TrygVesta

ANNUAL REPORT 2006

CONTENT

MANAGEMENT'S REPORT

MISSION
OUR MISSION IS TO SECURE A STABLE, HIGH-QUALITY SUPPLY OF PRODUCTS AND SERVICES OFFERING PEACE OF MIND TO PRIVATE HOUSEHOLDS AND BUSINESSES

VISION
WE WANT TO BE PERCEIVED AS THE LEADING PEACE OF MIND PROVIDER OF THE NORDIC REGION

TrygVesta comprises Tryg, Denmark's largest general insurer, and Vesta, Norway's third largest general insurer. The Group has carried out insurance operations in Finland since 2002 and in Sweden since 2006 and is the second-largest general insurance group in the Nordic region. TrygVesta has some 3,800 employees.

Our insurance products provide peace of mind every day to more than 2 million private customers and more than 100,000 businesses in the Nordic region. The great majority of our products are distributed through our own strong distribution channels.

We also have a strong strategic partnership with Nordea, one of the largest financial services providers in the Nordic region. Nordea sells our insurances through their branches throughout the Nordic region, and we sell Nordea's life insurance and pension products.

INSIGHT INTO PEACE OF MIND

We want to be perceived as the leading peace of mind provider of the Nordic region. Our vision and strategy have a strong commercial focus, and in 2006, we came a step closer to fulfilling our ambition. We launched a large number of initiatives, all of them based on our vision. In combination, these initiatives will help us continue the development of our business and our strong performance – for the benefit of our customers, shareholders and employees.

The first building stone in our history was laid in 1731 with the formation of Kjøbenhavns Brandforsikring, Denmark's first insurance company. The year 2006 thus marked our 275th anniversary. Looking back, it is clear that our journey has been characterised by our ability for constant innovation and thinking around the customer.

Reporting pre-tax profit of DKK 3.9bn including discontinued business and DKK 3.7bn excluding discontinued business, we outperformed the DKK 2.2bn we expected at the beginning of 2006 by a fair margin. The favourable performance was generated by improvemens in our insurance operations and our investment result. Premiums fell short of our expectations a year ago, but this was due to an adjustment of our prices in Norway and Denmark, introduced to focus on our existing customers and, naturally, also with a view to sales to new customers. The price adjustments we introduced were based on changed risk and market conditions.

Considering our satisfactory performance in 2006, our Supervisory Board recommends that the shareholders at the annual general meeting to be held on 28 March 2007 approve a dividend of DKK 33 per share, equivalent to DKK 2.2bn and a payout ratio of 70% of our profit for the year after tax.

We know our that future depends on our ability to innovate and develop in markets that are changing at an ever increasing pace and in which new demands arise rapidly. We therefore launched a number of initiatives in 2006 intended for future growth. For example, we began selling private insurance policies in Sweden and took the initial steps to selling insurance to commercial customers in Finland. We also strengthened our Health Care & Pension business area and added customer benefits to our peace of mind offering, including extended travel cover and an extended warranty insurance, and introduced mileage as a major price parameter for our motor policies.

This annual report deals with relevant aspects of 2006. It marks a point in time. It defines us now, but we move forward. In order to achieve our vision of being perceived as the leading peace of mind provider in the Nordic region, we need to have insight into and empathy with people's feelings and concerns. We have invited seven different persons to share their views of the real world with us. We use their interpretations of peace of mind and concerns, for today, tomorrow and the years ahead, to supplement our financial data for 2006. We hope you will enjoy reading our annual report.

Mikael Olufsen
Chairman of the Supervisisory Board

Stine Bosse
Group CEO

TRYGVESTA – 2006 IN REVIEW

MARCH

TrygVesta became the first insurer in the Nordic region to introduce an extended travel policy covering evacuation and repatriation expenses, even in cases where there is no recommendation from the authorities. The extended coverage was initially introduced in Denmark, and later in the year also in Norway, Finland and Sweden.

TrygVesta held its first annual general meeting as a listed company. Four new members were elected to the Supervisory Board.

MAY

The Group's first-quarter pre-tax profit was an improvement of DKK 177m over the first quarter of 2005.

JUNE

TrygVesta launched a new pan-Nordic brand platform in Denmark and Norway, based on peace of mind and concerns.

TrygVesta started selling private insurance policies in Sweden, the largest insurance market in the Nordic region. Sales performed positively with some 26,500 policies sold in 2006.

AUGUST

In line with the Group's strategic focus on the Nordic region TrygVesta divested Chevanstell Limited, the UK business in run-off.

TrygVesta's first-half pre-tax profit was an improvement of DKK 124m over the first six months of 2005.

SEPTEMBER

TrygVesta adjusted motor insurance premiums in Denmark to create a better match to individual customers' requirements and risk profiles.

OCTOBER

Kjerstin Fyllingen was appointed as a new member of the Group Executive Management in charge of Private & Commercial Norway.

Dansk Kaution extended its business area to the entire Nordic region. Outside Denmark, Dansk Kaution operates under the TrygVesta Garanti brand.

NOVEMBER

TrygVesta launched an extended warranty insurance for Danish concept customers, covering defects in and sudden and unforeseen damage to electrical appliances and house contents.

TrygVesta's third-quarter pre-tax profit was an improvement of DKK 226m over the third quarter of 2005.

TrygVesta made a number of changes to the Group Executive Management. Lars Bonde was appointed as a new member in charge of Corporate, Stig Ellkier-Pedersen became responsible for New Markets, and Peter Falkenham took over responsibility for Private & Commercial Denmark.

DECEMBER

TrygVesta got permission from the Norwegian finance ministry to convert Vesta Forsikring AS in Norway into a branch of Tryg Forsikring A/S.

TrygVesta's employees donated DKK 2m to Doctors Without Borders and SOS Children's Villages.

PEACE OF MIND – SEVEN POINTS OF VIEW

It is not at all unlikely that the deepest anxiety of a 15-year-old school pupil poses no worry whatsoever to a retired mayor of 71. And vice versa. A painter, whose day-to-day work takes place in an abstract world without set limits and rules may regard insecurity as a source of inspiration, while the majority of us regard insecurity as something uncomfortable – something that has a hampering effect on our lives. Why is this significant? Worries are as individual as people – and the same goes for the need for security and peace of mind. In order to achieve our vision of becoming the leading peace of mind provider of the Nordic region, we need to be a step ahead of everybody else when it comes to understanding people's needs for security and peace of mind. We need a firm hold on reality and an insight into what people think and feel. What makes them feel safe? And unsafe? What are their worries at the moment and what about the future? – is there anything they fear or are looking forward to?

We have asked seven very different people of different ages and with different backgrounds and occupations to give us an insight into their thoughts on security and peace of mind, insecurity, innovation and the future. Their views are dotted around these annual report.

I AM LOOKING FORWARD TO THE FUTURE

I do understand that people who do not know Second Life think that a virtual world sounds quite frightening. When it comes down to it, there is probably nothing that can make people feel as insecure and unsafe as new technology. For me, security is about having control over my life. If, for instance, I am sitting in the back seat of a car and I don't know the driver or trust him 100%, then I have lost control and I feel unsafe. If I could insure myself against anything in the future, I would quite clearly opt for insuring myself against losing control.

Talking about the future, I do not worry whether I can keep up with the changing times. I do not worry about bird flu, volcanic eruption and things like that either – the only thing that concerns me at the moment is that it will be really, really boring doing my A Levels.

It's difficult to say what the world will look like when I'm older. Maybe we will all automatically start taking more care of what we've got instead of seeking new pastures – and maybe I'll end up in a dead-end job as the boss of a sausage factory and refuse to sell my house ... naturally I hope not.

I hope that I will remain flexible and open to the changes that life will throw at me. I hope that I will remember to stop and take stock once in a while, asking myself questions such as: Do I really want to live my life like this? Is this really the town I want to live in? Is it okay to do a job that's just okay? We should all do this from time to time.

JOHAN BICHEL LINDEGAARD IS 15. BESIDES GOING TO SCHOOL, JOHAN MAKES MONEY FROM, AMONG OTHER THINGS, DESIGNING AND SELLING VIRTUAL OFFICE FURNITURE IN THE THREE-DIMENSIONAL ONLINE SOCIETY "SECOND LIFE".

FINANCIAL HIGHLIGHTS AND KEY RATIOS OF TRYGVESTA

	IFRS			Danish GAAP		
						Pro forma
DKKm	**2006**	**2005**	**2004**	**2004**	**2003**	**2002**
Income statement						
Gross premiums earned	16,021	15,705	15,266	16,308	16,702	15,792
Gross claims incurred	-10,796	-11,304	-10,572	-11,020	-11,940	-12,334
Gross expenses	-2,697	-2,662	-2,611	-3,462	-3,745	-3,732
Profit/loss on gross business	2,528	1,739	2,083	1,826	1,017	-274
Profit/loss on ceded business	-578	-9	-718	-814	-1,135	-871
Technical interest, net of reinsurance	583	323	335	537	595	832
Change in equalisation provisions	0	0	0	-93	-101	-245
Technical result	**2,533**	**2,053**	**1,700**	**1,456**	**376**	**-558**
Profit/loss on investments after transfer to insurance activities	1,207	888	378	517	685	-170
Other income	118	126	121	121	115	127
Other expenses	-149	-154	-147	-147	-131	-173
Profit/loss for the year before tax	**3,709**	**2,913**	**2,052**	**1,947**	**1,045**	**-774**
Extraordinary items and minority interests	0	0	0	0	1	-1,256
Tax	-624	-788	-556	-485	-87	213
Profit/loss for the year, continuing business	**3,085**	**2,125**	**1,496**	**1,462**	**959**	**-1,817**
Profit/loss on discontinued and divested business after tax	126	-28	-75	-55	-217	-274
Profit/loss for the year	**3,211**	**2,097**	**1,421**	**1,407**	**742**	**-2,091**
Profit/loss on continuing business before tax	3,709	2,913	2,052	1,947	1,046	-2,030
Profit/loss on discontinued and divested business before tax	160	-27	-81	-65	-256	-304
Profit/loss for the year incl. discontinued and divested business before tax	**3,869**	**2,886**	**1,971**	**1,882**	**790**	**-2,334**
Run-off gains/losses, net of reinsurance	372	181	-161	3	-516	-458
Relative run-off gains/losses	2.0	0.9	-1.0			
Balance sheet						
Total provisions for insurance contracts	25,957	26,757	25,212	26,599	25,955	26,238
Total reinsurers' share of provisions for insurance contracts	1,561	2,630	3,292	3,132	3,480	4,632
Total shareholders' equity	9,951	8,215	6,802	6,117	5,360	4,268
Total assets	42,783	40,811	37,824	33,553	31,337	29,833
Key ratios [1)]						
Claims ratio	67.4	72.0	69.3	67.6	71.5	78.1
Business ceded as a percentage of gross premiums	3.6	0.1	4.7	5.0	6.8	5.5
Claims ratio, net of ceded business	71.0	72.1	74.0	72.6	78.3	83.6
Expense ratio	16.8	16.9	17.1	21.2	22.4	23.6
Combined ratio	87.8	89.0	91.1	93.8	100.7	107.2
Claims ratio net	69,9	70,7	72,4	70,9	76,6	83,4
Expense ratio net	17,2	17,6	17,6	22,2	24,3	25,8
Combined ratio net	87,1	88,3	90,0	93,1	100,9	109,2
Operating ratio	84.7	87.2	89.1	90.8	97.2	101.9

DKKm	IFRS 2006	IFRS 2005	IFRS 2004	Danish GAAP 2004	Danish GAAP 2003	Danish GAAP Pro forma 2002
Other information						
Return on equity before tax and discontinued and divested business	41	39	33	34	22	-46
Return on equity after tax and discontinued and divested business	35	28	23	25	15	-47
Earnings per share (continuing business)	45.5	31.3	22.0	21.5	14.1	-26.7
Net assets value per share	147	121	100	90	79	63
Dividend per share	33	21	10	10	1	0
Share price	431.5	319.2	-	-	-	-
Quoted price/net asset value	2.9	2.6	-	-	-	-
Price Earnings	9.5	10.2	-	-	-	-
Average number of shares (1,000)	67,824	68,000	68,000	68,000	68,000	68,000
Number of shares, year end (1,000)	67,790	68,000	68,000	68,000	68,000	68,000
Solvency	69	72	78	79	86	61
Number of full-time employess, end of period						
Continuing business	3,808	3,694	3,728	3,728	3,750	3,739
Discontinued and divested business	0	24	34	34	670	672

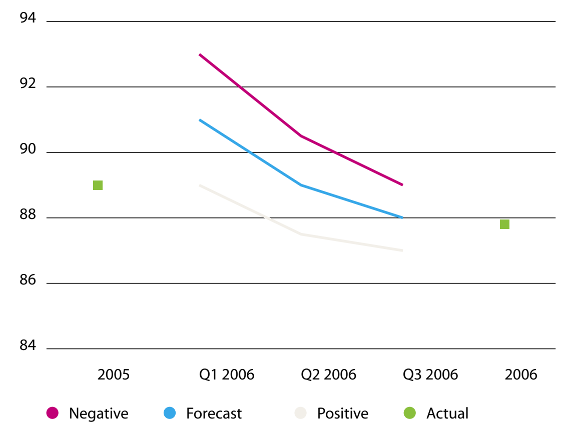
[1] Calculated in accordance with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts except for per share data, which is based on 68,000,000 shares as though such number of shares was outstanding during the periods presented. The 68,000,000 shares reflect the 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

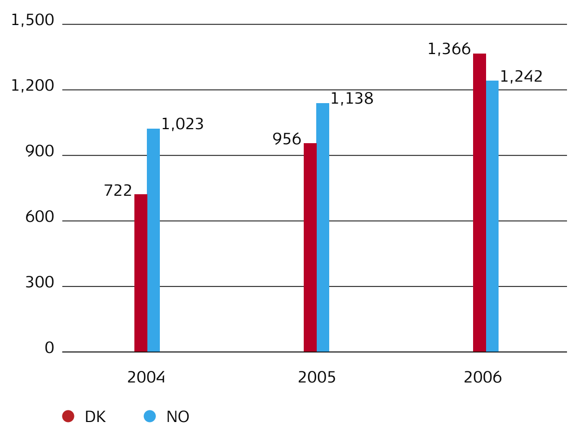
From 1 January 2005, the accounting policies of TrygVesta follow the IFRS standards.
The comparative figures for 2004 have been restated to IFRS, but in addition to IFRS restatements, the figures for 2004 are net of divested business, which is henceforth included in ''Profit/loss on discontinued and divested business''.

Income statement data for 2002 are pro forma figures as if Nordea AB´s activities were owned at 1 January 2002.
See "Accounting policies".

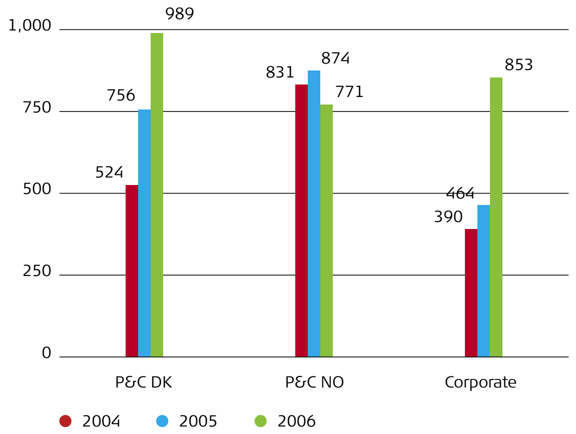
COMBINED RATIO 2005 AND 2006 AND FORECAST DURING 2006



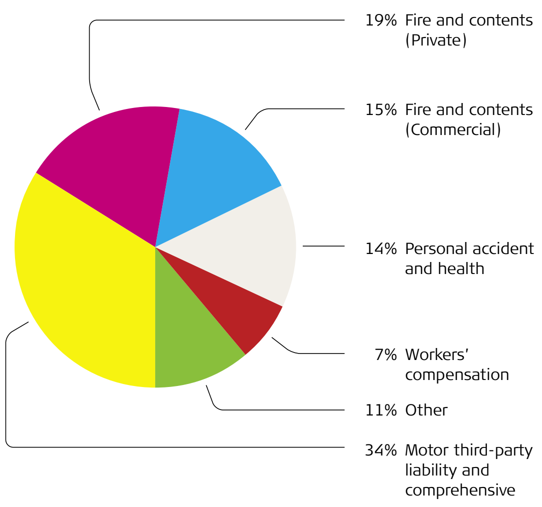
TECHNICAL RESULT DKKm



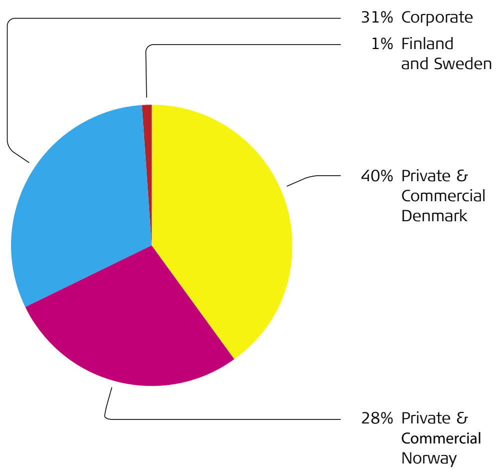
TECHNICAL RESULT BY BUSINESS AREAS DKKm



GROSS EARNED PREMIUMS 2006



GROSS EARNED PREMIUMS BY BUSINESS AREAS 2006



TRYGVESTA'S FINANCIAL PERFORMANCE IN 2006

Reporting pre-tax profit of DKK 3.9bn including discontinued business and DKK 3.7bn excluding discontinued business and a return on equity of 35% after tax, TrygVesta achieved its best full-year performance ever in 2006. The financial results improved by DKK 796m, a significant increase over 2005. The increase was primarily driven by improvements of DKK 480m of the technical result and DKK 319m of the return on investment activities. Compared with the guidance provided in the preliminary forecast of 9 January 2007, the performance was marginally above the expected range of DKK 3.7-3.8bn.

Sound balance in earned premiums

TrygVesta focuses on achieving a good balance in earned premiums, by geography as well as by business areas, where the Group's largest business area, Private & Commercial Denmark, accounts for 40% of the business. Furthermore, the product portfolio is highly diversified with motor and fire/contents insurance as the largest segments. This balance is a strong platform for a further strengthening of TrygVesta's market position and achievement of the Group's targets.

Pro-active adjustment to the market

The overall performance of the Group's gross earned premiums matched TrygVesta's market strategies but fell short of expectations at the beginning of 2006. Earned premiums were composed of growth in Corporate and Finland of 5.5% and 41.4%, respectively, and growth in Private & Commercial Denmark of 1.8% (3% before premium discounts), while earned premiums in Private & Commercial Norway fell by 2.7% in DKK. Earned premiums in Private & Commercial Denmark and Private & Commercial Norway were lower than expected. Looking ahead, these measures are expected to have a positive impact on customer inflow and customer retention. In the Norwegian market, we primarily adjusted premiums for customers with more than one product and good profitability. This is the Group's primary target group. Competition for motor policies intensified in Denmark, and TrygVesta's successful introduction of the adjusted motor premium induced several competitors to offer similar terms.

The underlying development in the number of policies and customers was positive in 2006. The growth in gross earned premiums was adversely affected by a number of bonus payments triggered by the good technical performance because bonus is set off against premiums. Total gross earned premiums thus increased by 2.0% over 2005 to stand at DKK 16,021m for 2006. Adjusted for premium rebates, premiums grew at a rate of 2.3%.

Combined ratio of 87.8

Earnings from Danish and Norwegian general insurance were well balanced in 2006, and the Group's three principal business areas, Private & Commercial Denmark, Private & Commercial Norway, and Corporate, all contributed a combined ratio below 88.

The combined ratio was 87.8 in 2006 against 89.0 in 2005. At the beginning of 2006, the combined ratio was estimated in the range of 89-93 with an expectation of 91. The expectations were adjusted several times during the year, and the actual combined ratio at the end of the year was lower than originally expected. The run-off result had a favourable impact of 2.3 percentage points on the combined ratio and was the main reason for the deviation from our expectations.

Significant improvement of claims level

The gross claims ratio developed favourably in 2006 and ended the year at 67.4 compared with 72.0 in 2005.

DKKm	2006	2005	2004	Normal year*
Storm and weather, gross	-202	-911	-111	-227
Storm and weather, net	-202	-177	-111	-180
Large losses, gross	-501	-416	-461	-412
Run-off result, gross	423	263	-17	0

* See Financial forecast for 2007 for assumptions with respect to a normal year.

At the same time, large losses in 2006 were substantially above the level of 2005 and the level of a normal year. Most of the large losses in 2006 were incurred at Danish corporate customers' operations abroad. The largest loss amounted to a gross expense of DKK 190m.

Run-off gains in 2006 had a positive impact of gross 2.6 percentage points on the claims ratio. The positive run-of performance was mainly driven by provisions for motor third-party liability. A sustained positive trend will have a favourable effect on the run-off results, all other things being equal. However, motor third-party liability is subject to much uncertainty and therefore followed closely.

Over a longer perspective, the claims frequency has developed favourably in motor and building. Although the claims frequencies for motor in Denmark and building in Norway increased in 2006, they remained low. The positive effect of the introduction of driver penalty points for certain traffic offences referred to by the media was not reflected in our claims statistics, but the statistics did record fewer personal injuries and more minor claims under motor comprehensive policies in 2006. Other factors that affect developments include improved safety equipment in cars, an increasing number of cars per household and lower average speeds due to more cars on the roads.

The average building claim was higher in both Denmark and Norway in 2006, most notably in Norway, due to stronger demand for craftsmen. In response to this development, TrygVesta aims to increase the number of cooperation agreements with craftsmen in Denmark as well as in Norway.

For several years, the average motor claim in Denmark has been favourably affected by our cooperation with a number of repair garages. The positive trend with fewer personal injuries has a favourable impact on the run-off result, and we monitor this trend closely.

Expense ratio of 16.8

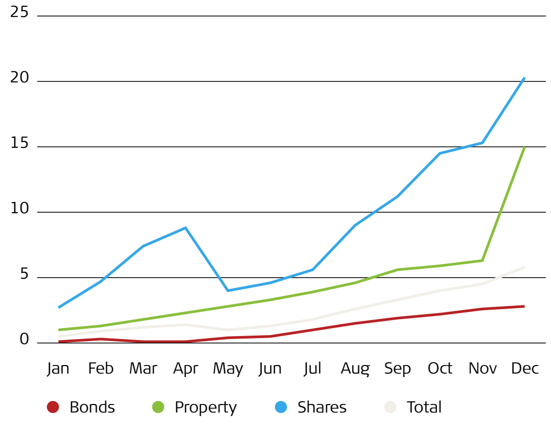
TrygVesta's gross expense ratio of 16.8 in 2006 was an improvement of 0.1 percentage point relative to 2005. Investments made in 2006 in new markets, that is, the start-up in Sweden and the start-up of commercial sales in Finland had a negative impact of 0.6 percentage points on the expense ratio.

Nominal costs were 1.3% higher than in 2005. In addition to the investments referred to above, nominal costs include cumulative wage indexation of 4.4%, equivalent to DKK 81m. This emphasises the significant efficiency improvements in the Group.

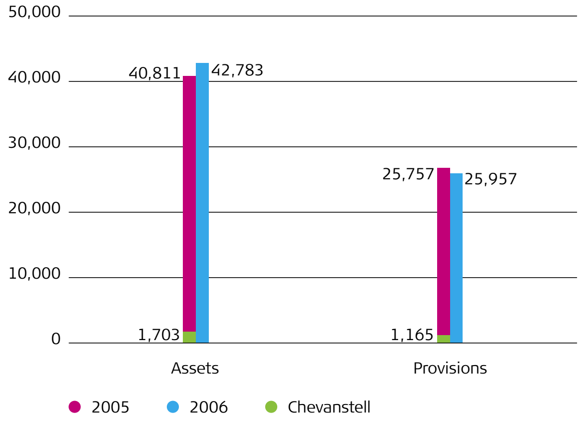
Investment return

The return on investment activities before other financial income and expenses and transfer to insurance activities totalled DKK 2,071m, which was 23% higher than in 2005. The performance equals a 5.8% return on investment assets, which was satisfactory and in line with expectations. TrygVesta's investment performance in 2006 was, in particular, lifted by a very positive

ACCUMULATED RETURN RATIO 2006 %



BALANCE SHEET DKKm



equity return of 20.3%. Both Danish and Norwegian equities outperformed the benchmark with returns of 25.7% and 34.9%, respectively.

Lower effective tax rate

Tax on the profit for the year amounted to DKK 624m against DKK 788m in 2005. The effective tax rate was reduced from 27 in 2005 to 17 in 2006 due to the year's tax-free capital gains and a one-off adjustment of deferred tax to cover the risk that gains on shares and real estate become taxable in the event of unprofitable insurance operations. This provision for deferred tax is not required any longer because the positive technical results reported by Tryg Forsikring A/S have resulted in the establishment of tax balances.

Discontinued business

TrygVesta reported a profit on discontinued business of DKK 126m relating mainly to the winding up of Chevanstell Limited, which reported a profit of DKK 157m comprising a gain on the sale of the shares in Chevanstell Limited, a gain from settlement of a reinsurance contract with Chevanstell Limited and tax deductions. TrygVesta has previously announced that the Group expected a profit of DKK 80m from the sale. The higher profit originated from higher communtation gains in connection with Tryg Forsikring's settlement of the reinsurance treaty with Chevanstell Limited.

Balance sheet and cash flow

Total assets increased from DKK 40,811m in 2005 to DKK 42,783m in 2006. Liabilities comprised mainly shareholders' equity of DKK 9,951m and technical provisions of DKK 25,957m.

The technical provisions were DKK 800m lower than in 2005, and the claims provision ratio was 124 in 2006 against 126 in 2005. The technical provisions and claims provision ratio were lower because provisions belonging to Chevanstell Limited were not included in the consolidated provisions in 2006. At 31 December 2005, Chevanstell Limited had technical provisions of DKK 1.4bn. Following the sale of Chevanstell Limited, reinsurers' shares of technical provisions fell from DKK 2.6bn in 2005 to DKK 1.6bn in 2006.

TrygVesta generated a cash inflow from operating activities of DKK 3.2bn in 2006 compared with DKK 4.2bn in 2005. The lower cash inflow from operating activities was mainly attributable to larger tax payments. Investments amounted to DKK 1,9bn in 2006, and there was a cash outflow from financing activities of DKK 1,5bn mainly relating to dividends.

Shareholders' equity

Shareholders' equity stood at DKK 9,951m at 31 December 2006. Shareholders' equity increased by DKK 1,736m, made up of the profit for the year less dividends paid with respect to the 2005 financial year, and including adjustments mainly for actuarial gains and losses on the pension provision under IAS 19 and other minor adjustments. These figures exclude the proposed DKK 2,244m distribution of dividends for 2006.

Events after the balance sheet date

No other material events have occurred in the period from the balance sheet date until today which in the opinion of management affect the assessment of the company's financial position.

IT'S ALL ABOUT FEELING UNSAFE

It's essential to feel insecure and unsafe. Art must ask questions – not produce answers. That's why I don't seek the warm embrace of feeling secure and safe when I paint. Quite the contrary. I've always looked for extremes, and I've been able to do that, because I feel very secure and safe in my home life. So for me both states of mind are important.

However, I suppose this interaction is also important to other people, such as researchers and scientists. I believe that in the future, it will become crucial to find new ways of extracting natural resources. That can only happen if new research is created and if researchers and scientists are allowed to research that which is conventionally considered unnecessary – that is, actively deselecting the safe choices. In this way, you could say that art and research have certain similarities.

A couple of years ago, the artist Eduardo Kac created a project with a luminous rabbit, which he had genetically modified. It gave rise to a great many questions – about what we are allowed to do and not allowed to do and about artistic licence ... in other words, various ethical questions, of which we will have many more in the future. Eduardo Kac made many people feel insecure and unsafe, and I found that really fascinating. The reason is that we were all forced to think about what was right and what was wrong – about the attitudes and beliefs that each of us held. I actually believe that this is an exercise that would generally benefit all people.

MELOU VANGGAARD IS 39 AND AN ARTIST. SHE HAS HER OWN STUDIO AT ØSTERBRO IN COPENHAGEN, DENMARK. MELOU EXHIBITS WITH GALLERI CHRISTOFFER EGELUND, WHICH HAS STARTED COLLABORATING WITH TRYGVESTA ABOUT MANAGING AND DEVELOPING NEW YOUNG ART IN DENMARK.

TURNING WORDS INTO RESULTS

We use the balanced scorecard (BSC) to implement our strategy and retain our strategic focus areas.

Selected BSC benchmarks for TrygVesta	IFRS 2006	IFRS 2005	IFRS 2004	2003	2002	2001
Financial perspective						
Return on equity after tax	35.4	27.9	23.1	15.4	-47.4	1.2
Combined ratio – gross method	87.8	89.0	91.1	100.7	107.2	104.4
Expense ratio, gross	16.8	16.9	17.1	22.4	23.6	24.3
Customer perspective, private customers (index)						
Renewal rate [1]	99	101	101	100	102	100
Customer loyalty	112	109	109	106	101	100
Proportion of customers with concept agreement	108	108	106	102	98	100
Processes perspective (index)						
Portfolio (nominal prices) per full-time employee	131	133	129	124	116	100
Customer satisfaction in claims handling	107	105	104	102	100	100
Lerning perspective (index)						
Employee satisfaction [2]	102	105	105	102	101	100

[1] The renewal rate is adversely affected by the short policy cancellation notice implemented in Denmark in the autumn of 2005 and in Norway at the beginning of 2006.
[2] The 2004 figures are repeated in 2005 as there was no employee satisfaction survey in 2005.

STRATEGY AND FOCUS AREAS FOR 2007

In early 2006, we launched a comprehensive strategic analysis and review of our business towards 2010. This work has enabled us to develop a clear, shared perception of our future potential, and of the ways in which we can create sustained value for customers, shareholders and employees. Supported by the strategy plan for 2007-2010 we stand well prepared to meet future challenges and opportunities.

The strategy plan will focus on:

Growth
Based on the right balance between growth and earnings, we intend to

- increase the market positions in Finland and Sweden significantly
- strengthen our sales power to expand the market positions in Denmark and Norway, and
- increase our product offering within health care

Providing products and services that offer peace of mind
Our customers should be confirmed in their choice of insurer on an ongoing basis. We therefore intend to

- introduce new concept and benefit programmes
- optimise our communication with customers, and
- focus on risk consultancy

Self-service
We intend to meet customers on their own terms and improve efficiency and quality by

- automating customer processes even more and adding perceived quality
- focusing more on communicating with customers via the Internet

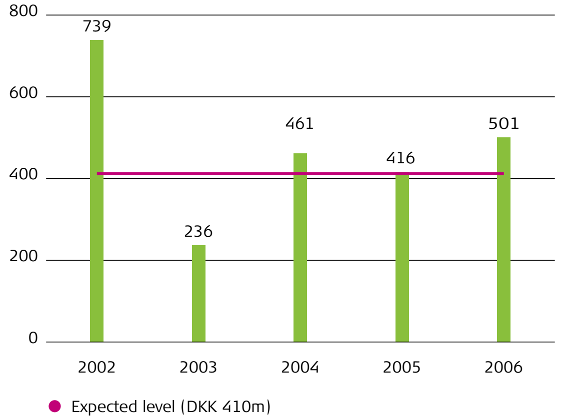
Learning
We intend to focus on our employees and be an attractive workplace by

- focusing on management and employee development
- strengthening the dialogue across the organisation, and
- using the creative potential of our employees

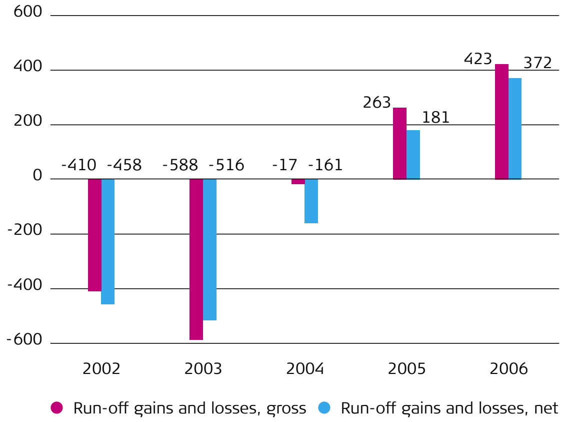
DKKm	Actual 2006	Forecast 2007	Favourable scenario	Negative scenario
Premium growth	2.0%	3%*		
Technical result	2,533	2,050	2,200	1,900
Investment result	1,207	500		
Profit before tax	3,709	2,500		
Profit after tax	3,211	1,850	1,950	1,750
Combined ratio (%)	87.8	91	90	92

* in local currency

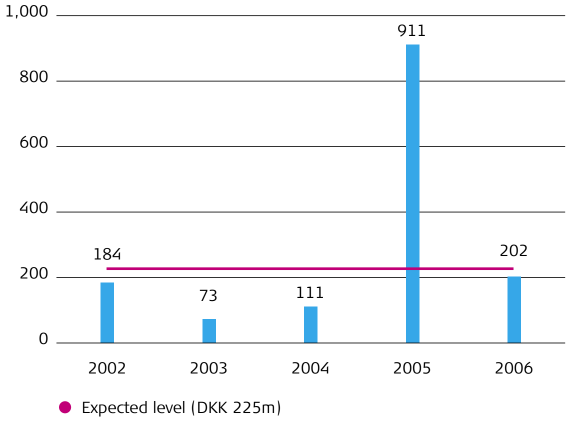
LARGE LOSSES DKKm



RUN-OFF GAINS AND LOSSES DKKm



STORM AND WEATHER LOSSES DKKm



FINANCIAL FORECAST FOR 2007

FINANCIAL FORECASTS

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

TrygVesta's financial forecast for 2007 is composed of the main areas insurance activities, investment activities and tax.

For the full 2007 financial year TrygVesta expects a profit on ordinary activities before tax of DKK 2,500m compared with DKK 3,709m for 2006. TrygVesta expects a return on equity of just over 26% before tax and around 19% after tax based on the dividend policy.

Gross earned premiums are expected to increase by some 3% in local currency, assuming no major changes in competitive conditions relative to 31 December 2006. The Group aims to retain the strategy of generating profitable growth.

The combined ratio for 2007 is estimated to be at the level of 90-92 with an expectation of 91 before run-off compared with the 87.8 after run-off and 90.1 before run-off achieved for 2006.

TrygVesta expects to reduce the expense ratio slightly in 2007 relative to the expense ratio of 16.8 achieved for 2006. The expectations include continued expansion in Finland and Sweden. Excluding these activities, the expected expense ratio for 2007 would be about 1 percentage point lower.

Dividend

TrygVesta has clearly defined a dividend policy resting on the cornerstone that we do not retain a larger part of the profit than is appropriate to maintaining the minimum level of capital required to operate and develop the company. This is achieved through active capital management and optimised capitalisation. TrygVesta uses Standard & Poor's capital model. A simplified version of this model is provided on our website for following the rating requirement for capital relative to actual accumulated capital.

Outlook for the medium term

Expectations for the combined ratio in the medium term are at the level of 91-93, corresponding to a targeted return on equity after tax of 19-21%.

Assumptions for insurance activities

The forecast for the result for 2007 is based on assumptions with respect to gross earned premiums, gross claims incurred, gross expenses, result of business ceded and technical interest.

Expectations regarding gross earned premiums are based on TrygVesta's portfolio at 31 December 2006 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 adjustments of individual insurance policies. The forecast is expressed in local currency.

TrygVesta generally bases expectations with respect to claims incurred on assumptions for the various products in the individual business areas and companies. Expectations regarding claims ratios are based 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 the pricing of our insurance premiums, claims frequencies and the discounting rate applied are the most important factors that may affect our overall performance. Assumptions for storm and large losses are based on historical experience for not less than ten years. In addition, we incorporate the effect of profitability initiatives and the effect of any legislative measures and changes in case law in the anticipated claims level.

The expectations for 2007 assume weather related claims of about DKK 225m and large claims of about DKK 410m.

The forecast generally assumes no run-off gains or losses in 2007 on the provisions for claims established. The positive run-off result had a gross impact of 2.6% and a net impact of 2.3% on the combined ratio for 2006. The reinsurers' share makes up the difference between the gross and net run-off result.

The forecast regarding gross expenses reflects the projected number of employees during 2007 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 expenses relating to IT operations and our corporate headquarters, 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 events and events such as storms and large losses. The expected result of business ceded is calculated on the basis of such contracts and historical data.

Technical interest is based on interest rate assumptions as at 31 December 2006.

Assumptions for investment activities

The forecast return on investment activities for 2007 is based on the following assumptions with respect to investment assets. Bonds are expected to account for around 80% of total investment assets and to yield a return of 3.9%. Shares are expected to account for around 14% and to yield a return on 7.0%, while real property is expected to account for 6% of assets and yield a return of 6.8%. This should be viewed against corresponding returns of 2.8%, 20.3% and 15.0% generated on bonds, shares and property, respectively, in 2006.

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. TrygVesta assumes an effective tax rate of 26% for 2007 based on the above assumptions for the return on shares.

At the beginning of February 2007, the Danish tax authorities submitted a bill amending Danish tax legislation that is expected to change the corporate tax level in Denmark. At the time of publication of this report, neither the final form of the bill nor whether it would be adopted were known, and it has therefore not been incorporated in the forecast for 2007.

DISCLAIMER

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

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

TrygVesta urges readers to refer to the section on risk management available on the Group's website for a description of some of the factors that could affect the company's future performance and the industry in which it operates.

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

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

I'M STEEN... AND I'M ADDICTED TO CHANGE

At Novozymes, we have experienced many changes over the years. Different people react very differently to change – ranging from truly thriving on change to feeling very insecure by having to eat in a new canteen. I suppose one could say that people who do not like change are security addicts. But you can also be addicted to change – I believe that's what I am to a certain extent. I am most at ease when I feel that I play a part in shaping my surroundings. It means a great deal being part of shaping the future, because if you take part in shaping it, you also have the chance to make an impact.

The challenge is to balance the requirements for creating change and fostering a safe and secure work environment. In our organisation, it is essential that we create new ideas, so we need to nurture an environment, in which our employees will be creative. One way in which we are trying to do this is by mixing our employees across nationalities and departments and by encouraging them to work in groups. However, it is obviously also important that the brief is not reduced to: "Think up something". The project needs to have at least some structure and a definite direction.

Naturally, this way of working may cause a crisis once in a while, but in my view, a crisis is not necessarily a bad thing. It is not a bad thing when your purpose is to be innovative, as it is in our company, or when you have to move forward as an organisation. I often think about that the Chinese sign for crisis is double – on the one hand, it signifies danger and on the other, an opportunity!

When I look ahead, it is quite clear that in our field as well as in many others, the development is incredibly strong in some countries, such as in India and China. In our part of the world, we may not have entirely recognised that our model is being challenged. In our search for security, we may have lulled ourselves into something that is not particularly positive seen in a greater perspective. As a consequence, I am a little sceptical and somewhat unsure as to what the future will bring.

STEEN RIISGAARD IS 55. STEEN HAS BEEN PRESIDENT & CEO OF NOVOZYMES SINCE IT DEMERGED FROM NOVO NORDISK IN 2000.

TRYGVESTA AND THE EXTERNAL COMMUNITY

The Nordic insurance market is worth some DKK 150bn, with the three pan-Nordic companies Codan, If and TrygVesta together serving about 40% of the market. Over the past few years, the market has seen a significantly improved earnings performance, with growth largely equalling the growth in GDP. However, price adjustments due to a favourable claims experience triggered stronger price competition in 2006, in particular for motor in Denmark and building in Norway. The personal accident business has seen a favourable price development in recent years with a view to adjusting pricing to claims expenses. Prices in Denmark are adjusted using a company-specific index called the social index.

The report the United Nations just released on climate change is a cause of concern for everyone. We saw windstorms and floods in many places in 2006, and it seems such events will become more frequent in the years ahead. This may trigger adjustments in insurance services, covers and premiums to rising claims expenses.

Developments in the welfare systems of the Nordic countries have contributed to an increasing number of people wanting private insurance schemes that cover health care, unemployment and other events that may have an impact on welfare. Being a provider of peace of mind, TrygVesta wishes to play a pro-active role in meeting people's needs and requirements, and we believe the health area holds great potential for growth. Time is also a factor that people attach a great deal of importance to: high level of prosperity and the demand for simple solutions mean that they are prepared to pay extra if it saves them time they can then spend with their families or on leisure activities, work etc. A demand for openness and transparency places new requirements on insurance solutions, which TrygVesta will seek to meet.

The recurring question among equity analysts and the media in 2006 was whether we were about to see a deterioration in the insurance cycle and a downturn in earnings. When considering the trend in earnings over a longer perspective, the challenge as we entered this millennium was to create a balance in insurance operations. This was achieved by adjusting premiums for a number of products, and was reflected in high growth rates from 2002 through 2005. The market's restored profitability caused more companies to adjust their premium levels in 2006. Premium growth is now at a more normal level in a saturated market, and profitability has been restored. We believe the volatile returns on investments and higher risk awareness will ensure that the industry continues to focus on a positive development of their technical operations.

New capital requirements were also a controversial issue in 2006, especially Solvency II, the new pan-European regime scheduled for implementation in 2011, at the earliest. Solvency II will change the rules governing companies' capital requirements. The Danish Financial Supervisory Authority currently determines the capital requirement based on the existing solvency rules, which establish a minimum capital requirement of 100% of the solvency requirement. The new capital requirements are generally expected to require an investment grade which in terms of Standard & Poor's ratings would correspond to a rating of BBB-. By way of comparison, the existing solvency rules establish a capital requirement of 16% of net premiums or, in practice, 32% as a minium, as companies of TrygVesta's size generally have excess cover of double the requirement.

The new Solvency II rules are not expected to change the capital requirement for TrygVesta and other insurers that currently meet the level of a Standard & Poor's A rating, which is equivalent to 52-56% of net premiums. In preparation for the Solvency II regime, the Danish Financial Supervisory Authority issued a new draft set of rules called "Individual Solvency Needs" in December 2006. The rules are expected to be introduced in the Danish Folketing in March 2007 and to come into effect on 1 July 2007. The bill is intended to ensure that companies implement a formal risk management environment comprising the risk elements required under Solvency II now rather than later. Details of the requirements for the companies' risk management are not available at this time, but all other things being equal, the new rules will make much tougher demands on companies that do not already work with formal risk management and risk reporting.

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 if we provide solutions rather than mere financial compensation when a claim is reported. This applies when customers need a garage to repair damage to their car, when their house or flat has been damaged by water, when a person needs help to return to the labour market after an accident, or when a business needs help to maintain or restore production after a claim.

We aim 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 additional positive message each year.

Customer surveys in 2006

Once again, we improved our ratings in this year's EPSI surveys of customers in all markets.

In Denmark, we came in second among the companies we usually consider our peers, and we recorded progress in both customer satisfaction and customer loyalty compared with 2005. The short policy cancellation notice, which was introduced in 2006, resulted in a higher rate of customer turnover, in particular among young customers, while renewal rates and customer satisfaction among our concept customers were at a high level.

In Norway, we scored second highest among Norwegian insurers for customer loyalty, while we recorded a setback with respect to customer satisfaction relative to 2005. The higher customer loyalty rating is very much attributable to the changed price structure in Norway, where we abolished introductory discounts to new customers in May 2005. The high level of customer satisfaction was also reflected in the number of customer complaints, as we had the lowest proportion of complaints among the major companies.

Our customers in Finland remain some of the most loyal and satisfied customers in the market, and we rank first or second in all categories.

Only three companies have a presence in more than one market in the Nordic region. Our generel progress in all markets place us as the undisputed number one in the Nordic market.

Few customer complaints

The number of customer complaints and the ability to handle customer complaints are major parameters for quality in the provision of service products. We regularly measure our claims quality in the Nordic countries in order to improve the quality of our claims handling. We use the results for quality control as well as quality improvement.

We have the lowest ratio of customer complaints among the four largest insurers in both in Norway and Finland, scoring 32% and 14%, respectively, below the average for the industry. In Denmark, we have the second-lowest complaints ratio among our peer group. We score 32% below the average for the total insurance market in Denmark.

Customer concepts

Our customer concepts (customer benefit programmes) are an important tool to enhancing customer loyalty. At 31 December 2006, the proportion of private concept customers was 65% in Denmark and about 64% in Norway. We develop our customer concepts on an ongoing basis and add new benefits such as special insurance cover, additional advantages and discounts for customers who take out more than one product with TrygVesta. Surveys indicate that concept customers are characterised by greater customer loyalty.

We launched several new customer benefits in 2006. In light of the changed travel habits of our customers and recent years' natural disasters and terrorist attacks, we extended our travel insurance coverage. We are the only insurer in the Nordic region to offer a travel policy covering evacuation and repatriation expenses, even in cases where the authorities do not recommend evacuation.

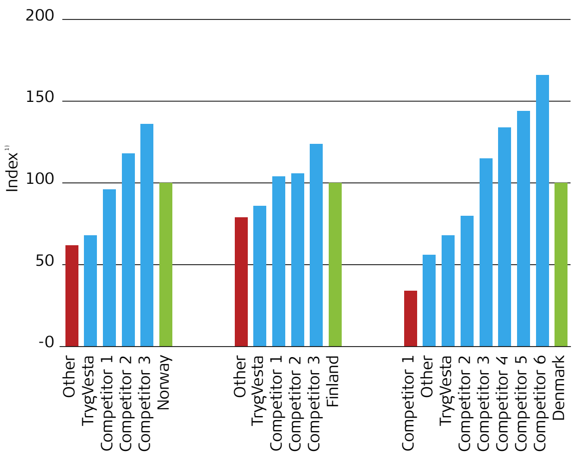
In addition, we launched a new policy on 1 November 2006, which we initially offer to our existing customers in Denmark. The policy covers all defects in and sudden and unforeseen damage to electrical appliances and house contents. We have seen great demand for the insurance with an average of some 900 policies sold each week since its launch.

Increased on-line activity

Customers and companies are increasingly using the Internet to communicate with each other, and a strong brand is of particular importance to get customer attention. For that reason, we measure the trend for our websites in all markets.

In 2006, our websites in Denmark and Norway (tryg.dk and vesta.no) had 3m visitors against 2.1m in 2005. Our Danish website had 1.9m visitors compared with 1.5m in 2005, while our Norwegian website had 1.1m visitors against 560,000 in 2005. Our Swedish website was launched in mid-June 2006. It had some 23,000 visitors in 2006 with visitor numbers increasing sharply each month.

CUSTOMERS WITH A REASON TO COMPLAIN IN 2006

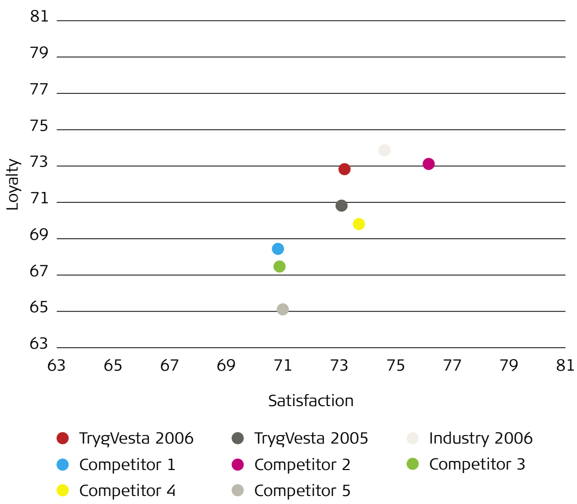


1) Average for each country = 100.
Source: EPSI Rating.

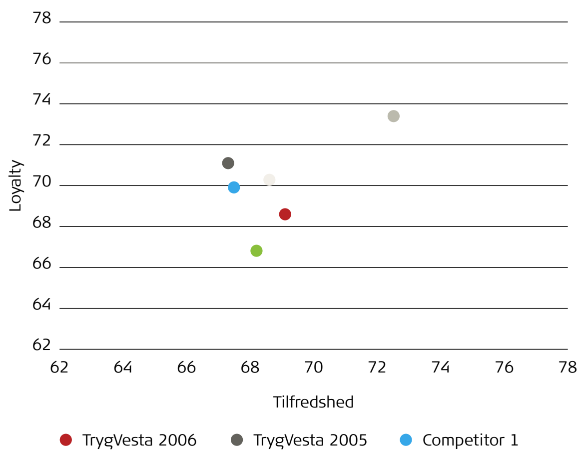
In Finland, we had some 102,000 hits on Nordea's TrygVesta pages in 2006 compared with around 88,000 hits in 2005.

As a result of the Nordic expansion under the TrygVesta Garanti brand, Dansk Kaution launched two additional websites in 2006, and now markets itself at vestagaranti.se and trygvestagaranti.com as well as danskkaution.dk, trygvestagaranti.dk and trygvestagaranti.no.

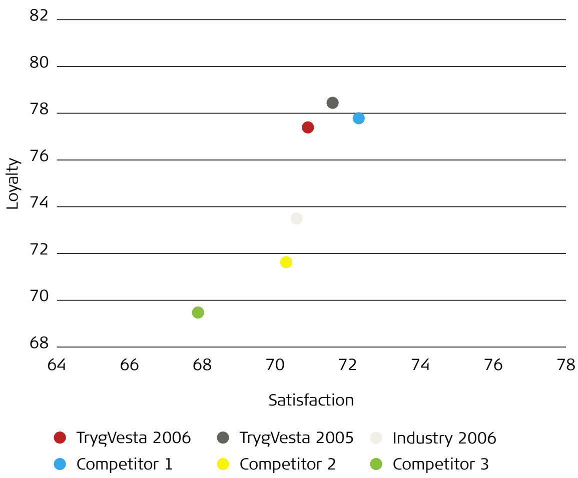
CUSTUMER SURVEY DENMARK 2006
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1]



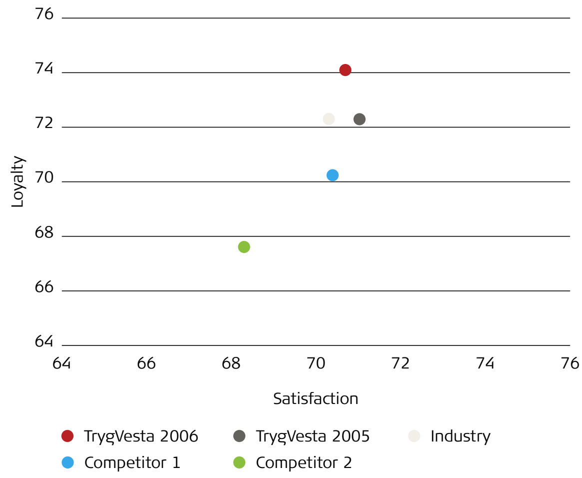
CUSTOMER SURVEY NORWAY 2006
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1]



CUSTOMER SURVEY FINLAND 2006
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1]



CUSTOMER SURVEY NORDIC COUNTRIES 2006
SATISFACTION AND LOYALTY - PRIVATE CUSTOMERS [1] [2]



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

[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.

NOTES

WE HAVE TO ENTER INTO A PARTNERSHIP WITH DANGER

Via my work in public health, it has become increasingly clear to me that it is absolutely essential to all of us to feel that we have a certain amount of influence on our own lives. We all need to feel that we are free to do what we want, but at the same time, we all recognise that too much freedom can be somewhat frightening. In other words, too much freedom threatens the individual, while too many rules and conventions hamper the individual.

In the Nordic societies such as Norway and Denmark, we have created a type of security for all that is entirely unique. We can feel safe and secure irrespective of what happens – also when we get old. I believe this is completely indispensable and worth remembering, not least in the current climate when we are noticing a tendency to forget the significance of this security. We have now reached some sort of turning point. We feel safe and secure, but now we also want recognition and self-realisation – the human race is looking for its own basic element and wants the opportunity to develop further.

We are quite at odds with ourselves these days – for life cannot just be easy, secure, full of self-realisation and entirely free of risks. Seneca, who really ought to be a kind of house philosopher for TrygVesta, put it very well: There is only one route to quality of life and that is to accept that the account book of your life will have both good and bad entries. After all, zero risk is an impossibility. Thus, we have to enter into a partnership with at least the possibility of danger.

We have achieved so much with regard to creating a society of security – securing good living conditions for all. That is one thing we must never forget. Things have improved and I don't believe that the sum of worries is constant. Just think about what life was like a hundred years ago – there was so much more suffering, sorrow and anxiety.

I hope that society also in the future will retain the will to secure fair living conditions for all – the entire community. I also hope that we may retain the relatively high levels of security and trust that we currently enjoy in the Nordic region. In other countries, I have observed how fear can destroy the health of an entire society.

PER FUGELLI IS 63 AND A PROFESSOR OF SOCIAL MEDICINE AT THE UNIVERSITY OF OSLO, NORWAY. FOR A NUMBER OF YEARS, PER HAS BEEN RESEARCHING, AMONG OTHER THINGS, HOW THE DISTRIBUTION OF VALUES SUCH AS SECURITY AND FREEDOM IN SOCIETY AFFECTS HUMAN HEALTH.

OUR PROCESSES

We want to be perceived as the leading peace of mind provider of the Nordic region. In order to achieve our vision we must commit ourselves to developing and innovating our business on an ongoing basis. In 2006, we dedicated ourselves to launching a number of initiatives aimed at preparing us to meet future challenges. Our initiatives include:

Greater focus on growth areas
We changed our organisational structure in a number of ways in the autumn of 2006, reflecting a wish to ensure that we extend maximum focus on, and that the Group Executive Management is firmly committed to, the areas designated as future major growth areas for the Group. We have merged the areas Finland, Sweden, Health Care & Pension, BusinessLab and Nordic Bankassurance into one business area under the name New Markets.

In connection with starting up in Sweden we used the experience gained from our start-up in Finland. Among other things, we launched a similar business platform with sales through Nordea and via the Internet, and also set up our own call centre. Furthermore, we reaped the benefits of synergies from re-using the same IT system.

Innovative thinking and maturing ideas
In the summer of 2006 we launched BusinessLab, a pan-Nordic space for innovative thinking and ideas. In BusinessLab we work across the Group, capturing ideas and turning them into viable business solutions. In early 2007, BusinessLab will relocate to a new innovation centre at Ballerup, an unconventional and multifunctional space with room to play with, think through and develop ideas.

BusinessLab ran its first in-house idea competition in the autumn of 2006. The competition was designed to encourage all employees to develop their creative thinking and to utilise the creative potential we have within our Group. The employees submitted a total of 236 contributions to BusinessLab.

Further to the BusinessLab concept, some of our employees have attended an Entrepreneurial Leadership programme at the Technical University of Denmark, which they completed in January 2007. In connection with their studies, the employees will establish a business plan for a new business area.

New Nordic business centre
As the welfare debate and our customers' requirements and demand for welfare services increased again in 2006, we set up a Nordic business centre for Health Care & Pension. By concentrating our development efforts in one place, we achieve a number of organisational and market advantages, and we expect that the business centre will help us capture an even greater share of the rapidly growing market for health insurance. We experienced growth of more than 66% in 2006, and we are confident that the positive trend will continue in 2007. In 2007, we intend to focus strongly on developing welfare solutions with a broad appeal to customers and supplementing the Nordic welfare system.

Again in 2006, we saw strong growth, of 36% over 2005, in our sales of Nordea's pension plans. Corporate pension plans were the prime driver of this growth. However, it is by no means everybody who is covered by a corporate pension plan or other pension schemes provided for by collective agreements, in particular among self-employed persons. An amendment to the Danish act on taxation of pension schemes provided greater flexibility and made it more attractive for this target group to save for their retirement. Self-employed persons may now pay up to 30% of their profits into a pension plan with an option to change the amount in line with any variations in their profits. We intend to focus on this area in 2007.

More pan-Nordic business processes

Based on good experience in Denmark, we will launch a new IT system in Norway in the coming years. The system automated production of agreements and policies, enabling our sales agents to finalise around 90% of all sales on the spot, improving the customer's experience and enhancing the potential for added sales. According to experience from Denmark, the IT system has reduced unnecessary duplication of work, improved efficiency and increased sales. We estimate that the implementation of all three phases of the IT system in Denmark has generated substantial cost savings.

New pan-Nordic brand platform

In the summer of 2006, we introduced a new pan-Nordic brand platform in Denmark and Norway, signalling our behaviour and communications based on the concept of peace of mind and the needless concerns that may trouble our customers. In addition to a new graphic design we also introduced several new commercials in this context. The commercials got a very positive reception in both Denmark and Norway: external surveys indicated that 71% of viewers over 18 years took a positive view of the new commercials in Denmark, while the corresponding figure for Norway was 78%.

OUR EMPLOYESS

OUR CORPORATE VALUES

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 order to implement the Group's business strategy, we rely on the competence and dedication of our employees. They are our most important asset and the people through whom our customers in their everyday lives experience our provision of products and services that offer peace of mind. We therefore depend on our ability to continue to attract and retain the best employees by being an attractive workplace offering our employees freedom to act, thrive and develop.

2006 was a year very much characterised by the continued implementation of our values throughout the Group. Three times during the year we worked with themes of topical interest on a Group-wide basis. For example, we considered the customers of each department and described how we can use our values pro-actively in our contact with customers. The theme packages provided us with very satisfactory experience and helped enhance awareness of the importance of our corporate values. The 2007 theme packages will focus on subjects such as values and dilemmas, well-being and stress, and ethics.

An employee survey conducted in 2006 showed good results, which we intend to use in local development efforts. In 2007, we will therefore focus on following up on the individual departments' action plans in order to improve results.

Management development and management forum

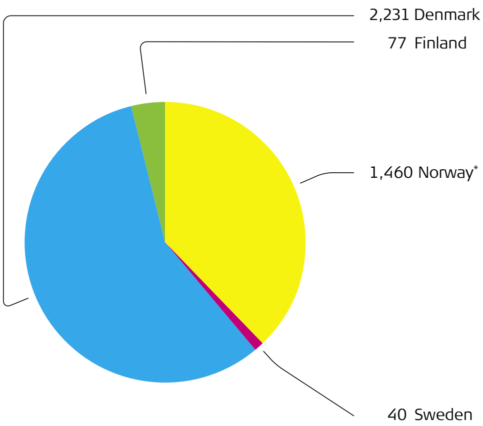
We focused strongly on enhancing competence in 2006. Our management teams participated in several development programmes, and we intend to roll out similar processes in the entire Group during 2007. We also focused on developing new management potential. These people attended various training modules for the purpose of preparing them for becoming managers in TrygVesta.

As a new initiative we launched a management forum in the spring of 2006. The object is to inspire TrygVesta managers professionally and prepare them to meet the challenges which managers may have to face. At the same time, we intend the management forum to be an arena in which managers get together for reflection and dialogue across business areas and levels of the organisation. The first two themes, "Managing modern organisations" and "Corporate Branding", were reviewed by external as well as in-house consultants. Stress prevention will be a key theme in the coming year.

New pan-Nordic learning portal and e-learning

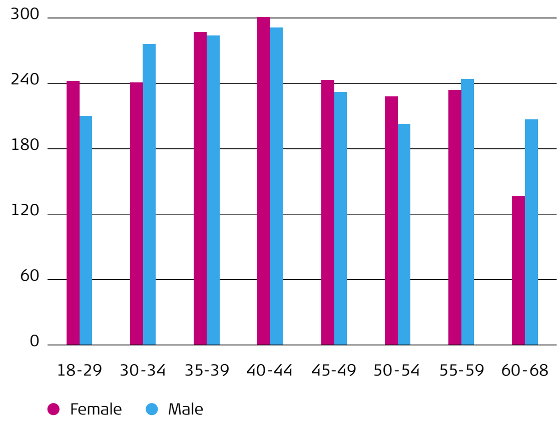
e-learning is among the important tools used in connection with competence building. Our Norwegian employees have already worked with the e-learning concept for a few years, and we are drawing on this experience in our efforts in the other Nordic countries.

GEOGRAPHICAL DISTRIBUTION OF FULL-TIME EMPLOYEES



* Excluding franchise office staff.

AGE AND GENDER BREAKDOWN IN TRYGVESTA 2006



We launched a new pan-Nordic learning portal in September, which will be used, among other things, for e-learning. In late 2006 we also implemented a pan-Nordic introduction programme for new employees based on e-learning. The learning portal will be expanded in 2007 to include our Finnish employees, thus creating a shared Nordic portal for course development and competence building. Courses include e-learning as well as various forms of instructor-based learning. We also believe the knowledge sharing that takes place every day in the individual departments is extremely important and intend to make increased use of multimedia resources and other tools that support cooperation and learning in 2007.

Training for risk consultants

An increasing number of our corporate customers call for advice, service and an overview of their risks. To accommodate their requirements, we launched a major training programme for 250 Norwegian and Danish employees in our Corporate business area in 2006. We anticipate that all employees will have completed the programme by the end of 2008.

Pan-Nordic trainee programme

The first pan-Nordic trainees joined TrygVesta in February 2006. The 18-month trainee programme is intended to cater to the Group's long-term requirement for highly qualified employees and management candidates. The trainees are also expected to make an important contribution in our efforts to develop processes across national borders and business areas.

Successful diversity projects

We have drawn up a policy designed to promote diversity and equality within the Group, and we have completed several successful integration projects. In 2005, we concluded a project in our Private sales department training customer advisers with an ethnic background other than Danish, and in 2006 we completed an IT trainee programme for engineers with an ethnic background who had been unemployed for more than a year. During the past three years, the number of employees with a foreign ethnic background has doubled. Our current organisation stands well prepared for the new labour market in which the ability to integrate and diversity thinking give a strong competitive advantage.

Changed smoking policy

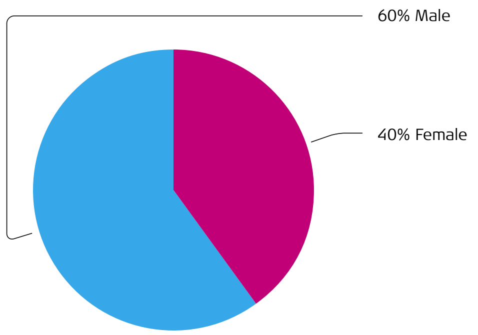
As part of our efforts to create a healthy workplace we revised the Group's smoking policy, introducing a complete ban on smoking indoors from 1 May 2006. We offered all smokers among our employees a stop-smoking course. Around 100 Norwegian and 270 Danish employees accepted the offer, and about half of them successfully quit smoking.

Employee bonus

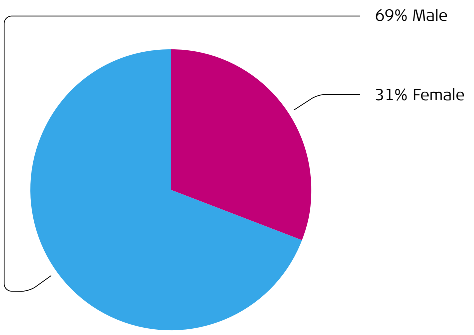
It is important that all employees see their own efforts relative to the Group's overall target, and we use an employee bonus programme as a natural tool in this connection. Employee bonus benchmarks were combined ratio and growth in 2006, and our performance triggered a bonus of DKK 5,000 to each employee, mostly in the form of shares. The Supervisory Board has in addition launched a stock option scheme for management and senior management employees, which is described in the section on Corporate governance elsewhere in this annual report.

Key figures	2006	2005	2004
Number of employees	3,808	3,718	3,762
Seniority	12.8	13.1	13.1
Staff turnover	7.15	6.14	4.15
Sickness absence	4.31	4.18	4.24

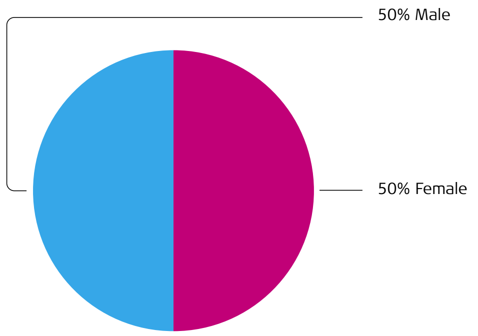
DISTRIBUTION OF MANAGERS IN DENMARK



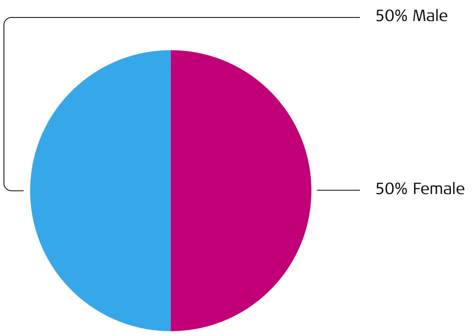
DISTRIBUTION OF MANAGERS IN NORWAY



MALE AND FEMALE EMPLOYEES IN DENMARK



MALE AND FEMALE EMPLOYEES IN NORWAY



NOTES

TODAY IS THE 85TH CONSECUTIVE DAY OF RAIN IN BERGEN THAT IS NOT A GOOD SIGN

You also need to go quite far into the country in order to find snow on the mountains. That is another thing that's not normally like that this time of year. We humans find it difficult to relate to anything before it becomes somehow tangible and affects us personally, for instance when our own health is affected. Unfortunately, we are now facing this with our climate. Only in recent years when Asia and the USA have been ravaged by several tsunamis, when the storms in Europe have intensified considerably and the temperature in the Nordic region has increased, have people started taking seriously the entire issue of climate change.

In my view, climate change will become our greatest challenge in the future – and in our organisation, we have been discussing ways of dealing with the issue for quite some time. Naturally, one major task will be to develop products and services meeting the new needs for security and peace of mind that will arise as a consequence of climate change. It is essential that we as an organisation constantly follow the development of the world, in which we live – naturally, that also applies to the climate.

Within the private sphere, I am in no doubt that climate and health will attract major attention in the future. Within the world of business, I believe that coming to the fore will be companies that support these areas with regard to both products and services. Technology will also play a central role in the future, both in the home and at work.

For my own part, if I could take out whatever insurance I wanted, I would probably choose a two-month policy against bad weather. A sort of sun guarantee insurance...

JESSICA VOGT IS 37 AND EMPLOYED AS AN INNOVATOR WITH TRYGVESTA'S BUSINESSLAB IN BERGEN, NORWAY. BUSINESSLAB IS THE GROUP'S NEW ENVIRONMENT FOR INNOVATION. THE GOAL IS TO CREATE INNOVATIVE SOLUTIONS FOR OUR CUSTOMERS.

OUR BUSINESS AREAS

PRIVATE & COMMERCIAL DENMARK

Provides general insurance products for private households and small and medium-sized enterprises in Denmark under the brand name Tryg. The Group's products in Denmark are distributed principally through our proprietary distribution network consisting of five regional customer centres and 16 local service centres staffed by our own customer advisors and sales agents. Products are also distributed through other channels, including affinity groups and Nordea's 340 bank branches. Private & Commercial Denmark has around 1,400 employees.

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. The Group's products in Norway are distributed through 85 franchise offices which are licensed to use our brand and exclusively sell our products and Nordea's products. The Group's products are also sold through our own sales agents, three regional customer centres, 35 local service centres, car dealers and Nordea's 140 branches. Private & Commercial Norway has around 1,100 employees excluding franchise office staff.

CORPORATE

Is a Nordic business area which provides general insurance products to large corporate customers under the TrygVesta brand. The Corporate business area services corporate customers with our own sales force and through brokers. Corporate customers are defined as customers paying annual premiums of more than DKK 500,000 or having more than 50 employees. The Corporate business area has some 10,000 customers. The number would be around 50 customers by international standards, which define corporate customers as customers paying annual premiums of more than DKK 10m. The Corporate business area has some 500 employees.

DANSK KAUTION

Is included in Corporate and is the leading supplier of guarantee insurance in the Nordic region. Dansk Kaution guarantees its customers' performance under contracts signed. Its primary customers are contractors and contract manufacturers. Dansk Kaution is marketed as TrygVesta Garanti outside Denmark.

ENTER FORSIKRING

Is included in Private & Commercial Norway and is a subsidiary of Vesta in Norway. Enter Forsikring sells motor and other products under the Enter brand and as brand policies. The primary distributors are car dealers and car importers. Enter has some 110 employees.

Tryg Forsikring A/S
(Denmark)

Vesta Forsikring AS
(Norway)

Enter Forsikring AS
(Norway)

(Finnish branch)

Dansk Kautions-
forsikrings-Aktieselskab

(Swedish branch)

TrygVesta A/S

FINNISH GENERAL INSURANCE

In Finland we sell general insurance products to private household customers under the brand name Nordea Vahinkovakuutus. In February 2007, we will start selling commercial products to small and medium-sized enterprises. The Group's products in Finland are primarily distributed through the 440 branches of Nordea. Products are also sold through our own call centre, through car dealers and via the Internet. The Finnish business has 77 employees.

SWEDISH GENERAL INSURANCE

In Sweden, we sell general insurance products to private household customers under the brand name Vesta Skadeförsäkring, which we launched in the summer of 2006, primarily through Nordea's some 260 branches, through our own call centre and via the Internet. At 31 December 2006, 39 employees were based in Malmoe, Sweden but the number of employees is expected to rise steeply over the coming year as the establishment of the Swedish business continues.

PRIVATE & COMMERCIAL DENMARK

DKKm	2006	2005	2004
Gross earned premiums	6,390	6,276	5,942
Gross claims incurred	-4,306	-4,987	-4,376
Gross expenses	-1,109	-1,113	-1,057
Profit/loss on gross business	**975**	**176**	**509**
Profit/loss on ceded business	**-201**	**467**	**-101**
Technical interest, net of reinsurance	215	113	116
Technical result	**989**	**756**	**524**
Key ratios			
Claims ratio	67.4	79.5	73.7
Business ceded as a percentage of gross premiums	3.1	-7.4	1.7
Claims ratio, net of ceded business	70.5	72.1	75.4
Expense ratio	17.4	17.7	17.8
Combined ratio	87.9	89.8	93.2

Private & Commercial Denmark generated a technical result of DKK 989m in 2006, which was an improvement of DKK 233m over 2005. The improvement was driven by a positive development in claims expenses and the introduction of activities that enabled us to maintain a flat development in nominal costs.

Premium growth of 1.8%

Gross earned premiums were 1.8% higher, and the number of policies and customers developed favourably throughout 2006. Due to the positive technical performance, growth in premiums was impacted by bonus payments on a number of agreements with affinity groups, which are set-off against gross premiums, totalling DKK 150m in 2006 compared with DKK 77m in 2005. Before bonus payments, the rate of premium growth was 3% in 2006.

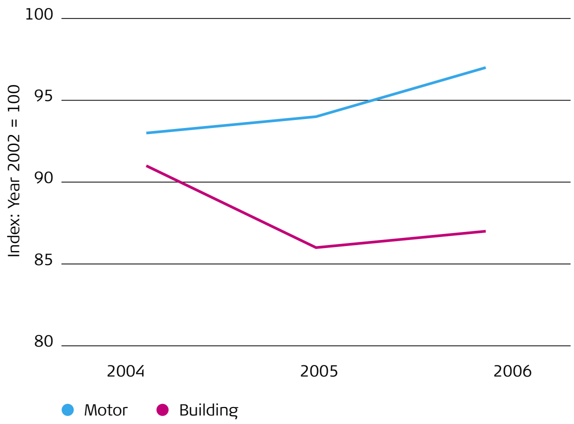
In late 2005 Private & Commercial Denmark introduced, among other things, mileage as a price parameter for motor insurances, which provided for a better risk selection and thus also a fairer price to customers. In the autumn of 2006 Privat & Commercial Denmark reduced premiums for certain motor insurance segments. Overall, the reduction impacted premium growth negatively by about 1 percentage point.

The effect of short policy cancellation notice

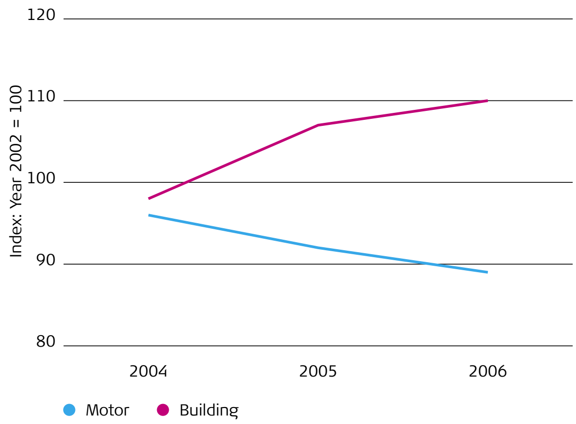
In 2006, the short policy cancellation notice resulted in a higher rate of customer turnover, as reflected in a slightly lower retention rate. The rate of customer turnover increased, in particular, among young customers who typically have only one product, while concept customers continued to record a high renewal rate. The renewal rate for the commercial segment also remained at a high level.

In October 2006, Private & Commercial Denmark introduced an extended warranty insurance covering malfunction of and sudden and unforeseen damage to electrical appliances and house contents. The policy was initially offered to concept customers and met with a very positive reception. With more than 8,000 policies sold by 31 December 2006, the new policy is expected to have a favourable impact on customer retention.

CLAIMS FREQUENCIES DENMARK



AVERAGE CLAIMS



DKKm	2006	2005	2004	Normal year
Storm and weather, gross	-109	-739	-74	-109
Storm and weather, net	-109	-115	-74	-69
Large losses, gross	-25	-23	-10	-21
Run-off result, gross	120	-2	-138	0

Combined ratio improvement of 1.9 percentage points

The combined ratio for 2006 was 87.9, which was 1.9 percentage points lower than in 2005. The positive development was due to sustained improvement in the claims expenses and an improved run-off result.

Claims ratio impacted by cloudbursts

The gross claims ratio fell from 79.5 in 2005 to 67.4 in 2006. While 2005 was strongly impacted by the storm in January, 2006 was affected only by a cloudburst in August and a few minor cloudbursts in November, totalling DKK 109m. The cloudbursts impacted the claims ratio in 2006 by 1.7 percentage points. The corresponding impact from storms and weather-related claims was 11.8 percentage points in 2005. The level of large losses, defined as losses exceeding DKK 10m, was at the same level as in 2005.

Gross run-off gains amounted to DKK 120m in 2006, while the net amount was DKK 55m. This had a positive impact of 1.9 percentage points on the claims ratio.

Tryg Reparation for cars, which was introduced in 2003, and Tryg Bygning from 2004 continued to have a positive effect on claims expenses. The proportion of cars repaired by garages under the Tryg repair arrangement increased from 40% to around 50% in 2006.

The average building claim increased in 2006 due to the strong demand for craftsmen, but demand subsided during the year, slowing the rate of increase. The Tryg Bygning arrangement still offers considerable potential for savings because only a small part of claims are handled under this arrangement, and the average saving per claim is much greater for building than for motor claims.

The claims frequency for, in particular, building insurance continued at a low level in 2006 and was considerably lower than in a normal year. The frequency for motor insurance, on the other hand, saw an upward trend in 2006, but continued to be at a relatively low level.

Low expense ratio

The gross expense ratio fell to 17.4 in 2006, which was 0.3 percentage point lower than in 2005. In particular, changes in the sales process to include more team-based customer servicing had a favourable impact on the expense ratio.

Focus areas in 2007

The Group has defined as an overall target to expand the provision of products and services that offer peace of mind and to set the agenda in the peace of mind universe. We aim to achieve this, among other things, by greater insight into customer requirements and needs and through enhanced focus on product development. A long-term goal is to increase the group's market share in Denmark. In order to meet these targets, the Private & Commercial Denmark business area will launch additional new customer benefits in the coming year, designed to ease the everyday lives of customers and provide added peace of mind. In addition, Private & Commercial Denmark intends to focus on distribution through multiple channels and enhancing the efficiency of sales and customer contact.

PRIVATE & COMMERCIAL NORWAY

DKKm	2006	2005	2004
DKK/NOK, rate, annual average	93.04	92.85	88.79
Gross earned premiums	4,509	4,632	4,435
Gross claims incurred	-2,892	-2,844	-2,696
Gross expenses	-922	-945	-922
Profit/loss on gross business	**695**	**843**	**817**
Profit/loss on ceded business	**-76**	**-62**	**-73**
Technical interest, net of reinsurance	152	93	87
Technical result	**771**	**874**	**831**
Key ratios			
Claims ratio	64.1	61.4	60.8
Business ceded as a percentage of gross premiums	1.7	1.3	1.6
Claims ratio, net of ceded business	65.8	62.7	62.4
Expense ratio	20.4	20.4	20.8
Combined ratio	86.2	83.1	83.2

The Private & Commercial Norway business area reported a technical result of DKK 771m for 2006. As expected, this was lower than the DKK 874m reported in 2005 due to an exceptionally high run-off result and low claims expenses.

New price structure impacts premium performance

Gross earned premiums were 2.7% lower than in 2005. In local currency, the fall in gross earned premiums was 2.9%. The deterioration was partly attributable to the changed price structure introduced in May 2005 and partly to a new customer benefit programme launched in 2006, under which the discount offered to customers who buy more than one product increased. While the changed price structure had an adverse effect on sales of new policies in the first half of 2006, the overall effect of the new price structure and the customer benefit programme was to lift sales in the second half of 2006. These measures also impacted customer loyalty very positively. Measured in terms of renewal rates, customer loyalty increased considerably in 2006.

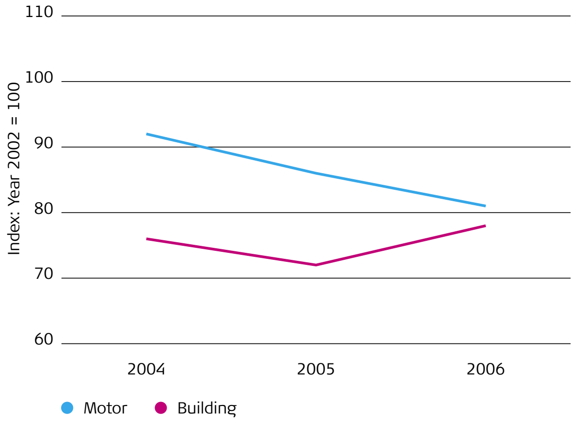
Sales through Nordea up by 42%

Sales through Nordea were 42% higher than in 2005. One factor contributing to the strong increase was that Nordea's customer advisers attended training in 2006 to strengthen their insurance competencies with a subsequent requirement to increase sales. TrygVesta's insurances were also included in Nordea's benefit programme, becoming an integral part of a home loan campaign in the autumn of 2006, which boosted sales further.

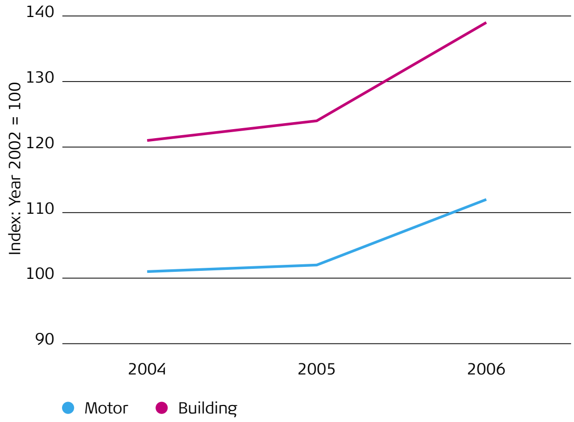
Combined ratio at a low level

The combined ratio continued at a low level in 2006 at 86.2 compared with 83.1 in 2005. While 2005 was characterised by unusually low claims expenses, 2006 saw a more normal claims experience.

CLAIMS FREQUENCIES NORWAY



AVERAGE CLAIMS



DKKm	2006	2005	2004	Normal year
Storm and weather, gross	-42	-35	-15	-70
Storm and weather, net	-42	-32	-15	-70
Large losses, gross	-20	-37	-24	-19
Run-off result, gross	87	164	91	0

Claims ratio at a satisfactorily low level
The gross claims ratio was 2.7 percentage points up on 2005, but it remained at a low level compared with prior years. The effect of run-off gains on the claims ratio in 2006 was DKK 87m or 1.9 percentage points, while the corresponding figure for 2005 was DKK 164m or 3.6 percentage points. Motor continued to see a positive trend in the claims frequency in 2006, while building recorded a slightly higher claims frequency. The average motor claim increased, mainly due to higher repair costs. The average building claim also increased, mainly because of the higher cost of craftsmen. Private & Commercial Norway launched a pilot project similar to Tryg Bygning in Denmark involving cooperation agreements with selected craftsmen. Looking ahead, this initiative is expected to have a favourable impact on the average claim.

Fall in nominal amount of expenses
The gross expense ratio was 20.4 in 2006, in line with the 2005 figure. Private & Commercial Norway invested heavily in customer-oriented IT systems for the purpose of making workflows and processes more efficient and improving productivity.

Other events in 2006
Kjerstin Fyllingen was appointed as a new member of the Group Executive Management in charge of Private & Commercial Norway effective 1 October 2006. Kjerstin is 48 years old and comes from a position as division manager with Vital Forsikring.

In late 2006, the Norwegian finance ministry approved a conversion of Vesta in Norway into a branch of Tryg. Converting Vesta into a branch will enable TrygVesta to create a more uniform Group structure because the insurance activities in Finland and Sweden are already established as branches. The business will continue to operate under the name of Vesta, and the change will have no practical implications for customers and employees in Norway.

Focus areas in 2007
In 2007, Private & Commercial Norway will implement the first phase of a new IT support of sales processes which will improve productivity and enhance customer experience. As in Denmark, Private & Commercial Norway will also focus on expanding the product range and peace of mind offering within the health area. In addition, Private & Commercial Norway will expand the market position in the coming year among small and medium-sized enterprises, primarily through franchise offices, with a particular focus on under-represented geographical areas.

PEACE-OF-MIND REVIEW
Private & Commercial Norway launched a new concept in Norway on 1 November 2006 called Tryghedsgennemgang Privat - a peace-of-mind review for private customers. The concept is intended as a measure to prevent claims by making the customer aware of risks in the home. Customers are given a 5% discount on their building insurance if the criteria in the peace-of-mind review are met. The peace-of-mind review has already become an important element in the dialogue with customers.

CORPORATE

DKKm	2006	2005	2004
DKK/NOK, rate, annual average	93.04	92.85	88.79
Gross earned premiums	4,921	4,666	4,801
Gross expenses	-3,437	-3,361	-3,431
Gross expenses	-539	-534	-561
Profit/loss on gross business	**945**	**771**	**809**
Profit/loss on ceded business	**-302**	**-421**	**-549**
Technical interest, net of reinsurance	210	114	130
Technical result	**853**	**464**	**390**
Key ratios			
Claims ratio	69.8	72.0	71.5
Business ceded as a percentage of gross premiums	6.1	9.0	11.4
Claims ratio, net of ceded business	75.9	81.0	82.9
Expense ratio	11.0	11.4	11.7
Combined ratio	86.9	92.4	94.6

The Corporate business area recorded a technical result of DKK 853m in 2006, which was an improvement of DKK 389m over 2005. The improvement was driven by both the Danish and the Norwegian part of the business, but also by a favourable development in costs.

From insurance provider to risk consultant
Gross earned premiums were 5.5%, or DKK 255m, higher than in 2005. The favourable development was driven by a positive trend in the number of policies sold and in the proportion of customers who renewed their policies, which exceeded expectations by a substantial margin. Around nine out of ten corporate customers chose to continue their relationship with the Group in 2006, and the risk consultancy project was the main contributor to this positive trend. The risk consultancy project is a new team-based way of working, in which sales, underwriting, claims and other staff work with the customer to identify risks and prepare a risk report describing the customer's overall risk scenario. Together with the customer, the team then finds a solution that covers the customer's requirements.

In connection with the risk consultancy project, Corporate launched a three-module risk consultancy training programme on a pan-Nordic basis in 2006. Many of the Danish and Norwegian employees completed the first module in 2006, and some 250 employees are expected to complete the full programme by the end of 2008.

Primary growth areas
The strongest growth in 2006 was generated by the Danish part of the Corporate business, but the advance in the Norwegian part was also substantial. In particular, the workers' compensation business saw a positive development in premiums. While this was, in

DKKm	2006	2005	2004	Normal year
Storm and weather, gross	-51	-136	-23	-48
Storm and weather, net	-51	-29	-23	-41
Large losses, gross	-456	-356	-427	-372
Run-off result, gross	216	100	24	0

part, driven by the social index, a very positive volume of new workers' compensation policies was also sold. As profitability in workers' compensation insurance has improved relative to previous years, the Group wishes to expand the market share in this area.

Strong combined ratio improvement

The combined ratio improved from 92.4 in 2005 to 86.9 in 2006. The improvement was driven, in particular, by the Norwegian part of the Corporate business, which ended the year with a combined ratio of 84.1, while it was 91.7 for the Danish part of the Corporate business. The improvement was driven by sustained favourable developments in the expense ratio and the claims ratio. Business ceded as a percentage of gross premiums was 2.9 percentage points lower compared with 2005 primarily because the nature and magnitude of large losses in 2006 triggered several contributions from reinsurers.

Satisfactory claims level despite high level of large losses

The gross claims ratio for the year was 69.8 compared with 72 in 2005. This was, in particular, attributable to a favourable claims performance in the Norwegian part of the Corporate business.

The Corporate business area had 11 large losses exceeding DKK 10m in 2006, and the aggregate cost of large losses was significantly higher than in 2005. The large losses had an adverse impact of 9.3 percentage points on the claims ratio against 7.6 percentage points in 2005. In terms of claims expenses, most of the large losses were incurred by Danish corporate customers' operations abroad.

The claims ratio was also favourably impacted by run-off gains of DKK 216m, equivalent to 4.4 percentage points. In particular, property and motor contributed run-off gains, while workers' compensation and liability reported run-off losses. Thus, the underlying claims performance was very positive in 2006.

Flat trend in expenses

The gross expense ratio fell from 11.4 in 2005 to 11.0 in 2006. However, the underlying nominal costs remained at the level from 2005. The very positive trend in expenses was very much attributable to focused efforts throughout the organisation.

Focus areas in 2007

In 2007, the Corporate business area will focus on expanding the provision of products and services that offer peace of mind and on gaining greater insight into customers' needs by increasing the offer of self-service facilities and streamlining the product structure.

FINNISH GENERAL INSURANCE

DKKm	2006	2005	2004
DKK/EUR, rate, annual average	745.94	745.07	743.99
Gross earned premiums	198	140	97
Gross claims incurred	-155	-113	-73
Gross expenses	-83	-70	-71
Profit/loss on gross business	**-40**	**-43**	**-47**
Profit/loss on ceded business	**0**	**-1**	**0**
Technical interest, net of reinsurance	6	3	2
Technical result	**-34**	**-41**	**-45**
Key ratios			
Claims ratio	78.1	80.9	75.3
Business ceded as a percentage of gross premiums	0.2	0.2	0.2
Claims ratio, net of ceded business	78.3	81.1	75.5
Expense ratio	41.7	50.2	73.0
Combined ratio	120.0	131.3	148.5

Nordea Vahinkovakuutus, TrygVesta's Finnish business, continued the positive performance in 2006. In the third quarter of the year, the branch reported its first ever break-even result on the technical account. For the full year, the technical result was a loss of DKK 34m compared with a loss of DKK 41m in 2005.

Sustained strong growth and performance improvement

Gross earned premiums amounted to DKK 198m in 2006 against DKK 140m in 2005, equivalent to growth of 41.4%. Growth was driven by higher sales through Nordea and our own sales channels and by strengthened cooperation with the car dealers.

The number of policies sold developed very favourably through the year with some 80,000 policies sold in 2006, some 10% more than in 2005.

Improved claims ratio

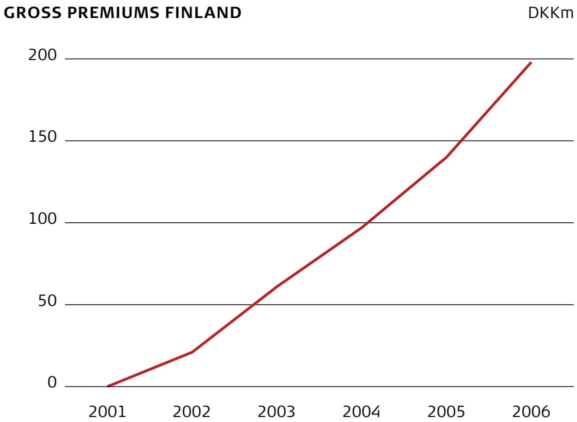
The claims ratio improved by 2.8 percentage points relative to 2005. The improvement was attributable to the underlying customer selection, which is based on Nordea's segmentation of customers. Nordea accounted for around two thirds of sales in 2006. The Group also established its own distribution channels and set up agreements with car dealers in 2006.

Significant improvement of expense ratio

The expense ratio was 41.7 in 2006, which was 8.5 percentage points lower than in 2005. The favourable performance was mainly due to absolute costs being almost unchanged from 2005 as a result of efficient processes and steeply increasing premium income. However, the expense ratio was strongly affected by costs in connection with the start-up of commercial sales in 2006. Excluding the costs of starting up commercial sales, the expense ratio was 32.

Focus areas in 2007

In 2007, Nordea Vahinkovakuutus intends to expand its position in the private market in Finland. In February 2007, sales of insurance services to new and small businesses will be launched, primarily through Nordea. The branch has employed another 20 persons to sell from Nordea's largest branches in order to stimulate sales in this segment. In addition, the sales force is supplemented by salespersons paid on a commission basis, and sales through our call centre will also be strengthened.



SWEDISH GENERAL INSURANCE

DKKm	2006
DKK/SEK, rate, annual average	80.37
Gross earned premiums	4
Gross claims incurred	-6
Gross expenses	-39
Profit/loss on gross business	**-41**
Profit/loss on ceded business	**0**
Technical interest, net of reinsurance	0
Technical result	**-41**

Vesta Skadeförsäkring, TrygVesta's Swedish business, began selling private insurance in June 2006. The branch met with a positive reception and had sold almost 26,500 policies to some 13,000 customers by 31 December 2006. The portfolio exceeded SEK 50m with an average premium per product of SEK 2,436 at 31 December 2006.

Satisfactory start-up with great potential

Insurances in Sweden are sold in a close partnership with Nordea, which handles much of the sales through its branch network, call centres and website.

The initial target group is Nordea's 'gold customers', that is, customers with more than five products and a total commitment of a certain size. Some 30% of Nordea's customers in Sweden are gold customers, and we see significant potential for selling policies to Nordea's customers.

The base in Malmoe and additional staff in Stockholm and Gothenburg provides a good basis for providing service and advice to customers and to Nordea's employees throughout Sweden. The Swedish business works closely with the head office in Ballerup, Denmark and is supported by corporate functions such as Group Finance, HR, Legal and IT.

Most of Nordea's Swedish customer advisers completed an e-learning sales training programme in 2006, preparing them to sell our insurances.

Focus areas in 2007

In Sweden, Vesta Skadeförsäkring intends to expand its market position through the established sales channels in 2007. The branch also intends to ensure a superior level of customer focus and customer satisfaction and to trim and improve key processes such as customer renewal and claims handling. New products and sales channels will be introduced as and when required by developments in the business.

INVESTMENT ACTIVITIES

DKKm	2006	Return 2005	2004	Change 2005/2006	Investment assets 31.12.06	31.12.05
Bonds etc.	788	687	647	101	28,663	27,572
Shares	966	819	410	148	5,384	4,783
Real property	317	175	146	142	2,453	2,055
Total	**2,071**	**1,681**	**1,203**	**390**	**36,500**	**34,410**
Other financial income and expenses*⁾	167	-86	-187	253		
Total	**2,238**	**1,595**	**1,016**	**643**		
Transferred to technical interest	-1,031	-707	-638	-324		
Return on investment activities	1,207	888	378	319		

*⁾ 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.

In 2006 the return on investment activities before other financial income and expenses and transfer to insurance activities totalled DKK 2,071m, which was DKK 390m higher than in 2005. The performance equals a 5.8% return on investment assets, which was satisfactory and in line with expectations. TrygVesta's investment performance in 2006 was, in particular, lifted by a very positive equity return of 20.3% with Danish and Norwegian equities generating returns of 25.7% and 34.9%, respectively.

Technical interest transferred to insurance activities was DKK 324m higher. The total return on investment activities was increased by DKK 319m over 2005 to stand at DKK 1,207m in 2006. Other financial income and expenses improved from a net expense of DKK 86m to a net income of DKK 167m, among other things because higher interest rates lifted the discounting effect of technical provisions from DKK 43m in 2005 to DKK 347m in 2006.

Asset allocation

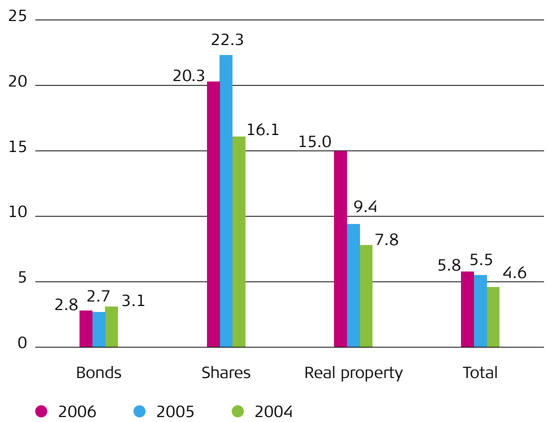
The value of the equity portfolio increased by DKK 601m in 2006, primarily due to higher equity prices, lifting the proportion of equities in the portfolio from 13.9% to 14.7%. The proportion of bonds was 78.5% at 31 December 2006 compared with 80.1% a year earlier. The value of the portfolio of real property increased by DKK 398m in 2006, lifting its proportion from 6.0% to 6.7% of total investment assets.

Net investments amounted to about DKK 1.7bn in 2006, of which DKK 1.4bn was invested in bonds and DKK 0.2bn in real property.

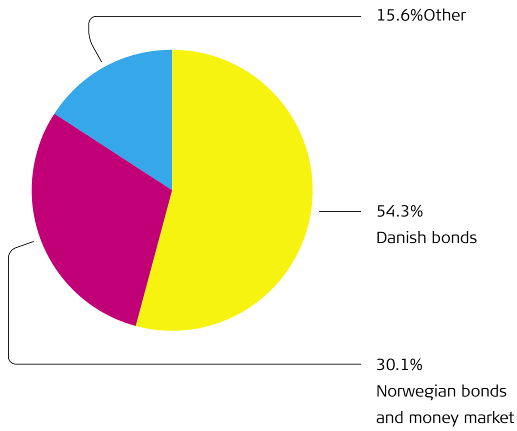
Bonds

The overall bond portfolio including cash yielded a return of 2.8% or DKK 788m in 2006. Short-term bond yields rose 1.2-1.5 percentage points in Denmark and Norway during 2006, which had an adverse impact on value adjustments and a positive impact on the current return. 97.2% of the bond portfolio consisted of Danish mortgage bonds, placements in the Norwegian money market and bonds issued by Western European and North American governments, regional authorities and credit institutions. As shown in the pie chart, 75% of the portfolio consisted of bonds rated AAA or AA.

RETURN BY ASSET GROUP, %



BONDS BY GEOGRAPHY



The bond portfolio had a duration of 1.3 years at 31 December 2006 compared with 1.6 years at 31 December 2005. Part of the provisions for claims is made up on a discounted basis and thus subject to interest rate risk. The interest rate sensitivity in DKK on the bond portfolio is managed on an ongoing basis to minimise the gap to the interest rate sensitivity in DKK affecting provisions for claims. Interest rate sensitivity is measured as changes in the value of the bond portfolio and the discounted provisions for claims, respectively, at an interest rate increase of 1%. If the gap is too large, changes in interest rates may have an adverse impact on the income statement. The sensitivity gap was DKK 61m at 31 December 2006. See also the section on Risk management.

Shares

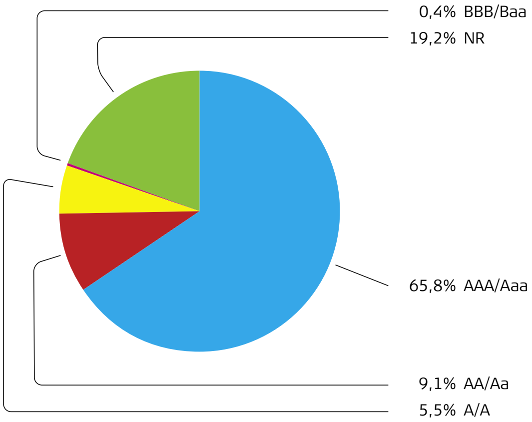
The total return on the equity portfolio for 2006 was DKK 966m, equivalent to 20.3%. The return on Danish shares was 25.7%, while Norwegian shares generated a return of 34.9% compared with 25.3% for the Danish OMX Copenhagen Capped index and 32.4% for the Norwegian OSEBX index. The return on other international shares was 17.6% compared with 19.1% and 14.7% for MSCI Europe and MSCI USA, respectively. Currency risks relating to international equities were hedged during the year. Unlisted shares accounted for DKK 209m at 31 December 2006.

TrygVesta's portfolio of listed shares is highly diversified. The largest position, Royal Bank of Scotland, accounted for only 2.2% of total listed shares and 0.3% of total investment assets. Danish and Norwegian listed shares accounted for 20.7% of the total listed portfolio, and the international share mandates are placed in portfolios that are highly diversified with regard to geography and industry and with a low tracking error, meaning that the portfolio return is expected to be very close to the benchmark return. TrygVesta maintains a broadly diversified international equity portfolio in accordance with the investment policy.

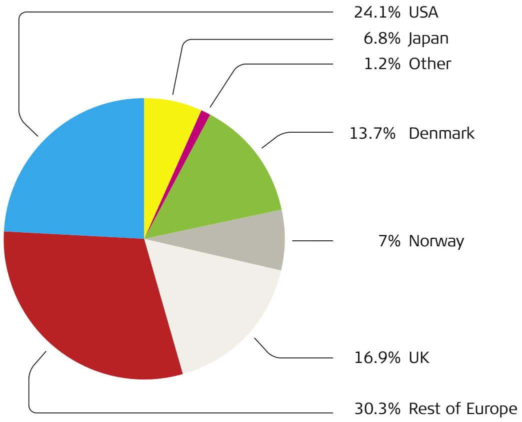
Real property

The investment return on real property was DKK 317m, equivalent to a total return of 15.0%. The high return was mainly attributable to revaluation due to higher market values totalling DKK 184m based on a prudent

BONDS BY RATING 31 DECEMBER 2006



LISTED SHARES BY GEOGRAPHY 31 DECEMBER 2006



practice for assessment and valuation of real property. The occupancy rate was 94.9 at 31 December 2006 compared with 94.4 a year earlier.

The portfolio of real property 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.

INSECURITY IS MORE OR LESS A MEDIA-DRIVEN TREND

Seen from my chair, I find it interesting to consider the development that the insurance market has undergone during the last few years. Following the tough years around the Millennium, many companies have realised the importance of focusing on profitable core products rather than on their financial investments. Companies had quite simply forgotten to "insure themselves" and pay sufficient attention to the risk inherent in such investments, and at the time several companies were in danger of winding up. These days, things are in quite a different place than they were 5–6 years ago. The industry has been through a minor revolution. Many companies have consolidated; we have witnessed a number of acquisitions and there is practically a new generation in the management teams of the various European insurance players. Therefore, the situation is better than it's been for a long time.

When a company – as is the case with TrygVesta – is a relatively new listed company, there are a number of contrary issues at play: naturally, the return to the shareholders must be good; it's also important to have an excellent strategy that can be executed; and to a very wide extent, the company is recommended to stick to its core business. The last point is particularly significant, in my view. This is the way to generate trust within the market.

Seen from an investment point-of-view, I would say that there is every reason to be optimistic about the future. If a company is able to continue performing strongly within its core business and, for instance, improve its combined ratio, I believe there is every reason to be optimistic. There is currently a largely media-generated tendency to focus on a lack of security and safety, and that in particular hits many politicians.

Instead, we ought to focus on the new opportunities that globalisation continuously provides, and that many of the European economies are generally doing better and better. Provided both the management and staff of companies take these challenges seriously and are ready for change, I can only see positive scenarios for the future.

PAUL DOYLE IS AN EXECUTIVE DIRECTOR AT THREADNEEDLE, OF WHICH HE WAS ONE OF THE FOUNDERS SOME TWENTY YEARS AGO. PAUL IS ONE OF THE INVESTORS IN LONDON, WHO HAS THE GREATEST KNOWLEDGE ABOUT THE INSURANCE INDUSTRY IN THE NORDIC REGION SEEN FROM AN INVESTMENT PERSPECTIVE

OUR INVESTORS

Openness, transparency and a fundamental understanding of investor information requirements are key to creating and maintaining good relations with shareholders and other financial stakeholders.

We strive to maintain a high level of information and understanding of our business among analysts and investors by

- being available for queries and providing a high level of relevant information
- preparing plain and relevant written communication
- being proactive in our dealings with investors.

We make information that may influence the pricing of our shares available to all stakeholders through the OMX Copenhagen Stock Exchange. Similar information is distributed to the London Stock Exchange, the press, equity analysts, investors and other stakeholders.

Shareholder structure

TrygVesta has a single class of shares, and all shares rank pari passu. Tryg i Danmark smba holds 60% of the shares and is the only shareholder holding more than 5%. At 31 December 2006, the remaining 40% of the shares (free float) was held by 25,691 registered shareholders. Some 25% of the free float shares was held by international investors, some 50% by large Danish investors, and 25% by Danish investors holding less than 500 shares. The 200 largest shareholders held 84% of the shares in aggregate at 31 December 2006.

Dialogue with investors

The Group Executive Management and Investor Relations Department hold meetings with investors and equity analysts in Copenhagen and London on a quarterly basis and visit other cities in Europe and the USA during the year. The target is 250-300 investor meetings each year. In 2006, 265 investor meetings were held. Our aim is that 10-15 equity analysts actively follow TrygVesta's performance and communicate their assessments to investment advisers and customers, and three to five of these analysts should be based in London.

The Investor Relations pages at www.trygvesta.com are an important vehicle for providing information on TrygVesta's performance to prospective investors and others. Information provided on our website includes updated schedules for investor presentations and the names of the equity analysts who follow the TrygVesta share. Stock exchange announcements, investor presentations and annual reports are also available on the website. Investor Relations focus strongly on making updated and relevant information available and easily accessible to investors and urge all interested parties to use the website.

In accordance with the recommendations issued by the OMX Copenhagen Stock Exchange, we refrain from commenting on matters relating to our financial performance or forecasts during a period of three weeks prior to the release of financial reports.

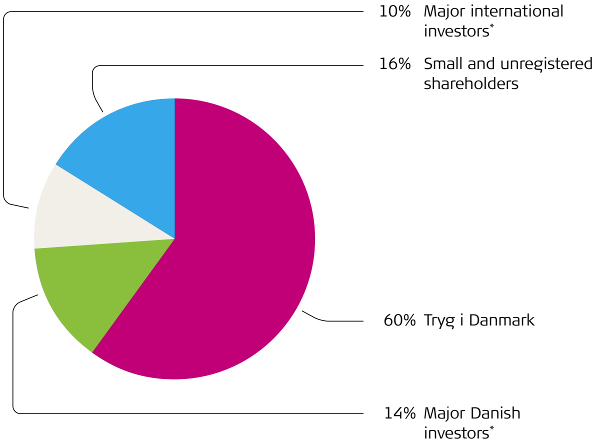
TrygVesta shares

Trading in TrygVesta shares on the OMX Copenhagen Stock Exchange commenced on 14 October 2005 with an opening price of DKK 230. About two months later, the TrygVesta share became a component of the OMXC20 index comprising the 20 most traded shares on the OMX Copenhagen Stock Exchange.

Turnover of TrygVesta shares in 2006 totalled DKK 47.9bn on the OMX Copenhagen Stock Exchange. The most active traders were:

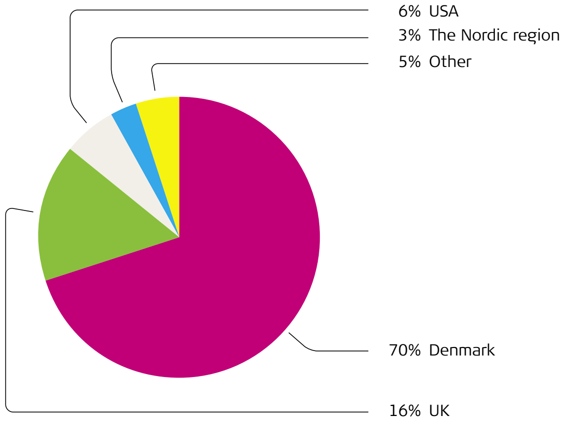
Danske Bank	23%
Morgan Stanley	9%
SEB Enskilda	9%
Nordea Bank	8%
ABG Sundal Collier	4%
Jyske Bank	3%
Fisher Partners Fondskommission	3%

SHAREHOLDERS, 31 DECEMBER 2006



* Holding more than 10,000 shares.

FREE FLOAT, 31 DECEMBER 2006



	2006	2005
Total dividend (DKKbn)	2,244	1,428
Dividend per share (DKK)	33	21
Payout ratio	70	68

The dividend for the year will be paid automatically four weekdays after our annual general meeting. The ex-dividend date will be 29 March 2007.

FINANCIAL CALENDAR

28 March	Annual general meeting 2007
9 May	Financial results for the three months ending 31 March 2007
21 Juni	Capital markets day
16 August	Financial results for the six months ending 30 June 2007
22 November	Financial results for the nine months ending 30 September 2007

Annual general meeting

The annual general meeting of TrygVesta will be held on 28 March 2007 at 14.00 CET at Øksnehallen, Halmtorvet 11, DK-1700 Copenhagen V, Denmark. The notice of the annual general meeting will be sent by post to all registered shareholders. Invitations to subsequent general meetings will be sent by e-mail. Notice of the annual general meeting will also be posted on our website and inserted in the press. Any queries relating to the annual general meeting may be addressed to
Bjarne Lau Pedersen, Chief Group Legal Adviser, on +45 4420 3065, bjarne.lau@tryg.dk,
or to Ole Søeberg, IRO, on +45 4420 4520, ole.soeberg@tryg.dk.

TRYGVESTA A/S - STOCK EXCHANGE ANNOUNCEMENTS IN 2006

15.12.2006 No. 14	TrygVesta – Vesta in Norway approved as branch of Tryg
09.11.2006 No. 13	TrygVesta's third quarter 2006 report
17.08.2006 No. 12	TrygVesta's half-year 2006 report
04.07.2006 No. 11	Change in TrygVesta's Supervisory Board
27.06.2006 No. 10	TrygVesta – New Group Executive
11.05.2006 No. 09	TrygVesta's first quarter 2006 report
30.03.2006 No. 08	New deputy chairman of the Supervisory Board
30.03.2006 No. 07	Articles of association of TrygVesta A/S
30.03.2006 No. 06	TrygVesta – Financial calendar 2006 revised
30.03.2006 No. 05	TrygVesta – Resolutions from the annual general meeting
24.03.2006 No. 04	TrygVesta – Changes in management in Norway
09.03.2006 No. 03	Notice of the annual general meeting of TrygVesta A/S
28.02.2006 No. 02	TrygVesta introduces share-based payments
28.02.2006 No. 01	TrygVesta – Annual report 2005

CORPORATE GOVERNANCE

TrygVesta focuses strongly on good corporate governance and the Supervisory Board deems that, with a few exceptions, TrygVesta complies with the recommendations published by the Copenhagen Stock Exchange Committee on Corporate Governance in October 2005.

Shareholders

TrygVesta emphasises open and honest communication with shareholders. News items, quarterly, half-year and annual results are announced in order to best enable shareholders to form an adequate impression of the business. TrygVesta also arranges investor presentations, teleconferences and webcasts. Such material is available on the Group's website, which is continuously developed in terms of user-friendliness and content. We also follow the development of new technology in this area closely.

The Supervisory Board regularly considers the adequacy of the capital structure relative to the interests of the company and shareholders, ensuring that our capitalisation is optimised on an ongoing basis while duly safeguarding shareholders' interests and leaving the Group sufficient scope in which to develop and grow.

General meetings

TrygVesta's annual general meeting is held every year in Greater Copenhagen before the end of April. The Supervisory Board convenes general meetings giving not less than eight days' notice. The notice includes the time and place of the meeting and sets out the agenda, which comprises:

- Report of the Supervisory Board on the activities of the company during the past financial year
- Presentation of the annual report for approval, including determination of the Supervisory Board's remuneration, and discharge of the Supervisory Board and the Executive Management
- Adoption of a resolution as to the distribution of profit or covering of loss, as the case may be, according to the annual report as approved
- Any proposals from the Supervisory Board or from shareholders
- Election of members to the Supervisory Board
- Appointment of auditors
- Any other business

All shareholders are urged to attend the annual general meeting. Shareholders may vote by proxy given to the Supervisory Board or to a third party. A proxy form to the Supervisory Board is made available, which allows shareholders to decide on the individual items of the agenda. A proxy form will be available at our website from 9 March 2007.

Stakeholders

TrygVesta believes good stakeholder relations are key to our future performance and potential, and we strive to develop and maintain good relations to all stakeholders. TrygVesta therefore gives high priority to being available and accessible and endeavours to reply to all enquiries in an accommodating manner.

In order to ensure that information is provided to stakeholders in a correct and adequate manner, TrygVesta has defined a number of policies, including internal and external communications policies, distribution, customer and service policies, investor relations policies, key persons policies, HR policies and a policy defining a code of conduct for behaviour with respect to competition law.

Press announcements and stock exchange announcements are published simultaneously in Danish and English and distributed to stakeholders immediately after publication, if requested.

The composition of the Supervisory Board

The Supervisory Board has 12 members, including eight members elected by the shareholders for a term of one year. Four of the eight members are non-affiliated with Tryg i Danmark. The Supervisory Board's composition follows the following principles:

- four members are elected among the members of the Supervisory Board of Tryg i Danmark smba
- four members are elected among candidates without any affiliation with Tryg i Danmark smba, and
- four representatives are elected among the employees, who according to agreement with the Danish employee associations include two representatives of the Danish employees and two representatives of the Norwegian employees

To ensure replacement on the Supervisory Board, members elected by the shareholders may hold office for a maximum of nine years. Furthermore, members of the Supervisory Board must retire at the first annual general meeting following the year of their 70th birthday.

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 its tasks, the Supervisory Board uses targets and framework management based on regular and systematic consideration of strategies, capital resources, policies and risks.

The Executive Management reports regularly to the Supervisory Board on strategies and action plans, market developments and the Group's performance, funding issues, capital resources and special risks. The Supervisory Board cooperates with the Executive Management on a regular basis to ensure development of and follow up on the strategy.

The Supervisory Board holds at least six annual meetings as scheduled in a pre-defined meeting and working plan. In addition, the Supervisory Board holds an annual strategy seminar to assess progress and define goals and strategies for the years ahead.

The Supervisory Board carries out an annual evaluation of the work and results of the Executive Management and of the cooperation between the Supervisory Board and the Executive Management. The Supervisory Board also carries out a self-assessment of the work and results of the Supervisory Board. The assessment takes the form of an annual talk between the chairman of the Supervisory Board and each of the Board members with a view to developing the Board's work.

THE CHAIRMAN AND DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

The chairman and the deputy chairman are in charge of the Supervisory Board's work. Their duties include preparing Board meetings and performing evaluations.

Prior to the election of new Supervisory Board members, the Supervisory Board encloses a description of the candidates' background with the notice of the general meeting. The description states the recruitment criteria established, including requirements with respect to the candidates' professional qualifications and international experience.

Information on Board members profiles and shareholdings is set out in Members of the Supervisory Board in this annual report.

Audit committee
The Supervisory Board set up an audit committee in 2006. The three-member audit committee is chaired by a member of the Supervisory Board who is not a member of the Supervisory Board of Tryg i Danmark smba. The audit committee will hold at least four annual meetings.

In 2006, members of the audit committee were:
• Bodil Nyboe Andersen (chairman)
• Per Skov
• Håkon J. Huseklepp

The audit committee supports the Supervisory Board's supervision of
• the annual financial statements
• internal control and risk management
• internal and external audit

The audit committee works with historical data, and it is not involved in forward-looking events such as outlook and budgets. In addition to the above, the audit committee shall to a reasonable extent discuss and review with management significant financial information in interim reports etc.

The audit committee reports to the Supervisory Board on a regular basis, and it makes an annual assessment of the preceding year's work to assess if any changes should be made to its areas of responsibility.

Members of the audit committee receive an annual fee of DKK 100,000 and the chairman of the committee receives DKK 150,000. For 2006, fees were paid for the period beginning on 1 April.

Nomination committee
The Supervisory Board set up a provisional nomination committee in the first quarter of 2006. The nomination committee was responsible for selecting suitable candidates for the Supervisory Board. The provisional nomination committee comprised Mikael Olufsen (chairman), John Frederiksen and Per Skov.
Each member received a fee of DKK 75,000.

At the end of 2006, the chairman and deputy chairman of the Supervisory Board handled the nomination work without receiving any special fee.

Remuneration of the Supervisory Board
The members of the Supervisory Board receive a fixed annual remuneration of DKK 250,000. However, the deputy chairman receives DKK 500,000 and the chairman receives DKK 750,000. Members of the Supervisory Board receive no bonus and do not participate in any options programmes or severance plans.

Compensation of the Group Executive Management
The Group Executive Management comprises six members. The compensation 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 compensation includes an element of performance-related bonus and comprises a bonus plan entitling them to up to three months' additional salary. The bonus is directly linked to performance within the four perspectives of the balanced scorecard.

Compensation of the Group Executive Management 2006

DKK /*NOK

	Fixed salary	Bonus	Discretionary	Shares at a discount	Pension	Car	Total compensation
Christine Bosse	4,500,000	750,000	750,000	375,000	1,125,000	146,000	7,646,000
Morten Hübbe	2,700,000	450,000	200,000	225,000	675,000	156,000	4,406,000
Peter Falkenham	2,409,000	402,000		200,750	602,250	136,445	3,750,445
Stig Ellkier-Pedersen	2,300,000	196,000		192,000	552,000	110,000	3,350,000
Kjerstin Fyllingen	*2,200,000	*176,000		*176,000	*570,520	*128,000	*3,250,520
Lars Bonde	2,000,000	167,000		167,000	500,000	121,000	2,955,000

Kjerstin Fyllingen and Lars Bonde joined the Group Executive Management in the autumn of 2006. Lars Bonde's stock options in 2006 relate to his position before he became a member of the Group Executive Management. Peter Falkenham received DKK 250,000 for being in charge of Private & Commercial Norway prior to Kjerstin Fyllingen's appointment.

A stock option programme provides incentives to focus on share performance. Members of the Group Executive Management are also entitled to company cars.

A contribution of 25% of the fixed salary of the Group Executive Management is paid into a pension scheme. Kjerstin Fyllingen has a defined benefit plan in accordance with the Norwegian pension rules, as described in the notes to the financial statements.

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 makes an annual grant of stock options to members of the Group Executive Management and certain senior management employees as a forward-looking incentive. In 2006, TrygVesta granted a total of 186,020 stock options, including 44,540 stock options to members of the Executive Management and 141,480 stock options to 53 senior management employees. Options granted in 2006 entitled the holders to acquire shares at the average share price ("all trades") on the OMX Copenhagen Stock Exchange on 27 February 2006. The options were granted on 28 February 2006.

In 2006, members of the Group Executive Management were granted options as follows:

20,960 optioner til Christine Bosse
7,860 optioner til Morten Hübbe
6,550 optioner til Peter Falkenham
6,550 optioner til Stig Ellkier-Pedersen
2,650 optioner til Lars Bonde

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.

In 2007, the Supervisory Board has determined a stock option programme with the same time horizon as above and an exercise price 10% above the market price on the date they are granted.

The Supervisory Board also grants stock options to employees to reward outstanding performance. All stock options will be granted immediately prior to release of the financial statements.

Employee bonus

It is important to TrygVesta that all employees see their own efforts relative to the company's overall targets, and for this purpose we have an employee bonus programme. Employee bonus benchmarks were combined ratio and growth in 2006, and our performance triggered DKK 10,000 worth of shares at a discount to the market price to each employee in Denmark. Employees in Norway, Finland and Sweden may choose between shares or payment in cash.

Shares at a discount to the market price

Following release of our 2006 annual report, 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.

Risk management

TrygVesta is an insurance group subject to public supervision, and the company's risk management is organised and monitored by the Group Executive Management and Supervisory Board. Risk related to investment, reinsurance, underwriting and acceptance policies, IT security, IT resources and 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 and branches.

A detailed review of TrygVesta's risk management principles is set out in Risk management in this annual report and on our website.

Audit

Ensuring a competent and independent audit is an essential part of the Supervisory Board's work. The annual general meeting each year appoints auditors recommended by the Supervisory Board. The Supervisory Board, the audit committee and the Executive Management make a critical assessment of the auditors' independence and competence.

We are subject to the rules of the Danish Financial Supervisory Authority governing financial businesses. These rules provide that internal auditors review the quality of our internal control systems and business procedures on a regular basis and are responsible for planning, performing and reporting this audit work to the Supervisory Board.

The internal and external auditors' long-form reports are reviewed by the Supervisory Board.

CAPITALISATION 2006

TrygVesta must have the capital required to operate and develop the Group. This is referred to as the Group's capital requirement. The aim is to secure a rating of A- from Standard & Poor's, comply with relevant regulatory requirements and optimise the capital structure relative to the company's shareholders. Given the current structure of the business and the investment profile, a rating of A- reflects a ratio of capital to net premiums of 52-56%.

Given the proposed dividend distribution for 2006, TrygVesta's capital is 128% relative to Standard & Poor's capital model and 57.6% relative to premiums.

At 31 December 2006, the capital after dividend distribution was above the target level relative to premiums. This was attributable to a temporary deviation in the investment profile created by market value increases of shares and real property due to the favourable capital markets in 2006. In addition, the capital is adjusted for discounting of provisions for claims using a standard calculation method. The target of having capital of 52-56% relative to premiums is expected to be continued in 2007.

TrygVesta uses Standard & Poor's capital model, a simplified version of which is posted quarterly on our website. The proposed dividend for the year is determined by comparing capital in the model with the targeted rating of A-. Any capital in excess of this requirement is returned to the shareholders in the form of dividend. Besides the listing on the OMX Copenhagen Stock Exchange, TrygVesta has the following capital resources:

Subordinate loan capital

Tryg Forsikring A/S has raised a 20-year bond loan in the amount of EUR 150m, which is listed on the London Stock Exchange. The loan, which carries a coupon of 4.5%, is included in the capital base for rating purposes and to a limited extent in the regulatory capital base. Subordinate loan capital accounts for 10% of the capital for credit purposes, with the present limit being 15%.

Credit facility

TrygVesta has a five-year revolving credit facility of DKK 2,000m subscribed with ten Danish and international banks. At 31 December 2006, DKK 600m had been utilised under the facility. Total interest expenses incurred on loan capital were DKK 94m in 2006, which means that TrygVesta's interest expenses are covered 42 times by earnings. The total debt ratio was 15.1 at 31 December 2006.

We had the following ratings at 31 December 2006	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

Changes in capitalisation	2006	2005
Shareholders' equily	9,951	8,215
Subordinate loan capital	1,099	1,098
Dividend for the year	-2,244	-1,428
Capitalisation	**8,806**	**7,885**
Net premiums	**15,293**	**14,900**
Ratio of capital to premiums	57.6%	52.9%

DO WE FEEL MORE SAFE AND SECURE BY BEING DISTURBED ALL THE TIME?

Our definition of what makes us feel safe and secure depends strongly on the stage we're at in our lives. At 71, I think predominantly on the security of the life that we have created for ourselves, principally in relation to my family, my children and grandchildren.

Fortunately, elderly people these days tend to be in better health. People do not get worn-out, as they did in the past. When you are in better health, you get a better transition to the last stage of your life. Indeed, many elderly people take an active part in a great variety of association activities within their local areas. Playing more of an active part in one's local community may indicate that the elderly feel more safe and secure.

One of the reasons why I believe that Denmark will continue to be a rich country is that we have the ability to adapt to change. I was born in the country and then moved into town more or less at the time when the agricultural society became industrialised, and now we live in a type of service society. In fact, this readjustment happened incredibly fast, and is there any reason to believe that the development within our part of the world will not continue as a series of shifts and readjustments?

However, I am not personally interested in taking up everything new. I haven't got a mobile, for example. If we are not available, we have an answering machine at home and we also have e-mail, which I check at least twice a week! But I have noticed in others that they rather like being disturbed – like knowing that there is somebody who wants to get in touch with them. Perhaps there is a sense of security in knowing that one can be of help – that one is in demand.

PETER KALKO IS 71. HE IS RETIRED AND LIVES IN MÅRUM, DENMARK.
BEFORE PETER RETIRED, HE WAS, AMONG OTHER THINGS, THE MAYOR
OF BIRKERØD AND MANAGING DIRECTOR OF AN IT COMPANY.

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, they do so because they are confident that TrygVesta has risk management procedures in place that ensure TrygVesta is able to meet its obligations with respect to paying claims for insurance events and to creating value for shareholders. Structured and competent risk management is fundamental to such confidence.

TrygVesta's risk management structure is based on a number of policies that are reviewed and approved annually by the Supervisory Board. TrygVesta has set up a number of committees to monitor and follow up on the policies governing the major risk management areas, such as underwriting, provisions, investments and security. TrygVesta is working on an ongoing basis to develop and improve risk management policies and processes and expects in 2007 to make the processes even more harmonised.

TrygVesta divides risk into the following general categories for risk management purposes

FINANCIAL RISK

INSURANCE RISK
The risk relating to pricing insurance products and the related insurance liabilities if a claim is made

MARKET RISK
The risk that volatility of financial markets impacts our results

CREDIT RISK
The risk that a counterparty fails to live up to financial obligations towards us

STRATEGIC RISK
The risk that the conditions under which we operate change

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

Capital and risk

TrygVesta relies on its capital base to assume risks from customers and for customers to be confident that TrygVesta is able to meet its obligations if they report a claim. TrygVesta's target is to maintain adequate capital to absorb the risks arising as part of the operations. TrygVesta has no interest in accumulating capital in excess of what is required for operations and for natural growth, because that would be an inefficient way of hedging risk. Instead, TrygVesta aims to strike the right balance between the risk assumed and the capital base by using structured risk management procedures.

The overall aim for our capital resources is based on relevant regulatory requirements and our wish to maintain a rating of A- from Standard & Poor's. In addition to assessing the size of the required capital in the simplified version of Standard & Poor's capital model, we also assess capital and risk in an internal ALM model. This is a model for simulating results of investments, insurance operations and reinsurance. The ALM model is used to evaluate investment strategies and purchases of reinsurance and to determine risk-based return requirements for the individual business areas.

Assessment of the required capital level is also a focal point for the EU in its work to draft new Solvency II rules. In 2006 we were involved, for example, in drafting two responses relating to the development of a risk-based calculation model. In connection with the ALM model TrygVesta is already preparing for the implementation of Solvency II.

Insurance risk

Insurance risk is the risk relating to the insurance operations. It is the most important risk that our insurance operations are exposed to.

We assess insurance risk based on statistical risk type analyses which we incorporate in our tariffs.

After the period of the policy's cover has expired, insurance risk relates to the provisions for claims made to cover future payments on claims already incurred. The size of the provisions for claims is determined both through individual assessments of each claim and actuarial calculations.

Reinsurance

An important part of TrygVesta's risk management is the use of reinsurance, which is assessed and structured on a Group-wide basis. The structured approach to reinsurance is supported by the ALM model, which we use for assessing the impact of different reinsurance alternatives.

In order to have protection against natural disaster risks, we maintain cover in 2007 of up to DKK 4.5bn with retentions of DKK 100m in Denmark and NOK 100m in Norway. The level of cover was determined based on the risk exposure of our portfolio, using simulation models. These models suggest that a loss in excess of DKK 4.5bn occurs less often than once every 250 years.

Exposure to natural disasters in Norway is furthermore limited through TrygVesta's mandatory participation in the Norwegian Pool of Natural Perils.

TrygVesta's catastrophe reinsurance programme also covers other catastrophe events, including terrorist-related events, for up to DKK 2.0bn, with terrorist events being covered for buildings, building contents and consequential loss for risks with a total insured value of up to DKK 500m.

We have 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 multiple injuries from the same cause, including terror.

In addition to reinsuring catastrophe events, TrygVesta also buys protection for certain lines where experience has shown that claims vary considerably. The corporate portfolio includes a number of very large property risks in both Denmark and Norway. TrygVesta has 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 guarantee insurance.

Market risk
Market risk is the risk that volatility in the financial markets will impact TrygVesta's results of operations and financial position.

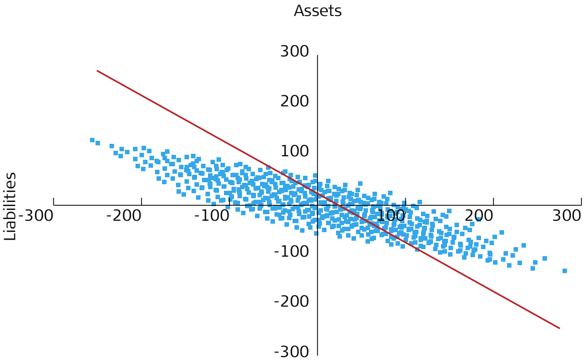
Based on TrygVesta's investment policies, we define the appropriate asset mix, including limits on types of assets and the geographic distribution and risk profile of bonds, shares and real property for each company in the Group. The asset mix and investment activities focus strongly on interest rate risk, security and liquidity.

Interest rate risk
Both the investment assets and provisions for claims are exposed to fluctuating interest rates. Thus, if interest rates fall, the value of the bond portfolio would rise, while a lower discounting rate would at the same time cause the value of the provisions for claims to rise. Fluctuating interest rates thus impact the financial results in two opposite directions, and the risk of profit variations depends on the degree to which these two movements offset each other.

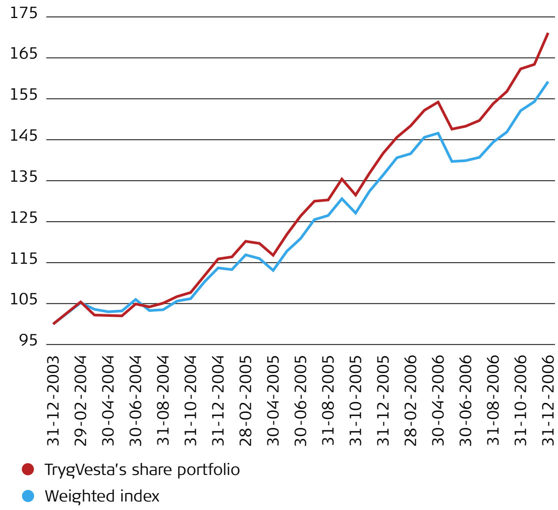
Most of the provisions for claims are discounted using an interest rate curve based on market rates except for provisions for annuities in Danish workers' compensation insurance, which are discounted using a fixed real rate of interest of 1% and therefore not directly affected by market fluctuations.
The portfolio of fixed-interest securities stood at DKK 31.5bn at 31 December 2006, while the provisions for claims discounted using a market rate amounted to DKK 18.5bn, net of reinsurance. The respective durations were 1.3 and 2.7 years. The variation in duration is attributable to the bond portfolio being significantly larger than the discounted provisions. A parallel shift of interest rates of 1% would reduce the market value of the securities by DKK 428m, while the opposite impact on provisions would be DKK 367m, triggering a net impact of DKK 61m.

Where a change in interest rates triggered a change in the discount rate applied to the provisions for annuities in Danish workers' compensation insurance, a rate change from 1% to 2% would lift profit by DKK 145m.
In addition to the provisions for claims, the provision for pension obligations in Norway is affected by changes in interest rates. A 1% increase in the discounting rate would cause the pension obligation to drop by DKK 163m. However, such changes do not affect results, as they are recognised in equity.

IMPACT ON SECURITIES AND CLAMS PROVISIONS



PERFORMANCE OF TRYGVESTA'S SHARE PORTFOLIO RELATIVE TO WEIGHTED INDEX



The left-hand figure illustrates the impact on the fixed-rate securities and discounted provisions for claims (the calculation of the impact on TrygVesta's liabilities excludes provisions for annuities in workers' compensation, the provision for pension obligations and Finland) in different interest rate scenarios determined by combinations of 0.5% and 1.0% changes in four key rates (1 year, 3 years, 5 years and 10 years). The line shows scenarios in which the impacts of interest rate changes on assets and liabilities are mutually offsetting. The greatest negative net impact (DKK 157m) is in a scenario with shifts of +1.0, -0.5, +1.0 and +1.0%, respectively, while the greatest positive impact (DKK 128m) is in the scenario where the key rates shift -1.0, +1.0, -1.0 and -0.5%, respectively.

The scenarios are scattered around a line sloping slightly less than that indicated. This is partly because the portfolio of interest-bearing assets exceeds the provisions, and partly because the figures exclude provisions for annuities in Danish workers' compensation as well as the Norwegian pension obligation, which are discounted using a fixed rate of interest. Therefore, an interest rate change would have no direct impact on profits. Furthermore, due to the long-tail nature of these provisions, their inclusion would increase the impact on liabilities and the slope of the scenarios. For example, an increase in the discounting rate for provisions for annuities in Danish workers' compensation from 1% to 2% would cause the provision to drop by DKK 145m.

The right-hand figure shows a co-weighting of MSCI World, KAX Capped (Denmark) and OSEBX (Norway) reflecting the geographical allocation of TrygVesta's share portfolio.

Effect on equity of market changes at 31 December 2006	DKKm
Interest rate market – increase in interest rates of 100 bps	
Impact on fixed interest securities [1]	-428
Higher discounting of provisions for claims [2]	367
Impact on Norwegian pension obligation	163
Equity market	
Decrease of equity markets of 15%	-808
Impact arising from derivatives	0
Real property market	
Decrease of real property markets of 15%	-368
Currency market	
Decrease of exposed currencies versus Danish kroner of 15%	-1,065
Impact arising from derivatives	-934

[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 changed only in case of anticipated long-term changes in interest rates. The provision would decrease by some DKK 145m if the discounting rate increased to 2%

Other market risk

The equity and real property portfolios are exposed to changes equity markets and real property markets, respectively. Such risk is managed through investment limits for various asset classes. The equity portfolio primarily focuses on the large, liquid equity markets in Europe, the USA and Japan. TrygVesta has defined a strategy with relatively little exposure in the local markets in Denmark and Norway (around 20% at 31 December 2006) in order to reduce company risk, because a few companies account for large parts of the markets in the two countries. Furthermore, each equity mandate is tied to a recognised benchmark, which is monitored closely. The figure shows the performance of the equity portfolio return relative to a weighted benchmark. The portfolio tracks the benchmark fairly closely, even outperforming it over time. The 25 largest equities in our portfolio account for some 34% of the total listed equity portfolio.

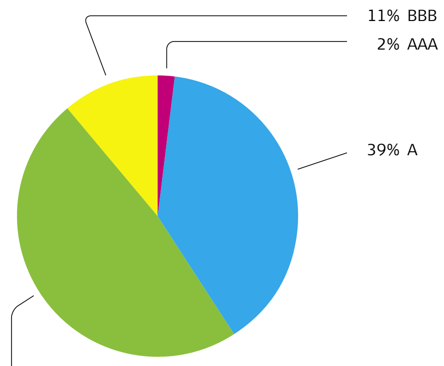
Currency risk is generally managed by matching an asset in a given currency with a liability in the same currency, if such a liability exists. The difference between an asset and a liability in the same currency exposes us to a currency risk, which is generally hedged through forward currency contracts. The total amount is hedged if no liabilities exist in a specific currency. In certain circumstances, we also use interest rate and equity derivatives to manage investment risk.

Credit risk

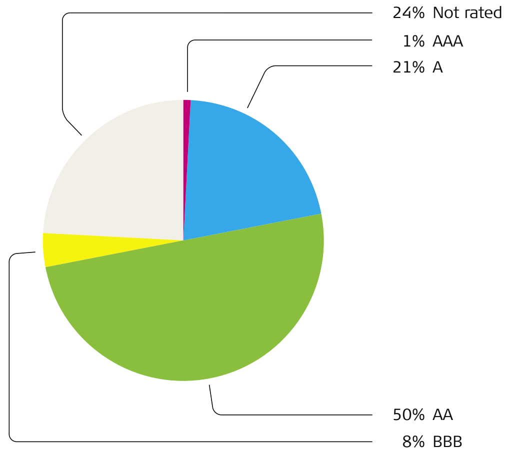
Credit risk arises every time TrygVesta has a receivable from a counterparty. In the case of the insurance operations, counterparties may be customers, suppliers or reinsurers, while in connection with the investment activities, our primary counterparties are issuers of bonds.

TrygVesta regularly has amounts outstanding from customers. At 31 December 2006, customers owed

BREAKDOWN OF PREMIUMS CEDED BY REINSURER'S RATING



BREADOWN OF BALANCES WITH REINSURERS BY REINSURER'S RATING



The left-hand figure shows the distribution on ratings of premiums ceded under the reinsurance programmes in 2006. As can be seen, premiums are generally ceded to reinsurers rated A or above. Around 12% of total premiums ceded are received by the largest reinsurer.

The right-hand figure shows the distribution of receivables from reinsurers, in aggregate DKK 1,561m. Of these, 72% are held by companies rated better than A. Provisions are made for any losses we anticipate may occur in connection with a receivable. A total of DKK 30.6m had been provided against reinsurance losses at 31 December 2006.

DKK 840m or 5.2% of gross premiums. The risk related to receivables from customers is limited because the insurance cover lapses if they fail to pay.

Operational risk

As operational risks are mainly internal, TrygVesta focuses on establishing a satisfactory controlling environment in its operations. In practice, this work is organised through a structure of policies, procedures and guidelines that cover different aspects of TrygVesta's operations.

TrygVesta launched a number of initiatives in 2006 in order to strengthen operational risk management, including the systematic registration of risks in a data base maintained by the corporate security department and reported to the Supervisory Board once a year.

Strategic risk

Strategic risk is managed through a strategic planning process. The Supervisory Board defines the overall strategy in the middle of the year within the framework of the corporate vision, and the Group Executive Management uses this as the basis for further strategy work. The balanced scorecard is used as a tool in this work to ensure current follow up on the strategy and the initiatives launched in the business areas. During the year, the strategy is managed in Executive Management meetings and meetings to follow up on the balanced scorecard performance by business areas and staff functions.

In addition, the market is monitored continuously to ensure that we have an up-to-date basis for assessing external conditions, be it competitors' market initiatives, new legislation or other external factors that may impact TrygVesta.

NOTES

ACCOUNTS 2006

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 2006 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 2006 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 2006.

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

Ballerup, 28 February 2007

EXECUTIVE MANAGEMENT

Christine Bosse

Morten Hübbe

SUPERVISORY BOARD

Mikael Olufsen
Chairman

Bodil Nyboe Andersen
Deputy Chairman

Paul Bergqvist

Per Skov

Jørn Wendel Andersen

Niels Bjørn Christiansen

John R. Frederiksen

Håkon J. Huseklepp

Trond Christiansen

Peter Wagner Mollerup

Birthe Petersen

INTERNAL AUDITS' REPORT

We have audited the annual report of TrygVesta A/S for the financial year 2006. 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.

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 Standards on Auditing. These Standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement.

The audit was conducted in accordance with the division of duties agreed with the external auditors, and has included assessment of the business and internal control procedures, including the risk management implemented by the management aimed at the reporting processes and major business risks. Based on an evaluation of materiality and risk, we have tested the basis for the amounts and other disclosures in the annual report, iincluding evidence supporting disclosures in the annual report. Our audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management as well as evaluation the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the business procedures and internal control procedures, including the risk management implemented by the management, aimed at the Group's and the parent company's reporting processes and major business risks, work satisfactorily.

Furthermore, we believe that 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 2006 and of the results of the Group's and parent company's operations and the Group's cash flows for the year in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the parent company's financial statements and in accordance with additional Danish disclosure requirements for annual reports of listed financial enterprises.

Ballerup, 28 February 2007

Jens Galsgaard
Chief Internal Auditor

INDEPENDENT AUDITORS' REPORT

To the shareholder of TrygVesta A/S
We have audited the annual report of TrygVesta A/S for the financial year starting on 1 January and ending on 31 December, 2006, which comprises the management's report, the statement by management, accounting policies, income statement, balance sheet, capital and notes for the Group as well as the parent company and the cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company's 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.

Management's responsibility for the annual report
Management is responsible for preparation and fair presentation of an annual report in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company's financial statements and in accordance with additional Danish disclosure requirements for annual reports of listed financial enterprises. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from materiel misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 assets, liabilities and financial position at 31 December 2006, and of the results of the Group's operations and the Group's cash flows for the financial year starting on 1 January and ending on 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and in accordance with additional Danish disclosure requirements for annual reports of listed financial enterprises.

Furthermore in our opinion, the annual report gives a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2006, and of the results of the parent company's operations for the financial year starting on 1 January and ending on 31 December 2006 in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial enterprises.

Ballerup, 28 February 2007

Deloitte
Statsautoriseret Revisionsaktieselskab

Lone Møller Olsen State Authorised Public Accountant	Thomas Elsborg Jensen State Authorised Public Accountant

ACCOUNTING POLICIES

A. GENERAL INFORMATION

Accounting policies applied for the consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December 2006 and in accordance with the Danish Statutory Order on Adoption of IFRS.

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

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 of 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 deviations from the recognition and measurement requirements of IFRS are:

- Investments in subsidiaries and associates are valued according to the equity method, whereas under the IFRS valuation is made 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 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	2006	2005
Profit reconciliation		
Profit for the year ended 31 December – IFRS	3.211	2.097
Current-year effect of actuarial gains and losses on pension obligation after tax	84	-86
Change in deferred tax relating to contingency funds	-4	-2
Profit for the year ended 31 December - Danish FSA executive order	**3.291**	**2.009**
Equity reconciliation		
Shareholders' equity at 31 December – IFRS	9.951	8.215
Deferred tax provisions for contingency funds	27	29
Change in deferred tax relating to contingency funds	-4	-2
Equity at 31 December - Danish FSA executive order	**9.974**	**8.242**

B. CHANGES IN ACCOUNTING POLICIES

Implementation of new standards (IFRS)

The Group has adopted the following standards in 2006:

- IFRS 7 regulates financial instruments and is mandatory from 1 January 2007. Implementation of the standard will only change the presentation of financial instruments and will not affect the recognition and measurement of financial instruments.
- IAS 19 (Amendment) regulates employee benefits. The standard is mandatory from 1 January 2007, but TrygVesta A/S opted for early adoption of the standard as at 1 January 2005. The standard allows for recognising actuarial gains and losses directly in equity. Moreover, the standard prescribes more strict requirements on the disclosure of employee benefits.
- IAS 21 regulates the effect of changes in foreign exchange rates. The amendment took effect on 1 January 2006. The implementation of the amendments to this standard only affects the presentation of market value adjustments, which now includes a specification of exchange rate adjustments. No changes are made to recognition and measurement.

The International Accounting Standards Board (IASB) has issued a number of revised international accounting standards, and the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force. The section below describes the standards and interpretations that may be relevant to the financial reporting of the Group.

- IFRS 8 Operating segments. Replacing IAS 14, the standard will enter into force on 1 January 2009. Implementation of the standard will entail a change in the identification of segments from primary and secondary segments to operating segments. Additional information will be required in respect of the factors, organisation, etc. that provide the basis of the segments.

- Amendment to IAS 1 concerning "Presentation of Financial Statements – Capital Disclosures". In August 2005, an amendment to IAS 1 was issued for implementation in the consolidated financial statements for 2007. The amendment contains an adjustment to the type of information disclosed about the capital base. The implementation is not expected to affect disclosures in the annual report.
- IFRIC 8 Scope of IFRS 2 comes into force for financial years commencing on or after 1 May 2007. TrygVesta A/S recognises all share-based payment plans according to IFRS 2 and does not expect IFRIC 8 to have any influence on its financial reporting (IFRIC 8 remains to be approved by the EU).
- IFRIC 10 concerning "Interim Financial Reporting and Impairment" was issued in July 2006. The interpretation prohibits the reversal of impairment losses in interim financial statements on goodwill and financial assets carried at cost. The implementation is not expected to have any financial effect (IFRIC 10 remains to be adopted by the EU).
- IFRIC 11 concerning "Group and Treasury Share Transactions" was issued in November 2006. The interpretation specifies that the accounting treatment of share-based payment does not rely on the way in which the shares are acquired by the company at the exercise date. The interpretation does not change the existing accounting treatment (IFRIC 11 remains to be adopted by the EU).

C. CHANGES IN ACCOUNTING ESTIMATES

The calculation of the carrying amounts of certain assets and liabilities relies on assessments, estimates and assumptions about future events. A more detailed description of primary assumptions and primary sources of estimation uncertainty are given in the risk management section in the management's report.

- Norway has issued a consultation paper on assumptions about defined benefit pension plans under IAS 19. In this connection TrygVesta A/S has decided to change its wage increase assumption from 4% to 4.5%, as this is considered to be a more correct estimate of the pension obligations. This change resulted in an increase in pension obligations of DKK 103m.

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, with the exception of financial assets, which are recognised at fair value. 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.

Investments in joint ventures are recognised using the pro rata consolidation method. Using pro rata consolidation, the Group's share of joint venture assets and liabilities is recognised in the balance sheet. The share of income and expenses and assets and liabilities are presented on a line by line basis in the consolidated financial statements.

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

In accordance with 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).

Incentive programmes
The TrygVesta group's incentive programmes comprise a share option programme and employee shares.

Share based incentive programmes were introduced in the spring of 2006 for management and employees of the TrygVesta group.

Share option programme
The value of services received as consideration for options granted is measured at the fair value of the options.

Equity-settled share options are measured at the fair value at the grant date and recognised under staff costs over the period from the grant date until vesting. The balancing item is recognised directly in equity.

On initial recognition of the share options, the number of options expected to vest is estimated. Subsequently, adjustment is made for changes in the estimated number of vested options to the effect that the total amount recognised is based on the actual number of vested options.

The fair value of the options granted is estimated using the Black-Scholes option model. The calculation takes into account the terms and conditions of the share options granted.

Employee shares
When employees are given the opportunity to subscribe shares at a price below the market price, the discount is recognised as an expense in staff costs. The balancing item is recognised directly in equity. The discount is calculated at the grant date as the difference between fair value and the subscription price of the subscribed shares.

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 the TrygVesta group are the Personal & Commercial (Denmark) segment, the Personal & Commercial (Norway) segment, the Corporate segment and the General Insurance (Finland and Sweden) segment.

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

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 and adjusted for changes in provisions for unpaid 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 market 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 of movements in the yield curve used for discounting, are recognised as market 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 business in run-off in Tryg Forsikring A/S. Divested subsidiaries comprise the activities in Chevanstell Ltd. UK, Poland, Estonia and Tryg Baltica International A/S.

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 assets are 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. Gains and losses are recognised in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Investment property
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 values are recorded in the income statement.

Impairment of intangible assets, equipment, owner-occupied properties and investment property
The carrying amount of intangible assets, operating equipment, owner-occupied property and investment property 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 subsidiaries
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 the equity method 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 a 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 measured at fair value with recognition of value adjustments in the income statement comprise assets that form part of a trading portfolio.

Financial assets at fair value through income

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, or 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 trading 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 recognised at fair value at the transaction date.

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 provision 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 reinsurers share of provisions for insurance contracts. 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. Impairment write-downs are recognised 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.

Exchange adjustment reserve

Assets and liabilities of foreign entities are recognised at the exchange rate at the balance sheet date. Income and expense items are recognised at the average exchange rates for the period. Any resulting exchange rate differences are taken to equity. When an entity is wound up, the balance is transferred to the income statement.

Contingency fund reserves

Contingency fund reserves are recognised as part of retained earnings under equity. The funds may only be used when so permitted by the Danish FSA and when it is to the benefit of the policyholders.

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.

Treasury shares
The purchase and sale sums of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Proceeds from the sale of treasury shares in connection with the exercise of share options or employee shares are taken directly to 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 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 applies corresponds to a real interest rate of 1%.

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 legislative changes 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 2 percentage points 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 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 statistical 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 TrygVesta 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 accounts for 2002 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 of 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 changes 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		2006	2005
Notes			
	General insurance		
	Gross premiums written	16,296	15,444
	Ceded insurance premiums	-945	-892
	Change in provisions for unearned premiums	-61	422
	Change in reinsurers' share of provisions for unearned premiums	3	-74
1	**Earned premiums, net of reinsurance**	**15,293**	**14,900**
2	**Technical interest, net of reinsurance**	**583**	**323**
	Claims paid	-10,064	-10,256
	Reinsurance recoveries	550	1,373
	Change in provisions for claims	-732	-1,048
	Change in the reinsurers' share of provisions for claims	-288	-487
3	**Claims incurred, net of reinsurance**	**-10,534**	**-10,418**
	Bonus and premium rebates	**-214**	**-161**
	Acquisition costs	-1,719	-1,644
	Administrative expenses	-978	-1,018
	Acquisition costs and administrative expenses	-2,697	-2,662
	Commission and profit commission from the reinsurers	102	71
4	**Total insurance operating expenses, net of reinsurance**	**-2,595**	**-2,591**
5	**Technical result**	**2,533**	**2,053**
	Investment activities		
14	Income from associates	6	2
	Income from investment properties	101	101
6	Interest income and dividends, etc.	1,105	1,035
7	Value adjustment	1,205	588
6	Interest expenses	-94	-68
	Investment management charges	-85	-63
	Total return on investment activities	**2,238**	**1,595**
2	Interest on insurance provisions	-1,031	-707
	Total return on investment activities after technical interest	**1,207**	**888**
	Other income	118	126
	Other expenses	-149	-154
	Profit/loss before tax	**3,709**	**2,913**
8	Tax	-624	-788
	Profit/loss on continuing business	**3,085**	**2,125**
9	Profit/loss on discontinued and divested business	126	-28
	Profit/loss for the year	**3,211**	**2,097**
	Specification		
	Profit/loss on continuing business before tax	3,709	2,913
	Profit/loss on discontinued and divested business before tax	160	-27
	Profit/loss for the year incl. discontinued and divested business before tax	**3,869**	**2,886**
	Tax	-658	-789
	Profit for the year	**3,211**	**2,097**
27	Earnings per share – continuing business of DKK 25	45,5	31,3
	Earnings per share of DKK 25	47,3	30,8

BALANCE SHEEET

Notes	DKKm	2006	2005
	Assets		
10	**Intangible assets**	**220**	**135**
11	Operating equipment	98	109
12	Owner-occupied property	326	329
	Total property, plant and equipment	**424**	**438**
13	**Investment property**	**2,127**	**1,726**
14	Investments in associates	18	30
	Total investments in associates	**18**	**30**
	Equity investments	5,308	4,707
	Unit trust units	306	280
	Bonds	30,100	27,763
	Deposits in credit institutions	0	120
	Cash in hand and at bank	338	543
15	**Total other financial investment assets**	**36,052**	**33,413**
	Deposits with ceding undertakings, receivable	**18**	**27**
	Total investment assets	**38,215**	**35,196**
	Reinsurers' share of provisions for unearned premiums	185	146
21	Reinsurers' share of provisions for claims	1,376	2,484
16	**Total reinsurers' share of provisions for insurance contracts**	**1,561**	**2,630**
	Receivables from policyholders	840	819
	Receivables from insurance brokers	0	85
	Total receivables in relation to direct insurance contracts	840	904
	Receivables from insurance enterprises	647	722
	Receivables from subsidiaries	27	44
	Other receivables	262	145
17	**Total receivables**	**1,776**	**1,815**
	Temporarily acquired assets	6	9
	Current tax assets	43	106
	Other	7	8
	Total other assets	**56**	**123**
	Accrued interest and rent earned	474	423
	Other prepayments and accrued income	57	51
	Total prepayments and accrued income	**531**	**474**
	Total assets	**42,783**	**40,811**

BALANCE SHEEET

DKKm		2006	2005
Notes			
	Liabilities		
18	**Shareholders' equity**	**9,951**	**8,215**
19	**Subordinated loan capital**	**1,099**	**1,098**
20	Provisions for unearned premiums	5,173	5,183
21	Provisions for claims	20,410	21,261
	Provisions for bonuses and premium rebates	374	313
	Total provisions for insurance contracts	**25,957**	**26,757**
22	Pensions and similar obligations	503	669
23	Deferred tax liability	959	939
	Other provisions	50	41
	Total provisions	**1,512**	**1,649**
	Debt related to direct insurance	358	342
	Debt related to reinsurance	214	143
24	Debt to credit institutions	665	786
	Current tax liabilities	229	385
25	Other debt	2,689	1,186
	Total debt	**4,155**	**2,842**
	Accruals and deferred income	**109**	**250**
	Total liabilities and equity	**42,783**	**40,811**

26 **Capital adequacy, etc.**
27 **Earnings per share**
28 **Contractual obligations, contingent liabilities and collateral**
29 **Related parties**

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Revaluation reserves	Reserve for exchange rate adj.	Equalisation reserve	Other reserve	Retained earnings	Proposed dividends	Total
Shareholders' equity at 1 January 2005	1,700			189	736	3,527	650	6,802
Equity entries in 2005								
Profit for the year					64	605	1,428	2,097
Change in equalisation provision				-126		126		0
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		5	46	-126	64	646	1,428	2,063
Dividend paid							-650	-650
Total equity entries in 2005	**0**	**5**	**46**	**-126**	**64**	**646**	**778**	**1,413**
Shareholders' equity at 31 December 2005	**1,700**	**5**	**46**	**63**	**800**	**4,173**	**1,428**	**8,215**
Shareholders' equity at 1 January 2006	1,700	5	46	63	800	4,173	1,428	8,215
Equity entries in 2006								
Profit for the year						967	2,244	3,211
Change in equalisation provision				-5		5		0
Revaluation of owner-occupied properties		3						3
Exchange rate adjustment of foreign entities			-143					-143
Hedge of foreign currency risk in foreign entities			107					107
Actuarial gains and losses on pension obligation						116		116
Tax on equity entries		-1	-30			-32		-63
Total comprehensive income	0	2	-66	-5	0	1,056	2,244	3,231
Dividend paid							-1,428	-1,428
Dividend own shares						5		5
Purchase of own shares						-88		-88
Issue of employee shares						13		13
Issue of share options						3		3
Total equity entries in 2006	**0**	**2**	**-66**	**-5**	**0**	**989**	**816**	**1,736**
Shareholders' equity at 31 December 2006	**1,700**	**7**	**-20**	**58**	**800**	**5,162**	**2,244**	**9,951**

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 shareholder' 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. The dividend payment is also affected by a contingency fund provision of DKK 670m, which is included in shareholders' equity in Tryg Forsikring A/S' financial statements. Dansk Kaution has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

STATEMENT OF RECOGNISED INCOME AND EXPENSES

DKKm	2006	2005
Revaluation of owner-occupied properties for the year	3	7
Exchange rate adjustment of foreign entities for the year	-143	132
Hedging of currency exposure in foreign entities for the year	107	-119
Actuarial gains/losses on defined benefit pension plans	116	-118
Tax on entries recognised directly in equity	-63	64
Net income/expense taken directly to equity	**20**	**-34**
Profit for the year	3.211	2.097
Total recognised income and expenses	**3.231**	**2.063**

CASH FLOW STATEMENT - TRYGVESTA GROUP

DKKm	2006	2005
Cash generated from operations		
Premiums	15.935	15.915
Claims paid	-9.902	-10.017
Ceded business	-154	451
Expenses	-2.688	-2.944
Change in other payables and other amounts receivable	4	95
Cash flow from insurance operations	3.195	3.500
Interest and dividends	879	965
Taxes	-718	-139
Other items	-31	-28
Cash generated from operations, continuing business	**3.325**	**4.298**
Cash generated from operations, discontinuing and divested business	-139	-146
Total Cash generated from operations	**3.186**	**4.152**
Investments		
Acquisition of real property (net)	-240	-29
Sale of real property (net)	10	45
Acquisition of equity investment and unit trust units (net)	41	-709
Purchase/Sale of bonds (net)	-1.743	-3.367
Purchase of operating equipment	-187	-124
Sale of operating equipment	82	133
Sale of subsidiaries, cf. note 9	142	0
Acquisition of associated, cf. specification	0	0
Sale of associated	14	0
Investments, continuing business	**-1.881**	**-4.051**
Investments, discontinuing and divested business	0	145
Total investments	**-1.881**	**-3.906**
Funding		
Purchase of own shares	-83	0
Share options	16	0
Subordinate loan paid	0	395
Dividend paid	-1.428	-650
Foreign currence hedging	107	-119
Change in debt to credit institutions	-121	177
Funding, continuing business	**-1.509**	**-197**
Funding, discontinuing and divested business	0	-10
Total funding	**-1.509**	**-207**
Change in cash and cash equivalents, net	**-204**	**39**
Price adjustment of cash and cash equivalents, beginning of year	-2	14
Additions relating to sale of subsidiaries	1	0
Changes in cash and cash equivalents, gross	**-205**	**53**
Cash and cash equivalents, begining of year	543	490
Cash and cash equivalents, year-end	**338**	**543**

Acquisition/sale of subsidiaries

In 2006, TrygVesta acquired 50 % of the shares in Ejendomsselskabet af 1. marts 2006 P/S (pro rata consolidated), which at the time of acquisition had the following assets and liabillities:

Cash and cash equivalents	201
Total Cost	201
Cash at purchase (net)	**0**

NOTES

DKKm		2006	2005
1	**Earned premiums, net of reinsurance**		
	Direct insurance	16,102	15,833
	Indirect insurance	88	33
		16,190	15,866
	Unexpired risk provision	45	0
		16,235	15,866
	Ceded direct insurance	-890	-974
	Ceded indirect insurance	-52	8
		15,293	**14,900**

Direct insurance, by location of risk

	2006		2005	
	Gross	**Ceded**	**Gross**	**Ceded**
Denmark	9,115	-480	8,816	-542
Other EU countries	269	-15	177	-11
Other countries	6,718	-395	6,840	-421
	16,102	**-890**	**15,833**	**-974**

		2006	2005
2	**Technical interest**		
	Interest on insurance provisions	1,031	707
	Transferred from provisions for claims concerning discounting	-457	-378
	Return on discontinued business	9	-6
		583	**323**
3	**Claims incurred, net of insurance**		
	Claims incurred	-11,219	-11,567
	Run-off previous years, gross	423	263
		-10,796	-11,304
	Reinsurance recoveries	313	968
	Run-off previous years, reinsurers' share	-51	-82
		-10,534	**-10,418**
4	**Insurance operating expenses, net of reinsurance**		
	Commission regarding direct business	-339	-270
	Other acquisition costs	-1,380	-1,374
	Total acquisition costs	-1,719	-1,644
	Administrative expenses	-978	-1,018
	Insurance operating expenses, gross	-2,697	-2,662
	Commission, etc. from reinsurers	102	71
		-2,595	**-2,591**
	Administative expenses include fee to the auditors appointed by the Annual General Meeting:		
	Deloitte	-8	-10
	Grant Thornton	0	-1
		-8	**-11**
	Of which services other than audit:		
	Deloitte	-2	-4
		-2	**-4**

In adddition, expenses have been incurred for the Group´s Internal Audit Department.

DKKm		2006	2005
4	**Insurance operating expenses, gross, classified by type**		
	Commision	-341	-273
	Staff expenses	-1,581	-1,580
	Other staff expenses	-174	-193
	Office expenses and fees, headquarter expenses etc.	-402	-442
	Operating and maintenance costs, IT, software expenses etc.	-271	-266
	Depreciation, amortisation and impairment writedowns	-76	-138
	Other income	148	230
		-2,697	**-2,662**

Total expenses for lease amounts to DKK 101m (2005 DKK 91m).

	2006	2005
Insurance operating expenses and claims include the following staff expenditure:		
Salaries and wages	-1,776	-1,561
Commision	-25	-26
Allocated share options	-3	0
Pensions	-208	-242
Other social security costs	-138	-132
Payroll tax, etc.	-217	-220
	-2,367	**-2,181**

	2006	2005
Specification of remuneration, etc.		
Supervisory Board	-4	-3
Group Executive Management	-26	-18
	-30	**-21**

	2006	2005
Remuneration, etc. includes pension contributions:		
Supervisory Board	0	0
Group Executive Management	-3	-3
	-3	**-3**

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 and participate ind the share option programme as mentioned in Corporate governance.
Other than that, there are no incentive plans for the Supervisory Board and Group Executive Management.

4 **Share option programmes**

In 2006, TrygVesta awarded share options to the Group Executive Management (5 persons) and other senior employees (52 persons). At 31 December 2006, the share option plan comprised 186,020 share options. These expenses amount to DKK 11,8m, which is higher than the DKK 7,9m stated in the annual report 2005. Each share option entitles the holder to acquire one existing share of DKK 25 nominal value in the company. The share option plan entitles the holders to buy 0.27 % of the share capital if all share options are exercised.

The options are issued at an exercise price that corresponds to the market price of the company's shares at the time of allocation. No other vesting conditions apply. Special provisions are in place concerning sickness and death and in case of change to the company's capital position, etc.

The share options can not be exercised before in 2009 at the ealiest. The share option agreement stipulates that the employees is entitled to the options unless the employee terminates the employment or the employment is terminated due to breach of the employment contract. If the employee is terminated due to restructuring or if the employee retire the employee will still be able to exercise the options. The share options are exercisable exclusively during a two-week period following the publication of full-year or half-year reports and in accordance with TrygVesta's in-house rules on trading in the company's shares.

The options are settled in shares. A part of the company's holding of treasury shares is reserved for settlement of the options granted.

Share option programmes

	Group Executive Management number	Other senior employees number	Total number	Fair value per option at grant date DKK	Total fair value at grant date DKK	Fair value per option 31 December DKK	Total fair value 31 December DKK
Number of options exercisable 1 january 2006	0	0	0	0.00	0.00	0.00	0.00
Allocation of options concerning 2005	44,540	141,480	186,020	63.62	11.83	149.96	27.90
Exercise of share options	0	0	0	0.00	0.00	0.00	0.00
Cancelled	0	0	0	0.00	0.00	0.00	0.00
Expired	0	0	0	0.00	0.00	0.00	0.00
Outstanding 31 December 2006	**44,540**	**141,480**	**186,020**	**63.62**	**11.83**	**149.96**	**27.90**
Number of options exercisable end of 2007	**0**	**0**	**0**	**0.00**	**0.00**	**0.00**	**0.00**

In 2006, the fair value of share options in the income statement for the Group amounted to DKK 3.2m.
Fair values at the time of allocation are based on the Black & Scholes option pricing formula.

The following assumptions were applied in calculating the market value of outstanding share options at the time of allocation:

	2006
Average share price (DKK) at the time of grant date	355.83
Exercise price (DKK)	0
Expected volatility	17.90 %
Expected maturity	4 år
Expected dividend per share	5.40 %
Risk-free interest rate	3.30 %

The expected volatility is based on the average volatility of comparable shares in 2005.
The expected maturity is 4 years, corresponding to the average of the exercise period of 3 to 5 years.
Expected dividend is based on long-term financial targets based on the average invested capital.
The risk-free interest rate is based on a bullet loan with the same maturity as the expected maturity for the options at the time of allocation.

The assumptions for calculating the market value at the end of the period are based on the same principles as for the market value at the time of allocation.

For outstanding options at 31 December 2006, the average term to maturity is 3.2 years.

There are no comparative figures for 2005, as the agreement on share options was reached in 2006.
No share options were settled in 2006.

Employee shares

In order to reward and increase employee affiliation with the company, in March 2006 TrygVesta offered employee shares to employees at all levels of the parent company and Danish subsidiaries. Employees of non-Danish branches and subsidiaries were offered employee shares or an alternative cash consideration. Each employee was offered 18 free shares, a total of 37,441 shares equivalent to DKK 13m, corresponding to 0.06% of the share capital. The expense was provided in 2005 and does not influence the result of 2006.

In accordance with Danish law, the shares are held in restricted accounts until expiry of the seventh calendar year after they were subscribed. Employees cannot sell or otherwise dispose of the shares during the period they are subject to selling restrictions, but the shares will be released in case of the employee shareholder's death or disability.

	2006	2005
Average number of full-time employees during the year (continuing business)	**3,740**	**3,702**

DKKm

5 **Technical result, net of reinsurance, by line of business**

	Accident and health [1]		Workers' compensation		Motor TPL		Motor comprehensive	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross premiums written	**2,298**	**2,154**	**1.207**	**1,014**	**2.381**	**2,312**	**3.070**	**2,989**
Gross premiums earned	2,260	2,197	1,181	1,034	2,419	2,396	3,084	3,084
Gross claims	-1,761	-1,955	-1,110	-995	-1,734	-1,975	-1,819	-1,629
Bonuses and premium rebates	-11	-6	0	0	-14	-7	-133	-77
Gross operating expenses	-343	-349	-133	-135	-366	-362	-423	-422
Profit/loss on ceded business	-17	-24	0	-29	-23	-15	-3	23
Technical interest, net of reinsurance	127	78	85	51	118	88	55	35
Technical result	**255**	**-59**	**23**	**-74**	**400**	**125**	**761**	**1,014**
Frequency	8.1%	6.5%	21.0%	14.7%	6.8%	7.0%	21.0%	20.7%
Average	22,385	25,977	72,191	98,816	24,260	24,829	10,159	9,978
Total	81,393	72,608	13,492	9,371	78,586	82,078	176,489	171,648

	Marine, aviation and cargo		Fire & contents (Private)		Fire & contents (commercial)		Liability	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross premiums written	**635**	**553**	**3,158**	**3,011**	**2,373**	**2,327**	**702**	**676**
Gross premiums earned	628	561	3,115	3,072	2,368	2,399	709	699
Gross claims	-471	-329	-2,098	-2,196	-1,285	-1,742	-467	-365
Bonuses and premium rebates	-14	-8	-31	-18	-1	2	-9	-47
Gross operating expenses	-92	-85	-724	-681	-426	-453	-140	-130
Profit/loss on ceded business	-63	-70	-74	196	-283	91	6	-123
Technical interest, net of reinsurance	24	1	73	38	43	26	23	19
Technical result	**12**	**70**	**261**	**411**	**416**	**323**	**122**	**53**
Frequency	11.6%	11.0%	11.6%	14.3%	19.6%	28.9%	10.9%	12.6%
Average	62,172	49,957	10,519	10,161	44,140	36,885	49,227	42,168
Total	7,393	6,917	178,990	206,573	33,934	50,416	8,608	9,567

	Credit & guarantee insurance		Other insurance		Total		Norwegian Group Life [1] One-year policies	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross premiums written	**138**	**132**	**335**	**284**	**16,296**	**15,444**	**613**	**628**
Gross premiums earned	140	133	331	299	16,235	15,866	592	612
Gross claims	25	-12	-76	-107	-10,796	-11,304	-483	-464
Bonuses and premium rebates	0	0	-1	0	-214	-161	0	0
Gross operating expenses	-42	-32	-8	-13	-2,697	-2,662	-70	-147
Profit/loss on ceded business	-36	-18	-85	-47	-578	-9	-3	-7
Technical interest, net of reinsurance	4	2	31	-15	583	323	32	0
Technical result	**91**	**73**	**192**	**117**	**2,533**	**2,053**	**68**	**-6**
Frequency	1.1%	1.3%	16.6%	6.2%				
Average	900,823	2,698,827	14,525	22,631				
Total	26	26	15,654	10,305				

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

DKKm

5 **Segments**

Primary segments	**Private and Commercial Denmark 2006**	**2005**	**Private and Commercial Norway 2006**	**2005**	**Corporate 2006**	**2005**	**Finnish general insurance 2006**	**2005**
Gross premiums earned	6,390	6,276	4,509	4,632	4,921	4,666	198	140
Gross claims	-4,306	-4,987	-2,892	-2,844	-3,437	-3,361	-155	-113
Gross operating expenses	-1,109	-1,113	-922	-945	-539	-534	-83	-70
Profit/loss on business ceded	-201	467	-76	-62	-302	-421	0	-1
Technical interest, net of insurance	215	113	152	93	210	114	6	3
Technical result	989	756	771	874	853	464	-34	-41
Total return on investment activities after technical interest								
Other income and expenses								
Profit before tax								
Tax								
Profit on continued business								
Loss on discontinued and divested business								
Profit for the year								
Reinsurers' share of provision for unearned premiums	0	-11	0	1	185	156	0	0
Reinsurers' share of provision for claims	-35	124	238	320	1,173	1,260	0	0
Other assets								
Total assets								
Provisions for unearned premiums	2,416	2,361	1,520	1,755	1,182	1,030	43	37
Provisions for claims	7,354	6,988	3,287	3,334	9,507	9,338	132	88
Provisions for bonuses and premium rebates	256	191	0	0	118	122	0	0
Provisions								
Debt								
Accruals and deferred income								
Total liabilities								

Secondary segments	**Danish general insurance 2006**	**2005**	**Norwegian general insurance 2006**	**2005**	**Finnish general insurance 2006**	**2005**
Gross premiums earned	9,084	8,764	6,738	6,810	198	140
Technical result	1,366	956	1,242	1,138	-34	-41
Return on investment activities	792	567	455	354	-4	-2
Other income	65	77	53	49	0	0
Other expenses	-63	-70	-50	-47	0	0
Profit/Loss for the period before tax	2,160	1,530	1,700	1,494	-38	-43
Total assets	25,613	23,609	17,198	17,142	27	25

Description of segments

Please refer to 'Our business areas' for a description of our primary segments

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 amount are recognised in a single line item 'Unallocated investments activities'. Nor ca the purchase of assets fairly be assigned to separate segments

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption.

The secondary, geographic segments relates to Denmark, Norway, Finland and Sweeden.

Swedish general insurance 2006	Swedish general insurance 2005	Unallocated 2006	Unallocated 2005	Total 2006	Total 2005
4	0	-1	-9	16,021	15,705
-6	0	0	1	-10,796	-11,304
-39	0	-5	0	-2,697	-2,662
0	0	1	8	-578	-9
0	0	0	0	583	323
-41	0	-5	0	2,533	2,053
				1,207	888
				-31	-28
				3,709	2,913
				-624	-788
				3,085	2,125
				126	-28
				3,211	**2,097**
0	0	0	0	185	146
0	0	0	780	1,376	2,484
		41,222	38,181	41,222	38,181
				42,783	**40,811**
12	0	0	0	5,173	5,183
4	0	126	1,513	20,410	21,261
0	0	0	0	374	313
		1,512	1,649	1,512	1,649
		4,155	2,842	4,155	2,842
		109	250	109	250
				31,733	**31,498**

Swedish insurance 2006	Swedish insurance 2005	Other 2006	Other 2005	Total 2006	Total 2005
4	0	-3	-9	16,021	15,705
-41	0	0	0	2,533	2,053
0	0	-36	-31	1,207	888
0	0	0		118	126
0	0	-36	-37	-149	-154
-41	0	-72	-68	3,709	2,913
14	0	-69	35	42,783	40,811

DKKm		2006	2005
6	**Interest and dividends, etc.**		
	Interest and dividend concerning financial assets at fair value with value adjustment in the income statement:		
	Dividends	183	126
	Interest expenses	-94	-68
	Interest income	922	909
		1,011	**967**
7	**Market value adjustment**		
	Market value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	764	682
	Unit trust units	26	34
	Share derivatives	0	-10
	Bonds	-115	-204
	Interest derivatives	5	-7
	Other loans	0	-7
		680	488
	Market value adjustments concerning assets and liabilities that cannot be attributed to IAS 39:		
	Investment property	190	43
	Discounting	347	43
	Other balance sheet items	-12	14
		1,205	**588**
	Market value gains	1,736	1,356
	Market value losses	-531	-768
	Market value adjustment, net	**1,205**	**588**
	Exchange rate adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement amount to DKK 16m.		
8	**Reconciliation of tax expenses**		
	Tax on profit for the year	-1,037	-816
	Prior-year tax adjustment	28	45
	Utilised joint taxation loss in non-consolidated undertaking/non-capitalised loss	-	-11
	Tax on non-taxable income and expenses	226	-6
	Change in valuation of tax assets	-22	-
	Tax of ledger account	181	-
		-624	**-788**
	Effective tax rate	**%**	**%**
	Tax on profit for the year	28	28
	Prior-year tax adjustment	-1	-1
	Utilised joint taxation loss in non-consolidated undertaking/non-capitalised loss	-	0
	Tax on non-taxable income and expenses	-6	0
	Change in valuation of tax assets	1	-
	Tax of ledger account	-5	-
		17	**27**

Please refer to "TrygVesta Financial performance 2006"

DKKm		2006	2005
9	**Profit/loss on discontinued and divested business**		
	Earned premiums, net of reinsurance	4	-27
	Technical interest, net of reinsurance	-1	28
	Claims incurred, net of reinsurance	119	23
	Insurance operating expenses, net of reinsurance	-25	-45
	Technical result	97	-21
	Return on investment activities after technical interest	63	-6
	Profit/loss before tax	160	-27
	Tax	-34	-1
		126	**-28**

Claims incurred includes a DKK 139m gain in connection with the commutation of the reinsurance agreement with Chevanstell Limited.

Sale of Chevanstell

The accounting value of assests and liabilities at the time of divestment:

Bonds	465
Deposits in credit institutions	78
Reinsurers' share of provisions for insurance contracts	802
Receivables	109
Provisions for insurance contracts	-1,176
Debt	-116
Accruals and deferred income	-43
	119
Gain from sale	63
Reversal of impairment	-42
Exchangerate adjustment	2
Net cash from sale	**142**

Costs incurred in connection with the sale amounted to DKK 3m.

At 31 December 2005, Chevanstell had total assets amounting to DKK 1.7bn, which were recognised in Tryg Forsikring's total assets.

The technical result of discontinued and divested business specified by line of business

	Accident and health		Marine, aviation and cargo		Other insurance [1]		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross premiums written	**0**	**-3**	**1**	**-4**	**2**	**-25**	**3**	**-32**
Gross premiums earned	0	-3	1	-4	2	-25	3	-32
Gross claims	7	-8	15	0	232	-25	254	-33
Gross operating expenses	-1	-1	-2	-19	-21	-29	-24	-49
Profit/loss on ceded business	-7	4	-14	27	-113	34	-134	65
Technical interest, net of reinsurance	0	0	3	9	-5	19	-2	28
Technical result	**-1**	**-8**	**3**	**13**	**95**	**-26**	**97**	**-21**

[1] The line of business "Other insurance" includes indirect insurance.

DKKm		2006	2005
10	**Intangible assets**		
	Cost		
	Balance 1 January	238	159
	Exchange rate adjustment	-4	4
	Transferred from operating equipment	0	14
	Additions during the year	139	65
	Disposals during the year	0	-4
	Balance 31 December	373	238
	Amortisation and writedowns		
	Balance 1 January	-103	-47
	Exchange rate adjustment	3	-1
	Amortisation for the year	-53	-58
	Reversed amortisation	0	3
	Balance 31 December	-153	-103
	Carrying amount 31 December	**220**	**135**

Additions for internally developed expenses amount to DKK 5m (in 2005 DKK 11m).
Amortisation is recognised in the income statement under insurance operating expenses.

DKKm		2006	2005
11	**Operating equipment**		
	Cost		
	Balance 1 January	303	582
	Exchange rate adjustment	-1	9
	Transferred to intangible assets	0	-14
	Additions during the year	49	62
	Disposals during the year	-108	-336
	Balance 31 December	243	303
	Depreciation and impairment writedowns		
	Balance 1 January	-194	-409
	Exchange rate adjustment	1	-8
	Depreciation for the year	-43	-69
	Reversed depreciation	91	292
	Balance 31 December	-145	-194
	Carrying amount 31 December	**98**	**109**

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

DKKm		2006	2005
12	**Owner-occupied property**		
	Cost		
	Balance 1 January	322	273
	Adjustment, beginning of the year	0	50
	Exchange rate adjustment	-9	11
	Additions during the year	4	16
	Disposals during the year	0	-28
	Balance 31 December	317	322
	Accumulated value adjustments		
	Balance 1 January	8	0
	Value adjustment for the year at revalued amount	4	8
	Balance 31 December	12	8
	Accumulated depreciation		
	Balance 1 January	-1	0
	Depreciation for the year	-2	-1
	Balance 31 December	-3	-1
	Balance at revalued amount at 31 December	**326**	**329**

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

Owner-occupied property is measured at the revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment writedowns. The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the upcoming year. The resulting operating income is divided by the percentage return requirement of the property, which has been adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity.

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

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

	Lowest %		Average %		Highest %	
	2006	2005	2006	2005	2006	2005
Office property	7.0	7.4	7.2	7.4	7.2	7.4

		2006	2005
13	**Investment property**		
	Fair value at the end of the previous financial year	1,726	1,727
	Adjustment, beginning of year	0	-50
	Exchange rate adjustment	-13	14
	Additions during the year	235	13
	Disposals during the year	-5	-8
	Value adjustment for the year	184	30
	Fair value at the balance sheet date	**2,127**	**1,726**

Total rental income for 2006 is DKK 145m (in 2005 it was DKK 140m).

Total expenses for 2006 were DKK 44m (in 2005 DKK 38m). Of this amount, unlet property represented is DKK 2m. (in 2005 DKK 2m), so the total expenses at the income leading investment property were DKK 42m (in 2005 DKK 36m).

Investment property is measured at fair value. The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the upcoming year. The resulting operating income is divided by the percentage return requirement of the property, which has been adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity. The value is subsequently adjusted by the value in use of the return on prepayments and deposits and adjustment for specific property issues, such as vacant premises or special tenant terms and conditions.

External experts were not involved in valuing investment property.

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

	Lowest		Average		Highest	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Business property	7.00	7.50	7.30	7.76	7.50	8.00
Office property	3.80	6.06	6.50	7.34	7.50	8.25
Residential property	3.50	5.50	4.80	6.16	6.00	6.50

DKKm		**2006**	**2005**
14	**Investments in associates**		
	Cost		
	Balance 1 January	14	14
	Additions during the year	-14	0
	Balance 31 December	0	14
	Revaluations at net asset value		
	Balance 1 January	16	14
	Revaluations during the year	2	2
	Balance 31 December	18	16
	Carrying amount 31 December	**18**	**30**

Shares in associates according to the latest financial statements:

Name and registered office	**Assets**	**Liabilities**	**Shareholders' Equity**	**Revenue**	**Profit/Loss of the year**	**Ownership share in %**
Komplementarselskabet af 1 March 2006 ApS, DK	0	0	0	0	0	50
Bilskadeinstituttet AS, Norway	5	0	4	1	0	30
Edsvåg Fabrikker AS, Norway	34	3	31	14	3	28

DKKm		2006	2005
15	**Financial investment assets**		
	Financial assets at fair value with value adjustment in the income statement	36,052	33,413
	Receivables and deposits with ceding undertakings at amortized costs	1,794	1,842
		37,846	**35,255**
	Other financial investment assets		
	Bonds	28,663	27,572
	Contains of:		
	Cash allocated to portfolioamanagement	-228	-425
	Unsettled securities trading	1,158	350
	Repo debt	749	0
		30,342	27,497
	Other investment assets incl. discontinued activities	6	500
	Shares	5,384	4,783
	Equity investments incl. associates, unit trust units and bonds in accordance with the balance sheet	**35,732**	**32,780**

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

	2006	2005
Bonds		
Carrying amount		
Danish bonds	15,572	14,249
Norwegian bonds and money market instruments	8,630	9,402
Other bonds	4,461	3,921
	28,663	**27,572**
Effective interest rate	**%**	**%**
Danish bonds	4.6	4.2
Norwegian bonds and money market instruments	3.3	2.6
Other bonds	4.2	3.5
	4.2	**3.6**
Bond portfolio by maturity		
Due in 1 year or less	9,321	9,165
Due after 1 years through 5 years	13,882	9,331
Due after 5 years through 10 years	699	822
Due after 10 years through 20 years	1,042	1,408
Due after more than 20 years	5,398	6,771
	30,342	**27,497**
Adjusted duration of bond portfolio		
Due in 1 year or less	19,220	15,594
Due after 1 years through 5 years	9,698	9,954
Due after 5 years through 10 years	1,291	1,922
Due after 10 years through 20 years	133	27
Due after more than 20 years	0	0
	30,342	**27,497**

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.

DKKm	2006	2005
Listed shares		
United States	1,245	1,271
United Kingdom	874	836
Denmark	707	480
Norway	363	283
Rest of Europe	1,567	1,479
Japan	354	148
Other	65	61
	5,175	**4,558**
The portfolio of unlisted shares totals	209	225

Unlisted Equity investments is measured on a carefully estimated fair value, cf accounting policies.

The company's ten largest investments in listed shares Issued by	**DKKm**	**% of unlisted shares**	**% of total investment**
Royal Bank of Scotland (UK)	114	2.2	0.3
Royal Dutch Shell (UK)	109	2.1	0.3
BP Plc. (UK)	93	1.8	0.3
HBOS Plc. (UK)	91	1.8	0.2
ING Group N.V. (Holland)	91	1.8	0.2
Novo Nordisk (Danmark)	89	1.7	0.2
ABN Amro Holding (Holland)	78	1.5	0.2
Lloyds TSB Group Plc. (UK)	78	1.5	0.2
General Electric Co. (USA)	77	1.5	0.2
Barclays Plc. (UK)	77	1.5	0.2

Exposure to exchange rate risk 2006	**Properties**	**Bonds**	**Shares**	**Insurance, etc.**	**Hedge**	**Exposure**
USD	0	1,217	1,245	-184	-2,080	199
EUR	0	1,987	1,443	-913	-2,214	303
GBP	0	537	873	103	-1,432	82
NOK	724	8,947	432	-5,230	-4,449	424
CHF	0	0	102	1	-96	6
SEK	0	0	91	57	-118	30
JPY	0	0	354	-1	-321	32
CAD	0	0	37	0	-34	3
Other	0	0	27	-4	-26	-2
	724	**12,688**	**4,604**	**-6,171**	**-10,770**	**1,081**

Exposure to exchange rate risk 2005	**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		2006	2005
15	**Sensitivity information**		
	Interest rate increase of 0.7-1.0 pct. point	-46	-4
	Interest rate fall of 0.7-1.0 pct. point	164	54
	Equity price fall of 12%	646	572
	Fall in property prices of 8%	201	166
	Exchange rate risk (VaR 99.5)	17	12
	Loss on counterparties of 8%	220	175

Please refer to the part 'Risk management' and "Investment activities" for an elaboration of risk management and risk exposure.

Derivative financial instruments

Derivatives with value adjustment in the income statement according to IAS 39:

	2006		2005	
	Gross	Net	Gross	Net
Interest derivatives	15,903	0	6,104	-4
Exchange rate derivatives	11,201	114	10,473	-84

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.

Derivative financial instruments are measured at fair value. The valuation is performed in securities systems whose functionality is subject to auditors' declarations and with data usually provided by Nordea. Derivatives which include expected future cash flows are discounted on the basis of market rates of interest.

Derivative financial instruments used in connection with hedging of foreign subsidiaries.

Gains and losses on foreign exchange hedges charged to equity

	Gains	**Losses**	**Net**
Gains and losses on hedges charged to equity at 1 January 2006	0	-119	-119
Reversed hedges in connection with sale of Chevanstell	6	0	6
Gains and losses on hedges charged to equity in the period	101	0	101
Gains and losses on hedges charged to equity at 31 December 2006	**107**	**-119**	**-12**

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

Reversed exchange rate adjustments in connection with the sale of Chevanstell totalled DKK 4m.

		2006	2005
16	**Reinsurer's share**		
	Reinsurer's share	1,592	2,666
	Writedowns after impairment test	-31	-36
		1,561	**2,630**

DKKm		2006	2005
17	**Receivables**		
	Total receivables related to insurance	1,487	1,626
	Receivables from subsidiaries	27	44
	Exchange rate derivatives	73	0
	Other receivables	189	145
		1,776	**1,815**

Receivables were written down in connection with direct insurance contracts, totalling DKK 129m (in 2005 DKK 148m). There is no further depreciation of liabilities beyond this.

18 **Shareholders' equity**
Share capital

Issued shares	No. of shares (thousands)		Nominal value (DKK'000)	
Balance at 1 January	68,000	68,000	1,700,000	1,700,000
Bought during the year	-247	67,753	-6,186	1,693,814
Sold during the year	37	67,790	936	1,694,750

Treasury shares	No. of shares	Nominal value (DKK'000)	% of share capital
Balance at 1 January	0	0	0
Bought during the year	247,440	6,186	0.36
Sold during the year	0	0	0
Used in connection with issue of employee shares	-37,441	-936	-0.06
Balance at 31 December	209,999	5,250	0.30

Pursuant to the authorisation granted by the shareholders in general meeting, TrygVesta may acquire up to a maximum of nom. DKK 170m worth of treasury shares, corresponding to 10.0% of the share capital in the period until the next annual general meeting in 2007.

In 2006, Tryg Vesta acquired treasury shares worth nom. DKK 6,186k, corresponding to 247,440 shares at a total cost of DKK 88,273k. Treasury shares are acquired for use in the Group's incentive programme.

19 **Subordinated 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 carries a fixed rate og interst at 4,5 % p.a. untill 2005, where it can be repaid. After that time, it will carry interest at 2.1% above EURIBOR untill it expires in 2025. The loan is measured at amortised cost, and when the loan was raised capital losses and costs were deducted with DKK 19m at the balance sheet date. The fair value of the loan at the balance sheet date is DKK 1,071m, based on a price of 95,79. The price is sourced from Bloomberg, which applies a group of market players as its data sources.

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

20 **Provisions for unearned premiums**

	Carrying amount	**Expected cash flow**			
	Total	0-1 year	1-2 years	2-3 years	> 3 years
Provisions for unearned premiums, gross	5,116	4,878	54	36	147
Provisions for unearned premiums, ceded	-184	-184	0	0	0

The table contains amounts from Tryg Forsikring A/S and Vesta Forsikring AS

DKKm		2006	2005	2004	2003	2002	2001	2000	Sum
21 **Provisions for claims**									
Gross									
Estimated accumulated claims	0	11,378	11,585	10,851	10,508	11,070	9,028	8,417	
	1		11,482	10,863	10,614	11,408	9,260	8,740	
	2			10,723	10,287	11,412	9,450	8,947	
	3				10,283	11,468	9,560	9,150	
	4					11,461	9,494	9,237	
	5						9,484	9,365	
	6							9,117	
		11,378	11,482	10,723	10,283	11,461	9,484	9,117	73,928
Cumulative payments to date		-5,030	-7,603	-7,783	-8,160	-9,525	-8,462	-8,358	-54,921
Discounting		-534	-391	-281	-223	-216	-109	-85	-1,839
Reserves from 1999 and prior years									2,900
Other reserves									342
Gross provisions for claims, end of year									20,410
Ceded business									
Estimated accumulated claims	0	290	939	838	913	1,996	1,411	1,405	
	1		833	852	876	2,098	1,426	1,516	
	2			892	872	1,985	1,432	1,483	
	3				930	1,978	1,446	1,507	
	4					1,977	1,421	1,540	
	5						1,407	1,535	
	6							1,531	
		206	833	892	930	1,977	1,407	1,531	7,860
Cumulative payments to date		-107	-700	-678	-730	-1,658	-1,294	-1,463	-6,630
Discounting		-9	-16	-38	-29	-38	-20	-11	-161
Reserves from 1999 and prior years									243
Other reserves									64
Provisions for claims, end of year									1,376
Net of reinsurance									
Estimated accumulated claims	0	11,088	10,646	10,013	9,595	9,074	7,617	7,012	
	1		10,649	10,011	9,738	9,310	7,834	7,224	
	2			9,831	9,415	9,427	8,018	7,464	
	3				9,353	9,490	8,114	7,643	
	4					9,484	8,073	7,697	
	5						8,077	7,830	
	6							7,586	
		11,088	10,649	9,831	9,353	9,484	8,077	7,586	66,068
Cumulative payments to date		-4,923	-6,903	-7,105	-7,430	-7,867	-7,168	-6,895	-48,291
Discounting		-525	-375	-243	-194	-178	-89	-74	-1,678
Reserves from 1999 and prior years									2,657
Other reserves									278
Provisions for claims, net of reinsurance, end of the year									19,034

The table consists of figures for Tryg Forsikring A/S and Vesta Forsikring AS. Other group companies are included in the item “Other”, which comprises the provisions for claims for Dansk Kaution, travel and health insurance and the Finnish and Swedish business unit.

In 2005 provisons for claims regarding Chevanstell was recognised in the balance sheet with DKK 1,2bn. after elimination.

In the table, amounts in NOK are translated into DKK using the exchange rate as of 31 December 2006 in order to avoid impact from currency fluctuations.

The accident-year 2000 is influenced by Chevanstell, which at that time operated under the name TBi UK in the London market. The impact derives from the stop-loss agreement between Tryg Forsikring A/S and Chevanstell Ltd. in 2000 to cover business written before 2000, and which was terminated after the divestment of Chevanstell. Until 2005, there was an increase in claims incurred, and in 2006 the divestment had a positive impact.

The inclusion of the Zurich portfolio acquired in 2002 and, to a minor extent, the Allianz portfolio acquired in 2001, has an impact on the figures. When the liabilities of these portfolios appear in the triangulation the ultimate liability for the preceding accident years is increased with effect from the financial year in question, whereas already existing liabilities concerning previous financial years remain unchanged. The combined impact of the two acquisitions amounts to DKK 210m gross and DKK 200m net of reinsurance.

DKKm

21 **Provisions for claims**

	2006		
	Gross	**Ceded**	**Net**
Total, beginning of period	19,788	1,644	18,144
Market value adjustment of provisions, beginning of period	-266	-42	-224
	19,522	1,602	17,920
Paid in the financial year in respect of the current year	-5,030	-107	-4,923
Paid in the financial year in respect of prior years	-4,895	-421	-4,474
	-9,925	-528	-9,397
Change in claims in the financial year in respect of the current year	10,834	283	10,551
Change in claims in the financial year in respect of prior years	-453	-41	-412
	10,381	242	10,139
Discounting [3]	90	-4	94
Provisions for claims, end of year [1]	20,068	1,312	18,756
Other [2]	-342	64	278
	20,410	**1,376**	**19,034**

	2005		
	Gross	**Ceded**	**Net**
Total, beginning of period	18,157	2,096	16,061
Market value adjustment of provisions, beginning of period	290	67	223
	18,447	2,163	16,284
Paid in the financial year in respect of the current year	-5,325	-562	-4,763
Paid in the financial year in respect of prior years	-4,811	-805	-4,006
	-10,136	-1,367	-8,769
Change in claims in the financial year in respect of the current year	11,329	925	10,404
Change in claims in the financial year in respect of prior years	-203	-66	-137
	11,126	859	10,267
Discounting [3]	351	-11	362
Provisions for claims, end of year [1]	19,788	1,644	18,144
Other [2]	1,473	840	633
	21,261	**2,484**	**18,777**

[1] The table consist 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, and our Finnish and Swedish business unit.
In 2005 provisions for claims regarding Chevanstell was recognised in the balance sheet with DKK 1,2bn. after elimination.
[3] Discounting also includes exchange rate adjustments.

	Carrying amount	**Expected cash flow**			
	Total	0-1 year	1-2 years	2-3 years	> 3 years
Provisions for claims, gross	18,509	7,075	3,705	2,312	5,417
Provisions for claims, ceded	-1,312	-525	-167	-125	-495

The table consists of figures for Tryg Forsikring A/S and Vesta Forsikring AS, however exclusive of provisions for annuities in workers' compensation in Tryg Forsikring A/S. At 31 December, these provisions totalled DKK 1,559m.

Please refer to the part "Risk management" for an elaboration of risk management and risk exposure.

DKKm		2006	2005
22	**Pensions and similar obligations**		
	Other benefits	30	34
		30	**34**
	Defined benefit pension plans:		
	Present value of pension obligations funded through operations	123	92
	Present value of pension obligations funded through establishment of funds	1,175	1,270
	Gross pension obligation	1,298	1,362
	Fair value of plan assets	825	727
	Net pension obligation	**473**	**635**
	Specification of change in recognised pension obligations:		
	Recognised pension obligation, beginning of year	1,362	1,119
	Exchange rate adjustment	-41	41
	Present value of amounts accumulated during the year	65	67
	Capital costs of previously accumulated pensions	49	50
	Actuarial gains/losses	-91	136
	Paid during the period	-44	-49
	Change in recognised employers' nat. ins. contribution	-2	-2
	Recognised pension obligation, end of year	**1,298**	**1,362**
	Change in carrying amount of plan assets:		
	Carrying amount of plan assets, beginning of year	727	606
	Exchange rate adjustment	-22	21
	Investments in 2006	92	68
	Estimated return on pension funds	33	45
	Actuarial gains/losses	26	18
	Paid during the period	-31	-31
	Carrying amount of plan assets, end of year	**825**	**727**
	Total pensions and similar obligations, end of year	**473**	**635**
	Total recognised obligation, end of year	**503**	**669**
	Pension cost recognised in the income statement:		
	Pension costs concerning current financial year	67	68
	Calculated interest concerning obligation	51	51
	Expected return on plan assets	-34	-45
	Pension costs concerning previous financial years	11	10
	Total amount recognised	95	84

DKKm	2006	2005
The premium for the following financial year is estimated at	103	103
Estimated distribution of plan assets:	%	%
Shares	20	18
Bonds	64	65
Property	16	17
Average return on plan assets	7,6	8,2
Assumptions used	%	%
Discount rate	4.7	4.2
Estimated return on pension funds	5.8	5.2
Salary adjustment	4.5	4.0
Pension adjustment	4.3	3.5
G Adjustment	4.3	3.5
Turnover	8.0	6.0
Employers' nat. ins. contribution	14.1	14.1
Take up of the AFP Early Retirement PlanMortality	20.0	20.0

	2006	2005	2004
Pension obligation	1,298	1,362	1,122
Plan assets	825	727	608
Surplus/deficit	473	635	514
Actuarial gains/losses associated with the pension obligation	90	-136	-84
Actuarial gains/losses associated with pension assets	26	18	-27

The group's Swedish branch complies with the industry pension agreement, the FTP plan, which is insured with Försäkringsbranschens Pensionskassa – FPK.

Under the terms of the agreement, the group's Swedish branch has undertaken, along with the other businesses in the collaboration, to pay the pensions of the individual employees in accordance with the applicable rules.

The FTP plan is primarily a defined benefit plan in terms of the future pension benefits. FPK is unable to provide sufficient information for the group to use defined benefit accounting. For this reason, the group has accounted for the plan as if it were a defined contribution plan in accordance with IAS 19.30.

The premium paid to FPK in 2006 amounted to DKK 0.5m, which is less than 1% of the annual premium in FPK (2005). FPK writes in its half-year report for 2006 that it had a collective consolidation ratio of 118 at 30 June 2006 (107 at year-end 2005). The collective consolidation ratio is defined as the market value of the plan assets relative to the total collective pension obligations.

DKKm		2006	2005
23	**Deferred tax**		
	Tax asset		
	Land and buildings	13	3
	Operating equipment	104	175
	Debt and provisions	122	187
	Bonds and loans secured by mortgages	9	56
		248	**421**
	Tax liability		
	Land and buildings	124	53
	Contingency funds	945	934
	Shares	99	355
	Intellectual property rights	39	18
		1,207	**1,360**
	Deferred tax, end of year	**959**	**939**
	Unaccrued defered tax of shares	102	0
	Reconciliation of deferred tax, beginning of year		
	Deferred tax, beginning of year	939	792
	Change in deferred tax taken to the income statement	53	160
	Change in deferred tax taken to equity	-33	-13
		959	**939**
	Non-capitalised tax loss		
	TrygVesta A/S	72	72
	Nordea Vahinkovakuutus (Finland)	84	50
	Vesta Skadesforsikring (Sverige)	41	-

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

Under Finnish and Swedish rules, losses may 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.

The total current and deferred tax relating to items recognised in equity is recognised in the balance sheet in the amount of DKK 35m (in 2005 DKK 64m).

No deferred tax is associated with investments in subsidiaries (in 2005 DKK 1,3 bn).

DKKm		2006	2005
24	**Debt to credit institutions**		
	Bank loans	596	710
	Bank overdrafts	69	76
		665	**786**
	Debt falling due within one year	69	76
	Debt falling due after more than five years	0	0

In 2005, a consortium of banks granted TrygVesta A/S a loan facility for DKK 2,000m, of which DKK 600m has been utilised at 31 December 2006. In 2006, the loan carried interest at CIBOR plus a margin, totalling approximately 3.2% 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 600m.

25	**Other debt**		
	Unsettled transactions	1,160	349
	Interest derivatives	5	4
	Exchange rate derivatives	0	109
	Repo debt	750	0
	Other debt	774	724
		2,689	**1,186**

Tryg Forsikring A/S has entered into a repo contract expiring on 26 January 2007 for a German 3.5% government bond. The asset, for which Tryg Forsikring A/S carries the risk and the return requirement at the balance sheet date, is recognised in the bond portfolio at a fair value DKK 749m and under 'Other debt' in the amount of DKK 750m.

26	**Capital adequacy, etc.**		
	Shareholders' equity according to annual report	9,951	8,215
	Subordinate loan capital	365	349
	Proposed dividend	-2,244	-1,428
	Solvency requirements to subsidiary undertakings	-2,527	-2,512
	Capitalised tax assets	0	0
	Capital base	**5,545**	**4,624**
	Weighted assets	**8,094**	**6,404**
	Solvency	**69**	**72**

27 **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 warrants, convertible debt instruments or the like. The issued share options will not be exercised before at least in 2009, therefore, there is no difference between basic EPS and diluted EPS.

Profit/loss for the period from continuing business (DKKm)	3,084	2,125
Average number of shares	67,824	68,000
Basic earnings per share of DKK 25	45	31
Profit/loss for the period from discontinued and divested business (DKKm)	126	-28
Average number of shares	67,824	68,000
Basic earnings per share of DKK 25	2	0

DKKm		2006	2005
	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. The dividend is not paid until approved by the shareholders at the annual general meeting of the following year.		
	Dividend per share of DKK 25	33	21

28 **Contractual obligations, contingent liabilities and collateral**

	Payment due by period				
	< 1 year	1-3 years	3-5 years	> 5 years	Total
Operating leases	105	197	191	1,350	1,843
Other contractual obligations	221	240	0	0	461
	326	**437**	**191**	**1,350**	**2,304**

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 342m for a period of 3 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 80m. The remaining lease period is 19 years. The leasing contract contains the right to completely or partly rent out or completely or partly disposal by providing guarantee.

Tryg Forsikring A/S has signed a portfolio management contract for DKK 75m. The contract expires in 2010.

The Danish companies in Tryg Forsikring group are jointly taxed with Tryg i Danmark smba. Until 2004, the companies were jointly and severally liable for the entire amount. From 2005, the companies are only liable for their own part of the tax amount.

Most of the Danish companies in TrygVesta are commonly registered for VAT and payroll tax and are jointly and severally liable for payment of all such direct and indirect taxes.

In connection with the sale of Chevanstell Limited, Tryg Forsikring A/S issued few specific guarantees towards the buyer. Management believes that it is unlikely that these guarantees will result in a financial loss for Tryg Forsikring A/S.

Companies of the 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

DKKm		2006	2005
29	**Related parties**		
	Supervisory Board and Executive Management		
	Premium income:		
	• Parent company (Tryg i Danmark smba)	0.1	0.1
	• Key management	0.4	0.7
	• Other related parties	6.2	2.4
	Claims paid:		
	• Key management	0.1	0.3
	• Other related parties	0.5	0.4
	An amount of DKK 0.1m has been provided for claims payments.		
	Guarantee agreements with related parties:		
	• Account	1,645	1,150
	• Exercised, end of year	1,265	921
	• Premium	3	2

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 the board on market terms.

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

	2006	2005
Intra-group trading involved:	4	4
Providing and receiving services	27	44
Intra-group account	1	-44
Interest		

Insurance products are purchased and sold on market terms.
Assets are transferred on market terms.

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.

NOTES

INCOME STATEMENT AND BALANCE SHEET FOR TRYGVESTA (PARENT COMPANY)

INCOME STATEMENT

Notes	DKKm	2006	2005
	Investment activities		
1	Income from subsidiaries	3,219	2,086
	Income from associates	5	0
2	Interest income, etc.	1	34
	Value adjustment	-1	-1
2	Interest expenses	-35	-60
	Investment management charge	-5	-3
	Total return on investment activities	**3,184**	**2,056**
3	Other expenses	-36	-37
	Profit before tax	**3,148**	**2,019**
4	Tax	17	18
	Profit on continuing business	**3,165**	**2,037**
5	Profit/loss on discontinued and divested business	126	-28
	Profit for the year	**3,291**	**2,009**
	Proposed distribution for the year:		
	Dividend	2,244	1,428
	Transferred to Net revaluation as per equity method	1,782	1,409
	Transferred to Retained profits	-735	-828
		3,291	**2,009**

BALANCE

DKKm Notes		2006	2005
	Assets		
6	Investments in subsidiaries	10,643	8,804
6	Investments in subsidiaries in respect of discontinued business	0	121
7	Investments in associates	0	14
	Total investments in subsidiaries and associates	**10,643**	**8,939**
	Bonds	0	22
	Cash in hand and at bank	3	8
	Total other financial assets	**3**	**30**
	Total investment assets	**10,646**	**8,969**
	Current tax assets	3	21
8	Deferred tax assets	0	0
	Total other assets	**3**	**21**
	Total assets	**10,649**	**8,990**
	Liabilities		
	Shareholders' equity	**9,974**	**8,242**
9	Debt to credit institutions	596	710
	Debt to subsidiaries	74	30
	Other debt	5	8
	Total debt	**675**	**748**
	Total liabilities and equity	**10,649**	**8, 990**

10 **Capital adequacy, etc.**
11 **Contractual obligations, contingent liabilities and collateral**
12 **Related parties**

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Revaluation equity method capital	Retained earnings	Proposed dividends	Total
Shareholders' equity at 1 January 2005	**1,700**	**477**	**4,004**	**650**	**6,831**
Equity entries in 2005					
Profit 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	1,461	-828	1,428	2,061
Dividend paid				-650	-650
Total equity entries in 2005	**0**	**1,461**	**-828**	**778**	**1,411**
Shareholders' equity at 31 December 2005	**1,700**	**1,938**	**3,176**	**1,428**	**8,242**
Shareholders' equity at 1 January 2006	1,700	1,938	3,176	1,428	8,242
Equity entries in 2006					
Profit for the year		1,782	-735	2,244	3,291
Revaluation of owner-occupied properties		3			3
Exchange rate adjustment of foreign entities		-143			-143
Hedge of foreign currency risk in foreign entities		107			107
Tax on equity entries		-31			-31
Total comprehensive income	0	1,718	-735	2,244	3,227
Dividend paid				-1,428	-1,428
Dividend own shares			5		5
Purchase of own shares			-88		-88
Issue of employee shares			13		13
Issue of share options			3		3
Total equity entries in 2006	**0**	**1,718**	**-802**	**816**	**1,732**
Shareholders' equity at 31 December 2006	**1,700**	**3,656**	**2,374**	**2,244**	**9,974**

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 shareholder' 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. The dividend payment is also affected by a contingency fund provision of DKK 670m, which is included in shareholders' equity in Tryg Forsikring A/S' financial statements. Dansk Kaution has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

NOTES

DKKm		2006	2005
1	**Income from subsidiaries**		
	Tryg Forsikring A/S	3,219	2,086
	Profit on continuing business	**3,219**	**2,086**
	Profit/loss on discontinued business after tax	126	-28
		3,345	2,058
2	**Interest and dividends, etc.**		
	Interest and dividend concerning financial assets at fair value with value adjustment in the income statement:		
	Interest expenses	-35	-60
	Interest income	1	34
		-34	**-26**
3	**Other expenses**		
	Administrative expenses	-36	-37
		-36	**-37**

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.

	2006	2005
Specification of remuneration, etc.		
Supervisory Board	-4	-3
Executive Management	-11	-12
	-15	**-15**
Remuneration, etc. includes pension contributions		
Supervisory Board	0	0
Executive Management	-2	-1
	-2	**-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 and participate ind the share option programme as mentioned in Corporate governance. as mentioned in Corporate governance. Other than that, there are no incentive plans for the Supervisory Board and Group Executive Management.

	2006	2005
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	-0.9
Grant Thornton	0.0	-0.4
	-0.9	**-1.3**

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

		2006	2005
4	**Reconciliation of tax expenses**		
	Tax on financial loss before profit/loss in subsidiaries and tax	-21	19
	Changes to previous year	3	0
	Tax on non-taxable income and expenses	1	-1
		-17	**18**
	Effective tax rate	**%**	**%**
	Tax on financial loss	28	28
	Changes to previous year	-4	0
	Tax on non-taxable income and expenses	-2	-2
		22	**26**

Please refer to the part "TrygVesta Financial performance 2006" for an explanation regarding effective tax rate.

DKKm		2006	2005
5	**Profit/loss on discontinued and divested business**		
	Earned premiums, net of reinsurance	4	-27
	Technical interest, net of reinsurance	-1	28
	Claims incurred, net of reinsurance	119	23
	Insurance operating expenses, net of reinsurance	-25	-45
	Technical result	97	-21
	Return on investment activities after technical interest	63	-6
	Loss before tax	160	-27
	Tax	-34	-1
		126	**-28**

Claims incurred includes a DKK 139m gain in connection with the commutation of the reinsurance agreement with Chevanstell Limited.

Sale of Chevanstell

The accounting value of assests and liabilities at the time of divestment:

	2006	2005
Bonds	465	465
Deposits in credit institutions	78	78
Reinsurers' share of provisions for insurance contracts	802	802
Receivables	109	109
Provisions for insurance contracts	-1,176	-1,176
Debt	-116	-116
Accruals and deferred income	-43	-43
	119	**119**
Gain from sale	63	63
Reversal of impairment	-42	-42
Exchangerate adjustment	2	2
Net cash from sale	**142**	**142**

Costs incurred in connection with the sale amounted to DKK 3m.

At 31 December 2005, Chevanstell had total assets amounting to DKK 1.7bn, which were recognised in Tryg Forsikring's total assets.

The technical result of discontinued and divested business is specified by lines of business as follows:

		Accident and health		Marine, aviation and cargo		Other insurance [1]		Total
	2006	2005	2006	2005	2006	2005	2006	2005
Gross premiums written	**0**	**-3**	**1**	**-4**	**2**	**-25**	**3**	**-32**
Gross premiums earned	0	-3	1	-4	2	-25	3	-32
Gross claims	7	-8	15	0	232	-25	254	-33
Gross operating expenses	-1	-1	-2	-19	-21	-29	-24	-49
Profit/loss on ceded business	-7	4	-14	27	-113	34	-134	65
Technical interest, net of reinsurance	0	0	3	9	-5	19	-2	28
Technical result	**-1**	**-8**	**3**	**13**	**95**	**-26**	**97**	**-21**

[1] The line of business "Other insurance" includes indirect insurance.

DKKm				2006	2005
6	**Investments in subsidiaries**				
	Cost				
	Balance 1 January			6,987	6,987
	Balance 31 December			6,987	6,987
	Revaluations and impairment writedowns at net asset value				
	Balance 1 January			1,938	477
	Revaluations during the year			3,282	2,111
	Dividend paid			-1,564	-650
	Balance 31 December			3,656	1,938
	Carrying amount 31 December			**10,643**	**8,925**

	Name and registered office	Ownership share in %	Profit/loss for the year	Shareholders´ Equity
	2006			
	Tryg Forsikring A/S, Ballerup	100	3,219	10,643
	2005			
	Tryg Forsikring A/S, Ballerup	100	2,058	8,925

		2006	2005
7	**Investments in associates**		
	Cost		
	Balance 1 January	14	14
	Additions during the year	-14	0
	Balance 31 December	0	14
	Revaluations and impairment writedowns at net asset value		
	Balance 1 January	0	0
	Balance 31 December	0	0
	Carrying amount 31 December	**0**	**14**

In 2005 TrygVesta A/S held a ownership share of 28% of the company
Nordisk Flyforsikring A/S. In 2006 the ownership share was disposed.

		2006	2005
8	**Deferred tax**		
	Tax as set		
	Debt and provisions	0	0
	Deferred tax, end of year	**0**	**0**
	Reconciliation of deferred tax, beginning of year		
	Deferred tax, beginning of year	0	3
	Change in deferred tax taken to the income statement	0	-3
		0	**0**
	Non-capitalised tax loss		
	TrygVesta A/S	72	72

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		2006	2005
9	**Debt to credit institutions**		
	Bank loans	596	710
		596	**710**

In 2005, a consortium of banks granted TrygVesta A/S a loan facility for DKK 2,000m, of which DKK 600m had been utilised at 31 December 2006. In 2006, the loan carried interest at CIBOR plus a margin, totalling approximately 3.2% 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 cost 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 600m.

		2006	2005
10	**Capital adequacy, etc.**		
	Shareholders' equity according to annual report	9,974	8,242
	Subordinate loan capital	365	349
	Proposed dividend	-2,244	-1,428
	Solvency requirements to subsidiary undertakings	-2,527	-2,512
	Capital base	**5,568**	**4,651**
	Weighted assets	**8,117**	**6,431**
	Solvency	**69**	**72**

11 **Contractual obligations, contingent liabilities and collateral**

The Danish companies in the TrygVesta group 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 the TrygVesta group are commonly registered for VAT and payroll tax and are jointly and severally liable for payment of all such direct and indirect taxes.

Companies of the TrygVesta group 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.

DKKm		2006	2005
12	**Related parties**		
	Supervisory Board and Executive Management		
	Premium income		
	• Parent company (Tryg i Danmark smba)	0.1	0.1
	• Key management	0.4	0.7
	• Other related parties	6.2	2.4
	Claims payments		
	• Key management	0.1	0.3
	• Other related parties	0.5	0.4
	An amount of DKK 0.1m has been provided for claims payments.		
	Guarantee agreements with related parties		
	• Account	1,645	1,150
	• Exercised, end of year	1,265	921
	• Premium	3	2

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 the board on market terms.

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

DKKm	2006	2005
Intra-group trading involved		
• Providing and receiving services	4	4
• Intra-group account	27	44
• Interest	1	-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 controls Tryg Forsikring A/S 100%.

DKKm	2006	2005
Intra-group trading involved		
• Buying and selling of other assets	0	37
• Providing and receiving services	38	-30
• Intra-group account	74	-30
• Interest	3	32

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

NOTES

GROUP OVERVIEW

DKKm

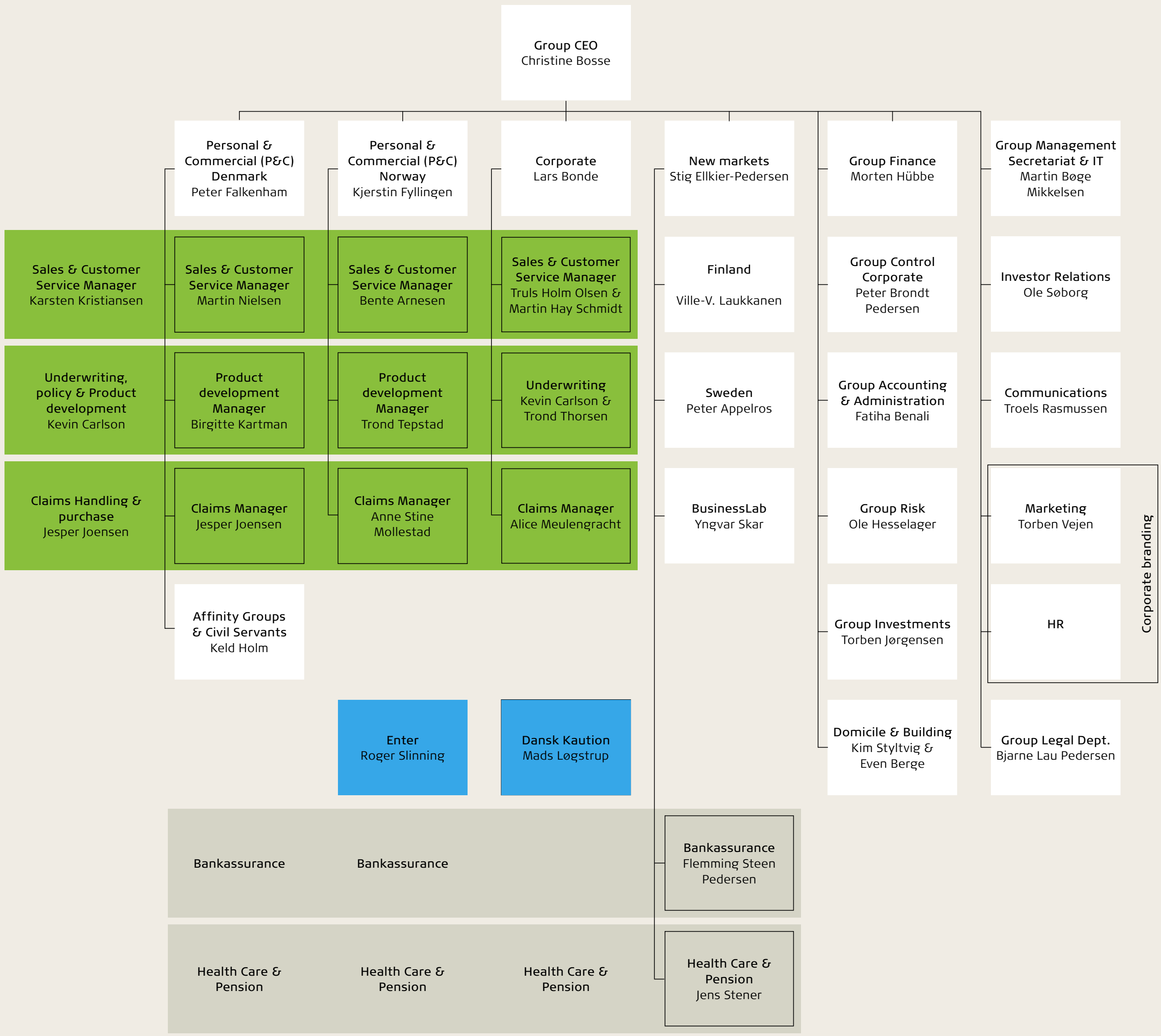
TrygVesta A/S has the following subsidiaries:

	Registred office	Country	Profit/loss for 2006	Ownership share, %	Share capital 31.12.2006	Shareholders' equity 31.12.2006
Tryg Forsikring A/S	Ballerup	Denmark	3,345	100	1,100	10,643
Vesta Forsikring AS	Bergen	Norway	1,331	100	781	4,582
Enter Forsikring AS	Bergen	Norway	71	100	45	153
Slettebakksveien AS	Bergen	Norway	0	100	6	27
Respons Inkasso AS	Bergen	Norway	2	100	0	1
Thunes Vei 2 AS	Bergen	Norway	2	100	48	50
Dansk Kautionsforsikrings-Aktieselskab	Ballerup	Denmark	69	100	45	529
ApS Kbil 9 nr. 2032 (in liquidation)	Ballerup	Denmark	0	100	0	0
Tryg Ejendomme A/S	Ballerup	Denmark	59	100	2	741
TrygVesta IT A/S	Ballerup	Denmark	-6	100	3	293

FINANCIAL HIGHLIGHTS AND KEY RATIOS BY GEOGRAPHY

DKKm	2006	IFRS 2005	2004	Danish GAAP 2004	2003	2002
Danish general insurance						
Gross premiums earned	9,084	8,764	8,525	8,570	8,242	7,411
Technical result	1,366	956	722	790	443	-61
Profit on investment	792	567	376	450	393	-128
Other income	65	77	76	76	71	78
Other expenses	-63	-70	-72	-71	-68	-74
Profit/loss for the period before tax	2,160	1,530	1,102	1,245	839	-185
Key ratios						
Claims ratio	68.4	78.0	73.6	71.6	70.4	82.0
Business ceded as a percentage of gross premiums	3.8	-3.9	3.5	3.5	6.1	1.6
Claims ratio, net of ceded business	72.2	74.1	77.1	75.1	76.5	83.6
Expense ratio	16.1	16.6	16.3	19.0	20.4	21.1
Combined ratio	88.3	90.7	93.4	94.1	96.9	104.7
Number of full-time employees, end of period	2,231	2,215	2,223	2,223	2,248	2,330
Norwegian general insurance						
Gross premiums earned	6,738	6,810	6,653	6,614	7,161	7,111
Technical result	1,242	1,138	1,023	722	41	-278
Profit on investment	455	354	33	94	316	-55
Other income	53	49	45	45	44	49
Other expenses	-50	-47	-43	-44	-42	-47
Profit/loss for the period before tax	1,700	1,494	1,058	817	359	-331
Key ratios						
Claims ratio	65.6	64.0	63.5	62.7	72.9	75.8
Business ceded as a percentage of gross premiums	3.5	5.2	6.4	6.9	7.8	9.2
Claims ratio, net of ceded business	69.1	69.2	69.9	69.6	80.7	85.0
Expense ratio	16.5	16.7	17.3	21.2	22.4	22.6
Combined ratio	85.6	85.9	87.2	90.8	103.1	107.6
Number of full-time employees, end of period	1,460	1,431	1,454	1,454	1,460	1,374
Finnish general insurance						
Gross premiums earned	198	140	97	97	61	21
Technical result	-34	-41	-45	-45	-48	-66
Profit on investment	-4	-2	-2	-2	-1	-1
Profit/loss for the period before tax	-38	-43	-47	-47	-49	-67
Key ratios						
Claims ratio	78.1	80.9	75.3	68.5	77.5	84.8
Business ceded as a percentage of gross premiums	0.2	0.2	0.2	0.2	1.0	18.7
Claims ratio, net of ceded business	78.3	81.1	75.5	68.7	78.5	103.5
Expense ratio	41.7	50.2	73.0	79.8	102.8	316.3
Combined ratio	120.0	131.3	148.5	148.5	181.3	419.8
Number of full-time employees, end of period	77	48	51	51	42	35
Swedish general insurance						
Gross premiums earned	4	-	-	-	-	-
Technical result	-41	-	-	-	-	-
Profit on investment	0	-	-	-	-	-
Profit/loss for the period before tax	-41	-	-	-	-	-
Number of full-time employees, end of period	40	-	-	-	-	-

ORGANISATION CHART DECEMBER 2006



Business responsibility Nordic Competence Centre Process responsibility Subsidiary

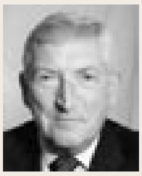
MEMBERS OF THE SUPERVISORY BOARD

MIKAEL OLUFSEN
Chairman
Born 1943
Joined the Supervisory Board 2002

Education
MSc (Forestry); PMD Harvard Business School
Current position
Chairman of the Supervisory Board
Chairman of the Board of
Tryg i Danmark smba/TrygFonden
Tryg Forsikring A/S
Malaplast Co. Ltd. Bangkok
The Danish Rheumatism Association
Vice Chairman of
The Board of Trustees of the Egmont Foundation
Egmont International Holding A/S
Ejendomsselskabet Gothersgade 55 ApS
Ejendomsselskabet Vognmagergade 11 ApS
Board member of
WWF in Denmark
British Import Union
Danmark-Amerika Fondet
Member of the Board of Representatives of
Tryg i Danmark smba
The Danish Rheumatism Association
Number of shares held in TrygVesta: 1,918

BODIL NYBOE ANDERSEN
Deputy Chairman
Born 1940
Joined the Supervisory Board 2006

Education
MSc (Economics)
Current position
Various directorships
Chairman of the Board of
The University of Copenhagen
The Danish Red Cross
The Laurids Andersen Foundation
Board member of
The Danish Film Institute
The Villum Kann Rasmussen Foundation
The Danish-Norwegian Collaboration Foundation
Member of the Board of Representatives of
Dagbladsnævnet
Ministry of Finance Investment Strategy Council, Oslo
Number of shares held in TrygVesta: 0



PER SKOV
Born 1941
Joined the Supervisory Board 1998

Education
MSc (Economics); management training at MIT
Current position
Various directorships
Chairman of the Board of
Utility Development A/S
Nordlux A/S
Cobra Holding A/S
Deputy Chairman of
Tryg i Danmark smba
Board member of
Dagrofa A/S
DSV, De Sammensluttede Vognmænd af 13.7.1976 A/S
Kemp & Lauritzen A/S
Tryg Forsikring A/S
Member of the Board of Representatives of
Tryg i Danmark smba
Number of shares held in TrygVesta: 2,468

JØRN WENDEL ANDERSEN
Born 1951
Joined the Supervisory Board 2002

Education
MSc (Business Economics); IMD Executive Development Programme; IMD Programme "Strategy in Action"
Current position
CFO, Arla Foods amba
Chairman of the Board of
Arla Foods Finance A/S
Arla Insurance Company (Guernsey) Ltd. (Captive)
Fidan A/S
Board member of
Arla Foods AB
AF A/S
Tryg i Danmark smba
Tryg Forsikring A/S
Tholstrup Cheese A/S
Tholstrup Cheese Holding A/S
Tholstrup Pastella A/S
Tholstrup Taulov A/S
Member of the Board of Representatives of
Tryg i Danmark smba
Number of shares held in TrygVesta: 1,078

JOHN R. FREDERIKSEN
Born 1948
Joined the Supervisory Board 2002

Education
Business training
Current Position
CEO, Fortunen A/S
Chairman of the Board of
Hellebo Park A/S
Ejendomsselskabet Storken A/S
Ejendomsselskabet Uglen A/S
RenHold A/S
SBS Rådgivning A/S
SBS Byfornyelse Smba
Sjælsø Enterprise A/S
Sjælsø Gruppen A/S
Renholdningsselskabet af 1898
Board member of
Tryg i Danmark smba
Fortunen A/S
Freja Ejendomme A/S (Statens Ejendomssalg A/S)
Højgård Ejendomme A/S
Oak Property Invest A/S
Jacob Holm & Sønner A/S
RenoflexGruppen A/S
C.W. Obel Ejendomme A/S
C.W. Obel Projekt A/S
Ejendomsaktieselskabet Knud Højgaards Hus
Ejendomsaktieselskabet Helleholm
Invista Foundation Property Trust Limited
Invista Foundation Property Limited
Invista Foundation Property No. 2 Limited
Invista Foundation Holding Company Limited
SIPA (Scandinavian International Property Association)
BERCO Deutschland GmbH
Invista European Real Estate Trust Sicaf
CEO of
Oak Property Invest A/S
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
Number of shares held in TrygVesta: 280

NIELS BJØRN CHRISTIANSEN
Born 1966
Joined the Supervisory Board 2006

Education
BB.Sc. E.E; MSc (Engineering), MBA Insead
Current position
Executive Vice President and COO, Danfoss A/S
Chairman of the Board of
Danfoss Compressors Holding A/S
Danfoss Industries Private Limited, India
Deputy Chairman of
Danfoss (Tianjin) Limited, China
Board member of
Business Minds
Danfoss Distribution Services A/S
Danfoss Drives A/S
Danfoss Ejendomsselskab A/S
Danfoss innovation A/S
Danfoss International A/S
Danfoss Commercial Compressors S.A., France
Danfoss Bauer GmbH, Germany
Thermia Värme AB, Sweden
Axcel A/S
Danfoss Universe
Foss A/S
Danish Management Society
Number of shares held in TrygVesta: 0

HÅKON J. HUSEKLEPP
Employee representative
Born 1955
Joined the Supervisory Board 2003

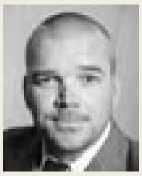
Education
Certified insurer
Current position
Senior corporate advisor
Board member of
Tryg Forsikring A/S
Vesta Forsikring AS
The Finance Sector Union of Vesta
The Finance Sector Union of Norway
Sogn og Fjordane Bustadbyggelag
Number of shares held in TrygVesta: 0

PAUL BERGQVIST
Born 1946
Joined the Supervisory Board 2006

Education
Engineer, economist
Current position
Various directorships
Chairman of the Board of
Carlsberg Sverige AB
Svenska Bryggareföreningen (spokesman)
Board member of
Baltica Beverages Holding (BBH)
Telenor ASA
City Mail AB
East Capital Amber Fund
Lantmännen
Pieno Zyaigzdios
Nova Linija
Unibake A/S
Member of the Board of Represesentatives of
Compensation committee Telenor
Compensation committee Lantmännen
Honorary positions
Chairman of the Board of Norrköpings Segelsällskap
Number of shares held in TrygVesta: 0

TROND CHRISTIANSEN
Employee representative
Born 1945
Joined the Supervisory Board 2002

Education
Certified insurer
Current position
Senior shop steward
Board member of
Tryg Forsikring A/S
Vesta Forsikring AS
The Finance Sector Union of Norway
Number of shares held in TrygVesta: 0



PETER WAGNER MOLLERUP
Employee representative
Born 1966
Joined the Supervisory Board 2002

Education
Travel agency guide, certified insurer, psychotherapist
Current position
Commercial insurance agent
Chairman of the Board of
The association of insurance agents and account managers in Tryg
The Association of Danish Certified Insurers/The Danish Financial Services Union
Board member of
The Danish Financial Services Union
Number of shares held in TrygVesta: 118

BIRTHE PETERSEN
Employee representative
Born 1949
Joined the Supervisory Board 1996

Education
Diploma in business studies; management training programme, the Organisation of Danish Insurance Employees
Current position
Principal administrative officer
Board member of
The Organisation of Danish Insurance Employees
Member of
The Executive Committee of the Organisation of Danish Insurance Employees
Number of shares held in TrygVesta: 20

MEMBERS OF THE GROUP EXECUTIVE MANAGEMENT

CHRISTINE BOSSE
Group CEO
Born 1960
Joined TrygVesta 1987
Joined the Group Executive Management 1999

Education
LL.M.; several management training programmes including Insead and Wharton

Chairman of the Board of
Forsikring & Pension
Hjertebarnsfonden
Vesta Forsikring AS
Chairman of a number of intra-group supervisory boards

Board member of
Grundfos Management A/S
Poul Due Jensen's Fond

Member of
The Danish Welfare Commission

Number of shares held in TrygVesta: 934

MORTEN HÜBBE
Group CFO
Born 1972
Joined TrygVesta 2002
Joined the Group Executive Management 2003

Education
BSc (International Business Administration and Modern Languages); MSc (Finance and Accounting); management training at Wharton

Chairman of the Board of
Dansk Kautionsforsikrings-Aktieselskab
Enter Forsikring AS

Deputy Chairman of
TrygVesta IT A/S

Board member of
Tryg Ejendomme A/S
Vesta Forsikring AS
Høyteknologisenteret AS

Number of shares held in TrygVesta: 933

STIG ELLKIER-PEDERSEN
Member of the Group Executive Management in charge of New Markets
Born 1947
Joined TrygVesta 1999
Joined the Group Executive Management 2001

Education
Mechanical engineer; several management training programmes at Insead

Chairman of the Board of
Forsikringsakademiet A/S
Fonden Forsikringsakademiet af 26/2 2003

Board member of
Enter Forsikring AS
FA, the Danish Employers' Association for the Financial Sector
SOS International A/S

Number of shares held in TrygVesta: 18

PETER FALKENHAM
Member of the Group Executive Management in charge of Private & Commercial Denmark
Born 1958
Joined TrygVesta 2000
Joined the Group Executive Management 2000

Education
BCom (International Trade); MSc (Engineering)

Chairman of the Board of
Glunz & Jensen A/S

Board member of
Tryg Ejendomme A/S
Vesta Forsikring AS
Dansk Kautionsforsikrings-Aktieselskab
Solar A/S
Danmarks Skibskredit A/S

Number of shares held in TrygVesta: 201

KJERSTIN FYLLINGEN
Member of the Group Executive Management in charge of Private & Commercial Norway
Born 1958
Joined TrygVesta 2006
Joined the Group Executive Management 2006

Education
BSc (Business Administration) and Master of Management – both from BI Norwegian School of Management

Board member of
Enter Forsikring AS
FNH, the Norwegian Financial Services Association
TrygVesta Almennyttige Stiftelse

Number of shares held in TrygVesta: 0

LARS BONDE
Member of the Group Executive Management in charge of Corporate
Born 1965
Joined TrygVesta 1998
Joined the Group Executive Management 2006

Education
General insurance training; LL.M.

Number of shares held in TrygVesta: 18

NOTES