ANNUAL REPORT 2005

08.01.05 / THE STORM IN JANUARY IN DENMARK

14.09.05 / MUDSLIDE IN BERGEN IN NORWAY

14.11.05 / LARGE FIRE ON AMAGER IN DENMARK

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MOVING CLOSER TO OUR CUSTOMERS

In our 2004 annual report we made a commitment to use some of the benefits we had reaped on Nordic synergies through tight cost management and improvements in all business areas to strengthen our sales power and service vis-à-vis our customers.

A wide range of initiatives has helped us fulfil our commitment. In Norway, for example, we introduced major changes to our private customer price and benefit programme by "refocusing on the customer". We have abolished the practice which in many cases enabled new customers to buy insurance at a lower price than our loyal and faithful customers could. We have also created a more logical and transparent price structure, and our Norwegian customers have so far welcomed this concept.

We also further developed the *Tryg Bygning* and *Tryg Reparation* concepts in Denmark, providing new and enhanced deliveries in the claims situation. We are changing from covering only the financial consequences of a loss into a player that takes responsibility for solving our customers' problems once a loss has occurred.

Vis-à-vis our private and commercial customers, proximity means that we listen to our customers. We completed a systematic follow-up on our concept customers in Denmark in 2005, enhancing customer loyalty in the process, and we are introducing the same procedure vis-à-vis our Norwegian customers. In the service provided to our large corporate customers, general risk consultancy and engineering reviews of risks are becoming increasingly important to our operations. We therefore used 2005 to create new, tailored solutions to our biggest customers.

These initiatives, and many others, ran concurrently with TrygVesta's IPO. This naturally imposed a big extra workload on large parts of our organisation, but it will allow us to maintain and further develop the process of professionalising our business which has already come a long way.

Being a Nordic player, we have the privilege of an extensive partnership with Nordea, under which Nordea sells our general insurance policies, while we sell Nordea's life and pension products. This partnership enables both companies to offer customers a complete, simple solution to their financial requirements.

The Nordic cooperation is becoming increasingly important in everyday work at TrygVesta. We are strongly positioned in Norway and Denmark, our Finnish business continues to develop at a sound pace, and we have carefully prepared our imminent entry into the Swedish market, which will reuse the Finnish business model and IT solutions. One of the biggest advantages of the Nordic collaboration is that it allows us to learn from each other and leverage synergies when developing our business.

Thus, 2005 was a year of progress and change. It was also a year in which our new level of earnings was confirmed. We intend to work towards continuing and strengthening the Group's positive performance in the years ahead. I hope you will enjoy reading our annual report.

Stine Bosse
Group CEO

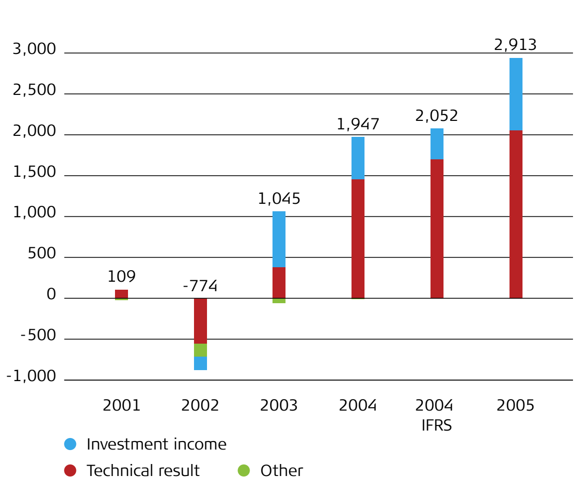
2005 IN REVIEW

- Pre-tax profit up by DKK 861m to DKK 2,913m
- The technical result improved by DKK 353m and investment income was DKK 510m higher
- Combined ratio of 89.0
- Premium growth in 2005 of 2.9%
- The Group's investments yielded a return of DKK 1,681m
- Partnership agreement with Nordea extended until 2010
- The Vesta Trygghetsavtale programme was successfully launched in Norway
- New motor tariff introduced in Denmark
- Excellent rating in customer survey for handling claims after the fireworks explosion at Seest, Denmark, in 2004
- A focused effort, new systems and Nordic efficiency ensured fast claims handling after the storm in Denmark in January
- Quick assistance after two occurrences of heavy rain and cloudbursts in Bergen, Norway, minimises the consequences to human and property
- Customer surveys indicate increasing satisfaction and loyalty. In Norway, we advanced one step to rank second among large companies on customer satisfaction
- The Tryg Bygning arrangement in Denmark extended to include carpenters in addition to plumbers, which strengthens our ability to provide total solutions to our customers
- TrygVesta listed on the Copenhagen Stock Exchange. The price at 31 December 2005 was 39% above the offer price
- Proposed dividend payout ratio of 68% of the profit for the year, equal to DKK 21 per share

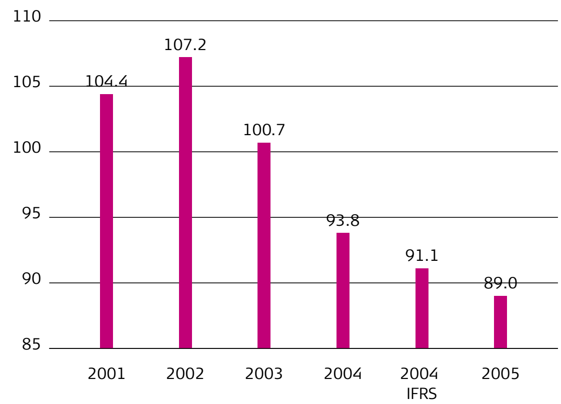
Q4

- Pre-tax profit of DKK 678m
- Combined ratio of 91.7
- New motor tariff introduced in Denmark
- Enhanced performance in customer surveys in all three markets
- Higher-than-expected return on investment activities

PRE-TAX PROFIT

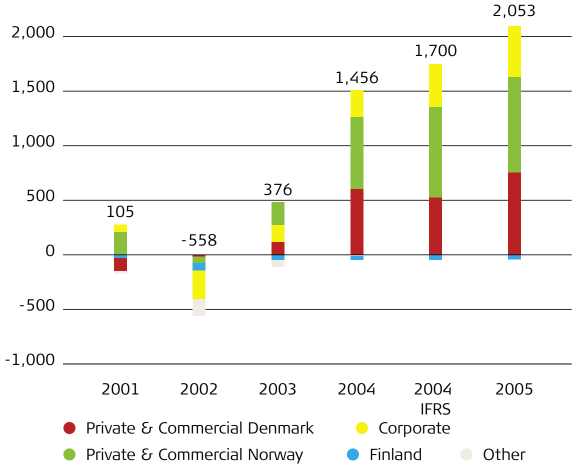


COMBINED RATIO



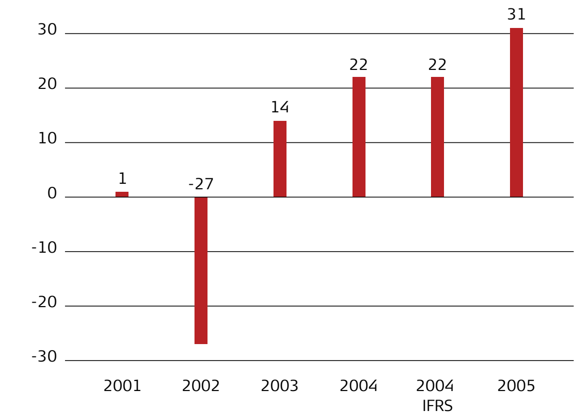
TECHNICAL RESULT BY BUSINESS AREAS

DKKm



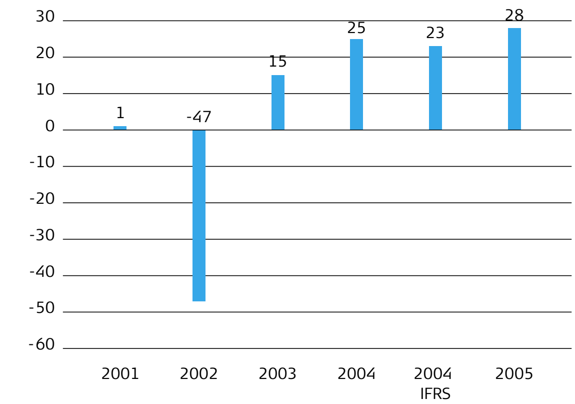
EARNINGS PER SHARE CONTINUING BUSINESS

DKK



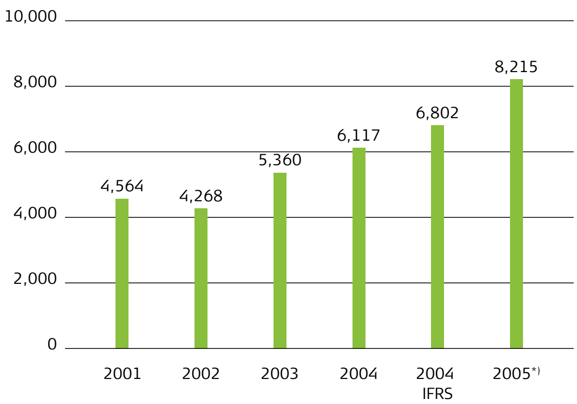
RETURN ON EQUITY AFTER TAX AND DISCONTINUED BUSINESS

%



SHAREHOLDERS' EQUITY

DKKm



*) Shareholders' equity is exclusive of dividend, which is deducted on payment in 2006

Figures for 2001 and 2002 are pro forma figures as if the Nordea AB activities were owned as of the beginning of each period. Figures for 2001 through 2004 are made up in accordance with the Danish Financial Supervisory Authority's accounting rules in force at the time. Figures for 2004 and 2005 are made up in accordance with IFRS.

FINANCIAL HIGHLIGHTS AND KEY RATIOS OF TRYGVESTA

	IFRS				Danish GAAP			
	Q4	Q4						
Mio, DKK	**2005**	**2004**	**2005**	**2004**	**2004**	**2003**	**2002**	**2001**
Gross premiums earned	3,961	3,820	15,705	15,266	16,308	16,702	15,792	12,620
Gross claims incurred	-2,771	-2,867	-11,304	-10,572	-11,020	-11,940	-12,334	-9,782
Gross expenses	-665	-644	-2,662	-2,611	-3,462	-3,745	-3,732	-3,063
Profit/loss on gross business	**525**	**309**	**1,739**	**2,083**	**1,826**	**1,017**	**-274**	**-225**
Profit/loss on ceded business	**-196**	**-101**	**-9**	**-718**	**-814**	**-1,135**	**-871**	**-329**
Technical interest, net of reinsurance	92	76	323	335	537	595	832	715
Change in equalisation provisions	0	0	0	0	-93	-101	-245	-56
Technical result	**421**	**284**	**2,053**	**1,700**	**1,456**	**376**	**-558**	**105**
Profit/loss on investments after transfer to insurance activities	272	273	888	378	517	685	-170	4
Other income	47	38	126	121	121	115	127	121
Other expenses	-62	-46	-154	-147	-147	-131	-173	-121
Profit/loss for the period before tax	**678**	**549**	**2,913**	**2,052**	**1,947**	**1,045**	**-774**	**109**
Extraordinary items and minority interests	0	0	0	0	0	1	-1,256	7
Tax	-185	-149	-788	-556	-485	-87	213	-43
Profit/loss for the period, continuing business	**493**	**400**	**2,125**	**1,496**	**1,462**	**959**	**-1,817**	**73**
Profit/loss on discontinued and divested business after tax	3	-31	-28	-75	-55	-217	-274	-22
Profit/loss for the period	**496**	**369**	**2,097**	**1,421**	**1,407**	**742**	**-2,091**	**51**
Run-off gains/losses, net of reinsurance			181	-161	3	-516	-458	-283
Balance sheet								
Total provisions for insurance contracts			26,757	25,212	26,599	25,955	26,238	22,740
Total reinsurers' share of provisions for insurance contracts			2,630	3,292	3,132	3,480	4,632	5,067
Total shareholders' equity			8,215	6,802	6,117	5,360	4,268	4,564
Total assets			40,811	37,824	33,553	31,337	29,833	24,032
Key ratios								
Claims ratio	70.0	75.1	72.0	69.3	67.6	71.5	78.1	77.5
Business ceded as a percentage of gross premiums	4.9	2.6	0.1	4.7	5.0	6.8	5.5	2.6
Claims ratio, net of ceded business	74.9	77.7	72.1	74.0	72.6	78.3	83.6	80.1
Expense ratio	16.8	16.9	16.9	17.1	21.2	22.4	23.6	24.3
Combined ratio	91.7	94.6	89.0	91.1	93.8	100.7	107.2	104.4
Operating ratio	89.6	92.7	87.2	89.1	90.8	97.2	101.9	98.8
Relative run-off gains/losses			0.9	-1.0	-	-	-	-
Other data [1)]								
Return on equity before tax and discontinued and divested business			39	33	34	22	-46	3
Return on equity after tax and discontinued and divested business			28	23	25	15	-47	1
Earnings per share (continuing business)			31	22	22	14	-27	1
Net asset value per share			121	100	90	79	63	67
Dividend per share			21	10	10	1	0	0
Average number of shares (1,000)			68,000	68,000	68,000	68,000	68,000	68,000
Number of shares, year end (1,000)			68,000	68,000	68,000	68,000	68,000	68,000
Share price			319.2	-	-	-	-	-
Quoted price/net asset value			2.6	-	-	-	-	-
Price Earnings			10.2	-	-	-	-	-
Number of full-time employees, end of period:								
Continuing business			3,694	3,728	3,728	3,750	3,739	3,744
Discontinued and divested business			24	34	34	670	672	572

[1] Share data is based on 68,000,000 shares as though such number of shares was outstanding during the periods presented. The 68,000,000 shares reflect the number of outstanding shares after giving effect to the four-to-one share split set forth in the company's amended articles of association approved by the company's shareholders on 21 September 2005.

Accounting policies

From 1 January 2005, the accounting policies of TrygVesta follow the IFRS standards.

The comparative figures for 2004 have been restated to IFRS, but in addition to IFRS restatements, the figures for 2004 are net of divested business, which is henceforth included in "Profit/loss on discontinued and divested business".

TRYGVESTA AND THE WORLD AROUND US

TrygVesta maintains and develops its position as a key player in the Nordic insurance market, being the second largest general insurer in the Nordic region and the largest and third largest general insurer in the Danish and Norwegian markets, respectively. Most players continue to enjoy good profitability in the Nordic market, and there are no signs of a return to the unsatisfactory performance we used to see due to a unilateral focus on market share.

The insurance industry has a historically cyclical nature, but at TrygVesta we believe that prospects of sustained low interest rates and more unpredictable investment returns will keep the industry focused on earnings ahead of investment returns. Underwriting discipline is also here to stay, backed by a hardening reinsurance market and a growing number of weather-related claims.

The debate about future welfare in all Nordic countries demonstrates the need that will arise in the years ahead for private insurance schemes covering health and sickness, unemployment and other social events. However, it is also evident that ordinary citizens do not want private schemes to replace public arrangements on a full scale. Instead, private insurance will be a supplement to the public, tax-funded offer. At TrygVesta, we believe this is a growing business area, driven by a desire for more and more individualised cover. We intend to play an active role in developing this business area.

Nordic businesses are increasing their focus on risk management and risk hedging. Good corporate governance today requires boards of directors to focus on risk and risk hedging, which naturally implies a requirement for insurers to play a pro-active role in businesses' risk management. TrygVesta has developed tools that enable us to play this role in a strong partnership with our customers.

Unfortunately, terrorism is continuing to gain topicality. In addition to causing immediate damage to humans and property, major terrorist acts may have a significant effect on the insurance industry. At TrygVesta, we acknowledge each company's duty to buy reinsurance in order to maximise our robustness against such events. This does not, however, change the fact that it ought to be possible for companies in the Nordic countries to safeguard their capital, even where no reinsurance is available. Otherwise, policyholders may be left to pay the price as insurers exclude cover of such claims in their policies.

Recent years have seen many devastating hurricanes, floodings and similar events. If the greater frequency of such events is related to sustained climatic changes and not merely coincidences, it will greatly affect insurance pricing. Reinsurance helps to equalise risk on a global scale, and disasters far away from the Nordic region may affect pricing and will certainly do so. TrygVesta's scenario projections incorporate such factors.

STRATEGY AND GOALS

VISION

We want to be perceived as the leading peace of mind supplier of the Nordic region on the markets and within the business areas chosen by us.

Defined in 2003, TrygVesta's overall strategy remains unchanged. Accordingly, we continue to focus on general insurance as such, on the Nordic region as our geographic business area and on our existing customers as the basis for profitable growth of our core business. The results of the turnaround we initiated in 2003 have materialised faster than expected, and our performance in 2005 confirms the new level of earnings.

On the threshold of 2005, we announced that TrygVesta's special focus areas for 2005 would be:

Focusing on direct Nordic insurance
With all non-Nordic business finally divested or discontinued, we have focused our efforts on the Nordic market. Based on providing products that offer peace of mind, we consolidated our market position in the Nordic region and recorded progress in all of the three markets: Denmark, Norway and Finland. Not least our Finnish business developed in a close partnership with Nordea. We are now importing this model to Sweden.

Retaining our commitment to existing customers
In Norway, we introduced the Vesta Trygghetsavtale, a concept designed to create customer loyalty by safeguarding all aspects of the everyday lives of individual customers and their families, and guaranteeing that the cover that has been taken out covers the family's requirements. Many of the ideas of this concept were developed in the Danish market, but the work in Norway added new elements which will be introduced in Denmark over time. Based partly on the Norwegian experience, we have developed a new motor tariff in Denmark, making the price of motor insurance more transparent by including mileage in the price calculation, and protecting customers against price increases if they report a claim.

Growing the private and commercial portfolios
Targeted and efficient sales efforts in the Danish private and commercial markets have been rewarded, generating premium growth of 5.6%. In the Norwegian market, the new concept which abolished the introductory discounts that were more favourable to new customers than to our loyal customers, improved customer retention. Finland continued to see strong growth with 75,000 new policies sold in 2005 and gross earned premiums up 44%. Growth was generated through our partnership with Nordea, which sold 67,000 policies in the Finnish market, and through new sales channels of our own.

Adjusting resources and achieving Group synergies
Concurrently with investing in IT development, continuing to upgrade our employees and preparing to establish operations in the Swedish market, we succeeded in retaining our fixed gross expenses at an unchanged level. This was attributable to continued tight cost management and the reaping of some already identified Nordic synergies.

Optimising the corporate portfolio
Following the targeted restructuring of our corporate portfolio in 2003 and 2004, this part of our business records excellent profitability. Careful selection of large risks and continued focus on a balanced product mix enabled us to retain market share in the final quarters of 2005, without jeopardising profitability.

Common identity and shared values
We linked the Group's logos and typography more

closely together in 2005 in order to allow customers and the market to gradually get used to our new common Nordic identity. Furthermore, all TrygVesta managers participated in communicating our values during 2005 by rolling out "theme packages" with value-oriented themes relevant to the individual employee. Our value coaches play a pro-active role, and examples and experience are available to all employees on the "value net", offering inspiration on how to use the values in their daily encounters with customers.

TURNING WORDS INTO RESULTS

We use the balanced scorecard to implement our strategy and retain our strategic focus areas. This annual report is therefore structured around the four perspectives of the balanced scorecard – financial perspective, customer perspective, processes perspective and employee perspective.

Selected balanced scorecard-benchmarks for TrygVesta	IFRS 2005	IFRS 2004	2003	2002	2001
Financial perspective					
Return of equity after tax (%)	27.9	23.1	15.4	-47.4	1.2
Combined ratio	89.0	91.1	100.7	107.2	104.4
Expense ratio, gross	16.9	17.1	22.4	23.6	24.3
Customer perspective, private customers (index)					
Relention rates	101.2*)	100.9	100.0	101.6	100
Customer loyalty	109.2	109.4	105.9	101.5	100
Other customers with concept agreements	108.2	106.1	102.5	98.5	100
Processes perspective (index)					
Portfolio (nominal prices) per full-time employee	133	129	124	116	100
Customier satisfaction in claims handling	105	104	102	100	100
Employee perspective (index)					
Employee satisfaction	105**)	105	102	101	100

Customer, processes and employee perspective benchmarks are based on data for the Danish and Norwegian activities
*) Index for retention rates 2005 adjusted for effect of short cancellation notice on the Danish business
**) Employee satisfaction survey to be carried out in 2006

FINANCIAL PERFORMANCE

TrygVesta is committed to generating strong financial results based on a stable and highly predictable performance over time.

TrygVesta's provisioning policy takes into account the probability that social inflation, changes in legal practice and similar factors occur from time to time. Accordingly, we are more likely to record run-off gains in a normal year.

We intend to continue to apply new technology and modern work organisation principles to eliminate redundant administrative routines, aiming to reduce our expense ratio over time.

Our target is to achieve a claims ratio at the low end of the market through high underwriting quality, current efforts to secure a high-quality portfolio and focus on claims expenses, including claims handling expenses.

We pursue an active capital strategy and keep a close balance between capital management and risk management by using the same in-house ALM models in our long-term capital planning. We seek to optimise our capitalisation on an ongoing basis while duly safeguarding our stakeholders' interests and leaving the Group sufficient scope in which to develop and grow.

Our financial strength is rated by Standard & Poor's and Moody's each year, and the aim is to meet the rating agency requirements to maintain certain levels of capital. We seek to maintain minimum ratings of A- and A3, respectively. Given the current structure of our business and investment profile, the targeted rating levels correspond to maintaining capital at 52-56% of net premiums.

This target enables us to meet the rating requirements of corporate customers and brokers and eliminates the risk that likely capital fluctuations may affect our ability to run the business and meet our obligations to our customers. On the other hand, we do not intend to accumulate capital in excess of what is required to continue to run our business and implement our corporate strategy.

TrygVesta A/S and our subsidiaries are regulated by local supervisory authorities, which also monitor the companies' solvency. In practice, the regulatory capital requirement is below the current target for an A- rating. We closely monitor developments in the European Union's efforts to promote new uniform capital requirements, the so-called Solvency II project, and play an active role in the work in both national and international fora.

TRYGVESTA'S FINANCIAL PERFORMANCE IN 2005

TrygVesta improved its financial results markedly in 2005, reporting a profit on ordinary activities of DKK 2,913m before tax and a return on equity of 28% after tax.

The pre-tax performance was an increase of DKK 861m over 2004, primarily comprising a DKK 353m improvement of the technical result and a substantial improvement of DKK 510m of the return on investment activities.

Earnings from Norwegian and Danish general insurance remained well balanced in 2005 and our three principal business areas all made positive contributions to the financial results.

Compared with the guidance provided in the announcement of financial results for the nine months ended 30 September 2005, the profit on ordinary activities before tax was DKK 513m better than our projection of DKK 2,400m, in particular, because equity markets performed better than expected. The combined ratio of 89 for 2005 is in line with the favourable scenario. The combined ratio improved over the year because claims frequencies were lower and because the effect of claims procurement initiatives materialised sooner than anticipated. Run-off gains also pushed up the forecast profit. TrygVesta's provisioning policy assumes that run-off gains are more likely than run-off losses in a normal year.

Q4

TrygVesta posted profit before tax of DKK 678m in the fourth quarter. Gross earned premiums were 3.7% higher than in 2004, 0.8 percentage points more than the year-to-date increase. The gross claims ratio was 2.0 percentage points over the year-to-date level, and was still better than expected even with the reporting period being autumn and winter months.

The gross claims ratio was 5.1 percentage points lower than in the fourth quarter of 2004, but the comparative period was adversely affected by the fire at a fireworks factory in Seest, Denmark, and the tsunami in Asia. The fourth quarter expense ratio was below the level for the full year 2005.

The return on investment activities before other financial income and expenses and transfer to insurance activities totalled DKK 399m. This was an excellent performance compared with the first three quarters of the year and the investment result was some DKK 300m better than projected in the announcement of financial results for the nine months ended 30 September 2005, which was based on our knowledge of equity market trends at 31 October 2005.

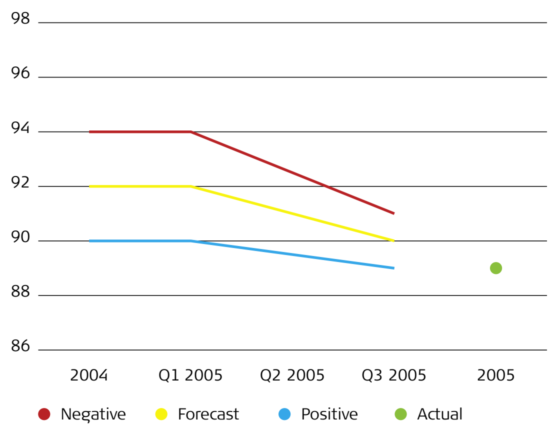
Positive trend in earned premiums

Gross earned premiums rose by 2.9% relative to 2004, composed of satisfactory growth of 5.6% in Private & Commercial Denmark and, as expected, lower premium growth of 4.5% in Private & Commercial Norway following a review of our price structure in the private market in Norway. Corporate recorded a fall of 2.8%. In Finland, sales through Nordea's branches saw sustained growth with gross premiums up 44% over 2004.

Very satisfactory claims level sustained

The gross claims ratio increased to 72.0 in 2005 from 69.3 in 2004, primarily due to claims after the storm in Denmark in January. Gross claims related to the storm amounted to DKK 830m in 2005, of which the share payable by TrygVesta was DKK 100m, while the remainder was recovered through reinsurance. TrygVesta also paid DKK 64m in reinstatement fees in respect of the storm, which had a gross impact of 5.7 percentage points on TrygVesta's combined ratio. Thanks to our effective reinsurance cover for this event, the total net expense for storm and weather-related claims was in line with expectations for a normal year, and the net effect was 1 percentage point.

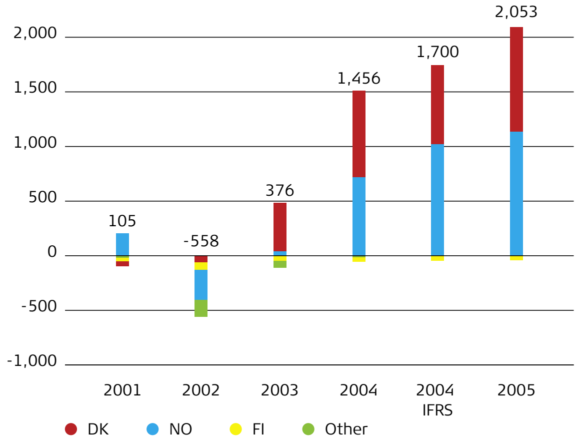
COMBINED RATIO FORECASTS 2005



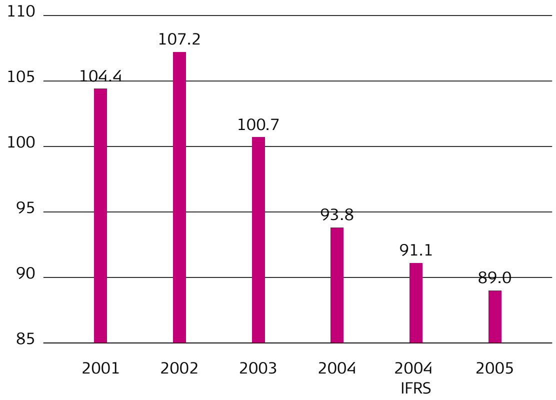
The projections from 2004 have been restated to IFRS and differ from the 2004 annual report.

TECHNICAL RESULT BY COUNTRIES

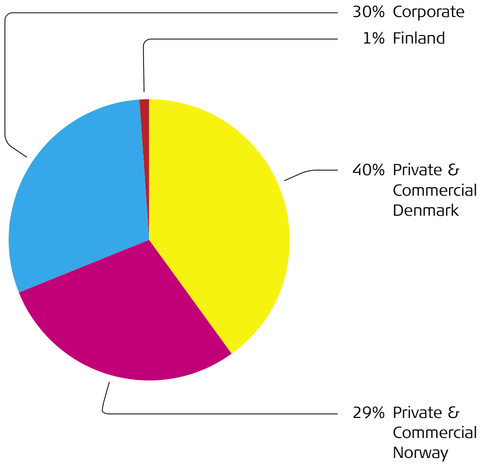
DKKm



COMBINED RATIO



GROSS EARNED PREMIUMS BY BUSINESS AREAS 2005



DKKm	IFRS 2005	IFRS 2004	Normal year
Storm and weather gross	-911	-111	-210
Storm and weather net	-177	-111	-184
Large losses, gross	-416	-461	-402
Run-off result, gross	263	-17	0

The number of large claims corresponded to a normal year and was slightly below 2004, while claims, net of reinsurance, were slightly higher because most of the large claims were below DKK 50m and therefore not covered by our reinsurers.

We had run-off gains of DKK 263m in 2005 against run-off losses of DKK 17m in 2004 which had a favourable impact on profits relative to a normal year. The run-off results for 2005 include increased provisions for claims handling costs.

Claims frequencies for, in particular, buildings in Denmark and Norway and motor in Norway were lower than in a normal year. The average claim developed favourably due to TrygVesta's arrangements with repairers and builders.

There were no judgments or change in the practice relating to personal accident insurance that could cause us to make extraordinary provisions.

Expense ratio improved due to efficiency enhancements and synergies

The gross expense ratio was 16.9% in 2005, which was 0.2 percentage points lower than in 2004. In 2005, we continued our targeted efforts to reduce costs, both short term and longer term, by leveraging synergies in the Nordic collaboration and through continued measures to make business processes more efficient.

Gross expenses were unchanged from 2004 when expressed net of currency movements despite 2.5% salary indexation, strategic investments in IT, growth in new markets and an increase in customer-oriented activities.

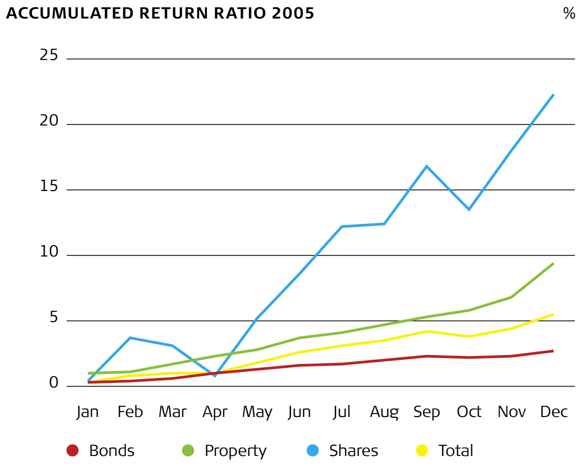
The expense ratio for 2005 includes 0,3 percentage points with respect to employee bonus and issue of employee shares.

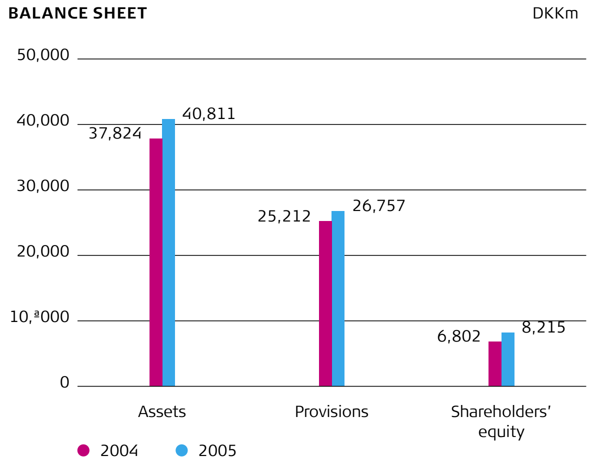
Investment activities

The return on investment activities before other financial income and expenses and transfer to insurance business totalled DKK 1,681m, which was DKK 478m more than in 2004.

The improvement was made up of a substantial increase in the return on shares, while the return on bonds fell slightly due to the rise in bond yields during the year.

The performance equals a 5.5% return on investment activities, which was satisfactory considering the Group's investment policy. We benefited both from the short-term bond portfolio and from the equity portfolio, which is heavily weighted in Denmark, Norway and the rest of Europe, all markets that provided handsome returns.





Tax

Tax on the profit for the year amounted to DKK 788m against DKK 556m in 2004. The effective tax rate of 27% was unchanged from 2004. The tax expense included a current tax charge of DKK 628m and a DKK 160m increase in TrygVesta's deferred tax.

Discontinued business

TrygVesta reported a loss on discontinued business of DKK 28m. The improvement of DKK 47m over 2004 relates mainly to Chevanstell Ltd. We had a stable claims experience and small commutation gains in 2005. The main reason for reporting a loss was that we strengthened the provision for administrative expenses in connection with running off the portfolio as this process has been delayed relative to what we anticipated. At 31 December 2005, the provision set aside to administer the run-off portfolio totalled DKK 96m.

Balance sheet and cash flow

TrygVesta's total assets increased from DKK 37,824m in 2004 to DKK 40,811m in 2005. Liabilities comprised mainly shareholders' equity of DKK 8,215m and total provisions for insurance contracts, of DKK 26,757m.

Total provisions for insurance contracts were DKK 1,545m higher than in 2004, and TrygVesta's claims provision ratio was 126% in 2005 against 122% in 2004.

We have restructured our reinsurance programme in recent years, reducing the reinsurers' share of the provisions for insurance contracts from DKK 3.3bn in 2004 to DKK 2.5bn in 2005.

Receivables were reduced by DKK 518m in 2005, mainly due to lower reinsurance receivables.

The pension obligation towards Norwegian TrygVesta employees totalled DKK 635m after set-off of the scheme assets. The full amount has been recognised in the balance sheet.

TrygVesta generated a cash inflow from operating activities in 2005 of DKK 4,298m compared with DKK 5,176m in 2004. An amount of DKK 1.2bn regarding sales of property is included in 2004. Investments increased by DKK 4,051m in 2005, and there was a cash outflow from financing activities of DKK 197m.

Shareholders' equity

Shareholders' equity increased by DKK 1,413m to stand at DKK 8,215m at 31 December 2005. The increase was made up of the profit for the year less dividends paid, and including adjustments for actuarial gains and losses on the pension provision under IAS 19 and other minor adjustments.

These figures exclude the proposed DKK 1,428m distribution of dividends for 2005.

PRIVATE & COMMERCIAL DENMARK

DKKm	IFRS Q4 2005	Q4 2004	2005	2004	Danish GAAP 2004	2003	2002	2001
Gross premiums earned	1,570	1,501	6,276	5,942	5,977	5,660	5,191	4,666
Gross claims incurred	-1,120	-1,282	-4,987	-4,376	-4,257	-4,194	-4,070	-3,843
Gross expenses	-277	-235	-1,113	-1,057	-1,235	-1,287	-1,194	-1,183
Profit/loss on gross business	**173**	**-16**	**176**	**509**	**485**	**179**	**-73**	**-360**
Profit/loss on ceded business	**-34**	**-26**	**467**	**-101**	**-99**	**-167**	**-180**	**-10**
Technical interest, net of reinsurance	52	44	113	116	164	147	219	233
Change in equalisation provisions	0	0	0	0	54	-39	19	14
Technical result	**191**	**2**	**756**	**524**	**604**	**120**	**-15**	**-123**
Key ratios								
Claims ratio	71.3	85.4	79.5	73.7	71.2	74.1	78.4	82.4
Business ceded as a percentage of gross premiums	2.2	1.7	-7.4	1.7	1.7	3.0	3.5	0.2
Claims ratio. net of ceded business	73.5	87.1	72.1	75.4	72.9	77.1	81.9	82.6
Expense ratio	17.6	15.7	17.7	17.8	20.7	22.7	23.0	25.4
Combined ratio	91.1	102.8	89.8	93.2	93.6	99.8	104.9	108.0
Operating ratio	88.2	99.9	88.2	91.4	91.0	97.3	100.6	102.8

This business area generated a very satisfactory technical result thanks to a good claims performance, despite the storm in January, and a favourable premium performance.

Retention of existing customers

Private & Commercial Denmark reported 5.6% growth in gross earned premiums relative to 2004. Allowing for some 2.4% indexation and 1.2% other price increases, volume growth was thus 2.0%, and TrygVesta is winning market shares. The increase was primarily attributable to customer loyalty and thus higher renewal rates within most segments, and to the effect of the refocused sales organisation, which resulted in more customer contacts for all employees.

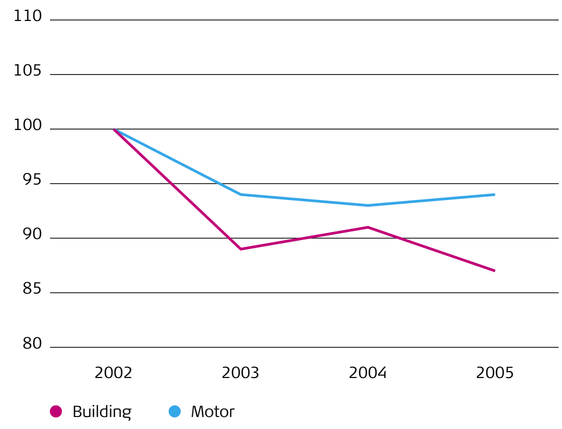
The renewal rate was 85.0 in 2005, up from 84.4 in 2004. Renewal rates improved, in particular, among commercial customers, while renewal rates in the private lines remained at a satisfactory level.

The Danish operations began using the Norwegian call centre technology at the end of 2005, resulting in a more systematic distribution of work between our customer service staff and our own sales agents, thereby enhancing quality, productivity and quick service to our customers.

Combined ratio improvement of 3.4 percentage points

The significant enhancement of the technical result is reflected in the combined ratio, which improved 3.4 percentage points relative to 2004. The storm in Janu-

DEVELOPMENT IN CLAIMS FREQUENCY DENMARK



DKKm	IFRS 2005	IFRS 2004
Storm and weather, gross	-739	-74
Storm and weather, net	-115	-74
Large losses, gross	-23	-10
Run-off result, gross	-2	-138

ary had an impact on the gross combined ratio of 12.2 percentage points and an impact of 2.2 percentage points on the combined ratio, net of reinsurance.

Claims ratio impacted by the storm

The gross claims ratio was 5.8 percentage points higher than in 2004. Disregarding the storm in January, the gross claims ratio was 68.2, equivalent to a fall of 5.5 percentage points relative to last year. All primary products are generally performing well with the exception of personal accident insurance, which continued to record an unsatisfactory claims experience.

Due to our reinsurance agreements, the storm in January had a limited impact on the performance, net of reinsurance, and the overall figure for storm and weather-related claims was only slightly higher than in a normal year.

Large claims and run-off results were in line with expectations for a normal year.

Tryg Reparation for cars, which was introduced in 2003, and Tryg Bygning from 2004 also had a positive effect on claims expenses. The new approach to claims handling resulted in a decrease in the average claim.

The claims frequency for building insurance continued to fall throughout 2005. In motor insurance, the frequency rose marginally from 2004 to 2005, mainly due to the snowfall between Christmas and New Year 2005, but it remained satisfactory.

Most of our motor claims handling was further automated in early 2005, resulting in substantial administrative savings. At the same time, the process was prepared for further automation. These savings are reflected in the claims ratio as future savings will also be.

Expense ratio

Private & Commercial Denmark reported a gross expense ratio for 2005 that was slightly below the level of last year, reflecting our investment in increased selling power. Our continuing efforts to combine sales offices into large powerful units had a favourable impact.

PRIVATE & COMMERCIAL NORWAY

	IFRS				Danish GAAP			
	Q4	Q4						
DKKm	2005	2004	2005	2004	2004	2003	2002	2001
DKK/NOK, rate, quarterly, annual average	94.61	90.71	92.85	88.79	88.79	93.68	98.46	92.16
Gross premiums earned	1,184	1,149	4,632	4,435	4,421	4,553	4,211	3,103
Gross claims incurred	-774	-697	-2,844	-2,696	-2,615	-3,275	-3,032	-2,465
Gross expenses	-233	-263	-945	-922	-1,106	-1,123	-1,136	-810
Profit/loss on gross business	**177**	**189**	**843**	**817**	**700**	**155**	**43**	**-172**
Profit/loss on ceded business	**-12**	**-6**	**-62**	**-73**	**-86**	**-93**	**-228**	**240**
Technical interest, net of reinsurance	25	28	93	87	140	204	263	197
Change in equalisation provisions	0	0	0	0	-92	-57	-140	-55
Technical result	**190**	**211**	**874**	**831**	**662**	**209**	**-62**	**210**
Key ratios								
Claims ratio	65.4	60.7	61.4	60.8	59.1	71.9	72.0	79.4
Business ceded as a percentage of gross premiums	1.0	0.5	1.3	1.6	1.9	2.0	5.4	-7.7
Claims ratio, net of ceded business	66.4	61.2	62.7	62.4	61.0	73.9	77.4	71.7
Expense ratio	19.7	22.9	20.4	20.8	25.0	24.7	27.0	26.1
Combined ratio	86.1	84.1	83.1	83.2	86.0	98.6	104.4	97.8
Operating ratio	84.3	82.1	81.5	81.6	83.5	94.4	98.3	92.0

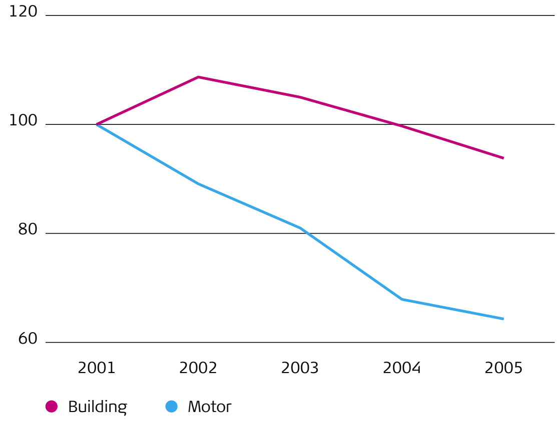
The favourable performance in 2005 was attributable to enhanced risk selection, a very low claims frequency for building and motor insurance in Norway and improved claims procurement.

Stable premium performance

Private & Commercial Norway increased gross earned premiums by 4.5% relative to 2004. In local currency, gross premiums were up 1% over 2004. Allowing for some 1.1% indexation and other price increases of 0.6%, volume growth was thus a negative 0.8%, The renewal rate was 83.7%, up from 83.0%. The improvement took place gradually over the year, reflecting the launch of our Vesta Trygghetsavtale customer concept. Furthermore, developing from a low starting level, sales through Nordea were 60% higher than in 2004. The development in earned premiums was attributable to our continued focus on profitable business. We expect that the revised price structure and the launch of a new customer concept will strengthen our position among private customers in Norway further. The performance reflects a year with an unsatisfactory balance between customer inflow and customer outflow during the first six months, and an improvement during the last six months following initiatives relating to the new customer concept and the strengthened sales organisation.

Stronger focus on additional sales to existing customers helped strengthen the trend in the latter half of 2005.

DEVELOPMENT IN CLAIMS FREQUENCY NORWAY



DKKm	IFRS 2005	IFRS 2004
Storm and weather, gross	-35	-15
Storm and weather, net	-32	-15
Large losses, gross	-37	-24
Run-off result, gross	164	91

Combined ratio at a low level
The positive technical performance was reflected in the combined ratio, which at 83.1 was 0.1 percentage point lower than in 2004 and lower than in a normal year.

Claims ratio at a satisfactory level
The gross claims ratio was 0.6 percentage point up on 2004, but it remains at a very low level. We attribute this to the effect of prior-year initiatives and enhanced risk selection based on the revised price structure that helps us retain existing profitable customers. In addition, as the claims frequency was lower due to favourable weather conditions, we recorded an extraordinarily favourable claims performance for, in particular, building and motor insurance.

Large claims, comprising three property claims, were at a slightly higher level than in a normal year but were more than offset by run-off gains of DKK 164m.

Building insurance saw an extremely favourable claims frequency in 2004 and 2005 due to the very mild winters. Motor insurance also saw a lower frequency, which we expect to sustain going forward.

We recorded a significantly lower claims frequency among new customers due to a much better risk selection, and this supported the favourable claims performance.

Claims incurred in workers' compensation, in particular, improved significantly in 2005 relative to 2004. This should be seen in the context of the premium increases introduced in the personal accident lines.

Costs of stronger sales effort
Private & Commercial Norway reduced its gross expense ratio to 20.4% in 2005. We have invested in more selling power throughout the year while reducing costs by implementing planned sales offices closures and efficiency-enhancements of workflows and processes as part of our strategy to combine sales in larger sales offices with a powerful selling environment.

CORPORATE

	IFRS				Danish GAAP			
	Q4	Q4						
DKKm	**2005**	**2004**	**2005**	**2004**	**2004**	**2003**	**2002**	**2001**
DKK/NOK, rate, quarterly, annual average	94.61	90.71	92.85	88.79	88.79	93.68	98.46	92.16
Gross premiums earned	1,171	1,151	4,666	4,801	4,786	5,190	5,120	3,832
Gross claims incurred	-847	-872	-3,361	-3,431	-3,417	-3,555	-4,368	-2,810
Gross expenses	-137	-127	-534	-561	-689	-873	-846	-681
Profit/loss on gross business	**187**	**152**	**771**	**809**	**680**	**762**	**-94**	**341**
Profit/loss on ceded business	**-150**	**-75**	**-421**	**-549**	**-570**	**-801**	**-363**	**-495**
Technical interest. net of reinsurance	14	4	114	130	190	209	314	251
Change in equalisation provisions	0	0	0	0	-54	-15	-119	-31
Technical result	**51**	**81**	**464**	**390**	**246**	**155**	**-262**	**66**
Key ratios								
Claims ratio	72.3	75.8	72.0	71.5	71.4	68.5	85.3	73.3
Business ceded as a percentage of gross premiums	12.8	6.5	9.0	11.4	11.9	15.4	7.1	12.9
Claims ratio, net of ceded business	85.1	82.3	81.0	82.9	83.3	83.9	92.4	86.2
Expense ratio	11.7	11.0	11.4	11.7	14.4	16.8	16.5	17.8
Combined ratio	96.8	93.3	92.4	94.6	97.7	100.7	108.9	104.0
Operating ratio	95.7	93.0	90.3	92.1	94.0	96.9	102.6	97.6

Corporate, our Nordic business area, continued the positive trend from 2004, improving profitability in the personal accident lines in general and in Norway, in particular.

Earned premiums

Corporate recorded a 2.8% fall in gross earned premiums from 2004 to 2005.

Gross earned premiums in Denmark were 3.8% lower, of which the transfer of the aviation portfolio to an independent company and the full effect of the introduction of net pricing to customers served by brokers accounted for almost 2%. In Norway, the reduction was 6.2% in local currency. The premium performance was linked to our continued focus on profitable business, which implies that we have opted to stay away from certain customer groups in the past few years or required that they provide improved safeguarding measures and hold higher deductibles. Towards the end of the year, we saw a strong increase in sales and satisfactory renewal rates.

Combined ratio improvement of 2.2 percentage points

The favourable technical performance was reflected in the combined ratio of 92.4, which was an improvement of 2.2 points relative to 2004.

Claims ratio impacted by January storm

The gross claims ratio was 0.5 percentage points higher than in 2004 and affected by the storm in Denmark in

DKKm	IFRS 2005	IFRS 2004
Storm and weather, gross	-136	-23
Storm and weather, net	-29	-23
Large losses, gross	-356	-427
Run-off result, gross	100	24

January. Its effect on gross claims was DKK 120m. Our retention was DKK 15m and we paid reinstatement premiums of DKK 9m. The gross claims ratio was 69.5 net of the January storm. The favourable performance of, in particular, the Norwegian part of the portfolio was mainly driven by our initiatives in the personal accident business.

We continuously focus on working systematically with risk selection and sound underwriting. We measure the quality of our portfolio relative to customers who choose other insurers to ensure we select risk and set prices correctly.

The number of large claims within our retention limit of DKK 50m brought our claims expenses for large losses, net of reinsurance, slightly higher than in a normal year.

The conventional corporate insurance lines, property, liability, motor and transport insurance saw a satisfactory claims performance which was better than in a normal year, while the claims performance in the marine businesses was still not satisfactory.

Sustained low cost level

Corporate reduced its gross expense ratio by 0.3 percentage point relative to 2004 despite lower gross earned premiums. The favourable expense ratio performance was primarily attributable to absolute costs being lower in 2005 than in 2004 due to such measures as changed principles for settlement with brokers, our continued efforts throughout 2005 to make selling more efficient and the general cost constraint.

FINNISH GENERAL INSURANCE

	IFRS				Danish GAAP			
	Q4	Q4						
DKKm	**2005**	**2004**	**2005**	**2004**	**2004**	**2003**	**2002**	**2001**
DKK/EUR, rate, quarterly, annual average	745.95	743.43	745.07	743.99	743.99	742.92	743.08	745.74
Gross premiums earned	39	28	140	97	97	61	21	2
Gross claims incurred	-32	-20	-113	-73	-66	-47	-18	-1
Gross expenses	-18	-19	-70	-71	-78	-63	-66	-29
Profit/loss on gross business	**-11**	**-11**	**-43**	**-47**	**-47**	**-49**	**-63**	**-28**
Profit/loss on ceded business	**-1**	**1**	**-1**	**0**	**0**	**0**	**-4**	**-1**
Technical interest, net of reinsurance	1	0	3	2	2	1	1	0
Change in equalisation provisions	0	0	0	0	0	0	0	0
Technical result	**-11**	**-10**	**-41**	**-45**	**-45**	**-48**	**-66**	**-29**
Key ratios								
Claims ratio	82.1	71.4	80.9	75.3	68.5	77.5	84.8	91.1
Business ceded as a percentage of gross premiums	2.6	-3.6	0.2	0.2	0.2	1.0	18.7	0.0
Claims ratio, net of ceded business	84.7	67.8	81.1	75.5	68.7	78.5	103.5	91.1
Expense ratio	46.2	67.9	50.2	73.0	79.8	102.8	316.3	1,795.1
Combined ratio	130.9	135.7	131.3	148.5	148.5	181.3	419.8	1,886.2
Operating ratio	127.5	135.7	128.0	145.3	145.5	177.4	400.0	1,550.0

Sustained strong growth and performance improvement

Nordea Vahinkovakuutus, TrygVesta's Finnish business, generated 44% growth in gross earned premiums in 2005. The improvement was primarily achieved because we strengthened the partnership with Nordea, which sells insurance through its branches, and launched our own new channels.

We extended the partnership in 2005 to include Nordea Finans in connection with sales of motor insurance policies.

We sold a satisfactory volume of new policies in 2005. With almost 75,000 polices sold, sales were up by 15% on 2004.

During their short life-span, the Finnish operations have succeeded in growing the business volume in line with our ambitious plans. Nordea's around 3 million private customers in Finland offer a large sales potential.

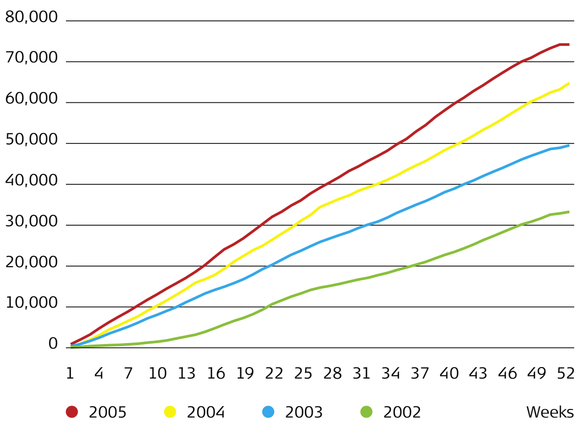
Claims ratio at a satisfactory level

The gross claims ratio was 5.6 percentage points higher than in 2004 mainly due to the payment into the Finnish motor third party liability insurance pool, which covers death and disability.

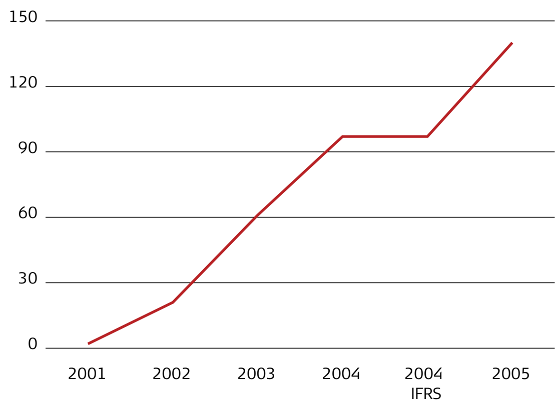
Significant improvement of expense ratio

The gross expense ratio for Finland decreased 22.8 percentage points relative to 2004. The very favourable performance was mainly due to absolute costs being

ACCUMULATED WEEKLY SALES Number of policies



FINLAND GROSS PREMIUMS EARNED DKKm



almost unchanged from 2004 while earned premiums increased strongly.

Higher payroll costs, office operation expenses and commissions in line with increased sales were offset by lower IT related depreciation charges.

INVESTMENT ACTIVITIES

	Profit/loss		Assets end of	
DKKm	**2005**	**2004**	**2005**	**2004**
Tryg	1,064	803	19,426	16,251
Vesta	615	396	14,950	12,563
TrygVesta A/S	2	4	34	109
Total	1,681	1,203	34,410	28,923
Other financial income and expenses *)	-86	-187		
Total investments activities	**1,595**	**1,016**		
Transferred to technical interest	-707	-638		
Return on investment activities	888	378		
Discontinued business	-6	-7	578	745

*) The item comprises gains and losses as a result of a changed discount rate, interest on operating assets, bank debt and reinsurance deposits, exchange rate adjustment of insurance items and costs of investment activities.

TrygVesta's return on investment activities before transfer to insurance activities and before other financial income and expenses was DKK 1,681m in 2005, or 5.5%, which was better than the 2004 return of DKK 1,203m or 4.6%. The improvement was due to a larger investment portfolio and, in particular, higher equity returns, while the higher interest rates triggered a fall in the bond return.

Other financial income and expenses improved from a net expense of DKK 187m to a net expense of DKK 86m among other things because higher interest rates changed the discounting effect from minus DKK 109m to a gain of DKK 43m. Technical interest transferred to insurance activities was DKK 69m higher, increasing the total return on investment activities by DKK 510m.

Asset allocation

Throughout 2005, we maintained a high proportion of highly liquid bonds in our portfolio for security and rating considerations. Net investments and rising equity prices increased our equity portfolio by DKK 1,622m in 2005, lifting the proportion of equities from just under 11% to almost 14%. We only added DKK 55m to our portfolio of real property, reducing the proportion it constitutes of the overall investment portfolio.

Asset allocation

Our net investments amounted to about DKK 4.3bn in 2005, of which DKK 3.6bn was invested in bonds and the balance in equities and real property.

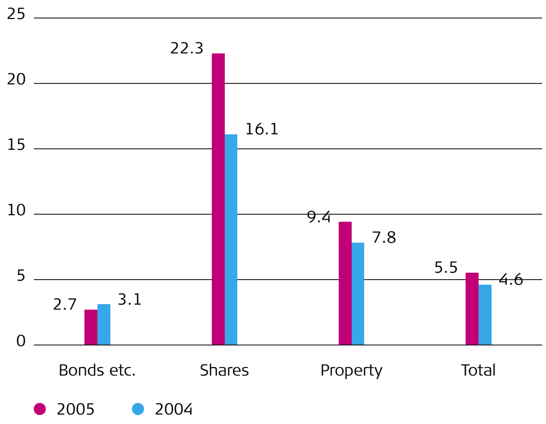
Bonds

Our overall bond portfolio including cash yielded a return of 2.7% or DKK 687m in 2005. Short-term bond yields rose 0.3-0.8 percentage points during 2005, which had an adverse impact on value adjustments and thus on the return.

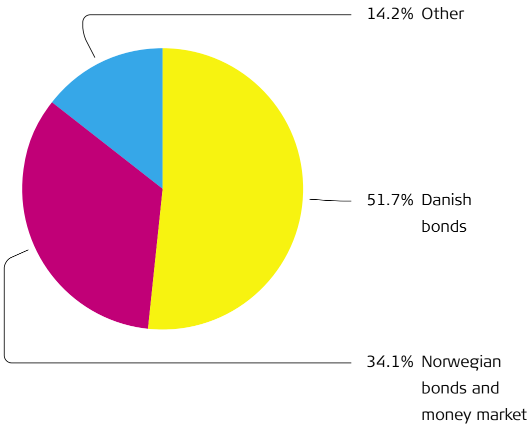
DKK 26.0bn or 94% of our bond portfolio consisted of Danish mortgage bonds, placements in the Norwegian money market or Western European or US government bonds.

Investment assets 31-12-05 DKKm	Shares	Bonds etc.	Property	Total	Return in DKKm	Return in %	Net invest-ments
Tryg	3,239	14,839	1,348	19,426	1,064	6.2	2,663
Vesta	1,531	12,712	707	14,950	615	4.5	1,699
TrygVesta A/S	13	21	0	34	2		-75
Total	4,783	27,572	2,055	34,410	1,681	5.5	4,287
Other financial income and expenses					-86		
Total					**1,595**		
Discontinued business	0	578	0	578	16	2,6	-85
Asset allocation in %	13.9	80.1	6.0	100.0			
Return in DKKm	819	687	175	1,681			
Return in %	22.3	2.7	9.4	5.5			

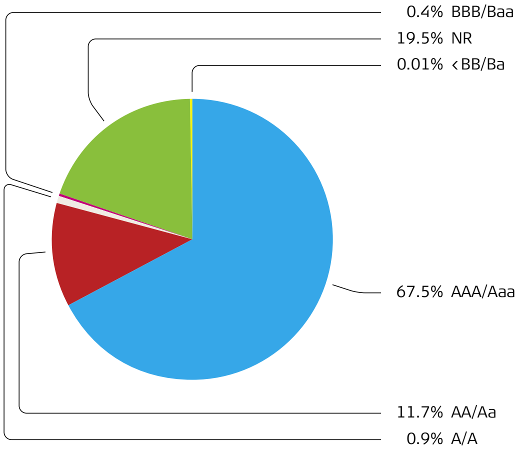
RETURN ON ASSET CLASSES %



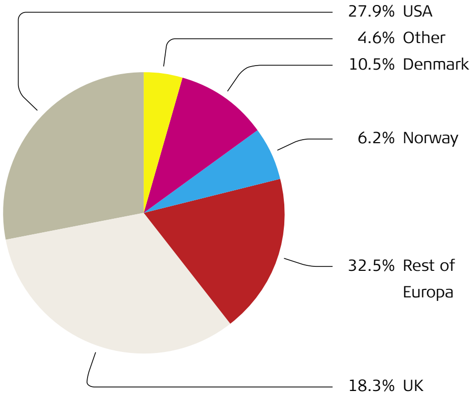
BOND PORTFOLIO BY GEOGRAPHY 31-12-05



RATING ALLOCATION AF BOND PORTFOLIO 31-12-05



LISTED SHARES BY GEOGRAPHY



The pie chart presents the composition of the bond portfolio by rating category. As shown, 79% of the portfolio is rated AAA/Aaa or AA/Aa. The unrated 20% of the portfolio comprises mainly short-term Norwegian money market certificates issued by banks.

The option adjusted duration including cash of the Group's total bond portfolio was 1.6 years at 31 December 2005 compared to 1.3 years at 31 December 2004. The short, but slightly higher duration was primarily due to a higher duration on the Danish portfolio and an increased portfolio of foreign bonds in Vesta. The bond portfolio had less interest rate sensitivity than the provisions.

Shares

The total return on investments for the financial year was DKK 819m, equivalent to 22.3%. The strong return was driven by sound returns in the large international equity markets, exceptionally large returns in the Danish and Norwegian equity markets, and a reduced proportion of US shares in the portfolio from 1 January 2005. The return on Danish shares was 50.0%, while Norwegian shares generated a return of 45.1% compared with 46.5% for the Danish OMXCB index and 40.5% for the Norwegian OSEBX index. The return on other international shares was 17.4% compared with 24.9% and 5.1% for MSCI Europe and MSCI USA, respectively. We hedged currency risks relating to international bonds during the year. Unlisted shares accounted for DKK 225m at 31 December 2005.

Our portfolio of listed shares is highly diversified. Our largest position accounted for only 2.8% of total listed shares and 0.4% of total investment assets. Furthermore, the proportion of domestic listed shares (Denmark and Norway) is very low, amounting to some 17% of the listed shares portfolio at 31 December 2005, and our international share investments are placed in portfolios that are highly diversified with regard to geographical and industry distribution and with a low tracking error, meaning that we expect the portfolio return to be very close to the benchmark return. In both Denmark and Norway, the five largest companies account for more than 55% of the index, while the five largest components of our total equity portfolio account for 9.6%. We intend to maintain a diversified international equity portfolio in order to minimise risk relating to any single market or any single company.

Real property

The investment return on real property was DKK 175m, equivalent to a total return of 9.4%. The Group sold investment properties worth DKK 19m in 2005. The occupancy rate was 94.4% at 31 December 2005 compared to 95.6% at 31 December 2004.

The portfolio is well-diversified and consists of quality property, typically in prime locations in major cities in Denmark and Norway. The portfolio mainly comprises office premises, but also includes a small proportion of other commercial property and residential property.

CAPITALISATION 2005

TrygVesta had the following ratings at 31 December 2005	Standard & Poor's	Moody's
Tryg Forsikring	A-/stable	A3/positive
Vesta Forsikring	A-/stable	A3/positive
Dansk Kaution	A-/stable	-
Target (minimum)	A-	A3

In 2005 Moody's upgraded its outlook for Tryg Forsikring and Vesta Forsikring from stable to positive.

Changes in our capitalisation	2005	2004
Shareholders' equity	8,215	6,802
Subordinate loan capital	1,098	700
Dividend for the year	-1,428	650
Capital	**7,885**	**6,852**
Net premiums	**14,900**	**13,782**
Capital/premiums	52.9%	49.7%

The ratio of capital to premiums was 52.9% in 2005, up from 49.7% in 2004. Given the anticipated dividend distribution for 2005, this is well within our targeted range.

We made two important changes to our capitalisation in 2005:

1. Tryg Forsikring A/S issued a listed bond loan in December 2005
2. TrygVesta extended its credit facility on 5 July 2005

In order to make our capitalisation more transparent, we show a simplified capital model on TrygVesta Investor Relations homepage.

Subordinate loan capital

In December 2005, Tryg Forsikring A/S issued a subordinated bond loan listed on the London Stock Exchange in a nominal amount of EUR 150m. This loan is included in the calculation of the Group's capital base.
The 20-year loan is subject to a prepayment option after ten years. It was subscribed at 1.10% above the swap rate, which was 3.53% when the price was determined. The coupon is 4.50% p.a. for the first ten years and will then become variable. The bonds, heavily oversubscribed, had been taken up in advance by a group of Danish and international professional investors and were rated BBB by Standard & Poors and BAA 2 by Moody's.

The previous subordinate loan granted by Tryg i Danmark smba was repaid in connection with the bond issue, as were the subordinated intercompany loans. The new loan increased the ratio of subordinate loan capital to the capital from 9.3% in 2004 to 11.8% in 2005, or 13.9% after payment of dividend.
The higher volume of loan finance raised our annual interest expense on subordinate loans to DKK 50.6m from DKK 43.75m. Our earnings in 2005 covered the total interest expense 43 times.

Capital resources

On 5 July 2005, TrygVesta replaced the existing short-term debt of DKK 600m by a five-year DKK 2,000m revolving credit facility. At 31 December 2005, we had utilised DKK 715m of this facility.

Including subordinate loan capital and the amount drawn under the credit facility, debt finance accounted for 18.1% of our capital base, rising to 27.4% on full utilisation of the credit facility.
The credit facility provides flexibility in planning the Group's capitalisation, but we do not anticipate increasing the utilisation rate of the facility significantly in the short term.

OUR CUSTOMERS

Insurance customers in the Nordic region are becoming increasingly focused on quality and reliability in the provision of services.

At TrygVesta, we fundamentally believe that our customers' requirements are best covered when we provide solutions rather than mere financial compensation in case they report a claim.

As a consequense we work with concepts where we pro-actively provide peace of mind to customers, private as well as corporate. Examples include when customers needs a garage to repair damage to their car, when their house or flat has been damaged by water or otherwise, when customers need help to return to the labour market after an accident, or when large or small businesses need help to maintain or restore production after a large claim.

TrygVesta aims to enhance customer loyalty on an ongoing basis. We can achieve this only by constantly spotlighting customer satisfaction. As part of our active customer policy, we contact all private customers every year when we send out policy renewals and policy overviews. We also send all our concept customers at least one positive message each year.

We carry out regular customer surveys in all markets. We also carry out surveys if many customers have required TrygVesta's expertise due to particular events.

We made such a survey after the hurricane in 1999 in Denmark, and the results of the survey caused us to implement major changes to our IT systems and business procedures. We were therefore able to handle the severe storm in Denmark in 2005 quickly and efficiently. Likewise, we performed a survey among affected customers after all the work involved in handling the consequences of the fireworks explosion at Seest, Denmark in 2004.

This special survey showed that TrygVesta's staff handled the huge task very satisfactorily. It also showed that almost nine out of ten customers would recommend TrygVesta to their family and friends based on this performance. This is a very strong signal of loyalty and satisfaction.

Other customer surveys in the year also produced many positive responses.

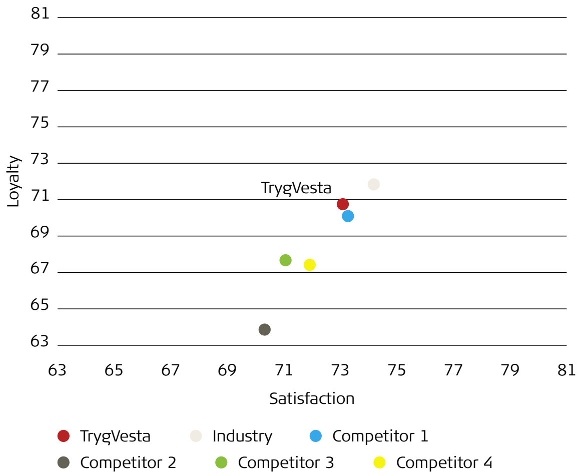
In Norway, TrygVesta advanced to rank second among the three companies we usually consider our peers in the Norwegian market, and which hold an aggregate 82% market share. We believe that our new customer concept Vesta Trygghetsavtale, which involves that we take responsibility for meeting customers' overall insurance requirements, contributed strongly to the improvement.

TrygVesta ranks first among the big players in Denmark, and we recorded progress in both customer loyalty and satisfaction. Continuous claims handling improvements and our focus on the ongoing contact to our customers also when they do not have a claim or need to renew their policies helped us retain the very high rating.

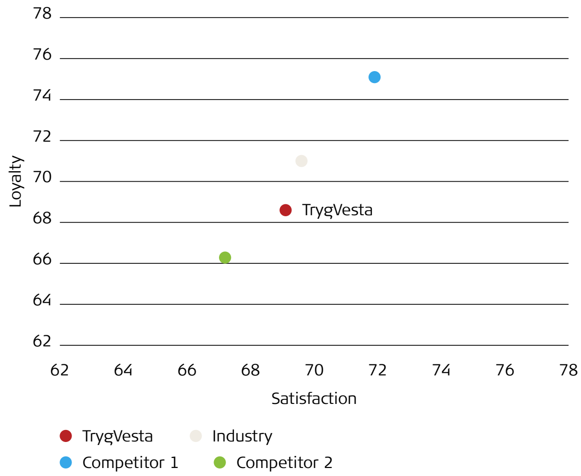
TrygVesta in Finland has some of the most loyal and satisfied customers, and we rank first or second in all categories.

Customer expectations to TrygVesta in Finland are the highest in the market at 76.3%. Number two on the list was at 73.6%. We succeeded in meeting the very high customer expectations as reflected, among other things, by customers rating TrygVesta best on price-quality relationship. We are rated 76.5% against 73.3% for our closest competitor.

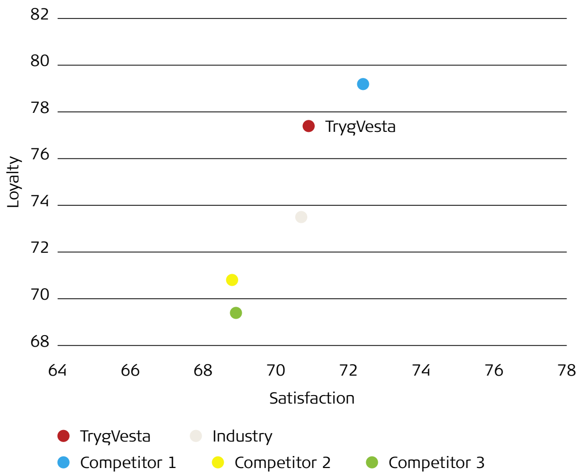
CUSTUMER RATING DENMARK 2005
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1)]



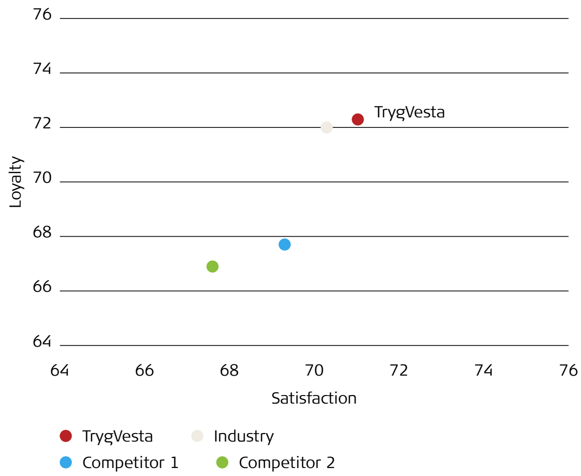
CUSTOMER RATING, NORWAY 2005
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1)]



CUSTOMER RATING, FINLAND 2005
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1)]



CUSTOMER RATING, NORDIC COUNTRIES 2005
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1) 2)]



[1)] Satisfaction and loyalty is measured on a scale from 0-100
Line of business = average for all companies surveyed
Source: EPSI Rating (EPSI is an independent non-profit organisation for measuring customer satisfaction in the Nordic countries)

[2)] The benchmarks in the Nordic comparison are simple averages of official EPSI country results for companies with a presence in more than one Nordic market

This is a performance achieved by a new small, but highly dedicated organisation.

Only three companies have a presence in more than one market in the Nordic region. Our advance in Norway, our top ranking in Denmark and the efforts in Finland place TrygVesta as the undisputed Number One in the Nordic market.

In our letter to Danish concept customers this year we offered customers a say in the further development of our concepts by assessing the individual concept elements. We were very pleased to see that 19.3% of our Danish concept customers responded.

Customers and companies make increasing use of the Internet to communicate with each other, and we measure these trends in all markets.

In 2005, our websites in Denmark and Norway (tryg.dk and vesta.no) had 2.1m visitors who viewed 13.4m pages. Our Danish website had 1.5m visitors accounting for 10.4m page views, and our Norwegian website had 560,000 visitors and 3m page views.

The corresponding figures for 2004 were 1.5m visitors viewing a total of 9.8m pages.

In Finland, Nordea's TrygVesta pages had 132,127 hits in 2005 against 71,823 hits in 2004.

OUR PROCESSES

We are committed to enhancing processes on an on-going basis. We do this by systematically sharing know-ledge and implementing new technology. The develop-ment of our overall processes and support processes builds on self-service and straight-through processing.

Our strategy of leveraging shared Nordic synergies has proved viable and efficient. By continuing to integrate IT systems across national borders we become more ef-ficient and better able to cooperate across the organi-sation. It also provides economies of scale and compe-tence building in our IT development.

Our general efforts to reduce expense levels in staff functions and enhance processes in the individual business areas were key to improving the Group's per-formance both in 2004 and in 2005, and we intend to continue these efforts in 2006.

We introduced a new process for handling motor claims in Denmark in 2005 based on straight through process-ing and claims handling automation. As a result, most loss adjustments can be handled in a single routine.

In 2005, we extended our cooperation with suppliers in claims situations with respect to Tryg Reparation for cars and Tryg Bygning, under which we cooperate with plumbers and carpenters to have damage reported by our customers repaired fast, professionally and correctly. Such arrangements will be extended on an ongoing basis, helping us improve claims handling in relation to custo-mers and reducing claims expenses for TrygVesta. Also in Norway this cooperation has been further deve-loped both regarding the building and the motor insu-rance area.

Vesta.no was completely revamped in 2005 reusing Tryg.dk technology and the website ideas were devel-oped further in both countries. Both websites had a record number of hits in December 2005 when 123,710 visitors viewed 646,222 pages on vesta.no and 296,240 visitors to tryg.dk viewed 1,756,000 pages. An increas-ing number of visitors sign up to receive communica-tions online.

We set up customer teams comprising representatives from the sales, underwriting, engineering and claims departments when quoting for new policies or renew-als and servicing existing corporate customer policies. This procedure allows Corporate to get a good idea of the customer's risk profile and other relevant matters, while also giving the customer a better understanding of TrygVesta's assessments and price.

The Danish part of our business implemented the Nor-wegian call centre system in 2005, which enabled us to offer faster service to customers and to improve our quality assurance follow-up.

TrygVesta's partnership with Nordea to sell general insurance products through the bank's branches contributed to our strong market position. A total of 117,627 policies were sold through Nordea's branches in Denmark, Norway and Finland in 2005.

We implemented a new, shared Nordic financial man-agement system, SAP, in TrygVesta on 1 January 2005 which enables us to have shared Nordic processes. This improves the monthly reporting and allows for better current cost management. We intend to use SAP in the future to support further Nordic integration.

Beginning in 2006, our franchisees in the Norwegian market will have new technical potential for selling products to small and medium-sized businesses. We expect these initiatives to strengthen sales in this area significantly.

OUR EMPLOYEES AND VALUES

It is up to our employees to handle the day-to-day provision of products and services that offer peace of mind to our customers. We therefore depend on our ability to continue to attract and retain the best employees by being an attractive workplace offering employees freedom to act, thrive and develop.

It is important to us that all our employees see their own efforts relative to an overall target, and we use an employee bonus programme as a natural tool in this connection.

We want our everyday work in TrygVesta to reflect the corporate values we have worked with over the past two years.

We provide peace of mind because:
- *We show people respect, openness and trust*
- *We show initiative, share knowledge and take responsibility*
- *We provide solutions characterised by quality and simplicity*
- *We create sustainable results*

In 2005, we arranged for managers and employees to meet to make a joint effort to ensure that our corporate values are understood, followed and embedded in our everyday work.

We began by having all managers with employees reporting to them attend courses on understanding the values as a tool in everyday work, using both in-house and external instructors to ensure that TrygVesta managers have a uniform understanding of the work with our corporate values.

We used theme packages covering individual aspects of the values to involve our employees in the work, for instance by asking them to find good examples of how the values are applied in their everyday work.

We intend to continue this work in 2006 to make sure that our corporate values are communicated throughout the organisation. As a result of the intensive work with the theme packages we have deferred our 2005 employee survey to 2006.

Employee bonus benchmarks were combined ratio and growth in 2005, and our performance triggered a bonus of DKK 4,000 to each employee. In addition, the Supervisory Board has decided to distribute employee shares worth DKK 6,000 to all employees to further strengthen links between the employees and the company. For tax reasons, our Norwegian and Finnish staff may receive the corresponding amount in cash.

The substantial profit increase we have seen in the entire TrygVesta Group over the past few years is very much attributable to the dedicated efforts of managers at many levels in our organisation. The results of the work to enhance our management development programmes in 2005 will be implemented in 2006. The Supervisory Board has launched an option scheme for management and senior management employees as an extension of the existing incentive scheme, which is described in the section Corporate governance.

We live in a world with an accelerating pace of change and under growing pressure to perform, the effect of which lowers our basic stress thresholds. At TrygVesta, a steadily developing business characterised by growth and ambitious employees, we are aware that stress may become a factor in the workplace, adversely affecting employee well-being, job satisfaction and the quality of the products and services we provide. We intend to focus on workplace stress in 2006.

OUR INVESTORS

Openness, transparency and a fundamental understanding of investor information requirements are key to creating and maintaining good relations to investors. Our Investor Relations policy is designed to ensure that the valuation of our shares is based on open and direct communications with all stakeholders.

We maintain a high level of information to analysts and investors by

- *Being proactive in our dealings with investors and analysts*
- *Being available for questions and*
- *Engaging in a close dialogue on potentials and challenges*

We make information that may influence the pricing of our shares available to all stakeholders through the Copenhagen Stock Exchange with a view to global distribution.

TrygVesta primarily wishes to attract investors who take a long-term view as well as investors with a medium-term investment horizon.

Assuming sufficient distributable reserves are available at the relevant time, we intend to target a pay-out ratio of not less than 50%.

Information sources

The primary sources of information to investors and analysts are our half-year and quarterly interim reports and stock exchange announcements. Following all releases of interim reports, management is available to analysts, major institutional investors and private investors by way of roadshows, webcasts, telephone conferences and investor meetings to provide as broad a presence as possible. All stock market information is issued in a Danish and an English version.
All investors may ask questions and submit proposals at our general meetings.

Our Investor Relations department is available for queries on an ongoing basis although we refrain from commenting on the Group's general financial position during a period of three weeks prior to announcement of our interim results.

Dividend

The proposed dividend for the year is DKK 21 per share, totalling DKK 1,428m, and equalling a payout ratio of 68% of the profit for the year after tax. The dividend corresponds to an annual dividend yield of 6.6% relative to the price at 31 December 2005 of DKK 319.2 per share.

FINANCIAL CALENDAR

30 March	Annual General Meeting 2006
10 May	Financial results for the three months ending 31 March 2006
16 August	Financial results for the six months ending 30 June 2006
8 November	Financial results for the nine months ending 30 September 2006

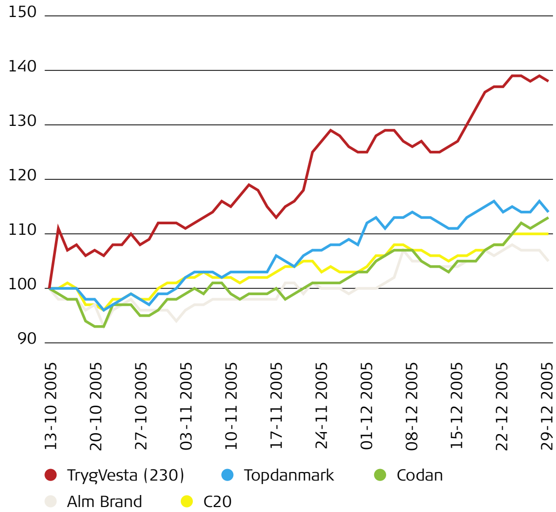
TRYGVESTA SHARES

TrygVesta was listed on the Copenhagen Stock Exchange in the autumn of 2005. The first day of trading in the shares was 14 October 2005. On 19 December 2005, the TrygVesta share became a component of the OMXC20 index comprising the 20 most traded shares on the Copenhagen Stock Exchange. The share closed the year at DKK 319.2, equal to a market capitalisation for the Group of DKK 21.7bn and marking a price increase of 39% since the listing where the share was quoted at a price of DKK 230.

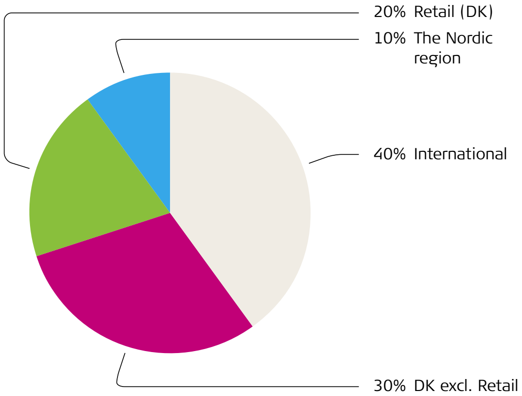
Turnover of TrygVesta shares totalled DKK 2.9bn on the first two days of trading with a subsequent average daily turnover of DKK 117m. This makes TrygVesta the second most traded financial share on the Copenhagen Stock Exchange.

TrygVesta has one class of shares, and all shares rank pari passu. Tryg i Danmark smba holds 60% of the shares in TrygVesta and is the only shareholder with a holding of more than 5%. There was heavy demand for the offer shares. Danish retail investors oversubscribed their allotment four times, while institutional investors' allotment was 16 times oversubscribed. The pie chart illustrates the share allocation.

PRICE DEVELOPMENT IN 2005 AFTER TRYGVESTA'S IPO



DISTRIBUTION OF SHAREHOLDERS ON ALLOTMENT 13 OCTOBER 2005



FOCUS AREAS AND FINANCIAL FORECAST FOR 2006

TrygVesta's focus areas for 2006 will be
- To retain our focus on existing customers
- To promote sales through Nordea in Denmark, Norway, Finland and Sweden
- To streamline our distribution platform in Norway
- To achieve additional synergies by extending our Nordic platform
- To utilise our purchasing power better in claims procurement

These focus areas will be supported by current and new initiatives, and as in 2005, our efforts will be backed by applying balanced scorecards for all departments, evaluating their activities in terms of the four measuring points.

The financial forecast for TrygVesta for 2006 is composed of the main areas insurance activities, investment activities and tax. The basis for determining the assumptions for each of these areas will be discussed briefly below.

Assumptions for insurance activities

The forecast for the technical result for 2006 is based on assumptions with respect to gross premiums written, gross claims incurred, gross expenses, result of business ceded and technical interest.

Expectations regarding the gross earned premiums are based on the portfolio at 31 December 2005 and assumptions with respect to sales and loss of policies and price adjustments of policies in force. Assumptions for sales and loss of policies are based on historical levels, planned initiatives and the market situation. Assumptions for price adjustments are primarily based on agreements relating to individual insurance policies. The forecast is expressed in Danish kroner and assumes an exchange rate equivalent to the rate prevailing at 31 December 2005.

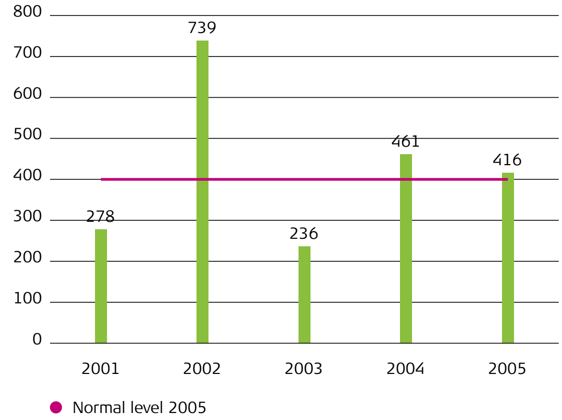
Expectations regarding claims are generally based on assumptions for the various products in the individual business areas and companies. We base our expectations regarding claims ratios on historical performance in the form of average claims ratios for the past five years, with recent years' trends generally being weighted stronger than those of prior years. Trends in claims frequencies and, in particular, the average claims ratio for motor and building, which was significantly lower in 2005 as compared with expectations for a normal year, are major factors that may affect the overall performance.

Assumptions for storm and large losses are generally based on historical experience for not less than ten years. In addition, we incorporate the effect of

FINANCIAL FORECASTS

TrygVesta is committed to providing the market with precise profit guidance. Within the Group, we therefore attach great importance to using our very extensive records of previous performance which, together with TrygVesta's size in our core markets, are very important when making performance forecasts. In addition, TrygVesta emphasises the importance of having a clear correlation between initiatives and the financial impact in all planning activities.

LARGE LOSSES EXCEEDING DKK 10M



profitability initiatives and the effect of any legislative measures in the anticipated claims level.

The forecast generally assumes no run-off gains or losses in 2006 on the provisions for claims established in the 2005 financial statements. This should be seen in the context of gross run-off gains totalling DKK 263m in 2005.

The forecast for gross expenses reflects the projected number of employees during 2006 and the related costs. The projected number of employees incorporates the effect of measures launched to improve efficiency. The forecast further includes other costs such as IT operating expenses and headquarter expenses, which are predominantly based on agreements that are known to us.

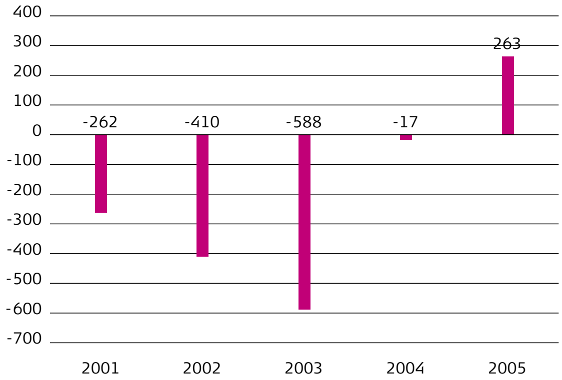
The result of business ceded is based on contracts made with reinsurers to cover claims and events such as storm and large losses. The expected result of business ceded is calculated on the basis of such contracts and TrygVesta's historical data.

Technical interest is based on interest rate assumptions at 31 December 2005.

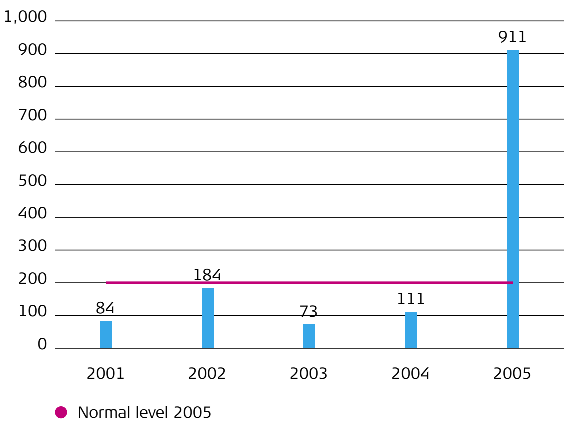
Assumptions for investment activities

Return on investment activities for 2006 is based on the following assumptions with respect to investment assets: Bonds are expected to account for around 81% of total investment assets and to yield a return of 2.6%. Shares are expected to account for around 13% of assets and to yield a return of 7.1%, while real property is expected to account for 6% and yield a return of 6.5%. This should be viewed against corresponding returns of 2.7%, 22.3% and 9.4% generated on bonds, shares and property, respectively, in 2005.

RUN-OFF GAINS AND LOSSES, GROSS



STORM AND WEATHER



DKKm	Actual 2005	Forecast 2006	Favourable scenario	Negative scenario
Premium growth	2,8%	4%		
Technical result	2,053	1,800	2,100	1,500
Investment result	988	400		
Profit before tax	2,913	2,200		
Profit after tax	2,097	1,650	1,875	1,425
Combined ratio	89.0	91	89	93

Divided per share	Result after tax DKKm	Divided percentage 50	60	70	80
Favourable	1,875	14	17	19	22
Forecast	1,650	12	15	17	19
Negative	1,425	10	13	15	17

Assumptions for tax

The tax rate is 28% in both Denmark and Norway. The effective tax rate is primarily attributable to gains or losses on shares which are tax-exempt or non-deductible. We assume an effective tax rate of 25% for 2006 based on the above assumptions for the return on shares.

Outlook for 2006

We base our outlook for 2006 on the above description of main elements included in the financial results. TrygVesta expects to report strong financial results also for 2006, with a projected low combined ratio and a return on equity of just over 25% before tax and around 19% after tax based on the dividend policy described in the annual report. The Group forecasts a profit on ordinary activities before tax of DKK 2,200m for the full year 2006 compared with the full-year profit for 2005 of DKK 2,913m.

Premiums are expected to increase by some 4%, assuming competitive conditions remain stable. We aim to retain our strategy of generating profitable growth.

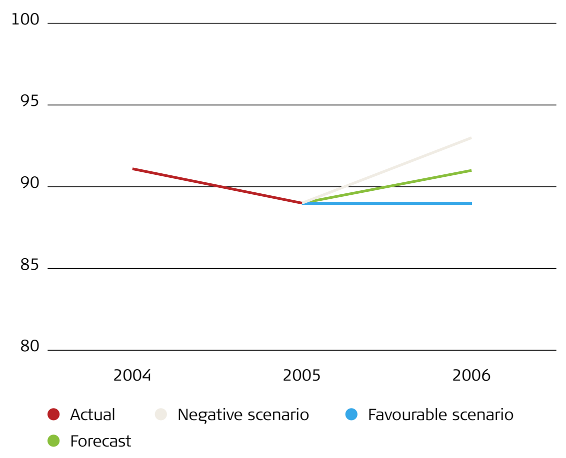
TrygVesta estimates that the combined ratio for 2006 will be at the level of 89-93 with an expectation of 91 compared with the 89.0 achieved for 2005.

TrygVesta expects to reduce its expense ratio relative to the expense ratio of 16.9 achieved in 2005. These expectations include the investment made in Sweden to start up bancassurance and the continued expansion of the investment made in the Finnish market. Excluding the investment in Sweden, the expected expense ratio for 2006 would be 0.2-0.3 percentage points lower.

Outlook for the medium term

Expectations for the combined ratio in the medium term are at the level of 91-93, corresponding to a return on equity after tax of 18-20%.

COMBINED RATIO FORECASTS 2006



DISCLAIMER

The information on TrygVesta contained in this annual report is based exclusively on the information available when the annual report was prepared. It should be emphasised that the forward-looking statements provided in this annual report are subject to uncertainty. Accordingly, there can be no assurance that the targets for the future will be achieved.

A number of different factors may therefore cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

We recommend investors to carefully consider TrygVesta in the context of their own circumstances.

CORPORATE GOVERNANCE

As early as in 2004, TrygVesta's Supervisory Board decided to generally comply with the recommendations published by the Copenhagen Stock Exchange Committee on Corporate Governance in December 2003.

The Committee's recommendations include the following eight main areas

1. The role of the shareholders and their interaction with the management of the company
2. The role of the stakeholders and their importance to the company
3. Openness and transparency
4. The tasks and responsibilities of the Supervisory Board
5. The composition of the Supervisory Board
6. Remuneration to the members of the Supervisory Board and the Executive Management
7. Risk management
8. Audit

The Supervisory Board of Tryg i Danmark smba, the company's former owner, and the present Supervisory Board of TrygVesta A/S have generally agreed with the Committee's corporate governance recommendations.

The Supervisory Board has the following comments on each of the main areas:

1. The role of the shareholders and their interaction with the management of the company

Please see the description of the company's Investor Relations policy in the section Our investors.

TrygVesta's articles of association do not contain provisions on differentiated voting rights or other special rules.

2. The role of the stakeholders and their importance to the company

Our stakeholders' interests are strongly reflected in TrygVesta's corporate values, strategic basis and work on the company's balanced scorecard. Please see the section Strategy and goals. TrygVesta has a competition compliance policy. See also the sections Our customers and Our employees and values.

3. Openness and transparency

TrygVesta A/S has adopted IFRS standards in its financial reporting beginning in the 2005 financial year. See also the section Our investors.

4. The tasks and responsibilities of the Supervisory Board

The Supervisory Board is responsible for the overall management and financial and managerial control of TrygVesta A/S. To perform this task, the Supervisory Board applies target and framework management based, among other things, on regular and systematic discussions of the company's strategy and policies for the relevant main areas with subsequent follow-up.

5. The composition of the Supervisory Board

The Supervisory Board will comprise 12 members after the Annual General Meeting, including four representatives elected by the shareholders, who shall be recommended by and among the members of the Supervisory Board of Tryg i Danmark, four representatives elected by the shareholders, who shall be non-affiliated with Tryg i Danmark smba and the management of TrygVesta A/S, and four employee representatives, who according to agreement between the Danish and Norwegian employee associations will include two representatives of the Danish employees and two representatives of the Norwegian employees. The chairman of the Supervisory Board of Tryg i Danmark smba is chairman of the Supervisory Board of TrygVesta A/S. The Supervisory Board carries out an annual self-assessment of the work of the Supervisory Board and the Executive Management and an evaluation of the work and the efficiency of the cooperation between the Supervisory Board and the Executive Management.

6. Remuneration to the members of the Supevisory Board and the Group Executive Management

The members of TrygVesta's Supervisory Board receive a fixed annual remuneration of DKK 200,000 with the deputy chairman and the chairman receiving 75% and 150% more, respectively, than the other members. Members of the audit committee will receive a special remuneration to be determined.

TrygVesta's Group Executive Management comprises five members. The remuneration paid to the Executive Management reflects a wish to secure a good and stable performance for the company in the short term as well as in the longer term. The remuneration includes a large element of performance-related bonus and incentives to focus on share price performance.

TrygVesta pays a contribution of 25% of the fixed salary into a pension scheme. The bonus, which depends on the company's financial results within the four perspectives of the balanced scorecard, is up to three months' additional salary. In addition, the members of the Group Executive Management have company cars.

Christine Bosse	Fixed salary DKK 4.5m
Morten Hübbe	Fixed salary DKK 2.7m
Peter Falkenham	Fixed salary DKK 2.4m
Erik Gjellestad	Fixed salary DKK 2.3m
Stig Ellkier-Pedersen	Fixed salary DKK 2.3m

Members of the Group Executive Management are entitled to 12 months' notice of termination and to 12 months' severance pay. However, the Group CEO is entitled to 12 months' notice of termination and to 18 months' severance pay plus pension contributions.

Stock options

The Supervisory Board has resolved to offer an annual grant of stock options to members of the Executive Management and certain senior management employees. In 2006, the grant comprises up to 179,500 stock options, including around 48,500 stock options to members of the Executive Management and around 131,000 stock options to some 53 senior management employees. Options granted in 2006 entitle the holder to acquire shares at the average price of TrygVesta shares ("all trades") on the Copenhagen Stock Exchange on 27 February 2006. The options will be granted on 28 February 2006.

Members of the Executive Management will be granted options as follows:

20960 options to Christine Bosse
7860 options to Morten Hübbe
6550 options to Erik Gjellestad
6550 options to Peter Falkenham
6550 options to Stig Ellkier-Pedersen

Each option entitles the holder to acquire one share at the exercise price. Options cannot be exercised earlier than three years after the date of grant and not later than five years after the date of grant.

The Supervisory Board of TrygVesta has furthermore resolved to offer up to 26,200 stock options to employees to reward outstanding performance. The grant will be made during the year, and the stock options will be subject to terms identical to those described above.

Based on the average price (all trades) on 15 February 2006, the total option value for 2006 is approximately DKK 7.9m, with DKK 1.9m being attributable to members of the Executive Management, approximately DKK 5m being attributable to senior management employees, and DKK 1m being attributable to employees for outstanding performance. The value has been calculated based on the Black & Scholes formula.

After 2007, stock options will be granted in connection with announcement of the annual result.

Shares at a discount to the market price
Beginning in 2007 after announcement of the 2006 annual results, members of the Executive Management and senior management employees will be offered to use part of any bonus payment up to three months' salary to acquire shares at a discount to the market price. Shares at a discount to the market price will be offered at par value.

7. Risk management
We are an insurance group subject to public supervision and continuous monitoring, and TrygVesta's risk management is organised professionally and monitored in all relevant aspects by the Executive Management and the Supervisory Board. Risk related to investment, reinsurance, underwriting and acceptance policies, IT security, IT resources and our own insurance matters is managed through policies defined by the Executive Management and approved by the Supervisory Board. Risk is measured and managed centrally at Group level for all the Group's companies. See also se the section Risk management.

8. Audit
TrygVesta A/S is subject to the rules of the Danish Financial Supervisory Authority governing financial business. We therefore also have an internal audit department. The Supervisory Board regularly receives and considers audit reports from our appointed auditors and internal auditors. The Supervisory Board of our former sole owner, Tryg i Danmark smba, intends to propose to the annual general meeting of TrygVesta A/S that an audit committee be established comprising members elected by and among our future Supervisory Board to be elected by the shareholders. The Supervisory Board of Tryg i Danmark smba recommends that the chairman of the audit committee be elected among the non-affiliated members of the Supervisory Board of Tryg i Danmark smba.

RISK MANAGEMENT

Risk management is a fundamental part of TrygVesta's business philosophy. When a customer takes out a policy with us or investors buy our shares, it is because they are confident that TrygVesta has risk management procedures in place that ensure we are able to meet our obligations with respect to paying claims for insurance events and to creating value for our owners. Structured and competent risk management is fundamental to this confidence.

Our risk management structure is based on a number of policies that are reviewed and approved annually by our Supervisory Board.

Part of our financial risk relates to the relationship between our liabilities, primarily insurance liabilities and the assets available to cover these liabilities. Management of interest rate risk and other risks impacting both assets and liabilities is also referred to as

FINANCIAL RISK

Insurance risk
The risk relating to pricing insurance products and the run-off of technical provisions.

Market risk
The risk that volatility of financial markets impacts TrygVesta's results.

Credit risk
The risk that a counterparty fails to live up to financial obligations towards TrygVesta.

STRATEGIC RISK

The risk that the conditions under which TrygVesta operates change.

OPERATIONAL RISK

The risk of errors or failures in internal procedures, systems and processes, and other risks that are not covered by the financial and strategic risks.

TrygVesta divides risk into the above general types for risk management purposes.

asset/liability management or ALM. We have for some years worked on developing a financial ALM model to assess the impact of fluctuations in specific factors and describe the consequences. The ALM model is an important tool in managing financial risk in TrygVesta. It ensures that key calculations are made on a consistent basis. We also use ALM in preparing for the new EU solvency requirements (Solvency 2) which are expected to be implemented during the next five years.

Insurance risk
Insurance risk is the risk relating to the insurance operations. It is the most important risk TrygVesta is exposed to.

Insurance risk is assessed in connection with underwriting, generally using tariffs based on statistical risk type analyses. As part of the Nordic integration, TrygVesta has placed the responsibility for making tariff analysis with a pan-Nordic analysis function. This work focuses on enabling the Group to assess risk on a consistent and transparent basis by using uniform methods and tools in Denmark and Norway.

When the period of cover of the policies has expired, insurance risk relates to the provisions for claims made to cover future payments on claims already incurred. The size of the provisions is determined both through individual assessments of each claim and actuarial calculations. TrygVesta has a pan-Nordic actuarial function to handle such actuarial calculations and ensure that all assessments comply with our provisioning policy and apply uniform principles. When possible, we also implement the same models and methods for calculating provisions in Denmark and Norway. In order to ensure coordination between the actuarial function and the claims handling departments, TrygVesta has established a Claims Provisioning Committee, consisting of representatives from both the claims handling and the actuarial function to allow early recognition of any change in circumstances.

Reinsurance
To the widest extent possible, TrygVesta's reinsurance programme consists of joint reinsurance treaties covering all of the subsidiaries of the Group, and the treaties are assessed and analysed on a Group-wide basis. TrygVesta's structured approach to reinsurance is supported by the ALM model, which we use for assessing the impact of different reinsurance alternatives.

The framework for TrygVesta's use of reinsurance is defined in our reinsurance and credit management policy, which is subject to annual reviews and approval by the Supervisory Board. Our credit management policy defines credit rating requirements that reinsurers must meet prior to entering into a reinsurance contract with TrygVesta (see Credit risk on page 53).

Catastrophes and natural disasters
TrygVesta's main exposure to catastrophes is the risk of natural disasters and, to a lesser extent, large fires and terrorist-related events.

In order to protect against natural disaster risks, TrygVesta maintains cover of up to DKK 4.5bn for 2006 (DKK 3.5bn in 2005) with retentions of DKK 100m in Denmark and NOK 100m (NOK 70m in 2005) in Norway. We determine the level of cover based on the risk exposure of our portfolio, using market-based simulation models. These models suggest that a loss in excess of DKK 4.5bn occurs less often than once every 250 years. We determined to raise the level of reinsurance protection as the simulation models indicated our previous cover corresponded to a loss occurring less often than once every 100 years. Our exposure to natural disasters in Norway is furthermore limited through our participation in the Norwegian Pool of Natural Perils.

TrygVesta's catastrophe reinsurance programme also covers other catastrophe events, including terrorist-related events, up to DKK 1.75bn, with terrorist events

CATASTROPHE REINSURANCE

In case of a disaster, such as a storm, our catastrophe reinsurance provides for TrygVesta to pay the first DKK 100m, and for our reinsurers in 2006 to cover amounts in excess thereof up to a maximum loss of DKK 4.5bn. It is common for reinsurance contracts to state that cover has to be reinstated after an event for which the cover has come into force. It is agreed beforehand whether the direct insurer (the ceding company) can renew the cover, the number of times the cover can be renewed, and the price. If the insurer reinstates the existing cover, the total cost of a storm is the sum of the retention and the reinstatement premium. Windstorm Erwin hit Denmark and, to a lesser extent, Norway on 8 January 2005. As at 31 December 2005 we expected to receive a total of DKK 830m in claims relating to this storm.

being covered for buildings, building contents and consequential loss for risks with a total insured value of up to DKK 370m. TrygVesta has bought catastrophe reinsurance up to DKK 1.5bn for our personal accident and workers' compensation policies with a retention of DKK 50m, covering the risk of several injuries from the same cause, including terror.

Other reinsurance

In addition to reinsuring catastrophe events, we also buy protection for certain lines where experience has shown that claims vary considerably.

Our corporate portfolio includes a number of very large property risks in both Denmark and Norway. We have bought reinsurance in the Danish and Norwegian markets for these policies with a retention on a single claim of DKK/NOK 50m and with cover up to a maximum of DKK/NOK 900m. For property risks exceeding the upper level, we buy facultative reinsurance. Other lines covered by reinsurance include liability and motor, marine, fish farms and bond insurance.

Market risk

Market risk is the risk that volatility in the financial markets and/or macroeconomic factors will impact our results of operations and financial position. We divide market risk into five subcategories: interest rate risk, equity risk, real property risk, currency risk and credit risk.

Our main exposure to market risk relates to our investments in financial asset. TrygVesta's provisions for claims are, however, also exposed to interest rate risk due to discounting. TrygVesta has adopted full discounting of all material provisions for claims beginning in 2005. The reason for this decision was partly that the Danish Financial Supervisory Authority requires general insurance companies as from 2005 to discount provisions if such discounting is material, and partly that the implementation of IFRS stage 2 is expected to make discounting of all provisions mandatory.

Our overall investment activities are managed by Group Investments under the supervision of the Investment Committee, which is chaired by the Group CEO. The basic framework of TrygVesta's investment risk management is laid down in our investment policies, which are approved each year by the Supervisory Board. When reviewing the investment policies, we use the ALM model to simulate the risk and return characteristics of alternative investment strategies. An investment policy may be revised during the period between the annual reviews when changed market conditions or other circumstances so require.

Based on the investment policies, we define the appropriate asset mix, including limits on types of assets and the geographic distribution and risk profile of bonds, shares and real property for each of company of the TrygVesta Group. The asset mix and risk of our investments focus on security and liquidity.

INTEREST RATE RISK

The value of the discounted provisions for claims depends on their settlement profile, as is the case for bonds. Provisions that are paid out over a long period of time, such as personal injury claims, are more sensitive to interest rate changes than provisions that are paid out over shorter periods.

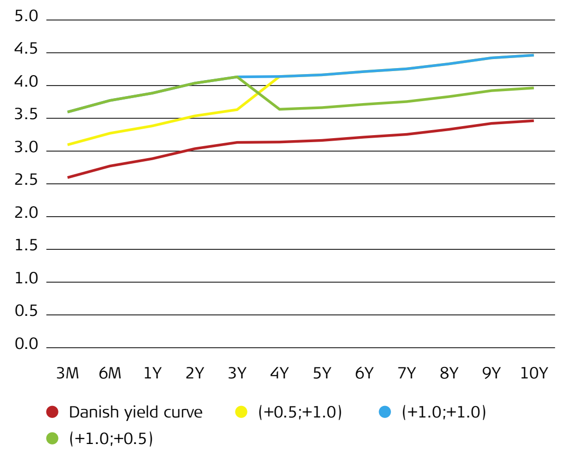
Interest rate risk is often measured based on duration, being the sensitivity to a 1% parallel shift of the yield curve, that is, a 1% rise or fall in interest rates for all maturities. However, changes in interest rates are rarely in the form of parallel shifts, and the impact of changes may vary. This is indicated by duration.

The figure to the left on the next page illustrates three different yield curves. The red curve is the yield curve used for discounting provisions for claims in Denmark. The blue curve indicates an upwards parallel shift of 1%. The yellow curve illustrates a situation where rates for durations in excess of three years rise 1% while short rates rise 0.5%. The green curve indicates a situation where rates for durations in excess of three years only rise 0.5%, while short rates rise 1%.

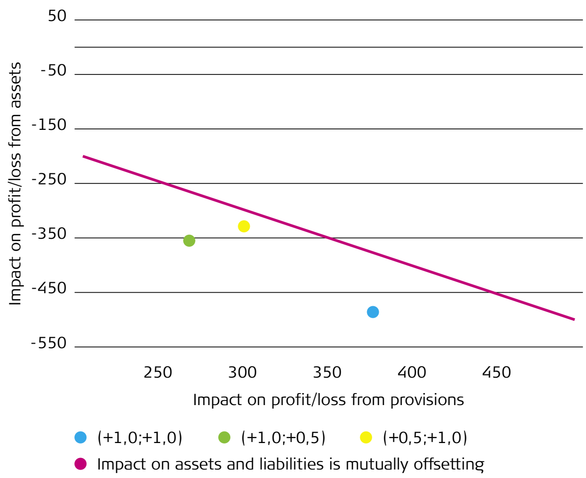
The figure to the right on the next page illustrates the impact on TrygVesta's fixed-rate securities and discounted provisions for claims[*)] in the two scenarios. The pink line shows situations where the interest rate changes result in a net impact of DKK 0. All three scenarios are below the pink line, indicating that the impact on assets is greater than the opposite impact on provisions for claims. The parallel shift scenario corresponds to a negative net impact on the result of DKK 109m, while the impact is smaller in the other scenarios. TrygVesta uses the ALM model on an ongoing basis to assess the impact which various changes in interest rates would have on profits.

[*)] The calculation of the impact on TrygVesta's liabilities excludes provisions for annuities in workers' compensation, the provision for pension obligations and Finland.

YIELD CURVE SCENARIOS



IMPACT ON SECURITY AND CLAIMS PROVISIONS



Interest rate risk

Before 1 January 2005, only investment assets were affected by fluctuations in interest rates. The discounting of provisions for claims from 2005 has substantially reduced the impact of interest rate fluctuations on financial performance. Fluctuations in interest rates now have two opposite effects on TrygVesta's financial results. A rising level of interest rates would have an adverse profit impact as it causes a drop in the value of TrygVesta's bond portfolio. At the same time, rising interest rates would result in a correspondingly high discount rate, which would increase TrygVesta's profit as it would trigger a fall in provisions for claims.

Most of TrygVesta's provisions for claims are discounted using an interest rate curve based on market rates except for provisions for annuities in Danish workers' compensation insurance, which are discounted using a fixed real rate of interest of 1% and therefore not directly affected by market fluctuations.

TrygVesta's portfolio of fixed-interest securities stood at DKK 29.3bn at 31 December 2005, while the provisions for claims discounted using a market rate amounted to DKK 19.6bn, net of reinsurance. The respective durations were 1.6 and 2.3 years. A parallel shift of interest rates of 1% would reduce the market value of our securities by DKK 485m, while the opposite impact on provisions would be DKK 376m, triggering a negative net impact of DKK 109m. Thus, an increase in interest rates would initially have a relatively modest effect on our results.

Where a change in interest rates triggered a change in the discount rate applied to the provisions for annuities, the effect would be to lift profit by around DKK 200m if the rate went up to 2%.

In addition to the provisions for claims, TrygVesta's provision for pension obligations in Norway is affected by changes in interest rates. However, such changes do not affect results as they are recognised in equity.

Other market risk

TrygVesta's equity and real property portfolios are exposed to changes in equity markets and real property markets, respectively. We manage such risk through investment limits for various asset classes.

We generally manage currency risk by matching a liability in a given currency with an asset in the same currency. We generally hedge exchange risk through forward currency contracts. In certain circumstances, we also use interest rate and equity derivatives to manage investment risk.

We are exposed to credit risk in connection with our insurance business and in our investment business.

We face credit risk in connection with reinsurance because we remain liable to the claimant if a reinsurer is unwilling or unable to fulfil its obligations, and we may therefore incur a loss. Our credit management policy requires a credit rating for reinsurers of at least BBB from Standard & Poor's as a condition for TrygVesta reinsuring business with such reinsurer.

The credit risk of our investments is connected to our investment in bonds. We manage this risk by maintaining a diversified bond portfolio generally with high credit ratings.

Effect on equity of market changes at 31 December 2005	DKKm
Interest rate market – increase in interest rates of 100 basic points	
Impact on fixed interest securities [1)]	-485
Higher discounting of provisions for claims [2)]	376
Impact on Norwegian pension obligation	172
Equity market	
Decrease of equity markets of 15%	-717
Impact arising from derivatives	0
Real property market	
Decrease of real property markets of 15%	-308
Currency market	
Decrease of exposed currencies versus Danish kroner of 15%	-990
Impact arising from derivatives	917

[1)] The impact is calculated on the basis of the option adjusted duration without correction for convexity.
[2)] Excluding impact on provisions in Finland and provisions for annuities for workers' compensation. The provisions for annuities are discounted using a fixed rate of 1%, which is only changed in case of anticipated long-term changes in interest rates. The provision would decrease by some DKK 200m if the discounting rate increased to 2%.

Operational risk

As operational risks are mainly internal, our management of these risks centres on establishing a satisfactory controlling environment in our operations. In practice, we organise this work through a structure of policies, procedures and guidelines that cover different aspects of our operations.

Strategic risk

We have a strategic planning process to manage the Group's strategic risk. The Supervisory Board defines the overall strategy in the middle of the year within the framework of our vision, and the Executive Management use this as the basis for further strategic work. We use the balanced scorecard as a tool in this work to ensure coherence in the strategy and the initiatives we implement. During the year, our strategy is managed in Executive Management meetings and meetings to follow up on the balanced scorecard performance by business areas and staff functions. We also continuously monitor the market to ensure that we have an up-to-date basis for our assessment of external conditions, be it our competitors' market initiatives, new legislation or other external factors that may impact TrygVesta.

ACCOUNTS 2005

STATEMENT BY THE SUPERVISORY BOARD AND THE EXECUTIVE MANAGEMENT

The Supervisory Board and the Executive Management have today considered and adopted the annual report for 2005 of TrygVesta A/S and the TrygVesta Group.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities, and financial position at 31 December 2005 and of the results of The Group's and the parent company's operations and the cash flow of the Group for the financial year ended 31 December 2005.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Ballerup, 28 February 2006

EXECUTIVE MANAGEMENT

Christine Bosse

Morten Hübbe

Erik Gjellestad

SUPERVISORY BOARD

Mikael Olufsen
Chairman

Mogens Jacobsen
Deputy Chairman

Per Skov
Deputy Chairman

Jørn Wendel Andersen

John Frederiksen

Jørn Hesselholt

Håkon J. Huseklepp
(Employee Representative)

Jens Lyngbo

Peter Wagner Mollerup
(Employee Representative)

Birthe Petersen
(Employee Representative)

N.E. Schultz-Petersen

INTERNAL AUDITORS' REPORT

We have audited the annual report of TrygVesta A/S for the financial year 2005. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Business Act. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

The annual report is the responsibility of the Company's Executive and Supervisory Boards. 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 auditing financial enterprises etc. and financial groups and in accordance with Danish and international auditing standards. Based on an evaluation of materiality and risk, we examined the business procedures, the accounting policies applied and the estimates made and verified the basis for the amounts and other disclosures in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's financial position at 31 December 2005 and of the results of its operations and cash flows for the financial year 2005 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

In addition, in our opinion, the annual report gives a true and fair view of the Parent's financial position at 31 December 2005 and of the results of its operations for the financial year 2005 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Emphasis of matter
As described in Accounting policies on page 73, the annual report contains proforma financial figures for the Group for the financial years 2001 and 2002. The TrygVesta Group was established on 28 June 2002 by way of a non-cash contribution from the Nordea AB Group's general insurance activities in TrygVesta A/S.

Therefore, the pro forma financial figures represent accounting figures for a period during which the Group did not exist as a legal entity. Reference is made to Management's description of the basis for determining these pro forma figures.

We agree with Management's comments on the pro forma figures, including the view that the figures make the financial statements more informative with respect to the technical operations.

Ballerup, 28 February 2006

Jens Galsgaard
Chief Internal Auditor

AUDITORS' REPORT

To the shareholders of TrygVesta A/S
We have audited the annual report of TrygVesta A/S for the financial year 2005. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Business Act. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

The annual report is the responsibility of the Company's Executive and Supervisory Boards. 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 and International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies applied and significant estimates made by the Executive and Supervisory Boards, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's financial position at 31 December 2005 and of the results of its operations and cash flows for the financial year 2005 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

In addition, in our opinion, the annual report gives a true and fair view of the Parent's financial position at 31 December 2005 and of the results of its operations for the financial year 2005 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Emphasis of matter
As described in Accounting policies on page 73, the annual report contains pro forma figures for the Group for the financial years 2001 and 2002. The TrygVesta Group was established on 28 June 2002 by way of a non-cash contribution from the Nordea AB Group's general insurance activities in TrygVesta A/S.

Therefore, the pro forma figures represent accounting figures for a period during which the Group did not exist as a legal entity. Reference is made to Management's description of the basis for determining these pro forma figures.

We agree with Management's comments on the pro forma figures, including the view that the figures make the financial statements more informative with respect to the technical operations.

Copenhagen, 28 February 2006

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

A) GENERAL INFORMATION

Accounting policies applied for the consolidated financial statements

These consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued and adopted by the EU as at 31 December 2005.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below in part D.

Parent company

The financial statements of the parent company are presented in accordance with the executive order issued by the Danish Financial Supervisory Authority on financial reports presented by insurance companies and profession-specific pension funds. The executive order has been prepared with a view to making the accounting rules as consistent with the international accounting standards as possible. The Copenhagen Stock Exchange has announced that, as a result of the above, listed financial enterprises are not required to comply with the existing Danish accounting standards issued by the Institute of State-Authorised Public Accountants in Denmark. Accordingly, the financial statements of the parent company have not been prepared in accordance with the Danish accounting standards

The accounting policies applied for the parent company are in accordance with the executive order issued by the Danish Financial Supervisory Authority on financial reports presented by insurance companies and profession-specific pension funds dated 13 December 2005 (the Danish FSA's executive order), which is largely identical to IFRS. The most significant deviations from the recognition and measurement requirements of IFRS are:

- Investments in subsidiaries and associates are valued according to the equity method, whereas under IFRS valuation is made at cost or fair value. Furthermore the requirements regarding presentation and disclosure are less comprehensive than under IFRS.

  The parent company's investments in subsidiaries and associates are recognised and measured under the equity method. The parent company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement. In the balance sheet, investments are measured at the pro rata share of the enterprises' equity.

  Subsidiaries and associates with a negative net asset value are measured at zero value. Any receivables from these enterprises are written down by the parent company's share of such negative net asset value where the receivables are deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

  Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under equity if the carrying amount exceeds cost.

- Unlike IAS 19, the Danish FSA's executive order does not allow for actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions to be taken to equity. Actuarial gains and losses will therefore be recognised in the parent company's income statement.

- The Danish FSA's executive order does not allow provisions for deferred tax of contingency reserves allocated from untaxed funds. Deferred tax and the opening equity of the parent company have been adjusted accordingly.

The executive order on application of international financial reporting standards for companies subject to the Danish Financial Business Act issued by the Danish Financial Supervisory Authority requires disclosure of differences between the format of the annual report under international financial reporting standards and the rules issued by the Danish Financial Supervisory Authority. The following is a reconciliation of differences in the profit for the year and shareholders' equity.

DKKm	2005	2004
Profit reconciliation		
Profit for the year ended 31 December - IFRS	2,097	1,421
Current-year effect of actuarial gains and losses on pension obligation after tax	-86	-80
Change in deferred tax relating to contingency funds	-2	0
Profit for the year ended 31 December - Danish FSA executive order	**2,009**	**1,341**
Equity reconciliation		
Shareholders' equity at 31 December - IFRS	8,215	6,802
Deferred tax provisions for contingency funds	29	29
Change in deferred tax relating to contingency funds	-2	0
Equity at 31 December - Danish FSA executive order	**8,242**	**6,831**

B) CHANGES IN ACCOUNTING POLICIES

As of 1 January 2005, the accounting policies were changed to comply with IFRS. All comparative figures for 2004 have been restated in compliance with IFRS 1.

In accordance with IFRS 1, IAS 32 and IAS 39 were implemented on 1 January 2005 without the inclusion of comparative figures for one year. The option selected about not implementing IAS 32 and IAS 39 in 2004 has no effect on the recognition and measurement of financial instruments in the income statement or balance sheet as Danish GAAP (the previous accounting policies) applied for investment assets and loans does not differ materially from the recognition and measurement requirements of IAS 39. In accordance with the provisions on early implementation of IFRS 1, the company does not comply with the requirements of IAS 32 and IAS 39 on the presentation of comparative figures for 2004.

IFRS 4 was implemented on 1 January 2004. As permitted under IFRS 4.42, the presentation requirements have not been implemented for comparative figures for 2004.

Effects of the changed accounting policies on the financial statements on adoption of IFRS

The combined impact of the changed accounting policies from applying IFRS is a DKK 14m improvement in the profit and a DKK 685m increase in shareholders' equity for 2004.

The effect of the changes below is described in note 27 Significant changes from transition to IFRS.

Recognition and measurement

The principal changes in recognition and measurement on adoption of IFRS are presented below. The effect on equity of changes in accounting policy is specified in the notes according to IFRS 1.

Equalisation provisions

IFRS prohibits recognition of equalisation provisions, and the existing equalisation provisions have therefore been eliminated. Equalisation provisions have so far represented amounts included to equalise future claims, net of reinsurance, in areas where experience has shown that claims vary. Earlier equalisation provisions in TrygVesta comprised

- The Norwegian Pool of Natural Perils in Norway
- Equalisation provisions in credit and guarantee insurance calculated in accordance with rules laid down by the Danish Financial Supervisory Authority's provisions on equalisation provisions
- Equalisation of storm and large losses, and
- The difference between provisions for annuities relating to compulsory workers' compensation in Denmark made up at discount rates of 2.00% and 2.75%, respectively

Equalisation provisions relating to the Pool of Natural Perils, credit and guarantee, and storm and large loss equalisation have been transferred to the Group's equity after deduction of deferred tax. The equalisation provision relating to workers' compensation has been transferred to provisions for claims according to the current best estimates of future cash flows of claims regarding workers' compensations.

Discounting of provisions for claims

Provisions for claims are discounted if such discounting is material. TrygVesta already applied discounting of provisions relating to compulsory workers' compensation insurance, but has decided to discount all provisions for claims, if material.

Discounting is based on a yield curve applied to the expected future payments from the provision. Discounting affects the motor liability, professional liability and personal accident classes, in particular.

Claims handling costs

Claims incurred include direct and indirect claims handling costs contrary to the previous practice, under which only the costs of claims assessors were included in this financial statement item.

Provisions for claims include a best estimate provision to cover direct and indirect claims handling costs in connection with run-off on the provisions for claims. Such costs were previously expensed as incurred. Provisions for claims handling costs are discounted if such discounting is material.

Pension liability

In Norway, we operate a defined benefit plan, in which an old age and disability pension is set as a percentage of an employee's final salary. This pension plan creates a constructive obligation to our Norwegian employees and current pensioners.

TrygVesta has applied IAS 19 retrospective from 1 January 2004 regarding the pension liability towards the Norwegian employees.

Actuarial gains and losses may be recognised in equity in full in the period in which they occur. Actuarial gains and losses are for example changes in the discount rate, increases in salaries, mortality and differences between the actual and the expected return on plan assets.

Under Danish GAAP (former accounting principles) the defined benefit pension plan in Norway was measured at an estimated market value using Norwegian assumptions relating to long-term economic developments.

Under IFRS the pension plan is treated as a defined benefit plan and assets and liabilities are measured based on an actuarial calculation of the value in use of future benefits payable under the plan which has been calculated in accordance with the economic market assumptions on the balance sheet date. The expected future return on plan assets reflects the asset mix held by Nordea Liv og Pension in Norway unlike previously when the assumptions were based on expected long-term economic developments.

Employee benefits

IFRS requires provisions to be established for short-term as well as long-term employee benefits. In addition to the pension liability referred to above, TrygVesta recognises anniversary awards and pension benefits. Such costs were previously expensed as incurred.

Dividends

Under IFRS, dividends will not be recognised as a liability until approved by the company's shareholders.

Deferred tax

In compliance with IAS 12, TrygVesta recognises deferred tax on contingency fund provisions in Norway and Denmark. Previously, no deferred tax was provided in respect of such provisions. According to Danish tax regulation, a tax liability will only crystallise on contingency fund provisions if the net insurance provisions are reduced below the booked net insurance provisions at 31 December 1994. Provisions for deferred tax and tax assets are recognised on an undiscounted basis.

Owner-occupied properties

In prior years, owner-occupied properties were measured at market value in accordance with the Danish FSA's executive order. Previously, increases and decreases in market value were taken through the income statement.

In accordance with IFRS, owner-occupied properties are stated at their revalued amounts, being the fair value at the revaluation date, and are depreciated over their estimated useful lives. Increases in the carrying amount arising on revaluation of owner-occupied properties are credited to the properties' revaluation reserve in equity.

The company no longer charges an estimated rent of own properties to insurance operation expenses. TrygVesta owns the headquarter property in Norway as well as a few headquarter properties in Denmark relating to the decentralised organisation.

Technical interest

According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The interest rate applied is based on the duration of the provisions for claims. Previously, technical interest was calculated applying an interest rate equal to the pre-tax yield to maturity on all bonds with a term to maturity of less than three years.

Technical interest is reduced by the portion of the increase in net provisions that relates to unwinding of discounting.

Changes in foreign currency exchange rates and market value adjustments

Changes in foreign currency exchange rates and market value adjustments, including changes in the discount rate applied are presented as value adjustments.

Previously changes in the discount rate applied were included as movements in provisions for claims.

Derivative financial instruments

Investments are recognised and derecognised on a trade date basis – the date on which the Group commits to purchase or sell the asset. Previously, investments were recognised on the settlement date, and the fair value of the unsettled commitment was recognised in the balance sheet.

C) CHANGES IN ACCOUNTING ESTIMATES

In 2005, we changed the accounting estimates for discounting workers' compensation in Norway. In 2004 we used a fixed interest of 3% and in 2005 we used a yield curve. The change results in a decrease of the discounted gross provisions of DKK 153m and DKK 87m net of reinsurance. In the income statement DKK 87m net of reinsurance has been taken as an income in Value adjustment.

In our Danish business, we have changed the accounting estimate for discounting regarding other provisions for claims for workers' compensation from an implicit discounting to the use of a yield curve. The change results in an increase of the discounted gross provisions of DKK 36m. In the income statement this amount has been expensed under Value adjustment.

The two above-mentioned changes in accounting estimates are due to an alignment of discounting approaches for the Group.

In the Danish business the discounting rate on annuities (workers' compensation) was reduced from 2% to 1% in 2005. The change is due to falling interest rates and results in an increase of the discounted gross provisions of DKK 165m. In the income statement this amount has been expensed under Value adjustment.

D) BASIS OF PRESENTATION

The annual report has been prepared under the historical cost convention, as modified by the revaluation of owner-occupied properties, where increases are credited to equity and revaluation of investment property, financial assets held for trading and financial assets and financial liabilities (including derivative instruments) at fair value through the income statement.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in a separate section of these financial statements.

All amounts in the notes are shown in millions of DKK, unless otherwise stated.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described below

Consolidation
The consolidated financial statements comprise the financial statements of TrygVesta A/S (the parent company) and enterprises (subsidiaries) controlled by the parent company. Control is achieved where the parent company directly or indirectly holds more than 50% of the voting rights or is otherwise able to exercise or actually exercises a controlling influence.

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

The financial statements of subsidiaries that present financial statements under other legislative rules are restated to the accounting policies applied by the Group.

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

Newly acquired or divested subsidiaries are consolidated at the results for the period subsequent to achieving or surrendering control, respectively.

Profit and loss in divested subsidiaries and profit and loss on discontinued activities are included under discontinued and divested business in the income statement.

Unrealised gains on transactions between the Group and its subsidiaries and associates are eliminated to the extent of the Group's interest in the companies. Unrealised losses are eliminated in the same way as unrealised gains unless impairment has occurred.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates of the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are classified as equity and transferred to the Group's translation reserve.

Translation differences are recognised as income or as expenses in the period in which the operation is disposed of. All other currrency translation of gains and losses are recognised in the income statement.

Under IFRS 1 TrygVesta has elected not to apply IFRS 3 retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRS).

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Main business segments in TrygVesta are the Personal & Commercial (Denmark) segment, the Personal & Commercial (Norway) segment, the Corporate segment and the General Insurance (Finland) segment.

The secondary business segment is geographical, i.e. business segments operating in a particular economic environment. In TrygVesta, these areas are Denmark, Norway and Finland.

Currency translation
The results of foreign subsidiaries are based on translation of the items in the income statement at average exchange rates for the period. Income and expenses in domestic enterprises 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 rates at the balance sheet date.

INCOME STATEMENT

Premiums

Earned premiums represent gross premiums earned during the year, net of outward reinsurance premiums and adjusted for changes in the provision for unearned premiums, corresponding to an accrual of premiums to the risk period of the policies, and in the reinsurers´ share of the provision for unearned premiums.

Premiums are recognised as earned premiums according to the exposure of risk over the period of coverage, computed separately for each insurance contract using the pro rata method, and adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

The portion of premiums received on contracts that relate to unexpired risks at the balance sheet date is reported under provisions for unearned premiums.

The portion of premiums paid to reinsurers that relates to unexpired risks at the balance sheet date is reported as the reinsurers' share of provisions for unearned premiums.

Technical interest

According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The calculated interest return for grouped classes of risks is calculated as the monthly average provision plus a co-weighted interest from the present yield curve for each individual group of risks. The interest is weighted according to the expected run-off pattern of the provisions.

Technical interest is reduced by the portion of the increase in net provisions that relates to unwinding.

Claims incurred

Claims incurred represent claims paid during the year adjusted for changes in provisions for claims less the reinsurers' share. In addition, the item includes run-off results regarding previous years. The portion of the increase in provisions which can be ascribed to unwinding is transferred to technical interest.

Claims are shown inclusive of direct and indirect claims handling costs, including costs of inspecting and assessing claims, costs to combat and contain claims incurred and other direct and indirect costs associated with the handling of claims incurred.

Changes in claims incurred due to changes in the yield curve and exchange rates are recognised as a value adjustment.

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 defined prior to the financial year or when the business was written.

Insurance operating expenses, net

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.

Investment activities

Income from associates includes the Group's share of the associates' net profit.

Income from investment properties before fair 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 gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate adjustments and the effect in movements in the yield curve used for discounting, are recognised as value adjustments.

Investment management charges represent expenses relating to the management of investments.

Other income and expenses
Other income and expenses includes income and expenses which cannot be ascribed to TrygVesta's insurance portfolio or investment assets, including the sale of products for Nordea Liv og Pension.

Discontinued and divested business
Discontinued and divested activities are consolidated in one line item in the income statement and supplemented with disclosure of the discontinued and divested activities in a note to the financial statements.

Recognition of the balance sheet items in respect of the discontinued activities remains unchanged in the respective items whereas assets and liabilities from divested activities are consolidated in one line as "assets concerning divested business" and "liabilities concerning divested business", respectively.

The comparative figures, including financial highlights and key ratios, have been restated to reflect discontinued business. Discontinued and divested activities in the income statement include the post-tax profit of TrygVesta's business in run-off as well as divested enterprises. Business in run-off comprises the results of the wholly-owned subsidiary Chevanstell Ltd. UK and business in run-off in Tryg Forsikring A/S. Divested subsidiaries comprise the activities in Poland, Estonia and Tryg Baltica International A/S. Impairment losses or gains on Chevanstell Ltd. are also included in the line discontinued and divested business.

BALANCE SHEET

Intangible assets – software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (four years).

Costs that are directly associated with the production of identifiable and unique software products, for which there is sufficient certainty that future earnings will exceed costs for more than one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software are recognised as an expense as incurred.

After completion of the development the asset is depreciated on a straight-line basis over the expected useful life, however with a maximum period of 4 years. The basis of depreciation is reduced by any impairment writedowns.

Owner-occupied property and operating equipment
Owner-occupied properties are measured in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment writedowns. Revaluations are performed

regularly to avoid the carrying amount differing materially from the owner-occupied property's fair value at the balance sheet date.

Increases in the revalued carrying amount of owner-occupied properties are credited to the properties' revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the properties' revaluation reserves directly in equity; all other decreases are charged to the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be reliably measured. Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Fixtures and operating equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost encompasses the purchase price and costs directly attributable to the acquisition of the relevant assets until the time when the asset is ready to be brought into use.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated useful lives, as follows:

- Owner-occupied properties, 50 years
- Vehicles, 3-5 years
- Furniture, fittings and equipment, 3-5 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals and retirements are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Investment properties

Properties held for renting yields that are not occupied by the Group are classified as investment properties.

Investment property is carried at fair value. Fair value is based on market prices, adjusted for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections and recent prices on less active markets.

Changes in fair value are recorded in the income statement.

Impairment of intangible assets, equipment, owner-occupied properties and investment properties

The carrying amount of intangible assets, operating equipment, owner-occupied properties and investment properties are tested at least once a year for impairment in the cash-generating unit to which the asset belongs, and the asset is written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of the future cash flows expected to be derived from the activity to which the asset belongs.

Investments in subsidaries

The parent company's investments in subsidiaries are recognised and measured under the equity method. The parent company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement. In the balance sheet, investments are measured at the pro rata share of the enterprises' equity.

Subsidiaries with a negative net asset value are measured at zero value. Any receivables from these enterprises are written down by the parent company's share of such negative net asset value where the receivables are deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries is taken to reserve for net revaluation under equity if the carrying amount exceeds cost.

Investments in associates
Associates are enterprises over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are measured according to the equity method of accounting so that the carrying amount of the investment represents the Group's proportionate share of the enterprises' net assets.

Income after taxes from investments in associates is included as a separate line in the income statement.

Associates with negative equity value are measured at zero value. If the Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities.

Investments
Investments include financial assets at fair value through the income statement. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Financial assets at fair value through income
Financial assets measured at fair value with recognition of value changes in the income statement comprise assets that form part of a trading portfolio and financial assets which the company upon initial recognition resolves to attribute to this category (fair value option). None of the Group's financial assets are included in the latter category.

A financial asset is classified as a financial asset available for sale at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as financial assets available for sale unless they are designated as hedges.

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, or if they have been transferred, and the Group has also transferred substantially all risks and rewards of ownership. Financial assets are recognised and derecognised on a trade date basis – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through income are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on stock exchange prices at the balance sheet date. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using valuation techniques. These include the use of similar recent arm's length transactions, reference to other instruments that are substantially the same and a discounted cash flow analysis.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations relating to investments in foreign operations.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value.

Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of investments in foreign operations.

For all hedges, the derivative financial instruments are included in other receivables or other debt.

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges are recognised directly in equity. Changes in the fair value relating to the ineffective portion are recognised in the income statement. Exchange differences arising from changes in exchange rates regarding hedging of foreign subsidiaries are classified as equity and transferred to the Group's translation reserve. Gains and losses accumulated in equity are included in the income statement on disposal of the foreign operation.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of provisions for insurance contracts.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Changes due to unwinding are recognised in technical interest.

Changes due to changes in the yield curve or foreign currency exchange rates are recognised as value adjustments.

The Group assesses continuously its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than receivables that the Group intends to sell in the short term. Receivables arising from insurance contracts are classified in this category and are reviewed for impairment as part of the impairment review of receivables.

On initial recognition, receivables are measured at fair value, and they are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows.

Prepayments and accrued income
Prepayments and accrued income comprise cost paid relating to the following financial year.

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution
Proposed dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration). Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Subordinate loan capital
Subordinate loan capital is recognised initially at fair value, net of transaction costs incurred. Subordinate loan capital is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Provision for insurance contracts
Premiums are recognised in the income statement (premium income) proportionally over the period of coverage and, where necessary, adjusted to reflect any variation in the incidence of risk. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as provisions for unearned premiums. Unearned premium provisions are generally calculated according to a best estimate of expected payments throughout the agreed risk period. However, as a minimum to the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any variations in the incidence of risk. This applies to gross as well as ceded business.

Claims and claims handling costs are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims handling costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. Provisions for claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions). The provisions include claims handling costs.

Provisions for claims are discounted. Discounting is based on a yield curve reflecting duration applied to the expected future payments from the provision. Discounting affects the motor liability, professional liability, workers' compensation and personal accident classes, in particular.

Provisions for annuities relate to compulsory workers' compensation insurance in Denmark, which is settled by payment of annuities. The provisions are calculated using the fixed-rate method at the present value by discounting expected future payments. Provisions for annuities in workers' compensation are discounted using a fixed-rate method.

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 claims are determined for each product line based on actuarial methods. In cases where product lines encompass more than one business unit, the claims reserves are distributed, as a main rule, based on reported number of claims in Denmark and individual claims in Norway. The models currently used are Chain-Ladder, Bornhuetter-Ferguson, the Loss Ratio method, De Vylder's credibility method and a proprietary collective reserve model for use in private business lines in Denmark. Chain-Ladder techniques are used for business lines with a stable run-off pattern. The Bornhuetter-Ferguson method, and sometimes the Loss Ratio method, are used for claims years in which the previous run-off provides insufficient information about the future run-off performance. De Vylder's credibility method is used for areas that are somewhere in between the Chain-Ladder and Bornhuetter-Ferguson/Loss Ratio methods, and may also be used in situations that call for the use of exposure targets, for example the number of insured, other than premium volume.

The proprietary collective model is based exclusively on actual payments and is therefore only used for provisions for small claims, below DKK 200,000 for motor, or DKK 100,000 for other. The model is so dynamic that, to the greatest extent possible, it captures changes in the run-off pattern. It consists of two modules, with the first module estimating on a daily basis with due consideration to days off and special high-frequency days such as New Year's Eve or days with slippery roads. The model also takes the season into consideration, both in terms of claims performance and in claims handling intensity. In the second module, estimates are on a more aggregate level, and the calculations are based on a generalised hierarchic De Vylder model.

Special areas

- The provision for annuities in workmen's. compensation insurance is calculated on the basis of a mortality corresponding to the G82 calculation basis (government-estimated mortality table), with a net discount rate of 1%. The calculation is based on the current benefit, implying that the discounting applied corresponds to a real interest rate of 1%.
- Provisions in respect of Chevanstell are assessed by external actuaries, and TrygVesta allocates provisions in accordance with these assessments.

In some instances, the historic data used in the actuarial models is not necessarily predictive of the future development of claims. Specifically, this is the case with legislative changes where in each specific case an estimate used for premium increases related to the relevant risk increase is derived. For the legislative changes mentioned below this estimate is used also in determining the level of claims – and hence reserves. Subsequently, this estimate is updated when new loss history materialises.

Several assumptions and estimates underlying the calculation of the provisions for claims are mutually dependent. Most importantly, this can be expected to be the case for interest rate and inflation assumptions.

For workers' compensation, future claims are discounted at a real rate of interest and it can be assumed that the correlation between interest rate and inflation at least in the near term does not give rise to significant fluctuation in the real rate of interest. For workers' compensation, the adjustment percentage published in 2005 with a premium of 1% is used as the expected future inflation rate.

For other lines of business, the inflation assumptions, because present only implicitly in the actuarial models, will cause a certain lag in predicting the level of future losses when a shift in inflation occurs. On the other hand, the effect of discounting will show immediately as a consequence of inflation changes to the extent that this change affects the interest rate.

Other correlations are not significant.

Liability adequacy test

Tests are continuously performed to ensure the adequacy of the technical provisions. In performing these tests, current best estimates (without margins for adverse deviation) of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency is charged to the income statement by raising the relevant provision.

Employee benefits

Pension obligations

The Group operates various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds. In Norway, the group operates a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on age, years of service and compensation. In Denmark, the Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by a duration that matches the conditions of the underlying pension obligation.

The actuarial gains and losses arising from experience adjustments and changes in actuarial estimates is charged or credited to equity.

Other employee benefits

Employees of the Group are entitled to a fixed payment, when they reach retirement and when they have been employed with the group for 25 and for 40 years. The Group recognises this liability as soon as the employment begins.

In special instances the employee can enter a contract with the Group to receive compensation for loss in pension benefits caused by the reduced working hours. The Group recognises this liability based on statistic models.

Income tax and deferred tax

The Group provides current tax expense according to the tax law of each jurisdiction in which it operates. Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for adjustments on tax on prior years' taxable income and for tax paid under the on–account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities. Deferred income tax is measured using tax rules and tax rates that apply in the relevant countries by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets, including the tax value of tax losses carried forward, are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Provisions

Provisions are recognised when, as a consequence of an event that has occurred before or on the balance sheet date, the Group has a legal or constructive obligation, and it is likely that an outflow of resources will be required to settle the obligation.

Provisions are measured as the management's best estimate of the amount with which the liability is expected to be settled.

Financial liabilities

Bond loans, debt to credit institutions, etc. are recognised at the raising of the loan as the proceeds received less transaction costs. In the subsequent periods, financial liabilities are measured at amortised cost, applying the "effective interest rate method", to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement of the Group is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the parent company because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, and payment of dividends.

Cash and cash equivalents comprise cash and demand deposits.

Pro forma comparative figures

The financial statements for 2002 and 2001 present pro forma comparative figures prior to the formation of TrygVesta 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.

Pro forma comparative figures have been included in order to provide more information in the annual report with respect to the technical operations of the general insurance companies forming part of TrygVest irrespective of the former ownership of these companies.

The pro forma comparative figures are stated on the basis of a consolidation af the companies forming part of the Group as at 31 December 2003.

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.

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 only have a minor impact on the pro forma figures.

INCOME STATEMENT AND BALANCE SHEET FOR TRYGVESTA

INCOME STATEMENT

DKKm Notes		2005	2004
	General insurance		
	Gross premiums written	15,444	15,022
	Ceded insurance premiums	-892	-1,596
	Change in provisions for unearned premiums	422	406
	Change in the reinsurers' share of provisions for unearned premiums	-74	-50
1	**Earned premiums, net of reinsurance**	**14,900**	**13,782**
2	**Technical interest, net of reinsurance**	**323**	**335**
	Claims paid	-10,256	-9,446
	Reinsurance recoveries	1,373	902
	Change in provisions for claims	-1,048	-1,126
	Change in the reinsurers' share of provisions for claims	-487	-190
3	**Claims incurred, net of reinsurance**	**-10,418**	**-9,860**
	Bonus and premium rebates	**-161**	**-162**
	Acquisition costs	-1,514	-1,441
	Administrative expenses	-1,148	-1,170
	Acquisition costs and administrative expenses	-2,662	-2,611
	Commission and profit commission from the reinsurers	71	216
4	**Total insurance operating expenses, net of reinsurance**	**-2,591**	**-2,395**
5	**Technical result**	**2,053**	**1,700**
	Investment activities		
14	Income from associates	2	0
	Income from investment properties	101	91
6	Interest income and dividends, etc,	1,035	834
7	Value adjustment	588	220
6	Interest expenses	-68	-74
	Investment management charges	-63	-55
	Total return on investment activities	**1,595**	**1,016**
2	Interest on insurance provisions	-707	-638
	Total return on investment activities after technical interest	**888**	**378**
	Other income	126	121
	Other expenses	-154	-147
	Profit/loss before tax	**2,913**	**2,052**
8	Tax	-788	-556
	Profit/loss on continuing business	**2,125**	**1,496**
9	Profit/loss on discontinued and divested business	-28	-75
	Profit/loss for the year	**2,097**	**1,421**

BALANCE SHEET

Notes	DKKm	2005	2004
	Assets		
10	**Intangible assets**	**135**	**112**
11	Operating equipment	109	173
12	Owner-occupied property	329	273
	Total property, plant and equipment	**438**	**446**
13	**Investment property**	**1,726**	**1,727**
14	Investments in associates	30	28
	Total investments in associates	**30**	**28**
	Equity investments	4,707	3,105
	Unit trust units	280	246
	Bonds	27,763	25,259
	Deposits in credit institutions	120	116
	Cash in hand and at bank	543	490
15	**Total other financial investment assets**	**33,413**	**29,216**
	Deposits with ceding undertakings, receivable	**27**	**28**
	Total investment assets	**35,634**	**31,445**
	Reinsurers' share of provisions for unearned premiums	146	212
	Reinsurers' share of provisions for claims	2,484	3,080
16	**Total reinsurers' share of provisions for insurance contracts**	**2,630**	**3,292**
	Receivables from policyholders	819	817
	Receivables from insurance brokers	85	119
	Total receivables in relation to direct insurance contracts	904	936
	Receivables from insurance enterprises	722	960
	Receivables from subsidiaries	44	0
	Other receivables	145	437
	Total receivables	**1,815**	**2,333**
	Temporarily acquired assets	9	0
	Current tax assets	106	192
	Other	8	9
	Total other assets	**123**	**201**
	Accrued interest and rent earned	423	383
	Prepaid acquisition costs	1	0
	Other prepayments and accrued income	50	58
	Total prepayments and accrued income	**474**	**441**
	Total assets	**40,811**	**37,824**

DKKm		2005	2004
Notes			
	Liabilities		
	Shareholders' equity	**8,215**	**6,802**
17	**Subordinate loan capital**	**1,098**	**700**
	Provisions for unearned premiums	5,183	5,037
18	Provisions for claims	21,261	19,914
	Provisions for bonuses and premium rebates	313	260
	Other insurance provisions	0	1
	Total provisions for insurance contracts	**26,757**	**25,212**
19	Pensions and similar obligations	669	543
20	Deferred tax liability	939	792
	Other provisions	41	37
	Total provisions	**1,649**	**1,372**
	Debt related to direct insurance	342	366
	Debt related to reinsurance	143	485
21	Debt to credit institutions	786	609
	Debt to subsidiaries	0	37
	Current tax liabilities	385	0
22	Other debt	1,186	1,991
	Total debt	**2,842**	**3,488**
	Accruals and deferred income	**250**	**250**
	Total liabilities and equity	**40,811**	**37,824**

23 **Capital adequacy, etc.**
24 **Earnings per share**
25 **Contingent liabilities and collateral**
26 **Related parties**
27 **Significant changes upon transition to IFRS**

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Share premium	Revaluation reserves	Reserve for exchange rate adj.	Equalisation reserve	Other reserves	Retained earnings	Proposed dividends	Total
Shareholders' equity at 1 January 2004	**1,700**	**2,968**					**692**		**5,360**
Change in accounting policies					189	599	-689	50	149
Adjusted equity at 1 January 2004	**1,700**	**2,968**	**0**	**0**	**189**	**599**	**3**	**50**	**5,509**
Equity entries in 2004									
Profit/loss for the year						137	634	650	1,421
Retained share premium		-2,968					2,968		0
Revaluation of owner-occupied properties									
Exchange rate adjustment of foreign entities				68					68
Hedge of foreign currency risk in foreign entities				-68					-68
Actuarial gains and losses on pension obligation							-111		-111
Tax on equity entries							33		33
Total comprehensive income	0	-2,968	0	0	0	137	3,524	650	1,343
Dividend paid								-50	-50
Total equity entries in 2004	**0**	**-2,968**	**0**	**0**	**0**	**137**	**3,524**	**600**	**1,293**
Shareholders' equity at 31 December 2004	**1,700**	**0**	**0**	**0**	**189**	**736**	**3,527**	**650**	**6,802**
Shareholders' equity at 1 January 2005	**1,700**	**0**	**0**	**0**	**189**	**736**	**3,527**	**650**	**6,802**
Equity entries in 2005									
Profit/loss for the year						64	605	1,428	2,097
Change in equalisation provision					-126		126		
Revaluation of owner-occupied properties			7						7
Exchange rate adjustment of foreign entities				132					132
Hedge of foreign currency risk in foreign entities				-119					-119
Actuarial gains and losses on pension obligation							-118		-118
Tax on equity entries			-2	33			33		64
Total comprehensive income	0	0	5	46	-126	64	646	1,428	2,063
Dividend paid								-650	-650
Total equity entries in 2005	**0**	**0**	**5**	**46**	**-126**	**64**	**646**	**778**	**1,413**
Shareholders' equity at 31 December 2005	**1,700**	**0**	**5**	**46**	**63**	**800**	**4,173**	**1,428**	**8,215**

Vesta Forsikring AS has in its consolidated financial statements included provisions for contingency funds of NOK 2,251m under provisions for insurance contracts. In the consolidation, these provisions, due to their nature as additional provisions, are included in shareholders' equity (retained earnings), net of deferred tax. When assessing Vesta Forsikring AS' option to pay dividend to the parent company Tryg Forsikring this amount should be considered. Tryg Forsikring's option to pay dividend to TrygVesta is influenced by this amount and a contingency fund provision of DKK 670m, which is included in shareholders' equity in Tryg Forsikring A/S. Dansk Kaution has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

CASH FLOW STATEMENT

DKKm		2005	2004
Notes			
	Cash generated from operations		
	Premiums	15,915	15,821
	Claims paid	-10,017	-9,336
	Ceded business	451	-561
	Expenses	-2,944	-2,267
	Change in other payables and other amounts receivable	95	1,428
	Cash flow from insurance operations	**3,500**	**5,085**
	Interest and dividends	965	728
	Taxes	-139	-611
	Other items	-28	-26
	Total cash generated from operations	**4,298**	**5,176**
	Investments		
	Acquisition/sale of real property (net)	16	69
	Acquisition/sale of equity investments and unit trust units (net)	-709	-710
	Purchase/sale of bonds (net)	-3,367	-5,010
	Purchase/sale of secured loans and other loan (net)	0	70
	Purchase/sale of operating equipment (net)	9	-74
1	Acquisition of subsidiaries	0	517
	Purchase/sale og associated undertakings	0	-14
	Total investments	**-4,051**	**-5,152**
	Funding		
	Subordinate loan capital	395	0
	Dividend paid	-650	-50
	Foreign currence hedging	-119	0
	Change in debt to credit institutions	177	54
	Total funding	**-197**	**4**
	Change in cash and cash equivalents, net	**50**	**28**
	Price adjustment of cash and cash equivalents, beginning of year	14	-11
	Additions relating to sale of subsidiaries	0	-5
	Changes in cash and cash equivalents, gross	**64**	**12**
	Cash and cash equivalents, beginning of year	560	548
	Cash and cash equivalents, year-end	**624**	**560**
	Discontinued business		
	Total cash generated from operations	-146	-24
	Total investments	145	-186
	Total funding	-10	130
	Change in cash and cash equivalents, net	**-11**	**-80**
	Cash and cash equivalents, beginning of year	-70	10
	Cash and cash equivalents, year-end	**-81**	**-70**
	Cash and cash equivalents comprise cash balance and demand deposits		

Notes

1	**Acquisition/sale of subsidiaries**		
	Purchase TrygVesta IT A/S	-	-1
	Sale Tryg Polska	-	220
	Minority interest Tryg Polska	-	-6
	Nordicum Kindlustuse	-	0
	TBi		-302
			-517

NOTES

DKKm		2005	2004
1	**Earned premiums, net of reinsurance**		
	Direct insurance	15,833	15,409
	Indirect insurance	33	45
		15,866	15,454
	Unexpired risk provision	0	-26
		15,866	15,428
	Ceded direct insurance	-974	-1,651
	Ceded indirect insurance	8	5
		14,900	**13,782**
	Direct insurance, by location of risk		
	Gross		
	Denmark	8,816	8,539
	Other EU countries	177	150
	Other countries	6,840	6,720
		15,833	**15,409**
	Ceded		
	Denmark	-542	-915
	Other EU countries	-11	-16
	Other countries	-421	-720
		-974	**-1,651**
2	**Technical interest**		
	Interest on insurance provisions	707	638
	Transferred from provisions for claims concerning discounting	-378	-301
	Technical interest concerning discontinued business	-6	-2
		323	**335**

In respect of provisions for unearned premiums, the return under the item technical interest is calculated as the provision from time to time plus an average interest rate that corresponds to the estimated settlement period of the provision.

In respect of provisions for claims, the calculated return for grouped classes of risk is calculated as the monthly average provision plus a co-weighted interest rate from the current yield curve for each risk group. The interest rate is weighted according to the expected settlement pattern of the provisions.

		2005	2004
3	**Claims incurred, net of reinsurance**		
	Claims incurred	-11,567	-10,555
	Run-off previous years, gross	263	-17
		-11,304	-10,572
	Reinsurance recoveries	968	856
	Run-off previous years, reinsurers' share	-82	-144
		-10,418	**-9,860**
4	**Insurance operating expenses, net of reinsurance**		
	Commission regarding direct business	-270	-276
	Other acquisition costs	-1,244	-1,165
	Total acquisition costs	-1,514	-1,441
	Administrative expenses	-1,148	-1,170
	Insurance operating expenses, gross	-2,662	-2,611
	Commission, etc, from reinsurers	71	216
		-2,591	**-2,395**

DKKm	2005	2004
Insurance operating expenses, gross, classified by type		
Commission	-289	-298
Staff expenses	-1,862	-1,727
Other staff expenses	-207	-167
Headquarter expenses	-174	-176
Office expenses and fees	-290	-279
Marketing	-95	-88
Software expenses	-90	-98
Operating and maintenance costs, IT	-188	-189
Depreciation, amortisation and impairment writedowns	-145	-186
Other expenses	678	597
	-2,662	**-2,611**
Insurance operating expenses and claims incurred include the following staff expenditure:		
Salaries and wages	-1,561	-1,494
Commission	-26	-24
Pensions	-242	-338
Other social security costs	-132	-109
Payroll tax, etc.	-220	-175
	-2,181	**-2,140**
Specification of remuneration, etc.		
Supervisory Board	-3	-3
Executive Management	-12	-10
	-15	**-13**
Remuneration, etc. includes pension contributions		
Supervisory Board	0	0
Executive Management	-1	-1
	-1	**-1**

Members of the Supervisory Board of TrygVesta A/S do not receive bonuses and are not participants in any severance plans. The Group Executive Management has a bonus scheme for up to 3 months' salary. Other than that, there are no incentive plans for the Supervisory Board and Group Executive Management.

At the annual general meeting, the Supervisory Board will show management's future share programme based on a share element for the Group Executive Management and key employees with a view to establishing incentives relevant to ensure competitive remuneration of the Group Executive Management and other key employees.

	2005	2004
Average number of full-time employees during the year	3,702	4,396
Administrative expenses include fee to the auditors appointed by the Annual General Meeting:		
Deloitte	-10	-12
Grant Thornton	-1	-1
	-11	**-13**
Of which services other than audit		
Deloitte	-4	-7
	-4	**-7**

In addition, expenses have been incurred for the Group's Internal Audit Department.

DKKm

5 **Segments**

Primary segments	Private & Commercial Denmark 2005	2004	Private & Commercial Norway 2005	2004	Corporate 2005	2004	Finnish general insurance 2005	2004
Gross premiums earned	6,276	5,942	4,632	4,435	4,666	4,801	140	97
Gross claims	-4,987	-4,376	-2,844	-2,696	-3,361	-3,431	-113	-73
Gross expenses	-1,113	-1,057	-945	-922	-534	-561	-70	-71
Profit/loss on business ceded	467	-101	-62	-73	-421	-549	-1	0
Technical interest, net of reinsurance	113	116	93	87	114	130	3	2
Technical result	756	524	874	831	464	390	-41	-45
Total return on investment activities after technical interest								
Other income and expenses								
Profit before tax								
Tax								
Profit on continued business								
Profit/loss on discontinued and divested business								
Profit for the year								
Reinsurers' share of provisions for unearned premiums	-11	-1	1	44	156	169	0	0
Reinsurers' share of provisions for claims	124	-66	320	648	1,260	1,562	0	0
Other assets								
Total assets								
Provisions for unearned premiums	2,361	2,253	1,755	1,700	1,030	1,058	37	26
Provisions for claims	6,988	6,308	3,334	3,070	9,338	8,609	88	53
Provisions for bonuses and premium rebates	191	168	0	0	122	92	0	0
Other insurance provisions								
Provisions								
Debt								
Accruals and deferred income								
Total liabilities								

*Other assets and liabilities are not directly attributable, and it is not possible to allocate these items so that they present a true and fair view. Accordingly, the amounts are recognised in a single line item Unallocated activities.

Secondary segments	Danish general insurance 2005	2004	Norwegian general insurance 2005	2004	Finnish general insurance 2005	2004
Gross premiums earned	8,764	8,525	6,810	6,653	140	97
Technical result	956	722	1,138	1,023	-41	-45
Return on investment activities	567	376	354	33	-2	-2
Other income	77	76	49	45	0	0
Other expenses	-70	-72	-47	-43	0	0
Profit/loss for the period before tax	1,530	1,102	1,494	1,058	-43	-47

Unallocated 2005	Unallocated 2004	Total 2005	Total 2004
-9	-9	15,705	15,266
1	4	-11,304	-10,572
0	0	-2,662	-2,611
8	5	-9	-718
0	0	323	335
0	0	2,053	1,700
		888	378
		-28	-26
		2,913	2,052
		-788	-556
		2,125	1,496
		-28	-75
		2,097	**1,421**
0	0	146	212
780	936	2,484	3,080
		38,181	34,532
		40,811	37,824
0	0	5,183	5,037
1,513	1,874	21,261	19,914
0	0	313	260
0	1	0	1
1,649	1,372	1,649	1,372
2,842	3,488	2,842	3,488
250	250	250	250
6,254	6,985	31,498	30,322

Other 2005	Other 2004	Total 2005	Total 2004
-9	-9	15,705	15,266
0	0	2,053	1,700
-31	-29	888	378
0	0	126	121
-37	-32	-154	-147
-68	-61	2,913	2,052

Description of segments

Private & Commercial Denmark provides general insurance products for private households and small and medium-sized enterprises in Denmark under the brand name “Tryg”. TrygVesta's products in Denmark are distributed principally through our proprietary distribution networks consisting of five regional customer centers and 16 local service centers staffed by our own customer advisors and sales agents. We also distribute our products through other channels, including affinity groups and Nordea’s 344 bank branches.

Private & Commercial Norway provides general insurance products for private households and small and medium-sized enterprises in Norway under the brand names “Vesta” and “Enter”. TrygVesta's products in Norway are distributed through 85 franchisee offices who are licensed to use our brand and exclusively sell our products and Nordea products. We also sell through our own sales agents, three regional customer centers, 35 local service centers, car dealers and Nordea’s 125 bank branches.

TrygVesta's Corporate business unit currently provides general insurance products for larger businesses under the brands “Tryg” in Denmark and “Vesta” in Norway, but commencing in late 2005 will also be providing them under the combined name “TrygVesta”. We service our corporate customers with our direct sales force, consisting of 35 account managers in Denmark and 30 account managers in Norway, as well as underwriting insurance arranged by brokers for commercial and corporate customers. The results of our guarantee and surety bond subsidiary, Dansk Kaution, are also included in our Corporate business unit. Dansk Kaution is the leading supplier of guarantee insurance and surety bonds in Denmark.

TrygVesta's branch in Finland sells general insurance products to private household customers, mainly through Nordea's 376 Finnish bank branches under the “Nordea” brand name.

The secondary, geographic segments exclusively relate to Denmark, Norway and Finland.

DKKm

5 Technical result, net of reinsurance, by lines of business

	Accident and health [1]		Workers' compensation		Motor TPL		Motor comprehensive	
	2005	2004	2005	2004	2005	2004	2005	2004
Gross premiums written	**2,154**	**1,923**	**1,014**	**959**	**2,312**	**2,268**	**2,989**	**2,908**
Gross premiums earned	2,197	1,989	1,034	980	2,396	2,316	3,084	2,981
Gross claims	-1,955	-1,856	-995	-1,308	-1,975	-1,983	-1,629	-1,619
Bonuses and premium rebates	-6	-7	0	0	-7	-11	-77	-68
Gross operating expenses	-349	-315	-135	-67	-362	-426	-422	-473
Profit/loss on ceded business	-24	5	-29	50	-15	-22	23	-7
Technical interest, net of reinsurance	78	54	51	96	88	45	35	31
Technical result	**-59**	**-130**	**-74**	**-249**	**125**	**-81**	**1.014**	**845**

	Marine, aviation and cargo		Fire & contents (private)		Fire & contents (commercial)		Liability	
	2005	2004	2005	2004	2005	2004	2005	2004
Gross premiums written	**553**	**552**	**3,011**	**2,924**	**2,327**	**2,363**	**676**	**680**
Gross premiums earned	561	572	3,072	2,921	2,399	2,483	699	714
Gross claims	-329	-346	-2,196	-1,833	-1,742	-1,214	-365	-359
Bonuses and premium rebates	-8	-11	-18	-26	2	3	-47	-41
Gross operating expenses	-85	-106	-681	-413	-453	-526	-130	-128
Profit/loss on ceded business	-70	-56	196	-53	91	-414	-123	-82
Technical interest, net of reinsurance	1	7	38	38	26	25	19	2
Technical result	**70**	**60**	**411**	**634**	**323**	**357**	**53**	**106**

	Credit & guarantee insurance		Other insurance		Total		Norwegian Group Life [1] One-year policies	
	2005	2004	2005	2004	2005	2004	2005	2004
Gross premiums written	**132**	**131**	**284**	**314**	**15.444**	**15.022**	**628**	**754**
Gross premiums earned	133	130	299	342	15,866	15,428	612	728
Gross claims	-12	8	-107	-62	-11,304	-10,572	-464	-660
Bonuses and premium rebates	0	0	0	-1	-161	-162	0	0
Gross operating expenses	-32	-37	-13	-120	-2,662	-2,611	-147	-160
Profit/loss on ceded business	-18	-26	-47	-113	-9	-718	-7	-1
Technical interest, net of reinsurance	2	2	-15	35	323	335	0	0
Technical result	**73**	**77**	**117**	**81**	**2.053**	**1.700**	**-5**	**-93**

[1] Personal accident and health insurance includes one-year group life policies of Vesta Forsikring AS, see above.

DKKm		2005	2004
6	**Interest and dividends, etc.**		
	Dividends	126	85
	Interest expenses	-68	-74
	Interest income	909	749
		967	**760**
7	**Market value adjustment**		
	Investment property	43	30
	Equity investments	682	399
	Unit trust units	34	28
	Share derivatives	-10	-28
	Bonds	-204	-17
	Interest derivatives	-7	-61
	Other loans	-7	0
	Other balance sheet items	14	-22
	Discounting	43	-109
		588	**220**
	Market value gains	1,356	958
	Market value losses	-768	-738
	Market value adjustment, net	588	220
8	**Reconciliation of tax expense**		
	Tax on profit for the year	-816	-616
	Prior-year tax adjustments	45	-10
	Utilised joint taxation loss in non-consolidated undertaking/non-capitalised loss	-11	42
	Tax on non-taxable income and expenses	-6	7
	Difference between Danish and foreign tax rate	-	21
		-788	**-556**
	Effective tax rate	**%**	**%**
	Tax on profit for the year	28	30
	Prior-year tax adjustments	-1	0
	Utilised joint taxation loss in non-consolidated undertaking/non-capitalised loss	0	-2
	Tax on non-taxable income and expenses	0	0
	Difference between Danish and foreign tax rate	-	-1
		27	**27**

Tax relating to discontinued and divested business is included in the net profit of such activities.
Tax amounts to an expense of DKK 0.6m.

		2005	2004
9	**Profit/loss on discontinued and divested business**		
	Earned premiums, net of reinsurance	-27	925
	Technical interest, net of reinsurance	28	72
	Claims incurred, net of reinsurance	23	-704
	Insurance operating expenses, net of reinsurance	-45	-367
	Technical result	-21	-74
	Return on investment activities after technical interest	-6	-7
	Profit/loss before tax	-27	-81
	Tax	-1	6
		-28	**-75**

DKKm

9 **The techinical result of discontinued and divested business is specified by lines of business as follows**

	Accident and health 2005	Accident and health 2004	Motor TPL 2005	Motor TPL 2004	Motor comprehensive 2005	Motor comprehensive 2004	Marine, aviation and cargo 2005	Marine, aviation and cargo 2004
Gross premiums written	**-3**	**20**	**0**	**278**	**0**	**134**	**-4**	**-13**
Gross premiums earned	-3	22	0	254	0	130	-4	10
Gross claims	-8	-11	0	-209	0	-96	0	-73
Bonuses and premium rebates	0	0	0	0	0	0	0	0
Gross operating expenses	-1	-18	0	-93	0	-46	-19	-34
Profit/loss on ceded business	4	5	0	0	0	1	27	131
Technical interest, net of reinsurance	0	2	0	14	0	6	9	12
Technical result	**-8**	**0**	**0**	**-34**	**0**	**-5**	**13**	**46**

	Fire & contents (private) 2005	Fire & contents (private) 2004	Fire & contents (commercial) 2005	Fire & contents (commercial) 2004	Liability 2005	Liability 2004	Credit & guarantee insurance 2005	Credit & guarantee insurance 2004
Gross premiums written	**0**	**5**	**0**	**21**	**0**	**27**	**0**	**5**
Gross premiums earned	0	4	0	20	0	22	0	5
Gross claims	0	-1	0	-9	0	-6	0	-6
Bonuses and premium rebates	0	0	0	0	0	0	0	0
Gross operating expenses	0	-1	0	-9	0	-10	0	-1
Profit/loss on ceded business	0	0	0	-10	0	-4	0	1
Technical interest, net of reinsurance	0	0	0	1	0	1	0	0
Technical result	**0**	**2**	**0**	**-7**	**0**	**3**	**0**	**-1**

	Other insurance [1)] 2005	Other insurance [1)] 2004	Total 2005	Total 2004
Gross premiums written	**-25**	**744**	**-32**	**1,221**
Gross premiums earned	-25	598	-32	1,065
Gross claims	-25	-675	-33	-1,086
Bonuses and premium rebates	0	0	0	0
Gross operating expenses	-29	-187	-49	-399
Profit/loss on ceded business	34	150	65	274
Technical interest, net of reinsurance	19	36	28	72
Technical result	**-26**	**-78**	**-21**	**-74**

[1)] Indirect insurance are included in “Other insurance”.

DKKm		2005	2004
10	**Intangible assets**		
	Cost		
	Balance 1 January	159	118
	Exchange rate adjustment	4	2
	Transferred from operating equipment	14	28
	Additions during the year	65	11
	Disposals during the year	-4	0
	Balance 31 December	238	159
	Amortisation and writedowns		
	Balance 1 January	-47	-19
	Exchange rate adjustment	-1	0
	Amortisation transferred from operating equipment	0	-11
	Amortisation for the year	-58	-17
	Reversed amortisation	3	0
	Balance 31 December	-103	-47
	Carrying amount 31 December	**135**	**112**

Amortisation is recognised in the income statement under insurance operating expenses.

		2005	2004
11	**Operating equipment**		
	Cost		
	Balance 1 January	582	782
	Exchange rate adjustment	9	4
	Transferred to intangible assets	-14	-28
	Additions during the year	62	62
	Disposals during the year	-336	-238
	Balance 31 December	303	582
	Depreciation and impairment writedowns		
	Balance 1 January	-409	-489
	Exchange rate adjustment	-8	-2
	Depreciation transferred to intangible assets	0	11
	Depreciation for the year	-69	-146
	Reversed depreciation	292	217
	Balance 31 December	-194	-409
	Carrying amount 31 December	**109**	**173**

Depreciation is recognised in the income statement under insurance operating expenses.

DKKm		2005	2004
12	**Owner-occupied property**		
	Cost	273	267
	Adjustment, beginning of year	50	0
	Exchange rate adjustment	11	6
	Additions during the year	16	0
	Disposals during the year	-28	0
	Balance 31 December	322	273
	Accumulated value adjustments		
	Balance 1 January	0	0
	Value adjustment for the year at revalued amount	8	0
	Balance 31 December	8	0
	Accumulated depreciation		
	Balance 1 January	0	0
	Depreciation for the year	-1	0
	Balance 31 December	-1	0
	Balance at revalued amount at 31 December	**329**	**273**

Depreciation is recognised in the income statement under insurance operating expenses.

External experts were not involved in valuing owner-occupied property.

The following return percentages were used for each property category.

	Lowest percentage 2005	Average percentage 2005	Highest percentage 2005
Office property	7.4	7.4	7.4

	Lowest percentage 2004	Average percentage 2004	Highest percentage 2004
Office property	8.0	8.0	8.4

DKKm		2005	2004
13	**Investment property**		
	Fair value at the end of the previous financial year	1,727	1,750
	Adjustment, beginning of year	-50	0
	Exchange rate adjustment	14	8
	Additions during the year	13	38
	Disposals during the year	-8	-75
	Value adjustment for the year	30	6
	Fair value at the balance sheet date	**1,726**	**1,727**

Total rental income for 2005 is DKK 140m.

Total expenses for 2005 are DKK 38m. Of this amount, not-hired property is DKK 2m. The total expenses at the income leading investment property are DKK 36m.

External experts were not involved in valuing investment property.

The following return percentages were used for each property category.

	Lowest percentage 2005	Average percentage 2005	Highest percentage 2005
Business property	7.50	7.76	8.00
Office property	6.06	7.34	8.25
Residential property	5.50	6.16	6.50
All properties	5.97	7.27	8.29

	Lowest percentage 2004	Average percentage 2004	Highest percentage 2004
Business property	7.50	7.79	8.00
Office property	6.08	7.47	8.50
Residential property	5.50	6.08	6.50
All properties	5.99	7.34	8.50

DKKm		2005	2004
14	**Investments in associates**		
	Cost		
	Balance 1 January	14	0
	Additions during the year	0	14
	Balance 31 December	14	14
	Revaluations at net asset value		
	Balance 1 January	14	0
	Revaluations during the year	2	14
	Balance 31 December	16	14
	Carrying amount, 31 December	**30**	**28**

Shares in associates according to the latest financial statements:

Name and registered office	Assets	Liabilities	Shareholders' equity	Revenue	Profit/loss for the year	Ownership share in %
Nordisk Flyforsikring A/S, Denmark						
The company was established at the end of 2004	-	-	50	-	-	28
Bilskadeinstituttet AS, Norway	5	0	5	1	0	30
Edsvåg Fabrikker AS, Norway	36	6	30	12	4	28

		2005	2004
15	**Other financial investment assets**		
	Bonds	27,572	23,762
	Shares	4,783	3,161
	Properties	2,055	2,000
		34,410	**28,923**

The bond portfolio includes unit trusts in which the underlying assets are bonds.
In addition, the amounts include liquid assets allocated to the portfolio manager, money market deposits and debt and receivables from unsettled investment transactions.

	2005	2004
Bonds		
Carrying amount		
Danish bonds	14,248	11,889
Norwegian bonds and money market instruments	9,402	10,371
Other bonds	3,921	1,502
	27,571	**23,762**
Effective interest rate	**%**	**%**
Danish bonds	4.2	5.3
Norwegian bonds and money market instruments	2.6	2.2
Other bonds	3.5	2.5
	3.6	**3.7**
Listed shares		
United States	1,271	1,170
United Kingdom	836	448
Denmark	480	322
Norway	283	123
Rest of Europe	1,479	790
Other	209	148
	4,558	**3,001**

The company's ten largest investments in listed shares

Issuer	DKKm	% of listed shares	% of total investments
Royal Dutch Shell A & B (UK)	126	2.8	0.4
Danske Bank (Denmark)	90	2.0	0.3
General Electric Co. (USA)	81	1.8	0.2
HBOS Plc. (UK)	80	1.8	0.2
ING Group N.V (The Netherlands)	79	1.7	0.2
Royal Bank of Scotland (UK)	74	1.6	0.2
ABN Amro (The Netherlands)	71	1.6	0.2
Lloyds TSB Group Plc. (UK)	71	1.6	0.2
Novo Nordisk B (Denmark)	69	1.5	0.2
Barclays Plc. (UK)	65	1.4	0.2
The portfolio of unlisted shares totals		225	160

DKKm	2005	2004
Bond portfolio by maturity		
Due in one year or less	9,165	11,008
Due after one year through five years	9,331	8,036
Due after five years through 10 years	822	355
Due after 10 years through 20 years	1,408	1,110
Due after more than 20 years	6,771	4,332
	27,497	**24,841**

The bond portfolio includes unit trusts in which the underlying assets are bonds.

DKKm	2005	2004
Adjusted duration of bond portfolio		
Due in one year or less	15,594	17,003
Due after one year through five years	9,954	6,380
Due after five years through 10 years	1,922	1,424
Due after 10 years through 20 years	27	34
Due after more than 20 years	0	0
	27,497	**24,841**

The bond portfolio includes unit trusts in which the underlying assets are bonds.

The option adjusted duration is used to measure duration. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration-shortening effect of the borrower's option to cause the bond to be redeemed through the mortgage institution at any point in time.

Exposure to exchange rate risk

	Properties	Bonds	Shares	Insurance, etc.	Hedge	Exposure
USD	0	931	1,272	-202	-1,890	111
EUR	0	2,426	1,363	-926	-2,865	-2
GBP	0	844	819	-482	-1,107	74
NOK	707	9,272	357	-5,903	-4,170	263
CHF	0	0	116	1	-138	-21
SEK	0	0	71	-1	-69	1
JPY	0	0	148	0	-126	22
CAD	0	75	35	-98	-33	-21
Other	0	0	23	0	-23	0
	707	**13,548**	**4,204**	**-7,611**	**-10,421**	**515**

DKKm		2005	2004
15	**Derivative financial instruments**		
	Market values		
	Interest derivatives	6,104	2,583
	Exchange rate derivatives	10,473	6,950

Forward exchange transactions and currency swaps are used for forward currency hedging of holdings of shares, bonds, investments in subsidiaries and insurance balance sheet items. Interest derivatives in the form of forward transactions, repos, swaps and forward rate agreements are used to control cash flows and interest in connection with holdings of bonds. Share derivatives are sometimes used to adjust share exposure.

Hedge accounting

The exchange rate adjustment for the period for foreign entities and the hedging of currency risk will be handled according to the rules of hedge accounting and will be an entry on shareholders' equity. The net asset value of investments in the subsidiaries Vesta Forsikring AS and Chevanstell Ltd. is estimated on a current basis and is hedged 90-100% by entering into short-term forward exchange transactions in NOK and GBP.

Gains and losses on foreign exchange hedges charged to equity	Gains	Losses	Net
Gains and losses on hedges charged to equity at 1 January 2005	0	0	0
Gains and losses on hedges charged to equity in the period	0	-119	-119
Gains and losses on hedges charged to equity at 31 December 2005	0	-119	-119

		2005	2004
	Sensitivity information		
	Interest rate increase of 0.7 pct. point	-4	-
	Interest rate fall of 0.7 pct. point	54	-
	Equity price fall of 12%	572	-
	Fall in property prices of 8%	166	-
	Exchange rate risk (VaR 99,5)	12	-
	Loss on counterparties of 8%	175	-
16	**Reinsurers' share**		
	Reinsurers' share	2,666	3,324
	Writedown after impairment test	-36	-32
		2,630	**3,292**

17 **Subordinate loan capital**

In December 2005, Tryg Forsikring A/S raised a subordinate bond loan for EUR 150m at the price of 99.017. The loan bears interest at 4.5% p.a. until 2015, at which time it is repayable. After that time, it will bear interest at URIBOR plus 2.1% until it falls due in 2025. The loan is measured at amortised cost, and from the EUR 150m loan DKK 11m has been deducted in capital losses and DKK 10m in expenses when the loan was raised. The fair value of the loan at the balance sheet date was DKK 1,124m.

The loan is an interest-only loan, and the lender has no option to call the loan or otherwise terminate the loan agreement with TrygVesta A/S. The loan is automatically accelerated upon the liquidation or bankruptcy of TrygVesta A/S.

At 31 December 2004, TrygVesta A/S had a subordinate loan of DKK 700m, for which the lender is Tryg i Danmark smba. The loan was repaid in 2005.

DKKm			2005	2004	2003	2002	2001	2000	Sum
18	**Provisions for claims**								
	Gross								
	Estimated accumulated claims	0	-11,732	-10,997	-10,659	-11,230	-9,164	-8,534	
		1		-11,004	-10,764	-11,582	-9,399	-8,860	
		2			-10,430	-11,584	-9,594	-9,068	
		3				-11,640	-9,706	-9,273	
		4					-9,637	-9,361	
		5						-9,490	
			-11,732	-11,004	-10,430	-11,640	-9,637	-9,490	-63,933
	Cumulative payments to date		5,325	7,208	7,832	9,246	8,373	8,297	46,280
	Discounting		403	296	206	214	103	104	1,326
	Reserves from 1999 and prior years								-3,460
	Other reserves								-1,473
	Gross provisions for claims, end of year								-21,261
	Ceded business								
	Estimated accumulated claims	0	944	860	937	2,034	1,445	1,434	
		1		873	898	2,141	1,458	1,549	
		2			894	2,024	1,465	1,513	
		3				2,017	1,480	1,539	
		4					1,454	1,572	
		5						1,567	
			944	873	894	2,017	1,454	1,567	7,750
	Cumulative payments to date		-562	-654	-735	-1,603	-1,300	-1,456	-6,311
	Discounting		-19	-37	-21	-44	-21	-14	-156
	Reserves from 1999 and prior years								362
	Other reserves								840
	Provisions for claims, end of year								2,484
	Net of reinsurance								
	Estimated accumulated claims	0	-10,788	-10,137	-9,722	-9,196	-7,719	-7,100	
		1		-10,130	-9,866	-9,441	-7,941	-7,311	
		2			-9,536	-9,560	-8,129	-7,555	
		3				-9,622	-8,226	-7,735	
		4					-8,183	-7,789	
		5						-7,923	
			-10,788	-10,130	-9,536	-9,622	-8,183	-7,923	-56,183
	Cumulative payments to date		4,762	6,553	7,097	7,643	7,072	6,840	39,969
	Discounting		384	260	185	170	81	90	1,169
	Reserves from 1999 and prior years								-3,099
	Other reserves								-634
	Provisions for claims, net of reinsurance, end of the year								-18,777

The table consists of figures for Tryg Forsikring A/S and Vesta Forsikring A/S. Other companies in the group are included in "Other", which comprises provisions for claims for Dansk Kaution, travel and health, our Finnish business unit and Chevanstell Ltd. The provision for Chevanstell Ltd. includes an offset of the stop-loss treaty between Tryg Forsikring A/S and Chevanstell Ltd.

In the table, amounts in Norwegian kroner are translated into Danish kroner using the exchange rate as of 31 December 2005 in order to avoid any impact from currency fluctuations.

For the claims year 2000, a contribution to the revision of the estimates came from business written by Chevanstell Ltd., which at that time operated under the name TBi UK in the London market. Although Chevanstell is not directly included in the triangulation, it has impacted the figures through the stop-loss treaty between Tryg Forsikring A/S and Chevanstell Ltd. that was put in place in 2000 to cover business written before 2000.

The inclusion of the Zurich portfolio acquired in 2002 and, to a minor extent, the Allianz Norwegian portfolio acquired in 2001 affects the figures. As the liabilities of these portfolios appear in the triangulation, the ultimate liability for the preceding claims years is increased but, naturally, not as a result of a revision of already existing liabilities. The combined impact of the two acquisitions amounts to DKK 210m gross and DKK 200m net of reinsurance.

DKKm		2005	2004
18	**Provisions for claims**		
	Gross		
	Total, beginning of period	18,157	16,273
	Market value adjustment of provisions, beginning of period	290	157
		18,447	16,430
	Paid in the financial year in respect of the current year	-5,325	-4,902
	Paid in the financial year in respect of prior years	-4,811	-4,485
		-10,136	-9,387
	Change in claims in the financial year in respect of the current year	11,329	10,563
	Change in claims in the financial year in respect of prior years	-203	80
		11,126	10,643
	Discounting [3]	351	471
	Provisions for claims, end of year [1]	19,788	18,157
	Other [2]	1,473	1,757
		21,261	**19,914**
	Ceded business		
	Reinsurer's shares of provisions for claims, beginning of period	2,096	2,118
	Market value adjustment of provisions, beginning of period	67	39
		2,163	2,157
	Paid in the financial year in respect of the current year	-562	-302
	Paid in the financial year in respect of prior years	-805	-612
		-1,367	-914
	Change in claims in the financial year in respect of the current year	925	877
	Change in claims in the financial year in respect of prior years	-66	-99
		859	778
	Discounting [3]	-11	75
	Provisions for claims, end of year [1]	1,644	2,096
	Other [2]	840	984
		2,484	**3,080**
	Net of reinsurance		
	Provisions for claims, beginning of period	16,061	14,155
	Total, beginning of period	223	118
		16,284	14,273
	Market value adjustment of provisions, beginning of period	-4,763	-4,600
	Paid in the financial year in respect of prior years	-4,006	-3,873
		-8,769	-8,473
	Change in claims in the financial year in respect of the current year	10,404	9,686
	Change in claims in the financial year in respect of prior years	-137	179
		10,267	9,865
	Discounting [3]	362	396
	Provisions for claims, end of year [1]	18,144	16,061
	Other [2]	633	773
		18,777	**16,834**

DKKm	2005	2004
Gross		
Falling due within one year	6,951	
Falling due after more than one year	12,836	
	19,787	
Ceded		
Falling due within one year	578	
Falling due after more than one year	1,066	
	1,644	

[1] The table consists of figures for Tryg Forsikring A/S and Vesta Forsikring AS. Other companies in the Group are included in "Other".
[2] Comprises provisions for claims for Dansk Kaution, travel and health, our Finnish business unit and Chevanstell Ltd.
The provision for Chevanstell Ltd. includes an offset of the stop-loss treaty between Tryg Forsikring A/S and Chevanstell Ltd.
[3] Discounting also includes exchange rate adjustments.

19 Pensions and similar obligations

	2005	2004
Other benefits	34	30
Recognised obligation, end of year	**34**	**30**
Defined benefit pension plans		
Specification of change in recognised pension obligations:		
Recognised pension obligation, beginning of year	1,119	960
Exchange rate adjustment	41	20
Present value of amounts accumulated during the year	67	53
Capital costs of previously accumulated pensions	50	46
Actuarial losses	136	83
Paid during the period	-49	-43
Change in recognised employers' nat. ins. contribution	-2	0
Recognised pension obligation, end of year	**1,362**	**1,119**
Change in carrying amount of plan assets:		
Carrying amount of plan assets, beginning of year	606	556
Exchange rate adjustment	21	12
Investments in 2004	68	61
Estimated return on pension funds	45	31
Actuarial losses	18	-27
Paid during the period	-31	-27
Carrying amount of plan assets, end of year	**727**	**606**
Total pensions and similar obligations, end of year	**635**	**513**
Total recognised obligation, end of year	**669**	**543**
Financed through operations	92	88
Financed through fund accumulation	1,271	1,031
The premium for the 2005 financial year is estimated at:	103	61
Estimated distribution of plan assets:	%	%
Shares	18	14
Bonds	65	69
Property	17	17
Average return on plan assets	8.2	5.9

DKKm		2005	2004
	Assumptions used:	%	%
	Discount rate	4.2	4.8
	Estimated return on pension funds	5.2	5.6
	Salary adjustment	4.0	4.0
	Pension adjustment	3.5	3.5
	G adjustment	3.5	3.5
	Turnover	6.0	6.0
	Employers' nat. ins. contribution	14.1	14.1
20	**Deferred tax**		
	Tax asset		
	Land and buildings	3	11
	Operating equipment	175	216
	Debt and provisions	187	239
	Bonds and loans secured by mortgages	56	0
		421	**466**
	Tax liability		
	Land and buildings	53	53
	Contingency funds	934	1,130
	Bonds and loans secured by mortgages	355	75
	Intellectual property rights	18	0
		1,360	**1,258**
	Deferred tax, end of year	**939**	**792**
	Reconciliation of deferred tax, beginning of year		
	Deferred tax, beginning of year	792	559
	Change in deferred tax taken to the income statement	160	251
	Change in deferred tax taken to equity	-13	-18
		939	**792**
	Non-capitalised tax loss		
	TrygVesta A/S	72	78
	Nordea Vahinkovakuutus (Finland)	50	-

The loss in TrygVesta A/S cannot be utilised in the Danish joint taxation scheme.
The loss can be carried forward indefinitely.

The Danish joint taxation rules were changed in 2005, which means that the Finnish loss can no longer be deducted in the Danish taxable income. The loss under the Finnish rules can be carried forward for ten years.

The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to utilise the tax loss, cf. IAS 12.

The total current and deferred tax relating to items recognised in equity is recognised in the balance sheet in the amount of DKK 64m.

The temporary difference between the accounting and tax values of investments in subsidiaries, etc. amounts to DKK 1.3bn.

The tax rate in Denmark was lowered from 30% to 28%, which reduced the value of the tax asset by DKK 5m.

DKKm		2005	2004
21	**Debt to credit institutions**		
	Bank loans	710	600
	Bank overdrafts	76	9
		786	**609**

In 2005, a consortium of banks granted Tryg Vesta A/S a loan facility for DKK 2,000m, of which DKK 715m had been utilised at 31 December 2005. In 2005, the loan carried interest at CIBOR plus a margin, totalling approximately 2.5% p.a. The unutilised part of the loan facility is measured at amortised cost, and an amount of DKK 5m was deducted from the loan proceeds upon signing the loan agreement. The costs are amortised until the loan facility expires in July 2010. The fair value of the loan is considered to be the utilised part of the facility of DKK 715m. At 31 December 2004, Tryg Vesta A/S had three floating-rate loans totalling DKK 600m, which were repaid in 2005.

		2005	2004
	Debt falling due within one year	76	609
	Debt falling due after more than five years	0	0
22	**Other debt**		
	Unsettled transactions	349	1,306
	Interest derivatives	4	7
	Exchange rate derivatives	109	0
	Other debt	1,073	678
		1,186	**1,991**
23	**Capital adequacy, etc.**		
	Shareholders' equity according to annual report	8,215	6,802
	Subordinate loan capital	349	700
	Proposed dividend	-1,428	-650
	Solvency requirements to subsidiary undertakings	-2,512	-2,459
	Capitalised tax assets	0	-3
	Capital base	**4,624**	**4,390**
	Weighted assets	**6,404**	**5,616**
	Solvency	**72**	**78**

24 **Earnings per share**

Basic earnings per share is calculated by dividing the profit for the year and the profit/loss from discontinued and divested business by the total average number of shares. The company has not issued options, warrants, convertible debt instruments or the like. Therefore, there is no difference between basic EPS and diluted EPS.

	2005
Profit/loss for the period from continuing business	2,125
Average number of shares	68,000
Basic earnings per share of DKK 25	31
Profit/loss for the period from discontinued and divested business	-28
Average number of shares	68,000
Basic earnings per share of DKK 25	0

Dividends per share

Dividends per share is calculated as the total dividend proposed by the Supervisory Board after the balance sheet date divided by the total number of shares (68,000,000). The dividend is not paid until approved by the shareholders at the Annual General Meeting of the following year.

	2005
Dividend per share of DKK 25	21

DKKm

25	**Contingent liabilities and collateral**	**Payment due by period**				
		‹ 1 year	1-3 years	3-5 years	More than 5 years	Total
	Operating leases	103	196	193	1,439	1,931
	Other contractual obligations	203	337	25	0	565
		306	**533**	**218**	**1,439**	**2,496**

The amounts include the following:
Tryg Forsikring A/S and Vesta Forsikring AS have signed an operating agreement with CSC for an amount of DKK 513m for a period of 4 years.

Tryg Forsikring A/S has an annual obligation to Danica Pension with respect to the lease of the head office in Ballerup. The annual rent and taxes currently amount to DKK 79m. The remaining lease period is 20 years.

Other relevant matters:
Tryg Forsikring A/S has signed a portfolio management contract for DKK 134m. The contract expires in 2010.

Tryg Ejendomme A/S is jointly and severally liable with the partly demerged company Nordea Pension Danmark, ejendomsselskab IV A/S for the liabilities existing at the time of publication of the demerger in 2003, up to a maximum of the reversed value of DKK 382m.

The Danish companies in TrygVesta are jointly taxed with Tryg i Danmark smba. Until 2004, the companies were jointly and severally liable for payment of imposed corporation tax.

Most of the Danish companies in TrygVesta are commonly registered for VAT and payroll tax with Tryg i Danmark smba and are jointly and severally liable for payment of all such direct and indirect taxes. Tryg i Danmark smba left the joint taxation following the listing of Tryg Vesta A/S in 2005.

Companies of TrygVesta are part of some disputes the outcome of which is not estimated to affect the financial position of the Group. Management believes that the outcome of these legal proceedings will not affect the Group's financial position beyond those receivables and obligations recognised in the balance sheet at 31 December 2005.

DKKm		2005	2004
26	**Related parties**		
	Supervisory Board and Executive Management		
	Premium income:		
	• Parent company (Tryg i Danmark smba)	0.1	0.1
	• Key management	0.7	0.6
	• Other related parties	2.4	2.1
	Claims paid:		
	• Key management	0.3	0.0
	• Other related parties	0.4	0.3
	An amount of DKK 0.1m has been provided for claims payments.		
	Guarantee agreements with related parties:		
	• Account	1,150	850
	• Exercised, end of year	921	648
	• Premium	2	1

Outstanding guarantees cover the policyholders' financial obligations pursuant to the contract. Following an individual assessment, all guarantees are issued without additional security. The company has full recourse against the individual companies.

No provisions have been made for non-performing guarantees and no expenses were incurred during the financial year. Guarantee agreements are made on market terms.

Leases with related parties

Transactions with related parties also comprise rental income as premises are being let to a member of management on market terms.

Parent company

Tryg i Danmark smba

Tryg i Danmark smba controls 60% of the shares in TrygVesta A/S.

Intra-group trading involved the following:	2005
• Providing and receiving services	4
• Intra-group account	44
• Interest, subordinated loan	-44

Administration fee, etc. is fixed on a cost-recovery basis.
Intra-group accounts are offset and carry interest on market terms.

The TrygVesta companies have entered into reinsurance contracts on market terms.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

27 **Significant changes upon transition to IFRS**

First-Time Adoption of IFRS

TrygVesta adopts IFRS for the first time in the annual financial statements for the year ended 31 December 2005, which will include comparative financial statements for the year ended 31 December 2004. With regard to IFRS TrygVesta have developed accounting policies based on the standards and related interpretations that are effective on 31 December 2005. IFRS 1 also requires that those policies be applied to the opening IFRS balance sheets as of 1 January 2004 and the annual IFRS financial statements for the two years ended 31 December 2005 and 2004.

IFRS 4

In March 2004 the International Accounting Standards Board ("IASB") issued IFRS 4 – phase I "Insurance Contracts ("IFRS 4"), which is a temporary standard until phase II is completed. This standard applies to all insurance contracts that an entity issues and to reinsurance contracts that it holds. Under IFRS 4 – phase I, an insurer is temporarily exempt from some requirements of other IFRS rules, including the requirement to consider the IFRS framework in selecting accounting policies for insurance contracts. IFRS 4 does not apply to all other (non-insurance contract-related) assets and liabilities of an insurer. All non-insurance items are recognised in accordance with the applicable IFRS guidelines.

Under IFRS 4 insurers may continue to use their local GAAP for their insurance contracts, subject to the following adjustments:

- Prohibition of provisions for possible claims under contracts that are not in existence as of the reporting date, such as equalisation provisions for future claims
- Gross presentation of insurance liabilities without offsetting them against related reinsurance assets
- The requirement for a test for the adequacy of recognised insurance liabilities
- The requirement for an impairment test for reinsurance assets
- Prohibition to de-recognise insurance liabilities in its balance sheet until they are discharged, cancelled or expire

In addition, an insurer is permitted to change its accounting policies for insurance contracts only if, as a result, that TrygVesta's financial statements present information that is more relevant and no less reliable, or more reliable and no less relevant.

New Danish FSA Accounting Rules

The Danish FSA has issued new accounting rules that apply from 1 January 2005. These new Danish FSA rules attempt to convert the old Danish statutory rules to an accounting system for insurers that is more in line with the recognition and measurement regulations inherent in the IFRS Framework. The new rules are applicable to all insurance companies and include approximated fair value measurements for insurance contracts but do not include the recognition and measurement options available in IFRS. The new Danish FSA accounting rules regarding approximated fair value measurement are supported by changed regulations for insurance contracts, such as the requirement to discount reserves if discounting constitutes a material amount.

When TrygVesta refers to Danish GAAP in the annual financial statements, TrygVesta is referring to the rules in effect at the time, and not the new Danish GAAP effective as of 1 January 2005.

TrygVesta has adopted the new Danish FSA rules as local GAAP for the recognition and measurement of insurance contracts as required by IFRS 4 which had the following effects:

- Eliminated equalisation provisions
- Presented the insurance provisions as gross liabilities and the related reinsurers'share as assets

In addition, TrygVesta has changed accounting policies to discount all provisions for claims and claims handling costs and the related reinsurers' share of these liabilities to reflect the economic reality of the business and so provide more relevant information as permitted by IFRS 4. For all provisions except for annuity provisions in Denmark, TrygVesta also uses a yield curve rather than a fixed rate to reflect a more relevant market interest rate.

Consolidated Financial Information as of 31 December 2004

The IFRS consolidated financial information as of 31 December 2004 has been prepared in accordance with the recognition and measurement provisions of those standards and interpretations issued and effective, or issued and early adopted, as of 31 December 2005.

The following discussion describes certain of TrygVestas income statement items and balance sheet line items under both Danish GAAP and IFRS. The following discussion will also describe the principle differences between Danish GAAP and IFRS, and provides a set of comparative IFRS data and information, including explanation of the main differences and reclassifications that arise.

Impact on Profit and Shareholders' Equity Resulting from the IFRS Implementation

The implementation of IFRS has resulted in certain reclassifications as well as adjustments to amounts recognised under Danish GAAP. The table below presents the effect on profit for the year ended 31 December 2004 as a result of implementation of IFRS. In the section "TrygVesta 2004 comparative IFRS figures" TrygVesta have included a detailed discussion of the reclassifications and adjustments affecting the income statement and balance sheet.

DKKm	2004
Profit for the year ended 31 December – Danish GAAP	**1,407**
A) Current-year effect of elimination of equalisation provisions	92
B) Change in provision for defined benefit pension plan in Vesta	47
C) Increase in claims handling costs	-52
D) Net effect of discounting	9
E) Tax on IFRS changes, including contingency funds	-76
F) Other, net	-6
Profit for the year ended 31 December – IFRS	**1,421**

DKKm	2004
Shareholders' equity 31 December – Danish GAAP	**6,117**
A) Equalisation provisions	1,411
B) Defined benefit pension plan in Vesta	-347
C) Claims handling costs	-502
D) Discounting	708
E) Tax on IFRS changes, including contingency funds	-1,043
F) Other items, including employee benefits, etc	-196
G) Dividend	650
Shareholders' equity 31 December – IFRS	**6,802**

DKKm	2004
Shareholders' equity 1 January – IFRS	**5,509**
Profit for the year ended 31 December 2004 in accordance with IFRS	1,421
B) Actuarial gains and losses on pension obligation	-111
E) Tax on equity entries	33
G) Dividend paid	-50
Shareholders' equity 31 December – IFRS	**6,802**

A) Equalisation provisions represent amounts reserved to equalise fluctuations in future profits for areas which historically have been subject to substantial random fluctuations. For the majority of these provisions, their use to offset claims can only occur if the relevant losses exceed a predetermined size. In periods where such claims occur, the reserves are utilized as claims are made. Under Danish GAAP this provision was accounted for under change in the equalisation provisions. Under IFRS equalisation provisions are not permitted and are therefore adjusted to shareholders' equity as of 1 January 2004. The amount reflected in the reconciliation of profit is the change in equalisation provisions from 1 January 2004 to 31 December 2004 under Danish GAAP.

B) The measurement of TrygVestas defined benefit pension plan in Vesta under Danish GAAP was based on an actuarial calculation of the value of future benefits payable under the scheme using assumptions related to long-term economic developments. According to IFRS, the benefit plan liabilities are measured based on current discount rate assumptions relevant on the balance sheet date. According to IAS 19, TrygVesta has retrospectively from 1 January 2004 applied the new option to recognise the actuarial gains and losses in full in the period in which they occur in shareholders' equity. Under Danish GAAP these were recognised in the income statement.

C) Under Danish GAAP, claims handling costs were expensed as incurred and no provision for handling the claims related to the claims reserves were made. Under IFRS, the provision for claims include a provision to cover direct and indirect claims handling costs in connection with servicing claims outstanding at the balance sheet date.

D) Under Danish GAAP, TrygVesta discounted provisions related to workers' compensation. TrygVesta has chosen to also discount all other claims provisions as allowed under IFRS. As a result, initial changes in claims provisions, changes in discount rates or changes in duration of claims provisions could have positive or negative effects on earnings.

E) The change in tax is due to the adoption of IAS 12 "Income Taxes" ("IAS 12") regarding the recognition of deferred tax provisions for contingency funds, the tax effect of all IFRS adjustments and the tax effect of including in shareholders' equity actuarial gains and losses on the defined benefit pension plan.

F) Under Danish GAAP, employee benefits and bonus and premium rebates to certain affinity groups are expensed as incurred. Under IFRS, these amounts are recognised as liabilities.

G) Under Danish GAAP, proposed dividends were recognised as a liability. Under IFRS, dividends are not recognised as a liability until approved on the Annual Generel Meeting.

Because TrygVesta under Danish GAAP measured all investment assets at fair value, no differences in 2004 profits or shareholders' equity were recognised when implementing IFRS.

TrygVesta's 2004 comparative IFRS figures

The following is a reconciliation of the significant differences on a line item basis in TrygVesta's consolidated financial statements between Danish GAAP and IFRS as of and for the year ended 31 December 2004.

Reconciliation of the transition from Danish GAAP to IFRS

DKKm		Year ended 31 December 2004		
		Danish GAAP [1)]	**IFRS adjustments**	**IFRS**
Notes				
	Income statement			
1	Gross earned premiums	15,273	-7	15,266
2	Earned premiums, net of reinsurance	13,777	5	13,782
3	Technical interest, net of reinsurance	495	-160	335
4	Claims incurred, net of reinsurance	-9,645	-215	-9,860
5	Change in other insurance provisions, net of reinsurance	-25	25	-
6	Bonus and premium rebates	-151	-11	-162
7	Total insurance operating expenses, net of reinsurance	-2,894	499	-2,395
8	Change in the equalisation provisions	-92	92	0
	Technical result	**1,465**	**235**	**1,700**
	Investment activities			
9	Income from investment assets	1,046	-25	1,021
10	Unrealized gains or losses on investment assets	235	-108	127
	Charges relating to investment assets	-128	-	-128
	Exchange rate adjustments	-7	3	-4
	Return on investment activities before transfer to insurance activities	**1,146**	**-130**	**1,016**
	Technical interest transferred to insurance activities	**-634**	**-4**	**-638**
	Other ordinary expenses	-26	-	-26
	Profit before tax	**1,951**	**101**	**2,052**
11	Tax	-480	-76	-556
	Profit on continued business	**1,471**	**25**	**1,496**
	Loss on discontinued and divested business	-64	-11	-75
	Profit for the period	**1,407**	**14**	**1,421**

Certain income statement activity under Danish GAAP is classified differently under IFRS. See "Presentational Differences" for a reconciliation of these income statement items.

[1)] Danish GAAP according to the issued financial statements of 2004 but adjusted for divested business in 2004 which in the income statement to the line "Loss on the discontinued and divested business". Reclassification on the divested business 2004 in the table above is made for the purpose of comparability.

Description of Danish GAAP and IFRS and reconciliation of differences between Danish GAAP and IFRS

Notes

1 Gross earned premiums

Under Danish GAAP, gross earned premiums included gross premiums written adjusted for provisions (earned premiums), reduced by bonus and premium rebates. The basis for the amount of gross premiums written recognised in any accounting period varies by the volume and type of contacts TrygVesta write. Earned premiums were recorded in accordance with the terms of the underlying policies and according to various estimates that TrygVesta were required to make. Gross earned premiums under Danish GAAP also includes self-insurance contracts covering assets of TrygVesta.

Under IFRS, gross earned premiums are the same as under Danish GAAP except that:

- premiums from self-insurance contracts are not recognised;
- bonus and premium rebates to affinity groups are recognised as a provision and expensed based on the current years' performance of the affinity group's portfolio of insurance policies
- changes in the provision for unexpired risk under IFRS is part of change in premium provision, whereas under Danish GAAP it was classified as "change in other insurance provisions, net of reinsurance"

The total effect on gross earned premiums as a result of implementing IFRS amounts to a DKK 7m reduction, as follows:

DKKm	
Insurance premium on self-insurance	-7
Bonus and premium rebates to affinity groups	-11
Reclassification of change in provision for unexpired risk *)	11
	-7

*) As a result of a provision for risk not yet run off in Vesta recorded as an equalisation reserve of DKK 36m, the net effect of DKK 11m is booked to premium.

2 Earned premiums, net of reinsurance

Under Danish GAAP earned premiums, net of reinsurance was equal to gross premiums written less premiums paid to TrygVestas reinsurers for the reinsurance protection TrygVesta purchase plus the net change in provisions for unearned premiums. The basis for the amount of gross premiums written recognised in any accounting period varies by the volume and type of contacts that TrygVesta write. Earned premiums were recorded in accordance with the terms of the underlying policies and according to various estimates that TrygVesta were required to make. Earned premiums under Danish GAAP includes self-insurance contracts covering assets of TrygVesta and self-insurance for employee related matters.

Gross premiums written during one reporting period do not necessarily represent the risks actually carried during that period. In a typical reporting period, TrygVesta earn a portion of the gross premiums written during that period together with premiums that were written during earlier periods. Likewise, some part of gross premiums written are not earned until future periods. Under Danish GAAP TrygVesta allocate premiums written but not yet earned to provision for unearned premiums, which represents a liability on balance sheet. The provision for unearned premiums comprises the proportion of gross premiums written that are estimated to be earned in a subsequent financial period, computed separately for each insurance contract using the pro rata method, and adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contact. As time passes, the unearned premium reserve in relation to a policy is gradually reduced and the corresponding amount released through the profit and loss account as premiums are earned. The change in the unearned premium reserve was disclosed on TrygVesta Danish GAAP income statement under "Change in the gross provisions for unearned premiums".

Under IFRS, earned premiums, net of reinsurance, are treated the same as under Danish GAAP, except that:

- premiums from self-insurance contracts are not recognised
- "changes in the provision for unexpired risk" under IFRS is part of "change in premium provision" whereas under Danish GAAP it was classified as "change in other insurance provisions, net of reinsurance"

The total effect on earned premiums as a result of implementing IFRS amounts to DKK 5m, as follows:

DKKm	
Insurance premium on self-insurance	-7
Reclassification of change in provision for unexpired risk *)	11
	5

*) As a result of a provision for risk not yet run off in Vesta recorded as equalisation reserve of DKK 36m, the net effect of DKK 11m is booked to premium.

3 Technical interest, net of reinsurance

Under Danish GAAP, technical interest, net of reinsurance partially consisted of a calculated return on the average provisions on insurance contracts (the "Technical provisions"), partially offset by the accretion over the relevant period of discounted technical provisions for insurance contracts. Technical interest, net of reinsurance, was calculated by applying an interest rate equal to the pre-tax yield to maturity on bonds with a term to maturity of less than three years. The interest rate was determined by the Danish FSA. The amount resulting from this calculation was transferred from the aggregate return on investment activities to the technical result.

Under IFRS, TrygVesta have the option to continue to use the interest rate determined by the Danish FSA or a yield curve. The yield curve provides interest rates matching the estimated cash flows of the provisions recorded. TrygVesta have elected to use an interest rate based on a yield curve. Technical interest, net of reinsurance, under IFRS is still calculated as the return on the relevant period's average technical provisions, net of reinsurance, offset by the accretion over the period of discounted technical provisions, net of reinsurance.

Under Danish GAAP, the Danish FSA allowed, but did not require, discounting of provision for claims with long duration (i.e. greater than four years). Under Danish GAAP, TrygVesta only discounted provisions related to workers' compensation.

IFRS provides an option to discount all insurance liabilities. The Danish FSA requires the discounting of all insurance liabilities if material. TrygVesta are now discounting all of provisions for claims. TrygVesta use a yield curve and select discount rates commensurate with the estimated cash flow of each of TrygVesta provisions to calculate discounted insurance liabilities.

As a result of the application of a different interest rate, technical interest net of reinsurance increases by DKK 6m as a result of the implementation of IFRS. Since all technical provisions are discounted under IFRS, the effect of accretion of discounted technical provisions increases. This had an effect on technical interest, net of reinsurance of a reduction of DKK 166m. Hence, total technical interest, net of reinsurance is DKK 160m lower under IFRS.

Discounting of claims provisions (Unwinding)
The movement in provisions for claims related to the effect of discounting is recognised in three separate line items in the income statement. The change due to the accretion of the discount is recognised as a cost in technical interest. The movement due to change in yield curve is recognised as a cost in "unrealized gains or losses on investment assets" (value adjustments in the IFRS presentation). The third element results from the effects on results due to timing of income recognition as a result of discounting. As claims are recognised on a discounted basis in the financial statements, income is recognised earlier. This effect is reflected in "claims incurred, net of reinsurance".

Decomposition of the movement of the discounting on claims provisions within an accounting period
The classification of the effects of discounting in the income statement as described above is prescribed under Danish FSA and allowed under IFRS. The purpose of the classification in the income statement of the three elements of discounting is to accomplish offsetting of similar types of interest income and interest expense. The interest rate used to discount claims provisions is the same interest rate used to calculate technical interest. As such, the accretion of the discount is classified in technical interest to offset the interest income calculated. The interest on investment assets is premarily earned on fixed rate instruments. Therefore, as interest rates move, the marking to market of the fair value of investment assets creates gains and losses. The portion of the discount related to changes in yield curve moves with the gains and losses on investment assets. The timing effect discussed above is also related to technical interest and is therefore classified within technical result.

Effect of converting from Danish GAAP to IFRS
The effect of discounting of provisions (unwinding) for insurance contracts can be disaggregated, as follows:

DKKm	
Changes due to accretion of discounts on claim provisions	-166
Timing effect on results due to discounting	283
Movement in yield curve recognised in investment activities	-108
	9

4 Claims incurred, net of reinsurance

Under Danish GAAP, claims incurred, net of reinsurance represented claims paid during the year and adjusted for changes in provisions for unpaid claims and changes in case reserve provisions less the portion of the reinsurance claims paid that TrygVesta ceded to reinsurers. Under Danish GAAP, no provision for claims handling costs was made.

Under IFRS, claims incurred, net of reinsurance are treated the same as under Danish GAAP except that claims handling costs are included in this item, and accruals for claims handling costs are also included.

In addition to the reclassification of claims handling costs discussed in the preceding paragraph, claims incurred, net of reinsurance are also impacted by a change under IFRS of TrygVestas discounting of provisions for claims.

As discussed above in Section 3 "Technical interest, net of reinsurance", a difference as a result of the implementation of IFRS results from discounting of claims provisions in the form of the timing of recognition of income. As claims are recognised on a discounted basis in the financial statements, income is recognised earlier. In 2004 the total difference on claims incurred, net of reinsurance as a result of discounting amounted to DKK 283m.

The total effect of implementing IFRS on the claims incurred, net of reinsurance amounts to DKK 215m. This includes the net effect of the reclassification of claims handling costs of DKK 440m to claims incurred, net of reinsurance from total insurance operating expenses, net of reinsurance (see below), as well as DKK 52m in accrued provisions, partially offset by the effect of discounting as described above, plus certain other less material changes.

DKKm	
Discounting of claims provisions	283
Reclassified claims handling costs	-440
Accrued provisions for claims handling costs	-52
Other	-6
	-215

5 Change in other insurance provisions, net of reinsurance

Under Danish GAAP, changes in other insurance provisions, net of reinsurance represented changes in other insurance provisions for risk not yet run off, which represented the estimated amount of future expected expenses and claims in excess of provisions for unearned and future premiums in respect of potential claims within the cover period of the insurances.

Under IFRS, the amounts included under "Change in other insurance provisions, net of reinsurance" reclassified under earned premiums, net of reinsurance.

The effect of the IFRS implementation is a reclassification of DKK 25m from "Change in other insurance provision, net of reinsurance" to earned premiums, net of reinsurance.

6 Bonus and premium rebates

Under Danish GAAP, bonus and premium rebates represented anticipated and reimbursed premiums mainly related to arrangements TrygVesta have with affinity groups where the amount reimbursed depends on the claims record, and for which the criteria for payment have been determined prior to the financial year or when the business was written.

Under IFRS, a provision has been made regarding a liability towards certain affinity groups, and changes to this liability are reflected in the bonus and premium rebates of DKK 11m. This difference is also reflected in the calculation of gross earned premiums.

7 Total insurance operating expenses, net of reinsurance

Under Danish GAAP, insurance operating expenses, net of reinsurance represented acquisition costs and administrative expenses less reinsurance commissions received. Policy acquisition costs were expensed when incurred. Under Danish GAAP, direct and indirect claims handling costs are included within total insurance operating expenses, net. Under Danish GAAP, a calculated "internal rent" on owner-occupied properties was reclassified as total insurance operating expense, net of reinsurance.

Under IFRS, insurance operating expenses, net of reinsurance are the same as under Danish GAAP except that direct and indirect claims handling costs are reclassified and moved to claims incurred, net of reinsurance.

Under IFRS, principally as a result of the reclassification of claims handling costs, total insurance operating expenses, net of reinsurance are DKK 499m lower than under Danish GAAP, which mainly consists of a reclassification to claims regarding direct and indirect claims handling costs of DKK 440m. The total change of DKK 499m is disaggregated as follows:

DKKm	
Derecognition of internal rent	25
Change in provision for pension fund	47
Reclassification of claim handling costs	440
Other	-13
	499

TrygVesta has applied IAS 19 retrospective from January 1, 2004 regarding the pension liability towards its Norwegian employees. IAS 19 was implemented, which permits the option of recognising actuarial gains and losses in full in equity rather than the income statement in the period in which they occur. Actuarial gains and losses may be triggered (for example, by changes in the discount rate, increases in salaries, mortality and differences between the actual return on plan assets and the expected return on plan assets). The change in accounting practice improves the result for 2004 by DKK 47m since these amounts are no longer reflected in the income statement.

Under IFRS, internal rent is not recognised. Under IFRS as a result of the reversal of this reclassification, total insurance operating expenses, net of reinsurance were reduced by DKK 25m.

8 Change in the equalisation provisions

Under Danish GAAP, equalisation provisions are used to equalise fluctuations in future profits for areas which historically have been subject to substantial random fluctuations. For the majority of these provisions, their use to offset claims can only occur if the relevant losses exceed a predetermined size. Examples of these claims include windstorms, natural perils, credit insurance and workers' compensation. The size and the criteria for establishing equalisation provisions were either determined by legislation or determined by actuarial calculations. In periods where such claims occur, the provisions are utilized as claims are made.

Under IFRS, equalisation provisions are not permitted.

Because equalisation provisions are prohibited under IFRS, the difference recognised in the income statement for the year ended December 31, 2004 represents the write-off to shareholders' equity of the amount recognised in the current year under Danish GAAP.

9 Income from investment assets

Under Danish GAAP, income from investment assets consisted of interest, dividends, realized gains/losses relating to investment assets, together with rental income and property expenses. Under Danish GAAP, a calculated "internal rent" on owner-occupied properties reduced expenses and was reclassified to increase total insurance operating expenses, net of reinsurance.

Under IFRS, income from investment assets are the same, except internal rent is not recognised.

The change in income from investment assets as a result of the implementation of IFRS represents the elimination of internal rent of DKK 25m reclassified to total insurance operating expenses, net of reinsurance under Danish GAAP.

10 Unrealized gains or losses on investment assets

Under Danish GAAP, this item is primarily income related to investment assets which are fixed rate instruments. Therefore, as interest rates move, the marking to market of investment assets creates gains and losses.

Under IFRS, unrealized gains and losses are calculated in the same way as under Danish GAAP, and includes the effect of discounting all claims reserves. Under IFRS TrygVesta have elected to use a yield curve which TrygVesta believe is a more precise method since it allows for greater matching of the rate used to the relevant period, except for annuity reserves for Danish workers' compensation for which TrygVesta use a fixed rate of 1%.

Unrealized gains and losses on investment assets decreased by DKK 108m due to the differences arising from discounting using a yield curve. See note 3 "Technical interest, net of reinsurance".

11 Tax

The transition from Danish GAAP to IFRS does not impact TrygVestas income taxes payable. However, due to changes in accounting policies deferred tax is impacted as follows:

DKKm	
A) Equalisation provision including Norwegian Pool	-34
B) Contingency funds	-31
C) Claims handling costs	17
D) Discounting of deferred tax	-28
	-76

A) Previously TrygVestas did not provide deferred tax for equalisation provisions under Danish GAAP. Under IFRS deferred tax has been provided for. The deferred tax expense of DKK 34m is the tax effect from the change in equalisation provisions in 2004.

B) Previously TrygVesta did not provide deferred tax for contingency funds under Danish GAAP. Under IFRS deferred tax has been provided for. The deferred tax expense of DKK 31m is the tax effect from the change in contingency funds during 2004.

C) Under Danish GAAP, claims handling costs were expensed when incurred. Under IFRS, estimated claims handling costs are accrued as part of the claims provision. For tax purposes these costs are expensed when incurred. Due to the change in claims handling cost accrued, deferred tax varies accordingly. Based on the 2004 change in accrued claims handling costs, deferred tax decreased by DKK 17m.

D) Under Danish GAAP, deferred taxes were discounted, if material. Under IFRS, discounting of deferred taxes is not permitted. The 2004 change in discounting effect on deferred taxes under Danish GAAP amounting to DKK 28m has been reversed under IFRS.

Reconciliation of the transition from Danish GAAP to IFRS as of December 31, 2004

DKKm

Notes	**Balance sheet**	**Danish GAAP**	**Adjustments IFRS**	**IFRS**
12	Intangible assets	112	0	112
13	Investment assets	29,473	1,309	30,782
14	Reinsurers' share of technical provisions	0	3,292	3,292
15	Amounts owing	2,604	-271	2,333
	Other assets	923	-59	864
	Prepayments and accrued income	441	0	441
	Total assets	**33,553**	**4,271**	**37,824**
	Liabilities			
	Subordinate loan capital	700	0	700
16	Technical provisions, net of reinsurance	23,467	1,745	25,212
17	Provisions for other risks and charges	169	1,203	1,372
18	Debt	2,850	638	3,488
	Accruals and deferred income	250	0	250
	Total liabilities	**27,436**	**3,586**	**31,022**
	Shareholders' equity	**6,117**	**685**	**6,802**
	Total liabilities and shareholders' equity	**33,553**	**4,271**	**37,824**

12 Investment assets

The largest component of investment assets is bonds. Under Danish GAAP, purchases and sales of investments were recognised on settlement date and purchases and sales not yet settled were off-balance sheet items until the settlement date. Under Danish GAAP, investments were measured at fair value as of the balance sheet date based on the average quoted market price on that date and any unrealized gains and losses recognised in unrealized gains and losses on investment assets.

Under IFRS, purchases and sales of investments are recognised on the trade date and measured by the closing quoted market price on the balance sheet date.

Due to the change in recognition from settlement date under Danish GAAP to trade date under IFRS TrygVesta recognised DKK 1,306m of additional investments on December 31, 2004. This was due to an increased volume of trading activity that occurs at the end of the year. The change from measuring investments by the average quoted market price to the closing quoted market price totals DKK 3m.

13 Reinsurers' share of technical provisions

Under Danish GAAP, TrygVesta were allowed to net the reinsurers' share of technical provisions in technical provisions, net of reinsurance.

Under IFRS, netting is not allowed. Therefore, the reinsures' share of technical provisions of DKK 3,292m is reclassified from technical provisions, net of reinsurance to an asset on the balance sheet under "reinsurers' share of technical provisions".

14 Amounts owing

Under Danish GAAP, amounts owing included prepaid income tax.

Under IFRS, prepaid income tax is included in other assets.

As a result of the implementation of IFRS, the balance of prepaid tax of DKK 271m as of December 31, 2004 is reclassified from amounts owing to other assets.

15 Other assets

Under Danish GAAP, other assets includes deferred tax assets. However, under Danish GAAP other assets did not include amounts relating to net prepaid income tax (prepaid income tax less income taxes payable).

Under IFRS, other assets include net prepaid income tax. IFRS requires deferred tax assets and deferred tax liabilities to be presented net in the balance sheet. Since the net position at December 31, 2004 is a net deferred tax liability, deferred tax assets are reclassified to provisions for other risks and charges.

As a result of the implementation of IFRS, other assets have been reduced as of December 31, 2004 by DKK 59m related to the effects of the following reclassifications:

DKKm	
Prepaid income taxes	271
Income taxes payable	-79
Deferred taxes	-251
	-59

16 Technical provisions, net of reinsurance

The total effect of implementing IFRS on the technical provisions, net of reinsurance is an increase of DKK 1,745m, and is detailed as follows:

DKKm	
Discounting of claims provisions	-708
Provision for claims handling costs	502
Equalisation provisions, excluding workers' compensation	-1,411
Provision for bonus and premium rebates	108
Reclassification of the reinsurers' share of insurance provisions	3,292
Provision for self insurance	-38
	1,745

Under Danish GAAP technical provisions, net of reinsurance consisted of the following balances:

- Provisions for unearned premiums, net of reinsurance
- Provisions for claims, net of reinsurance
- Provisions for workers' compensation
- Provisions for bonuses and premium rebates, net of reinsurance
- Equalisation provisions
- Other insurance provision, net of reinsurance

Each of the provisions affected by the implementation of IFRS and the related effect are described below.

Discounting of claims provisions
Under Danish GAAP, discounting of provision for claims with long duration (i.e., greater than four years) was allowed but not required. Under Danish GAAP TrygVesta only discounted provisions for workers compensation.

IFRS provides an option to discount all insurance liabilities. The Danish FSA requires the insurance liabilities to be discounted if the effect thereof is material. Under IFRS TrygVesta are now discounting all of their provisions for claims. A yield curve is used and select discount rates commensurate with the estimated cash flow of each of TrygVestas provisions to calculate TrygVestas discounted insurance liabilities.

As a result of the transition to IFRS, the difference in technical provision, net of reinsurance due to discounting amounted to DKK 708m as of December 31, 2004.

Provision for claims handling costs
Under Danish GAAP, provisions for claims, net of reinsurance represented amounts to cover claims incurred before the balance sheet date, whether reported or not, but did not include any provision for claims handling costs. Under IFRS, provisions for claims, net of reinsurance are treated the same as for Danish GAAP except that accrued claims handling costs are included in this item. Claims handling costs are discounted using the same methodology and yield curve as for claims provisions.

The effect at December 31, 2004 of including discounted provisions for claims handling costs in provisions for claims, net of reinsurance as a result of the implementation of IFRS amounted to DKK 502m.

Equalisation provisions
Under Danish GAAP, equalisation provisions represented reserves recorded to equalise fluctuations in future profits for areas which historically have been subject to substantial random fluctuations. For the majority of these provisions, their use to offset claims can only occur if the relevant losses exceed a predetermined size. These provisions are actuarially determined. In periods where such losses occur, the provisions were utilized as claims were made. Equalisation provisions were presented net of reinsurance. The equalisation provisions comprise the following:

- The Norwegian pool
- Credit and guarantee provisions calculated according to rules issued by the Danish FSA
- The difference between provisions for insurance contracts regarding workers' compensations under the Danish FSA made up at discount rates of respectively 2% and 2.75%
- Storm and large losses

TrygVesta collect premiums regarding the Norwegian Pool and pay out claims relating to natural disasters (under the definition of the Norwegian Pool). If the collected premiums exceed TrygVestas proportional share of the total claims, under Danish GAAP the difference was recorded under “Change in equalisation provisions”. The other equalisation provisions described above were also recorded under “Change in equalisation provisions”.

Under IFRS, equalisation provisions are not permitted and thus have been adjusted to shareholders' equity.

The provisions relating to the Norwegian Pool, credit and guarantee, and storm and large losses in the amount of DKK 1,411m have been adjusted to shareholders’ equity.

Provision for bonus and premium rebates
Under Danish GAAP, 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 determined prior to the financial year or when the business was written.

Under IFRS, a provision has been made regarding a liability towards affinity groups and changes to this liability has been included in the bonus and premium rebates. This provision has been recorded at DKK 108m.

Reclassification of reinsurers’ share of insurance provisions
Under Danish GAAP TrygVesta were allowed to net the reinsurers' share of technical provisions in technical provisions, net of reinsurance.

Under IFRS, netting is not allowed. Therefore, the reinsures’ share of technical provisions of DKK 3,292m is reclassified from technical provisions, net of reinsurance to an asset on the balance sheet under “Reinsurers' share of technical provisions”.

Provision for self-insurance
Under Danish GAAP, provisions for self-insurance represented TrygVesta estimated incurred liabilities for items TrygVesta self-insure. TrygVesta classified these item under technical provisions, net of reinsurance.

Under IFRS, the accounting for self-insurance provisions is the same as Danish GAAP except that TrygVesta classify the liability within provisions for other risks and charges.

As a result of the implementation of IFRS TrygVesta have reclassified self-insurance provisions of DKK 38m from technical provisions, net of reinsurance to provisions for other risks and charges.

17 Provisions for other risks and charges

The total effect of implementing IFRS on the provisions for other risks and charges amounts to DKK 1,203m. The effect on the current year is disaggregated as follows:

DKKm	
Deferred taxes	792
Provision for self-insurance	38
Provision for pension fund	347
Provision for other benefits	26
	1,203

Deferred taxes
Under Danish GAAP, TrygVesta did not recognise deferred tax on contingency funds. Additionally, under DanishGAAP, deferred taxassets and liabilities are presented separately in the balance sheet. Under Danish GAAP deferred taxes were discounted, if material.

Under IFRS, TrygVesta recognise deferred taxes on contingency fund provisions in Norway and Denmark in our Consolidated Financial Statements. Under IFRS, deferred tax assets and liabilities are netted in the balance sheet. Also, discounting of deferred taxes is not permitted.

As a result of the implementation of IFRS, TrygVesta recognised deferred taxes on contingency funds of DKK 574m. TrygVesta have also reclassified deferred tax assets of DKK 251m from other assets to provisions for other risks and changes. The implementation of IFRS effected the book basis of several items on balance sheet. Below is a summary of all changes in deferred taxes as a result of the implementation of IFRS.

DKKm	
Reclassification of deferred tax asset	-251
Contingency funds	574
Equalisation provisions	403
Discounting	205
Claims handling costs	-146
Defined benefit pension plan in Vesta	-97
Discounting of deferred tax; deferred tax on equities, real estate, etc.	154
Other items, including employee benefits, etc.	-50
	792

Provision for self-insurance
Under Danish GAAP, provisions for self insurance represented estimated incurred liabilities for items that TrygVesta self-insure. TrygVesta classified this item under technical provisions, net of reinsurance.

Under IFRS, the accounting for self-insurance provisions is the same as Danish GAAP except that TrygVesta classify the liability within provisions for other risks and charges.

As a result of the implementation of IFRS TrygVesta have reclassified self-insurance provisions of DKK 38m from technical provisions, net of reinsurance to provisions for other risks and charges.

Pension liability
Under Danish GAAP, the defined benefit pension plan in Vesta was measured at an estimated market value using Norwegian assumptions relating to long-term economic developments.

Under IFRS, the pension plan is treated as a defined benefit plan and the assets and liabilities are measured based on an actuarial calculation of the value in use of future benefits payable under the plan which has been made up in accordance with the economic market assumptions on the balance sheet date instead of assumptions relating to long-term economic developments.

The effect of changes in assumptions under IFRS results in a DKK 347m increase in TrygVesta's pension liability.

18 Debt

The total effect of implementing IFRS on debt amounts to an increase of DKK 638m. The effect on the current year is disaggregated as follows:

DKKm	
Unsettled bonds	1,309
Dividend	-650
Reclassification of income taxes payable	-79
Increase in provision for holiday allowance	38
Other	20
	638

Unsettled bonds
Under Danish GAAP, debt associated with the acquisition of bonds was recognised on settlement date and purchases and sales not yet settled were off-balance sheet items until the settlement date. Under Danish GAAP, investments were measured at fair value at the balance sheet date based on the average quoted market price on that date.

Under IFRS, purchases and sales of bonds are recognised on the trade date and measured by the closing quoted market price on that balance sheet date.

Due to the change in recognition from settlement date under Danish GAAP to trade date under IFRS, TrygVesta recognised DKK 1,309m of additional investments on December 31, 2004. This was due to increased volume of trading activity that occurs at the end of the year.

Dividend for the year
Under Danish GAAP, proposed dividends were recognised as a liability.

Under IFRS, dividends are not recognised as a liability until approved by the Annual General Meeting.

As a result of the implementation of IFRS, DKK 650m of proposed dividends have been reclassified from liabilities to shareholders' equity at December 31, 2004.

Reclassification of income taxes payable
Under Danish GAAP, income taxes payable were recorded under debt.

Under IFRS, income taxes payable are presented net with prepaid income taxes.

As a result of the implementation of IFRS, DKK 79m of income taxes payable has been reclassified as of December 31, 2004 to other assets.

Increase in provision for holiday allowance
Under Danish GAAP, TrygVesta calculated the provision for holiday allowances based on those amounts for the current holiday season and an estimate for accruals for prior years.

Under IFRS, provisions for holiday allowances includes a more accurate accrual of prior years' amounts and additional amounts regarding senior employees.

As a result of the implementation of IFRS, TrygVesta recognised additional provisions of DKK 38m for holiday allowances.

Presentational differences

As a result of the implementation of IFRS, certain accounts are recorded under different line items in the income statement. The most significant effect of these presentational differences occur within the income statement subtotals for "Return on investment activities before transfer to insurance activities" under Danish GAAP, which is referred to as "Total return on investment activities" under IFRS. The following provides a "mapping" of the presentational differences from Danish GAAP to IFRS.

DKKm		Danish GAAP presentation Amounts on an IFRS basis	Reclassi-fication	IFRS presentation Amounts on an IFRS basis	
Notes					
	Income from investment assets				
1	Income from investment property	90		90	Income from investment property
2	Interest and dividends etc.	834		834	Interest and dividends, etc.
3	Realized gains from investment assets	97	-97		
	Total income from investment assets	**1,021**		**924**	
4	Unrealized gains or losses on investment assets	127	-127		
5			220	220	Value adjustments
	Charges relating to investment income				
6	Interest expenses	-74		-74	Interest expenses
7	Investment management charges	-54		-54	Investment management charges
	Total changes relating to investment income	**-128**		**-128**	
8	Exchange rate adjustments	-4	4		
	Return on investment activities before transfer to insurance activities	**1,016**		**1,016**	**Total return on investment activities**

1 "Income from investment property" under Danish GAAP is included in "Income from investment assets", whereas under IFRS it is shown separately.
2 "Interest and dividends etc." under Danish GAAP is included in "Income from investment assets", whereas under IFRS it is shown separately.
3 "Realized gains from investment assets" under Danish GAAP is included in "Income from investments assets", whereas under IFRS it is included in "Value adjustments".
4 "Unrealized gains and losses from investment assets" under Danish GAAP is shown separately, whereas under IFRS it is included in "Value adjustments".
5 "Value adjustments" under IFRS; see notes 3, 4 and 8.
6 "Interest expenses" under Danish GAAP is included in "Income from investment assets", whereas under IFRS it is shown separately.
7 "Investment management charges" under Danish GAAP is included in "Income from investment assets", whereas under IFRS it is shown separately.
8 "Exchange rate adjustments" under Danish GAAP is shown separately, whereas under IFRS it is included in "Value adjustments".

INCOME STATEMENT AND BALANCE SHEET FOR TRYGVESTA A/S (PARENT COMPANY)

INCOME STATEMENT

DKKm Notes		2005	2004
	Investment activities		
1	Income from subsidiaries	2,086	1,480
2	Interest income, etc.	34	37
	Exchange rate adjustments	-1	-1
2	Interest expenses	-60	-62
	Investment management charges	-3	-3
	Total return on investment business	**2,056**	**1,451**
3	Other expenses	-37	-32
	Profit before tax	**2,019**	**1,419**
4	Tax	18	-3
	Profit/loss on continuing business	**2,037**	**1,416**
5	Profit/loss on discontinued and divested business	-28	-75
	Profit/loss for the year	**2,009**	**1,341**
	Proposed distribution of the profit for the year:		
	Dividend	1,428	650
	Transferred to Net revaluation reserve as per the equity method	1,409	477
	Transferred to Retained earnings	-828	214
		2,009	**1,341**

BALANCE SHEET

DKKm Notes		2005	2004
	Assets		
6	Investments in subsidiaries	8,804	7,359
6	Investments in subsidiaries in respect of discontinued business	121	105
	Loans to subsidiaries	0	600
7	Investments in associates	14	14
	Total investments in subsidiaries and associates	**8,939**	**8,078**
	Bonds	22	77
	Cash in hand and at bank	8	1
	Total other financial investment assets	**30**	**78**
	Total investment assets	**8,969**	**8,156**
	Other receivables	0	16
	Total receivables	**0**	**16**
	Current tax asset	21	0
9	Deferred tax asset	0	3
	Total other assets	**21**	**3**
	Accrued interest and rent earned	0	2
	Total prepayments and accrued income	**0**	**2**
	Total assets	**8,990**	**8,177**
	Liabilities and equity		
	Shareholders' equity	**8,242**	**6,831**
8	**Subordinate loan capital**	**0**	**700**
10	Debt to credit institutions	710	601
	Debt to subsidiaries	30	33
	Other debt	8	12
	Total debt	**748**	**646**
	Total liabilities and equity	**8,990**	**8,177**
11	**Capital adequacy, etc.**		
12	**Contingent liabilities and collateral**		
13	**Related parties**		

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Share premium	Revaluation equity method	Retained earnings	Proposed dividends	Total
Shareholders' equity at 1 January 2004	**1,700**	**2,968**		**692**		**5,360**
Change in accounting policies				130	50	180
Adjusted equity at 1 January 2004	**1,700**	**2,968**	**0**	**822**	**50**	**5,540**
Equity entries in 2004						
Profit for the year			477	214	650	1,341
Retained share premium		-2,968		2,968		0
Revaluation of owner-occupied properties						
Exchange rate adjustment of foreign entities			68			68
Hedge of foreign currency risk in foreign entities			-68			-68
Actuarial gains and losses on pension obligation						
Tax on equity entries						
Total comprehensive income	0	-2,968	477	3,182	650	1,341
Dividend paid					-50	-50
Total equity entries in 2004	**0**	**-2,968**	**477**	**3,182**	**600**	**1,291**
Shareholders' equity at 31 December 2004	**1,700**	**0**	**477**	**4,004**	**650**	**6,831**
Shareholders' equity at 1 January 2005	**1,700**	**0**	**477**	**4,004**	**650**	**6,831**
Equity entries in 2005						
Profit/loss for the year			1,409	-828	1,428	2,009
Revaluation of owner-occupied properties			7			7
Exchange rate adjustment of foreign entities			133			133
Hedge of foreign currency risk in foreign entities			-119			-119
Tax on equity entries			31			31
Total comprehensive income	0	0	1,461	-828	1,428	2,061
Dividend paid					-650	-650
Total equity entries in 2005	**0**	**0**	**1,461**	**-828**	**778**	**1,411**
Shareholders' equity at 31 December 2005	**1,700**	**0**	**1,938**	**3,176**	**1,428**	**8,242**

Vesta Forsikring AS has in its consolidated financial statements included provisions for contingency funds of NOK 2,251m under provisions for insurance contracts. In the consolidation, these provisions, due to their nature as additional provisions, are included in shareholders' equity (retained earnings), net of deferred tax. When assessing Vesta Forsikring AS' option to pay dividend to the parent company Tryg Forsikring this amount should be considered. Tryg Forsikring's option to pay dividend to TrygVesta is influenced by this amount and a contingency fund provision of DKK 670m, which is included in shareholders' equity in Tryg Forsikring A/S. Dansk Kaution has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

NOTES

DKKm		2005	2004
1	**Income from subsidiaries**		
	Tryg Forsikring A/S	2,086	1,480
	Profit on continuing business	**2,086**	**1,480**
	Loss on discontinued business after tax	-28	-75
		2,058	**1,405**
2	**Interest and dividends, etc.**		
	Interest expenses	-60	-62
	Interest income	34	37
		-26	**-25**
3	**Other expenses**		
	Administrative expenses	-37	-32
		-37	**-32**

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

	2005	2004
Specification of remuneration, etc.		
Supervisory Board	-3	-3
Executive Management	-12	-8
	-15	**-11**
Remuneration, etc. includes pension contributions		
Supervisory Board	0	0
Executive Management	-1	-1
	-1	**-1**

Members of the Supervisory Board of TrygVesta A/S do not receive bonuses and are not participants in any severance plans. The Executive Management has a bonus scheme for up to 3 months' salary. Other than that, there are no incentive plans for the Supervisory Board and Group Executive Management.

At the Annual General Meeting, the Supervisory Board will show management's future share programme based on a share element for the Group Executive Management and key employees with a view to establishing incentives relevant to ensure competitive remuneration of the Group Executive Management and other key employees.

	2005	2004
Average number of full-time employees during the year	0	0
Administrative expenses include fee to the auditors appointed by the Annual General Meeting:		
Deloitte	-0.9	-3.3
Grant Thornton	-0.4	-0.2
	-1.3	**-3.5**
Of which services other than audit		
Deloitte	0.0	-2.7
	0.0	**-2.7**

In addition, expenses have been incurred for the Group's Internal Audit Department.

DKKm		2005	2004
4	**Reconciliation of tax expense**		
	Tax on financial loss before profit/loss in subsidiaries and tax	19	18
	Tax offset in jointly taxed companies in 2004	0	-19
	Tax on non-taxable income and expenses	-1	-2
		18	**-3**
	Effective tax rate	**%**	**%**
	Tax on financial loss before profit/loss	28	30
	Tax offset in jointly taxed companies in 2004	-	-31
	Tax on non-taxable income and expenses	-2	-4
		26	**-5**
5	**Profit/loss on discontinued and divested business**		
	Earned premiums, net of reinsurance	-27	925
	Technical interest, net of reinsurance	28	72
	Claims incurred, net of reinsurance	23	-704
	Insurance operating expenses, net of reinsurance	-45	-367
	Technical result	-21	-74
	Return on investment activities after technical interest	-6	-7
	Profit/loss before tax	-27	-81
	Tax	-1	6
		-28	**-75**
6	**Investments in subsidiaries**		
	Cost		
	Balance 1 January	6,987	6,809
	Adjustment, beginning of year	0	178
	Balance 31 December	6,987	6,987
	Revaluations and impairment writedowns at net asset value		
	Balance 1 January	477	-880
	Revaluations during the year	2,111	1,407
	Dividend paid	-650	-50
	Balance 31 December	1,938	477
	Carrying amount 31 December	**8,925**	**7,464**

Name and registered office	Ownership share in %	Profit/ loss	Share-holders' equity
Tryg Forsikring A/S, Ballerup	100	2,058	8,925

DKKm		2005	2004
7	**Investments in associates**		
	Cost		
	Balance 1 January	14	0
	Additions during the year	0	14
	Balance 31 December	14	14
	Revaluations and impairment writedowns at net asset value:		
	Balance 1 January	0	0
	Balance 31 December	0	0
	Carrying amount 31 December	**14**	**14**

Shares in associates according to the latest financial statements

Name and registered office	Assets	Liabilities	Shareholders' equity	Revenue for the year	Profit/loss for the year	Ownership share in %
Nordisk Flyforsikring A/S, Denmark The company was established at the end of 2004	-	-	50	-	-	28

8 **Subordinate loan capital**

At 31 December 2004, TrygVesta A/S had a subordinate loan of DKK 700m, for which the lender is Tryg i Danmark smba. The loan was repaid in 2005.

		2005	2004
9	**Deferred tax**		
	Tax asset		
	Debt and provisions	0	3
	Deferred tax, end of year	**0**	**3**
	Reconciliation of deferred tax, beginning of year		
	Deferred tax, beginning of year	3	6
	Change in deferred tax taken to the income statement	-3	-3
		0	**3**
	Non-capitalised tax loss		
	TrygVesta A/S	72	78

The loss in TrygVesta A/S can only be utilised in TrygVesta A/S.
The loss can be carried forward indefinitely.

The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to utilise the tax loss.

DKKm		2005	2004
10	**Debt to credit institutions**		
	Bank loans	710	601

In 2005, a consortium of banks granted Tryg Vesta A/S a loan facility for DKK 2,000m, of which DKK 715m had been utilised at 31 December 2005. In 2005, the loan carried interest at CIBOR plus a margin, totalling approximately 2.5% p.a. The unutilised part of the loan facility is measured at amortised cost, and an amount of DKK 5m was deducted from the loan proceeds upon signing the loan agreement. The costs are amortised until the loan facility expires in July 2010. The fair value of the loan is considered to be the utilised part of the facility of DKK 715m.

At 31 December 2004, Tryg Vesta A/S had three floating-rate loans totalling DKK 600m, which were repaid in 2005.

11	**Capital adequacy, etc.**		
	Shareholders' equity according to annual report	8,242	6,831
	Subordinate loan capital	349	700
	Proposed dividend	-1,428	-650
	Solvency requirements to subsidiary undertakings	-2,512	-2,459
	Deferred tax assets	0	-3
	Capital base	**4,651**	**4,419**
	Weighted assets	**6,431**	**5,616**
	Solvency	**72**	**79**

12 **Contingent liabilities and collateral**

The Danish companies in TrygVesta are jointly taxed with Tryg i Danmark smba. Until 2004, the companies were jointly and severally liable for payment of imposed corporation tax. From 2005, the companies are liable for the company's own share of the imposed corporation tax. Most of the Danish companies in TrygVesta are commonly registered for VAT and payroll tax with Tryg i Danmark smba and are jointly and severally liable for payment of all such direct and indirect taxes. Tryg i Danmark smba left the joint taxation following the listing of TrygVesta A/S in 2005.

The company is part of some disputes the outcome of which is not estimated to affect the financial position of the company. Management believes that the outcome of these legal proceedings will not affect the company's financial position beyond those receivables and obligations recognised in the balance sheet at 31 December 2005.

DKKm		2005	2004
13	**Related parties**		
	Supervisory Board and Executive Management		
	Premium income		
	• Parent company (Tryg i Danmark smba)	0.1	0.1
	• Key management	0.7	0.6
	• Other related parties	2.4	2.1
	Claims paid		
	• Key management	0.3	0.0
	• Other related parties	0.4	0.3
	An amount of DKK 0.1m has been provided for claims payments.		
	Guarantee agreements with related parties		
	• Account	1,150	850
	• Exercised, end of year	921	648
	• Premium	2	1

Outstanding guarantees cover the policyholders' financial obligations pursuant to the contract. Following an individual assessment, all guarantees are issued without additional security. The company has full recourse against the individual companies.

No provisions have been made for non-performing guarantees and no expenses were incurred during the financial year. Guarantee agreements are made on market terms.

Leases with related parties

Transactions with related parties also comprise rental income with premises being let to a member of management on market terms.

Parent company

Tryg i Danmark smba

Tryg i Danmark smba controls 60% of the shares in TrygVesta A/S.

Intra-group trading involved the following:	2005	2004
• Providing and receiving services	4	
• Intra-group account	44	
• Interest–subordinated loan	-44	

Administration fee, etc. is fixed on a cost-recovery basis.
Intra-group accounts are offset and carry interest on market terms.

Subsidiaries and associates

TrygVesta A/S owns all the shares of Tryg Forsikring A/S.

Intra-group trading involved:	2005	2004
• Buying and selling of other assets	37	
• Providing and receiving services	-30	
• Intra-group account	-30	
• Interest–subordinated loan	32	

Assets are transferred on market terms.
Administration fee, etc. is settled on a cost-recovery basis.
Intra-group accounts are offset and carry interest on market terms.

GROUP OVERVIEW

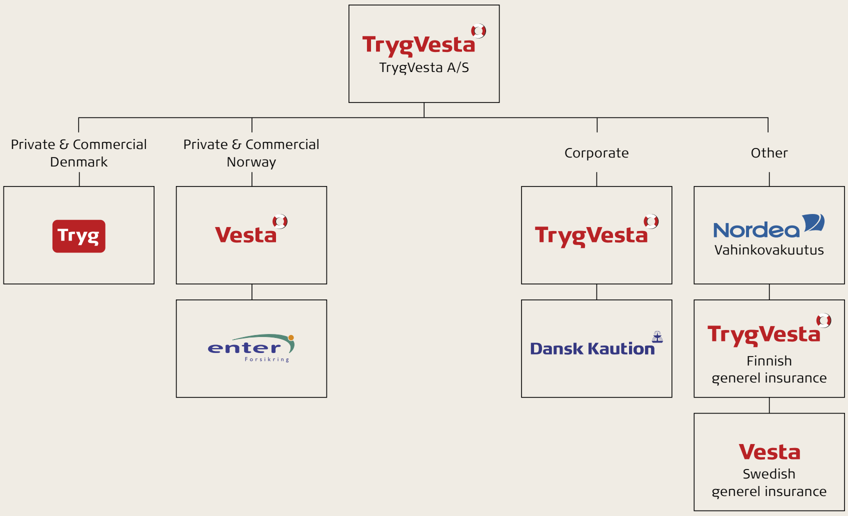
TrygVesta A/S has the following subsidiaries

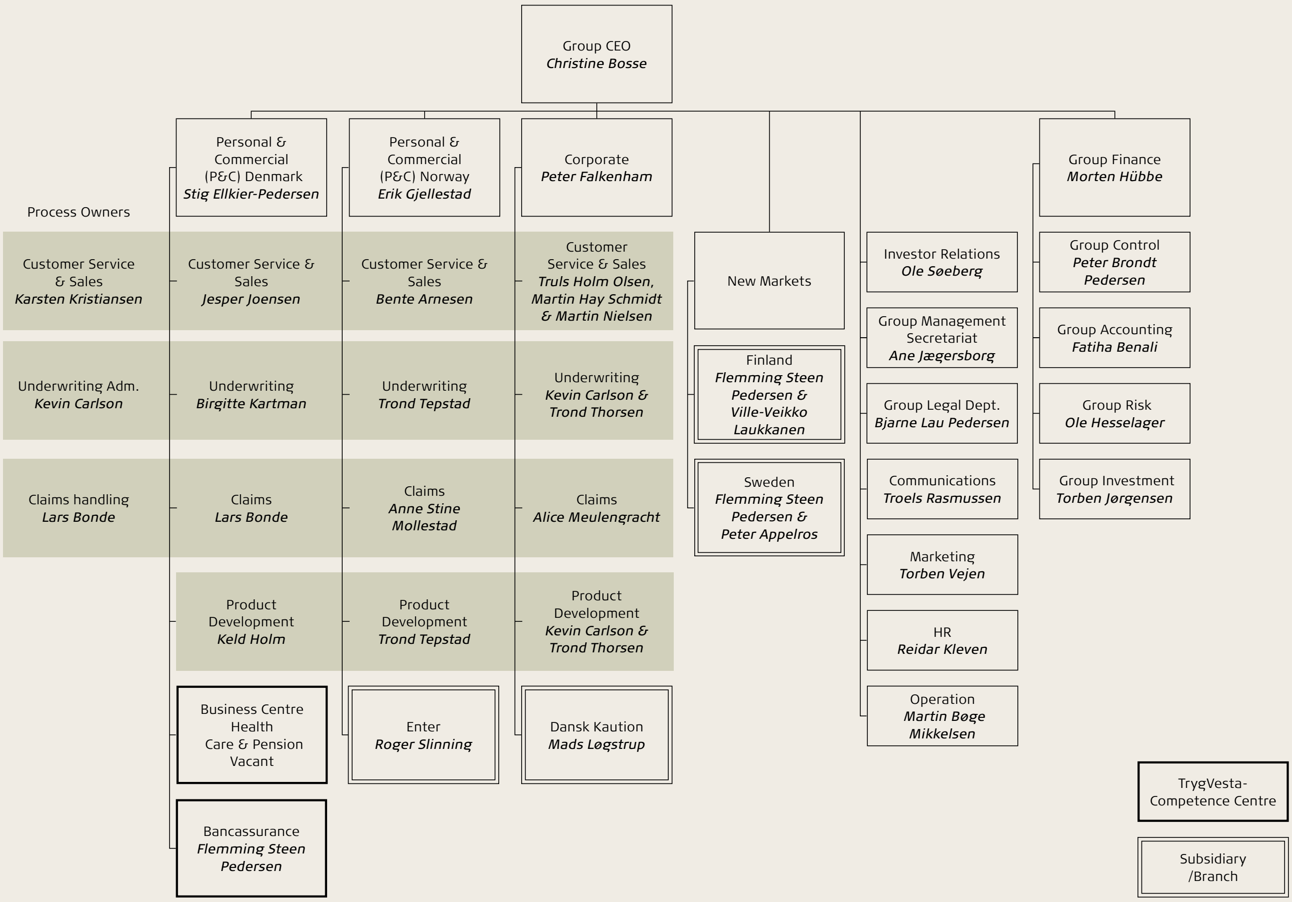
DKKm	Registered office	Country	Profit/loss for 2005	Ownership share in %	Share capital 31.12.2005	Shareholders' equity 31.12.2005
Tryg Forsikring A/S	Ballerup	Denmark	2,058	100	1,100	8,925
Vesta Forsikring AS	Bergen	Norway	1,067	100	807	4,333
Enter Forsikring AS	Bergen	Norway	87	100	47	158
Slettebakksveien AS	Bergen	Norway	0	100	7	28
Respons Inkasso AS	Bergen	Norway	1	100	0	0
Thunes Vei 2 AS	Bergen	Norway	4	100	49	52
Dansk Kautionsforsikrings-Aktieselskab	Ballerup	Denmark	72	100	45	656
ApS SMBK nr. 98	Ballerup	Denmark	0	100	0	0
Chevanstell Ltd.	London	England	-30	100	642	121
ApS KBIL 9 nr. 2032	Ballerup	Denmark	0	100	0	0
Tryg Ejendomme A/S	Ballerup	Denmark	37	100	1	451
TrygVesta IT A/S	Ballerup	Denmark	-2	100	2	49

FINANCIAL HIGHLIGHTS AND KEY RATIOS BY GEOGRAPHY

	IFRS				Danish GAAP			
	Q4	Q4						
DKKm	2005	2004	2005	2004	2004	2003	2002	2001
Danish general insurance								
Gross earned premiums	2,177	2,097	8,764	8,525	8,570	8,242	7,411	6,467
Technical result	224	9	956	722	790	443	-61	-49
Profit on investment	201	241	567	376	450	393	-128	49
Other income	12	25	77	76	76	71	78	92
Other expenses	-11	-23	-70	-72	-71	-68	-74	-92
Profit/loss for the period before tax	426	252	1,530	1,102	1,245	839	-185	0
Key ratios								
Claims ratio	70.9	84.8	78.0	73.6	71.6	70.4	82.0	80.5
Business ceded as a percentage of gross premiums	3.6	2.0	-3.9	3.5	3.5	6.1	1.6	1.6
Claims ratio, net of ceded business	74.5	86.8	74.1	77.1	75.1	76.5	83.6	82.1
Expense ratio	17.3	14.9	16.6	16.3	19.0	20.4	21.1	23.9
Combined ratio	91.8	101.7	90.7	93.4	94.1	96.9	104.7	106.0
Operating ratio	89.9	99.6	89.3	91.7	91.5	94.4	100.3	100.8
Number of full-time employees, at the end of the period			2,215	2,223	2,223	2,248	2,330	2,458
Norwegian general insurance								
Gross earned premiums	1,748	1,704	6,810	6,653	6,614	7,161	7,111	5,134
Technical result	208	285	1,138	1,023	722	41	-278	202
Profit on investment	76	41	354	33	94	316	-55	-42
Other income	35	13	49	45	45	44	49	29
Other expenses	-35	-13	-47	-43	-44	-42	-47	-29
Profit/loss for the period before tax	284	326	1,494	1,058	817	359	-331	160
Key ratios								
Claims ratio	68.5	62.9	64.0	63.5	62.7	72.9	75.8	76.1
Business ceded as a percentage of gross premiums	6.8	3.8	5.2	6.4	6.9	7.8	9.2	3.1
Claims ratio, net of ceded business	75.3	66.7	69.2	69.9	69.6	80.7	85.0	79.2
Expense ratio	15.4	18.4	16.7	17.3	21.2	22.4	22.6	22.0
Combined ratio	90.7	85.1	85.9	87.2	90.8	103.1	107.6	101.2
Operating ratio	88.4	83.6	83.7	85.0	87.6	98.4	101.0	94.9
Number of full-time employees, at the end of the period			1,431	1,454	1,454	1,460	1,374	1,272
Finnish general insurance								
Gross earned premiums	39	28	140	97	97	61	21	2
Technical result	-11	-10	-41	-45	-45	-48	-66	-29
Profit on investment	-1	-1	-2	-2	-2	-1	-1	0
Loss for the period before tax	-12	-11	-43	-47	-47	-49	-67	-29
Key ratios								
Claims ratio	82.1	71.4	80.9	75.3	68.5	77.5	84.8	91.1
Business ceded as a percentage of gross premiums	2.6	-3.6	0.2	0.2	0.2	1.0	18.7	0.0
Claims ratio. net of ceded business	84.7	67.8	81.1	75.5	68.7	78.5	103.5	91.1
Expense ratio	46.2	67.9	50.2	73.0	79.8	102.8	316.3	1,795.1
Combined ratio	130.9	135.7	131.3	148.5	148.5	181.3	419.8	1,886.2
Operating ratio	127.5	135.7	128.0	145.3	145.5	177.4	400.0	1,550.0
Number of full-time employees, at the end of the period			48	51	51	42	35	14

ORGANISATION





MEMBER OF THE SUPERVISORY BOARD

This overview shows the directorships held by the members of TrygVesta A/S' Supervisory Board.

MIKAEL OLUFSEN, CHAIRMAN, BORN 1943

Chairman of the Supervisory Board of
Tryg i Danmark smba
Tryg Forsikring A/S
Malaplast Co. Ltd. Bangkok
The Danish Rheumatism Association
Vice Chairman of the Supervisory Board of
Trustees of the Egmont Foundation
Egmont International Holding A/S
Ejendomsselskabet Gothersgade 55 ApS
Ejendomsselskabet Vognmagergade 11 ApS
Board member of
British Import Union
Danmark-Amerika Fondet
Member of the Presiding Committee of
WWF in Denmark
Member of the Board of Representatives of
Tryg i Danmark smba
The Danish Rheumatism Association

MOGENS JACOBSEN, DEPUTY CHAIRMAN, BORN 1944

Chairman of the Supervisory Board of
Rodskovgård ApS
Deputy Chairman of the Supervisory Board of
Tryg i Danmark smba
Tryg Forsikring A/S
Board member of
Nordea Pension Danmark, livsforsikringsselskab A/S
Board member and manager of
Rodskov Svineproduktion ApS
Member of the Board of Representatives of
Tryg i Danmark smba

PER SKOV, DEPUTY CHAIRMAN, BORN 1941

Chairman of the Supervisory Board of
Utility Development A/S
Nordlux A/S
Cobra Holding A/S
Deputy Chairman of the Supervisory Board of
Tryg i Danmark smba
Tryg Forsikring A/S
Board member of
Dagrofa A/S
Denerco Oil A/S
Denerco Petroleum A/S
DSV, De Sammensluttede Vognmænd af 13.7.1976 A/S
Kemp & Lauritzen A/S
Member of the Board of Representatives of
Tryg i Danmark smba

JØRN WENDEL ANDERSEN, BORN 1951

Chairman of the Supervisory Board of
Arla Foods AB
Arla Foods Finance A/S
Arla Insurance Company (Guernsey) Ltd.
Fidan A/S
Board member of
Tryg i Danmark smba
Tryg Forsikring A/S
Board member and CEO of
AF A/S
Arla Foods Holding A/S
Arla Foods International A/S
CEO of
Arla Foods amba
Member of the Board of Representatives of
Tryg i Danmark smba

JOHN R. FREDERIKSEN, BORN 1948

Chairman of the Supervisory Board of
Hellebo Park A/S
Ejendomsselskabet Storken A/S
Ejendomsselskabet Uglen A/S
Jacob Holm & Sønner A/S
Jacob Holm Industriinvest A/S
RenHold A/S
SBS Rådgivning A/S
SBS Byfornyelse Smba
Sjælsø Enterprise A/S
Sjælsø Gruppen A/S
Board member of
Tryg i Danmark smba
Tryg Forsikring A/S
Danarota Technic A/S
Dønnerup A/S
Fortunen A/S
Freja Ejendomme A/S (Statens Ejendomssalg A/S)

Højgård Ejendomme A/S
Oak Property Invest A/S
Renholdningsselskabet af 1898
Råstof og Genanvendelse Selskabet af 1990 A/S
Renoflex-Gruppen A/S
C.W. Obel Ejendomme A/S
C.W. Obel Projekt A/S
Ejendomsaktieselskabet Knud Højgaards Hus
Jacob Holm & Sønner Holding A/S
Ejendomsaktieselskabet Helleholm
Insight Foundation Property Trust Limited, (Guernsey)
Insight Foundation Property Limited, (Guernsey)
Insight Foundation Property No. 2 Limited, (Guernsey)
Insight Foundation Holding Company Limited, (Guernsey)
SIPA (Scandinavian International Property Association)
BERCO Deutschland GmbH (Tyskland)
CEO of
Fortunen A/S
Oak Property Invest A/S
Manager of
BERCO ApS
Member of the Board of Representatives of
Tryg i Danmark smba
Chairman of
Ejendomsforeningen Danmark
Member of
The Advisory Board of Sparinvest Property Fund K/S
The Advisory Board of Ejendomsselskabet Norden 1 K/S

JØRN HESSELHOLT, BORN 1944

Chairman of the Supervisory Board of
Hesselholt Fisk Eksport A/S
Board member of
Tryg i Danmark smba
Tryg Forsikring A/S
CEO of
Hesselholt Ejendommen ApS
E. & J.H., Skagen ApS
Member of the Board of Representatives of
Tryg i Danmark smba

HÅKON J. HUSEKLEPP, EMPLOYEE REPRESENTATIVE, BORN 1955

Board member of
Tryg Forsikring A/S
Vesta Forsikring AS
The Finance Sector Union of Vesta
The Finance Sector Union of Norway
Sogn og Fjordane Bustadbyggelag

JENS LYNGBO, BORN 1943

Board member of
Tryg i Danmark smba
Tryg Forsikring A/S
Nordea Pension Danmark, livsforsikringsselskab A/S
NMI, New Marketing International (Denmark) ApS
K/S Dania Trans
CEO of
D.D.P. Fællesindkøbs-Forening
Manager of
NMI, New Marketing International (Denmark) ApS
Member of the Board of Representatives of
Tryg i Danmark smba

PETER WAGNER MOLLERUP, EMPLOYEE REPRESENTATIVE, BORN 1966

Chairman of the Supervisory Board of
The Association of Danish Certificated Insurers
Board member of
Tryg Forsikring A/S
Member of
The Executive Committee of the Danish Financial Services Union
Manager of
W&P ApS

BIRTHE PETERSEN, EMPLOYEE REPRESENTATIVE, BORN 1949

Board member of
Tryg Forsikring A/S
Member of
The Executive Committee of the Organisation of Danish Insurance Employees

NIELS ERIK SCHULTZ-PETERSEN, BORN 1941

Board member of
Tryg i Danmark smba
Tryg Forsikring A/S
Member of the Board of Representatives of
Tryg i Danmark smba

MEMBERS OF THE EXECUTIVE MANAGEMENT

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

CHRISTINE BOSSE, GROUP CEO, BORN 1960

CEO of
TrygVesta A/S
Tryg Forsikring A/S
Chairman of the Supervisory Board of
Vesta Forsikring AS
ApS KBIL 9 NR. 2032
Tryg Ejendomme A/S
TrygVesta IT A/S
Board member of
TDC A/S
Grundfos Management A/S
Poul Due Jensen's Fond
Forsikring og Pension
Member of
The Danish Welfare Commission

MORTEN HÜBBE, GROUP CFO, BORN 1972

Member of the Executive Management of
TrygVesta A/S
Tryg Forsikring A/S
Deputy Chairman of the Supervisory Board of
TrygVesta IT A/S
Board member of
Dansk Kautionsforsikrings-Aktieselskab
Tryg Ejendomme A/S
Vesta Forsikring AS

ERIK GJELLESTAD, MEMBER OF THE GROUP EXECUTIVE MANAGEMENT, BORN 1953

CEO of
Vesta Forsikring AS
Member of the Executive Management of
TrygVesta A/S
Tryg Forsikring A/S
Board member of
Høyteknologisenteret AS
Teknoholmen AS
Finansnæringens Hovedorganisasjon
Member of the Board of Representatives of
Nordea Liv A/S

STIG ELLKIER-PEDERSEN, MEMBER OF THE GROUP EXECUTIVE MANAGEMENT, BORN 1947

Member of the Executive Management of
Tryg Forsikring A/S
Board member of
SOS International A/S
Forsikringsakademiet A/S
Fonden Forsikringsakademiet af 26/2 2003
FA, Finanssektorens Arbejdsgiverforening

PETER FALKENHAM, MEMBER OF THE GROUP EXECUTIVE MANAGEMENT, BORN 1958

Member of the Executive Management of
Tryg Forsikring A/S
Chairman of the Supervisory Board of
Dansk Kautionsforsikrings-Aktieselskab
Board member of
Tryg Ejendomme A/S
ApS KBIL 9 NR. 2032
Nordisk Flyforsikring A/S
Vesta Forsikring AS
Solar Holding A/S
Aktieselskabet Nordisk Solar Compagni
Glunz & Jensen A/S
Danmarks Skibskredit A/S

GLOSSARY OF TECHNICAL TERMS

The financial highlights and key ratios of TrygVesta have been prepared in accordance with the executive order issued by the Danish Financial Supervisory Authority on the presentation of financial reports by insurance companies and profession-specific pension funds and also comply with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts except for per share data, which are based on 68,000,000 shares as if such number of shares was outstanding during the periods presented. The 68,000,000 shares reflect the number of shares after giving effect to the four-to-one share split approved by the shareholders at the extraordinary general meeting held on 21 September 2005. The section 'Accounting policies' describes the income statement and balance sheet items in more detail.

Gross earned premiums
is calculated as gross premiums written adjusted for change in gross provisions for unearned premiums, less bonuses and premium rebates.

Gross claims ratio
is calculated as the ratio of gross claims incurred to gross earned premiums.

$$\frac{\text{Gross claims incurred x 100}}{\text{Gross earned premiums}}$$

Business ceded as a percentage of gross premiums
is calculated as the ratio of the result of business ceded to gross earned premiums.

$$\frac{\text{Result of business ceded x 100}}{\text{Gross earned premiums}}$$

Gross expense ratio
is calculated as the ratio of gross insurance operating expenses to gross earned premiums.

$$\frac{\text{Gross insurance operating expenses x 100}}{\text{Gross earned premiums}}$$

Combined ratio
is calculated as the sum of the gross claims ratio, the gross expense ratio and the result of business ceded as a percentage of gross earned premiums.

Return on equity
is calculated as the profit for the year as a percentage of the average shareholders' equity.

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

Net asset value per share
is calculated as year-end shareholders' equity divided by the average number of shares.

$$\frac{\text{Year-end equity}}{\text{Average number of shares}}$$

Dividends per share
is calculated as the total dividend proposed divided by the average number of shares.

$$\frac{\text{Proposed dividend}}{\text{Average number of shares}}$$

Price/net asset value
is calculated as the quoted price of the share divided by the net asset value per share.

$$\frac{\text{Quoted price}}{\text{Net asset value per share}}$$

Danish GAAP
Danish GAAP means that the annual report has been prepared in accordance with the Danish Financial Services Act and the executive order issued by the Danish Financial Supervisory Authority on the presentation of financial reports by insurance companies and profession-specific pension funds.

"The English text in this document is a translation of the Danish original. In the event of any inconsistencies the Danish version shall apply".

CASES

08.01.05 / THE STORM IN JANUARY CAUSED SEVERAL DAMAGES

THE STORM IN JANUARY IN DENMARK

08.01.05
With just over one week into 2005, the forces of nature struck and Denmark was hit by a violent storm. Tryg's claims centres received reports that roofs had been completely or partially blown off and trees had fallen onto houses.

08.01.05
Tens of thousands of unfortunate and worried customers called in to report claims. Tryg's claims centres were prepared and had called in extra staff.

09.01.05
3,200 claims reported.
Claims assessors already on site deemed that additional assistance was required. Claims handlers, customer advisers and sales agents stepped in to assist.

09.01.05
The first claims assessors arrived from Norway to assist in the hardest hit areas.

10.01.05
Tryg receives 110,000 calls. In December 2004, Tryg received a total of 120,000 calls.

31.01.05
Some three weeks after the storm, Tryg had received 44,924 claims involving a total cost of DKK 557m.

31.03.05
Tryg had now received 49,806 claims. 47% of them had been settled, the total cost being DKK 658.4m.

30.05.05
51,326 claims had been reported, and 62% of them had been settled.
Costs now totalled DKK 708.6m.

30.09.05
The number of claims had reached 52,123, of which 75% had been settled.
The total cost exceeded DKK 754.6m.

31.12.05
52,343 claims reported, of which 80% had been settled.
The remaining 20% had not been settled mainly due to the heavy workload among builders or because they involved major damage that takes time to repair.
Estimated total costs running at DKK 830m.

Claims assessor Tor Carlstedt from TrygVesta in Norway inspects the damage after the storm at a stud farm in Mid-Jutland.

BE PREPARED

You cannot control the forces of nature. But you can be prepared. Tryg prepared by listening to the weather forecast. Extra staff had been called in already before the storm hit – and was badly needed. 30,000 claims were recorded within the first five days. Staff from many departments stepped in, using their weekends and days off to help our claims handlers. Tryg used the experience from the hurricane in 1999 to make contingency plans for the 2005 storm.

HELP FROM NORWAY

Norwegian claims assessors were called in to assist their Danish colleagues. This meant quick help to many customers, and most claims were settled within a short period of time.
In most cases, claims assessors were able to give the go-ahead to repair the damaged buildings on site.

SETTING UP PROTECTION AND MINIMISING DAMAGE

A total of 52,343 claims involving an aggregate expected cost of DKK 830m were reported, leaving many people without a roof over their heads or with a business operating on a reduced scale. Tryg therefore gives good advice on how to minimise damage and subsequently provides consulting on how to prevent any future storm claims.

14.09.05 / HEAVY RAIN CAUSED FLOODING AND MUDSLIDE IN BERGEN

MUDSLIDE IN BERGEN IN NORWAY

14.09.05
Heavy rains in the western part of Norway resulted in new record precipitation of 159 millimetres in just 24 hours, triggering flooding and a mudslide that ravaged four houses. A shopping centre was also flooded.

14.09.05
Rescue personnel were on site within a few minutes. In spite of their efforts, three people were killed and five injured and taken to hospital. 50 persons had to be evacuated from their homes.

14.09.05
Early in the morning, Vesta held the first meeting with the affected families. Vesta's representative gave customers the necessary information and provided practical assistance. Vesta received 100 claims reports during the day.

15.09.05
Claims assessors began their work. Geological investigations revealed a risk of further mudslides.

16.09.05
The mudslide was still blocking access to many houses. Five houses had been destroyed, and another 12 were in peril.

22.09.05
The possibility of tearing down houses in peril was considered.

October 05
A decision was made to demolish 11 severely damaged and threatened houses in the area. Five of the families involved were Vesta customers, and agreements were made with respect to compensation. People living in another three houses above the affected area decided to move due to the risk of new mudslides. Vesta had insured two of the houses and compensated the occupants for their losses.

31.12.05
A total of 222 claims were reported to Vesta. 45% had been settled. Total costs are expected to exceed NOK 40m when all claims have been finally settled.

159 millimeters of rain in only 24 hours affected the entire area.

QUICK RESPONSES

Claims handlers and assessors were informed of special aspects of the event early in the first day. They could pass on the information to customers fast, including what customers could do themselves to contain the loss, various insurance agreements, when claims assessors could inspect the damage, and how soon their claim could be finally made up.

EXTENSIVE INVESTIGATIONS

The geological investigations concluded that a number of buildings in the most severely affected area would either have to be demolished or undergo extensive and costly protective works. The local authority decided to demolish the houses.

OVERVIEW

In a situation such as this where many people had lost their homes, it is vital that both claims assessors and claims handlers get a quick overview of the extent of the damage in order to handle claims fast and to give customers precise answers of what to expect, and how long it will take before their claim has been finally made up. We use the knowledge gathered to enhance our contingency plans for any future similar events.


14.11.05 / FIRE RAVAGED 69 FLATS ON THE ISLAND OF AMAGER

LARGE FIRE ON AMAGER IN DENMARK

14.11.05
Late in the evening, 69 flats in a five-floor residential property on Amager were destroyed by a violent fire. The fire broke out in a flat on the fifth floor. Hardly anything could be saved, and the fire made 200 people homeless.

15.11.05
Claims assessors working with settlement of contents claims met with colleagues from our Corporate large claims settlement department at the scene of the fire early in the morning to make an initial assessment and interview the residents affected by the fire. Damage to the building estimated to total DKK 50m. The actual cost depends on the extent to which it would be possible to save floor partitions, wooden floors and walls on the fifth floor and elsewhere in the building.

16.11.05
Meeting with the people from the affected property at the local school. The meeting was attended by 125 people. Tryg's claims handlers were present and answered many questions, mainly on immediate temporary rehousing for exampel in hotels.

23.11.05
The Copenhagen Police had not yet completed their technical investigations on the cause of the fire. Work to clear the site continued.

29.11.05
Tryg arranged "permanent" rehousing for all residents of the building. Scaffolding had been put up, and temporary covers were mounted on the building. Plans for dehumidification were prepared, and all flats were emptied.

08.12.05
The police reported that the cause of the fire was unknown. The Danish Institute of Fire Technology ruled out electrical installations as the cause. Meetings with demolition firm, bricklayers and engineers. Demolition started.

30.12.05
The demolition works progressed as planned, and dehumidification was set up. All residents rehoused in flats in Copenhagen. The work to restore the property is expected to take about 12 months.

Employees from Tryg were on site already during the fire-fightingoperations.

PSYCHOLOGICAL CRISIS THERAPY

From one moment to the next, 200 became homeless and were left without their clothes or other belongings. The uncertainty was the worst part, and everybody was deeply affected by the tragic event. Tryg therefore offered psychological crisis therapy. Many of the residents accepted the offer to deal with their fears, feelings and thoughts.

MEETING WITH THE RESIDENTS

In a situation such as this, people feel lost and don't really know what to do. It is therefore important for Tryg staff to be on site, already during fire fighting. They meet with the residents, who get a chance to vent frustration and get an answer to many of their questions. Tryg staff also attended a meeting with the residents to inform them of their possibility for getting compensation.

REHOUSING

Not all people living in the property were Tryg customers. Several of them were not insured at all. However, rehousing was part of the property's insurance, and all residents were rehoused within a few days. In addition, our claims handlers maintained ongoing contact with the customers. Even though all residents had been rehoused, it was important for them to follow the process continuously and to know when they could return to their real homes.