares and real property make up the rest.

## Outlook

The results for the first quarter of 2004 are satisfactory. However, the development of the quarter does not give rise to a change of the full-year forecast for 2004 announced in connection with the annual report 2003.

Accordingly, TrygVesta's target remains a combined ratio for 2004 of close to 100, aiming for a level of around 95 by the end of 2005. This is an ambitious target, but still believed to be realistic.

DKKm	Actual 2003	Estimate 2004	Positive scenario	Negative scenario
Technical result	136	475	700	150
Investment income	675	300		
Profit on ordinary activities before tax	789	750		
Combined ratio (%)	102.8	100	98	102

Investment income for 2004 is now expected to be just below DKK 300m after transfer to technical interest.



## Facts about TrygVesta

TrygVesta 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. TrygVesta also operates in Estonia and has a fast-growing branch in Finland.

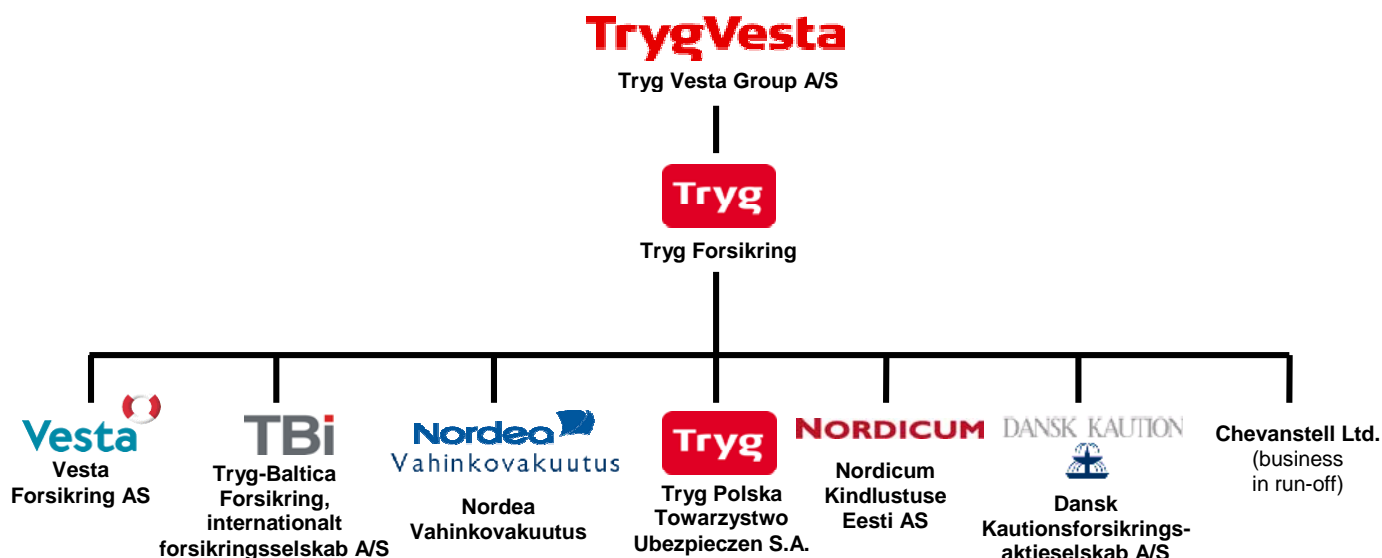
TrygVesta has a strong strategic partnership with Nordea. The bank sells TrygVesta's general insurance products, while TrygVesta sells Nordea's life and pension products. Furthermore, TrygVesta has a partnership with CSC, which will handle TrygVesta's IT operations starting 1 June 2004.

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

TrygVesta'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.

TrygVesta has some two million personal customers and 250,000 commercial customers. TrygVesta generated premium income of DKK 17.3bn in 2003. Its employees processed 650,000 claims and paid claims expenses of more than DKK 11.3bn in 2003.

### Organisation – Simplified legal structure



# Income statement and balance sheet, TrygVesta

## Income statement

DKKm	31.03.2004	31.03.2003	31.12.2003
<b>General insurance</b>			
<i>Earned premiums</i>			
Gross premiums written	6.487	6.786	17.053
Ceded reinsurance premiums	-575	-843	-2.552
Change in the gross provisions for unearned premiums	-2.379	-2.428	336
Change in the reinsurers' share of the provisions for unearned premiums	105	82	-215
<b>Earned premiums, net of reinsurance</b>	<b>3.638</b>	<b>3.597</b>	<b>14.622</b>
<b>Technical interest, net of reinsurance</b>	<b>103</b>	<b>201</b>	<b>641</b>
<i>Claims incurred</i>			
Gross claims paid	-2.862	-3.103	-10.967
Reinsurance recoveries	344	442	1.672
Change in the gross provisions for claims	-121	-157	-1.808
Change in the reinsurers' share of the provisions for claims	-122	-70	-256
<b>Claims incurred, net of reinsurance</b>	<b>-2.761</b>	<b>-2.888</b>	<b>-11.359</b>
<b>Change in other insurance provisions, net of reinsurance</b>	<b>18</b>	<b>1</b>	<b>15</b>
<b>Bonus and premium rebates</b>	<b>-13</b>	<b>-14</b>	<b>-56</b>
<i>Insurance operating expenses</i>			
Acquisition costs	-429	-551	-2.080
Administrative expenses	-472	-506	-1.885
Acquisition costs and administrative expenses	-901	-1.057	-3.965
Commission and profit commission from the reinsurers	66	105	339
<b>Total insurance operating expenses, net of reinsurance</b>	<b>-835</b>	<b>-952</b>	<b>-3.626</b>
<b>Change in the equalisation provisions</b>	<b>-49</b>	<b>-48</b>	<b>-101</b>
<b>Technical result</b>	<b>101</b>	<b>-103</b>	<b>136</b>

## Income statement

DKKm	31.03.2004	31.03.2003	31.12.2003
<b>Investment activities</b>			
<i>Income from investment assets</i>			
Income from land and buildings	30	60	193
Interest and dividends, etc.	216	240	883
Realised gains on investment assets	99	0	165
<b>Total income from investment assets</b>	<b>345</b>	<b>300</b>	<b>1.241</b>
Unrealised gains on investment assets	72	31	476
<i>Charges relating to investment assets</i>			
Investment management charges	-11	-18	-55
Interest expenses	-30	-29	-77
Realised investment losses	0	-34	0
<b>Total charges relating to investment assets</b>	<b>-41</b>	<b>-81</b>	<b>-132</b>
Exchange rate adjustments	-15	-84	-137
<b>Return on investment activities before transfer to insurance activities</b>	<b>361</b>	<b>166</b>	<b>1.448</b>
Technical interest transferred to insurance activities	-170	-218	-773
<b>Total return on investment activities</b>	<b>191</b>	<b>-52</b>	<b>675</b>
Other ordinary expenses	-7	-3	-22
<b>Profit/loss before tax</b>	<b>285</b>	<b>-158</b>	<b>789</b>
Tax	-60	53	-48
<b>Profit/loss for the period</b>	<b>225</b>	<b>-105</b>	<b>741</b>
The minority interests share of the profit/loss	0	0	1
<b>TrygVesta Group's share of the profit/loss for the period</b>	<b>225</b>	<b>-105</b>	<b>742</b>

## Balance sheet

DKKm	31.03.2004	31.03.2003	31.12.2003
<b>Assets</b>			
<b>Intangible assets</b>	<b>38</b>	<b>0</b>	<b>39</b>
<i>Investment assets</i>			
<b>Land and buildings</b>	<b>2.019</b>	<b>3.316</b>	<b>2.009</b>
<i>Other financial investment assets</i>			
Capital participation	3.047	1.544	2.323
Unit trust units	221	14	18
Bonds	21.997	18.575	19.968
Loans secured by mortgage	0	202	0
Other loans	70	73	70
Deposits in credit institutions	198	164	415
<b>Total other financial investment assets</b>	<b>25.533</b>	<b>20.572</b>	<b>22.794</b>
<b>Deposits with ceding undertakings, receivable</b>	<b>147</b>	<b>161</b>	<b>142</b>
<b>Total investment assets</b>	<b>27.699</b>	<b>24.049</b>	<b>24.945</b>
<i>Amounts owing</i>			
<i>Amounts owing in connection with direct insurance business</i>			
From policyholders	1.735	2.382	803
From insurance brokers	326	818	478
Total amounts owing in relation to direct insurance operations	2.061	3.200	1.281
Amounts owing from insurance companies	1.698	1.613	1.474
Amounts owing from subsidiary undertakings	0	17	51
Other amounts owing	1.040	236	1.810
<b>Total amounts owing</b>	<b>4.799</b>	<b>5.066</b>	<b>4.616</b>
<i>Other assets</i>			
Furniture, equipment, computer hardware, motor vehicles, etc.	365	424	392
Cash in hand and at bank	481	751	558
Tax assets	406	525	425
Other	15	134	9
<b>Total other assets</b>	<b>1.267</b>	<b>1.834</b>	<b>1.384</b>
<i>Prepayments and accrued income</i>			
Accrued interest and rent earned	236	246	262
Prepaid acquisition costs	130	169	41
Other prepayments and accrued income	71	334	72
<b>Total prepayments and accrued income</b>	<b>437</b>	<b>749</b>	<b>375</b>
<b>Total assets</b>	<b>34.240</b>	<b>31.698</b>	<b>31.359</b>

## Balance sheet

DKKm	31.03.2004	31.03.2003	31.12.2003
<b>Liabilities</b>			
<i>Shareholders' equity</i>			
<b>Share capital</b>	<b>1.700</b>	<b>1.300</b>	<b>1.700</b>
<b>Share premium account</b>	<b>2.968</b>	<b>2.968</b>	<b>2.968</b>
<b>Retained profits</b>	<b>917</b>	<b>-105</b>	<b>692</b>
<b>Total shareholders' equity</b>	<b>5.585</b>	<b>4.164</b>	<b>5.360</b>
<b>Minority interests</b>	<b>4</b>	<b>6</b>	<b>4</b>
<b>Subordinate loan capital</b>	<b>700</b>	<b>0</b>	<b>700</b>
<i>Insurance provisions</i>			
<i>Provisions for unearned premiums</i>			
Gross provisions	7.596	8.255	5.239
Reinsurers' share	-499	-748	-393
Provisions for unearned premiums, net of reinsurance	7.097	7.507	4.846
<i>Provisions for claims</i>			
Gross provisions	18.530	17.280	18.212
The reinsurers' share	-3.278	-3.713	-3.324
Provisions for claims, net of reinsurance	15.252	13.567	14.888
<i>Provisions for annuities by Workers' Compensation</i>			
Gross provisions	1.153	1.094	1.159
Provisions for annuities, net of reinsurance	1.153	1.094	1.159
Provisions for bonuses and premium rebates, net of reinsurance	53	53	76
Equalisation provisions	1.461	1.416	1.424
Other insurance provisions, net of reinsurance	78	94	82
<b>Total insurance provisions, net of reinsurance</b>	<b>25.094</b>	<b>23.731</b>	<b>22.475</b>
<i>Provisions for other risks and charges</i>			
Provisions for pensions and similar obligations	139	147	141
Other provisions	179	310	179
<b>Total provisions for other risks and charges</b>	<b>318</b>	<b>457</b>	<b>320</b>
<b>Deposits with ceding undertakings, payable</b>	<b>0</b>	<b>6</b>	<b>0</b>
<i>Debt</i>			
Debt related to direct insurance	228	389	391
Debt related to reinsurance	611	630	520
Debt to credit institutions	601	1.189	656
Debt to subsidiary undertakings	9	0	0
Corporation tax	62	3	22
Other debt	830	958	647
Dividend for the financial year	50	0	50
<b>Total debt</b>	<b>2.391</b>	<b>3.169</b>	<b>2.286</b>
<b>Accruals and deferred income</b>	<b>148</b>	<b>165</b>	<b>214</b>
<b>Total liabilities</b>	<b>34.240</b>	<b>31.698</b>	<b>31.359</b>

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

## Income statement

DKK m	31.03.2004	31.03.2003	31.12.2003
<b>Investment activities</b>			
<i>Investment income</i>			
Income from subsidiary undertakings	300	-85	849
Interest, dividends etc.	9	12	43
<b>Total income from investment assets</b>	<b>309</b>	<b>-73</b>	<b>892</b>
<i>Charges relating to investment assets</i>			
Investment management charges	-1	-1	-10
Interest expenses	-16	-15	-57
<b>Total charges relating to investment assets</b>	<b>-17</b>	<b>-16</b>	<b>-67</b>
Exchange rate adjustment	0	-66	-13
<b>Total Return on investment activities</b>	<b>292</b>	<b>-155</b>	<b>812</b>
Other ordinary expenses	-7	-3	-22
<b>Profit/loss before tax</b>	<b>285</b>	<b>-158</b>	<b>790</b>
Tax	-60	53	-48
<b>Profit/loss for the period</b>	<b>225</b>	<b>-105</b>	<b>742</b>

## Balance sheet

DKKm	31.03.2004	31.03.2003	31.12.2003
<b>Assets</b>			
<i>Investments in subsidiary undertakings</i>			
Capital participation in subsidiary undertakings	6.169	4.306	5.929
Loans to subsidiary undertakings	600	694	600
<b>Total investments in subsidiary undertakings</b>	<b>6.769</b>	<b>5.000</b>	<b>6.529</b>
<i>Other financial investment assets</i>			
Bonds	119	0	0
Deposits in credit institutions	0	0	100
<b>Total other financial investment assets</b>	<b>119</b>	<b>0</b>	<b>100</b>
<b>Total investment assets</b>	<b>6.888</b>	<b>5.000</b>	<b>6.629</b>
<i>Amounts owing</i>			
Amounts owing from subsidiary undertakings	56	9	47
Other amounts owing	0	1	0
<b>Total amounts owing</b>	<b>56</b>	<b>10</b>	<b>47</b>
<i>Other assets</i>			
Cash in hand and at bank	17	238	50
Deferred tax assets	5	53	6
<b>Total other assets</b>	<b>22</b>	<b>291</b>	<b>56</b>
<i>Prepayments and accrued income</i>			
Accrued interest and rent	1	0	0
<b>Total prepayments and accrued income</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>6.967</b>	<b>5.301</b>	<b>6.732</b>
<b>Liabilities</b>			
<i>Shareholders' equity</i>			
<b>Share capital</b>	<b>1.700</b>	<b>1.300</b>	<b>1.700</b>
<b>Share premium account</b>	<b>2.968</b>	<b>2.968</b>	<b>2.968</b>
<b>Retained profits</b>	<b>917</b>	<b>-105</b>	<b>692</b>
<b>Total shareholders' equity</b>	<b>5.585</b>	<b>4.164</b>	<b>5.360</b>
<b>Subordinate loan capital</b>	<b>700</b>	<b>0</b>	<b>700</b>
<i>Debt</i>			
Debt to credit institutions	601	1.100	601
Debt to subsidiary undertakings	11	0	0
Other debt	20	37	21
Dividend for the financial year	50	0	50
<b>Total debt</b>	<b>682</b>	<b>1.137</b>	<b>672</b>
<b>Total liabilities</b>	<b>6.967</b>	<b>5.301</b>	<b>6.732</b>

# Vesta Forsikring AS

NOKm	Q1 2004	Q1 2003	FY 2003
Gross written premiums	2,829	2,858	7,681
Earned premiums, net of reinsurance	1,523	1,425	6,001
Net financial income	135	169	713
Claims incurred, net of reinsurance	-1,219	-1,222	-4,892
Insurance operating expenses, net of reinsurance	-338	-385	-1,377
<b>Operating profit/loss</b>	<b>101</b>	<b>-13</b>	<b>445</b>
Contingency provisions etc.*)	-66	-28	-249
<b>Profit/loss on ordinary activities before tax</b>	<b>35</b>	<b>-41</b>	<b>196</b>
<b>Balance sheet</b>			
Technical provisions *)	13,635	12,196	12,470
Total shareholders' equity	961	761	936
Total assets	15,416	13,875	14,431
<b>Key ratios</b>			
Claims ratio, net of reinsurance	80.0	85.8	81.5
Expense ratio, net of reinsurance	22.2	27.0	23.0
Combined ratio, net of reinsurance	102.2	112.8	104.5
*) The amount comprises provisions for security, reinsurance and administration as well as funds for natural disasters and guarantees			

The table presents the results and selected balance sheet items together with the key ratios for the Vesta Forsikring AS Group. The information is presented in accordance with generally accepted accounting principles in Norway, which correspond to the policies described in the annual report of Vesta Forsikring AS for 2003.