Tryg Vesta Group

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Annual Report 2003

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Well poised for satisfactory performance

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 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.

Tryg i Danmark smba contributed fresh capital to the Tryg Vesta Group in the summer of 2003. While reflecting the support of our owners, the capital contribution also made additional demands on the Group's ability to generate a higher return on capital employed.

The Group reported premium growth in Denmark and Norway of 11.2 per cent and 6.3 per cent, respectively, reflecting a high degree of loyalty among our customers. They confirmed their choice of the Tryg Vesta Group by maintaining their policies with the Group despite major premium increases that had resulted from a necessary review of the price/risk correlation. Part of the reason may be that the industry in general raised premiums, but also that our customers are very satisfied with our services – and surveys indicate that customer satisfaction continues to grow.

More than half a million out of our more than 2 million customers were served by the Group's claims handlers in 2003. Perceived quality and savings may go hand in hand as witnessed by the way we consolidated all the Group's emergency calls into one alarm centre and the introduction of *Tryg Reparation*, which involves that we refer car repairs to selected garages and offer the customers a replacement car while their own car is being repaired.

An inclusive workplace and understanding of other cultures and customs are natural features of a socially responsible organisation. Our integration project has paved the way for several employees with an ethnic background.

Understanding other cultures and ways of working is also the platform for the process improvements and synergies across national borders which will help us achieve our ambition of further improving our performance in the years ahead. The Tryg Vesta Group believes that the current round of general price adjustments is coming to an end, except in the area of personal accident insurance, where we anticipate that even more tasks will be transferred from public funding to private insurance over the next few years. We will introduce stricter terms and conditions for a few commercial customers, while at the same time offering them advice on how to manage and minimise risk.

As will appear from this annual report for 2003, the Tryg Vesta Group has a good platform for growth within the segments and markets that are profitable. We will stay focused on providing high-quality services to our customers, both in connection with regular service and advice and in connection with claims handling.

The Tryg Vesta Group uses the Balanced Scorecard as a general management tool. This contributes very much to everybody in the Group making a targeted and focused effort to meeting our ambitions in relation to our stakeholders. We have arranged the description in this annual report of our performance in 2003 along the lines of the Balanced Scorecard's four perspectives: Financial perspectives, Customers, Processes and Employees.

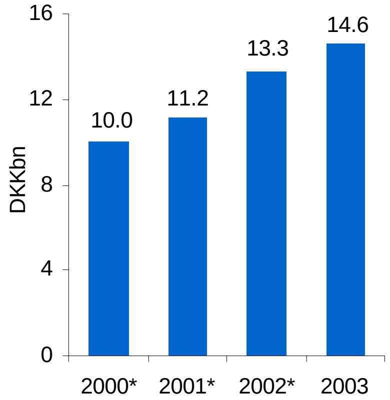
I hope you will enjoy reading our annual report.

Stine Bosse
Group CEO

The year in summary

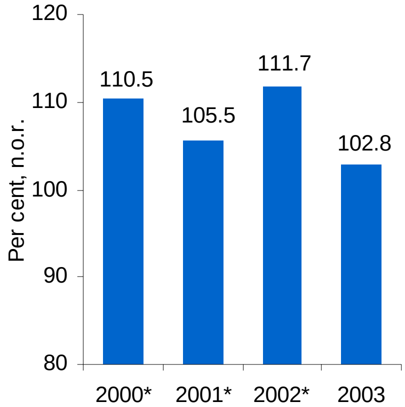
- Profit before tax and extraordinary items amounted to DKK 789m, an improvement of DKK 1,867m compared with 2002.
- The Group's return on shareholders' equity before tax amounted to 16.4 per cent against a negative return of 52.9 per cent in 2002.
- The large general insurance portfolios in Denmark and Norway saw premium growth of 11.2 per cent and 6.3 per cent, respectively.
- The technical result amounted to a profit of DKK 136m in 2003 compared with 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 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.
- Shareholders' equity increased by DKK 1,092m to DKK 5,360m.
- The reserves for losses relating to personal injuries have been strengthened by DKK 699m, corresponding to an impact on the combined ratio of 4.8 percentage points

Earned premiums, net of reinsurance



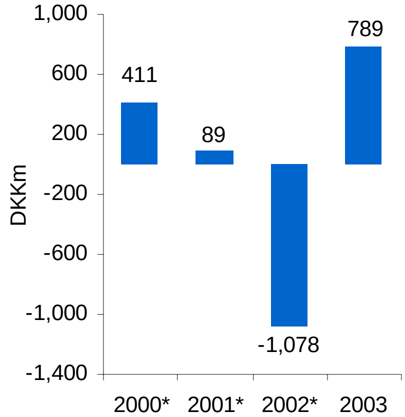
* Pro forma figures

Combined ratio



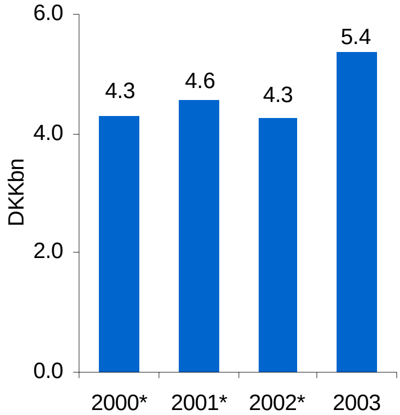
* Pro forma figures

Profit/loss on ordinary activities before tax



* Pro forma figures

Shareholders' equity



* Pro forma figures

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.

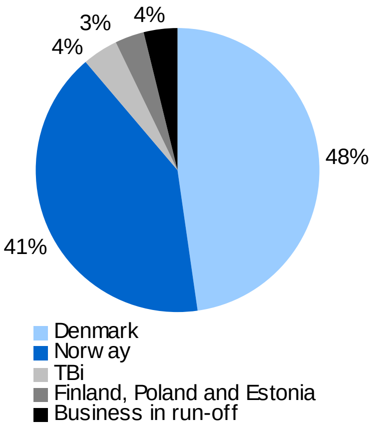
The Tryg Vesta Group has a strong strategic partnership with Nordea. The bank sells the Tryg Vesta Group's general insurance products, while the Tryg Vesta Group sells Nordea's life and pension products. Moreover, Nordea Asset Management is the Tryg Vesta Group's portfolio manager. Furthermore, the Tryg 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 applies a multi-channel distribution strategy with large customer centres and service centres or franchises, the Group's own insurance agents and sales through real estate agents, car dealers and Nordea's branches as the most important channels. 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.

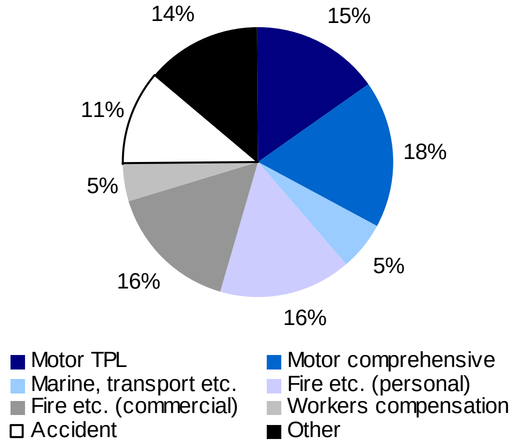
The Tryg Vesta Group's 4,400 employees represent quality, advice and service – both to the individual personal customer and to the large industrial enterprise with several thousand employees.

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 11bn in 2003.

Gross premiums 2003 according to business area



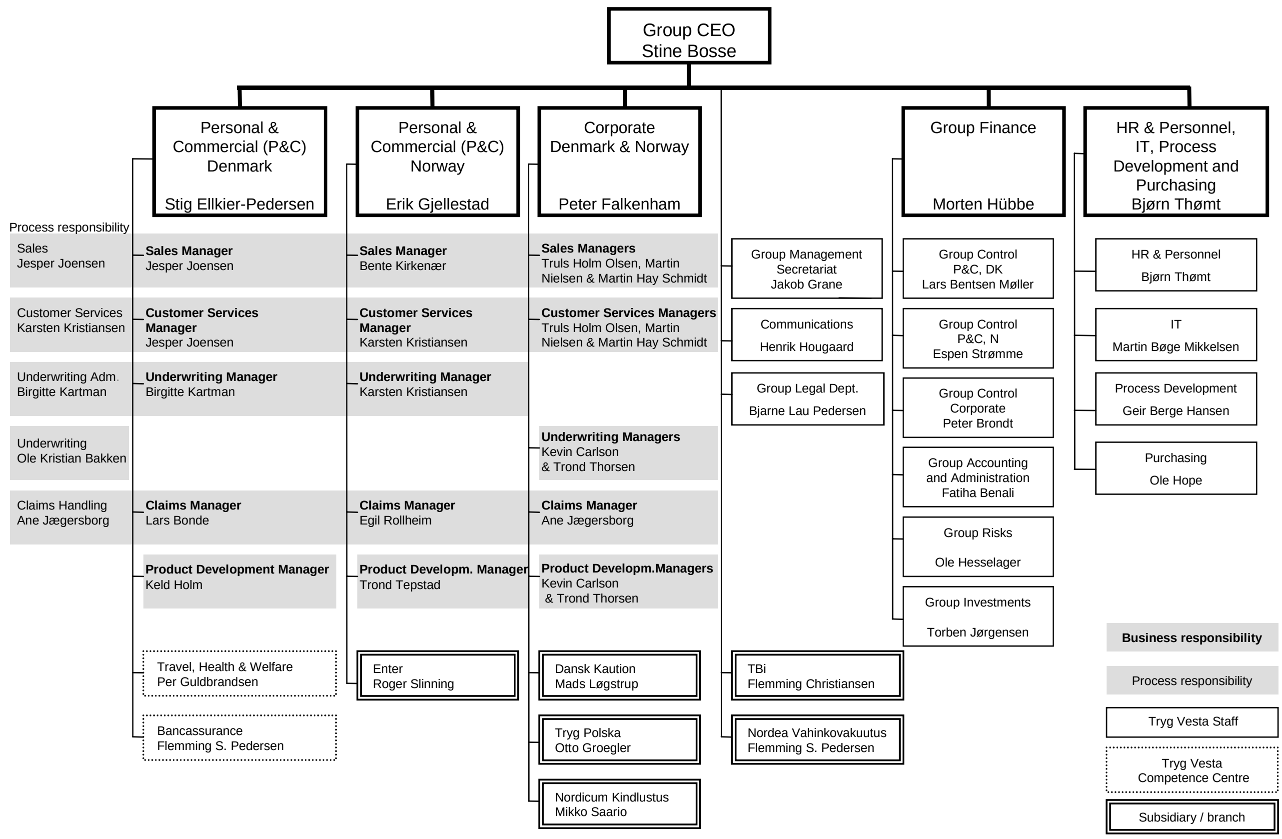
Gross premiums 2003 distributed on products



The Tryg Vesta Group optimised its internal organisation in January 2004 in order to form a better basis for further efficiency and profitable growth.

The Group's future 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 corporate market.

Organisation chart – new operational structure



Strategic platform

In addition to their relatively new common history and Nordic characteristics, the Tryg Vesta Group companies share strong competencies and values.

Efforts to make the Tryg Vesta Group identity a household name began in earnest in early 2003 when the new Group Executive Management decided to be transformed from a conglomerate of companies to be perceived as one single Group.

> **Tryg Vesta Group - mission**
> Our mission is to secure a stable, qualitative supply of products offering peace of mind to personal customers and businesses.

Our mission statement reflects the Tryg Vesta Group's raison d'être and the activities the Group is engaged in. The word *stable* signals that the Group pursues a long-term strategy, and the word *qualitative* shows that the Group is committed to doing things properly.

> **Tryg Vesta Group - vision**
> We want to be perceived as the Nordic region's most profitable provider of peace of mind on the markets and within the business areas chosen by us.

Our vision reflects the Tryg Vesta Group's commitment to its Nordic strategy and shows the goal and direction of the Group's development. The term *provider of peace of mind* means that the Group offers a complete package comprising insurance, advice and supplementary services aimed at preventing instability and at restoring the customer's peace of mind should this happen.

The Tryg Vesta Group's operations are carried out decentrally, but the Group defines common strategies, goals and policies and has clear ambitions with respect to financial perspectives, customers, processes and employees:

Financial perspectives
The Tryg Vesta Group's ambition is to build the most profitable portfolio in the Nordic region within the next three years. Profitability takes priority to growth if required to ensure stable earnings. At the same time, the Group aims to balance the composition of its personal, commercial and corporate customers in order to maximise the spread of the Group's risks.

Customers
The Group's ambition is to have the highest level of customer loyalty in the Nordic region. Based on the expectations and requirements of each individual customer, the Group aims to continuously add perceived value, thereby confirming customers in their choice of the Tryg Vesta Group as their provider of peace of mind.

Processes
The Group's ambition is to improve productivity and enhance quality by automating and centralising processes as much as possible. In organising processes, focus will be on simplicity, reuse of data and the potential of self-service facilities.

Employees
The Group's ambition is to offer managers and employees free scope and responsibilities and to create the framework for commitment, drive and development of competencies. The Group will continuously develop its combined knowledge by focusing on learning and knowledge sharing. The Group emphasises being a Nordic workplace with Nordic values as bridgebuilders and drivers.

Furthermore, it is the Group's ambition to participate actively in and to influence the public debate when it deals with subjects related to the Group's existing or potential business areas.

The external environment

The Nordic general insurance market is driven by few, large companies. It is becoming increasingly transparent and competitive, and the whole Nordic region is characterised by having a saturated general insurance market.

The market was characterised by premium increases both in 2002 and 2003, and most large companies raised premiums for personal as well as commercial customers.

In order to operate a profitable business, the insurance industry looked even more carefully at its ability to attract capital than it did in previous years. Consequently, the companies are focusing more strongly on correct technical underwriting methods, that is, on optimising the correlation between premiums and risk.

Market shares, Nordic general insurance

	Denmark	Norway	Finland	Sweden
# 1	Tryg 22%	If 31%	If 36%	LF Forsikring 29%
# 2	Topdanmark 17%	Gjensidige 30%	Pohjola 22%	If 23%
# 3	Codan 13%	Vesta 20%	Tapiola 16%	Folksam 16%
# 4	Alm. Brand 12%	SpareBank 1 10%	Fennia 9%	Trygg-Hansa 18%
# 5	If 5%	The local Insurance Group 8%		
Other	31%	8%	Tryg Vesta Group	13%

Source: Danish, Norwegian, Finnish and Swedish insurance associations, Gross premiums 2002 (Norway 2003)

The performance of direct insurers has been driven by such factors as recent years' earnings pressure due, in particular, to declining interest rates, capital losses on shares and increasing reinsurance prices, the latter primarily resulting from the European windstorms in late 1999 and the World Trade Center disaster in September 2001.

Captives

The insurance companies' increased focus on profitability and the resulting premium increases caused a few large companies to consider setting up their own captive insurance companies in 2003. Setting up a captive means that the company carries a higher proportion of its own insurance risk. However, it requires the company to have a very strong equity and good supporting reinsurance contracts.

The role of insurance companies in relation to such customers changes from being risk bearers to being managers and service providers primarily.

Mild weather

The number of claims due to exceptional weather conditions, such as windstorms and flood, was below average in 2003. However, the prices of reinsurance continue to be high since the reinsurers have changed their assessment of weather-related risks in the Nordic region as a consequence of previous years' windstorms and cloudbursts.

From public to private

The current welfare debate in the Nordic countries and other European countries makes demands on the insurance industry. Responsibilities are being transferred from public funding to private insurance. The Tryg Vesta Group welcomes this trend as it provides opportunities for a healthy and exciting development of the insurance companies. One example is unemployment insurance, which emerged as a business area to be reckoned with for Danish insurance companies in 2003, spurred by increasing unemployment rates and the perceived gap between the pay received in employment and unemployment benefit rates.

Changes to the division of labour between the public and the private sector are welcome, but it is disturbing when an institution such as the Danish National Board of Industrial Injury changes its practice with retroactive effect. It is a problem when changed legal practice lets privatisation in the back door, so to speak, without enabling the insurance companies to adjust their prices.

For example, the Supreme Court of Denmark ruled in December 2003 that amounts received from a flex job should not be taken into account when determining occupational disability for a person who as a result of a work-related injury performs a flex job. If the National Board of Industrial Injury introduces the practice of reopening and reassessing claims, insurers will incur additional costs without having been able to include this risk when setting their prices.

Likewise, the Supreme Court of Norway ruled in February 2004 that the scope of cover provided for occupational diseases shall be extended as several kinds of diseases may trigger compensation.

Global focus on risks

Businesses and insurance companies globally have refocused on risks in recent years against the backdrop of fear of terrorist attacks, management scandals, widespread bad weather in recent years and the demand for targeted employment of the capital available.

Capital base

Earnings in the general insurance industry have only begun to pick up during the past year, and recent years' low earnings have generally eroded the companies' capital base. The companies are required to generate significantly higher and stable returns if the industry is to retain and attract investors to contribute share capital.

Ratings

International rating agencies rate companies' expected ability to honour their commitments towards insurance customers and other creditors. Industrial customers, in particular, increasingly require insurers to be rated, and several of them include the rating in their policies for permitted collaboration partners.

Securities markets

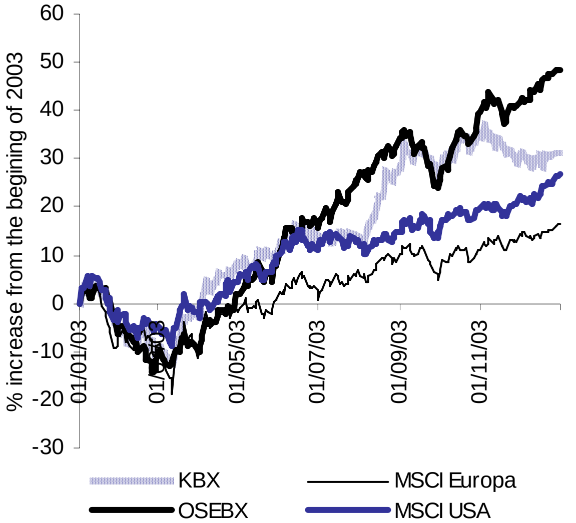
After several years of plummeting equity prices and interest rates, equity markets were up in 2003 by 16.5 per cent in Europe (MSCI), 26.8 per cent in the USA (MSCI), 31.2 per cent in Denmark (KBX) and 48.4 per cent in Norway (OSEBX) relative to the start of the year.

Early 2003 was marked by the war in Iraq, the outbreak of SARS and a number of negative key economic indicators. This caused investors to flee from equity investments to the safe haven of bonds. At the same time, industrial and consumer confidence was low and unemployment on the rise, all of which contributed to both the USA and Europe pursuing expansive monetary and fiscal policies.

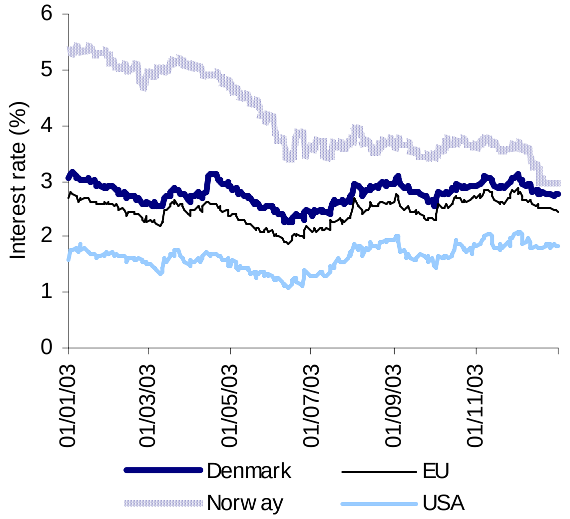
Around mid-2003, the global economy rebounded. A global recovery is now materialising, primarily driven by one of the most expansive economic policies ever seen in the USA with very low interest rates, tax cuts and high public spending in the form of defence expenditure. The recovery was supported by continued high consumer spending in the USA, partly backed by the biggest remortgaging wave ever.

The war in Iraq impacted the financial markets. The anticipation that the war could quickly be brought to an end caused equity markets to surge in the early months of the conflict, while interest rates continued to fall due to deflationary fears. After positive key economic indicators had been issued in June, the rates started to move upwards and have stabilised.

Selected share indices, 2003

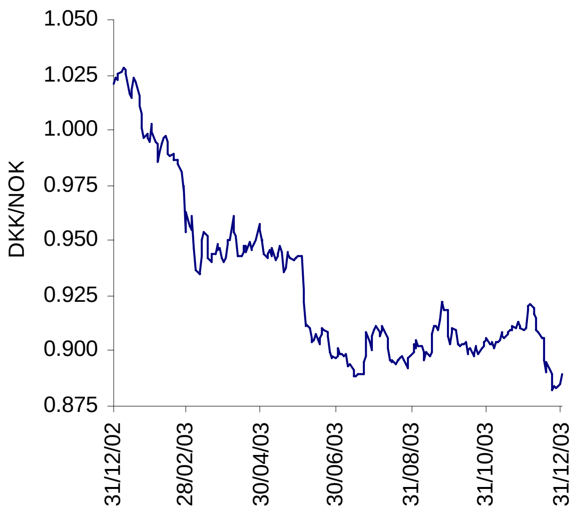


Selected two-year government bond yield, 2003



A large part of the Group's activities are based in Norway, and its financial results are therefore impacted by the NOK/DKK exchange rate. As can be seen in the chart, the NOK/DKK exchange rate fell by 14 per cent during 2003. Accordingly, all other things being equal, earnings in Norway will show a falling trend when translated to Danish kroner due to the depreciating exchange rate. Most investments in shares in Norwegian subsidiaries were hedged in 2003.

DKK/NOK exchange rate 2003



Financial perspectives

Profitability was the core focus area of the Tryg Vesta Group throughout 2003. There was extensive focus on the correlation between customer price and risk, and on the Group's own efficiency and expense ratio.

Like the rest of the insurance industry, the Group was keenly aware of the stricter terms in connection with reinsurance and of the need to strengthen its overall capital base and optimise capital employed.

Profitability

Scrutinising commercial customers

As part of the work to restore profitability, the Tryg Vesta Group made targeted efforts in 2003 to reassess the correlation between price and risk for each commercial customer.

It proved necessary to introduce substantial premium increases for some commercial customers. In Denmark, increases for commercial customers averaged 48 per cent, in connection with contents and buildings policies. Most customers maintained their policies with the Group despite the increases.

As part of the Group's efforts, greatly enhanced security requirements and requirements for higher premiums were made to high-risk industries such as the wood industry in 2003.

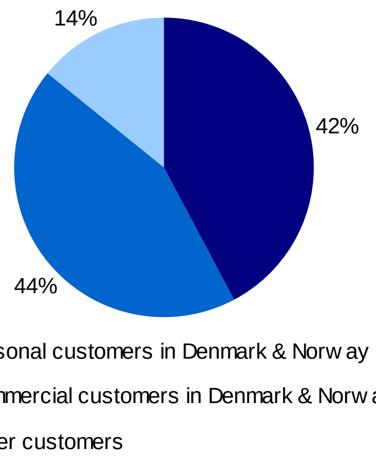
At the same time, the Group completely withdrew from insuring Norwegian municipalities, a business that had been unprofitable for several years.

Profitability is a matter of pricing as well as deductibles and security requirements, and in addition to raising premiums, the Group therefore required many customers to strengthen security and accept higher deductibles.

Focusing on personal customers

Although the most massive profitability efforts in 2003 were targeted at the Tryg Vesta Group's commercial customers, premiums were also raised for personal customers. Personal customers' premiums were increased by up to 15 per cent on some policies.

Distribution of gross premiums 2003



Net pricing to commercial customers served by brokers

The long-standing tradition of paying insurance brokers, who make a living from advising businesses on purchasing insurance, on a commission basis was abolished both in Denmark and Norway in 2003.

Previously, insurance brokers were paid a commission by the insurance companies, but in 2003 most of the large insurers in Denmark and Norway switched to so-called net pricing to commercial customers served by brokers. This system implies that commercial customers will in future pay the brokers directly for their advice and intermediary services, while the insurance company is paid for the actual insurance supply.

The Tryg Vesta Group was one of the first insurers to introduce net pricing because the system promotes transparency and consistent terms for all commercial customers whether served directly or through a broker. The new model emphases the broker's independence, making it clear to commercial customers in future that brokers are advisers and intermediaries, while the Tryg

Vesta Group is the insurance provider. At the same time, the prices of each of the two services are shown clearly.

Costs

The Tryg Vesta Group focused on costs in 2003, tightly controlling the number of employees and the use of consultants.

The organisation spent substantial resources on paying attention to existing customers by way of service and profitability initiatives.

In May 2002, the Tryg Vesta Group took over Zurich's Danish and Norwegian general insurance operations. The newly acquired portfolios and former Zurich employees were finally integrated in 2003, creating the anticipated cost synergies.

The profitability measures taken resulted in the administrative expenses falling by DKK 206m relative to 2002.

Discontinuing London market business

In September 2003, the Tryg Vesta Group decided to discontinue the Group's business in the London market. The decision reflected the Group's wish to focus mainly on Nordic insurance business and international reinsurance. The run-off is expected to last for ten years, although most of the reserves are expected to be run-off over three years.

Capital structure and ratings

Capital structure

The Tryg Vesta Group's capital base was strengthened significantly in 2003 when the Group's owner, Tryg i Danmark smba, decided to contribute share capital and subordinate loan capital totalling DKK 1.1bn. The increased liquidity was used to repay a bank loan of a similar amount. At the same time, the Group's corporate structure was changed to enable it to better utilise its total capital base.

Finally, the Tryg Vesta Group's capital was supplemented by a loan of DKK 600m in order to give the Group further financial flexibility and enhance its liquidity.

Rating of Tryg Forsikring A/S

In June 2003, Moody's Investors Service and Standard & Poor's confirmed their ratings of Tryg Forsikring A/S of A3 and BBB(pi), respectively. When making their decisions, the rating agencies emphasised the strengthened capital base and commercial and organisational improvements.

Rating of Vesta Forsikring A/S

In October 2003, Standard & Poor's awarded a BBB(pi) rating to Vesta Forsikring A/S, bringing Vesta's rating into line with that of the parent company, Tryg Forsikring A/S.

Rating of Tryg-Baltica international

Further to the decision to discontinue the London market business and based on an anticipated improved performance of TBi, A.M. Best confirmed in October 2003 its A- rating of Tryg-Baltica international originally awarded in the spring.

Ratings of Tryg Vesta Group

	S&P	Moody's	A.M. Best
Tryg	BBB(pi)	A3	
Vesta	BBB(pi)		
TBi			A-

Customers

In 2003, the Tryg Vesta Group refocused sharply from selling individual products to providing concepts that offer peace of mind. In order to retain customer satisfaction and loyalty, the Group considers it important that customers buy more than one policy, thereby becoming part of a concept offering favourable prices and service programmes. Concept customers get more from the Group than just a request for payment, also when they do not have any claims.

The portfolios of health and general insurance policies sold through Nordea's branches grew rapidly in 2003, not least thanks to the Group's strong brands – Tryg and Vesta – in Denmark and Norway.

Customer satisfaction

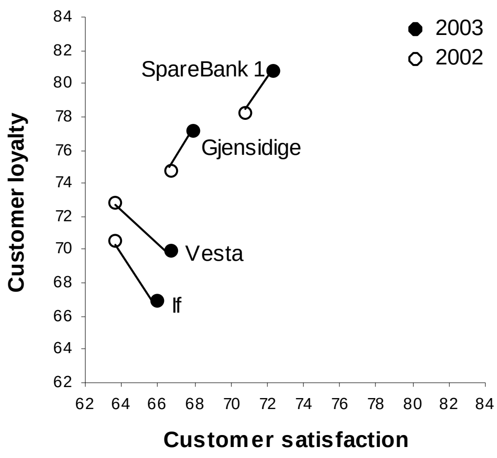
Like in previous years, the Tryg Vesta Group surveyed how customers perceived their insurance company in 2003. The results of the customer surveys are used to ensure that the Group's services match customer requirements. The more satisfied and loyal customers are, the longer they maintain their policies with the Group, which in the final analysis benefits profitability.

Danish surveys indicate that customers in large insurance companies become more loyal the longer they have been with the company. Around 18 per cent of customers who have been with their insurance company for less than a year leave the company again within a year, while 82 per cent stay with the company for at least one more year. This figure rises to 86 per cent for customers who have been with the company for six to ten years, and to 89 per cent for customers who have been with the company for 11 to 20 years.

This is the reason why the Tryg Vesta Group focuses strongly on existing customers.

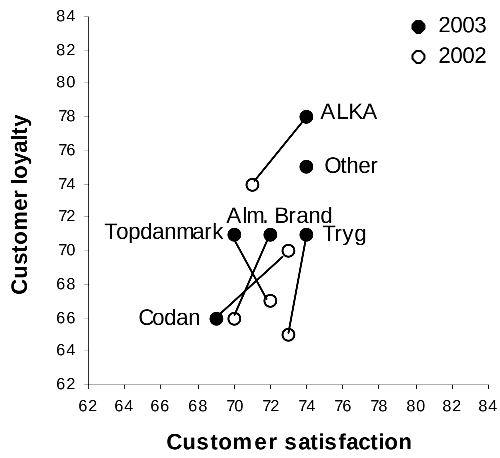
In Norway, *Norsk Kundebarometer* measures customer satisfaction in various lines of industry. The survey showed that Vesta improved in terms of satisfaction but declined in terms of loyalty relative to 2002.

Norwegian Customer Barometer 2002-2003



Norsk Kundebarometer (Norwegian Customer Barometer) is prepared by the Department of Marketing of the BI Norwegian School of Management

Danish Customer Index 2002-2003



Dansk KundeIndex (Danish Customer Index) is prepared by the Aarhus School of Business and the Danish Centre for Management.

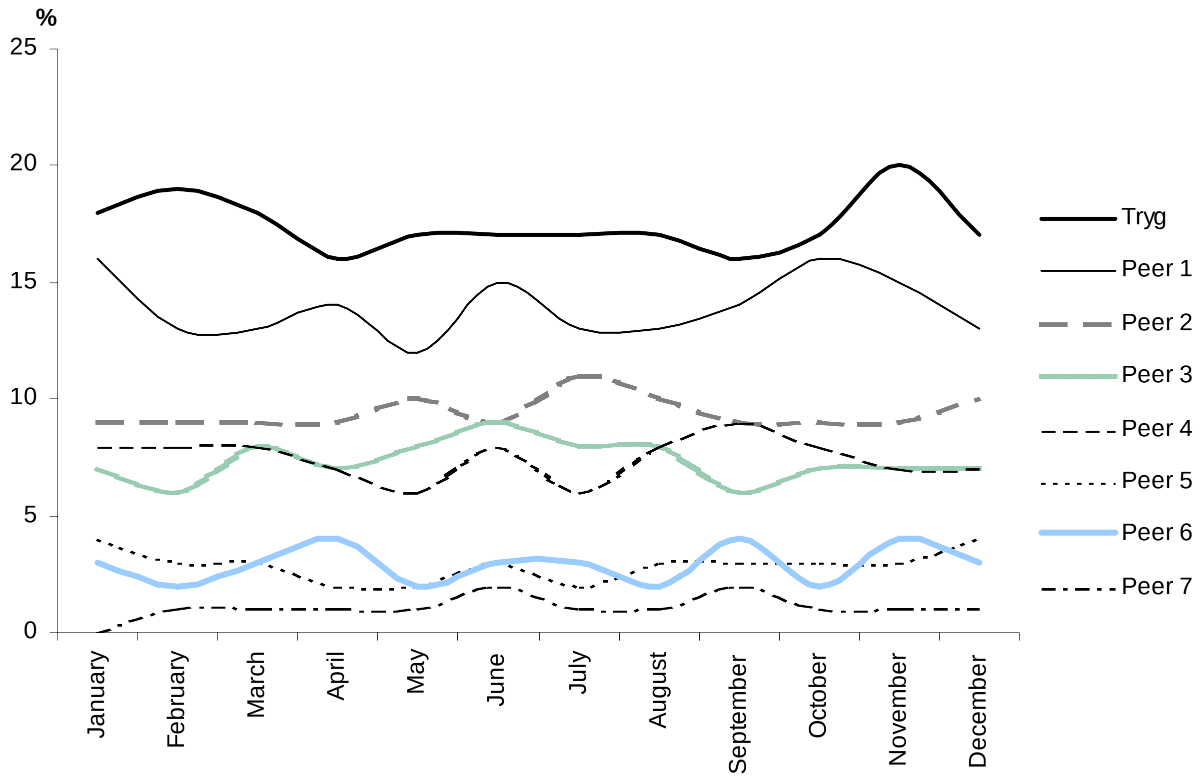
In Denmark, *Dansk KundeIndex* measures customer satisfaction with Danish general insurance companies. The 2003 survey placed Tryg in the top four in terms of customer satisfaction and loyalty. Tryg advanced in terms of loyalty, and satisfaction seemed to be on the increase. As for banks, the small companies have the most satisfied and loyal customers.

The Tryg Vesta Group not only has many satisfied and loyal customers in Denmark. Regular surveys of Danes' preferred insurance company indicate that Tryg generally has a good image among the population.

Throughout 2003, Tryg ranked a clear number one on the list of Danes' preferred insurance company.

The Tryg Vesta Group's surveys are based on the pan-European model for measuring customer satisfaction EPSI (European Performance Satisfaction Index). The model's standardised questions can be used by all types of businesses, and the results are therefore comparable with those of other insurance companies and companies in other industries

The Danes' preferred insurance companies in 2003



Source: The media agency OMD regularly surveys Danes for their preferred insurance company. Throughout 2003, Tryg was the preferred company

Brands

Tryg and Vesta represent two very established and strong *brands* within general insurance for the Tryg Vesta Group.

In the summer of 2003, Vesta ran a major campaign to profile the company, focusing on the company's lifebuoy trademark. Vesta's red-and-white tradition-rich lifebuoy is one of Norway's best-known and most respected trademarks. Ever since 1952, the company has distributed lifebuoys, which in an appropriate manner reflect the philosophy of insurance. The lifebuoys have helped save more than 1,000 people from drowning. Today, there are some 23,000 Vesta lifebuoys all over Norway, and the lifebuoy has become a national symbol.

In the spring of 2003, Tryg relaunched its six-year-old, but still well-known TV commercial showing a chicken sitting in front of a car tyre. The commercial was hugely successful, scoring among the top seven per cent among more than 1,000 campaigns rated by the media agency OMD. The TV commercial came in first among campaigns from insurance companies, banks and mortgage credit institutions.

During the summer, Tryg launched two new commercials involving a fox and a hen, and a hedgehog crossing a busy road, respectively. Subsequent surveys showed that the two new TV commercials also got high impact ratings.

Prizes won by the Tryg Vesta Group

Tryg's sponsorship of the *Åh Abe* children's concerts in 2003 won the company the business-to-consumer-sponsorship prize for 2003.

Tryg Polska won two prizes in Poland. Four products were nominated market leaders, and the company's car owners' assistance policy was rated as the best new product.

In Norway, one of Vesta's ads in the daily *Aftenposten* was selected as the best ad in July. Regional paper *Adresseavisen* selected another Vesta ad as the best ad in August.

Bancassurance and pension sales

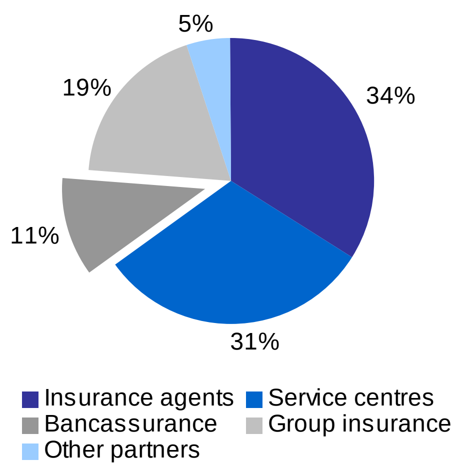
The partnership between the Tryg Vesta Group and Nordea continued its positive sales performance. The partnership involves Nordea selling the Group's general insurance products through its branches in Denmark, Norway and Finland, while Tryg and Vesta sell the bank's life insurance and pension products.

Bancassurance

Generating 17 per cent growth relative to 2002, Nordea's sales of the Tryg Vesta Group's general insurance products continued to surge. In 2003, bancassurance accounted for 5 per cent of the Group's total sales of insurance policies to personal customers.

In Denmark, where Nordea offers the same range of products and concepts as Tryg provides through its own sales channels, bancassurance accounted for 11 per cent, and the portfolio amounts to more than DKK 550m, with a highly satisfactory profitability.

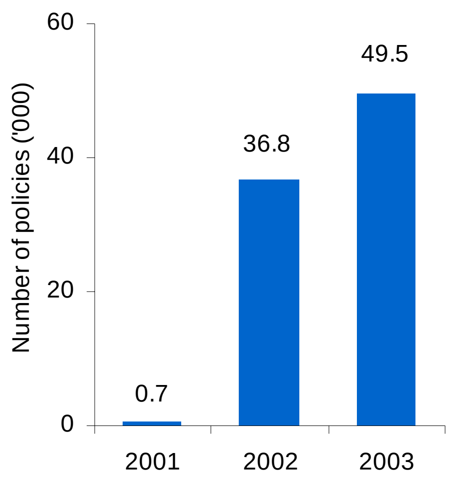
New sales to personal customers in Denmark 2003



Nordea's Norwegian branches began selling Vesta's policies in 2003, initially as a pilot project in selected branches, but in the second half of the year, the bancassurance concept was being implemented on a nation-wide scale.

In Finland, sales of insurance policies through Nordea continued to rise steeply. The branch's portfolio increased from DKK 42m in 2002 to DKK 80m in 2003, distributed on 32,000 customers. Tryg set up the Finnish branch in 2001 for the purpose of selling insurance through Nordea, which has a share of 40 per cent of the Finnish market. At the end of March 2003, the potential customer base was extended to include all of the bank's approximately three million customers in Finland. When the branch was set up in 2001, it only had access to Nordea Bank Finland's 800,000 so-called core customers.

New sales to personal customers in Finland



Pension sales

Pension schemes and life insurance policies form a natural and important part of the Tryg Vesta Group's overall product portfolio. Being a provider of peace of mind, the Group meets the customers' expectations of covering all their requirements, also when it comes to personal safety such as personal accident insurance, health insurance, life and pension insurance and critical illness cover.

The Group intends to continue to focus on employee training and sales tools, thereby further enhancing its role as a provider of peace of mind to customers in the life insurance and pension areas.

The Group continued to generate a substantial part of Nordea's aggregate sales of new business in this area, among other things because the Group uses its good relations to general insurance customers to offer the life and pension insurance products as well.

Health insurance

The health insurance area continues to grow, and the Tryg Vesta Group is constantly developing competencies in this area. The Group launched development efforts in 2003 aiming to set up a common Nordic health concept for Tryg and Vesta.

In 2003, the Tryg Vesta Group in Denmark launched three options to the health policies already written. At the end of 2003, 15,200 people were covered by the Group's health insurance.

Tryg's Finnish branch began selling health insurance in 2003. Health insurance has been part of the Finnish insurance market for 10-15 years. The expansion of the product range to cover largely any insurance requirement further strengthened the Finnish operation's position as an alternative to other insurance providers.

On 1 January 2003, Norway introduced tax exemption for employer-paid health insurance for employees. Because of the exemption, employees are no longer subject to tax on such health insurance, and employers are not liable to a charge on the insurance premium. The tax exemption has renewed interest in health insurance, and this also benefits Vesta.

Unemployment insurance

In the final months of 2003, private unemployment insurance really became an issue in Denmark. In February 2004, the Tryg Vesta Group announced a partnership between the unemployment insurance fund, STA and Tryg, involving that Tryg offers supplementary voluntary insurance to members of STA. In case of involuntary unemployment, members of STA will be eligible for a supplement of up to 80 per cent of their salary so far in addition to their benefits. At the same time, Tryg offers the members of STA the possibility of choosing whether they want to supplement the unemployment insurance with for instance psychologist assistance.

Processes

2003 showed several examples of the Tryg Vesta Group capitalising on synergies across national borders, particularly in relation to IT and the creation of the Group's common alarm centre, which was launched in earnest in early 2003. Improving the efficiency of work processes is a constant challenge, as illustrated by last year's initiatives in relation to procurement and electronic customer servicing.

Procurement

The Tryg Vesta Group began working towards a common purchasing policy and a common purchasing process in the spring of 2003.

The Tryg Vesta Group considers procurement an organisational process and a strategic tool to reduce costs. Good procurement is basically a question of managing requirements and, thereby, managing costs.

Procurement in an insurance company is more than making administrative purchases in the form of office supplies and new PCs. It is also very much a matter of purchasing in connection with claims, such as making agreements with craftsmen and garages to make repairs or with cleaning companies to clean up after fires or flooding.

The Tryg Vesta Group's claims expenses amounted to more than DKK 11bn in 2003, and the Group has in recent years focused particularly on procurement in connection with claims, thereby generating substantial savings. In 2001, Vesta entered into a partnership with the Norwegian car industry, providing benefits and savings for both customers and the company in connection with claims resulting from damage to cars. In March 2003, Tryg launched a new agreement with a number of garages in Denmark. The agreement, called *Tryg Reparation*, includes that customers are offered a replacement car while their own car is being repaired.

The new agreement benefits all three parties: customers, garages and Tryg.

Customer service and IT

IT synergies

The Tryg Vesta Group focuses strongly on capitalising on IT synergies. This is to be achieved through a common IT organisation set up in April 2003 and covering all the Group's companies.

The Group expects to reduce its IT-related costs in the years ahead by simplifying, harmonising, standardising and pruning measures. In the years ahead, the Group intends to strongly expand the common platforms it already uses across national borders in several respects.

Partnership with CSC

In 2003, the Tryg Vesta Group entered into a partnership with the IT company CSC to outsource the Group's IT operations, the principal reason for switching IT operations provider being to reduce costs and enhance quality.

The partnership with CSC is expected to improve the quality, accessibility, reliability and speed of the Tryg Vesta Group's IT systems and to provide operational savings.

The Group outsourced its IT operations in Denmark, Finland and Poland effective 1 December 2003 for an initial period of five years. In January 2004, the parties agreed to extend the partnership to comprise Vesta effective 1 June 2004, thereby putting CSC in charge of all the Group's IT operations.

Customer service via Siebel

The Tryg Vesta Group uses the US Siebel system, the market's most advanced customer service system, as a common platform both in Denmark and in Norway. The system collects customer data and customer contact information, thereby making it easier for different organisational units to collaborate in relation to customers and, ultimately, improving the quality of communications with customers.

Vesta launched the second stage of implementation of the system in 2003, using, among other things, the experience Tryg had already gained with the system. A portable solution will be added in early 2004, providing access to the customer service system from laptops when visiting customers. Tryg has successfully used the solution for a couple of years.

E-service

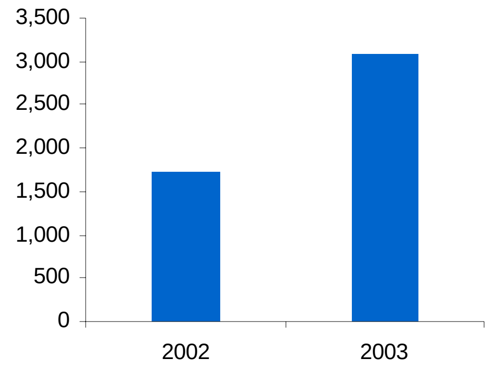
Accessibility is a key word for the Tryg Vesta Group as reflected, for example, in the Group's strong focus on providing service to customers in the form of e-services.

In Finland, e-mail correspondence already accounts for a large part of the Group's total communication with customers, and the intention is to increase the volume of e-services both in Finland and in the rest of the Group.

In Norway, the Tryg Vesta Group participated from the start when the Norwegian banks launched *eFaktura*, electronic invoice processing, in early 2003. Customers who join *eFaktura* receive invoices in their on-line banking system instead of in their physical mailbox.

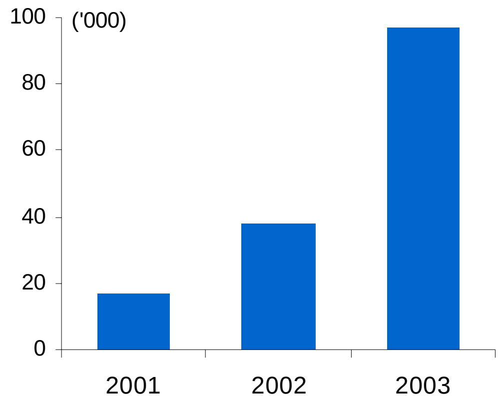
The Tryg Vesta Group's Norwegian customers were invited to view their policies and insurance terms and conditions via Vesta's web site in May 2003. The option also includes such facilities as amending policies. Vesta received a total of 40,000 e-mails from customers in 2003, and the number of claims reported by e-mails increased by almost 80 per cent from 2002 to 2003.

Vesta – claims reported by e-mail



In the past two years, Tryg's web site has offered the Group's Danish customers a similar option. Customers may seek information, report claims and generally use the self-service facilities almost 24 hours a day. At 31 December 2003, almost 60,000 customers had subscribed to the log in service, almost twice as many as the year before. Around 120 customers log in every day to view their policy overview, order a red or green international motor insurance card before going on holiday etc. Furthermore, some 50,000 price calculations are made on the web site each month, and around 900 users ask for a quotation.

Tryg – e-mails received



Tryg received almost 97,000 e-mails in 2003. Subjects included claims reporting, requests for quotations etc. This was a steep increase of 255 per cent over 2002, when Tryg received just under 38,000 e-mails.

Common marine and aviation department

The customers of the Tryg Vesta Group's marine and aviation make up a very diverse group, and it takes a broad range of competencies to handle this diversified and specialised portfolio. The Group therefore decided to set up a common marine and aviation department at the end of 2003, uniting competencies across the two biggest companies, Tryg and Vesta. Marine customers alone account for an annual premium volume of DKK 230m, ranging from small fishing boats to very large ferries both in Denmark and Norway. The marine and aviation department has a total of 22 employees.

Common alarm centre

In 2003, the Tryg Vesta Group continued developing the common alarm centre, *Tryg Alarm*, in Denmark. The centre is staffed by employees and doctors round the clock ready to assist the Group's travel and health insurance customers in an emergency. In addition to being able to provide care services, the employees' core competencies include speaking at least two foreign languages.

Network is a key word for *Tryg Alarm*. The alarm centre has a number of external partners around the world within such areas as transport, payment transfers and hospitals. *Tryg Alarm*'s regular staff includes a doctor, and seven medical consultants specialising in different fields are attached to the centre.

Not only customers who hold travel and health insurance policies may call *Tryg Alarm* to get help. Tryg's 24-hour claims service is a part of *Tryg Alarm*, which thus also handles calls from Danish insurance customers in connection with a claims situation.

Employees

The Tryg Vesta Group applied the Balanced Scorecard methodology in 2003 to strengthen efforts in relation to targets and initiatives. The aim is to enable all units to break down the Group's overall targets in order for each employee to know his or her expected contribution and in order to maintain transparency and openness about the organisation's target and initiative efforts.

The Tryg Vesta Group made a great effort in 2003 to establish competency development for managers and employees. The Group also made its vision of being an inclusive workplace very visible and tangible by setting up dedicated integration training for persons with an ethnic background.

Employee satisfaction

Believing that satisfied employees are key to creating results, the Tryg Vesta Group measures employee satisfaction each year.

The overall results of the survey are collected in Norway and Denmark to provide an overview of any potential concerted action that could be taken to heighten satisfaction in one or more areas. However, the results are primarily followed up in the local departments, whose managers and employees together are responsible for cultivating and maintaining results and prepare the ground for improvement.

The survey scored high in general on satisfaction in Denmark with an overall score of 4.03 on a scale from 1 to 5.

When measuring employee satisfaction, Vesta employs a method which does not involve the use of a total result as does the one employed in Denmark. Grouped into main categories, however, Vesta's scores for 2003 are on a level with other Norwegian companies.

Future surveys of employee satisfaction in the Tryg Vesta Group will apply a common method.

Competency development

The Tryg Vesta Group spent DKK 40m on employee training in 2003 and began collaborating on common competency and management development initiatives.

Management development

The first stage of a common management development programme in the Tryg Vesta Group was launched in February 2004. The programme is intended to help embed the Group's corporate values in the day-to-day work and in joint projects, while also focusing on teams and collaboration in order to develop the Group's combined knowledge and promote the exchange of ideas and experience.

The Tryg Vesta Group developed a management course for its 210 Norwegian managers and key professionals in 2003. The objectives of the courses included helping managers to become even better at forming strategies into practice and generally to enhance managers' competency, focusing on higher employee satisfaction, improved business understanding, development of cross-cutting collaboration, and a common culture with shared values.

The Group also developed management courses for all management levels in Denmark in 2003. Development courses for middle management employees and more experienced managers focused on collaboration, coaching and process improvement. Relatively new managers attended courses matching Tryg's business and employees. More than 115 of a total of some 200 Danish managers attended such management development courses in 2003. To ensure future executive talent, Tryg has developed a talent promotion process. Around ten potential managers completed this course in 2003.

Teams and collaboration

Almost 1,000 of Tryg's 2,250 employees attended team building courses in 2003. Tryg has been focusing on teams for many years, but relaunched the concept in 2003 with more distinctive definitions of the characteristics of a good team, including the characteristics of a good team player and a good team manager.

During the year, 63 per cent of Tryg's employees spent two days in another department to gain knowledge and understanding of the work processes of other departments. Another objective of the arrangement was to promote in-house job rotation.

E-learning

In 2003, Vesta developed its training strategy further by putting even greater emphasis on e-learning courses. The principal aim is to make training more uniform, but substantial savings are also generated because more employees are able to complete training from their own workplaces rather than attending courses in conventional classrooms.

The Siebel customer service system applied by both Tryg and Vesta makes room for working closely together on training in using the system. Experience gained in using e-learning will be shared across national borders.

Inclusiveness

The Tryg Vesta Group wishes to be an inclusive workplace with room for everyone. The Group believes in appreciating and benefiting from differences such as age, sex, ethnic background, nationality, religion and personality.

Immigrants in Tryg

Twelve immigrants started on a new two-year integration training programme with Tryg in March 2003. Backed by EU grants and in collaboration with municipalities all over Denmark, Tryg set up a special training programme for immigrants designed to teach insurance as well as Danish culture and the Danish language to the participants.

In 2003, 7.4 per cent of new employees taken on by Tryg had an ethnic background, and the total proportion of employees with an ethnic background increased from 1.9 per cent at 31 December 2002 to 2.9 per cent at 31 December 2003.

Tryg also aims to include persons with an ethnic background among the trainees taken on each year. In 2003, two out of 32 trainees had an ethnic background.

Stages of life

Inclusiveness is also about making room for employees of either sex and in different age groups.

Human resources policies in both Denmark and Norway take into account that an employee's working life has various stages with varying requirements. The Group needs employees at all stages of life. Committed to social responsibility, the Group aims to create a framework that provides development opportunities and support to all employees.

In the light of overall labour market trends with an upcoming shortage of young people to recruit from, the Tryg Vesta Group is focused on recruitment and on retaining employees. Over the next five years alone, around 400 employees will be leaving the Group due to retirement or early retirement.

Management and organisational changes

Executive Management

The Executive Management of the Tryg Vesta Group comprises Ms Stine Bosse, Group CEO of the Tryg Vesta Group, Mr Erik Gjellestad, CEO of Vesta, Mr Morten Hübbe, Group CFO, Mr Peter Falkenham, Mr Stig Ellkier-Pedersen and Mr Bjørn Thømt, Members of the Group Executive Management.

Ms Stine Bosse was appointed in January 2003, and Mr Morten Hübbe was appointed in June 2003.

Internal organisation

The Tryg Vesta Group set up transverse reinsurance and investment organisations as early as in 2002. The two organisations were adjusted in 2003 and implemented in additional parts of the Group.

The Tryg Vesta Group set up a common IT organisation in April 2003 with the purposes of reducing costs and achieving further synergies within in the Group.

Throughout 2003, the Group worked on changing its overall structure, and in January 2004, the Tryg Vesta Group announced that its future base would be two dedicated local business areas for personal and commercial customers, one in Norway and one in Denmark. Together and individually, they are responsible for generating targeted growth of the profitable part of the Group's personal and commercial portfolios. Furthermore, the Group will be based on a single dedicated Nordic business area for the industrial market which across Tryg and Vesta will ensure targeted optimisation of the corporate portfolio by improving the correlation between price, risk and profitability, thereby creating a more balanced portfolio. Finally, the Group will set up shared staff functions.

Risk management

Risk management and ALM (Asset Liability Management)

The Tryg Vesta Group's overall financial risk can be divided into

- insurance risk, involved in the current insurance operations

- market risk, involved in investment activities and financing

- operational risk, involved in operating a business.

The Group manages such risks through its underwriting policy (acceptance rules, price, terms and conditions), by taking out reinsurance, in its current management of investment activities, and through business procedures and policies. The Tryg Vesta Group is in the process of further developing and implementing as its risk management basis a so-called ALM (Asset Liability Management), a framework for measuring the Group's total exposure, which explicitly takes into account the interaction of assets and liabilities. This framework for describing the Group's exposure will be used for evaluating alternative strategies, primarily related to future portfolio composition, reinsurance strategies and the overall investment strategy.

The Group's ongoing measurement of risk-based capital for the individual business areas and the resulting profitability requirements will also take place within the ALM framework.

Insurance risk

The Tryg Vesta Group makes systematic efforts to chart the insurance risk to which different insurance lines and customer groups are exposed in order to define requirements in respect of customer mix and earnings. In some cases, this results in activities being adjusted. Vesta in Norway has, for example, scaled back its business of providing insurance to pilots against the eventuality that they lose their pilot's certificate for health reasons. Vesta has also completely withdrawn from insuring municipalities. In Denmark, Tryg introduced stricter security requirements for some commercial customers in 2003, and raised premiums for fire insurance of companies in the wood industry.

Random risk

Random risk results from fluctuations in the number and size of claims. In the case of a large company such as the Tryg Vesta Group, which has many different types of customers and insurance products, normally only large claims from one-off events and many claims occurring at the same time after windstorms, cloudbursts, freezing rain and similar events have a significant impact on the Group's financial results.

Systematic risk

Systematic risk relates to changes in legislation, case law, macroeconomic and technological developments and general changes in policyholder behaviour. Such fluctuations will impact several or all policies at one and the same time, resulting in systematic fluctuations in the Group's financial results.

Due to changes in legislation and practice, systematic risk has historically affected, in particular, personal accident lines, which are characterised by claims being settled over several years. This is reflected in the Tryg Vesta Group's financial statements as run-off losses and gains.

Reinsurance

The Tryg Vesta Group uses reinsurance as a key instrument to manage random risk. The Group's reinsurance programme covers natural disasters up to a total of DKK 3.5bn with a retention per event of DKK 100m in Denmark, NOK 60m in Norway and DKK 75m in Poland. The maximum cover of DKK 3.5bn has been determined based on analyses of portfolio risk exposure and on the assumption that a loss of this size occurs less often than once every one hundred years.

The Tryg Vesta Group regularly reviews the Group's overall reinsurance cover. The review in 2002 caused the Group to change its reinsurance of commercial customers' buildings and contents insurance – the so-called property area - in Denmark from proportional to non-proportional cover. The change means that only large claims of more than DKK 50m are covered, making it even more necessary for the Group to set its prices correctly. In 2003, the Tryg Vesta Group likewise switched from proportional to non-proportional cover of the entire marine area. Combined with other adjustments, these changes generated total savings of around DKK 500m in the Group's annual reinsurance expenses.

The reinsurance cover is intended to limit the financial impact of claims related to one-off events or events that may have a significant impact on the financial results, and such claims typically result from a large fire or a very severe windstorm. The biggest, single large claim for the Tryg Vesta Group in the past ten years was just under DKK 300m.

A claim of between DKK 100m and DKK 300m would affect the Group's combined ratio, net of reinsurance, in 2004 by between 0.5 and 0.7 percentage point, corresponding to negative financial results of between DKK 65m and DKK 95m.

The biggest natural disaster affecting the Tryg Vesta Group in the past ten years was the storm that hit Denmark in December 1999 and resulted in losses to the Group's customers of just over DKK 2bn. A storm in Denmark causing losses of between DKK 600m and DKK 3bn would in 2004 impact the Group's combined ratio, net of reinsurance, by between 1.3 percentage points and 1.7 percentage points, equal to an adverse impact on the financial results of between DKK 185m and DKK 240m.

A natural disaster in Norway would be covered by the Norwegian Pool of Natural Perils. Therefore, it would not impact the Tryg Vesta Group's results and combined ratio because the Norwegian insurance companies settle the final bill for natural disasters caused by windstorms, landslides, flooding and similar events with the natural disaster pool, to which all policyholders in Norway make a contribution over their fire policy. In principle, it is similar to the Danish storm surge pool, which covers losses resulting from sea surges that cause flood. All fire insurance policyholders pay a contribution to this pool every year.

Reinsurance companies

The Tryg Vesta Group pursues a policy of cooperating with a broad range of international reinsurers in order to control and diversify the credit risk involved in the reinsurance programme and to avoid becoming dependent on individual reinsurers. This is ensured through regular monitoring of and follow-up on developments in the international reinsurance market.

Credit risk is also managed through the Group's security guidelines, which specify that the Group only cooperates on short-tail business with reinsurers having at least a BBB rating from Standard & Poor's. In the case of long-tail business, characterised by claims being settled over several years, reinsurers are required to be rated least A by Standard & Poor's.

Acceptance rules

Besides reinsurance, the Tryg Vesta Group uses acceptance rules, tariffs and individual risk assessment to manage insurance risk in order to achieve the required balance between various types of risks.

Market risk

The results and shareholders' equity of the Tryg Vesta Group are impacted by developments in the financial markets as assets and liabilities are marked-to-market on an ongoing basis. Market risk includes changes in interest rates, equity prices, exchange rates and real property prices and the credit risk on bonds, money market investments and similar instruments. The interest rate risk affecting the financial statements is limited as discounted provisions are only used for Workers' Compensation. The insurance liabilities have a duration of around two years.

The Danish Financial Supervisory Authority introduced the so-called traffic light scenarios for general insurance companies and reinsurance companies effective 31 December 2003. Life insurance companies and pension funds have used the traffic light system since 2001. The object of the system is to calculate core capital performance in various hypothetical scenarios such as declining equity prices, changes in interest rates etc. Red indicates that a negative, but realistic market development would materially threaten the company's core capital. Amber indicates that a more unrealistic, but not improbable market development would threaten the company's core capital. Green indicates that a very adverse market development would not cause problems. The Tryg Vesta Group was rated green at 31 December 2003 with an excess of DKK 1.8bn relative to an amber rating.

Credit risk

The Tryg Vesta Group is exposed to credit risk on bonds and money market placements. The bond portfolio primarily comprises mortgage bonds and government bonds with a small proportion of corporate bonds.

Currency risk

Basically, the Group hedges risk relating to investments in shares and bonds denominated in foreign currency. Most investments in shares in foreign subsidiaries were hedged in 2003.

Tryg Vesta Group – market risk exposure as at 31 December 2003

DKKm	Type of asset	Change	Earnings impact before tax
Assets	Bonds	0.85% point rate increase	-327
	Shares	12% fall in prices	-281
	Real property	8% fall in prices	-161
	Currency	1%/3% fall in euro/non-euro exch. rates	-15
	Credit risk	Weighted averagte loss	-52
Liabilities	Provisions	0.85% point rate increase	70

Investment policy

The Tryg Vesta Group has a common organisation that manages investments on behalf of all the Group's companies. Investment policies are defined for each company in the Group based on an overall investment policy, taking into account the characteristics of each company and the legislative framework of each country.

The investment strategies defined in the Group are primarily carried out by way of external portfolio management agreements with Nordea concerning bonds, shares, cash funds and to some extent real property. Based on the investment policies, the Group handles the management of asset mixes, benchmark determination, duration limits, limits on the geographic distribution of assets, types and risk profile of bonds, shares and real property, respectively. The Group handles all investments in unlisted securities.

The Tryg Vesta Group's investment policy aims to maximise return, taking into account the composition and duration of liabilities and the company's solvency. Overall, the Group's liabilities have a duration of around two years, which dictates an asset mix focused on a high degree of security, that is, limited fluctuations and strong liquidity. Therefore, bonds will continue to constitute the majority of total investments with special focus on short-term bonds and low credit risk. Investments in shares, bonds and real property consist of well-diversified portfolios offering considerable risk diversification.

Sale of real property

The Tryg Vesta Group's investment policy has aimed to reduce the proportion of investments in real property, which has been high up till now. In order to optimise its capital structure, the Tryg Vesta Group sold around half of its portfolio of investment properties in Denmark in December 2003. The portfolio, worth DKK 1.2bn comprising mainly office property, was sold to Nordea Liv & Pension.

Operational risk

In 2003, the Tryg Vesta Group set up a safety and security organisation, whose objects include to ensure that the required security policies and related business procedures are implemented and maintained. In November 2003, the Group appointed a chief security officer, who reports to the Group's CFO. The chief security officer will primarily be focused on the Group's IT security in 2004, but future areas will include security in relation to environmental policies, working environment and physical security

Shareholder information

Tryg i Danmark smba is sole shareholder in the Tryg Vesta Group A/S.

Distribution of profit

Profit for the year amounted to DKK 742m. The Supervisory Board proposes a dividend of DKK 50m and that the remaining profit of DKK 692m be carried forward to next year.

Shareholders' equity

At 31 December 2003, the shareholders' equity amounted to DKK 5,360m and was increased by 1,092m in 2003. The increase is composed of the profit for the year of DKK 742m, dividend distribution of DKK 50m and a capital increase of DKK 400m.

The Tryg Vesta Group history

The Tryg Vesta Group history is a result of a number of mergers and acquisitions. The Danish insurance company, Kjøbenhavns Brand dates farthest back. It was established by Royal decree of 1731 after the fire of Copenhagen in 1728. The first time for the name Tryg to appear was in 1911.

Vesta was established in 1880, and the name Vesta is derived from the Roman mythology. Vesta is the goddess of hearth fire and thereby also of the home and family.

In 1994, Tryg acquires the Danish insurance operations of Winterthur.

In 1995, Tryg and Baltica merges and become Tryg-Baltica. In 2001, the name is simplified and becomes Tryg.

Dansk Kaution, which was established in 1895, becomes part of Tryg in 1998. In the same year, Tryg enters the Polish general insurance market and acquires the controlling interest in the company Energo-Asekuracja, which was established in 1994. In 2002, the company changes name to Tryg Polska.

In 1999, Tryg merges with Denmark's second largest bank group, Unidanmark, and the general insurance activities of Unibank are integrated into Tryg.

In the same year, Tryg acquires the English Colonia Baltica. The company is integrated into Tryg's reinsurance company Tryg-Baltica international. Together they form TBi.

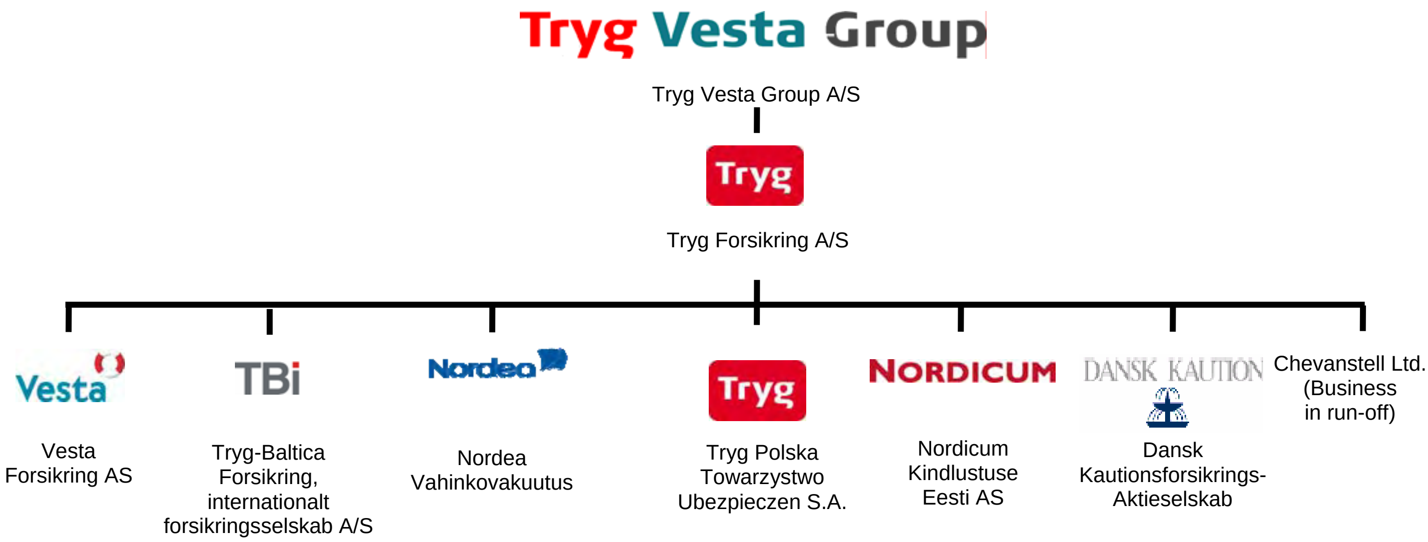
At the end of 1999, Vesta, which has been part of Skandia since 1989, becomes part of the family. A merger with Æolus and Bergens Brand in 1962 is part of the Vesta history.

In 2002, Unibank and Tryg are part of the formation of Nordea. A year after this, Tryg establishes a branch in Finland from where insurance products and related services are sold to the Finnish bank customers of Nordea.

In 2002, Tryg acquires the general insurance undertaking of Estonian Nordika Kindlustus, which was established in 1990.

Later, the same year, Tryg i Danmark smba acquires all the general insurance activities of Nordea, and the Tryg Vesta Group is a reality. At the same time, The Group acquires the Danish and Norwegian parts of Zurich's general insurance activities.

Organisation



Simplified legal structure

Tryg

Tryg is Denmark's largest general insurer, serving more than one million households and businesses. Tryg has 2,250 employees and sells insurance policies through its own distribution channels, insurance brokers in the industrial market and the upper part of the commercial market as well as through Nordea's branches, just as Tryg sells Nordea's pension products.

Read more at www.tryg.dk

Vesta

Vesta is Norway's third-largest general insurer, serving some 600,000 households and businesses. Vesta has 1,460 employees and sells insurance policies through its own distribution channels, a well organised franchise network, insurance brokers in the industrial market and the upper part of the commercial market as well as through Nordea's branches, just as Vesta sells Nordea's pension products.

Read more at www.vesta.no

Tryg-Baltica international (TBi)

TBi is the Tryg Vesta Group's specialist in international reinsurance based in Copenhagen and Amsterdam.

Read more at www.tbi.dk

Nordea Vahinkovakuutus

The Tryg Vesta Group's branch in Finland only sells insurance policies to personal customers, and this is done through Nordea's Finnish branches.

Read more at www.nordea.fi

Tryg Polska

The Group's company in Poland sells insurance policies to households and businesses through a countrywide network of branch offices, agents and brokers.

Read more at www.tryg.pl

Nordicum Kindlustus

The Group's Estonian company focuses first and foremost on insurance products to the commercial sector, but it also sells insurance products to personal customers through its branch offices in all major towns in Estonia.

Read more at www.nordicum.ee

Dansk Kaution

Dansk Kaution specialises in bonds and guarantees for Danish enterprises which conclude major contracts, especially within the building and construction sector and contract manufacturing business.

Read more at www.danskkaution.dk

Chevanstell Ltd.

Chevanstell Ltd. consists of the Tryg Vesta Group's London market business, which has been in run-off since September 2003.

Financial highlights and key ratios, Tryg Vesta Group

DKKm	2003	2002 *)	2001 *)	2000 *)	28.01-31.12. 2002 **)
Income statement					
Gross earned premiums	17.333	17.002	13.536	11.700	9.197
Earned premiums, net of reinsurance	14.566	13.311	11.153	10.031	7.069
Technical interest, net of reinsurance	641	899	783	825	449
Claims incurred, net of reinsurance	-11.344	-11.285	-8.902	-8.366	-5.862
Insurance operating expenses, net of reinsurance	-3.626	-3.577	-2.869	-2.719	-1.760
Change in equalisation provisions	-101	-199	-77	-86	-181
Technical result	**136**	**-851**	**88**	**-315**	**-285**
Profit/loss on investments after transfer to insurance activities	675	-175	1	726	93
Other ordinary expenses	-22	-52	0	0	-52
Profit/loss on ordinary activities before tax	**789**	**-1.078**	**89**	**411**	**-244**
Extraordinary items and minority interests	1	-1.256	7	0	-1.482
Tax	-48	243	-45	-78	47
Profit/loss for the year	**742**	**-2.091**	**51**	**333**	**-1.679**
Loss on business in run-off, net of reinsurance	-699	-628	-316	-478	-375
Balance sheet					
Technical provisions, net of reinsurance	22.475	21.606	17.673	15.826	21.606
Total shareholders' equity	5.360	4.268	4.564	4.305	4.268
Total assets	31.359	29.833	24.032	23.575	29.833
Key ratios					
Claims ratio, net of reinsurance	77,9	84,8	79,8	83,4	82,9
Expense ratio, net of reinsurance	24,9	26,9	25,7	27,1	24,9
Combined ratio, net of reinsurance	102,8	111,7	105,5	110,5	107,8
Key ratios, continued business (excl. business in run-off)					
Claims ratio, net of reinsurance	76,6	83,4	80,1	83,7	
Expense ratio, net of reinsurance	24,2	25,7	25,3	26,9	
Combined ratio, net of reinsurance	100,8	109,1	105,4	110,6	
Key ratios accounted for according to other method					
Gross claims ratio	73,7	77,9	78,3	88,8	
Ceded business in percentage relative to gross premiums	5,8	6,9	1,5	-5,8	
Gross claims ratio, net of ceded business	79,5	84,8	79,8	83,0	
Gross expense ratio	22,9	24,3	24,5	26,1	
Gross combined ratio, net of expenses to reinsurance	102,4	109,1	104,3	109,1	
Return on equity					
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	
Number of full-time employees at the end of the period	4.420	4.408	4.317	4.264	

*) The figures are pro forma figures as the Tryg Vesta Group was established on 28 June 2002. The basis of calculating these figures has been defined in the accounting policies on pp. 66-67.

**) The Tryg Vesta Group was established on 28 June 2002. The subsidiaries have been included as from 28 June 2002.

Review of the Tryg Vesta Group's financial statements

Financial results

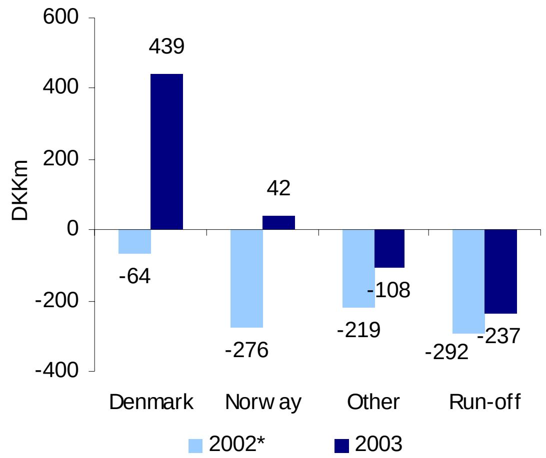
The profit for the year before extraordinary items and tax amounted to DKK 789m against a loss of DKK 1,078m in 2002. The technical result improved by DKK 987m and the results of investment activities improved by DKK 850m.

The accounting figures for 2000-2002 are pro forma figures.

Technical result

The technical result of DKK 136m is 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.

Technical result

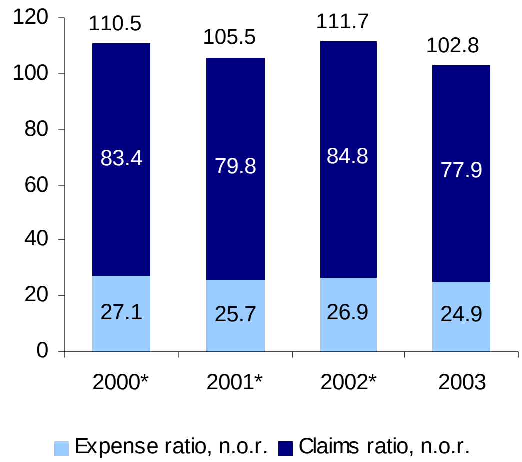


*Pro forma figures

The positive development of the technical result is a consequence of the many profitability measures taken. Further, weather-related losses and large losses have been below average. The development was impacted negatively by the falling technical interest.

Key ratios

Combined ratio, net of reinsurance



*Pro forma figures

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. For both business areas, it was primarily the claims ratios, which were improved.

In 2003, return on shareholders' equity was provided by 16.4 per cent, while the return in 2002 was negative by 52.9 per cent.

Premiums

Both in Norway and in Denmark, the effect of last year's premium increases on personal and commercial policies materialised in 2003. Most of our customers chose to remain insured by the Group, 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, both stated in local currency. The relatively lower growth in Norway is due to deliberate deselection, primarily of the municipality segment. In addition, the development in earned premiums was affected by the run-off procedures of Chevanstell Ltd. in London initiated in September 200, and as a natural consequence thereof, fall in premium earnings was approximately DKK 600m. Additional fall in the premium earnings in 2004 is expected for Chevanstell Ltd.

Earned premiums, net of reinsurance, were 9.4 per cent higher than in 2002. The relatively higher growth in earned premiums, net of reinsurance, compared with the growth in gross earned premiums, was due to the transition to a changed reinsurance programme according to which the Group shall pay a lower premium to the reinsurers.

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 Danish general insurance operations having fallen by 7.9 percentage points and that for the Norwegian insurance operations having fallen by 6.6 percentage points.

The improved claims ratio included a strengthening of the reserves for earlier years. This applied primarily to the personal accident area and secondarily to the business in run-off.

The combined ratio, net of reinsurance, included a strengthening of the reserves – so-called run-off losses – of DKK 699m in 2003, which impacted the combined ratio by 4.8 percentage points.

Consequently, there are still run-off losses on personal accident business written in earlier years in Denmark, Norway and Poland. From experience, we know that the development within these areas is characterised by "social inflation", i.e. the ongoing displacement of tasks from public funding to private insurance. Therefore, the Tryg Vesta Group pursues a conservative reserve policy in general within these areas.

Simultaneous with the improvement of the financial results, the Group has increased its provisions considerably to strengthen its readiness for future expenses for personal injuries, including Workers' Compensation and accidents. For the Group as a whole, the strengthening within these areas amounted to more than DKK 450m.

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. 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.

Other ordinary expenses

Other ordinary expenses are holding expenses in Tryg Vesta Group A/S.

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.

Transfer to insurance activities was DKK 773m in 2003 against DKK 1,017m in 2002.

Tax

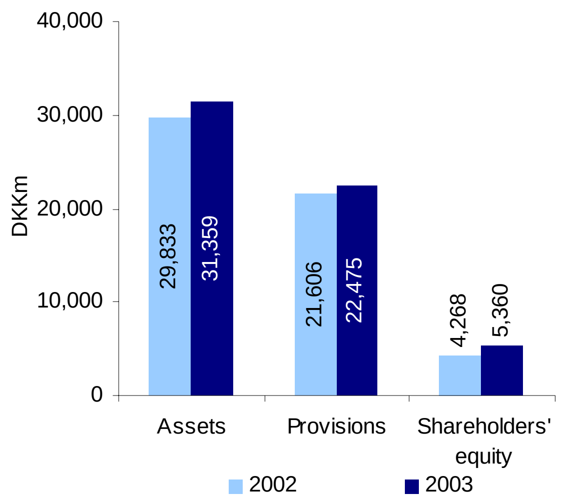
Tax on the profit for the year was DKK 48m.

The low tax expense was due to unrealised gains on shares, which are not subject to tax, a lower tax rate in Norway as well as to the use of some tax assets. The lower tax rate is not expected in future.

Balance sheet

Relative to 2002, the balance sheet was increased by DKK 1,526m, the technical provisions by DKK 869m and the shareholders' equity by DKK 1,092m.

Assets, provisions and shareholders' equity (31.12.2003)



On assets, the increase was seen in the form of an increased bond portfolio and amounts owing, whereas there was a fall in relation to land and buildings owing to divestment of real estate property.

Development of the shareholders' equity in 2003 (DKKm)

Shareholders' equity, 1 January 2003	4,268
Capital increase	400
Profit for the year	742
Dividend	-50
Shareholders' equity as at 31st December 2003	5,360

Cash flows

Cash flows from operations in 2003 amounted to DKK 3,182m, which primarily was used to increase investments in bonds. Cash flows from funding amounted to DKK 383m and was made up of capital increase in Tryg Vesta Group A/S of DKK 400m and subordinate loan of DKK 700m and debt repaid to credit institutions of DKK 717m.

Financial highlights and key ratios per business area

DKKm	2003	2002 *)	2001 *)	2000 *)
The Group				
Gross earned premiums	17.333	17.002	13.536	11.700
Technical result	136	-851	88	-315
Profit/loss on investments	675	-175	1	726
Other ordinary expenses	-22	-52	0	0
Profit/loss on ordinary activities before tax	789	-1.078	89	411
Combined ratio	102,8	111,7	105,5	110,5
The Group, continued business				
Gross earned premiums	16.702	15.791	12.615	11.162
Technical result	373	-559	105	-321
Profit/loss on investments	685	-170	4	711
Other ordinary expenses	-22	-52	0	0
Profit/loss on ordinary acitivites before tax	1.036	-781	109	390
Combined ratio	100,8	109,1	105,4	110,6
Danish general insurance				
Gross earned premiums	8.242	7.411	6.467	6.211
Technical result	439	-64	-49	-233
Profit/loss on investments	393	-128	49	607
Profit/loss on ordinary activities before tax	832	-192	0	374
Combined ratio	96,6	105,6	106,8	111,0
Norwegian general insurance				
Gross earned premiums	7.161	7.111	5.134	4.170
Technical result	42	-276	202	3
Profit/loss on investments	316	-55	-42	78
Profit/loss on ordinary activities before tax	358	-331	160	81
Combined ratio	103,9	110,6	101,6	108,8
TBi				
Gross earned premiums	716	722	552	426
Technical result	-10	-112	-12	-55
Profit/loss on investments	10	2	-1	0
Profit/loss on ordinary activities before tax	0	-110	-13	-55
Combined ratio	105,8	120,3	110,2	115,5
Finnish general insurance				
Gross earned premiums	61	21	2	-
Technical result	-48	-66	-29	-
Profit/loss on investments	-1	-1	0	-
Profit/loss on ordinary activities before tax	-49	-67	-29	-
Combined ratio	182,0	493,5	1.886,2	-

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

Financial highlights and key ratios per business area, continued

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

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

**) Business in run-off comprises run-off across the legal structure, including Chevanstell Ltd.

Danish general insurance

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Gross earned premiums	8,242	7,411	6,467	6,211
Earned premiums, net of reinsurance	7,493	6,314	5,781	5,729
Technical interest, net of reinsurance	221	326	338	392
Claims incurred, net of reinsurance	-5,657	-5,265	-4,776	-4,829
Insurance operating expenses, net of reinsurance	-1,584	-1,399	-1,399	-1,528
Change in equalisation provisions	-34	-40	7	3
Technical result	**439**	**-64**	**-49**	**-233**
Profit/loss on investments	**393**	**-128**	**49**	**607**
Profit/loss on ordinary activities before tax	**832**	**-192**	**0**	**374**
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
Key ratios				
Claims ratio, net of reinsurance	75.5	83.4	82.6	84.3
Expense ratio, net of reinsurance	21.1	22.2	24.2	26.7
Combined ratio, net of reinsurance	96.6	105.6	106.8	111.0
Key ratios accounted for according to other method				
Gross claims ratio	70.6	82.2	79.0	90.7
Ceded business in percentage rel. to gross premiums	6.2	1.7	2.6	-6.2
Gross claims ratio, net of ceded business	76.8	83.9	81.6	84.5
Gross expense ratio	20.3	21.1	23.9	25.9
Gross combined ratio, net of expenses to reinsurance	97.1	105.0	105.5	110.4
Number of full-time employees at the end of the period	2,248	2,330	2,458	2,552

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.

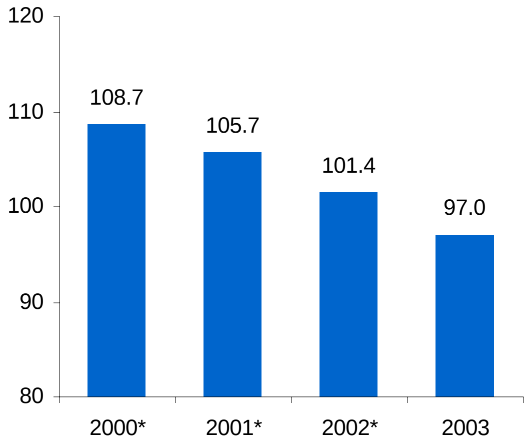
The technical result for 2003 was a profit of DKK 439m against a loss of DKK 64m reported in 2002. The positive development of the technical result was a consequence of the many profitability measures taken. Further, weather-related losses and large losses have been below average. Moreover, the technical 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 technical interest rate for 2003 was 2.62 per cent against 3.90 per cent 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.

Key ratios

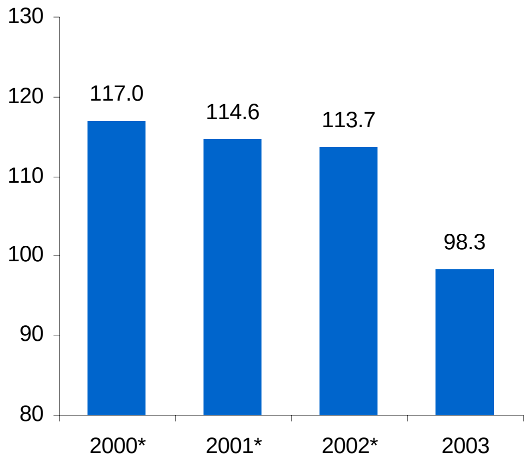
Combined ratio, net of reinsurance, Personal



* Pro forma figures

Throughout the period, the personal insurance business showed a continued improved development towards a satisfactory level in 2003.

Combined ratio, net of reinsurance, Commercial



* Pro forma figures

Relative to the level in 2002 and the years before, targeted measures within the commercial insurance operations resulted in a marked change of level in 2003.

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

This considerable increase was in particular attributable to recent years' premium increases having materialised.

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.

In connection with the premium increases, Tryg saw that the paramount part of its customers chose to continue being insured by Tryg. The reason for this was partly that the premium increases in particular were directed towards the commercial customers in relation to whom the insurance agents have a close relationship, and partly that the insurers in the Danish market in general increased premiums on commercial policies in 2003.

In relation to the personal insurance business in 2003, general premium increases were introduced on household contents insurance policies by an average of 14 per cent.

The initiatives within the commercial insurance business were primarily targeted at the relatively large commercial customers. Consequently, the contents and property insurance policies for this customer segment were on average increased by approximately 48 per cent.

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 is in particular due to the premium increases mentioned on commercial policies as well as to loss limiting initiatives, which typically comprise an increase in the customers' deductibles and safeguarding requirements.

The claims level for the personal accident business remained unsatisfactory, which is why this business area will be subject to considerations as to further price adjustments in 2004.

Since the new Danish Damages Liability Act came into force in the middle of 2002, targeted work concerning active claims handling has been performed within the personal business area. To be specific, this has resulted in the establishment of a differentiated and targeted administration for handling personal accident claims. Experience so far has been positive, and active claims handling is, other things being equal, expected to reduce the claims expenses within this business area.

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. On 1 January 2004, a new Act on industrial injuries came into force. The Act extends the insurance cover considerably. This will among other things lead to compensation being payable for back injuries which were not covered previously under the Workers' Compensation insurance. The amendment leads to premium increases of an average of 55 per cent.

Costs
The development of expenses in 2003 was satisfactory, expressed by an expense ratio, net of reinsurance, of 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. In addition to this, the expense ratio was affected favourably by the Zurich business acquired and integrated into Tryg, and by the achievement of anticipated synergies in this connection.

Norwegian general insurance

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Exchange rate DKK/NOK, average of the year	*93.68*	*98.46*	*92.16*	*91.71*
Gross earned premiums	7,161	7,111	5,134	4,170
Earned premiums, net of reinsurance	5,612	5,163	3,818	3,290
Technical interest, net of reinsurance	339	469	343	327
Claims incurred, net of reinsurance	-4,419	-4,404	-2,999	-2,752
Insurance operating expenses, net of reinsurance	-1,414	-1,304	-881	-825
Change in equalisation provisions	-76	-200	-79	-37
Technical result	**42**	**-276**	**202**	**3**
Profit/loss on investments	**316**	**-55**	**-42**	**78**
Profit/loss on ordinary activities before tax	**358**	**-331**	**160**	**81**
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
Key ratios				
Claims ratio, net of reinsurance	78.7	85.3	78.5	83.6
Expense ratio, net of reinsurance	25.2	25.3	23.1	25.1
Combined ratio, net of reinsurance	103.9	110.6	101.6	108.7
Key ratios accounted for according to other method				
Gross claims ratio	72.9	75.8	77.2	86.6
Ceded business in percentage rel. to gross premiums	7.8	9.2	2.0	-4.1
Gross claims ratio, net of ceded business	80.7	85.0	79.2	82.5
Gross expense ratio	22.4	22.6	22.0	24.4
Gross combined ratio, net of expenses to reinsurance	103.1	107.6	101.2	106.9
Number of full-time employees at the end of the period	1,460	1,374	1,272	1,141

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. The Norwegian Pool of Natural Perils is primarily employed for equalising expenses in connection with storm and flooding.

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. Like in the Danish market, a continued very low interest level will, other thing being equal, necessitate profitability initiatives in the Norwegian market.

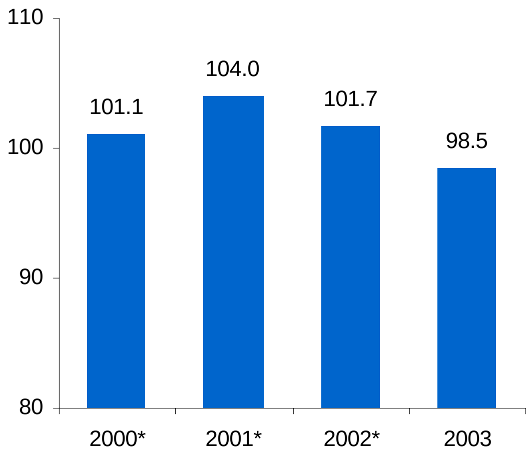
The positive development of the technical result was expressed in a combined ratio, net of reinsurance, of 103.9, which was a significant improvement relative to the combined ratio, net of reinsurance, recorded in 2002, which was 110.6. The combined ratio, exclusive of run-off losses, was 100.8 per cent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

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 business. This corresponded to an impact on the combined ratio, net of reinsurance, of 9.8 percentage points in 2003.

As appears from the first line in the table above, the exchange rate of NOK fell relative to DKK during 2003. Consequently, the earnings in Norway, translated to Danish kroner, will show a falling trend due to the falling exchange rate.

Key ratios

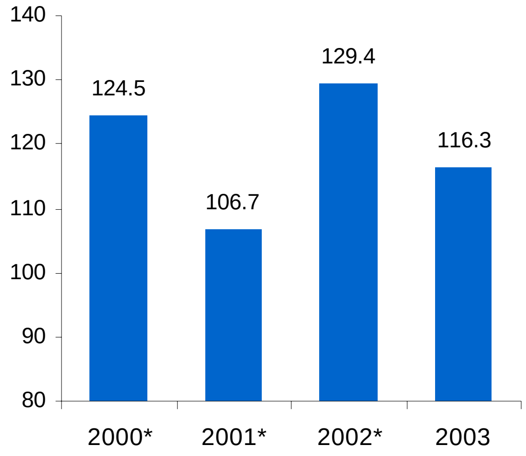
Combined ratio, net of reinsurance, Personal



* Pro forma figures

Throughout the entire period, the personal insurance business developed at a satisfactory level, which was further improved in 2003.

Combined ratio, net of reinsurance, Commercial



* Pro forma figures

The profitability of the commercial insurance business was in general not satisfactory, and consequently there is a demand for further initiatives in the years ahead.

Premiums

The gross earned premiums for 2003 were DKK 7,161m compared with DKK 7,111m recorded in 2002. In local currency, this corresponds to an increase of 6.3 per cent.

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.

The growth in the personal insurance portfolio was 6 per cent in 2003, whereas the industrial customer segment saw a negative growth of 8 per cent, and the small and medium-sized commercial customer segment experienced a negative growth of 4 per cent. The development is in keeping with the wish to alter the Norwegian portfolio composition to include a relatively larger share of personal insurance policies.

Moreover, the development within the commercial insurance area has been characterised by targeted work performed in relation to re-evaluating the commercial insurance policies, and within selected areas premiums have been increased considerably. As early as in 2002, considerable premium increases were introduced in relation to Workers' Compensation insurance policies in order to enhance profitability. The effects of the measures initiated are expected to further materialise in 2004.

In 2002, Vesta decided to completely withdraw from insuring municipalities, a business area that had been unprofitable for several years. Viewed separately, this has led to a reduction in the market share of Norwegian Workers' Compensation insurance from 26 per cent at the end of 2002 to 19 per cent at the end of 2003.

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.

The development was satisfactory within the personal insurance business and less satisfactory within the commercial business area despite the fact that Vesta's commercial customers were spared large losses again this year.

A contributory factor to the unsatisfactory performance of the commercial insurance business was that the development within the personal insurance business, which formed 23 per cent of the total portfolio, performed unsatisfactorily. Consequently, it was necessary to strengthen the claims reserves considerably within this area.

Most of the increased claims reserves related to losses on business written in earlier years, which resulted in substantial run-off losses. In the financial results for 2003, the run-off losses on the personal insurance business were approximately DKK 265m.

It was in particular within the areas: Workers' Compensation, diseases and other personal accident insurance in businesses that performance in 2003 was unsatisfactory, and the expense ratios for the areas were 130, 166 and 147 respectively.

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 just over 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. The employees of Vesta are guaranteed a fixed monthly retirement benefit, and accordingly the company's pension contributions to employees vary in line with interest rates.

The expenses were affected in the opposite direction by a procurement project, which reduced the administrative expenses.

Tryg-Baltica international (TBi)

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Gross earned premiums	716	722	552	426
Earned premiums, net of reinsurance	655	646	511	374
Technical interest, net of reinsurance	19	24	24	23
Claims incurred, net of reinsurance	-495	-506	-369	-303
Insurance operating expenses, net of reinsurance	-198	-271	-194	-129
Change in equalisation provisions	9	-5	16	-20
Technical result	**-10**	**-112**	**-12**	**-55**
Profit/loss on investments	**10**	**2**	**-1**	**0**
Profit/loss on ordinary activities before tax	**0**	**-110**	**-13**	**-55**
Profit/loss on business in run-off, net of reinsurance	-64	-20	16	18
Technical provisions, net of reinsurance	735	667	621	393
Key ratios				
Claims ratio, net of reinsurance	75.6	78.3	72.2	81.0
Expense ratio, net of reinsurance	30.2	42.0	38.0	34.5
Combined ratio, net of reinsurance	105.8	120.3	110.2	115.5
Number of full-time employees at the end of the period	30	32	28	28

Financial results

The results before tax for TBi were DKK 0 against a loss of DKK 110m for 2002. The financial results still were not satisfactory, but they express an increased focus on profitability over growth, which was in focus in earlier years.

The technical result amounted to a loss of DKK 10m, which was an improvement relative to the negative results for the previous years.

On 31 December 2003, TBi sold its wholly owned subsidiary Chevanstell Ltd., in relation to which run-off procedures were initiated on 4 September 2003. Chevanstell Ltd. was sold to Tryg Forsikring A/S. Consequently, the figures relating to Chevanstell Ltd. do not appear under TBi, on the other hand, they appear under business in run-off.

The combined ratio, net of reinsurance, was 105.8, which was an improvement of 14.5 percentage points relative to the combined ratio of 120.3 recorded in 2002. The combined ratio was affected negatively by considerable run-off losses for 2001 and earlier, and positively by enhanced profitability for 2002 and 2003.

Premiums

The premium development was formed by two opposite trends: Earned premiums were reduced in line with the plans for this business area since the extent of business written was reduced, and simultaneously, the rates increased. Therefore, the correlation between premium and risk was improved considerably in spite of the falling absolute premium level.

Claims

The claims ratio, net of reinsurance, was 75.6, which was an improvement of 2.7 percentage points on the figure for 2002. This was especially attributable to the fact that Europe, where most of TBi's business is placed, was spared large natural disasters owing to mild weather. The intensified demands for profitability of the business written also contributed considerably to the improved claims ratio.

Costs

The expense ratio, net of reinsurance, was 30.2, which was an improvement of 11.8 percentage points on the figure for 2002. The expenses were considerably affected by a one-off income influencing the expense ratio positively by 5.4 percentage points. The reduction in the administrative expenses was attributable to the reinsurance system which was implemented in 2002, and which has increased efficiency in the administration.

Finnish general insurance

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Exchange rate DKK/EUR, average of the year	*742.92*	*743.08*	*745.74*	-
Gross earned premiums	61	21	2	-
Earned premiums, net of reinsurance	60	17	2	-
Technical interest, net of reinsurance	1	1	0	-
Claims incurred, net of reinsurance	-47	-18	-2	-
Insurance operating expenses, net of reinsurance	-62	-66	-29	-
Change in equalisation provisions	0	0	0	-
Technical result	**-48**	**-66**	**-29**	**-**
Loss on investments	**-1**	**-1**	**0**	**-**
Loss on ordinary activities before tax	**-49**	**-67**	**-29**	**-**
Profit on business in run-off, net of reinsurance	1	0	-	-
Technical provisions, net of reinsurance	50	21	-	-
Key ratios				
Claims ratio, net of reinsurance	78.2	104.3	91.1	-
Expense ratio, net of reinsurance	103.8	389.2	1,795.1	-
Combined ratio, net of reinsurance	182.0	493.5	1,886.2	-
Number of full-time employees at the end of the period	42	35	14	-

Financial results

The loss on ordinary activities before tax of the Finnish general insurance operations for 2003 was DKK 49m, which was an improvement relative to the loss of DKK 67m recorded in 2002.

The Finnish operations are still in a start-up phase and the most important goal is to achieve a sound and profitable business volume. Consequently, the financial results of the Finnish operations cannot be compared with the levels of the Tryg Vesta Group’s Norwegian and Danish general insurance operations, on the other hand, the Finnish operations should be viewed as an investment in compliance with the Group’s wish to be present in the Nordic countries, where profitable operations are anticipated in the years ahead.

The Finnish operations continued their positive development, which among other things was expressed by the growth in the premium volume in spite of an unchanged level of expenses.

Premiums

The gross earned premiums were DKK 61m, which was a trebling relative to the DKK 21m recorded in 2002. Insurance policies are sold through Nordea’s branches in Finland, which have a market share of approximately 40 per cent of the Finnish market for banking services. Therefore, there is a significant potential for a further sizeable increase in premium earnings.

During the year, the product portfolio was expanded with health insurance products among other things.

Claims

The claims ratio, net of reinsurance, was 78.2 for 2003 against 104.3 for 2002, which was a considerable improvement. In view of the age of the portfolio, the level is considered satisfactory.

Costs

The expense ratio for 2003 was 103.8, which was a marked reduction relative to the expense ratio of 389.2 recorded in 2002. The level of expenses reflects the fact that the operations in Finland are in a start-up phase. In connection with this, the fixed costs will be large relative to the total level of expenses.

The expenses are among other things affected by substantial depreciation of investments in an insurance technical system. In this way, investments were made in an advanced insurance system, which will be able to keep up with the continued development in the composition of customers and products. These expenses influenced the expense ratio, net of reinsurance, by 29.3 percentage points.

Polish general insurance

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Exchange rate DKK/PLN, average of the year	*169.49*	*194.16*	*204.69*	*185.59*
Gross earned premiums	491	496	462	361
Earned premiums, net of reinsurance	336	320	290	212
Technical interest, net of reinsurance	14	10	10	9
Claims incurred, net of reinsurance	-234	-205	-181	-157
Insurance operating expenses, net of reinsurance	-166	-153	-126	-99
Change in equalisation provisions	1	0	0	-1
Technical result	**-49**	**-28**	**-7**	**-36**
Profit/loss on investments	**4**	**32**	**-2**	**26**
Profit/loss on ordinary activities before tax	**-45**	**4**	**-9**	**-10**
Profit/loss on business in run-off, net of reinsurance	3	0	-11	-3
Technical provisions, net of reinsurance	276	275	263	198
Key ratios				
Claims ratio, net of reinsurance	69.7	64.0	62.8	73.8
Expense ratio, net of reinsurance	49.5	47.7	43.5	46.7
Combined ratio, net of reinsurance	119.2	111.7	106.3	120.5
Number of full-time employees at the end of the period	523	495	489	494

Financial results

The loss on ordinary activities before tax of the Polish general insurance operations for 2003 was DKK 45m, which was a deterioration relative to the profit of DKK 4m recorded in 2002. The financial results were unsatisfactory and were composed of a negative technical result of DKK 49m and a profit on investments of DKK 4m.

The financial results were impacted by a deliberate change of the portfolio composition reflecting a wish for a larger share of the personal insurance market.

Premiums

The gross earned premiums were DKK 491m, which by and large correspond to the level recorded in 2002.

Further, the development in earned premiums was affected by the change towards a relatively larger share of personal customers in the portfolio. From a portfolio composition where the personal customers' share of the earned premiums was approximately 60 per cent, this share is now approximately 70 per cent.

In 2003, premium increases were implemented in relation to comprehensive motor insurance policies, and at the same time, it was decided to discontinue the sale of certain types of insurance policies due to their negative performance.

Claims

The claims ratio, net of reinsurance, for 2003 was 69.7 which was an increase of 5.7 percentage points. This was in particular attributable to a poorer performance in the motor portfolio, represented by a poorer performance of claims both within the comprehensive and theft insurance products. In addition to this, the number of damage to motor cars abroad was relatively large.

For the rest of the portfolio, the claims level corresponded by and large to the levels of earlier years.

Costs

The expense ratio for 2003 was 49.5, which was a slight increase on the level of 47.7 recorded in 2002. In 2004, efforts will be made to reduce the ratio by way of using less cost-consuming sales channels. Further, the number of employees in Poland was increased relative to 2002. This shall be seen as part of the initiatives to set up a less cost-consuming sales force to replace agents.

In 2003, focus was on the implementation and distribution of a new IT system for policy and claims administration in Tryg Polska, just as electronic communications have been established between the head office in Radom and the 28 branch offices.

In addition to this, the expense ratio was affected by a one-off adjustment concerning reinsurance commissions of DKK 16m.

New name in 2003

As a consequence of the spin-off from Nordea, the Group's Polish general insurance company changed its name from Nordea Ubezpieczenia to Tryg Polska in March 2003.

Estonian general insurance

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Exchange rate DKK/EEK, average of the year	*47.48*	*47.49*	-	-
Gross earned premiums	39	41	-	-
Earned premiums, net of reinsurance	34	37	-	-
Technical interest, net of reinsurance	1	1	-	-
Claims incurred, net of reinsurance	-23	-30	-	-
Insurance operating expenses, net of reinsurance	-13	-21	-	-
Change in equalisation provisions	0	0	-	-
Technical result	**-1**	**-13**	**-**	**-**
Profit/loss on investments	**0**	**0**	**-**	**-**
Loss on ordinary activities before tax	**-1**	**-13**	**-**	**-**
Profit on business in run-off, net of reinsurance	2	0	-	-
Technical provisions, net of reinsurance	21	20	-	-
Key ratios				
Claims ratio, net of reinsurance	67.2	81.4	-	-
Expense ratio, net of reinsurance	38.9	55.1	-	-
Combined ratio, net of reinsurance	106.1	136.5	-	-
Number of full-time employees at the end of the period	76	82	-	-

Financial results

The loss on ordinary activities before tax of the Estonian general insurance operations for 2003 amounted to DKK 1m, which was a significant improvement on the loss for 2002, which was DKK 13m. In spite of the improvement, the financial results were not satisfactory.

Premiums

The gross earned premiums were DKK 39m, which was a relatively small decrease of DKK 2m relative to 2002.

The premium development was characterised by the considerable tariff rises implemented in relation to the portfolio and by an improved selection procedure in relation to customers. A natural consequence of this is a net loss of customers, however it has also enhanced the profitability of the remaining portfolio.

Claims

The claims ratio was 67.2 per cent, which was a sharp reduction on the level of 81.4 for 2002. The improved level was characterised by the mentioned profitability enhancement initiatives in relation to the portfolio.

Costs

The expense ratio was 38.9 relative to the expense ratio of 55.1 for 2002. This was primarily due to a change of Estonian legislation, which reduced the fixed administrative expenses on motor policies significantly.

New name in 2004

In January 2004, the Tryg Vesta Group's company in Estonia changed its name from Nordea Kindlustus to Nordicum Kindlustus.

Business in run-off

DKKm	2003	Pro forma 2002	Pro forma 2001	Pro forma 2000
Gross earned permiums	631	1,211	921	538
Earned premiums, net of reinsurance	376	814	751	426
Technical interest, net of reinsurance	46	68	68	74
Claims incurred, net of reinsurance	-469	-857	-575	-325
Insurance operating expenses, net of reinsurance	-189	-363	-240	-138
Change in equalisation provisions	-1	46	-21	-31
Technical result	**-237**	**-292**	**-17**	**6**
Profit/loss on investments	**-10**	**-5**	**-3**	**15**
Profit/loss on ordinary activities before tax	**-247**	**-297**	**-20**	**21**
Loss on business in run-off, net of reinsurance	-182	-170	-32	-21
Technical provisions, net of reinsurance	828	1,197	1,543	1,159
Key ratios				
Claims ratio, net of reinsurance	125.2	105.2	76.3	76.3
Expense ratio, net of reinsurance	50.4	44.6	32.0	32.3
Combined ratio, net of reinsurance	175.6	149.8	108.3	108.6
Number of full-time employees at the end of the period	41	63	55	49

Background

The Tryg Vesta Group's business in run-off comprises run-off across the legal structure. It includes primarily Chevanstell Ltd., which has carried on insurance business in the London market, a stop-loss agreement between Chevanstell Ltd. and Tryg Forsikring to cover run-off from 1999 and earlier in Chevanstell Ltd., a relatively small reinsurance portfolio originally written by Baltica Forsikring (Tryg Forsikring), run-off in relation to old mortgage guarantees and the like.

The technical provisions within the business in run-off area were essentially related to Chevanstell Ltd.

Financial results

The total technical result was a loss of DKK 237m, which was an improvement of DKK 55m relative to 2002.

Chevanstell Ltd.

In September 2003, after a number of years with losses, the Tryg Vesta Group chose to put the activities of the company which is now called Chevanstell Ltd. into run-off.

The technical result of Chevanstell Ltd. was a loss of DKK 115m relative to a loss of DKK 199m recorded in 2002.

The earned premiums, net of reinsurance, were as planned reduced by more than 50 per cent. After the company was put into run-off, no new reinsurance treaties have been made.

The claims ratio, net of reinsurance, was 93.6 relative to 98.2 in 2002, which is still at a high level.

The English based actuarial firm, Tillinghast, has evaluated that the total reserves and provisions for claims reflect the recommendations of Tillinghast.

The expense ratio, net of reinsurance was 9.1 percentage points higher than in 2002. The reason for this was the lower earned premiums as it has been impossible to adjust expenses to the small premium earnings.

The results of the run-off procedures of Chevanstell Ltd. involve some uncertainty. In the parent company, Tryg Forsikring A/S, provisions of DKK 179m were made to cover this uncertainty among other things. Moreover, the provisions were made to cover the extraordinary expenses incurred in connection with restructuring in the Group.

Other business in run-off

The technical result of other business in run-off was a loss of DKK 122m relative to a loss of DKK 93m in 2002.

The loss was primarily attributable to the stop-loss agreement between Tryg Forsikring and Chevanstell Ltd., which represents a loss of DKK 130m.

Investment activities

Investment activities

DKKm	Profit/loss 2003	Profit/loss 2002*	Assets (end-year) 2003	Assets (end-year) 2002
Danish general insurance	699	278	13,096	10,379
Norwegian general insurance	701	463	10,666	10,640
TBi	29	27	815	688
Polish general insurance	18	41	369	435
Estonian general insurance	1	1	31	27
Chevanstell Ltd.	37	52	962	1,243
Total	1,485	862	25,939	23,412
Tryg Vesta Group A/S	-36	-20	-554	-298
Total investments	1,448	842	25,385	23,114
Transferred to technical interest	-773	-1,017		
Investment income	675	-175		

* Pro forma

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.

Asset allocation

As shown in the subsequent table, 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, as shares worth DKK 351m were acquired in 2003. During the same period of time, the proportion of bonds was increased from approximately 77 per cent to approximately 83 per cent. Real property worth DKK 1,278 was sold in 2003, reducing the portfolio of investment properties to DKK 2.0bn or 7.9 per cent of the 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

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

companies, and small amounts in the other companies of the Tryg Vesta Group. The net investments were approximately DKK 3.3bn in 2003.

Tryg Vesta Group – investment assets, investments and return

31.12.2003		Investment assets				Return		Investments
DKKm		Shares	Bonds etc.	Real property	Total	(nominal)	(%)	(net)
Denmark		1,883	9,873	1,339	13,096	699	6.1	2,491
Norway		457	9,543	667	10,666	701	6.8	1,097
Tryg-Baltica international		0	815	0	815	29	3.9	118
Poland		1	365	3	369	18	4.5	5
Estonia		0	31	0	31	1	2.6	4
Chevanstell		0	962	0	962	37	3.5	-169
Total		2,341	20,627	2,009	24,977	1,448	-	3,715
Tryg Vesta Group A/S		0	-554	0	-554	-36	-	-243
Total, Tryg Vesta Group		2,341	21,035	2,009	25,385	1,448	6.2	3,302
Return	(nominal)	328	906	215	1,448			
	(%)	16.9	4.9	6.9	6.2			

Bond portfolio

DKKm	2003	%	2002	%
Norwegian money market, cash etc.*	3,041	14.5	1,496	8.4
Danish mortgage bonds	6,400	30.4	6,066	33.9
Other corporate bonds	1,512	7.2	2,652	14.8
Government bonds and money market	10,082	47.9	7,689	42.9
Total	21,035	100.0	17,903	100.0

* Excl. government certificates in the money market

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, while the return on the bond portfolio, excluding cash funds, was 5.4 per cent in Tryg and 6.7 per cent in Vesta. By way of comparison, a Danish government bond index with a term to maturity of 1-5 years yielded 4.2 per cent in 2003.

The proportion of money market placements increased during the financial year as a result of Vesta having had a large inflow of new funds. The Norwegian money market was very attractive in the beginning of the year with an interest rate of just over 6 per cent. But as a result of the Norwegian central bank's interest rate cuts from 6.50 per cent at the end of 2002 to 2.25 per cent at the end of 2003, the money market rate is now close to the level in Denmark and the Euro area.

93 per cent of the Tryg Vesta Group's bond portfolio – equivalent to DKK19.5bn – comprises Danish mortgage bonds, placements in the Norwegian money market and government bonds. The remaining part is invested in other corporate bonds with credit quality corresponding to investment grade. In the first six months, Tryg's portfolio with Eastern European government bonds was sold, both as a consequence of the potential for further spread narrowing being limited and of the currency exposure. At the end of 2002, the portfolio was DKK 282m. Furthermore, Tryg's portfolio of mortgage deeds of about DKK 207m was sold in 2003.

The option-adjusted duration, including cash and cash equivalents, of the entire Group's bond portfolio was 1.83 years at 31 December 2003, relative to 1.85 years at 31 December 2002, due to, among other things, Vesta's strong focus on the money market.

Real property

The investment return on real property was DKK 215m, corresponding to a total return of 6.9 per cent.

At the end of 2003, the proportion of real property in Tryg was reduced by DKK 1.29bn, which corresponds to a halving of the Danish real property portfolio. At the end of 2003, the total proportion was 9.6 per cent relative to 23.5 per cent at the end of 2002. During the year, Vesta's proportion of real property was reduced from 7.2 per cent to 6.3 per cent.

At the end of 2003, the renting percentage was 94.3 per cent against 94.7 per cent at the end of 2002 in Tryg and 95.5 per cent against 95.6 per cent in Vesta. There are no noticeable real property investments in the other companies of the Group.

The portfolio is well diversified and consists of high-quality buildings, typically in prime locations in major cities in Denmark and Norway. The portfolio mainly comprises office property, but also a small proportion of other commercial property and residential property. The considerable reduction in the real property portfolio, which has taken place this year, has not affected the characteristics of the portfolio noticeably.

Shares

Most of the equities are in the Danish and Norwegian portfolios, while the Polish and Estonian portfolios and that of Tryg-Baltica international contain almost no shares.

During the year, the Tryg Vesta Group's equity portfolio has changed so that the ratio between domestic equities (Denmark and Norway) and foreign equities now is 25/75, relative to 45/55 at the end of 2002. Furthermore, most of the international share mandates were indexed in an American and a European portfolio, where they previously were active mandates and different in Denmark and Norway. The domestic mandates are still active, but with reduced possibility for deviating from benchmark.

Geographical spread, shares

DKKm	2003	%	2002	%
Danish	418	17.9	601	32.7
Norwegian	162	6.9	236	12.8
Other European	831	35.5	696	37.8
North American	876	37.4	271	14.7
Other	53	2.3	37	2.0
Total	2,341	100.0	1,840	100.0

The financial year was very satisfactory for the international equity markets with good price rises and 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 Danish listed equities produced a yield of 21.4 per cent, whereas the Norwegian listed equities produced a yield of 24.6 per cent. The international listed equities produced a yield of 19.3 per cent. The total yield was negatively affected by the poor, relative performance of the non-indexed portfolios of listed equities and by the unsatisfactory return on unlisted and illiquid equities. Moreover, the calculation of the return was affected by considerable changes in the equity portfolio during the year.

Unlisted equities amounted to DKK 226m against DKK 267m at the end of 2002, and in Vesta particularly, the unlisted equity portfolio carries great weight. Continuous efforts will be made to reduce this portfolio. The total yield on unlisted shares was –3.9 per cent.

Targets reached in 2003

Focus areas

In the Tryg Vesta Group's financial statements for 2002, the Group presented the below-mentioned areas targeted for special initiatives in 2003:

✓ Outsourcing of IT production

✓ Cost savings

✓ Procurement in relation to claims

A new Nordic partnership outside banking and finance

✓ Establishment of the Group's management development programme

The establishment of a new Nordic partnership outside banking and finance is still the Tryg Vesta Group's target. This may both include partnership models in relation to product combinations and in relation to distribution like the collaboration with Nordea. Further, it may be in relation to procurement. During 2003, the Group has discussed different models and talked with various potential partners, but since focus mainly was on profitability, the target as to a new partnership did not materialise.

Targets reached

The Group's profit on ordinary activities of DKK 789m meets the expectations of a satisfactory profit on ordinary activities before tax for the full year 2003.

At 30 June 2003, the Group downrated its expectations to the technical result due to the relatively low technical interest. The Group's technical result for 2003 was DKK 136m, which lives up to the expectations of a positive technical result.

Denmark

In connection with the interim financial statements, the Group expected that the combined ratio, net of reinsurance, for the Danish general insurance operations would be improved by 2 percentage points relative to the originally expected 102 for the full year 2003. In connection with the presentation of the financial results for the nine months ended 30 September 2003, the expectations were that the combined ratio would be under 100 at the end of 2003. The combined ratio for the Danish general insurance operations was 96.9, which meets these expectations.

Norway

In the financial statements for 2002, the Tryg Vesta Group expected a combined ratio of 106 in 2003 for its Norwegian general insurance operations. In connection with the presentation of the financial results for the six months ended 30 June 2003, this expectation was downrated to a level a little below the originally expected 106. The combined ratio for Norwegian general insurance operations was 103.9, which is better than expected.

Outlook

Strategic focus areas

In 2004, the Tryg Vesta Group will work with six strategic focus areas. The six areas shall contribute to the materialisation of the company's total strategy supported by a Balanced Scorecard.

The company's six strategic focus areas are:

- Increased profitability
- Preserve and extend our present profitable customer base
- Adjust the resources and extend group synergies
- Optimise the industrial portfolio
- Growth in the personal and commercial portfolios
- Create a common identity and establish shared values

In addition, one of the focus areas from 2003 will remain in focus:

- A new Nordic partnership outside banking and finance

Increased profitability

With this strategic focus area, the Tryg Vesta Group will ensure coherence between claims paid and earned premiums, and at the same time optimise the company's expenses relative to earned premiums. The target is to reduce the company's combined ratio to the target set for 2004 by identifying and fixing the correct price per risk, providing prudent and excellent claims handling enabling customers to understand the handling and settlement of their claims, implementing efficient work processes in the entire company to keep down administrative expenses, and by ensuring early awareness of and reaction to predictable developments.

Preserve and extend our present profitable customer base

This means that the Tryg Vesta Group shall continue to be a customer-oriented company founded on close relations to its customers. The company determines and measures on current basis customer retention, satisfaction and loyalty at all levels of the company, and service programmes must exist which ensure a good dialogue with the customers. Minimum 90 per cent of the customers must renew their insurance policies in 2004 and function as ambassadors for the companies of the Group.

Adjust the resources and extend Group synergies

The individual companies of the Tryg Vesta Group must be brought closer together, and the interaction between the units of the Group must be encouraged. The Group will gather its resources to harvest synergies and create even better results in future to the benefit of shareholders, customers and employees. The Group will specify the areas within which a coherent organisation, common processes, values and policies are to be established, and it will use resources on implementing new and up-to-date technology and on establishing a coherent IT strategy for the entire Group.

Optimise the industrial portfolio

The Tryg Vesta Group will improve the coherence between price, risk and return on shareholders' equity within its industrial portfolio, and will continue its efforts to create a portfolio, which from an overall perspective is even more balanced. Based on a sound risk analysis, the Group will examine its industrial business area and improve its underwriting guidelines so that they reflect the actual capital expenditure and create an even better coherence between price and risk.

Growth in the personal and commercial portfolios

The Tryg Vesta Group sees great possibility of growth in the existing profitable part of the personal and commercial portfolios in the Nordic region. The Group will target and develop the profitable part of the portfolio, and turn single-product customers into multi-product customers. The Group will attract new customers based on a managed process – always taking profitability into mind – and the Group will focus on offering concepts creating peace of mind, rather than on selling single products.

Create a common identity and establish shared values

By this strategic focus area, the Tryg Vesta Group means that focus must be on establishing one common identity and a set of shared values, which will serve as guidance for all of the Group's activities in relation to customers, partners and employees. The Tryg Vesta Group is a Nordic insurance business based on Nordic values, and the employees must perceive their workplace as one united Group. Areas where it is crucial to share a common approach, and areas where the national differences and characteristics of the Group will continue to be its competitive strength, must be specified. Targets and policies will be established centrally – but business will be carried out locally.

Targets

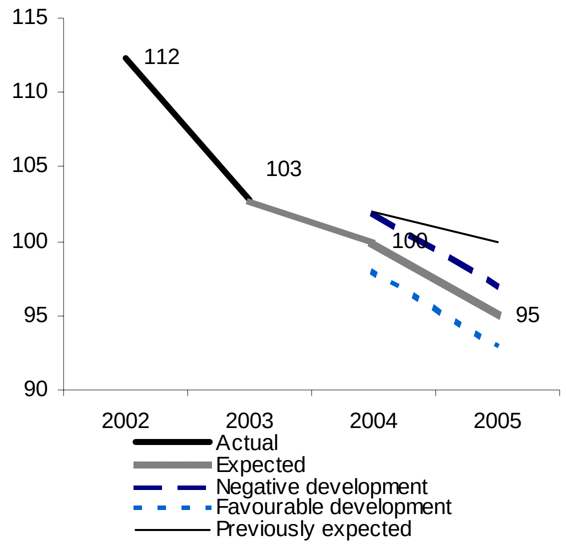
In the financial statements for 2002, the Tryg Vesta Group expressed its expectations for a combined ratio of 102 in 2004 and 100 in 2005. In connection with the presentation of the financial results for the six months ended 30 June 2003, these expectations were preserved. But in connection with the financial results for the nine months ended 30 September 2003, the results achieved so far by the Group as well as the increased focus on earnings within the actual insurance operations motivated an upgrading of the expectations.

The background of focusing on earnings was the falling interest rates. A fall in the interest rates causes an increase in the requirements to the combined ratio in order to maintain the return on the shareholders' equity. On the basis of the falling rates and other measures taken, the Group intensified its target for combined ratio in connection with the presentation of the financial results for the nine months ended 30 September 2003. Therefore, the combined ratio for 2004 was fixed close to 100 for 2004 – aiming at a level of about 95 for 2005. An ambitious but realistic target.

These expectations are still intact. In order to reflect 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, few large losses and loyal customers affect the financial results positively, whereas a winter with changeable weather, many heavy storms and relatively many large losses will have a negative effect. To be specific, this means – as mentioned under the paragraph on risk management – that should the Tryg Vesta Group incur a claim of between DKK 100m and DKK 300m, it would affect the combined ratio, net of reinsurance, by between 0.5 percentage point and 0.7 percentage point, and would impact the financial results by between DKK 65m and DKK 95m. While a storm in Denmark resulting in claims between DKK 600m and DKK 3bn, would affect the Group's combined ratio, net of reinsurance, by 1.3 percentage point to 1.7 percentage point, corresponding to a negative effect on the result of DKK 185m to DKK 240m.

The movements have been illustrated by the subsequent graph.

Combined ratio: Actual, targets and scenarios



As mentioned, the Tryg Vesta Group has a target for a combined ratio of 100 for 2004. As a result of the risks involved in the operations, this means an expected combined ratio for 2004 within the level 98-102.

Expectations to the results for 2004

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 profit/loss on 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.

Management's signatures

Today, the annual report for 2003 for Tryg Vesta Group A/S and the Tryg Vesta Group was considered by the Supervisory Board and the Executive Management and approved by the Supervisory Board.

The annual report has been prepared in accordance with the Danish Consolidated Insurance Business Act and the Danish Financial Supervisory Authority's executive orders. We consider the accounting policies adopted appropriate to the effect that the annual report gives a true and fair view of the assets and liabilities, financial position and results as wells as cash flows of the Group.

We propose to the Annual General Meeting that the annual report be adopted.

Ballerup, 17 March 2004

Executive Management

Stine Bosse	Erik Gjellestad	Morten Hübbe
		/Fatiha Benali

Supervisory Board

Mikael O. Olufsen *Chairman*	Mogens Jacobsen *Deputy Chairman*	Per Skov *Deputy Chairman*
Jørn Wendel Andersen	John R. Frederiksen	Jørn Hesselholt
Håkon J. Huseklepp	Jens Lyngbo	Peter Wagner Mollerup
Birthe Petersen	Niels Erik Schultz-Petersen	

Internal auditors' report

We have audited the annual report of Tryg Vesta Group A/S for the financial year 2003.

The annual report is the responsibility of the company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit on the basis of the Danish Financial Supervisory Authority's executive order on the presentation of consolidated financial statements by financial enterprises and financial Groups and in accordance with Danish Auditing Standards. Based on materiality and risk we have evaluated the business procedures, the accounting policies used and the significant estimates made and verified the basis for amounts and disclosures in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the Group and parent company's assets, liabilities and financial positions at 31 December 2003 and of the results of the Group and the parent company's operations and of the Group's cash flows for the financial year 2003 in accordance with Danish Accounting Standards.

Ballerup, 17 March 2004

Gert Stubkjær
Chief Internal Auditor

Supplementary information

As appears from the applied accounting policies on page 66-67, the annual report contains pro forma comparative figures for the financial years 2000, 2001 and 2002 for the Group. The Tryg Vesta Group was established on 28 June 2002 via payment in kind of the Nordea AB Group's general insurance activities in Tryg Vesta Group A/S. Therefore, the pro forma figures represent accounting figures for a period of time during which the Group did not exist as a legal entity. Reference is made to the Executive Management's description of the basis for stating the pro forma figures.

We agree with the Executive Management on its comments on pro forma comparative figures and support the view that the pro forma comparative figures add increased informative value to the technical operations.

Auditors' report

To the shareholder of Tryg Vesta Group A/S

We have audited the annual report of Tryg Vesta Group A/S for the financial year 2003.

The annual report is the responsibility of the company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also included assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall annual report representation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the Group and parent company's assets, liabilities and financial positions at 31 December 2003 and of the results of the Group and the parent company's operations and of the Group's cash flows for the financial year 2003 in accordance with Danish Accounting Standards.

Supplementary information

As appears from the applied accounting policies on page 66-67, the annual report contains pro forma comparative figures for the financial years 2000, 2001 and 2002 for the Group. The Tryg Vesta Group was established on 28 June 2002 via payment in kind of the Nordea AB Group's general insurance activities in Tryg Vesta Group A/S. Therefore, the pro forma figures represent accounting figures for a period of time during which the Group did not exist as a legal entity. Reference is made to the Executive Management's description of the basis for stating the pro forma figures.

We agree with the Executive Management on its comments on pro forma comparative figures and support the view that the pro forma comparative figures add increased informative value to the technical operations.

Copenhagen, 17 March 2004

Deloitte
Statsautoriseret Revisionsaktieselskab

Lone Møller Olsen
State Authorised Public Accountant

Thomas Elsborg Jensen
State Authorised Public Accountant

Grant Thornton
Statsautoriseret Revisionsaktieselskab

Christian Fløistrup
State Authorised Public Accountant

Accounting policies

Basis of preparation

The consolidated financial statements and financial statements of Tryg Vesta Group A/S have been prepared in accordance with the Danish Consolidated Insurance Business Act and the Danish Financial Supervisory Authority's executive orders on the presentation of consolidated financial statements by insurance companies and financial statements by general insurance companies.

In principle, the parent company, Tryg Vesta Group A/S, is subject to the provisions of the Danish Financial Statements Act. As the object of the parent company is to own subsidiary undertakings whose activities are primarily focused on insurance business, the parent company financial statements have been presented in accordance with the Danish Consolidated Insurance Business Act to which the consolidated financial statements are subject.

Apart from the changes described below, the accounting policies are unchanged from last year.

The rules for accounting for goodwill, development costs and software were changed effective 1 January 2003. Goodwill, development costs and software acquired after 1 January 2003 are recognised and measured as follows:

Any difference (goodwill) at the time of acquisition between the cost and the proportionate share of the acquired undertakings' shareholders' equity made up in accordance with the accounting policies applied by Tryg Vesta Group A/S is recognised in the item 'Intangible assets'. Goodwill is amortised on a straight-line basis over the expected useful life.

'Intangible assets' includes capitalised development costs and software, which are amortised on a straight-line basis over four years.

With reference to the transitional provisions of section 83(3) of the executive order on general insurance companies relating to recognition and measurement of goodwill, development costs and software in future periods, comparative figures have not been restated.

The above changes in the accounting policies do not affect the results for the year and shareholders' equity.

A few items in the income statement and balance sheet have been reclassified relative to last year. The reclassifications do not affect the results and shareholders' equity.

International accounting standards

The Tryg Vesta Group intends to implement international accounting standards for the consolidated financial statements as at 1 January 2005.

The Group has set up a working group to analyse the impact on the Group's financial reporting of implementing the international accounting standards.

Pro forma comparative figures

The management's review, the financial highlights and key ratios, the income statement and the notes to the financial statements present pro forma comparative figures for 2000, 2001 and 2002 prior to the formation of Tryg Vesta Group A/S as at 28 January 2002 and the company's subsequent acquisition of the general insurance activities of Nordea AB as at 28 June 2002.

These sections of the annual report specify where pro forma comparative figures are included. Pro forma comparative figures are included in the annual report in order to make the annual report more informative with respect to the technical operations of the general insurance companies forming part of the Tryg Vesta

Group irrespective of the former ownership of the companies.

Pro forma comparative figures are stated on the basis of a consolidation of the companies forming part of the Group as at 31 December 2003. See the Group overview on page 92.

The following should be taken into account when evaluating the pro forma comparative figures:

Tryg Forsikring A/S and Vesta Forsikring AS are stated net of their life and pension insurance activities, which were operated by wholly-owned subsidiaries.

Tryg Polska SA and Nordicum Kindlustuse Eesti AS are included from the date when the companies were acquired by Tryg Forsikring A/S and the Nordea Group, respectively.

Insurance portfolios acquired from other companies, such as Zurich's Danish and Norwegian general insurance portfolio, are included from the date of acquisition of the relevant portfolio.

Tryg Ejendomme I A/S, which was divested on 31 December 2003, is included in the pro forma figures for the full period.

Where the accounting policies have been changed during the period, the comparative figures of each company have to the extent possible been adjusted on consolidation to comply with the current accounting policies. Such adjustments have only a minor impact on the amounts of the pro forma figures.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Tryg Vesta Group A/S (the parent company) and undertakings (subsidiary undertakings) controlled by the parent company. See the Group overview on page 92. Control is achieved where the parent company directly or indirectly holds more than 50 per cent of the voting rights or is otherwise able to exercise or actually exercises a controlling influence.

Minority interests

The proportionate share of the profit and shareholders' equity of subsidiaries attributable to minority interests is stated separately in the statement of the consolidated profit and consolidated shareholders' equity.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiary undertakings by adding items of a uniform nature.

The financial statements of undertakings that present financial statements under other legislative rules are restated to the accounting policies applied by the Group unless the result of such restatement is immaterial to the true and fair view.

On consolidation, intragroup income and expenses, intragroup accounts and dividends, and gains and losses arising on transactions between the consolidated undertakings are eliminated.

Shares in subsidiary undertakings are set off against the parent company's proportionate share of the shareholders' equity of the undertakings at 31 December.

Goodwill arising on acquisitions represents the difference at the time of acquisition between the acquisition price and the proportionate share of the shareholders' equity of the acquired undertaking made up in accordance with the accounting policies applied by Tryg Vesta Group A/S. The full amount of goodwill was previously amortised through the income statement in the year of acquisition. As from and including the 2003 financial year, goodwill is capitalised. See 'Basis of preparation' above.

Newly acquired or divested subsidiary undertakings are consolidated at the results for the period subsequent to acquisition or prior to divestment, respectively.

Any gains or losses arising on divestment of subsidiary undertakings are included in the income statement under 'Investment gains or losses'.

Currency translation

The results of foreign subsidiary undertakings are based on translation of the items in the income statement at quarterly average exchange rates. Income and expenses in domestic undertakings denominated in foreign currency are translated at the exchange rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currency are translated at the exchange rate at year-end.

All currency translation gains and losses are included in the income statement under the item 'Exchange rate adjustments'.

Intragroup transactions

Intragroup services are settled on a cost-covering basis or on market terms.

Intragroup transactions in securities and other investment assets are settled at market value.

Income statement

Earned premiums and claims incurred in relation to general insurance comprise general insurance as well as simple types of cover on death related to general insurance policies written by the general insurance companies.

Premiums

Earned premiums represent gross premiums during the year, net of outward reinsurance premiums and changes in unearned premium provisions, corresponding to an accrual of premiums to the risk period of the policies.

Technical interest

Technical interest represents a calculated return on the average technical provisions. The interest rate applied is the year's average pre-tax yield to maturity on all bonds with a term to maturity of less than three years.

Claims incurred

Claims incurred represent claims paid during the year adjusted for changes in provisions for claims less reinsurers' share. Amounts to cover expenses incurred to combat and contain losses and to survey and assess claims are included in the item. In addition, the item includes run-off results regarding previous years. The part of the increase in technical provisions that can be ascribed to discounting is transferred to technical interest.

Bonus and premium rebates

Bonus and premium rebates represent anticipated and reimbursed premiums where the amount reimbursed depends on the claims record, and for which the criteria for payment have been laid down prior to the financial year or when the business was written.

Insurance operating expenses

Insurance operating expenses represent acquisition costs and administrative expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Administrative expenses are accrued to match the financial year.

Depreciation is charged on a straight-line basis over three to five years. Minor acquisitions costing less than DKK 100,000 are recognised as an expense in the year of acquisition, except for assets acquired as part of a specific project. Computer equipment held under finance leases is recognised and depreciated as if purchased by the company.

Costs are based on estimated time consumed or the estimated cost charge and are distributed in the statement by line of insurance and between acquisition and administrative expenses.

Reinsurance accepted

Premiums, claims and commissions relating to reinsurance accepted are generally included in the income statement on an estimated and assessed basis and accrued relative to expiry of the contracts. Commissions relating to unearned premium provisions are included under 'Prepayments and accrued income'.

Investment activities

Profit from group undertakings includes the parent company's share of the profit on ordinary activities of the subsidiary undertakings. Exchange differences arising on the translation of the net asset value of foreign subsidiary undertakings at the beginning of the year are included under the item 'Exchange rate adjustments'.

Income from land and buildings before value adjustment represents the profit from property operations less property management expenses.

Interest, dividends etc. represent interest earned, dividends received etc. during the financial year. In addition, the item includes gains and losses on bonds drawn for redemption.

Realised and unrealised investment gains and losses, including value adjustment of land and buildings, are recognised in the income statement.

Realised and unrealised gains and losses on derivative financial instruments are also recognised in the income statement.

Investment management charges represent expenses relating to the management of investments. Brokerage and commission have been included in the purchase and sales price of the investment assets.

Extraordinary items

Extraordinary items include amounts which by their nature are unusual for the company and which are clearly different from the ordinary operations.

Tax

The item 'Tax' represents estimated Danish and foreign corporation taxes for the year and movements in deferred tax or tax asset. Tax on the profit for the year is calculated based on the pre-tax profit for the year adjusted for non-taxable income and expenses.

Tryg Vesta Group A/S is jointly taxed with the parent company Tryg i Danmark smba and the majority of the company's subsidiary undertakings, including the subsidiary Tryg Forsikring A/S. Tax relating to the jointly taxed income is recognised in the jointly taxed Danish companies in proportion to their profit. Changes in deferred taxes or deferred tax assets are recognised in the companies having the liability or the claim.

Balance sheet

Intangible assets

Development costs and capitalised software are measured at cost less amortisation. The assets are amortised on a straight-line basis over four years from the date they are taken into use.

Goodwill acquired after 1 January 2003 is measured as the difference at the time of acquisition between the cost and the proportionate share of the acquired undertaking's shareholders' equity made up in accordance with the accounting policies applied by Tryg Vesta Group A/S. Goodwill is amortised on a straight-line basis over the expected useful life.

Investments

Land and buildings

Land and buildings are measured at market value in accordance with the guidelines issued by the Danish Financial Supervisory Authority. The guidelines provide for the market value of the Group's land and buildings to be determined based on a systematic annual assessment of each individual property taking into account expected future operating return and a return requirement for each property.

New developments and property under construction are measured at cost.

Capital participation in subsidiary undertakings

Capital participation in subsidiary undertakings is measured at the parent company's proportionate share of the subsidiary undertakings' shareholders' equity at 31 December made up in accordance with the Group's accounting policies.

Listed shares, unit trust units, bonds etc.

Listed shares, unit trust units, bonds etc. are measured at the most recent prices quoted at the end of the year. Unquoted shares, fixed-interest loans etc. are measured at a conservatively estimated market value at the end of the year based on the companies' most recent financial statements available.

Derivative financial instruments

Derivative financial instruments are measured at the market value at the end of the year. Derivative financial instruments are used to the extent they enable the Group to manage its assets and liabilities more efficiently, thereby reducing risk or causing only a small increase in risk.

Deposits with ceding undertaking, receivable

Deposits comprise amounts owed to the company in respect of reinsurance business accepted, and retained by the ceding undertaking pursuant to the reinsurance contract.

Amounts owing

Amounts owing are measured at nominal value less a provision for any losses.

Other assets

Operating equipment

Operating equipment is measured at cost less accumulated depreciation. Operating equipment is depreciated on a straight-line basis over the estimated useful economic lives of the assets, which are three to five years.

Computer equipment held under finance leases is treated as if purchased by the company. The lease debt is included in 'Other debt'.

Tax asset

The tax asset comprises deferred net tax assets calculated as 30 per cent of the present value of net positive timing differences between accounting and taxable values, plus tax losses to the extent they are expected to be offset against future taxable income.

Accruals and deferred income

Prepaid acquisition costs mainly comprise the part of commission expenses to other insurance companies etc. relating to unearned premiums provisions.

Other accruals and deferred income comprise prepaid expenses and claims expenses paid in respect of future settlements with cedants.

Dividend

Proposed dividends are recognised as a liability when adopted by the shareholders at the general meeting. Dividends expected to be declared for the year are shown in the profit allocation.

Technical provisions

Unearned premium provisions represent the proportion of premiums and reinsurance premiums collected which relates to subsequent financial years.

Provisions for claims represent amounts to cover claims incurred before the balance sheet date, whether reported or not. Provisions for claims are calculated on the basis of information available concerning the extent of the losses plus an amount based on past experience to cover claims incurred but not reported. The provisions include direct costs of combating, containing, inspecting and assessing claims. Long-tail provisions calculated using statistical methods are discounted.

Provisions for bonus and premium rebates represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

Provisions for annuities relate to compulsory Workers' Compensation insurance in Denmark, which is settled by payment of annuities. The provisions are calculated using actuarial principles at the present value by discounting expected future payments.

Equalisation provisions represent amounts included to equalise future claims, net of reinsurance, in areas where experience has shown that claims vary.

Equalisation provisions in credit and guarantee insurance are calculated in accordance with rules laid down by the Danish Financial Supervisory Authority. For Workers' Compensation insurance in Denmark, equalisation provisions are calculated as the difference between the technical provisions made up at basic interest rates of 2.00 per cent and 2.75 per cent, respectively. In addition, equalisation provisions comprise the compulsory Norwegian Pool of Natural Perils in Vesta, Norway. The rules governing the setting up and application of equalisation provisions are laid down by the regulatory authorities of the relevant countries.

Other technical provisions represent provisions for risk not yet run off. The provisions represent the amounts deemed necessary, in addition to unearned premiums provisions and future premium rates, to cover future, anticipated expenses and settlement of claims not yet incurred within the period of coverage of the policies.

Provisions for other risks and charges

Provisions for other risks and charges comprise amounts intended to cover liabilities or expenses attributable to the past financial year or prior financial years, and which on the balance sheet date are likely or certain, but uncertain in respect of size or time of payment.

The commitment relating to the pension scheme in Vesta, which is a defined benefit plan, has been marked to estimated market employing Norwegian assumptions in relation to the long-term real economy, pension and mortality.

Provisions for tax comprise deferred net tax amounts calculated as 30 per cent of the present value of net positive timing differences between accounting and taxable values less tax losses to the extent that they are expected to be offset against future positive taxable income.

Deferred tax is not provided on untaxed contingency reserves. It is not expected that future movements in technical provisions will result in a crystallisation of tax on the contingency reserve. The untaxed contingency reserves are disclosed in the notes to the financial statements under shareholders' equity.

Deposits with ceding companies, payable

Deposits comprise amounts due in respect of reinsurance business accepted and retained pursuant to the reinsurance contracts.

Debt

Debt is generally measured at nominal value.

Cash flow statement

The cash flow statement is presented in accordance with the indirect method based on premiums.

The cash flow statement shows the actual inflow and outflow of payments for the year divided into cash inflow from operations, and changes in liquidity resulting from purchases or sales of investments as well as funding activities. The item ‘Cash and cash equivalents’ comprises cash at bank and at hand and demand deposits.

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

Income Statement

Note	DKKm	2003	Pro forma 2002	28.01.-31.12.2002 *)
	General Insurance			
	Earned Premiums			
	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
1	**Earned premiums, net of reinsurance**	**14,622**	**13,371**	**7,103**
2	**Technical interest, net of reinsurance**	**641**	**899**	**449**
	Claims incurred			
	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
3	**Claims incurred, net of reinsurance**	**-11,359**	**-11,302**	**-5,874**
	Change in other insurance provisions, net of reinsurance	**15**	**17**	**12**
	Bonus and premium rebates	**-56**	**-60**	**-34**
	Insurance operating expenses			
	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
4	**Total insurance operating expenses, net of reinsurance**	**-3,626**	**-3,577**	**-1,760**
	Change in the equalisation provisions	**-101**	**-199**	**-181**
5	**Technical result**	**136**	**-851**	**-285**

*) Subsidiaries included from 28 June 2002

Income Statement

DKKm	2003	Pro forma 2002	28.01.-31.12.2002 *)
Note			
Investment activities			
Income from investment assets			
Income from non-consolidated undertakings	0	17	0
Income from land and buildings	193	230	112
6 Interest and dividends, etc.	883	978	541
7 Realised gains on investment assets	165	286	60
Total income from investment assets	**1,241**	**1,511**	**713**
7 **Unrealised gains on investment assets**	**476**	**0**	**0**
Charges relating to investment assets			
Investment management charges	-55	-49	-18
Interest expenses	-77	-34	-19
Total charges relating to investment assets	**-132**	**-83**	**-37**
7 Unrealised losses on investment assets	0	-450	-3
Exchange rate adjustments	-137	-136	-62
Return on investment activities before transfer to insurance activities	**1,448**	**842**	**611**
2 Technical interest transferred to insurance activities	-773	-1,017	-518
Total return on investment activities	**675**	**-175**	**93**
4 Other ordinary expenses	-22	-52	-52
Profit/loss from ordinary activities before tax	**789**	**-1,078**	**-244**
8 Extraordinary expenses	0	-1,256	-1,482
Profit/loss before tax	**789**	**-2,334**	**-1,726**
9 Tax	-48	243	47
Profit/loss for the year	**741**	**-2,091**	**-1,679**
The minority interests share of the profit/loss	1	0	0
Tryg Vesta Group's share of the profit/loss for the year	**742**	**-2,091**	**-1,679**

*) Subsidiaries included from 28 June 2002

Balance Sheet as at 31 December

Note	DKKm	2003	2002
	Assets		
10	**Intangible assets**	**39**	**0**
	Investment assets		
11	**Land and buildings**	**2,009**	**3,371**
	Other financial investment assets		
12	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
13	**Total other financial investment assets**	**22,794**	**20,188**
	Deposits with ceding undertakings, receivable	**142**	**147**
	Total investment assets	**29,945**	**23,706**
	Amounts owing		
	Amounts owing in connection with direct insurance business		
	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
14	Other amounts owing	1,810	408
	Total amounts owing	**4,616**	**3,628**
	Other assets		
	Furniture, equipment, computer hardware, motor vehicles, etc.	392	468
	Cash in hand and at bank	558	735
15	Tax assets	425	495
	Other	9	78
	Total other assets	**1,384**	**1,776**
	Prepayments and accrued income		
	Accrued interest and rent earned	262	282
	Prepaid acquisition costs	41	86
	Other prepayments and accrued income	72	355
	Total prepayments and accrued income	**375**	**723**
	Total assets	**31,359**	**29,833**
	Total assets to cover the Danish companies' insurance provisions	16,791	-

Balance Sheet as at 31 December

DKKm		2003	2002
Note			
	Liabilities		
16	*Shareholders' equity*		
	Share capital	**1,700**	**1,300**
	Share premium account	**2,968**	**2,968**
	Retained profits	**692**	**0**
	Total shareholders' equity	**5,360**	**4,268**
	Minority interests	**4**	**10**
	Subordinate loan capital	**700**	**0**
	Insurance provisions		
	Provisions for unearned premiums		
	Gross provisions	5,239	5,711
	The reinsurers' share	-393	-667
	Provisions for unearned premiums, net of reinsurance	4,846	5,044
	Provisions for claims		
17	Gross provisions	18,212	17,836
	The reinsurers' share	-3,324	-3,965
	Provisions for claims, net of reinsurance	14,888	13,871
	Provisions for annuities by Workers' Compensation		
	Gross provisions	1,159	1,139
18	Provisions for annuities, net of reinsurance	1,159	1,139
	Provisions for bonuses and premium rebates, net of reinsurance	76	64
19	Equalisation provisions	1,424	1,438
20	Other insurance provisions, net of reinsurance	82	50
	Total insurance provisions, net of reinsurance	**22,475**	**21,606**
	Provisions for other risks and charges		
	Provisions for pensions and similar obligations	141	185
21	Other provisions	179	352
	Total provisions for other risks and charges	**320**	**537**
	Deposists with ceding undertakings, payable	**0**	**6**
	Debt		
	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
22	**Total Debt**	**2,286**	**3,210**
	Accruals and deffered income	**214**	**196**
	Total liabilities	**31,359**	**29,833**

23 **Capital adequacy**
24 **Forward transactions, etc.**
25 **Contingent liabilities**
26 **Intra-group transactions**

Cash flow statement

DKKm	2003
Cash generated from operations	
Premiums	17,479
Claims paid	-11,076
Ceded business	-562
Expenses	-3,542
Change in other payables and other amounts receivable	-254
Cash flow from insurance activities	2,045
Interest and dividends	1,393
Taxes	-256
Total cash generated from operations	3,182
Investments	
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
Total investments	-3,688
Funding	
Capital increase	400
Subordinate loan capital	700
Change in debt to credit institutions	-717
Total funding	383
Changes in cash and cash equivalents, net	
Price adjustment of cash and cash equivalents, beginning-of-year	-123
Additions relating to acquisition of subsidiaries	-54
Changes in cash and cash equivalents, gross	-177
Cash and cash equivalents, beginning-of-year	735
Cash and cash equivalents, year-end	558

Cash and cash equivalents comprise cash balance and demand deposits.

Notes

DKKm		2003	Pro forma 2002	28.01.-31.12.2002 *)
1	**Earned premiums, net of reinsurance**			
	Direct insurance	16,468	16,006	8,671
	Indirect insurance	921	1,056	561
		17,389	17,062	9,232
	Ceded reinsurance premiums	-2,767	-3,691	-2,129
		14,622	**13,371**	**7,103**
	Direct insurance, by location of the risks			
	Denmark	8,114	7,314	3,920
	Other EU countries	226	279	155
	Other countries	8,128	8,413	4,596
		16,468	**16,006**	**8,671**
2	**Technical interest, net of reinsurance**			
	Transferred from investment activities	773	1,017	518
	Discounting	-132	-118	-69
		641	**899**	**449**
3	**Claims incurred, net of reinsurance**			
	Direct business	-12,268	-12,524	-6,382
	Indirect business	-507	-723	-417
		-12,775	-13,247	-6,799
	Reinsurance recoveries	1,416	1,945	925
		-11,359	**-11,302**	**-5,874**
	Run-off gains/losses previous years, net of reinsurance			
	Run-off previous year, gross	-1,215	-620	-270
	Run-off previous year, reinsurers' share	516	-8	-105
		-699	-628	-375

*) Subsidiaries included from 28 June 2002

Notes

DKKm	2003	Pro forma 2002	28.01.-31.12.2002 *)
4 Insurance operating expenses, net of reinsurance			
Commission regarding direct business	-655	-527	-219
Other acquisition costs	-1,425	-1,511	-818
Total acquisition costs	-2,080	-2,038	-1,037
Total administrative expenses	-1,885	-2,091	-1,044
Insurance operating expenses, gross	-3,965	-4,129	-2,081
Commission, etc. from reinsurers	339	552	321
	-3,626	**-3,577**	**-1,760**
Insurance operating expenses, gross includes the following staff expenditure:			
Salaries and wages	-1,657	-1,775	-940
Commission	-9	-7	-3
Pensions	-231	-239	-37
Other expenses to social security	-120	-163	-97
Payroll tax, etc.	-97	-118	-55
	-2,114	-2,302	-1,132
Average number of full-time employees during the year	-4,438	4,437	4,437
Administrative expenses include fee to the auditors appointed by the Annual General Meeting			
Deloitte	-11.1	-10.8	-3.6
Grant Thornton	-0.6	0.0	0.0
KPMG	0.0	-2.2	-0.6
	-11.7	-13.0	-4.2
Of which services other than audit			
Deloitte	-5.0	-4.6	-3.5
KPMG	0.0	-0.5	-0.4
	-5.0	-5.1	-3.9

Beyond this, other ordinary expenses are defrayed to the Group's Internal Audit Department.

Other ordinary expenses	-22	-52	-52

Holding expenses form part of other ordinary expenses

Remuneration for the Executive Management is paid by Tryg Forsikring A/S and Vesta Forsikring AS and is charged to Tryg Vesta Group A/S via the cost allocation.

Remuneration for the Executive Management	7	-	-
Remuneration for the Supervisory Board	2	-	-

Incentive schemes based on shares have not been made with the Executive Management. But the Executive Management has earned bonuses of DKK 2,5m for 2003.

*) Subsidiaries included from 28 June 2002

Notes

DKKm

5 **Technical result, net of reinsurance, distributed on business lines**

	Accident and health insurance 2003	Accident and health insurance 2002	Workers' compensation insurance 2003	Workers' compensation insurance 2002	Motor TPL 2003	Motor TPL 2002	Comprehensive motor insurance 2003	Comprehensive motor insurance 2002	Marine, aviation and cargo 2003	Marine, aviation and cargo 2002
Gross premiums	**1,960**	**1,974**	**806**	**774**	**2,597**	**2,544**	**3,079**	**2,973**	**773**	**1,334**
Gross earned premiums	1,987	2,000	789	810	2,679	2,421	3,080	2,966	945	1,385
Gross claims incurred	-2,063	-2,016	-897	-979	-2,477	-2,082	-1,798	-2,070	-723	-888
Change in other technical provisions	-2	4	0	0	10	7	0	0	0	0
Bonuses and premium rebates	-3	-1	0	0	-2	-1	-38	-42	-3	-7
Gross operating expenses	-489	-491	-109	-141	-514	-591	-607	-632	-214	-371
Profit/loss on ceded business	-13	75	-30	-5	-36	-40	-8	-50	-182	-418
Change in equalisation provisions	0	-1	-15	-5	-1	-13	-1	3	-1	66
Technical interest, net of reinsurance	111	147	12	66	152	190	62	85	28	53
Technical result	**-471**	**-281**	**-250**	**-254**	**-189**	**-108**	**691**	**260**	**-149**	**-179**
Gross claims ratio	104.1	100.6	113.6	120.8	92.2	85.7	59.1	70.8	76.7	64.4
Gross expense ratio	24.6	24.5	13.8	17.4	19.2	24.4	20.0	21.6	22.7	26.9

	Fire and contents (personal) 2003	Fire and contents (personal) 2002	Fire and contents (commercial) 2003	Fire and contents (commercial) 2002	Liability 2003	Liability 2002	Credit and guarantee insurance 2003	Credit and guarantee insurance 2002	Other insurance 2003	Other insurance 2002
Gross premiums	**2,833**	**2,682**	**2,675**	**2,514**	**764**	**699**	**130**	**120**	**1,437**	**1,459**
Gross earned premiums	2,768	2,560	2,728	2,563	802	714	132	122	1,478	1,521
Gross claims incurred	-1,940	-1,948	-1,260	-1,993	-593	-386	10	-6	-1,035	-881
Change in other technical provisions	0	0	0	0	0	0	7	0	0	5
Bonuses and premium rebates	-8	-3	-2	-5	0	0	0	0	0	0
Gross operating expenses	-663	-601	-633	-598	-179	-180	-40	-50	-518	-475
Profit/loss on ceded business	-71	-95	-579	-195	-97	-158	-36	-33	39	-275
Change in equalisation provisions	8	-51	-3	-189	-20	-4	0	0	-67	-5
Technical interest, net of reinsurance	78	128	74	123	45	64	6	9	71	34
Technical result	**172**	**-10**	**325**	**-295**	**-42**	**51**	**80**	**42**	**-32**	**-78**
Gross claims ratio	70.3	76.2	46.2	77.9	73.9	54.1	-12.8	5.1	70.1	57.6
Gross expense ratio	24.0	23.5	23.2	23.4	22.3	25.2	30.3	40.9	35.0	31.3

	Total 2003	Total 2002
Gross premiums	**17,053**	**17,073**
Gross earned premiums	17,389	17,062
Gross claims incurred	-12,775	-13,247
Change in other technical provisions	15	17
Bonuses and premium rebates	-56	-60
Gross operating expenses	-3,965	-4,129
Profit/loss on ceded business	-1,013	-1,194
Change in equalisation provisions	-101	-199
Technical interest, net of reinsurance	641	899
Technical result	**136**	**-851**
Gross claims ratio	73.6	77.8
Gross expense ratio	22.9	24.3

Notes

DKKm		2003	Pro forma 2002	28.01.-31.12.2002 *)
6	**Interest and dividends, etc.**			
	Dividends on capital participation	52	46	9
	Interest on securities, etc.	917	949	542
	Capital gains by drawing and servicing of securities, etc.	-86	-17	-10
		883	**978**	**541**
7	**Realised and unrealised gains/losses on investment assets**			
	Land and buildings	21	57	51
	Other capital participation	252	-889	-447
	Bonds listed on the stock exchange excl. index-linked bonds	361	670	455
	Mortgage loans	7	0	0
	Other loans and advances	0	-2	-2
		641	**-164**	**57**
	Allocated to the following items			
	Net realised gains/losses on investment assets	165	286	60
	Net unrealised gains/losses on investment assets	476	-450	-3
		641	**-164**	**57**
8	**Extraordinary expenses**			
	Goodwill in connection with acquisition of subsidiares	0	-956	-1,182
	Restructuring and run-off expenses	0	-300	-300
		0	**-1,256**	**-1,482**
9	**Taxation**			
	Taxation regarding previous years	52	10	12
	Current tax	-29	185	57
	Dividend tax foreign equities	-3	-1	-1
	Change in deferred tax assets	-68	49	-21
		-48	**243**	**47**
	Tax prepaid	250	0	0

*) Subsidiaries included from 28 June 2002

Notes

DKKm		2003	2002
10	**Intangible assets**		
	Acquisition sum		
	Balance 1 January	0	-
	Additions during the year	42	-
	Balance 31 December	42	-
	Amortisation and write-downs		
	Balance 1 January	0	-
	Amortisation during the year	-3	-
	Balance 31 December	-3	-
	Book value 31 December	**39**	**-**
11	**Land and Buildings**		
	Acquisition sum		
	Balance 1 January	3,091	0
	Forein exchange adjustment, beginning-of-year	-100	14
	Additions by the acquisition of subsidiares	0	3,032
	Additions during the year	289	45
	Disposals during the year	-1,409	0
	Balance 31 December	1,871	3,091
	Write-ups		
	Balance 1 January	357	0
	Additions by the acquisition of subsidiaries	0	314
	Write-ups during the year	77	50
	Reversal of revaluation	-19	-7
	Revaluation, real property disposed of	-223	0
	Balance 31 December	192	357
	Depreciation and write-downs		
	Balance 1 January	-77	0
	Additions by the acquisition of subsidiaries	0	-84
	Write-downs during the year	-48	-1
	Reversal of write-downs	5	8
	Write-downs, real property disposed of	66	0
	Balance 31 December	-54	-77
	Book value 31 December	**2,009**	**3,371**
	Book value by type of property		
	Business property	121	314
	Office property	1,694	2,798
	Production and warehouse property	0	44
	Residential property	194	215
		2,009	**3,371**
	Of which property used by the companies for their operation	358	409
	Public land assessment	1,140	2,276
	Non-assessed property	6	94

In establishing the market value of the properties, the
following return percentages were used for each property category

	Lowest % 2003	Average % 2003	Highest % 2003
	Tryg / Vesta	Tryg / Vesta	Tryg / Vesta
Business property	8.00 / -	8.00 /	8.00 /
Office property	6.50 / 8.75	7.25 / 7.47	8.00 / 21.86
Production and warehouse property	- / -	- / -	- / -
Residential property	5.50 / -	6.07 / -	6.50 / -
All properties	5.50 / 8.75	7.03 / 7.47	8.00 / 21.86

Notes

DKKm		2003	2002
12	**Capital participation**		
	Book value	**2,323**	**1,825**
	Acquisition value	2,218	2,113

	Shareholding of more than 5% of the company share capital according to the latest annual reports	The company shareholders' equity	Ownership share
		2003	**2003**
	Eidsvåg Fabrikker, Bergen	29	28
	Bilskadeinstituttet, Oslo	4	23
	Nygårdstangen, Bergen	20	15
	Finansnærings huset, Oslo	32	15
	Account Data A/S, Frederiksberg	1	14
	Forsikringsakademiet A/S, Hørsholm Kommune	31	12
	A/S Forsikringens Hus, København	43	12
	Moskenes Fiskindustri, Moskenes	3	10
	Lofoten Trålerrederi, Stamsund	46	10
	Norsk Tillitsmann, Oslo	20	10
	Riksheim Henningsvær, Henningsvær	-1	10
	Minox Technology, Notodden	11	8
	Industrifinans Boligeiendom, Oslo	33	7
	Andøy Trafikklag, Andenes	2	6
	Privathospitalet Hamlet af 1994 A/S, Frederiksberg	11	6
	Norsk Stålpress, Bergen	5	6
	Høyteknologisenteret, Bergen	70	6

13	**Other financial investment assets**		
	Book value		
	Capital participation	2,323	1,825
	Unit trust units	18	14
	Ordinary bonds	9,302	6,935
	Foreign bonds	10,666	10,850
	Loans secured by mortgage	0	200
	Other loans	70	73
	Deposits in credit institutions	415	291
		22,794	**20,188**
	Acquisition value		
	Capital participation	2,218	2,113
	Unit trust units	25	27
	Bonds	18,987	17,584
	Loans secured by mortgage	0	199
	Other loans	70	73
	Deposits in credit institutions	100	291
		21,400	**20,285**

14 **Other amounts owing**

The sale of Tryg Ejendom I A/S to Nordea Pension Danmark, livsforsikringsselskab A/S, forms part of amounts owing by DKK 1,2 bn

15	**Tax assets**		
	Land and buildings	63	69
	Bonds and loans secured by mortgage	-59	-2
	Operating equipment and provisions, etc.	227	240
	Other assets	36	24
	Debt	23	15
	Tax loss to be carried forward	135	149
		425	**495**

Notes

DKKm		2003	2002
16	**Shareholders' equity**		
	Share capital		
	Balance 1 January	1,300	0
	Share capital when founded	0	1
	Capital contribution by way of non-cash contributions	0	1,000
	Capital increase during the year	400	300
	Balance 31 December	**1,700**	**1,300**
	The share capital is distributed in shares of DKK 100 or multiples thereof		
	Share premium account		
	Balance 1 January	2,968	0
	Premium by way of non-cash contributions	0	4,647
	transferred to retained profits	0	-1,679
	Balance 31 December	**2,968**	**2,968**
	Retained profits		
	Balance 1 January	0	0
	Balance 1 January before change of accounting policies	692	-1,679
	Transferred from share premium account	0	1,679
	Balance 31 December	**692**	**0**
	Total shareholders' equity	**5,360**	**4,268**
	In Vesta Forsikring AS and Dansk Kautionsforsikrings-Aktieselskab untaxed provisions for contingency fonds form part of the shareholders' equity with NOK 2.026m and DKK 139m respectively		
17	**Gross provisions**		
	(provisions for claims)	**18,212**	**17,836**
	Of which provisions calculated by discounting		
	Workers' Compensation (Denmark)	793	575
	Reduction from discounting	54	46
	Settlement period	4,3 year	4,3 year
	Discounting interest rate	3.2%	3.5%
	Inflation	3.2%	3.5%
	Workers' Compensation (Norway)	2,393	2,355
	Reduction from discounting	399	407
	Settlement period	4,2 year	4,8 year
	Discounting interest rate	3.5%	3.5%
	Inflation	3.5%	3.5%
18	**Provisions for annuities**		
	Workers' Compensation	**1,159**	**1,139**
	Settlement period	11,5 year	12,0 year
	Discounting interest rate	2.75%	2,75%
	Inflation	0%	0%
19	**Equalisation provisions**		
	Financial quarantee insurance	270	270
	Workers' Compensation	94	79
	Storm and large perils	185	166
	Equalisation provisions for Norwegian general insurance	869	907
	Other insurance	6	16
		1,424	**1,438**

Notes

DKKm		2003	2002
20	**Other insurance provisions, net of reinsurance**		
	Provisions for life insurance, indirect insurance	1	1
	Provisions for open financial years	0	7
	Provision for unexpired risk	81	42
		82	**50**
21	**Other provisions**		
	Costs of restructuring and run-off	179	352
		179	**352**
	During the year, DKK 173m has been spent of which DKK 121m was spent on Chevanstell Ltd, the wholly owned subsidiary of Tryg Forsikring		
22	**Debt**	**2,286**	**3,210**
	Of which debt falling due after more than 5 years	0	67
23	**Capital adequacy**		
	Shareholders' equity according to the annual report	5,360	4,268
	Capitalised tax assets	-6	0
	Solvency requirements to subsidiary undertakings	-2,610	-2,561
	Supplementary capital	700	0
	Capital base	3,444	1,707
	Weighted assets	3,999	2,818
	Solvency pursuant to s. 21, subs.1 of the Commercial Banks and Savings Banks, etc. Consolidated Act	86%	61%
24	**Forward transactions, etc.**		
	Forward transactions, etc		
	Market value		
	Purchase of interest derivatives	1,025	3,307
	Sale of interest derivatives	1,218	715
	Forward purchase of foreign currency	122	110
	Forward sale of foreign exchange	5,599	3,455
	Unsettled deals	281	130
	Acquisition value		
	Purchase of interest derivatives	1,026	3,309
	Sale of interest derivatives	1,212	713
	Forward purchase of foreign currency	122	109
	Forward sale of foreign exchange	5,795	3,400
	Unsettled deals	299	130
25	**Contingent liabilities**		
	Surety, guaranty and lease agreements, etc. beyond insurance obligations do not exceed	425	375

Additional circumstances

Tryg Forsikring A/S has concluded a collaboration agreement with CSC according to which CSC will handle the IT operations of Tryg Forsikring A/S, amounting to DKK 513m. The agreement is for a period of five years.

Tryg Forsikring A/S has an annual obligation towards Danica regarding lease of head office in Ballerup. The annual rent and tax, etc. currently amount to DKK 74m. Remaining contract period is 22 years.

Tryg Forsikring A/S committed itself towards Nordea Pension Danmark, livsforsikringsselskab A/S, to repurchase one property in connection with spinn-off of the subsidiary, Tryg Ejendomme I. Lease guarantees have been issued and consequently, the liabilities provided for amounted to DKK 33m.

Tryg Ejendomme II DKE A/S is jointly and severally liable together with the partly split up company Ejendom I A/S for all obligations existing at the time of the publication of the spin-off, however maximum with the reversed value of DKK 382m.

Most of the companies of the Tryg Vesta Group are jointly taxed and jointly and severally liable for payment of imposed corporation tax.

Most of the Danish companies within the Tryg Vesta Group are commonly registered for VAT and payroll tax, and are jointly and severally liable for payment of all such direct and indirect taxes.

Companies of the Group are part of some disputes the outcome of which is not estimated to affect the financial position of the Group.

DKKm	2003	2002

26 **Intra-group transactions**

The management fee is fixed on a cost-covering basis.

The companies of the Tryg Vesta Group have concluded reinsurance treaties and agreements about interest payment on current accounts based on market terms.

Under the item " Gross claims paid", DKK 50m has been recognised as revenue, which can be related to the fact that Tryg i Danmark smba (Owner of Tryg Vesta Group A/S, which is the parent company of Tryg Forsikring A/S) has quaranteed and consequently will pay Tryg Forsikring A/S an amount corresponding to the loss which Tryg Forsikring may incur in connection with the case: AON 77.

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

Income Statement

Note	DKKm	2003	28.01.-31.12.2002 *)
	Investment activities		
	Income from investment activities		
1	Income from subsidiary undertakings	795	-425
2	Interest and dividends, etc.	43	4
	Total income from investment assets	**838**	**-421**
	Charges relating to investment assets		
	Investment management charges	-10	-3
	Interest expenses	-57	-5
	Total charges relating to investment assets	**-67**	**-7**
	Exchange rate adjustment	-13	-16
	Total Return on investment activities	**758**	**-445**
3	Other ordinary expenses	-22	-52
	Profit/loss from ordinary activities before tax	**736**	**-497**
4	Extraordinary expenses	0	-1,182
	Profit/loss before tax	**736**	**-1,679**
5	Tax	6	0
	Profit/loss for the year	**742**	**-1,679**

*) Subsidiaries included from 28 June 2002

Balance Sheet as at 31 December

Note	DKKm	2003	2002
	Assets		
	Investments in subsidiary undertakings		
6	Capital participation in subsidiary undertakings	5,929	4,584
6	Loans to subsidiary undertakings	600	702
	Total investments in subsidiary undertakings	**6,529**	**5,286**
	Other financial investment assets		
	Deposits in credit institutions	100	0
	Total other financial investment assets	**100**	**0**
	Total investment assets	**6,629**	**5,286**
	Amounts owing		
	Amounts owing from subsidiary undertakings	47	92
	Other amounts owing	0	1
	Total amounts owing	**47**	**93**
	Other Assets		
	Cash in hand and at bank	50	14
7	Deferred tax assets	6	0
	Total other assets	**56**	**14**
	Total assets	**6,732**	**5,393**
	Liabilities		
8	*Shareholders' equity*		
	Share capital	**1,700**	**1,300**
	Share premium account	**2,968**	**2,968**
	Retained profits	**692**	**0**
	Total shareholders' equity	**5,360**	**4,268**
	Subordinate loan capital	**700**	**0**
	Debt		
	Debt to credit institutions	601	1,100
	Other debt	21	25
	Dividend for the financial year	50	0
	Total debt	**672**	**1,125**
	Total liabilities	**6,732**	**5,393**
9	**Capital adequacy**		
10	**Contingent liabilities**		
11	**Intra-group transactions**		

Notes

DKKm		2003	28.01.-31.12.2002 *)
1	**Income from subsidiary undertakings**		
	Tryg Forsikring A/S	795	-524
	Vesta Forsikring AS	-	101
	Nordicum Kindlustuse Eesti AS	-	-2
		795	**-425**
2	**Interest and dividends, etc.**		
	Interest on securities, etc.	43	4
		43	**4**
3	**Other ordinary expenses**		
	Administrative expenses	-22	-52
		-22	**-52**
	Remuneration for the Executive Management is paid by Tryg Forsikring AS and Vesta Group A/S and is charged to Tryg Vesta Group A/S via the cost allocation.		
	Average number of full-time employees	0	0
	Remuneration for the Executive Management	5	-
	Remuneration for the Supervisory Board	2	-
	Administrative expenses include fee to the auditors appointed by the General Meeting:		
	Deloitte	-1.5	-1.9
	Grant Thornton	-0.2	0.0
	KPMG	0.0	-0.6
		-1.7	-2.5
	Of which services other than audit:		
	Deloitte	-1.0	-1.3
	KPMG	0.0	-0.5
		-1.0	-1.8
	Beyond this expenses are defrayed to the Group's Internal Audit Department		
4	**Extraordinary Expenses**		
	Goodwill in connection with the acquisition of subsidiaries	0	-1,182
		0	**-1,182**
5	**Tax**		
	Change in deferred tax asset	6	0
		6	0

*) Subsidiaries included from 28 June 2002

Notes

DKKm		2003		2002
6	**Capital participation in subsidiary undertakings**			
	Acquisition sum			
	Balance at 1 January	6,190		0
	Exchange rate adjustment during the period	0		43
	Additions by non-cash contributions	2,546		5,647
	Divestments during the year	-2,527		0
	Capital increase during the period	600		500
	Balance at 31 December	6,809		6,190
	Write-downs			
	Balance 1 January	-1,606		0
	Write-down by non-cash contribution	0		-1,182
	Profit/loss for the year of subsidiaries	795		-424
	Write-downs of subsidiaries divested	-19		0
	Dividend	-50		0
	Balance at 31 December	-880		-1,606
	Book Value 31 December	**5,929**		**4,584**

Name and registered office	Ownership interest %	Profit for the year	Shareholders' equity as at 31.12.2003
Tryg Forsikring A/S, Ballerup	100	795	5,929

The company has advanced a subordinate loan of DKK 600m to Tryg Forsikring A/S.

		2003		2002
7	**Tax asset**			
	Operating equipment and provision etc.	6		0
		6		0
8	**Shareholders' equity**			
	Share capital			
	Balance 1 January	**1,300**		0
	Share capital when founded	0		1
	Capital contribution by non-cash contribution	0		1,000
	Capital increase	400		300
	Balance 31 December	**1,700**		**1,300**
	The share capital is distributed in shares of DKK 100 or multiples thereof			
	Share premium account			
	Balance 1 January	2,968		0
	Premium on non-cash contribution	0		4,647
	Transferred to Retained profits	0		-1,679
	Balance 31 December	**2,968**		**2,968**
	Retained profits			
	Balance 1 January	0		0
	Transferred from share premium account	0		1,679
	Transferred cf. distribution of profit	692		-1,679
	Balance 31 December	**692**		**0**
	Total Shareholders' Equity	**5,360**		**4,268**

In Vesta Forsikring AS and Dansk Kautionsforsikring-Aktieselskab, untaxed provisions for contingency fonds form part of the shareholders' equity with NOK 2.026m and DKK 139m, respectively.

Notes

DKKm		2003	2002
9	**Capital adequacy**		
	Shareholders' equity according to the annual report	5,360	4,268
	Capitalise tax assets	-6	0
	Solvency requirements to affiliated undertakings	-2,610	-2,561
	Tier 2 capital	700	0
	Capital base	3,444	1,707
	Weighted assets	3,999	2,818
	Solvency pursuant to s. 21, subs. 1 of the Commercial Banks and Savings Banks, etc. Consolidated Act	86%	61%

10 **Contingent Liabilities**

The company is jointly taxed together with most companies of the Tryg Vesta Group, and together they are jointly and severally liable for payment of imposed tax.

The company is commonly registered for VAT and pay roll tax together with most of the Danish companies within the Tryg Vesta Group, and together they are jointly and severally liable for payment of all such direct and indirect taxes.

The company is part of some disputes the outcome of which is not estimated to affect the financial position of the company.

11 **Intra-Group transactions**

The management fee is fixed on a cost-covering basis.

The companies of the Tryg Vesta Group have concluded reinsurance treaties and agreements about interest payment on current accounts based on market terms.

Group overview

Tryg Vesta Group A/S has the following subsidiaries:

Overview

DKKm	Registered office	Country	Profit/loss for the year 2003	Ownership share in %	Share capital 31.12.2003	Shareholders' equity 31.12.2003
Tryg Vesta Group A/S						
Tryg Forsikring A/S	Ballerup	Denmark	795	100	1.100	5.929
Vesta Forsikring AS	Bergen	Norway	381	100	0	2.573
Enter Forsikring	Bergen	Norway	64	100	44	149
Slettebakksveien	Bergen	Norway	1	100	6	26
Respons Inkasso	Bergen	Norway	2	100	0	1
Thunes Vei 2	Bergen	Norway	4	100	46	49
Dansk Kautionsforsikrings-Aktieselskab	Ballerup	Denmark	87	100	193	491
ApS SMBK nr. 98	Ballerup	Denmark	0	100	0	0
Tryg-Baltica Forsikring, internationalt forsikringsselskab A/S	Ballerup	Denmark	-258	100	850	458
Tryg Forsikring II A/S *)	Ballerup	Denmark	41	100	160	278
Tryg Forsikring, Rejse og Sundhed A/S *)	Ballerup	Denmark	10	100	3	69
Tryg Polska Towarzystwo Ubezpieczen S.A.	Radom	Poland	-41	98	190	139
Chevanstell Ltd.	London	United Kingdom	-257	100	624	158
Nordicum Kindlustuse Eesti AS	Tallinn	Estonia	-1	100	0	9
ApS KBIL 9 nr. 2032	Ballerup	Denmark	0	100	0	0
Tryg Ejendomme II / DKE A/S	Ballerup	Denmark	0	100	1	381

*) Expected to have merged into Tryg Forsikring A/S as at 1 January 2004.

Supervisory Board and Executive Management

Supervisory Board

This overview shows the executive positions of the members of the Supervisory Board in Danish companies which are not fully owned by the Tryg Vesta Group.

Mr Mikael Olufsen, Chairman
Born in 1943
Chairman of the Supervisory Board of Danish Cereal Holding A/S, Member of the Supervisory Board of Egmont International Holding A/S.

Mr Mogens Jacobsen, Deputy Chairman
Born in 1944
Member of the Supervisory Board of Nordea Pension Danmark, livsforsikringsselskab A/S.

Mr Per Skov, Deputy Chairman
Born in 1941
Chairman of the Supervisory Board of Utility Development A/S, Member of the Supervisory Board of Dagrofa A/S, Member of the Supervisory Board of Denerco Oil A/S, Member of the Supervisory Board of Denerco Petroleum A/S, Member of the Supervisory Board of DSV, De Sammensluttede Vognmænd af 13.7.1976 A/S, Member of the Supervisory Board of Kemp & Lauritzen A/S, Member of the Supervisory Board of Nordlux A/S, Member of the Supervisory Board of Privathospitalet Hamlet A/S, Member of the Supervisory Board of Superfos A/S, Member of the Supervisory Board of Superfos Industries A/S.

Mr Jørn Wendel Andersen
Born in 1951
Member of the Supervisory Board of AF A/S, Member of the Supervisory Board of Arla Foods Finance A/S, Member of the Supervisory Board of Arla Foods Holding A/S, CEO Arla Foods International A/S.

Mr John R. Frederiksen
Born in 1948
Chairman of the Supervisory Board of A/S Kollektivhuset Hellebo, Chairman of the Supervisory Board of Ejendomsselskabet Norden A/S, Chairman of the Supervisory Board of Ejendomsselskabet Storken A/S, Chairman of the Supervisory Board of Ejendomsselskabet Uglen A/S, Chairman of the Supervisory Board of Jacob Holm & Sønner A/S, Chairman of the Supervisory Board of Jacob Holm & Sønner Finans A/S, Chairman of the Supervisory Board of Jacob Holm Industries A/S, Chairman of the Supervisory Board of Jacob Holm Industriinvest A/S, Chairman of the Supervisory Board of JHS af 27. februar 1997 A/S, Member of the Supervisory Board of Danarota Technic A/S, Member of the Supervisory Board of Dønnerup A/S, Member of the Supervisory Board of Fortunen A/S, Member of the Supervisory Board of Freja Ejendomme A/S (Statens Ejendomssalg A/S), Member of the Supervisory Board of Højgård Ejendomme A/S, Member of the Supervisory Board of Holdingselskabet Allindemaglegård A/S, Member of the Supervisory Board of Holdingselskabet Dønnerup Agri A/S, Member of the Supervisory Board of Oak Property Invest A/S, Member of the Supervisory Board of RGS 90 Industrimiljø, Stigsnæs A/S, Member of the Supervisory Board of Råstof og Genanvendelse Selskabet af 1990 A/S, Member of the Supervisory Board of Sjælsø Enterprise A/S, Member of the Supervisory Board of Sjælsø Gruppen A/S, Member of the Supervisory Board of RENOFLEX-GRUPPEN A/S, CEO Fortunen A/S, CEO Oak Property Invest A/S.

Mr Jørn Hesselholt
Born in 1944
CEO Hesselholt Fisk Eksport A/S.

Mr Håkon J. Huseklepp, employee representative
Born in 1955

Mr Jens Lyngbo
Born in 1943
Member of the Supervisory Board of Nordea Pension Danmark, livsforsikringsselskab A/S.

Mr Peter Wagner Mollerup, employee representative
Born in 1966

Ms Birthe Petersen, employee representative
Born in 1949

Mr Niels Erik Schultz-Petersen
Born in 1941
Deputy Chairman H.A.G. A/S.

Executive Management

Ms Stine Bosse, Group CEO
Born in 1960
Joined Tryg in 1987

Education
2002: LinKS, University of Pennsylvania, USA
2001: LinKS, Insead, France
1997: Knowledge Management, ICBI, London
1990: The Danish Employers' Association's Executive Training at Bøgehøj
1987: LLM, University of Copenhagen

Executive positions
CEO Tryg i Danmark smba, CEO Tryg Forsikring A/S, Chairman of the Supervisory Board of Tryg Forsikring, Rejse og Sundhed A/S, Chairman of the Supervisory Board of Tryg-Baltica Forsikring, internationalt forsikringsselskab A/S, Chairman of the Supervisory Board of Vesta Forsikring AS, Chairman of the Supervisory Board of Tryg Forsikring II A/S, Chairman of the Supervisory Board of ApS KBIL 9 NR. 2032, Member of the Supervisory Board of Tryg Ejendomme II/DKE A/S, Member of the Supervisory Board of Center For Ledelse, Member of the Supervisory Board of Flügger A/S, Member of the Supervisory Board of Forsikring og Pension.

Previous positions
1999-2001: Director, Tryg
1995-1999: Human Resource Director, Tryg
1993-1995: Personnel Manager, Tryg
1991-1993: Deputy Functional Manager responsible for product and concept development, Claims and Underwriting Department, Tryg
1990-1991: Head of Underwriting Department, Tryg
1988-1990: Head of Claims Department, Tryg

Mr Erik Gjellestad, Member of the Group Executive Management
Born in 1953
Joined Vesta in 2002

Education
2001-2002: Corporate Entrepreneurship, Babson College – USA
1995: Leadership Development, Henley management College, Great Britain
1976: B. Com., Norway Business School

Executive positions
CEO Vesta Forsikring AS, Member of the Executive Management of Tryg Forsikring A/S, Member of the Supervisory Board of Tryg Forsikring II A/S, Member of the Supervisory Board of Fjord Line AS, Member of the Supervisory Board of Finansnæringens Hovedorganisation (the Norwegian Financial Service Association), Representative, Nordea Liv AS.

Previous positions
1997-2002: CEO, Sparebank1 Skadeforsikring AS
1996-1997: European IT Development Centre Manager, General Accident plc.
1991-1996: Director, Aktiv Forsikring AS
1989-1991: CEO, NICE AS
1986-1988: Head of Insurance operations, Aktiv Forsikring AS
1981-1986: Product Manager, Marketing Manager, Deputy Manager, Storebrand Skadeforsikring AS
1977-1981: Advertisement Sales Representative, Market Analyst, Sales Manager, Det Beste AS

Mr Morten Hübbe, Group CFO
Born in 1972
Joined Tryg in 2003

Education
1996: MSc, Finance and Accounting, Copenhagen Business School
1994: BSc in International Business Administration and Modern Languages (Baint. – SPRØK), Copenhagen Business School

Executive positions
Member of the Executive Management of Tryg i Danmark smba, Member of the Executive Management of Tryg Forsikring A/S, Member of the Supervisory Board of Tryg Forsikring II A/S, Member of the Supervisory Board of Tryg-Baltica Forsikring, internationalt forsikringsselskab A/S, Member of the Supervisory Board of Dansk Kautionsforsikrings-Aktieselskab A/S, Member of the Supervisory Board of Tryg Ejendomme II/DKE A/S, Member of the Supervisory Board of Vesta Forsikring AS, Member of the Supervisory Board of m Tryg Polska Towarzystwo Ubezpieczen SA.

Previous positions
2002-2003: CFO, Tryg
2001-2002: Nordic CFO, Zurich Nordic
2000-2001: Deputy CFO, Zurich Nordic
1999-2000: Operations Manager – Nordic Investment Dept., Zurich Nordic
1997-1999: Financial Analyst, Alm. Brand Forsikring
1991-1997: Controller, Zurich

Mr Peter Falkenham, Member of the Group Executive Management
Born in 1958
Joined Tryg in 2000

Education
1984: B. Com (International Trade), Copenhagen Business School
1982: MSc Engineering, The Technical University of Denmark

Executive positions
Member of the Executive Management of Tryg Forsikring A/S, Chairman of the Supervisory Board of Dansk Kautionsforsikrings-Aktieselskab, Chairman of the Supervisory Board of Tryg Polska Towarzystwo Ubezpieczen SA, Chairman of the Supervisory Board of Nordicum Kindlustuse Eesti AS, Chairman of the Supervisory Board of SafeExIT A/S, Member of the Supervisory Board of Tryg Ejendomme II/DKE A/S, Member of the Supervisory Board of Tryg Forsikring II A/S, Member of the Supervisory Board of Tryg Forsikring, Rejse og Sundhed A/S, Member of the Supervisory Board of Tryg-Baltica Forsikring, internationalt forsikringsselskab A/S, Member of the Supervisory Board of ApS KBIL 9 NR. 2032, Member of the Supervisory Board of Vesta Forsikring AS, Member of the Supervisory Board of Solar Holding A/S.

Previous positions
1996-2000: Managing Director, ABB Energi og Industri A/S
1989-1996: Managing Director, ABB Komponent A/S
1988-1989: Managing Director, ABB Cylinda A/S
1987-1988: Manager, Asea Cylinda A/S, 1987-88
1985-1987: Head of Export Marketing, LK as
1985: Management Assistant, LK as
1982-1984: Project Manager, Crone og Koch Rådgivende Ingeniører

Mr Stig Ellkier-Pedersen, Member of the Group Executive Management
Born in 1947
Joined Tryg in 1999

Education
2000: Leadership in the Knowledge Society, Insead, France
1995: Strategy, Change and Leadership, Insead, France
1994-95: Leadership in Organisations, Insead, France
1971: Machine engineer, Danmarks Ingeniørakademi (the Danish Engineering Academy), production line

Executive positions
Member of the Executive Management of Tryg Forsikring A/S, Member of the Executive Management of Tryg Forsikring II A/S, Member of the Supervisory Board of Tryg Forsikring, Rejse og Sundhed A/S, Member of the Supervisory Board of Forsikringshøjskolen Rungstedgård A/S (The Danish Insurance Academy), Member of the Supervisory Board of FA, Finanssektorens Arbejdsgiverforening (Danish Employers' Association for the Financial Sector).

Previous positions
2000-2001: Executive Vice President, Business Area Personal, Service Centres and Bank Distribution, Tryg
1999-2000: Executive Vice President, Business Area Personal, Sales East and Bank Distribution, Tryg
1996-1999: CEO, Livsforsikringsaktieselskabet Enhjørningen and Skadeforsikringsaktieselskabet Enhjørningen, Unibank
1994-1996: CEO, Livsforsikringsaktieselskabet Enhjørningen, Unibank
1990-1994: Executive Vice President and Head of Personnel and Education and Management Development, Unibank
1986-1990: Executive Vice President and Head of Personnel and Education, Copenhagen, Sparekassen SDS
1977-1986: Senior Vice President and Head of main office, Egnssparekassen Lolland-Falster, Sparekassen SDS
1974-1978: Vice President and Head of Central Personnel, Copenhagen, Sparekassen SDS

Mr Bjørn Thømt, Member of the Group Executive Management
Born in 1954
Joined Vesta in 1981

Education
1985: University degree in insurance, Norwegian School of Management
1979: B. Com., Norwegian School of Economics and Business Administration

Executive positions
Deputy Managing Director of Vesta Forsikring AS, Member of the Executive Management of Tryg Forsikring A/S, Chairman of the Supervisory Board of Enter Forsikring AS, Chairman of the Supervisory Board of Polygon AS, Member of the Supervisory Board of Finansnæringens Hus AS, Member of the Supervisory Board of Norsk Varekrigsfond

Previous positions
2000-2004; Division Manager, Products, Vesta
1994-2002: Division Manager, Group Services, Vesta
1988-1994: Division Manager, Claims Dept., Vesta
1987-1988: Functional Director, Næringsliv, Vesta
1985-1987: Product Manager, Fire – Commercial, Vesta
1983-1985: Head of Department, Commercial Underwriting, Vesta
1981-1983: Claims Consultant, Vesta
1979-1981: First Consultant, Prisdirektoratet

Glossary of technical terms

The financial highlights and key ratios of the Tryg Vesta Group have been prepared in accordance with the Danish Financial Supervisory Authority's executive order on the presentation of consolidated financial statements by general insurance companies. Under "Accounting policies", the items of the income statement and balance sheet are further commented.

Gross earned premiums
include gross premiums adjusted for reserves (earned premiums) with the deduction of bonus and premium rebates.

Net of reinsurance (n.o.r.)
means that the amount is calculated after deduction of reinsurers' share.

Claims ratio, net of reinsurance
expresses the relation between claims incurred, net of reinsurance, and earned premiums, net of reinsurance.

$$\frac{\text{Claims incurred, net of reinsurance, x 100}}{\text{Earned premiums, net of reinsurance}}$$

Expense ratio, net of reinsurance
expresses the relation between insurance operating expenses, net of reinsurance, and earned premiums, net of reinsurance.

$$\frac{\text{Insurance operating exp. net of reinsurance, x 100}}{\text{Earned premiums, net of reinsurance}}$$

Combined ratio, net of reinsurance
is the sum of the expense ratio, net of reinsurance, and the expense ratio, net of reinsurance.

Return on shareholders' equity in percentages
expresses the relation between the profit/loss for the year and the average shareholders' equity for the year.

$$\frac{\text{Profit/loss for the year x 100}}{\text{Average shareholders' equity}}$$

Key ratios accounted for according to other method
refers to the fact that the key ratios in the annual report of the Tryg Vesta Group are calculated in accordance with the rules stipulated by the Danish Financial Supervisory Authority, according to which the combined ratio, net of reinsurance, is stated as the sum of the claims ratio, net of reinsurance, and the expense ratio, net of reinsurance. However, the key ratios may also be accounted for according to another method, which is used by some other players in the Danish insurance market. Accoding to this method, the combined ratio is calculated as the sum of the gross claims ratio, gross expense ratio and the result of ceded business in percentage relative to gross premiums. This method makes it easier to indentify the actual costs of reinsurance.

Danish general insurance
consists of the legal companies Tryg Forsikring A/S, Tryg Forsikring II A/S (exclusive of the branch in Finland), Tryg Rejse og Sundhed as well as Dansk Kaution.

Norwegian general insurance
consists of Vesta Forsikring AS, including subsidiaries.