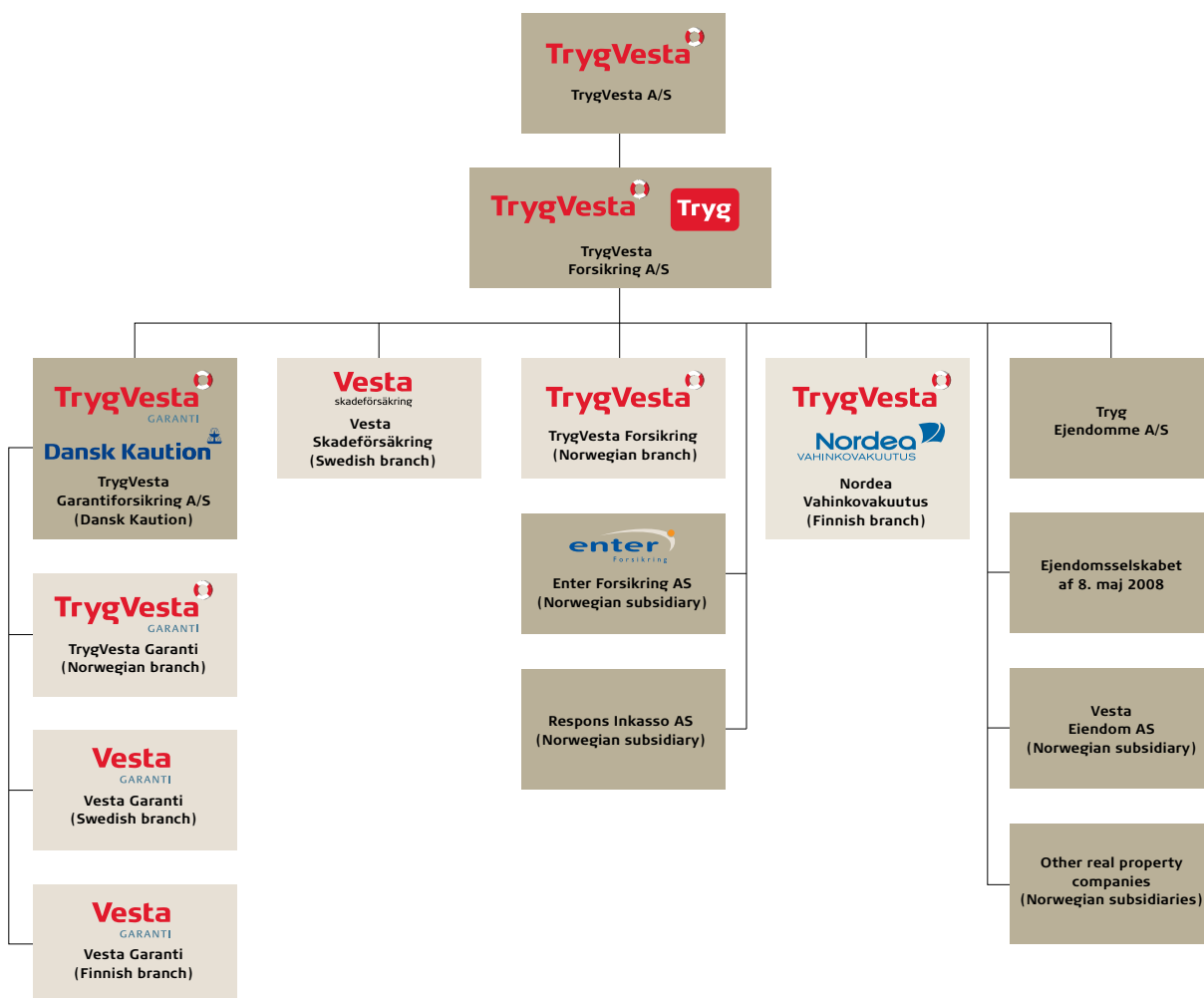




Annual Report 2008



Group chart at 31 December 2008. Companies and branches are wholly-owned by Danish owners and placed in Denmark unless otherwise stated.

Company



Branch



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TrygVesta wants to be perceived as the leading peace-of-mind provider in the Nordic region and our aim is to prevent concerns from overshadowing our customers' lives. Throughout 2008, our 4,000 employees used our products and services to provide peace of mind on a daily basis to more than 2.2 million private customers and more than 100,000 businesses.

We are the second-largest general insurer in the Nordic region with activities in Denmark, Norway, Finland and Sweden. We are the largest player in Denmark and Norway's third largest player. We have operated our rapidly growing activities in Finland and Sweden since 2001 and 2006, respectively.

TrygVesta's insurance offering includes the following areas: liability, workers' compensation, motor, building, contents, cargo, house, personal accident and health care. By far most of our customer relations are handled through our own channels. In addition, we have a strategic partnership with Nordea, the largest bank in the Nordic region.





The future is now

“At TrygVesta, we are seeing major changes on several fronts. Businesses develop in global markets; life styles and social cultures are changing – and our customers make new demands on how we can continue to provide peace of mind in their homes, at work and in their spare time. TrygVesta has launched a number of new projects requiring fresh thinking, development and innovation, and preparing us and our customers for a changeable future. That’s why we say ‘the future is now’ with this year’s theme.”

Introduction to TrygVesta


















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Inserts are placed in a separat pocket at the end of the Annual Report 2008

Group overview

	PRIVATE & COMMERCIAL				CORPORATE
	Denmark Read more on page 39	Norway Read more on page 43	Finland Read more on page 46	Sweden Read more on page 48	Denmark, Norway & Sweden Read more on page 50
Per cent of total business	38%	27%	2%	1%	32%
Principal activities	Insurance to private individuals and small and medium-sized businesses.	Insurance to private individuals and small and medium-sized businesses. Enter Forsikring, which sells insurance to private individuals, is included in Private & Commercial Norway.	Insurance to private individuals and small businesses. The branch was set up in 2001.	Insurance to private individuals. The branch was set up in 2006.	Insurance to corporate customers. Corporate customers are customers paying annual premiums of more than DKK 900,000 or having more than 50 employees. TrygVesta Garanti, the leading provider of guarantee insurance, is included in Corporate.
Employees*	1,861	1,230	180	120	700
Distribution channels	5 customer centres 16 local service centres Own sales force Car dealers Real estate agents Nordea's branches Affinity group	3 regional customer centres 35 local sales centres Own sales force 85 franchise offices Car dealers Nordea's branches Affinity group	Nordea's branches Own sales force Own call centre Car dealers Internet	Nordea's branches Own call centre Internet	Own sales force Insurance brokers
Strategic partnership					
Brands	 	 	 	 skadeförsäkring	 GARANTI  GARANTI 

* Staff functions are distributed proportionately among the business areas.

Preface



2008 – A challenging year

The year 2008 will go down in history as a year of financial crisis, a rapid slowdown in economic activity and difficult conditions for investors, borrowers and banks. Thanks to TrygVesta's focus on profitable insurance operations, strong market positions, conservative investment approach, strong ownership structure and high competence level, our business model proved its worth in difficult times, thereby enabling TrygVesta to help provide peace of mind for customers, employees and shareholders alike.

Strategy

The performance of all TrygVesta's four strategic themes – profitable growth, peace-of-mind delivery, self-service and human competencies – continued to support a positive development. Growth in Finland and Sweden outperformed expectations. Product improvements such as the extended roadside assistance product Udvidet Tryg Vejhjælp and the new building policy Ny Villaforsikring in Denmark enhanced our peace-of-mind delivery while the introduction of online sales of travel insurance provided new self-service options. The management and leadership development programmes we introduced in 2008 set the framework for even better qualifications and good business performance.

You can read more about TrygVesta's strategy and strategic focus areas in the section on Strategy on page 22.

TrygVesta's performance in 2008

Earned premiums at DKK 17,323m were 4.9% higher in local currency terms, and the technical result was DKK 2,384m. Profit before tax was down from DKK 3,109m to DKK

1,347m due to sharp declines in equity returns. Profit for the year after tax was DKK 846m, which exceeded expectations by DKK 246m as set out in TrygVesta's third quarter interim report. Based on our 2008 performance and the Group's policy to distribute 50% of the profit for the year as cash dividend, the Supervisory Board recommends that dividends be paid at the rate of DKK 6.50 per share. No share buy backs are planned based on the 2008 results.

Growth in 2008 was strengthened by continuing solid performances in Finland and Sweden and the introduction of a new customer system to promote sales in Norway. Rising average prices indicate that growth and increasing profitability are in pipeline for the coming years. TrygVesta's conservative investment policy and a reduced proportion of equities since mid-2007, our investment portfolio generated a positive return of 3.5% in 2008.

Like in 2007, claims expenses continued to increase in 2008, particularly with respect to buildings and health care. Consequently, we have implemented initiatives to ensure sustained profitability. Changed climate conditions impacted the 2008 performance less than had been expected. However, TrygVesta believes that the number of claims caused by changed precipitation and windstorm patterns will rise in the future.

TrygVesta shares

The OMX C20 index including dividends fell by 46% and the DJ Euro Insurance Index including dividends dropped 44% in 2008. Despite these strong price declines the TrygVesta share yielded a total return of -12% including dividends. A

healthy insurance business and conservative investment strategy were contributory factors in the relatively good performance of TrygVesta shares.

Strong Nordic organisation

TrygVesta is a Nordic insurance group addressing the entire Nordic market. That is why we implemented a new Nordic organisation on 1 January 2009 with clearly defined pan-Nordic responsibility and uniformity with respect to sales, product development, claims handling, IT systems and underwriting. Our intention is for the new structure to contribute increased efficiency, innovation and earnings, thereby enhancing our market position. At the same time, our new process-oriented organisation creates good environments for the professional and personal development of our 4,000 employees, and we intensify our in-house cooperation with a view to exploiting our competencies in the best possible manner. We call our new structure "The Living Organisation". It reflects our corporate culture and to exploit it to the full, it ties in with "The Living House", a change of our physical working environment designed to enhance innovation, development, knowledge-sharing and drive.

Peace-of-mind provider

"The Living Organisation" and "The Living House" create an environment for producing new ideas and developing them into profitable products and services supporting our pan-Nordic peace-of-mind delivery and translatable into our handshake – Dynamic, Compassionate and Innovative.

Corporate Social Responsibility (CSR)

CSR represents good business ethics and common sense and supports our business model. That is why we urge all TrygVesta managers and employees to commit themselves to and familiarise themselves with the value of CSR. TrygVesta has drawn up a CSR declaration of intent, defining our commitment and describing our responsibility in relation to employees, customers and the external community. For example we have employed maladjusted young people with an immigrant background in an attempt to give them better opportunities and to meet customer requirements for a broader customer service interface. However, we are cautious about new recruitments in order to avoid subsequent dismissals. As far as climate issues

are concerned, we have subscribed to the UN Global Compact and the Carbon Disclosure Project. Our target is to reduce our CO2 emissions by 10% over two years.

Corporate governance

TrygVesta's managers have a special duty to ensure that we continuously work towards our vision. In 2008 we continued to work with corporate governance and our management profile. Among other initiatives, 192 managers attended in-house development courses such as 'Leading the Brand' and 'Managing with BSC'. We promote management behaviour supporting our corporate vision, strategy and handshake, and going forward the management profile will be implemented through "The Living House", "The Living Organisation", management recruitment and talent development.

TrygVesta's general management is described in the section on Corporate governance on page 80.

Outlook for 2009

For 2009, we expect 4% premium growth in local currency terms as compared with the previous outlook of around 5% due to the adverse economic trends. On the earnings side, we expect a combined ratio of 92 before run-off, a profit after tax of DKK 1.3bn, and a return on equity of 14-16%.

We base this outlook on a number of assumptions with respect to equity returns and interest rate levels. Due to the volatile financial markets, the impact on profit of these fluctuations is subject to great uncertainty. The outlook for 2009 and the related assumptions are described in greater detail in the section on Financial outlook for 2009 on page 28.

Recent years' favourable performance will not make us rest on our laurels. We have further potential for improvement in many areas, and we will face a wide variety of future challenges and opportunities to expand our peace-of-mind delivery and value creation.

We hope you will enjoy reading our annual report.

Mikael Olufsen
Chairman

Stine Bosse
Group CEO

Financial highlights and key ratios of TrygVesta

DKKm	2004	2005	2006	2007	2008
Income statement					
Gross premiums earned	15,266	15,705	16,021	16,606	17,323
Gross claims incurred	-10,425	-11,159	-10,564	-11,175	-11,766
Total insurance operating expenses	-2,611	-2,662	-2,697	-2,769	-3,003
Profit/loss on gross business	2,230	1,884	2,760	2,662	2,554
Profit/loss on ceded business	-708	-7	-591	-343	-669
Technical interest, net of reinsurance	185	170	343	501	499
Technical result	1,707	2,047	2,512	2,820	2,384
Return on investments after technical interest	371	894	1,228	340	-988
Other income and expenses	-26	-28	-31	-51	-49
Profit/loss for the year before tax	2,052	2,913	3,709	3,109	1,347
Tax	-556	-788	-624	-842	-501
Profit/loss for the year, continuing business	1,496	2,125	3,085	2,267	846
Profit/loss on discontinued and divested business after tax	-75	-28	126	-1	0
Profit/loss for the period	1,421	2,097	3,211	2,266	846
Run-off gains/losses, net of reinsurance	-71	283	555	743	793
Relative run-off gains/losses	-0.5	1.8	3.0	3.6	4.0
Balance sheet					
Total provisions for insurance contracts *	25,212	26,757	25,957	26,916	25,193
Total reinsurers' share of provisions for insurance contracts	3,292	2,630	1,561	1,587	1,036
Total shareholders' equity	6,802	8,215	9,951	10,010	8,244
Total assets	37,824	40,811	42,783	43,830	38,445
Key ratios					
Gross claims ratio	68.3	71.1	65.9	67.3	67.9
Business ceded as a percentage of gross premiums	4.6	0.1	3.7	2.1	3.9
Claims ratio, net of ceded business	72.9	71.2	69.6	69.4	71.8
Gross expense ratio	17.1	17.0	16.8	16.7	17.3
Combined ratio	90.0	88.2	86.4	86.1	89.1
Claims ratio, net of reinsurance	71.2	69.7	68.4	68.1	70.7
Expense ratio, net of reinsurance	17.6	17.6	17.2	17.1	17.8
Combined ratio, net of reinsurance	88.8	87.3	85.6	85.2	88.5
Operating ratio	89.0	87.1	84.6	83.5	86.6
Gross expense ratio with adjustment **	17.1	17.0	16.8	16.7	16.9

DKKm	2004	2005	2006	2007	2008
Other data					
Return on equity before tax and discontinued and divested business (%)	33	39	41	31	15
Return on equity after tax and discontinued and divested business (%)	23	28	35	23	9
Earnings per share, continuing business (DKK)	22.0	31.3	45.5	33.5	12.8
Net asset value per share (DKK)	100	121	147	148	128
Dividend per share (DKK)	10	21	33	17	6.5
Share price 31.12 (DKK)	-	319.2	431.5	388.0	328.0
Quoted price/net asset value	-	2.6	2.9	2.6	2.6
Price Earnings	-	10.2	9.5	11.6	25.7
Average number of shares (1,000)	68,000	68,000	67,824	67,648	66,184
Number of shares, year end (1,000)	68,000	68,000	67,790	67,638	64,378
Solvency	78	72	58	81	100
Number of full-time employees, end of period					
Continuing business	3,728	3,694	3,808	3,814	4,091
Discontinued and divested business	34	24	0	0	0

* The reduction from 2007 to 2008 is mainly caused by the decline in NOK versus DKK.

** In the calculation of the gross expense ratio with adjustment pursuant to the order issued by the Danish FSA, costs are stated exclusive of depreciation and operating costs on the owner-occupied property but including a calculated cost (rent) concerning the owner-occupied property based on a calculated market rent.

Other key ratios are calculated in accordance with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts.

Highlights of 2008



MARCH

Leading the Brand

192 managers with personnel responsibilities completed a Nordic development programme during the year. The programme Leading the Brand was a strategic initiative aimed at forging a closer link between managers' role and TrygVesta's vision, strategy and corporate values. In 2009, TrygVesta intends to launch a further management development programme – Leading by Strategy, designed for managers who have managers reporting to them.



JUNE

Self-service in Norway

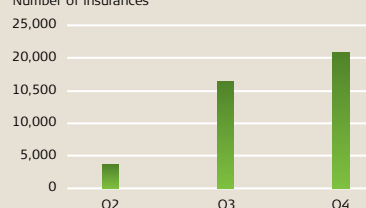
In Norway, TrygVesta's customers were given the option to report claims electronically on the Internet. The option of electronic claims reporting means that customers' claims are handled quicker, and it involves less forwarding of documents. This solution makes internal processes more efficient and creates potential for further automation efforts in claims handling. The option was received favourably by customers.

APRIL

New roadside assistance product in Denmark

TrygVesta extended its role as a peace-of-mind provider with the roadside assistance concept Tryg Vejhjælp in Denmark. Tryg Vejhjælp offers a loan car, towing, battery jump-start and other services. The extended Tryg Vejhjælp product also offers a taxi service, hotel accommodation, an annual safety check-up and a bi-annual change between snow tyres and summer tyres. Tryg Vejhjælp was added to the motor insurance coverage of some 300,000 concept customers in 2008 at no additional cost.

EXTENDED TRYG VEJHJÆLP
Number of insurances



AUGUST

SundPuls

TrygVesta launched a preventive health care product, called SundPuls. The product offers Danish businesses a thorough check of the state of their employees' health. Based on the health check, each employee receives an individual action plan and the business receives an overall anonymised report. In addition, employees are offered advice on food, exercise, smoking and alcohol over the SundPuls telephone service and can read about health issues at the SundPuls Internet portal. Employees with special needs, for example substance abuse problems or a risk of lifestyle diseases, may be offered additional expert counselling. SundPuls is offered to businesses with more than 25 employees and the annual cost is DKK 895 per employee.

SundPuls

MAY

New international network partner

TrygVesta and AXA Corporate Solutions signed a letter of intent to the effect that by 1 January 2009 TrygVesta would be using the international network of AXA Corporate Solutions to meet Nordic customers' international insurance requirements. The AXA Corporate Solutions partnership makes TrygVesta part of a global network

represented in more than 90 countries and with geographical coverage of 95% of the inhabited world. AXA is one of the world's largest insurance companies.





SEPTEMBER

Oslo achieves milestone

Efforts to lift TrygVesta's market share in Oslo were on track. TrygVesta's shares of the private market in Oslo have been below those recorded in the rest of Norway. The goal is to lift TrygVesta's share of the private market in Oslo to the level of the rest of Norway by the end of 2011.

The first milestone was to reverse the adverse trend in the Oslo area and lift sales, and in 2008 we outperformed the growth forecasts for the first time. TrygVesta is now the company that records the highest growth rates in the private lines in Oslo. In 2009, TrygVesta intends to focus on further increasing sales in Oslo to the private as well as the commercial market.



Corporate in Sweden

As a natural extension of the Group's Nordic commitment TrygVesta set up a Swedish corporate business, initially with an office in Stockholm. The Stockholm office will collaborate with already established underwriting teams in Denmark and Norway to sell insurance to large customers in the Swedish business sector through insurance brokers.

Products initially offered to Swedish corporate customers include liability, consequential loss, building (property) and commercial cargo policies.

The office had a staff of five at 31 December 2008.

NemKonto

In Denmark, TrygVesta began transferring repayments from insurances automatically to customers' NemKonto,

an ordinary bank account, to which public authorities and businesses may transfer money. All Danish citizens have a NemKonto.

TrygVesta used to send several hundred thousands of cheques to Danish customers each year. Using the NemKonto saves customers a trip to the bank, and TrygVesta disposes of the manual work of writing and sending cheques.

Customers who do not want money paid into their NemKonto may still opt to receive a cheque.

NOVEMBER

Nordea partnership extended

TrygVesta and Nordea have extended the successful partnership, operated since 1999, to 2013.

The partnership provides for Nordea to sell TrygVesta's policies on a pan-Nordic basis in its branch network, and for TrygVesta to sell Nordea's life and pension products in Denmark and Norway. The agreement also involves Nordea's portfolio management of most of TrygVesta's investment assets.



DECEMBER

TrygVesta in European top league

Consulting firm Arthur D. Little concluded in a survey that Nordic insurance companies are the most cost-efficient in Europe. TrygVesta ranked four out of fifty companies.

The top-fifteen companies in Europe include nine Nordic-based companies. When comparing countries, Denmark came in one, Sweden two and Norway three.





Markets and strategy

Global is the future

"TrygVesta's share of the aggregate Nordic market is expected to rise in the years ahead, including from our rapidly growing market shares in Finland and Sweden. TrygVesta operates on a pan-Nordic scale, developing uniform sales channels, products and infrastructure. Our partnership with Nordea, developing our own sales channels and entering into partnership agreements with affinity groups and others enable us to reach wider circles of the Danish, Finnish, Norwegian and Swedish insurance markets."

The insurance industry in the Nordic region

The industry in general

The Nordic insurance markets have a wide distribution of conventional insurance services such as motor, building, transport, workers' compensation and personal accident insurance. Volume growth is largely in line with GDP plus the impact of price changes over time. Profitability fluctuates relative to claims expenses.

The Nordic market is characterised by direct sales of insurances to private and commercial customers. Large corporate customers are approached either directly by the insurer or through an insurance broker. Customer contacts are based on telephone sales, insurers, insurance brokers, bancassurance and, on a smaller scale, via the Internet.

The price of an insurance product is determined on the basis of estimated claims expenses, selling costs and administrative expenses, and the desired level of profitability.

The Nordic insurance industry generated aggregate estimated earned premiums of around DKK 140bn in 2008 and accounted for some 1.8% of the region's total GDP. The market is characterised by a few large companies holding relatively large market shares compared with other countries. The four largest companies in each country thus accounted for a total market share of between 64% and 87%. As the large companies also work on a pan-Nordic scale, the four largest insurers account for a total market share of around 46% in the Nordic region. In 2008, the large companies of the Nordic insurance industry reported sustained good core earnings from their insurance operations,

although they were adversely impacted by the financial market turmoil.

Challenges

Insurance and economic downturn

The insurance industry is characterised by a robust underlying business because consumers and businesses buy peace of mind by agreement or because insurance is required by law.

An economic downturn will, however, generally result in weaker growth as car and real estate sales decline. Likewise, the number of commercial policies and workers' compensation policies will be affected by cyclical trends. These factors are to some extent offset by ongoing price increases.

Historically, weaker economic activity has generally not had an adverse impact on claims due to the combined effect of more cautious behaviour, lower mileage and the possibility of cheaper claims procurement. Furthermore, prior periods of weak economic activity have only to a limited extent been characterised by unusual increases in the number of, for example, burglaries and fraudulent claims.

Competition in the Nordic insurance industry

All the large Nordic insurance groups focus on operating their insurance business in a profitable and financially healthy way, and for the industry as a whole the past few years have therefore represented a stable and profitable period. Competition can roughly be classified as price competition and service competition. Small insurers have in recent years chosen to apply lower prices as a means of attracting customers,

while the large companies have focused on service and extended coverage. The competitive environment in each of the markets is described in more detail on page 17 in the section on The Nordic insurance markets.

Investment performance

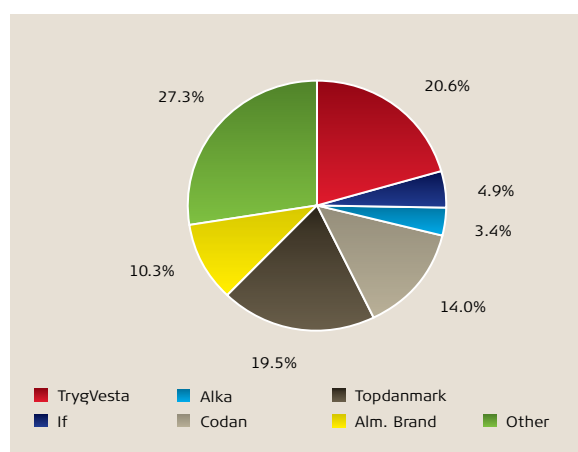
All insurance companies have investment portfolios consisting of funds dedicated to payment of claims at a later date. Such portfolios are generally invested in equities, real estate and bonds, but some industry players have also chosen to invest portfolios in hedge funds and structured financial products. Interim reports published by the Nordic insurance companies in 2008 clearly demonstrated

the adverse impact which losses on securities have on a company's investment performance and capitalisation.

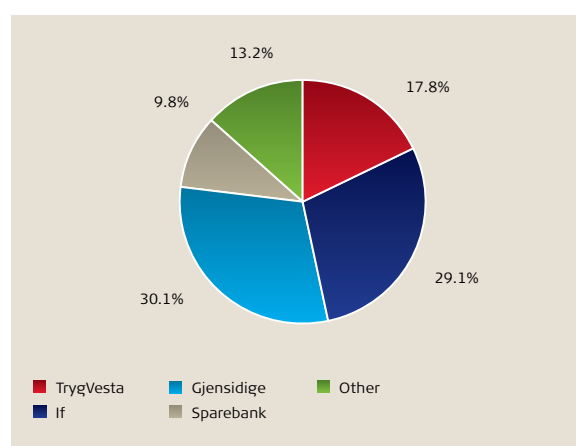
The poor investment performance and in many cases lower equity will in the years ahead force players with inadequate financial strength to increase their earnings from insurance operations considerably, which will mainly be from prices.

TrygVesta has no structured financial products or hedge funds, and the proportion of equities in the investment portfolio was reduced already in 2007 and early in 2008. Furthermore, the bond portfolio consists of liquid, ordinary bonds with an average maturity of two years.

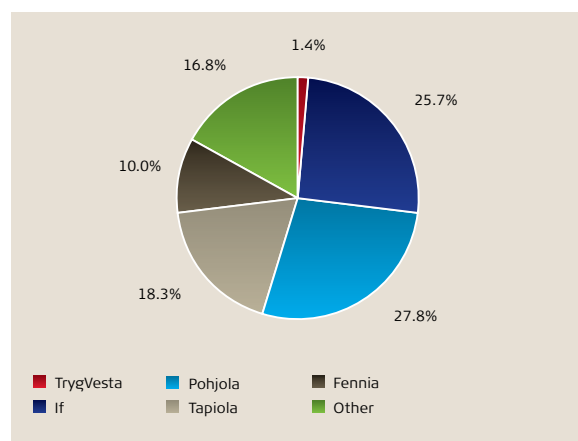
**TOTAL MARKET SIZE
DENMARK EUR 6.2BN**



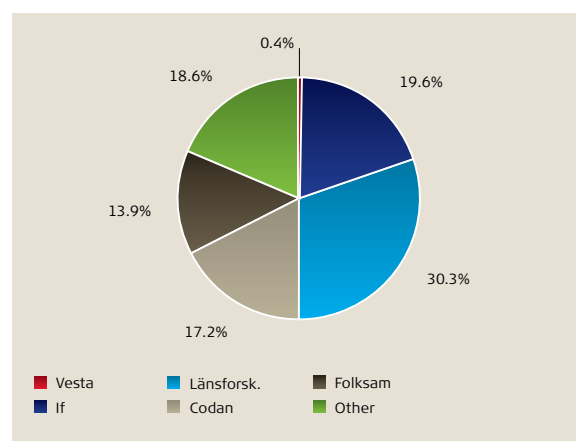
**TOTAL MARKET SIZE
NORWAY EUR 4.7BN**



**TOTAL MARKET SIZE
FINLAND EUR 3.2BN**



**TOTAL MARKET SIZE
SWEDEN EUR 6.2BN**



Source: Data based on national statistics and most recent published financial statements for the largest companies.

The Nordic labour markets

In the years up to 2008, the entire Nordic region was challenged by a shortage of labour, partly due to wage pressure and partly due to difficulties in attracting and retaining labour. However, 2008 marked a shift towards rising unemployment and, probably, lower rates of wage increases. In the longer term, however, businesses face a number of challenges with the large post-war generation retiring from the labour market and being replaced by the much smaller number of young people born in the 1980s and 1990s. This is one of the reasons why governments in the Nordic countries seek to increase the supply of labour, for example by enhancing integration and lifting employment rates among immigrants from non-Western countries. Read about a new integration initiative and other initiatives on page 59.

Opportunities

Claims procurement

Recent years' strong economic activity has increased claims expenses due to higher wages and higher costs of materials. The weaker economic activity in 2009 will probably improve procurement conditions for companies focusing on procurement management. For many suppliers, insurance companies are a stable and attractive business partner due to the steady procurement of goods and services in connection with claims. This applies especially in periods of slowing economic activity.

Private health care insurance

The market for private health care insurance has grown strongly in the Nordic region in recent years, and particularly in Denmark. The Nordic welfare model is well developed, but as far as health care is concerned, an increased strain on public hospitals and the desire for shorter treatment times have triggered a requirement for private treatment, and private health care insurance is one way to meet this. Growth exceeded 70% in 2008. The strong growth was attributable to an increasing number of companies offering health care insurance in their pay packages. TrygVesta expects the total market for health care insurance in Denmark to exceed one million policies in 2009. The Norwegian market for health care insurance is smaller than the Danish market due to the strong public focus on health and welfare.

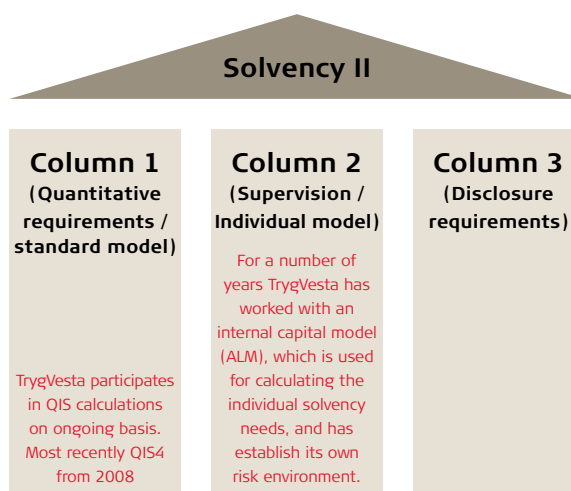
The market is nevertheless seeing healthy growth with policies being regarded as a supplement to the public system.

Climate change

Insurance companies are, naturally, greatly impacted by weather related claims. The climate has warmed in the Nordic region, and it is expected generally to become warmer, damper and windier, thereby likely to increase claims expenses. TrygVesta regularly assesses the risk of changed claims patterns in order to price policies such as building and house insurance correctly. However, climate change also presents opportunities as we can advise customers on how to prevent damage, and we adapt our coverage in order to reduce customers' concerns.

Implementation of Solvency II

TrygVesta has in recent years prepared for the new EU Solvency II regime, which will impact the capital structure of insurance companies and impose stricter requirements with respect to risk management and risk control skills. TrygVesta has applied an internal capital model (ALM) since 2002 as the basis for calculating the individual solvency need, supplemented by qualitative assessments of selected risk scenarios from the Group's in-house risk management environment. The Solvency II regime will require enhanced expertise and core competencies, thereby potentially leading to greater consolidation in the market due to smaller players' need for and lack of resources to meet the new sophisticated requirements.



QIS is a term for quantitative studies about the effect from new EU solvency requirements.

The Nordic insurance markets

Competitor behaviour

The Nordic insurance markets are characterised by the customer's direct contact to the insurance company and large market players, and by large insurers focusing on profitability. Insurers compete on price as well as on content and service.

The situation is expected to change in 2009 and 2010 as price competition becomes less important due to an increased requirement for capital among companies whose capital was reduced in 2008 as a result of losses on securities, unprofitable insurance operations and the upcoming tighter solvency rules with larger capital requirements. There is a good probability that the market will see reduced price competition from small and medium-sized companies which have extensively used low prices as a marketing tool in recent years.

Denmark

Competition in Denmark from 2005 to 2008 was dominated by aggressive price-driven behaviour by a number of small and medium-sized companies. Claims expenses were low in those years, permitting market players to use increased earnings for competitive purposes. Rising claims expenses and losses on securities caused price competition to subside during 2008. Several companies announced premium increases during 2008 as earnings came under pressure. For many Danish insurers, rising claims expenses and declining premiums triggered an adverse combined ratio performance in 2008.

The aggressive market behaviour of small and medium-sized insurers from 2005 to 2008 is expected to be replaced by endeavours to strike a good balance between price and risk in the years ahead. The price changes already announced will gradually feed through as gross premiums earned in 2009 and 2010.

No new players entered the Danish private market in 2008. As regards the commercial and corporate market, a foreign group opened an office while another announced an intention to offer insurance to large businesses.

Norway

Competition in the private and commercial markets in Norway in 2008 was dominated by rising claims expenses and a need to increase prices in order to sustain profitability. The years 2003-2006 saw unusually low claims expenses, triggering a fall in the prices of a number of main products. However, the underlying claims inflation continued to rise, and since mid-2007 average prices have gone up. Price competition in the form of bundling discounts is used extensively in the Norwegian mass market because it enhances loyalty, while the use of introductory discounts offering lower prices to new customers than to existing customers has declined. TrygVesta operates a principle of price transparency for all customers and accordingly does not use introductory discounts.

Small Norwegian insurers have increased their market share in recent years at the expense of larger companies.

The small players can be divided into two groups:

- 1) companies offering a full product portfolio to the private market; and
- 2) niche companies focusing on specific insurances to a segment or specific geographical areas.

Some of the small companies are expected to retain their growth ambitions despite difficult conditions for investment portfolios, although all market players are assumed to focus on profitable growth and capital.

New insurers in the market originate from the banking sector, but the challenges facing financial institutions in 2008 are assumed to impact those competitor's capital requirements, hence reducing their incentive to expand unprofitably into new areas in the short and medium term.

Finland

Competition in Finland in 2008 was marked by rising claims expenses and a consequent need among the large insurers to increase prices. Bancassurance is common in Finland, and TrygVesta/Nordea has two competitors where the insurance company is part of a banking group. 2009 is expected to see rising prices in order to offset the impact of higher claims expenses on profitability, and TrygVesta has scheduled price increases for 2009.

By international standards, customers in the Finnish market are among the most loyal insurance customers with average relations to their insurer of more than ten years.

TrygVesta has been an active player in the Finnish market since 2001, and has built a portfolio of DKK 432m (EUR 58m).

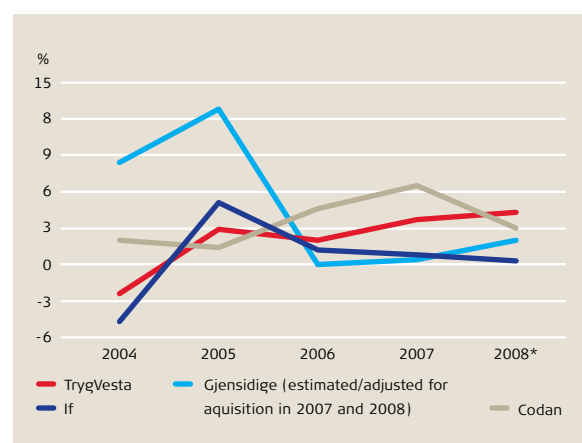
Sweden

The Swedish market is generally characterised by being served by call centres. TrygVesta is growing rapidly in the Swedish market, partly thanks to the bancassurance partnership with Nordea and partly to active additional sales to new customers through the company's own call centre. The partnership with Nordea has contributed to a quick penetration in Sweden where bancassurance is a fairly new concept.

In line with trends in the other Nordic markets, the underlying claims performance requires price increases in order for profitability to be maintained, and TrygVesta has scheduled price increases in 2009.

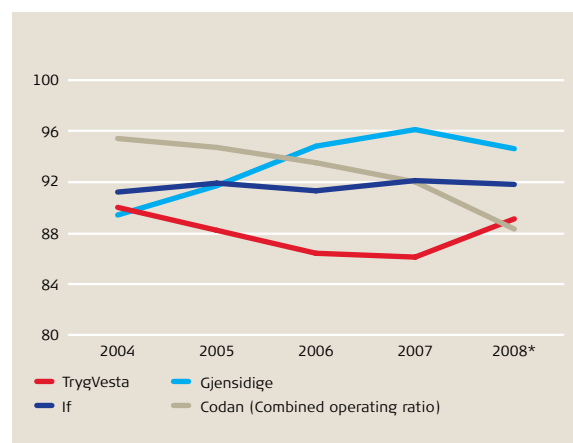
TrygVesta has been an active player in the Swedish market since 2006, and has built a portfolio of DKK 259m (SEK 380m).

PREMIUM GROWTH



* Latest published interrim report before 3 March 2009

COMBINED RATIO



* Latest published interrim report before 3 March 2009

Corporate

TrygVesta's corporate business has grown since 2006. The corporate market is characterised by medium-sized and large businesses served directly by the insurer or through an insurance broker. Large customers in particular see international insurance groups as an alternative to the Nordic insurance companies. In a historical perspective, however, international groups have only to a small extent been able to win market shares.

Like in 2008, players are expected to see a good deal of change in 2009. TrygVesta began offering corporate insurance to the Swedish market in 2008. A business partnership with AXA Corporate Solutions meets Nordic customers' insurance requirements outside the Nordic region and AXA customers' insurance needs in the Nordic region. Furthermore, Allianz has announced a partnership with Topdanmark for selling workers' compensation insurance in Denmark, and Zürich Versicherung intends to offer direct and broker-based insurance to large corporate customers throughout the Nordic region. Finally, the financial turmoil seen in 2008 should be expected to induce some of the international groups experiencing challenges in respect of their capital strength to reconsider the value of having a presence in the Nordic market.

TrygVesta in 2009

Being the second-largest insurance group in the Nordic region, TrygVesta has in-depth knowledge of and closely follows up on developments in the market. As described earlier, an economic downturn and declining investment portfolio values are likely to cause a number of players in the Nordic markets to change their behaviour in various respects. As things stand early in 2009 it is still too early to draw conclusions about the consequences the developments might have on market shares, but TrygVesta intends to seize any opportunities that contribute to profitable growth.

TrygVesta's share of the overall Nordic market is expected to rise in the years ahead simply as a result of the rapidly growing market shares in Finland and Sweden. In addition to the Nordea partnership, TrygVesta is establishing own sales channels and other partnerships, for example with affinity groups, thereby gaining a broader foothold in the Finnish and Swedish insurance markets.

In the Danish and Norwegian markets, TrygVesta aims to retain and develop our market position through our behaviour, by striking a good balance between price and risk, and by offering Dynamic, Compassionate and Innovative service to our customers, in claims situations as well as the ongoing follow-up.

Our products

Motor insurance

Motor insurance accounts for 32% of total premiums earned by the Group. A motor insurance policy consists of mandatory third party liability comprehensive cover and cover for the motorist's own vehicle. The mandatory third party liability insurance provides cover against liability for injuries to a third party and damage to a third party's property. The comprehensive vehicle insurance, which is voluntary, provides cover for the motorist's own vehicle, for example in connection with collisions, fire damage and theft. Motor insurance is written for passenger cars, motorcycles, mopeds, caravans, lorries, buses and trailers. Motor policies taken out by TrygVesta's concept customers in Denmark include roadside assistance, including services such as towing and battery jump-start, at no additional charge.

Building insurance

Building insurance accounts for 11% of total premiums earned by the Group. A building policy covers damage to the policyholder's house caused by events such as fire and storm and water damage. The policy also provides legal expenses cover and covers the policyholder's liability as the owner of a building.

TrygVesta introduced a new, extended building insurance policy in Denmark in November 2008, designed to provide enhanced peace of mind to customers. It includes, among other features, a new and extended water damage coverage. The price of the new, enhanced building insurance is higher than previously and differentiated relative to customers' risk profiles based on strong statistical material.

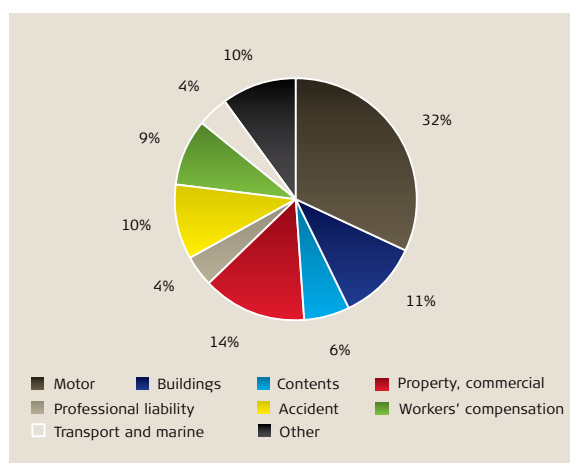
House contents insurance

House contents insurance accounts for 6% of total premiums earned by the Group. A contents insurance policy provides cover for the loss of, or damage to, the contents of private dwellings with a range of additional features, such as cover for valuables temporarily located away from the home, legal expenses and liability arising from occupancy of a building.

Personal accident insurance

Personal accident insurance contributes 10% of total premiums earned by the Group. A personal accident insurance policy provides cover against accidental bodily injury or death. The policy may be taken out with full-time or spare-time cover. Coverage and sums insured are

TRYGVESTA – PREMIUMS BY PRODUCT



tailored to customer requirements. Compensation is in the form of a lump sum intended to help the policyholder cope with the financial consequences of an accident, thereby easing the strain of a changed everyday life.

Many children are not covered by accident insurance. TrygVesta therefore intends to make a special effort in 2009 to market this policy to parents. Profitability in the personal accident business will furthermore be enhanced by various initiatives in 2009.

Property – commercial insurance

Commercial insurance comprises Property and accounts for 14% of total premiums earned by the Group. A commercial insurance policy provides cover for the loss of, or damage to, the buildings, inventory or equipment of commercial customers. In addition, TrygVesta provides cover for financial loss due to business interruption resulting from covered claims.

Workers' compensation insurance

9% of total premiums earned by the Group is attributable to workers' compensation insurance. A workers' compensation policy provides cover for employees against bodily injury sustained at work and, in Norway, also occupational diseases. This insurance is mandatory for all employers and covers their employees, except for public employees and those employed by sole proprietorships.

Pro-active claims handling is a focus area for TrygVesta, which pursues a close dialogue with the claimant to optimise claims handling. We have set up a pro-active claims handling team consisting of claims handlers, social counsellors, legal experts, occupational health practitioners, orthopaedic surgeons and a network of psychologists. Pro-active claims handling has three winners: the business, the injured person and TrygVesta in the form of a shorter period of absence from work, enhanced self-esteem for the injured person and reduced expenses.

Professional liability insurance

Professional liability insurance accounts for 4% of total premiums earned by the Group. A professional liability insurance policy provides cover for various types of liability, such as claims incurred by a company arising from the

conduct of its business or in connection with its products, professional liability incurred by professionals such as lawyers and engineers arising from negligence, and directors' and officers' liability with respect to claims against board members and key personnel arising from negligent conduct.

Transport and marine insurance

Transport and marine insurance accounts for 4% of total premiums earned by the Group. A marine insurance policy covers damage to the policyholder's vessel caused by factors including fire, collision, sinking and third-party liability.

A transport insurance policy covers damage to the policyholder's dispatched goods caused by for example collision, capsizing or crashing.

Other products, including health care insurance

Other products include coverage in connection with change of home ownership, unemployment insurance, health care insurance, travel insurance, insurance for summer cottages and pleasure boats, and insurance for pets.

Health care insurance, which is a relatively new product in the market, experiences strong demand. A health care insurance policy covers expenses involved in examination, treatment, medicine, surgery and rehabilitation in a private health care facility. The sustained increase in living standards has raised expectations with respect to services to be provided by the public health care services, and not least the quality of such services. Combined with increasing health care costs and waiting times in the public system, citizens' higher requirements have generated substantial demand for health care policies, and this demand is expected to continue in the years ahead. The greater number of insured persons and the increased use of the private health care policies will together generate significant growth potential within health care insurance.

Strategy

TrygVesta's vision is supported by our ongoing assessment and adaptation of our strategy, and it is implemented through our activities and action plans.

Our efforts to implement the strategy in all relevant processes such as budgeting, marketing, utilisation of capital and IT are clearly and firmly anchored, and the work is organised to a defined schedule with general targets and sub-targets.

THE STRATEGY PLAN CONTAINS FOUR STRATEGIC THEMES

Profitable growth

Peace-of-mind delivery

Self-service

Human competencies

All sub-targets, activities and action plans contributing to the general strategic target and the strategic themes are typically based on meeting customer requirements and expectations. In practice, the strategy is pursued by means of improving day-to-day operations, increasing productivity, enhancing the quality of our customer service with respect to sales and claims, simplifying processes and making our communications with customers more understandable. The strategic efforts are planned and managed centrally, but with clearly defined ownership of current improvements in the relevant areas.

Profitable growth

Emphasising that overall growth should be profitable increases our focus on profitable pricing and on managing relative costs, as is also reflected by the change of our strategic theme 'growth' to 'profitable growth' in 2008. We generated 4.9% growth in local currency terms in 2008 with a combined ratio of 89.1 (93.7 before run-off).

We intend to maintain and strengthen our market position in the Nordic region with due consideration to earnings. We intend to enhance our sales power by adapting our sales channels and insurance terms and conditions and by creating entirely new solutions to specific geographical areas with a market potential, such as the so-called Oslo project. Our core focus will be on insurance operations and capital utilisation in our general efforts with respect to value creation, including knowing the value of individual customers and the financial performance of our distribution channels and claims handling centres.

In Denmark and Norway, where we are the number one and number three player, respectively, in terms of market position, we are making adjustments to where and how customers meet us and to the products and coverage required by individual customers. Thus we enhanced our motor policy for concept customers in 2008 by adding the Tryg Vejhjælp roadside assistance feature at no extra cost, but with add-on options. We still have relatively modest market shares in Finland and Sweden where we focus strongly on sales. The Finnish sales channels were extended by an outbound call centre and our own sales force, and sales in 2008 were the highest since the beginning of 2002.

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 in the Nordic region

We continuously seek to have efficient claims handling procedures, always enabling us to provide high quality at a low cost. We do this by making claims handling processes more efficient on an ongoing basis and by joint procurement so that our customers get a quality experience.

Sales costs and administrative expenses in all business areas and staff functions are regularly reviewed in order to reduce unnecessary processes and costs, thereby gradually reduce relative costs over time. A number of our strategic action plans are also intended to contribute to this area.

Segmentation or structured and consistent use of customer data will enable us to prioritise and adapt products and service efforts to individual customer needs. We are in the process of refining our segmentation. When fully implemented, it will provide tools for enhanced customer loyalty and satisfaction and generate good opportunities for additional sales, thereby supporting profitable growth.

The peace-of-mind delivery

Our peace-of-mind delivery ensures that our customers' needs are met in the best possible way before, during and after they have a claim. Our insurance products and concepts build on advice intended to help prevent claims events from arising. Should an event nevertheless occur, the customer has a sudden need for coverage and service such as repairs or replacement purchases.

A period of economic downturn is a challenge for many individuals and businesses. Accordingly, our peace-of-

mind delivery is even more relevant in periods of uncertainty because an unforeseen expense or event that changes everyday life for the claimant may have greater consequences than would otherwise be the case.

TrygVesta's peace-of-mind delivery aims to alleviate customer concerns, and we do this by offering easy access, clear communication, easy-to-understand coverage and remedying if a claim occurs.

In 2008, the results of our strategic efforts with respect to the peace-of-mind delivery included that we simplified our communications with customers, written as well as oral. Our corporate values – Compassionate, Dynamic and Innovative – are reflected in our products and our communications with customers. We changed the contents of our Danish building policies in 2008 to provide extended coverage for precipitation claims caused by changed climatic conditions, thereby meeting our customers' need for peace of mind.

We are in the process of simplifying our written communications, including letters, brochures and policy texts to the mass market, targeting them to customer segments and bringing them closer to customers. The intention is for customers to perceive our communications as relevant and understandable. Enhanced customer communication is also part of the strategic theme – self-service.

Self-service

Our values are based on quality and simplicity. Online self-service options will meet many customers' needs and wishes to deal with insurance matters at their own pace

and whenever it suits them best, the same way as many people now handle their banking matters, travels and purchases of books, electronic products and the like.

Online self-service means that customers handle their own business, and that the underlying processes and products automatically generate policies with the desired contents, or that claims handling is automated. Self-service options include policy changes, service, advice, claims handling and purchase of insurances.

We already offer various online service options, but this only amounts to a small proportion of our total business processes. In order to fully exploit online insurance servicing a number of processes and product contents have to be adjusted to facilitate end-to-end processes.

Our existing solutions comprise sales in Sweden and Finland, sales of travel insurance, and an option for commercial customers to report changes to the persons covered by workers' compensation insurance and changes to their car fleet.

Customers currently have online access to an overview of their policies in Denmark. Further to this, e-mail and text messages will become natural communication platforms with customers together with a personal space on our website, to be accessed by mobile or via the Internet.

In 2009, online claims reporting will become available for private customers in Norway. Customers in Denmark will be able to buy the most common policies, such as motor, contents and building, and in a few years' time, customers will have a full self-service option for changing their policies and for reporting and handling claims.

The transition to more self-service options will contribute to the ongoing adjustment of costs of sales, administrative expenses and claims handling costs as well as to enhancing customer loyalty and satisfaction.

Human competencies

In order to be an attractive partner for customers and employees alike, employees need to develop and be compassionate, and as an organisation we should live up to our vision. Our strategic focus on human competencies

reflects that we understand and respect that people are the most important resource in a successful organisation.

Lean is a process driven and customer oriented review of work processes and routines for the purpose of reducing waste and free resources, making room for development, innovation and more efficient work routines. Our Lean efforts were launched in 2007 with three projects, and 16 projects were implemented in 2008. 28 new projects are scheduled for 2009.

As an example, Lean has been implemented in our Private underwriting departments, reducing handling times by more than 50% for several tasks within a few weeks. Furthermore, employee satisfaction has increased, and the day-to-day collaboration with Sales and Customer Service has grown much stronger. These factors have also contributed to the growing customer satisfaction. The experience gained in Private underwriting will now be deployed in other departments.

The management academy was set up in 2008, aiming to induce all TrygVesta managers to work in line with the Group's corporate values. A total of 192 managers attended development training in 2008. Systematic follow-up and development of the Group's managers will be implemented in 2009, making them ambassadors for our corporate values in relation to employees and the external community.

"The Living House", a means to fully exploit the synergies anticipated from project "The Living Organisation", will create a new environment in the workplace, intended to further enhance creative thinking and innovation.

Organisational change in 2009

Effective as at 1 January 2009, the organisational change helps embed the four strategic themes more clearly as ownership to the work processes and routines that support each strategic theme is more clearly defined. The organisational change will facilitate better utilisation of pan-Nordic synergies within efficient sales processes, customer service, product development, risk selection and procurement/service in claims handling.

Strategic themes

PROFITABLE GROWTH

We intend to secure the right balance between growth and earnings in all our initiatives.

Initiatives and results in 2008

- growing market shares
- Swedish part of the Corporate business
- Oslo efforts
- health care – treatment insurance in Norway, SundPuls in Denmark
- mergers & acquisitions

Goals and projects for 2009-10

- annual premium growth in excess of market growth
- to increase Nordic market share
- to increase share of the private market in Finland and Sweden (2012) to 8%

SELF-SERVICE

We intend to meet customers on their own terms.

Initiatives and results in 2008

- e-boks & Net ID/Digital signature
- new intranet
- pipeline of new web initiatives
- efficiency improvements through Lean and new IT systems

Goals and projects for 2009-10

- operational self-service platform
- handling of motor claims in Denmark

THE PEACE-OF-MIND DELIVERY

Our customers should be confirmed in their choice of insurer on an ongoing basis.

Initiatives and results in 2008

- increase customer loyalty
- satisfaction with claims handling
- risk consultancy for corporate customers
- simplified customer communications
- segmentation/customer commitment

Goals and projects for 2009-10

- to enhance customer loyalty
- to increase the proportion of concept customers
- to increase the retention rate

HUMAN COMPETENCIES

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

Initiatives and results in 2008

- "The Living House"
- lower rates of employee turnover and sickness absence
- Leading the Brand training
- Managing by BSC
- Corporate Social Responsibility (CSR)
- Lean

Goals and projects for 2009-10

- to reduce CO2 consumption by 5% annually
- to be the most attractive workplace in the financial sector in the Nordic region
- to increase the proportion of employees with an ethnic background

Key performance indicators 2008

Turning words into results

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

Note: 2001 = 100 for indexed indicators

	PROFITABLE GROWTH				THE PEACE-OF-MIND DELIVERY			
	FINANCIAL PERSPECTIVE				CUSTOMER PERSPECTIVE			
TREND	Return on equity after tax (%)	Combined ratio	Expense ratio		Customer loyalty (Index)	Number of customers with concept agreements (Index)		
	2008: 9	2008: 89.1	2008: 16.7*		2008: 118	2008: 110		
	2004 2005 2006 2007 23 28 35 23	2004 2005 2006 2007 90.0 88.2 86.4 86.1	2004 2005 2006 2007 17.1 17.0 16.8 16.7		2004 2005 2006 2007 109 109 112 110	2004 2005 2006 2007 106 108 108 108		
DESCRIPTION	Profit after tax divided by equity	The ratio of the technical result exclusive of technical interest to earned premiums	Administrative expenses and sales costs as a percentage of earned premiums		The proportion of 100 customers staying on with the company after one year	Index showing the proportion of our private customers having made a multiple product/concept agreement with TrygVesta		
GOALS	21-23% annually	89-91 in the medium term	16.5 with a slowly falling trend		Retain in Denmark and improve in Norway	To gradually improve		
ANALYSIS	Return on equity was 9% in 2008. The relatively low achievement level was attributable to capital losses on securities	A ratio of 89.1 was achieved for the year due to lower-than-expected claims expenses	The expense ratio for 2008 was in line with expectations when adjusted for expenses for "The Living House" * The cost ratio was 17.3 including costs related to "The Living House"		Retained in Denmark as expected, higher-than-expected increase in Norway due to for example improved customer loyalty in the Oslo region	This group increased following the introduction of more peace-of-mind provisions for concept customers		

	SELF-SERVICE		HUMAN COMPETENCIES	TREND
	PROCESS PERSPECTIVE		LEARNING PERSPECTIVE	
	Portfolio per full-time employee (Index)	Customer satisfaction in claims handling (Index)	Employee satisfaction (Index)	DESCRIPTION
	2008: 134 <u>2004 2005 2006 2007</u> 129 133 131 139	2008: N/A <u>2004 2005 2006 2007</u> 104 105 107 105	2008: 100 <u>2004 2005 2006 2007</u> 105 N/A 102 100	
	Index of portfolio size per employee	Index of customer satisfaction for customers having experienced claims handling	Index of employee satisfaction measured in an annual employee survey	GOALS
	To increase in line with productivity, approximately 2% annually	To gradually enhance loyalty and satisfaction	To be the most attractive workplace in the financial sector in the Nordic region	
	The portfolio per employee decreased in 2008 by 5% points due to the decline of NOK relative to DKK	The 2008 survey has too few answers to give an accurate result	Employee satisfaction is among the highest in the financial sector in the Nordic region	ANALYSIS

Financial outlook for 2009

DKKm	Actual 2008	Mid-February 2009**	Outlook 2009	
			Favourable scenario	Negative scenario
Interest rate level		3.93%		
Exchange rate DKK/NOK		0.85		
Premium growth*	4.9%	4%		
Technical result before run-off	1,591	1,500	1,650	1,350
Technical result after run-off	2,384	1,500		
Investment result	-988	300		
Profit before tax	1,347	1,800		
Profit after tax	846	1,300	1,400	1,200
Combined ratio	89.1	92	91	93

* In local currency

** Since the autumn of 2008, changes in interest rates and exchange rates have impacted the outlook negatively for the pre-tax profit for 2009 by DKK 400m, of which DKK 350m is attributable to lower interest rates and DKK 50m to the lower NOK against DKK. Interest rate changes have had an adverse impact of 1 percentage point on the combined ratio.

The financial crisis and economic downturn have caused greater uncertainty in a number of areas. TrygVesta is committed to providing profit guidance that is as precise as possible. However, with respect to 2009, the outlook is subject to much greater uncertainty.

Future reporting

TrygVesta's new process-oriented organisation, which was implemented on 1 January 2009, will result in future changes to our reporting so as to reflect the new areas of responsibility. The geographical reporting of the Danish and Norwegian businesses will continue unchanged while, beginning in the first quarter of 2009, Private & Commercial Denmark and Private & Commercial Norway will be reported as Nordic private and commercial business. Reporting on Corporate, Sweden and Finland will be unchanged.

The Outlook for 2009 does not include the impact from the acquisition of Moderna Försäkringar Sak, as these activities only will be included once the transaction is closed and this is expected in first half of 2009. For further information please refer to separate company announcement dated 2 March 2009.

Since the end of the third quarter of 2008, the credit and financial crisis has, among other things, resulted in significant changes in interest rates and exchange rates, and such changes impact TrygVesta's profit outlook for 2009. Due to the exceptional circumstances, TrygVesta has elected to update the outlook to include interest rate and exchange rate levels at mid-February 2009. Other assumptions remain unchanged.

Due to the greater uncertainty and large fluctuations in the financial markets we have elected to present a more detailed picture of our expectations, also adding a number of sensitivity calculations. This is intended to illustrate the impact of falling interest rates and the substantial depreciation of NOK against DKK.

Lower premium growth expected for 2009

Earned premiums are expected to increase by some 4% in local currency terms, assuming no major changes in competitive conditions relative to 31 December 2008. Earned premium growth is expected to originate from organic growth and measures already implemented with respect to premiums. Finland and Sweden together are expected to contribute 1.8%, while Denmark and Norway will contribute 2.2%.

Expectations for expected growth in earned premiums in 2009 have been lowered relative to the 4.9% gross increase achieved in 2008. This is a consequence of the economic downturn which is expected to affect our business in several areas; lower sales of new cars, fewer new single-family houses being built and rising unemployment, reducing the requirement for workers' compensation insurance. An overall assessment of the various factors has caused us to reduce the original growth forecast for 2009 from 5% to 4%.

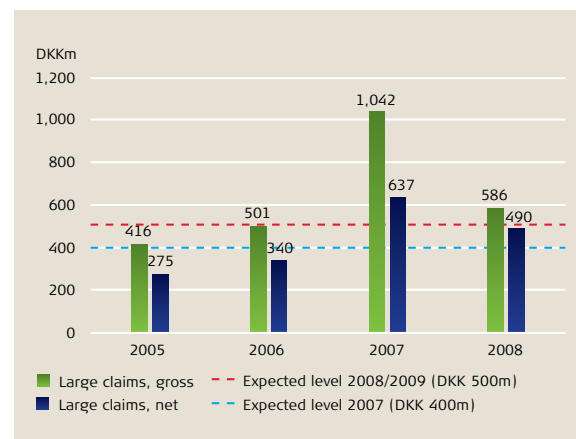
TrygVesta retains the strategy of generating profitable growth.

Combined ratio affected by declining interest rates

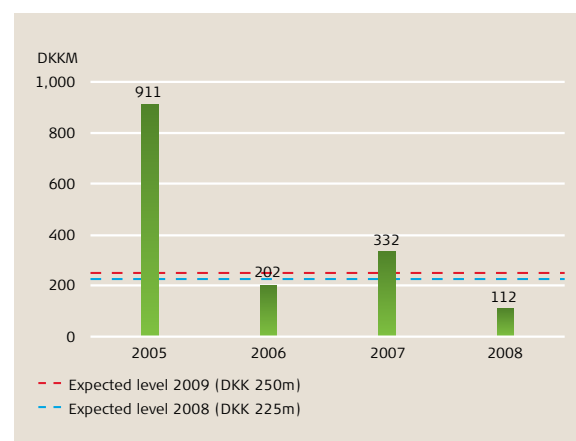
Our third-quarter 2008 interim report released in November 2008 set out a combined ratio forecast for 2009 at the level prevailing in 2008. This was based on interest rate and other assumptions as prevailing at 30 September 2008.

The interest rate used to discount provisions for claims fell by 1.2 percentage points in the period from the fourth quarter of 2008 until mid-February 2009 (including the effect of a changed discount curve) with a significant adverse effect on the combined ratio. Seen in isolation, a 1 percentage point drop in interest rates would increase the combined ratio by around 1 percentage point due to an increase in the discounted technical provisions.

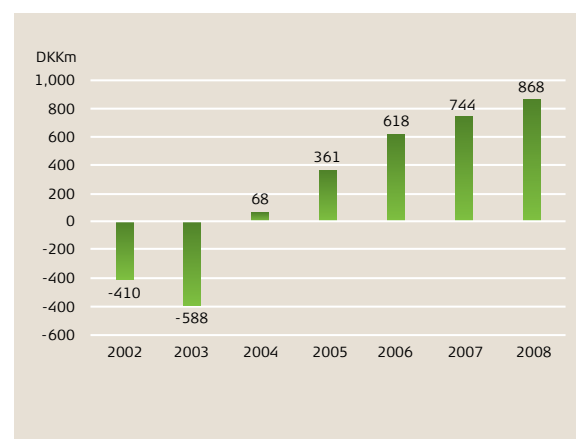
LARGE CLAIMS



STORM AND WEATHER RELATED CLAIMS



RUN-OFF (GROSS)



Based on the interest rate level prevailing at mid February 2009, the combined ratio for 2009 before run-off is estimated to be at the level of 91-93 with an expectation of 92. The past three years had run-offs of 1.8-4.6% of the combined ratio, for example, with a combined ratio in 2008 of 89.1 after run-off and 93.7 before run-off. The increase of the outlook in the combined ratio from the forecast in the autumn of 2008 thus only reflects the lower interest rate level.

Downward trend in expenses

Costs in 2008 were affected by rising wage inflation and substantial investments in "The Living House". When adjusted for these factors the expense ratio was 16.7 equal to 2007. The expense ratio for 2009 is expected to be on a level with 2007. This expectation includes continued expansion in Finland and Sweden. The expense ratio would be just over 15 for the Danish and Norwegian activities.

Technical result

The technical result is expected to be DKK 1.5bn for the full-year 2009 relative to DKK 1,591m in 2008 and before run-off. The interest rate used for discounting has risen and fallen considerably again since the summer of 2008. The outlook for the technical result for 2009 is therefore subject to uncertainty due to uncertainty with respect to interest rates. See also the sensitivity analysis in the section on Risk management on page 69.

Assumptions for insurance activities

The outlook for the financial results for 2009 is based on assumptions with respect to gross earned premiums, gross claims incurred, gross expenses, result of business ceded and technical interest. Our outlook for gross earned premiums is based on the Group's portfolio at 31 December 2008 and assumptions with respect to sales and loss of policies and price adjustments of existing policies.

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 outlook is expressed in local currency terms.

We generally base our expectations for claims incurred on assumptions for the various products in the individual business areas. 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 discount rate applied are the most important factors that may affect our overall performance. Assumptions for storm events and large claims are based on historical experience for not less than ten years, with recent years' trends being weighted stronger than those of prior years. In addition, we incorporate the effect of profitability initiatives and the effect of any legislative measures in the anticipated claims level.

The outlook for 2009 assumes weather related claims of around DKK 250m and large claims of around DKK 500m gross. The outlook assumes no run-off losses or gains in 2009 on the provisions for claims.

The outlook regarding gross expenses reflects the projected number of employees during 2009 and the related costs. The projected number of employees incorporates the effect of measures launched to improve efficiency. The outlook further includes other expenses such as those relating to IT, operations and our owner-occupied properties, 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 claims. The expected result of business ceded is calculated on the basis of such contracts and historical data.

Assumptions for investment activities

Due to the volatile and unusual conditions prevailing in the financial markets the assumptions for investment return are subject to considerable uncertainty. See the section on Risk management on page 69 for a sensitivity analysis.

The outlook for the return on investments for 2009 is based on the following assumptions with respect to investment assets. An equity proportion of 3.6% and a return of 7% including dividend are assumed. Bonds are expected to account for around 86% of total investment assets and to yield a return of 3.93% based on interest rates mid-February 2009. Finally, the real estate portfolio, which accounts for 10% of assets including owner-occupied properties, is expected to yield a return of 6.1% exclusive of any value adjustments. In 2008, bonds, equities and real estate yielded returns of 6.1%, minus 32.8% and 8.4%, respectively. The investment result after transfer of technical interest for 2009 is expected to be a profit of DKK 300m against a loss of 988m in 2008.

Currency risk

Currency exchange rates, which have a major impact on the results of the insurance operations, were very volatile in 2008. TrygVesta's insurance operations are directly exposed to fluctuations in NOK, SEK and EUR. Based on the expectation of a positive profit contribution from, the Norwegian part of the business, a depreciation of NOK against DKK would adversely impact the total profit of the Group which presents its financial statements in DKK. The currency risk on the part of equity tied up in NOK is hedged. The table shows the impact on premium growth and the result of insurance operations of different NOK/DKK rates.

Assumptions for tax

The effective tax rate is affected by the corporate tax rate of 25% in Denmark and 28% in Norway, and by the fact that tax loss carry-forwards are not utilised in Sweden and Finland. We expect an effective tax rate of 27 for 2009. Whether this is achieved depends on the amount of gains or losses on equities which are tax-exempt or non-deductible.

The return on equity for 2009 is expected to be 14-16% after tax.

IMPACT OF EXCHANGE RATE CHANGES ON THE GROUPS' RESULTS

DKK/NOK	0.95	0.90	0.85	0.80	0.75
Premium growth change in DKK	4.7%	2.4%	0.0%	-2.4%	-4.7%
Result of insurance (DKKm)	70	35	0	-35	-70

Development is the future

“Meeting customers on their own terms is another strategic focus area. Our experience is that customers feel greater accessibility and peace of mind when they have an online self-service option. This focus produced a number of benefits for customers in 2008 and will continue to have a major influence on our communications with customers in the years ahead.”



Results

The Group's financial performance in 2008

TrygVesta's focus on profitable growth in the insurance operations was once again the foundation that sustained the company throughout 2008, which was otherwise a challenging year for the insurance industry.

Gross earned premiums were 4.9% higher in local currency terms (4.3% in DKK terms), the result of a great effort by our employees, high customer retention rates and a large inflow of new customers, with the new markets in Sweden and Finland once again contributing high growth rates. In 2008 we succeeded in reversing the previous negative growth in Private & Commercial Norway to positive growth of 4.8% in local currency terms, driven by higher customer retention and premium increases.

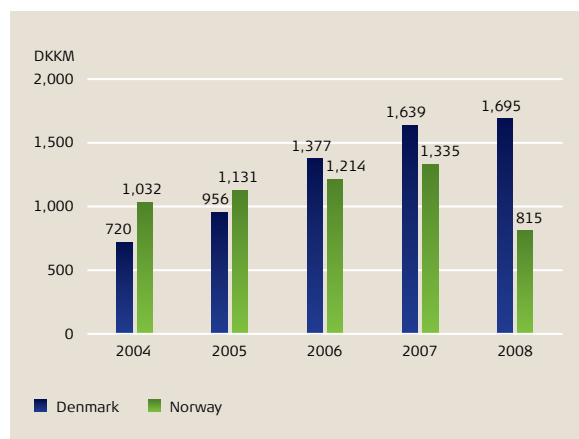
However, 2008 was challenging for our insurance operations. Claims expenses increased due to higher average

claims within building insurance, triggered in part by rising claims inflation (higher labour costs and material prices) and a changed claims mix. However, claims inflation subsided in the second half-year of 2008 due to the economic slowdown. Premium increases and other measures were introduced in both Denmark and Norway in 2008 to strike a profitable balance between price and claims expenses during 2009 and 2010.

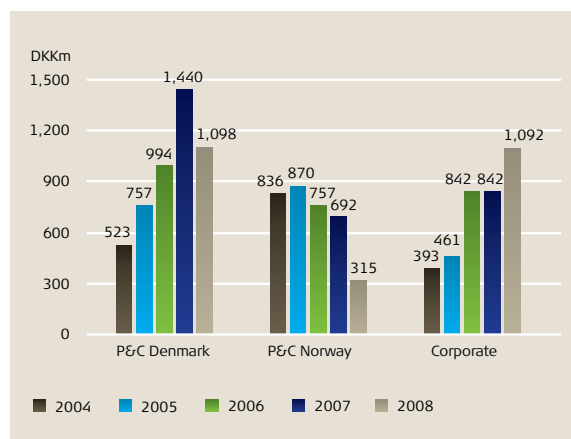
Financial results in 2008

The technical result amounted to a profit of DKK 2,384m in 2008 compared with DKK 2,820m in 2007. Outperforming the forecast announced in our third quarter interim report in November 2008 by DKK 184m, the profit was primarily driven by run-off gains on prior-year provisions of DKK 191m in the fourth quarter of 2008. Although lower than in 2007, the performance was still

TECHNICAL RESULT, DENMARK AND NORWAY



TECHNICAL RESULT BY BUSINESS AREA

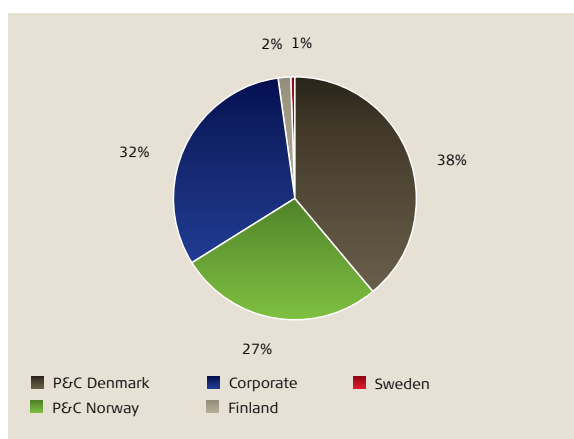


good in a historic perspective. Higher claims and wage inflation combined with investments in “The Living House” were the primary causes of the technical result for 2008 being DKK 436m lower than in 2007. Claims expenses also increased within personal insurance, including health care insurance, in 2008. The growing use of health care insurance has triggered higher claims expenses, and premium increases have been implemented to offset this effect.

Investment activities generated a profit of DKK 440m before transfer of technical interest in 2008 compared with DKK 1,740m in 2007. The reduction was primarily attributable to capital losses on equities amounting to DKK 887m in 2008. TrygVesta recognises all investment assets at market value, and value changes have a direct impact on the income statement. The proportion of equities in the investment portfolio was reduced from DKK 5.4bn in mid-2007 to DKK 1.7bn in January 2008. Capital losses on equities would have been approximately DKK 1.2bn higher if the lower allocation to equity investments had not been implemented.

The pre-tax profit amounted to DKK 1,347m against DKK 3,109m in 2007. This was DKK 247m more than the full-year forecast announced in the third-quarter 2008 interim report.

GROSS EARNED PREMIUMS BY BUSINESS AREA



The profit after tax fell by DKK 1,420m to 846m due to the lower investment return and a slightly lower technical result. Capital losses on equities are non-deductible, and therefore the tax rate was above normal.

New Markets lifting growth

TrygVesta recorded gross earned premiums of DKK 17,323m in 2008, which was DKK 717m, or 4.9% in local currency terms (4.3% in DKK terms), more than in 2007. Premium growth was in line with expectations. It should be noted, in particular, that Sweden and Finland recorded aggregate growth of 69%, contributing DKK 234m of the DKK 717m. The total portfolio in the two countries was DKK 691m at 31 December 2008. Growth was attributable to a sustained high inflow of customers. In Finland, it was a direct result of the sales organisation being enhanced and enlarged. Sweden and Finland accounted for 1.4 percentage points and Denmark and Norway accounted for 3.5 percentage points of the Group's total premium growth of 4.9% in local currency terms.

Private & Commercial Denmark reported 1.8% growth in gross earned premiums over 2007. This was less than expected, and was affected in 2008 by relatively fierce competition from smaller companies. More existing customers chose to stay on with TrygVesta in Norway. The combined effect of this, a fair inflow of new customers and a large number of premium increases was to lift premium growth in Private & Commercial Norway to an annualised 4.8% in local currency terms, thereby exceeding expectations.

Gross earned premiums in the Corporate business increased by 4.3% over 2007. Gross earned premiums grew rapidly at the beginning of the year due to the large inflow of new customers in the second half of 2007, while the growth rate was somewhat slower in the second half of 2008. During the period from mid-2007 to 2008, the Corporate business outperformed the estimated market growth by a considerable margin, and a more natural growth level was therefore expected in the second half of 2008.

TrygVesta expanded its position within health care in 2008. The heavy demand for health care insurance

PREMIUM GROWTH IN LOCAL CURRENCY – TRYGVESTA GROUP



combined with good market timing of the launch of new product initiatives produced portfolio growth of more than 70% in Denmark.

Combined ratio under pressure from rising claims inflation

The combined ratio was up from 86.1 in 2007 to 89.1 in 2008. The adverse performance was triggered by higher claims expenses for building and personal insurances. Increasing average claims and high wage increases were the primary cause of the higher combined ratio, although in a historic and, in particular, European perspective 89.1 reflected a continued good and sound insurance operations performance.

Large claims were higher than expected in 2008, while weather related claims were lower than expected. Run-off gains had a favourable impact of 4.6 percentage points on the combined ratio in 2008, on a level with 2007.

Claims experience

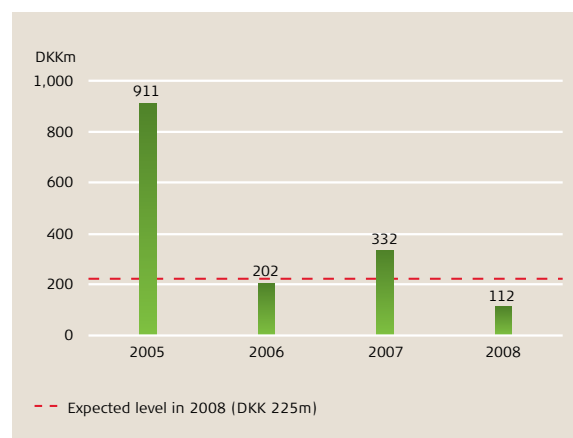
Gross claims at DKK 11,766m were 5.3% higher, bringing the claims ratio, net of ceded business, to 71.8 in 2008 compared with 69.4 in 2007. The DKK 591m increase in gross claims incurred was primarily attributable to higher claims expenses in relation to building and personal insurance.

Large claims – defined as claims of more than DKK 10m – were a gross amount of DKK 586m in 2008 against a gross amount of DKK 1,042m in 2007. After reinsurer contributions, large claims amounted to DKK 490m net against DKK 637m in 2007. The most widely covered large claim in 2008 related to a fire on Bryggen in Bergen, Norway in September, which destroyed several of that city's historic timber built houses. The level of fires in single-family houses in Norway amounted to NOK 264m in 2008, significantly above 2007, which amounted to NOK 209m.

Weather related claims were DKK 112m in 2008 compared with DKK 332m in 2007. The reduction was due partly to the mild winter and partly to fewer cloudbursts in the summer of 2008 compared with the summer of 2007. Claims in 2008 were positively impacted by gains on prior year claims. The favourable run-off performance contributed a net amount of DKK 793m (gross amount of DKK 868m) compared with a net amount of DKK 743m (gross amount of DKK 744m) in 2007. The motor and personal accident lines were the major contributors of run-off gains, while building generated run-off losses in 2008, mainly attributable to larger than expected cloudburst claims from 2007.

The underlying claims ratio increased when adjusted for the effect of large claims, weather related claims, run-off results and interest rates. The underlying increase in claims expenses was attributable to higher claims expenses in several areas. The average building claim in Denmark was

STORM AND WEATHER RELATED CLAIMS



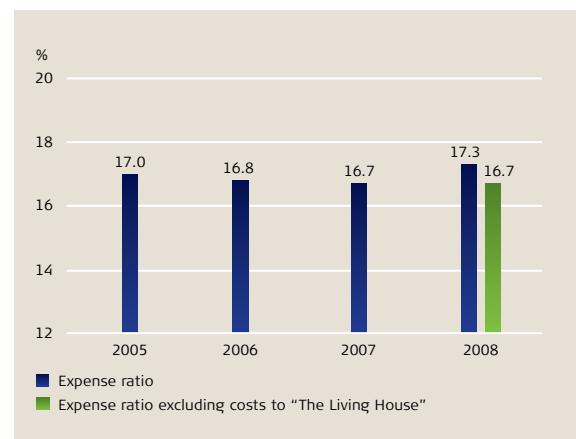
around 21 percentage points higher, driven by higher prices of labour and materials and by a changed claims mix towards a larger number of more expensive piping claims and reserve strengthening. To counter the effect of these factors on the Group's financial results, TrygVesta has already launched a number of initiatives and additional measures have been scheduled to maintain and improve the earnings level.

Costs impacted by investments in New Markets and the workplace of the future

As disclosed in the third quarter 2008 interim report, costs in the fourth quarter of 2008 would be adversely impacted by costs in connection with "The Living House" project to create the workplace of the future. The project will change the physical working environment at Ballerup and Bergen with a view enhancing innovation, development and knowledge sharing. Previously, all or part of such costs would have been capitalised as appreciation of the values of the properties, but the item has been recognised in current costs due to the current uncertain situation.

Expenses relating to "The Living House" totalled DKK 133m. Excluding "The Living House", the expense ratio was 16.7, in line with 2007. Including costs of this project, the expense ratio was 17.3 in 2008. In light of high wage inflation of around 5-8%, high initial costs in New Markets, and high growth with derived commission expenses, the expense performance is considered satisfactory. Costs

EXPENSE RATIO



of expansion in the new markets had an impact of 1.5 percentage points in 2008 against 1.3 percentage points in 2007 and are financed through ongoing process improvements in Denmark and Norway.

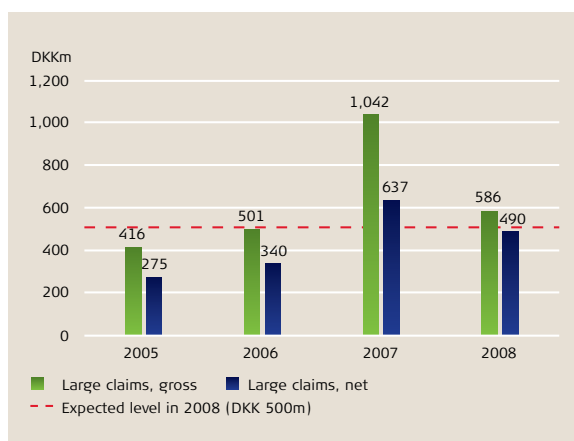
Investment return

The investment portfolio amounted to a total of DKK 34.2bn at 31 December 2008 compared with DKK 37.3bn at 1 January 2008. The gross return on investment assets totalled DKK 1,258m in 2008 against DKK 1,523m in 2007, corresponding to a gross return of 3.5% in 2008 compared with 4.1% in 2007. Investment activities generated a loss of DKK 988m after transfer of technical interest compared with a profit of DKK 340m in 2007.

The performance fell considerably short of expectations and was mainly attributable to capital losses on equities of DKK 887m incurred in 2008. The proportion of equities in the investment portfolio was reduced from DKK 5.4bn in 2007 to DKK 1.7bn in January 2008. Capital losses on equities would have been approximately DKK 1.2bn higher if the lower allocation to equity investments had not been implemented.

TrygVesta acquired its head office in Ballerup at a price of DKK 1,085m in the spring of 2008. The acquisition replaced the existing lease with Danica from 1995, which would have expired in 2025. The purchase provides

LARGE CLAIMS



TrygVesta with certain immediate financial benefits as the annual rent exceeded the yield on bonds sold to fund the acquisition. Acquiring the head office also facilitates "The Living House" refurbishment project described in the preface to this annual report.

Tax

The tax expense was DKK 501m in 2008 compared with DKK 842m in 2007, equalling an increase in the effective tax rate from 27% to 37%. The effective tax rate in 2007 was favourably affected by the reduction of the Danish corporate tax rate from 28% to 25%, which reduced the deferred tax. The effective tax rate in 2008 was adversely affected by non-deductible equity losses, which were partly offset by a favourable impact from closed tax cases.

Balance sheet and cash flow

Total assets decreased from DKK 43,830m to DKK 38,453m in 2008, primarily due to the depreciation of NOK against DKK.

Liabilities mainly comprised shareholders' equity of DKK 8,244m and technical provisions of DKK 25,193m.

Technical provisions decreased from DKK 26,916m to DKK 25,193m in 2007, equal to 6.4%. The ratio of provisions for claims, net of reinsurance, to earned premiums, was 112 against 124 in 2007.

TrygVesta generated a cash inflow from operating activities of DKK 1.8m 2008 compared with DKK 2.7bn in 2007.

Investments amounted to a total of DKK 0.5bn in 2008, and there was a cash outflow for financing activities of DKK 2.2bn, primarily relating to cash dividend of DKK 1.6bn and share buy back of own shares of DKK 1.2bn.

Equity

Equity stood at DKK 8,244m at 31 December 2008, a reduction of DKK 1,766m.

The change was attributable to cash dividends paid out in the amount of DKK 1,156m, purchases of own shares in the amount of DKK 1,197m, profit for the year and other adjustments.

Events after the balance sheet date

On 2 March 2009 TrygVesta agreed to acquire Moderna Försäkringar Sak in Sweden for DKK 427m in transaction goodwill and a total amount of SEK 1,256m (DKK 810m). For further information please refer to separate company announcement dated 2 March 2009.

Private & Commercial Denmark

DKKm	2006	2007	2008
Gross earned premiums	6,390	6,490	6,605
Gross claims incurred	-4,215	-4,041	-4,443
Gross expenses	-1,109	-1,086	-1,155
Profit/loss on gross business	1,066	1,363	1,007
Profit/loss on ceded business	-200	-87	-89
Technical interest, net of reinsurance	128	164	180
Technical result	994	1,440	1,098
Key ratios			
Gross claims ratio	66.0	62.3	67.3
Business ceded as % of gross premiums	3.1	1.3	1.3
Claims ratio, net of ceded business	69.1	63.6	68.6
Gross expense ratio	17.4	16.7	17.5
Combined ratio	86.5	80.3	86.1

Private & Commercial Denmark sells insurances to private households and small and medium-sized enterprises in Denmark under the Tryg brand name. Sales are handled by five customer centres/call centres, 16 local service centres, our own sales agents, Nordea's branches, affinity groups, car dealers and real estate agents. Private & Commercial Denmark has around 1,400 employees.

Performance at a sustained high level in 2008 despite rising claims inflation

The technical result amounted to DKK 1,098m in 2008, which was DKK 342m lower than in 2007, but around DKK 100m higher than in 2006. The performance was

impacted by significantly lower run-off gains, which were DKK 164m lower in 2008 than in 2007, and high claims inflation at the beginning of 2008, which subsided towards the end of 2008.

The higher average claims on building insurance presented one of the major challenges in 2008 due to higher wage to skilled craftsmen and higher costs of materials, a changed claims mix and run-off losses from an increase of provisions for cloudburst claims from 2007. However, the rapid economic slowdown reduced demand for craftsmen services during the year, thereby curbing claims inflation. TrygVesta has implemented price increases on building insurance as a

result of the change in claims patterns in connection with the climate changes.

2008 was yet another year with health care in focus

Gross earned premiums rose by 1.8% to DKK 6,605m in 2008, which was lower than anticipated. In 2008, growth in gross premiums was affected by lower premiums on motor insurance and competition from small insurers in particular. Going forward, price competition from small insurers is expected to tail off as a result of changed market conditions under which losses on investments and higher combined ratios are likely to lead to a stronger focus on striking the balance between earned premiums/growth and the related claims expenses.

2008 was yet another year with health care in focus. Health care insurance premiums grew by more than 70%, and TrygVesta further strengthened its position in this market. The Private & Commercial and Corporate portfolios total more than DKK 200m.

Private & Commercial Denmark also recorded strong growth within so-called industry agreements with the business sector as a result of recent years' efforts to target selected segments of the business sector. These agreements are characterised by a high degree of customer loyalty and good profitability.

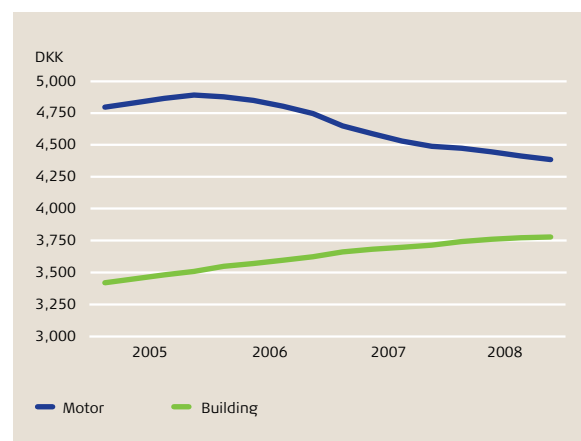
In 2008, the retention rate for private customers stabilised at a high level of around 91, which means that 91 out of

100 private customers chose to renew their policies with us. The high retention rate made a positive contribution to the performance, as a high retention rate is important in relation to the development of premiums, claims and costs.

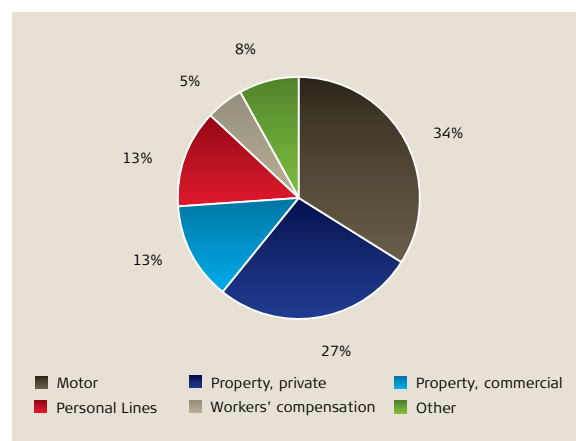
The implementation of the changed tariff parameters for motor insurance in Denmark resulted in a decline in the average motor premium throughout 2008. However, it stabilised towards the end of the year. Although the implementation of the new tariff parameters began in late 2006, it takes time before the entire portfolio has been transferred. The new parameters are based on the age of the car, the annual mileage and the age and gender of the driver, all of which facilitates a better risk assessment. The level of average motor insurance premiums is expected to remain largely unchanged in 2009. Average premiums will be favourably affected by the general increase in prices (index), totalling 4.4% in 2009, but adversely impacted by the ongoing portfolio restructuring and premium reductions to customers as they build up their driving seniority. The motor portfolio is characterised by a large proportion of high seniority customers, for whom the continuous shift towards lower premiums is connected with a high degree of loyalty and good profitability.

In 2008, Private & Commercial Denmark launched a number of initiatives to further enhance the customer experience. As a result, Tryg Vejrhjælp was added to the motor insurance coverage of some 300,000 concept customers as a customer benefit at no additional cost. The extended

AVERAGE PREMIUMS



PREMIUMS BY PRODUCT



Tryg Vejrhjælp provides additional peace-of-mind services, such as changing of winter and summer tyres, taxi and hotel service and safety checks on the car. Sales of the extended Tryg Vejrhjælp have exceeded expectations, thereby confirming that customers welcome the Group's ambition to continuously improve the quality and service it provides.

In 2008, TrygVesta signed a cooperation agreement with DLG, Denmark's leading supplier of feedstuffs for the agricultural sector, for the distribution of insurance products in Denmark and Sweden. DLG, which also sells telecommunications, food products and machinery, generates annual revenue of DKK 24bn and has 5,000 employees. The agreement is expected to contribute to earned premiums and earnings beginning in 2009.

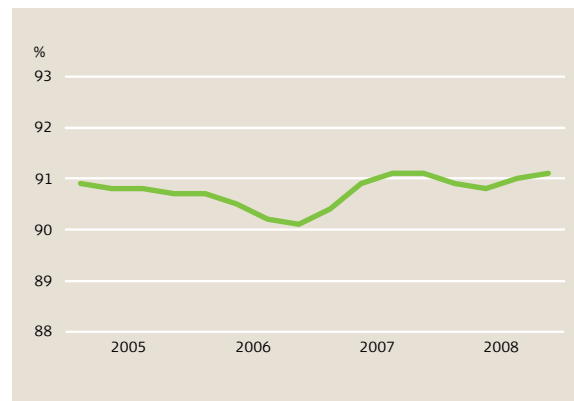
Claims affected by claims inflation

In 2008, total claims expenses at DKK 4,443m were up by 9.9% relative to 2007, and the gross claims ratio increased from 62.3 to 67.3. Despite the increase we are still at an acceptable level. In this connection, it should be emphasised that the claims ratio was exceptionally low in 2007. The increase in 2008 was primarily attributable to higher building and health insurance claims and significantly reduced run-off gains as compared with 2007.

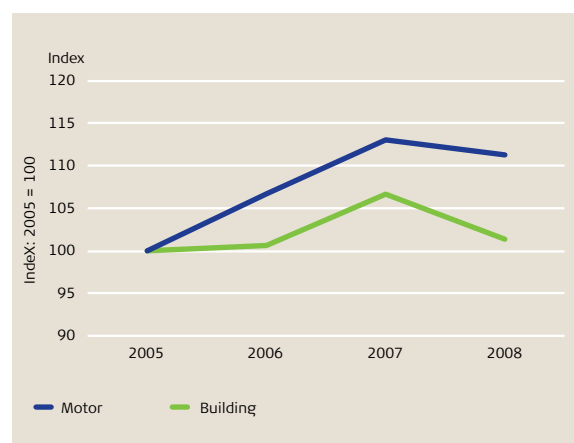
The average claim in building insurance rose by around 20 percentage points in 2008, which was one of the most important reasons for the increase in claims expenses. Average claims rose as a consequence of higher payroll and material costs and a change in the claims mix, with TrygVesta recording a higher number of costly claims, which gave rise to run-off losses in 2008, primarily attributable to increased provisions for cloudburst claims from 2007.

The claims frequency for building policies dropped by 5 percentage points in 2008, mainly as a result of fewer weather related claims. Due to the higher claims expenses, premium increases of approximately 11% were implemented on building policies at the end of 2008. The time lag from implementation of a price increase until it feeds through as a gross earned premium is up to two years, and the effect of such price increases will therefore only begin to

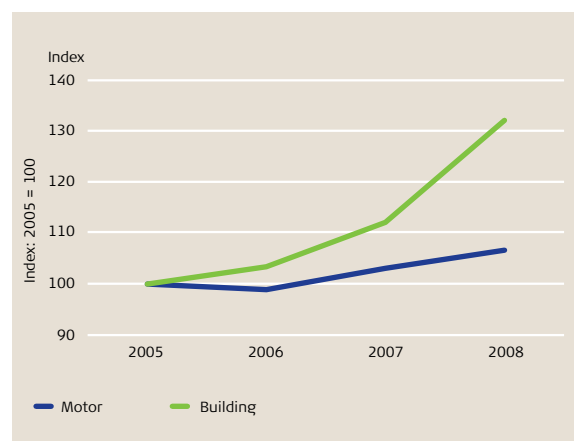
CUSTOMER RETENTION



CLAIMS FREQUENCY IN DENMARK



AVERAGE CLAIMS - DENMARK



DKKm	2005	2006	2007	2008
Storm and weather, gross	739	109	242	51
Large claims, gross	23	25	78	83

materialise in the second half-year of 2009 and be fully recognised in the financial statements for 2010.

The claims frequency for motor policies fell by around 3 percentage points in 2008 compared with 2007, and the average claim was up by around 4 percentage points. TrygVesta's cooperation with selected garages helps keep average claims expenses at a competitive level, while ensuring that customers receive high-quality service.

Expenses for weather related claims fell, as 2008 saw fewer cloudburst and storm claims as compared with previous years. Large claims totalled DKK 83m in 2008 compared with DKK 78m in 2007.

Run-off gains from prior-year claims positively impacted the 2008 performance by a gross amount of DKK 391m (DKK 414m net) against a gross amount of DKK 551m (DKK 578m net) in 2007. Motor and workers' compensation recorded positive run-off gains, whereas reserves for building policies were strengthened. Run-off gains had a favourable impact on the combined ratio of 6.3 percentage points compared with 8.9 percentage points in 2007.

Expenses

Expenses rose to DKK 1,155m in 2008 from DKK 1,086m in 2007 due to high wage inflation, increased initiation of IT projects and expenses of DKK 24m incurred in connection with "The Living House" in the fourth quarter of 2008. Excluding the expense in connection with "The Living House", the expense ratio was 17.1 against 16.7 the year before.

Combined ratio of 86.1

The combined ratio was 86.1, an increase relative to the exceptionally low level of 80.3 recorded in 2007.

A large part of this difference was attributable to higher run-off gains in 2007, as, in relative terms, a 2.6 percentage point higher positive impact was recorded in 2007 as compared with 2008. Moreover, the underlying claims inflation contributed to the higher combined ratio in 2008 relative to 2007. Premium initiatives already implemented and additional planned initiatives are intended to enable the strong earnings to be retained going forward.

Private & Commercial Norway

DKKm	2006	2007	2008
NOK/DKK, average rate for the period	93.04	92.81	91.74
Gross earned premiums	4,509	4,490	4,636
Gross claims incurred	-2,866	-2,962	-3,371
Gross expenses	-922	-936	-1,004
Profit/loss on gross business	721	592	261
Profit/loss on ceded business	-75	-82	-68
Technical interest, net of reinsurance	111	182	122
Technical result	757	692	315
Key ratios			
Gross claims ratio	63.6	66.0	72.7
Business ceded as % of gross premiums	1.7	1.8	1.5
Claims ratio, net of ceded business	65.3	67.8	74.2
Gross expense ratio	20.4	20.8	21.7
Combined ratio	85.7	88.6	95.9

Private & Commercial Norway sells insurances to private households and small and medium-sized enterprises in Norway under the TrygVesta and Enter brand names. Sales are handled by 85 franchise offices, our own sales agents, three regional customer centres, 35 local sales centres, car dealers and Nordea's branches. Private & Commercial Norway has around 1,100 employees and some 300 franchise office staff.

Financial results in 2008

In 2008, we succeeded in reversing the negative trend in gross premiums from 2005-2007 to growth. As a result

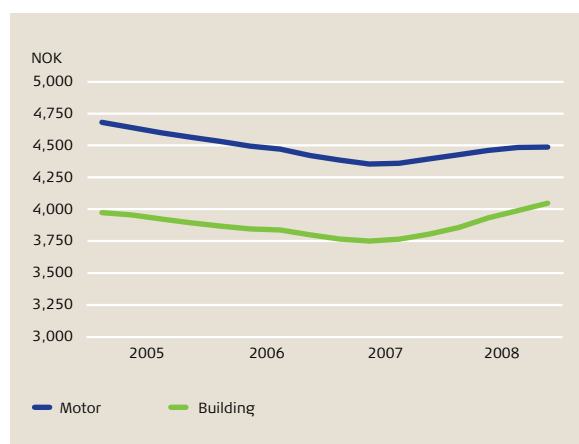
of the positive trend, TrygVesta was able to retain its market share in 2008. This could be viewed as an indication that the many initiatives, particularly in the Oslo region, are beginning to pay off.

The technical result amounted to a profit of DKK 315m in 2008 compared with DKK 692m in 2007. The performance was adversely affected by high claims inflation and a higher number of fires in single-family houses as compared with previous years. Moreover, Private & Commercial Norway recorded run-off losses of DKK 32m in 2008 as compared with run-off gains of DKK 81m in 2007.

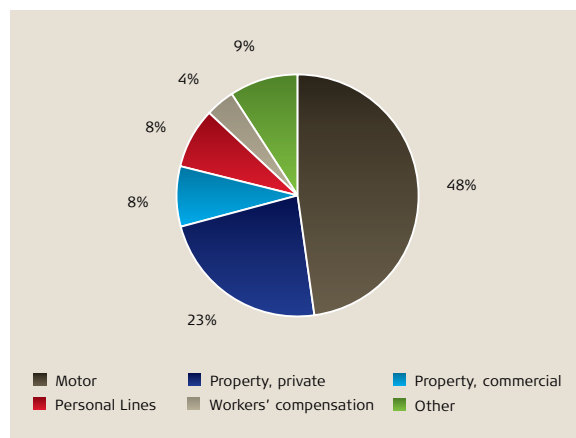
CUSTOMER RETENTION



AVERAGE PREMIUMS



PREMIUMS BY PRODUCT



From minus to plus

Private & Commercial Norway recorded a gross premium increase of 4.8% in local currency terms (3.3% in DKK terms) to DKK 4,636m, as against a decline in gross premiums of 0.2 percentage point in local currency terms in 2007. The DKK 146m increase was attributable to a combination of rising customer loyalty and increased sales in several regions, particularly in the Oslo area.

Gross premiums were also favourably affected by the premium increases implemented since mid-2007 on motor and building policies in particular. Private & Commercial Norway has scheduled additional premium increases in 2009, which will contribute to further growth going forward. The retention rate improved further in 2008 to 86.9 from 85.8 at 31 December 2007, and Private & Commercial Norway recorded a rising retention rate for large customer relationships in particular. Customer loyalty has been growing since Private & Commercial Norway changed its price and loyalty model in 2005/2006.

In 2008, the net number of policies rose by 58,000. All TrygVesta's franchise and sales offices have applied a new customer system, 'Salgsnøkkelen', since the spring of 2008, which has significantly eased the administrative selling routines. Moreover, the growth in sales has entailed an increase in sales and commission expenses. Going forward, this development will generate higher premium growth rates, thereby strengthening TrygVesta's position and market opportunities in Norway.

Claims

Claims expenses at DKK 3,371m were 13.8%, or DKK 409m, higher, and the claims ratio, net of ceded business, increased from 67.8 to 74.2. The increase was mainly attributable to an increase in medium-sized building and fire claims. In 2008, expenses for fires in single-family houses in Norway totalled NOK 264m, which was substantially above the level of previous years, as indicated in the chart. Fires in single-family houses are far more frequent in Norway than in Denmark, due to the fact that many houses and cabins in Norway are made from wood and heated by electric heating and wood burning stoves or fireplaces. Large claims, defined as claims in excess of DKK 10m, totalled DKK 131m, as against DKK 121m in 2007.

As a percentage of gross earned premiums, large claims thus amounted to 2.8% compared with 2.7% in 2007.

The claims frequency for motor policies rose by approximately 1 percentage point relative to 2007, and the average claim was up by around 4 percentage points. The average claim tracks the general development in payroll and material costs. TrygVesta's cooperation with selected garages which repair three out of four motor claims ensures high quality and lower costs per repair.

The claims frequency for building policies rose by approximately 2 percentage points in 2008, and the average claim was up by 7 percentage points, driven by higher payroll and material costs. The index for construction costs in Norway declined in the second half-year of 2008, and this development is expected to impact the performance of average claims in the upcoming quarters. The provisions for claims increased by a net amount of DKK 32m in 2008 as compared with a DKK 81m run-off gain in 2007. This corresponds to an adverse impact on the combined ratio of 0.7% in 2008 relative to a favourable impact of 1.8% in 2007. In particular, provisions for building and group life insurances were strengthened.

Expenses

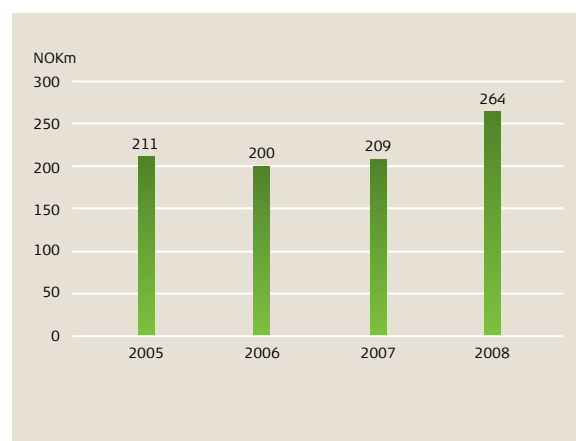
Expenses rose by 7.3% or DKK 68m (6% or DKK 56m excluding expenses relating to "The Living House") to DKK 1,004m, and, as a result, the expense ratio was up from 20.8 to 21.7. The increase was primarily attributable to higher selling com-

mission costs, wage inflation of around 8% and expenses of DKK 12m incurred in connection with "The Living House" in the fourth quarter of 2008. Excluding expenses relating to "The Living House", the expense ratio was 21.4 in 2008.

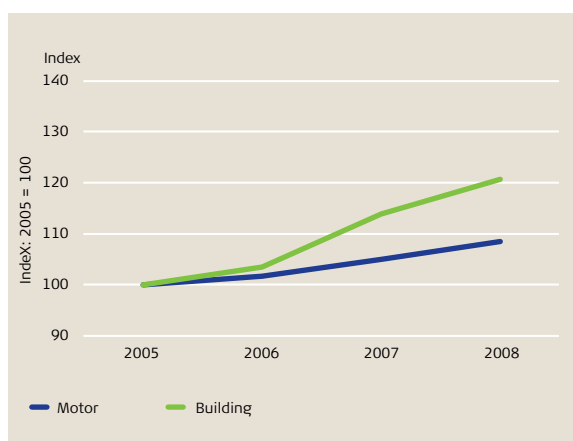
Combined ratio affected by claims inflation

Overall, the combined ratio was 95.9 in 2008, as against 88.6 in 2007. A large part of this difference was attributable to the higher run-off gains in 2007. Moreover, the increase in the combined ratio relative to 2007 was attributable to higher expenses for fires in single-family houses and underlying claims inflation. The premium initiatives implemented since mid-2007 in several areas are expected to improve profitability in the upcoming period.

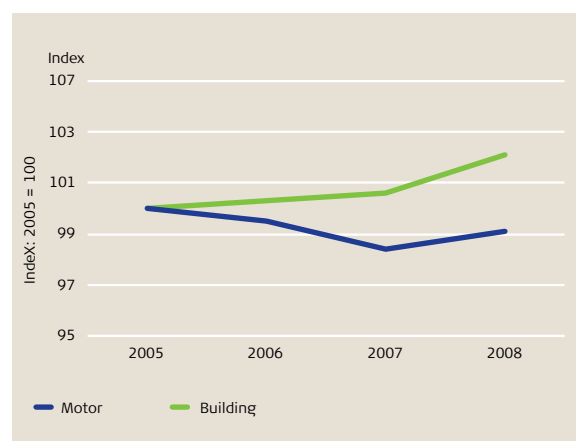
FIRE CLAIMS FOR BUILDINGS



AVERAGE CLAIMS IN NORWAY



CLAIMS FREQUENCY IN NORWAY



Finnish general insurance

DKKm	2006	2007	2008
EUR/DKK, average rate for the period	745.94	745.11	745.63
Gross earned premiums	198	251	354
Gross claims incurred	-155	-188	-258
Gross expenses	-83	-125	-154
Profit/loss on gross business	-40	-62	-58
Profit/loss on ceded business	0	-1	-1
Technical interest, net of reinsurance	6	14	17
Technical result	-34	-49	-42
Key ratios			
Gross claims ratio	78.1	74.9	72.9
Business ceded as % of gross premiums	0.2	0.4	0.3
Claims ratio, net of ceded business	78.3	75.3	73.2
Gross expense ratio	41.7	49.8	43.5
Combined ratio	120.0	125.1	116.7

Our Finnish branch sells insurances to private household customers and small enterprises under the brand name of TrygVesta Finland and Nordea Vahinkovakuutus. Insurance policies are sold by Nordea's branches, our own sales force and call centres, car dealers and via the Internet. The Finnish branch has around 150 employees.

Broader distribution platform lifting sales

Gross earned premiums in Finland rose by 41%, or DKK 103m, to DKK 354m driven by an increase in sales. In 2008, the Finnish business sold around 160,000 insurance policies, as against approximately 100,000 policies in 2007. The sustained high level of sales was achieved

through a targeted effort to build and strengthen the sales channels. The rapidly growing portfolio is attributable partly to sales made through Nordea, but to an increasing extent also to sales made through own sales channels. Such sales account for around three quarters of sales today, a large part of which concerns additional sales to customers originally introduced by Nordea. Sales via the Internet totalled 6% of aggregate sales, a new record in terms of the number of policies.

The portfolio totalled DKK 432m at 31 December 2008 and grew by 45% in 2008 from DKK 299m at 31 Decem-

ber 2007. The number of customers was approximately 130,000 at 31 December 2008.

The market share was 4.4% at 31 December 2008 in terms of households, as compared with 3.6% at 1 January 2008.

The potential for sales of insurance policies to small commercial customers is strong in Finland, as Nordea has a strong position in this customer segment. Sales through own channels significantly outperformed expectations in 2008.

The strong growth in the Finnish business and the plans for continued growth give rise to an ongoing requirement for attracting qualified employees. The number of employees rose in 2008 from 127 to around 150. To this number should be added 40 independent insurance agents.

Claims ratio improved

The claims ratio, net of ceded business was 73.2 in 2008 against 75.3 in 2007. Despite a generally satisfactory claims performance, there are a few lines, which, based on an overall evaluation of the competitive situation and the premium and profitability levels, require premium increases. These increases will be implemented in 2009.

The effects of these price increases will begin to materialise from the second half of 2009, but will not feed through until 2011.

Expenses

The high sales level added pressure to expenses, which rose from DKK 125m in 2007 to DKK 154m in 2008. Costs are primarily driven by selling commissions, but as the proportion of policies sold by the unit's own call centre increases, the charge on the expense ratio will be gradually reduced for the benefit of future earnings.

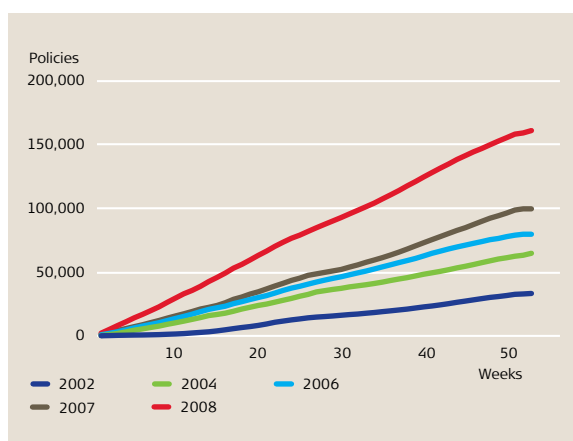
In 2008, TrygVesta signed a new agreement with Nordea on settlement of commission regarding policies sold through Nordea. As a result of this agreement, it is now possible to accrue commission over the first year of the policy, as it is actually a prepayment to Nordea, as compared with the previous method of charging commission to the income statement at the time of writing the business.

The expense ratio was 43.5 in 2008, compared with 49.8 in 2007.

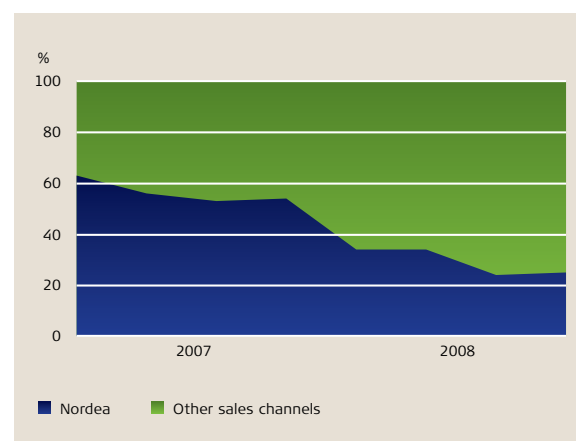
Combined ratio

The combined ratio was 116.7 relative to 125.1 for 2007. In the private business, the combined ratio was 101.5 against 106.6 for 2007. Looking ahead, the private business, which is now well balanced, will focus on reducing the combined ratio and thus on good profitability.

ACCUMULATED WEEKLY SALES IN FINLAND



FINLAND SALES DISTRIBUTION



Swedish general insurance

DKKm	2006	2007	2008
SEK/DKK, average rate for the period	80.37	80.73	78.02
Gross earned premiums	4	90	221
Gross claims incurred	-6	-80	-214
Gross expenses	-39	-95	-104
Profit/loss on gross business	-41	-85	-97
Profit/loss on ceded business	0	0	0
Technical interest, net of reinsurance	0	3	7
Technical result	-41	-82	-90
Key ratios			
Gross claims ratio	144.9	88.9	96.8
Business ceded as % of gross premiums	0.4	0.0	0.0
Claims ratio, net of ceded business	145.3	88.9	96.8
Gross expense ratio	1,003.8	105.6	47.1
Combined ratio	1,149.1	194.5	143.9

Vesta Skadeförsäkring sells insurances to private individuals. Insurance policies are sold by Nordea's branches, our own call centre and via the Internet. The Swedish branch has around 100 employees.

Further acceleration in Sweden

Gross earned premiums in Sweden were up by 146%, or DKK 131m, to stand at DKK 221m. The rapid growth was generated principally by strong sales through Nordea, but increasingly also by employees of the business unit's own call centre, which now account for around 50% of sales. During 2008, a total of 122,000 policies were sold in Sweden, an increase of 35,000 policies relative to 2007.

The overall portfolio amounted to DKK 259m (SEK 380m) at 31 December 2008 and was adversely impacted by the weakening of SEK relative to DKK. The number of customers totalled 107,000 at 31 December 2008 compared with 50,000 at 1 January 2008.

Claims

The claims ratio, net of ceded business was 96.8 compared with 88.9 in 2007. This level is considered satisfactory for such a relatively new portfolio. Moreover, the Swedish business was affected by a number of medium-sized fire claims on holiday and single-family houses in 2008, which had a relatively severe impact on ratios and

generated significant fluctuations, as the size of the business is still relatively limited.

The Swedish business had not raised its premiums since being launched in mid-2006, and automatic annual premium indexation is not used in the Swedish market in the way it is done in Denmark. As a result, Vesta Skadeförsäkring is planning a number of premium related measures in 2009. The effects of these price increases will begin to materialise from the second half of 2009, but will not feed through fully until 2011.

Expenses

The increase in nominal costs by 9.5% to DKK 104m DKK should be seen in the light of the strong gross premium growth, which led to an overall reduction of the expense ratio from 105.6 to 47.1. Costs are primarily driven by selling commissions, but as the proportion of policies sold by the unit's own call centre increases, the charge

on the expense ratio will be gradually reduced for the benefit of future earnings.

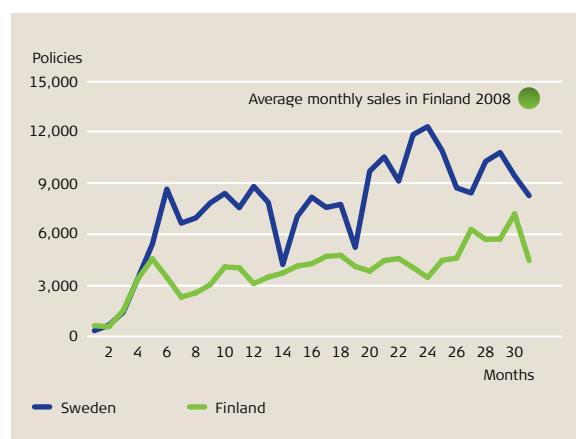
In 2008, TrygVesta signed a new agreement with Nordea on settlement of commission regarding policies sold through Nordea. As a result of this agreement, it is now possible to accrue commission over the first year of the policy, as it is actually a prepayment to Nordea, as compared with the previous method of charging commission to the income statement at the time of writing the business.

The rapid growth entailed a need to strengthen human resources, and the number of full-time employees was just over 100 at 31 December 2008 relative to 60 at 1 January 2008.

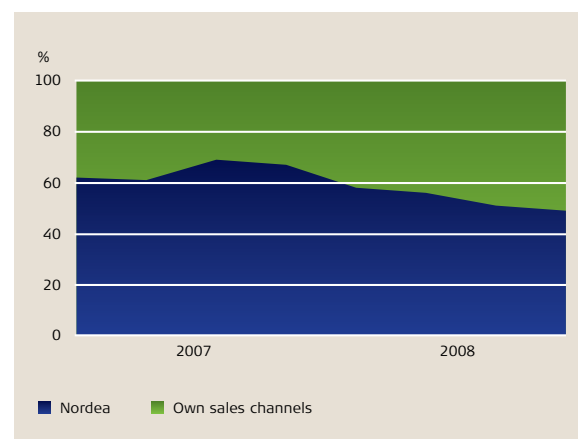
Combined ratio

The combined ratio was 143.9 for 2008, as against 194.5 for 2007.

MONTHLY SALES SINCE START-UP IN SWEDEN AND FINLAND



SWEDEN SALES DISTRIBUTION



Corporate

DKKm	2006	2007	2008
Gross earned premiums	4,921	5,285	5,512
Gross claims incurred	-3,322	-3,904	-3,489
Gross expenses	-539	-504	-588
Profit/loss on gross business	1,060	877	1,435
Profit/loss on ceded business	-316	-172	-516
Technical interest, net of reinsurance	98	137	173
Technical result	842	842	1,092
Key ratios			
Gross claims ratio	67.5	73.9	63.3
Business ceded as % of gross premiums	6.4	3.3	9.4
Claims ratio, net of ceded business	73.9	77.2	72.7
Gross expense ratio	11.0	9.5	10.7
Combined ratio	84.9	86.7	83.4

Corporate is a Nordic business area which sells insurances to corporate customers under the TrygVesta brand. Corporate's products are sold through its own sales force and through insurance brokers. The Corporate business area has some 3,000 customers each paying annual premiums of more than DKK 900,000 or having more than 50 employees, and around 75 customers each paying annual premiums of more than DKK 10m. Corporate has 535 employees. TrygVesta Garantiforsikring is included in the financial results of Corporate. TrygVesta Garantiforsikring is a subsidiary whose principal activity is to guarantee, in relation to third parties, its customers' performance under agreements made, such as construction contracts where guarantee is provided in respect of risks during the construction period and remedying of defects after the project has been handed over.

Yet another performance improvement

The technical result rose by DKK 250m to DKK 1,092m in 2008, reflecting a strong customer selection approach based on pricing risk correctly. In addition, run-off gains of DKK 486m in gross terms, as against DKK 102m in 2007, contributed to the performance improvement.

Corporate generated strong growth compared to the market performance

Gross earned premiums rose by DKK 227m, or 4.3%, to DKK 5,512m. Since mid-2007, Corporate has significantly outperformed the estimated market growth due to the addition of several new large customers. The Danish part of the Corporate business recorded growth of 5.6%, and the Norwegian part recorded growth of 3.4%.

DKKm	2005	2006	2007	2008
Storm and weather, gross	136	51	57	27
Large claims, gross	356	456	843	330
Large claims, net	224	294	439	255

In 2008, Corporate retained previous years' overall focus on generating profitable growth, which resulted in price increases in the marine segment due to unsatisfactory earnings. This increase led to a customer outflow in the segment.

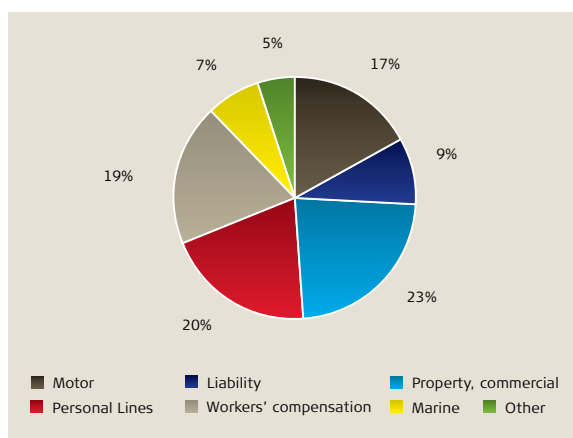
It was expected in 2008 that increased competition would yield weaker growth going forward. Due to the turbulent developments in the financial markets, a number of competitors refocused on profitable insurance operations, which, from a rational perspective, should create more stable price trends and a balanced competitive situation going forward.

Claims

Gross claims expenses at DKK 3,489m were down by 10.6%, or DKK 415m, due to run-off and fewer large claims, which amounted to DKK 330m (DKK 255m net) in 2008 compared with DKK 843m (DKK 439m net) in 2007. The underlying trend was an increase in claims in the personal lines.

In 2008, the gross run-off result amounted to DKK 486m (DKK 394m net) and was mainly attributable to motor and personal lines. In 2007 the gross run-off result totalled DKK 102m (DKK 84m net).

CORPORATE – PREMIUM DISTRIBUTION BY PRODUCT



The gross claims ratio was 63.3 in 2008, as compared with 73.9 in 2007. The relatively low level of the gross claims ratio in 2008 resulted in higher payments to reinsurers, which naturally caused the reinsurance ratio to increase from 3.3 in 2007 to 9.4 in 2008. Overall, this was reflected in an improvement of the claims ratio, net of ceded business from 77.2 in 2007 to 72.7 in 2008.

Expenses

Expenses rose by 16.7% to DKK 588m, corresponding to an expense ratio of 10.7, as against 9.5 in 2007. The increase was a result of several factors. In 2007, expenses were favourably influenced by the reversal of a provision relating to losses on reinsurers. In 2008, relatively high wage inflation added to the pressure on expenses. Moreover, 2008 was impacted by expenses in connection with "The Living House". Excluding this expense, the expense ratio was 10.5. The expense ratio produced by the Corporate business is considered competitive and satisfactory.

Combined ratio

The combined ratio was 83.4 in 2008, against 86.7 in 2007. Run-off gains favourably impacted the combined ratio by 7.1 percentage points in 2008 compared with 1.6 percentage points in 2007. Large claims impacted the combined ratio adversely by 4.6 percentage points in 2008, as against 8.3 percentage points in 2007.

TrygVesta Garantiforsikring was the centre of increased focus in 2008 as a result of the construction industry, the company's main business area, being hit by the financial crisis. The company pursues a profitability focused underwriting policy focusing on low risk. The number and size of claims were satisfactory in 2008. Risks are reinsured to the effect that the greatest loss cannot exceed DKK 30.0m net of reinsurance. The company recorded a combined ratio of 74.3 in 2008 and contributed DKK 44m to the overall performance of Corporate.

Investment activities

DKKm	Return of investments			Investment assets	
	2006	2007	2008	End 2007	End 2008
Bonds etc.	788	1,103	1,882	30,294	29,417
Equities *	966	180	-887	4,445	1,172
Real estate **	317	240	263	2,569	3,561
Total	2,071	1,523	1,258	37,308	34,150
Value adjustment, changed discount rate	368	298	-478		
Other financial income and expenses ***	-180	-81	-340		
Total return on investment activities	2,259	1,740	440		
Transferred to technical interest	-1,031	-1,400	-1,428		
Return on investment activities	1,228	340	-988		

*1) DKK 67m sold on futures contracts has been deducted from the equity portfolio

**1) Return on properties includes a calculated return on owner-occupied property (excl. cost concerning "The Living House"). The balancing item is recognised in "Other financial income and expenses" to the effect that the total return shown corresponds to the investment return according to the income statement which does not include return on owner-occupied property.

***1) The item comprises interest on operating assets, bank debt and reinsurance deposits, exchange rate adjustment of insurance items, costs of investment activities and offsetting of return on owner-occupied property.

TrygVesta's investment activities comprise any placement of the Group's funds in investment assets, such as bonds, equity investments, land and buildings or cash. Funds are placed pursuant to guidelines defined by legislation, regulators and our Supervisory Board.

The overall allocation of assets is made by TrygVesta based on risk and cash management considerations, while specific securities are mainly selected by external asset managers within the defined framework.

The financial turmoil started in 2007, deepening into a financial crisis in 2008. The crisis grew to dramatic proportions in the autumn with mounting problems in the

liquidity markets, peaking so far with the collapse of Lehman Brothers and AIG. Equity markets dropped by an aggregate 40%–50%. The proportion of equities in the investment portfolio was reduced from DKK 5.4bn in mid-2007 to DKK 1.7bn in mid-January 2008.

Investment result in 2008

In 2008, the return on TrygVesta's investment activities before transfer to technical interest totalled DKK 1,258m, equivalent to 3.5%. This was less than in 2007, mainly due to lower returns on the equity portfolio. Capital losses on equities would have been DKK 1.2bn higher

if we had not reduced the equity portfolio during 2007 and 2008. The return on investment activities after transfer to technical interest was DKK 1,328m lower than in 2007 due to lower equity returns and an increase in the amount transferred to technical interest.

Other financial income and expenses were DKK 259m lower. The change was attributable to a number of individual items, none of them particularly dominant, and the most important being non-recurring interest income in 2007, higher currency hedging expenses, lower return due to the acquisition of the head office in Ballerup, and the net result of inflation hedging related to workers' compensation provisions.

The return on investment activities before other financial income and expenses was DKK 1,258m, equal to a return of 3.5%. The return was 2.2% including changes in provisions for claims due to lower interest rates.

Asset allocation

The bond portfolio increased during 2008 to account for 86.1% of total investment assets against 81.2% at 1 January 2008. The higher proportion of bonds was a result of new investments and a switch-over from equities to bonds despite the head office acquisition. The proportion of equities fell from 11.9% to 3.4%, or by DKK 3,273m. The real estate proportion was 10.5% in 2008 against the previous 6.9%, primarily attributable to the acquisition of the head office at Ballerup. The head office accounted for 3.9% of total investment assets.

Net investments in the year made up at the exchange rates ruling at 31 December 2008 amounted to about DKK 156m, of which DKK 918m was invested in bonds, while net investments in equities (excluding hedging) were negative at DKK 1,833m and net investments in real estate amounted to DKK 1,070m. For security and rating considerations, TrygVesta's investment portfolio has a high proportion of highly liquid securities carrying low interest rate and credit risk. TrygVesta does not invest in structured fixed income products such as CDOs, CLOs, hedge funds or the like.

Bonds

The Group's overall bond portfolio including cash yielded a return of DKK 1,882m in 2008, equal to 6.1% for the full year. The return in 2008 was affected by an overall drop in bond yields of around 1.2% in Denmark and 2.8% in Norway, with yields rising in the first half-year and dropping significantly in the second half-year. The mortgage spread widened drastically in Denmark during the period until 31 October when Danish regulators adopted a new yield curve for discounting insurance company liabilities, thereby stabilising demand for Danish mortgage bonds. About 75% of the bonds, or DKK 22bn, are issued by banks or mortgage credit institutions, and 23% are issued by the Danish and Norwegian governments. 92% of the portfolio is rated AAA or AA. The proportion of unrated bonds was reduced from 15% to 5% during the year. The unrated 5% of the portfolio comprises mainly short-term Norwegian money market certificates issued by banks. We have diversified exposure to banks, mainly Nordic banks with little or no involvement in the financial products that triggered the subprime crisis. We currently monitor the performance of credits with the financial institutions to which our bonds portfolio is exposed.

Interest rate sensitivity measures changes in the value of the bond portfolio and the provisions for claims, respectively, at a parallel yield increase of 1 percentage point.

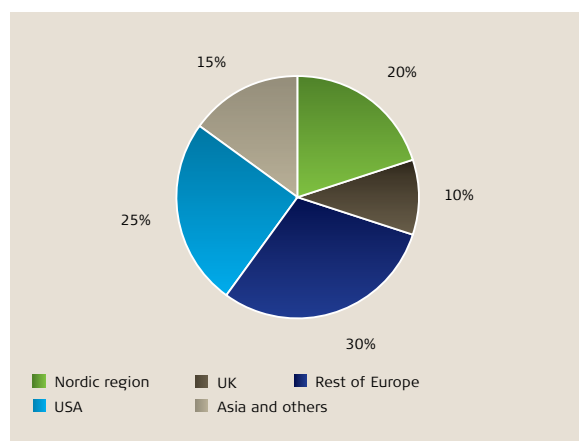
We conduct ongoing follow-up on interest rate sensitivity to optimise the match between assets and liabilities in order to reduce the impact of interest rate changes on our income statement. The duration including cash of the Group's total bond portfolio was 1.7 years at 31 December 2008 compared to 1.9 years at 31 December 2007.

Equities

The total return on the equity portfolio was negative at DKK 887m, or minus 32.8%, for the financial year. The financial crisis and the resulting global economic recession have triggered equity market drops over the past year in line with those seen in previous severe recessions. TrygVesta's total equity return was 0.5% above the benchmark return. International equities generated a negative return of 36.6%, which was 2.9% above the benchmark return. Nordic equities generated a negative return of 48.1%.

For comparison, the VINX Benchmark Cap Index generated a negative return of 42.4%. Currency risks relating to international equities were hedged during the year. Unlisted equities accounted for DKK 180m at 31 December 2008. Nestle SA was the largest stake, accounting for 2.9% of the portfolio of listed equities and 0.09% of total investment assets. The 25 largest equities in our portfolio accounted for 31.5% of the total listed equity portfolio. After reducing the equity proportion in June and December 2007 by a total of DKK 0.8bn, TrygVesta reduced the equity exposure by an additional DKK 2.2bn in January. At 31 December 2008 the Group's equity portfolio had a total value of DKK 1,172m compared to DKK 4,445m at 31 December 2007.

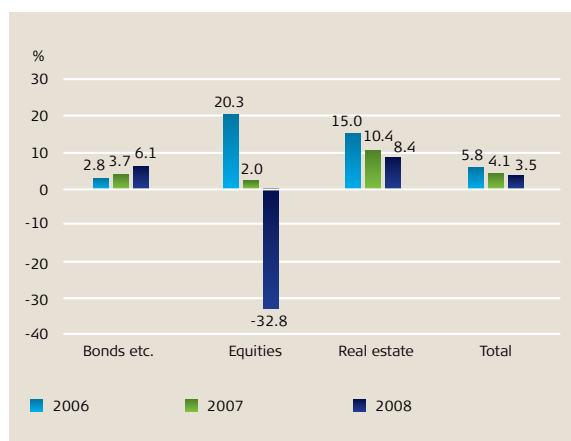
LISTED EQUITIES BY GEOGRAPHY



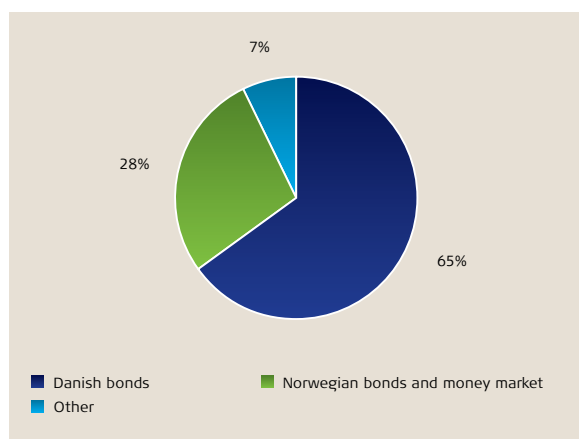
Real estate

The investment return on real estate was DKK 263m including revaluation and sales gains of DKK 78m and 6.0% from current operations. The occupancy rate was 99.0 at 31 December 2008 compared with 97.5 at 1 January 2008. The portfolio comprises the head office properties at Ballerup and Bergen, amounting to around DKK 1.3bn at 31 December 2008, and a portfolio of investment properties of some DKK 2.3bn, consisting of well-diversified quality buildings, 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.

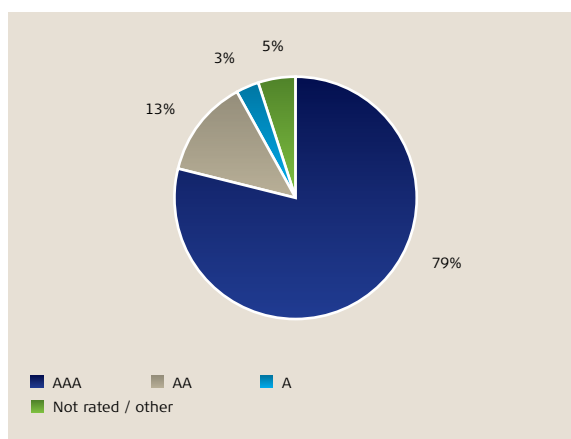
RETURN BY ASSET CLASS



BONDS BY GEOGRAPHY



BONDS BY RATING



Our customers

TrygVesta seeks to constantly create added value for our customers, confirming them in their choice of peace-of-mind provider. Rather than just providing a financial solution in claims situations, our wish is to provide peace of mind by eliminating concerns in everyday life and preventing injury or damage.

We have defined ambitious targets of enhancing our already good customer loyalty. The peace-of-mind delivery to customers, one of our strategic focus areas, plays an important part in our efforts to enhance customer loyalty. The peace-of-mind delivery is embedded in our handshake: Compassionate, Dynamic and Innovative.

Meeting customers on their own terms is another strategic focus area. Our experience is that customers feel greater accessibility and peace of mind when they have an online self-service option. This focus resulted in a number of benefits to customers in 2008 and will also have a great impact on our communications with customers in the years ahead.

Customer surveys in 2008

Customer loyalty is measured on a scale from 1-100 and the survey is performed by EPSI, an independent non-profit organisation. Customer loyalty and satisfaction rates in the insurance sector are generally high in the Nordic countries compared with other European countries. The customer satisfaction and loyalty surveys performed in the Nordic region in 2008 showed that the industry was generally on a level with 2007. TrygVesta's customer loyalty surged from 73.2 to 78.4 while customer

satisfaction was almost unchanged at 72.2. In Denmark, we ranked above the average of large companies with respect to customer loyalty while we were below average in terms of customer satisfaction. Since 2007, we have seen customer loyalty rise by 4.7 points to 76.9 with satisfaction declining from 75.9 to 74.7. We believe expectations to TrygVesta are fairly high.

Our customer loyalty rating in Norway increased by 5.8 points in 2008 to 74.1, above the industry average. Customer satisfaction was at a level with the industry average, but dropped 0.7 point to 68.8. Our actual customer loyalty, measured in terms of retention rates, improved significantly. We believe this is a result of our transparent communication of prices and terms and conditions.

Our customers in Finland are some of the most loyal and satisfied customers in the market. Compared with the previous survey, we also improved our ratings significantly in a number of other areas, such as customer loyalty which at 80.6 points rated significantly above the market average of 75.6.

The peace-of-mind delivery is anchored in our handshake: Compassionate, Dynamic and Innovative.





Read more about TrygVesta's customers on the insert
"Our most important handshake"

In Sweden, TrygVesta was included in the survey for the second time. The survey ranked us second in the market in terms of customer loyalty and above average in terms of customer satisfaction.

Only three companies have a presence in more than one market of the Nordic region: TrygVesta, Codan/Trygg-Hansa and If. TrygVesta continued to record the highest overall customer satisfaction score among the Nordic companies.

Nordic customer communication project

In 2007, TrygVesta launched a Nordic communication project intended to simplify the Group's written customer communications. The language of our insurance terms and conditions is now more customer-friendly and plain with a clear layout, giving an easy overview of what is and what is not included in the policy.

New customer initiatives in 2008

TrygVesta intends to increase benefits offered to our customers on an ongoing basis. Our new initiatives in 2008 included:

SundPuls. In 2008, TrygVesta added SundPuls to its offering of health care products. The philosophy behind SundPuls is that prevention is better than cure. SundPuls addresses businesses wanting to offer their employees to work actively with their health by having a health check. SundPuls offers advice and guidance, and the www.sundpuls.dk portal and the SundPuls telephone line provide lifestyle advice. The product supplements TrygVesta's other health care offering to commercial customers, comprising the SmerteFri and StressStop products. All products emphasise the importance of taking action before treatment becomes necessary.

E-communication and self-service. One of the Group's four strategic focus areas is self-service and electronic communication. We set up a Nordic e-business centre in 2007, which launched several self-service solutions and other initiatives in 2008. In Denmark, customers

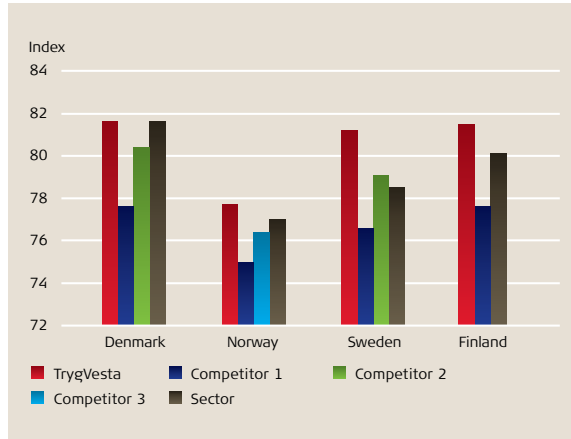
could, for example, opt to receive mail from TrygVesta in e-Boks, their electronic mailbox on the Internet, and more than 138,562 Danish customers had registered for this service by the end of 2008. Norwegian customers welcomed the option of reporting claims online. In Denmark, we introduced online sales of travel insurance, one of our core products.

We intend to expand the electronic communication with customers further in 2009, emphasising simplicity and accessibility. In 2009, it will also be possible for Danish customers to buy the Group's four other core products (motor, building, contents and personal accident) online.

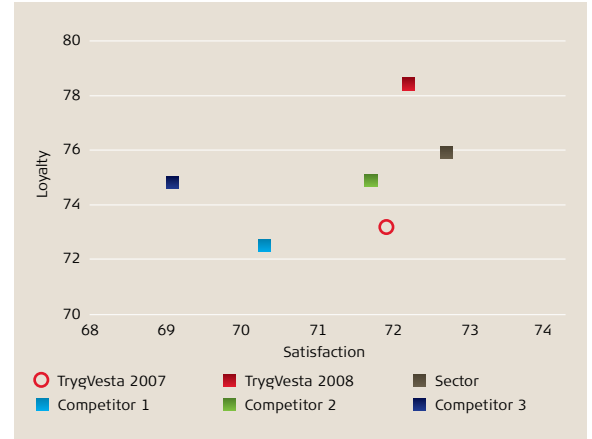
International requirements. Several large commercial and corporate customers need to take out insurance globally. In 2008, TrygVesta extended its partnership with AXA Corporate Solutions. AXA is one of the world's largest insurers with a network extending to more than 90 countries and with geographical coverage of 95% of the inhabited world. TrygVesta's partnership with AXA enables us to provide insurance solutions through AXA's international network to customers requiring insurance for foreign subsidiaries and production units. The partnership also permits us to benefit from AXA's specialist knowledge within certain areas. We intend to continue to strengthen our international competencies in the years ahead, and in 2009 we expect to provide international solutions to our Swedish customers.

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

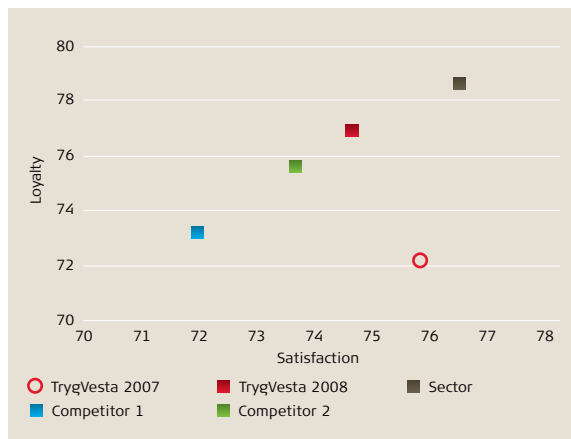
CUSTOMER EXPECTATIONS



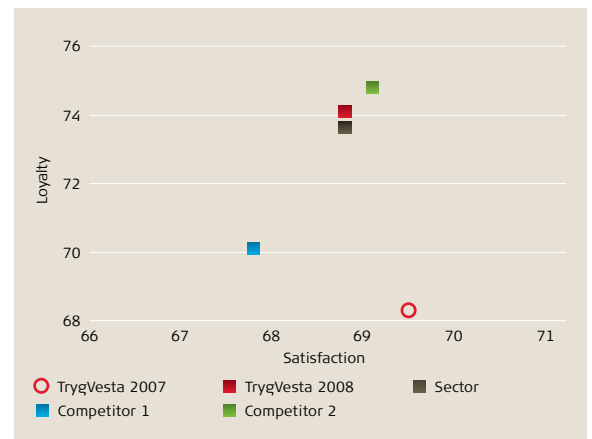
CUSTOMER SURVEY – NORDIC REGION – PRIVATE CUSTOMERS ¹⁾



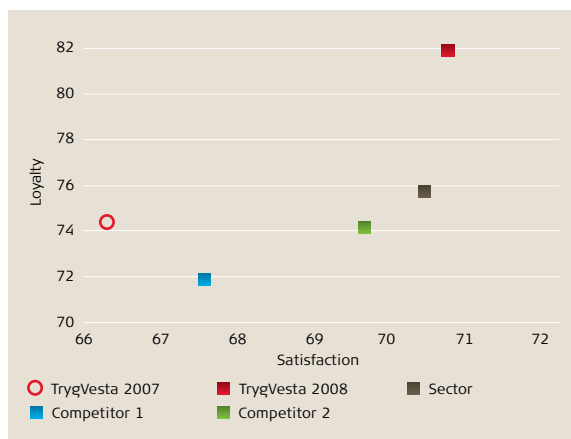
CUSTOMER SURVEY – DENMARK – PRIVATE CUSTOMERS ²⁾



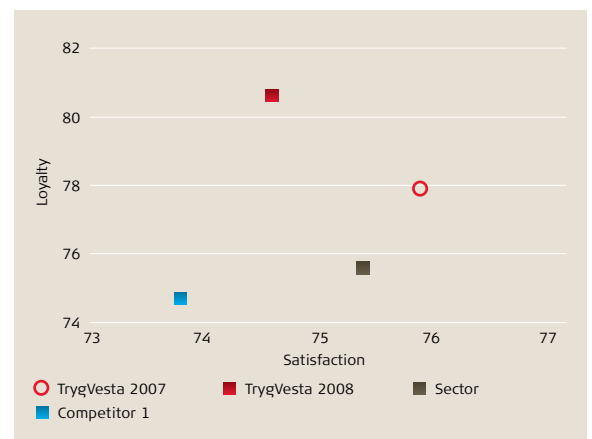
CUSTOMER SURVEY – NORWAY – PRIVATE CUSTOMERS ²⁾



CUSTOMER SURVEY – SWEDEN – PRIVATE CUSTOMERS ²⁾



CUSTOMER SURVEY – FINLAND – PRIVATE CUSTOMERS ²⁾



Our employees

It is our employees at TrygVesta who provide peace of mind and make a difference for customers. Highly skilled and motivated employees are our most important asset and a prerequisite for us to achieve our targets. Human competencies are one of the Group's four strategic focus areas. That means ongoing focus on ensuring our employees to have the skills and reserves of energy required to handle everyday challenges. This focus area is also about giving managers and employees latitude and responsibility, and we expect managers to create commitment and frameworks and to generate results. We give high priority to innovative thinking and openness towards new ideas, and we believe that helps create an attractive and exciting workplace.

Employee survey 2008

In order to identify areas where we can improve, we conduct bi-annual anonymous employee surveys on topics that include the working environment, satisfaction and well-being. In the intermediate years, we perform measurements on a smaller scale, taking stock of the working climate and the activities that have been launched.

The 2008 employee survey showed the same high level of employee satisfaction as the status survey in 2007, that 90% of the Group's employees were very satisfied or satisfied with working at TrygVesta. As a new feature in 2008, we compared the results of the employee survey with the Nordic labour markets in general and specifically with the financial sector in the Nordic region. This comparison indicated higher satisfaction levels for TrygVesta than for Nordic companies in general with respect to all areas

included in the survey. Compared with the financial sector in the Nordic region, TrygVesta managers had a particularly high score, and our ability to provide opportunities for professional and personal development was assessed to be stronger than for the industry in general.

We believe that respect, openness and trust are important features for maintaining a good working environment. The results of the employee survey are therefore used pro-actively in dialogue meetings in all departments. As a consequence of the results, focus in 2009 will be on communication and employee branding, our performance-related pay systems and on performance interviews and development plans.

"The Living House" and "The Living Organisation"

The work of converting TrygVesta's offices in Ballerup, Denmark and Bergen, Norway into modern workplaces facilitating innovation, knowledge sharing and a motivating working environment started in 2008. The conversion will be very important for the individual employees, who will have improved facilities in the form of innovation, meeting and quiet rooms as well as recreational and café environments. Individual workplaces will also be improved with new equipment and modern design. More than 100 employees and managers were involved in developing the project in 2008, and the first pilot projects were implemented. The large conversion projects will start in 2009. They will be supported by the roll-out of new IT tools and training in readiness to change for all employees. The project is scheduled for completion by the end of 2010.



Read more about TrygVesta's employees on the insert
 "Learning and personal development at TrygVesta"

Recruitment and employee branding

TrygVesta performed a thorough analysis of the Group's recruitment process in 2008, resulting in a large number of initiatives to ensure transparency, flow and high quality in the recruitment process.

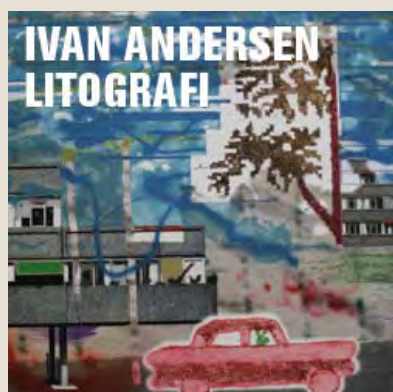
We drafted a Nordic recruitment concept in 2008 to be used on print, the Internet and exhibition stands. We also enhanced the Group's visibility at career fairs and educational institutions throughout the Nordic region in order to raise our profile in relation to recent graduates. Furthermore, for the second time we introduced a Nordic management trainee programme comprising eight trainees in the Nordic region. We worked together with various associations and organisations in order to strengthen diversity in the Group's recruitment process. In this context, our Group CEO took part in a project intended to help young people with an immigrant background and a criminal past gain access to the labour market.

In 2009, we intend to further develop the opportunities for employees wishing to work internationally, and we intend to continue to raise our profile vis-à-vis potential new employees.

Focus on competence building

We are aware that development is necessary if we want to continue to be perceived as the leading peace-of-mind provider in the Nordic region. It is therefore important for us to make training and development tools available to enable employees and managers to update and develop their skills at all times. Training and development activities are handled by Corporate Learning and TrygVesta Management Academy. The responsibilities of our Corporate Learning training unit include employee training and quality assurance of all in-house and external courses. TrygVesta Management Academy is a development unit focusing on developing managers and specialists.

The Management Academy's projects in 2008 included TrygVesta's new talent development programme, which focuses on accelerating the development of a defined group of talented, ambitious employees. In relation to our strategic focus areas we intend to develop talent to ensure we have competencies in disciplines that are particularly important for adding value to the Group in the years ahead. In early 2009 we will complete a programme for talents with management potential and junior project managers with the potential to drive major projects in TrygVesta. As part of the overall talent development strategy the next stage of the programme will also include managers and industry experts.



TRYG TRYK

In 2008 TrygVesta initiated a three-year collaboration with art society Kunstforeningen Gl. Strand in Copenhagen under the name Tryg Tryk. As part of the arrangement, a lithograph will be made each year that will be made available to the Group's customers and employees.

Under the agreement, 120 lithographs by artist Ivan Andersen were customised in 2008. Half of them were made available to TrygVesta while the artist and the art society were entitled to the other half. TrygVesta distributed 40 of the lithographs available to it to reward outstanding performance by employees who had been recommended by their colleagues.

Risk management is the future

"We consider strategic risk and insurance risk to be the most important types of risk, both of them closely related to our business as a general insurer. Our current investment strategy keeps investment risk at a satisfactory level. We consider operational risk to be less important than the other risk types."



Capitalisation and risk management

Capitalisation and profit distribution

TRYGVESTA WAS RATED AS FOLLOWS AT 31 DECEMBER 2008

	Standard & Poor's	Moody's
TrygVesta Forsikring A/S	"A-"/stable	A2
TrygVesta Garantiforsikring A/S	"A-"/stable	n.a.

Capital and risk

TrygVesta relies on its capital base and financial strength to assume risks from the customers and for the customers to be confident that TrygVesta is able to meet its obligations if and when they report a claim. The aim is for the capital base to match the Group's risk profile and support natural growth. Basically, TrygVesta's capital base is the result of risk assessments and risk management. This basic view thus also determines the dividend policy.

Capital requirement

TrygVesta wants the risk and capitalisation to be assessed externally on a regular basis, and therefore TrygVesta has rating agencies Standard & Poor's and Moody's perform annual interactive credit assessments.

This is consistent with TrygVesta's ambitions and provides a good balance with high creditworthiness and powerful financial strength while at the same time avoiding tying up more capital than can be justified by commercial reasons. In practice, an A level rating corresponds to capital of around 52%-56% of premiums, and the agencies seek to calibrate the rating so that companies at this level have adequate capital on a one-year horizon with 99.5% certainty.

Our internal risk and capital requirement assessments are based on the balance sheet model (ALM), which uses stochastic simulation to calculate the necessary capital taking into consideration the actual insurance portfolio mix and profitability, the actual provisioning profile and the composition of provisions, the existing reinsurance protection and the chosen investment profile. Within this framework, it is also possible to quantify the geographic diversification effect and the effect of the investment policy under which interest rate risk on the bond portfolio matches the corresponding interest rate risk on the discounted provisions, thereby ensuring that TrygVesta's net interest rate risk is negligible for practical purposes (see the section on Risk management). TrygVesta calculates its Individual Solvency Need on this basis in accordance with the rules effected for Danish insurance companies at 1 July 2007. Under these rules, insurance companies and their supervisory boards are required to regularly identify, quantify and control all forms of risk, and to calculate and report the necessary capital on a quarterly basis. TrygVesta calculates the necessary capital corresponding to a 99.5% security level on a one-year horizon, equal to the security level required under Solvency II in the future. As the wish is to continue to maintain a rating of A-, TrygVesta has made a simplified model based on the Standard & Poor's capital

model, which is used to determine the capital target and thus dividends. The model is described in more details at www.trygvesta.com, and is updated on a quarterly basis.

In future, the capital requirement will have to be calculated under the EU Solvency II rules, which are expected to be implemented from 2012. See the section on Solvency II implementation on page 16 for a more detailed description. The latest version of the Solvency II draft standard model was tested in QIS4 (quantitative studies that measure the impact of the new Solvency rules) in the first half of 2008.

Dividend policy

Dividend is determined on the basis of the Group's profit distribution policy.

- TrygVesta distributes 50% of the profit for the year as ordinary cash dividends.
- Any excess capital after distribution of ordinary dividends and taking into consideration the capital, strategy and growth, will be returned to shareholders in the form of a share buy back programme.
- The dividend policy reflects our long-term earnings and cash flow potential, while maintaining an appropriate level of capitalisation.

TrygVesta intends to pursue a risk-based transparent policy for capital management, and thus also for dividend distribution. At 31 December, a capital requirement is determined based on the simplified Standard & Poor's model corresponding to the level of an A-rating plus a buffer of 5%. Any capital in excess thereof will be distributed as dividend. Dividend is determined once a year while profit is generated on an ongoing basis, and this means that the buffer will grow over the year in excess of the 5% originally determined. Buffer growth in 2007 and 2008 was 21.5% and 16.5%, respectively.

Dividend for the 2008 financial year and share buy back

Profit after tax amounted to DKK 846m in 2008. Pursuant to our profit distribution policy, this entails a cash distribution of dividends totalling DKK 423m or DKK 6.50 per share. TrygVesta's risk instructions provide for an equity proportion of up to 8.0%. The equity proportion at 31 December 2008 was 3.4%. The present capital base permits the increased equity risk within the limits of the risk instructions. However, as a consequence of the financial crisis and the difficulties involved in procuring additional subordinate capital in the financial markets, we have decided not to buy back treasury shares in respect of 2009 in order to safeguard TrygVesta's resources.

	2008	2007	2006	2005
Profit for the year, DKKm	846	2,266	3,211	2,097
Cash dividends, DKKm	423	1,156	2,244	1,428
Cash dividends per share (DKK)	6.50	17	33	21
Cash payout ratio	50%	51%	70%	68%
Total buy back, DKKm	0	1,405*		
Buy back per share (DKK)	0	21		
Total distribution per share (DKK)	6	38	33	21
Total distribution, DKKm	423	2,561	2,244	1,428
Total payout ratio	50%	113%	70%	68%
CAR	N/A	N/A	128%	128,5%
Buffer to A level	16%	5%	2.4%	2.8%
Solvency		318%	383%	362%

* The share buy back programme was based on our 2007 profit, amounted to DKK 1,405m and was initiated on 4 April 2008. On 2 February 2009, the programme was extended up to and including 22 April 2009 due to low trading volumes. The programme had been scheduled for completion by 2 March 2009.

Capital structure

TrygVesta's equity amounted to DKK 8,244m at 31 December 2008, and the capital base was DKK 3,926m calculated in accordance with legislative requirements. The actual capital as calculated in the Standard & Poor's capital model (TAC) was DKK 8,952m at 31 December 2008. The major differences in the calculation of actual capital are the treatment of subordinate loan capital which is included in the capital base at DKK 685m and in TAC at DKK 1,102m, as well as the recognition of the discounting effect on provisions. The latter reduced the capital base by DKK 721m at 31 December 2008.

In 2005, TrygVesta raised subordinate loan capital in the form of a 20-year bond loan in the amount of EUR 150m, which was listed on the London Stock Exchange. The loan, which carries a coupon of 4.5%, is included in the capital base at DKK 685m and in TAC at DKK 1,102m. Subordinate loan capital accounted for 12% of the capital calculated according to Standard & Poor's capital model for credit purposes in 2008, with the present limit being 25%.

Credit facility

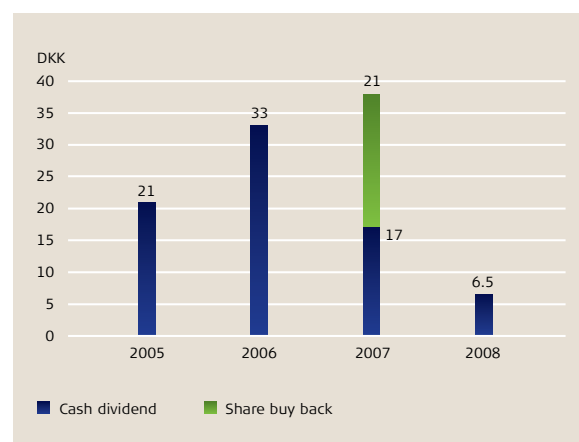
In 2005, TrygVesta raised a five-year revolving credit facility of DKK 2,000m subscribed with eight Danish and international banks. At 31 December 2008, DKK 599m had been utilised under the facility. Interest rate expenses on loan capital totalled DKK 100m for 2008. The total debt ratio was 18.0 at 31 December 2008.

Financial flexibility

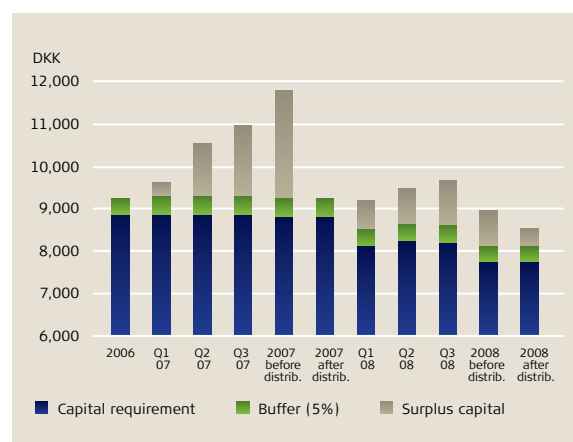
As a result of the decision not to implement share buy backs on the basis of our 2008 performance, the buffer relative to an A-level rating in the simplified Standard & Poor's model increases to 16%, 11% or some DKK 850m more than the 5% buffer target.

TrygVesta's capital contingency plan describes measures that can be applied in the short term to improve the Group's solvency, if required. The plan includes restructuring of assets from equities to bonds and the buying of proportional reinsurance. These measures together would substitute for around DKK 1,000m capital. The capital base could also be increased by the raising of additional subordinate loan capital of around DKK 1,100m in relation to the Standard & Poor's capital model.

TRYGVESTA – PAYOUT PER SHARE IN DKK



CAPITAL



Risk management

Being an insurance business, TrygVesta's concept is to create peace of mind for customers by helping them manage and handle situations when a claim has occurred. Risk management is therefore at the core of the business, and it is only natural that TrygVesta also focus in-house on managing the risks that the operations expose the Group to. Structured and competent risk management is fundamental to maintaining confidence in TrygVesta and living up to the vision of being perceived as the leading peace-of-mind provider in the Nordic region.

Risk management environment and risk identification

The Supervisory Board has overall responsibility for the Group's risk management (see the section on Corporate governance). The Supervisory Board defines the risk management framework, including risk appetite, in the Supervisory Board's capital and risk management instructions. TrygVesta has set up a number of risk committees and drafted policies for the purpose of optimising the controlling, monitoring and handling of the present and future risk exposure. The supreme body of this structure is the risk management committee which, in addition to the Group CEO and the Group CFO, consists of the chairmen of the respective risk committees. In order to support the risk management environment in the best possible way, an Enterprise Risk Management (ERM) department has been set up as a body anchoring and supporting risk management in TrygVesta.

Underwriting risk

The risk related to entering into insurance contracts. The risk that claims at the end of an insurance contract deviate significantly from our assumptions when pricing at inception of the contract.

Handled by the Underwriting reinsurance committee

Provisioning risk

We make technical provisions at the end of a financial period to cover expected future payments for claims already incurred. Provisioning risk is the risk that future payments deviate significantly from our assumptions when making the provisions.

Handled by the Provisions committee

Investment risk

The risk that volatility of financial markets impacts our results. Interest rate risk constitutes a major part of investment risk. Interest rate risk is the risk of fluctuating market interest rates.

Handled by the Investment risk committee

Strategic risk

The risk of changes to the conditions under which we operate, including changed legislation, competition, partnerships or market conditions.

Handled by the Risk management committee

Operational risk

The risk of errors, fraud or failures in internal procedures, systems and processes.

Handled by the Operational risk committee

In addition to the risk management committee TrygVesta has set up four special committees to handle the risk management process within the areas of

- underwriting and reinsurance
- provisions
- investment risk
- operational risk and security.

The special committees report to the risk management committee, and their chairmen are also members of the risk management committee.

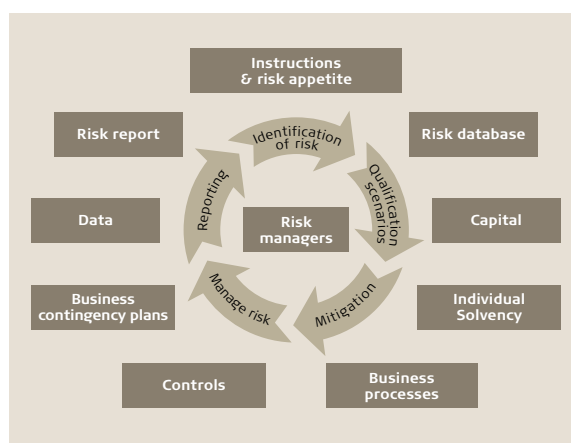
The risk management committee is directly responsible for strategic risk management and capital management. All committees focus on risk management and have no business responsibility.

The business units are involved in the risk management environment through membership of the relevant committees, as risk managers and as participants in the annual mapping of risk, through compliance with and implementation of policies and controls, including by setting up rules with respect to authority, binding signatures and implementation of the relevant system support. A standard project model is applied for implementing TrygVesta's strategy in specific projects, of which risk assessment is an integral element. TrygVesta has defined a structured process for mapping risk throughout the Group. The risk managers describe risk, assess the potential impact and probability and evaluate

the adequacy of the control environment. Such data is compiled in TrygVesta's risk data base, which forms the basis for further processing in the risk management environment in the representation of TrygVesta's overall risk exposure. The risk exposure is supplemented by a number of scenarios illustrating the consequences of special events that may impact several risks simultaneously. The Group's overall risk exposure is presented in an annual risk report submitted to the Executive Management and the Supervisory Board.

There is a direct correlation between the scenarios identified by the risk managers and the Group's calculation of its Individual Solvency Need.

RISK IDENTIFICATION AND RISK MANAGEMENT PROCESS



TrygVesta's risk management environment anchored in the Supervisory Board and business areas, and the risk identification process

The Individual Solvency Need is determined by calculating one-year consequences of such risk scenarios and converting them to the level of probability on the basis of which the capital is made up. An element covering the worst case of such sub-scenarios overlapping is added to the Individual Solvency Need.

The individual risks are grouped into five risk types: underwriting/reinsurance risk, provisioning risk, investment risk, strategic risk and operational risk. All risk types are treated in the risk identification process and described in the following. The three charts show a simplified representation of some of these risks.

The mapping process shows that insurance risk and strategic risk are the most dominating risks followed by investment risk. Operational risk is less important than the other risk types.

Risk types

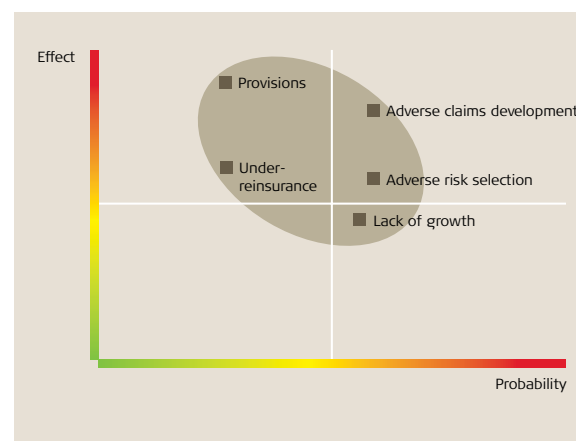
Underwriting and reinsurance risk

Underwriting risk

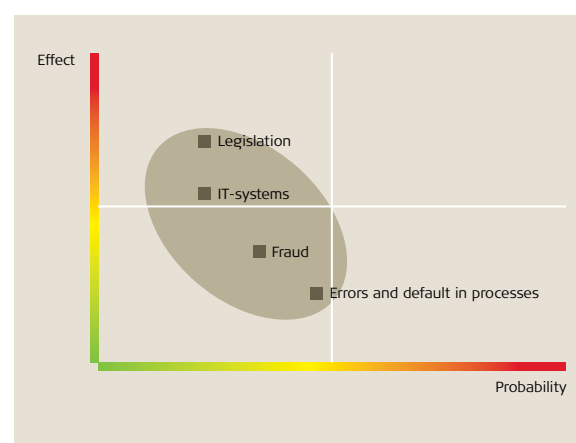
Underwriting risk is the risk related to entering into insurance contracts and thus the risk that premiums charged do not adequately cover the liabilities TrygVesta has assumed. The risk may materialise as losses either as a result of single events or over a period of time due to a general adverse trend in the performance of claims or to premiums that are too low. Conversely, there is also a risk that premiums charged are too high, resulting in a loss of competitiveness. TrygVesta manages underwriting risk through tariffs and by monitoring profitability on an ongoing basis as well as through business procedures, acceptance policies and authorities. Single events are controlled and protected, primarily through reinsurance. The risk related to underlying trends is controlled through close follow-up and extensive reporting on the most important key ratios of the individual insurance areas.

The charts show the distribution of risk types (and individual risks) in a risk map representing risk according to assessed probability and potential impact.

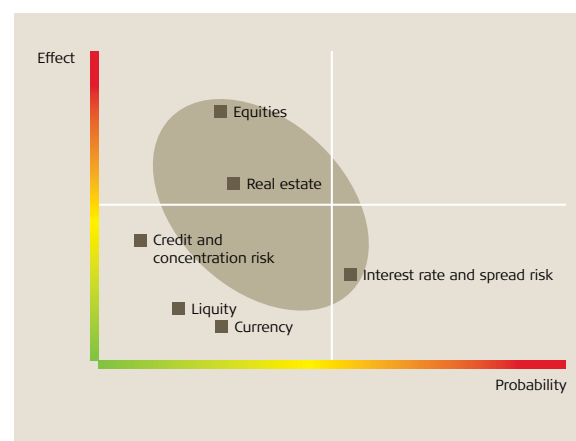
INSURANCE RISK



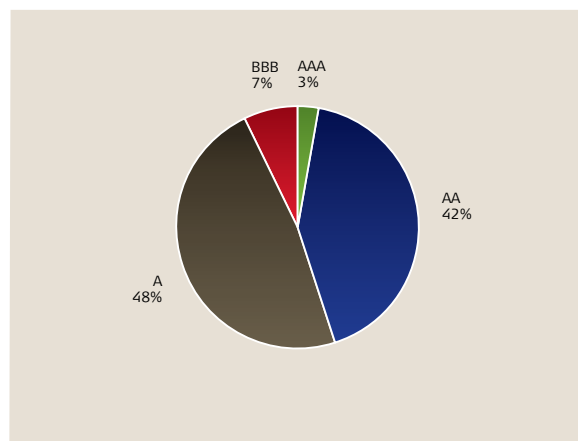
OPERATIONAL RISK



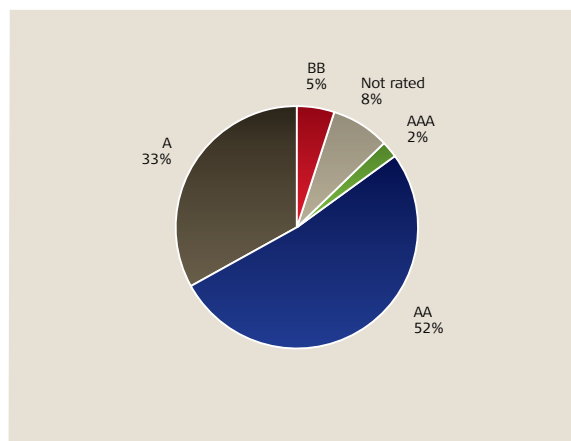
INVESTMENT RISK



BREAKDOWN OF PREMIUMS CEDED BY REINSURER'S RATING



BREAKDOWN OF BALANCES WITH REINSURERS BY REINSURER'S RATING



Reinsurance

Reinsurance is an important element of the day-to-day risk management. The ongoing risk management is supported by TrygVesta's internal ALM model, which is also used for assessing the impact of different reinsurance alternatives. The Group buys reinsurance for the aggregate Nordic business, thereby generating substantial price synergies.

For property risks, major events in 2009 are protected by catastrophe reinsurance of DKK 5bn with a retention up to a maximum of DKK 105m in Denmark and NOK 105m in Norway. The primary risk of single events is claims caused by storm. TrygVesta has defined the level of cover using simulation models to the effect that protection would statistically be inadequate less than once every 250 years. TrygVesta's exposure to natural disasters in Norway is furthermore limited through participation in the Norwegian Pool of Natural Perils.

The catastrophe reinsurance programme also covers other catastrophe events, including terrorist-related events, for up to DKK 3.75bn, with terrorist events being covered for buildings, building contents and consequential loss for risks with a total insured value of up to DKK 500m. TrygVesta has bought catastrophe reinsurance up to DKK 1.5bn for the 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, TrygVesta also buys reinsurance for certain lines for which experience has shown that claims vary considerably. The largest single risks in the corporate portfolio are property risks protected by reinsurance cover up to DKK 1.5bn/NOK 1.6bn/SEK 1.8bn with a retention of DKK/NOK/SEK 100m for the first claim and DKK/NOK/SEK 50m for subsequent claims. For property risks exceeding the upper level, facultative reinsurance is bought. Other lines covered by reinsurance include liability and motor, marine, fish farms and guarantee insurance.

Exposure to terrorist losses of a biological, chemical or radioactive character can be covered only partly by reinsurance today. TrygVesta has for several years played an active role under the Danish Insurance Association in the work to establish a national arrangement to address this issue. The work was finalised in 2008 with the Danish Folketing passing the act on a terrorist insurance arrangement in the general insurance area in June. The act provides for the government to provide a guarantee of up to DKK 15bn for the total Danish market to cover such losses in excess of the level that can be protected in the reinsurance market.

In the event of a major insurance event comprised by the reinsurance programme TrygVesta may have large balances outstanding with reinsurers, and thus be exposed to credit risk. TrygVesta manages this risk by defining requirements to reinsurers' ratings and spreading the reinsurance on

several reinsurers. In addition, TrygVesta has set up a security committee focusing specifically on managing credit risk in connection with reinsurance receivables.

Provisioning risk

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. Customers generally report claims with a certain delay. Depending on the complexity of the claim, a fairly long period of time may pass until the claim has been finally calculated. This may be a prolonged process particularly for personal injuries. Even when the claim has been settled there is a risk that it will be resumed at a later date, triggering further payments.

The size of the provisions for claims is determined both through individual assessments and statistical calculations. At 31 December 2008, the provisions for claims amounted to DKK 19,715m with an average duration of 3.3 years.

EXPECTED CASH FLOWS FROM PROVISIONS FOR CLAIMS IN DENMARK AND NORWAY, DKK

Total	0-1 years	1-2 years	2-3 years	> 3 years
19,271	7,182	3,397	2,202	6,490

Most of the provisions for claims relate to personal injury claims. They are exposed, among other risks, to changes in inflation, the discount rate (see also the heading interest rate risk under investment risk), disbursement patterns, economic trends, legislation and court decisions. The calculation of provisions for claims will always be subject to considerable uncertainty. TrygVesta manages this risk through a provisioning policy, model analysis, control calculations, follow-up and reviews in order to obtain the best possible match between provisions and claims payments. Historically, many insurers have experienced substantial negative as well as positive impacts on profit (run-off) resulting from provisioning risk, and that may also happen in future. Provisions for claims relating to annuities in Danish workers' compensation insurance are discounted using the current market rate and are also

revalued by the wage inflation rate each year. This exposes TrygVesta to explicit inflation risk in case of changes in Danish wage inflation. TrygVesta hedges such risk using an inflation swap.

SENSITIVITY IN CASE OF SELECTED CHANGES IN UNDERWRITING, PROVISIONING AND MARKET CONDITIONS

RISKS IMPACTING PROFIT

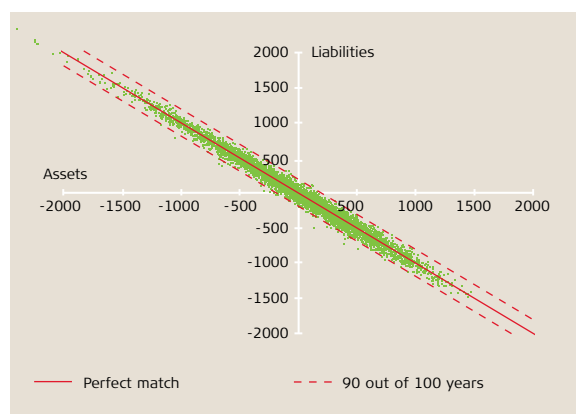
INSURANCE RISK	
Underwriting risk	DKKm
Increase in claims expenses of 1%	-129
Decrease in premium rates by 1%	-176
Weather related claims of DKK 5.5bn (reinsurance coverage DKK 5bn)	-600
Provisioning risk	
Increase in social inflation by 1%	-520
Error estimation of e.g. 10% on workers' compensation and motor	-1,099
MARKET RISK	
Investment risk	
<i>Interest rate market – increase in interest rates of 1%</i>	
Impact on fixed interest securities	-512
Higher discounting of provisions for claims	562
Equity market	
Decrease of equity markets of 15%	-186
Impact arising from derivatives	10
Real estate market	
Decrease of real estate markets of 15%	-534
Currency market	
Decrease of NOK of 15% relative to DKK impacts profit	-107
Decrease of exchange rates of balance sheet items in foreign currencies of 15%	76
Impact arising from hedging	-90

RISK ADJUSTED OVER EQUITY

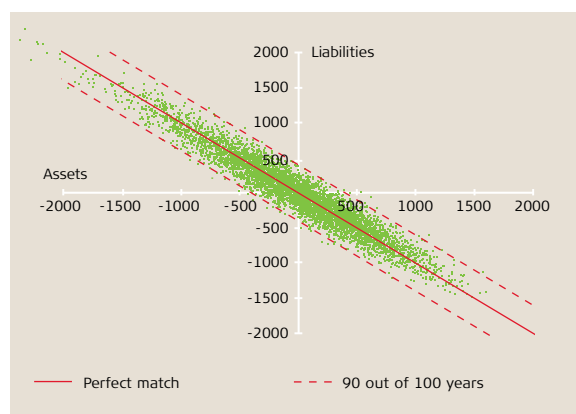
MARKET RISK	
Investment risk	
<i>Interest rate market – increase in interest rates of 1%</i>	
Impact on Norwegian pension obligation	157
Currency market	
Decrease of exchange rates of equity in foreign currencies of 15%	-342
Impact arising from hedging	342

IMPACT ON FIXED-INTEREST SECURITIES AND PROVISIONS

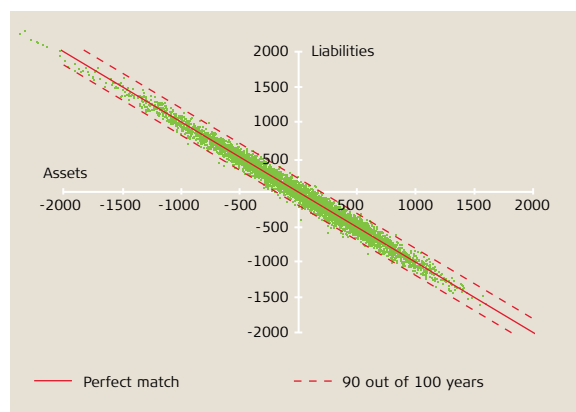
BEFORE THE FINANCIAL CRISIS



AFTER INCREASE IN INTEREST RATE SPREAD



AFTER INTRODUCTION OF NEW DISCOUNTING CURVE (OCTOBER 2008)



Investment risk

Investment risk is the risk that volatility in the financial markets will impact the results of operations and thus the financial position. TrygVesta defines the asset mix based on the investment policies approved by the Supervisory Board, including limits on types of assets and the geographic distribution and risk profile of bonds, equities and real estate for each company in the Group. The asset mix and investment activities focus mainly on interest rate risk, security and liquidity.

Interest rate risk

Fluctuating interest rate levels is one of the most important elements in determining investment risk. As TrygVesta furthermore discounts provisions for claims in accordance with the IFRS accounting rules (market value), the provisions for claims are also exposed to interest rate risk. If interest rates fall, the value of the Group's bond portfolio would increase, but at the same time it would cause the provisions for claims to rise. Changes in the level of interest rates thus have an opposite effect on assets and liabilities. An important element of TrygVesta's risk management is to have a bond portfolio mix ensuring that the two opposite effects are counterbalanced as exactly as possible.

The portfolio of fixed-interest securities stood at DKK 29.5bn at 31 December 2008, while the provisions for claims discounted using a market rate amounted to DKK 19.7bn, net of reinsurance. The respective durations were 1.7 and 3.3 years. The difference 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 512m, while the opposite impact on provisions would be DKK 562m, triggering a net impact of DKK 50m.

TrygVesta intends to minimise the net interest rate exposure, and will therefore in 2009 start dividing total investment assets into a hedge portfolio and an active portfolio. The hedge portfolio will consist exclusively of interest-bearing assets, as far as possible matching the expected cash flow from the discounted provisions. Accordingly, the net interest rate exposure of the hedge portfolio together with the provisions would be approximately nil to a random change in the yield curve.

The first figure shows by stochastic simulation based on TrygVesta's internal model the impact of value adjustment on liabilities and on assets in the hedge portfolio. Based on the internal model, the Group has calculated that the net interest rate risk would have a 90% certainty to stay within a range of +/- DKK 115m.

Value adjustments of assets are determined by yield changes on the actual bond portfolio, which to a great extent comprises Danish mortgage bonds, while the counteracting adjustments of provisions are determined by changes in the discount curve prescribed by the Danish Financial Supervisory Authority. Until recently, this curve was calculated as the Euro zero-coupon yield curve plus a spread between the Danish and German government zero coupon yield curve. In connection with the financial crisis the spread between mortgage bond yields and government bond yields has widen significantly. When updating the internal model to account for an interest rate scenario as seen in 2008, the net interest rate risk is increasing significantly, as illustrated in the second figure on page 70. In this situation, the net interest rate risk would have a 90% certainty to fluctuate within a range of +/- DKK 260m. In response to the problems the financial crisis has caused for life insurers in particular, the Danish Financial Supervisory Authority in October 2008 revised the methodology for calculating the yield curve for discounting the provisions of Danish insurance companies. The calculation now considers developments in Danish mortgage bonds to a much greater extent. Using the new methodology, TrygVesta's internal model shows a significant reduction in the net interest rate risk to a level where fluctuations would in 90% of the cases be within a range of +/- DKK 120m.

Equity and real estate risk

The equity and real estate portfolios are exposed to changes in equity markets and real estate markets, respectively. TrygVesta manages such risk through investment limits for various asset classes. In certain circumstances, TrygVesta also uses interest rate and equity derivatives in the investment activities.

The equity portfolio primarily focuses on the large, liquid equity markets in Europe and the USA (see the graph in the section on Investment activities). TrygVesta has defined a strategy with relatively little exposure to the Nordic region (around 20% at 31 December 2008) in order to reduce company risk, because a few companies account for large parts of the markets in these countries. Furthermore, TrygVesta has tied each equity mandate to a recognised benchmark (MSCI), which is monitored closely. The 25 largest equities in the portfolio accounted for some 32% of the total listed equity portfolio at 31 December 2008.

TrygVesta reduced its proportion of equities significantly in January 2008. The equity proportion accounted for 3.4% at 31 December 2008 against 11.9% at the end of 2007 and 15.4% in May 2007. This reduction has limited the Group's equity losses significantly. Overall, the financial crisis triggered equity losses of DKK 887m. In 2008, TrygVesta bought the head office in Ballerup, thereby increasing the proportion of real estate significantly. The proportion is expected to be reduced over time.

Currency risk

TrygVesta is exposed to exchange rate fluctuations. This exposure is minimised through currency derivatives, and cash flows are mostly matched. The Group's premium income in foreign currency is mostly matched by claims and expenses in the same currencies, primarily NOK, EUR, SEK and USD. This means that an expected profit would be adversely impacted by depreciating exchange rates relative to DKK. TrygVesta does not hedge the remaining, limited currency risk in connection with future cash flows in foreign currencies.

TrygVesta uses currency derivatives to hedge the risk of a loss of value of balance sheet items due to exchange rate fluctuations in accordance with a general hedge ratio of 90–100% for each currency. The aim is to hedge 98–100% of the net book value of the Norwegian entity.

NOK depreciated from 93.51 to 75.72, or 19%, against DKK in 2008. This was the main reason for the year's negative DKK 640m exchange rate adjustment of the value of the foreign entities. Under the hedge policy, this

currency risk was hedged with a resulting gain of DKK 615m. The net effect was thus negative at DKK 25m. Both items have been taken directly to equity.

Credit risk

Credit risk is the risk of incurring a loss if counterparties fail to meet their obligations. In connection with the investment activities, the primary counterparties are bond issuers and counterparties in other financial instruments. TrygVesta manages credit risk and concentration risk through investment limits and rating requirements (see the section on Investment activities for an overview of the bond portfolio distributed on ratings and geography). Receivables with Danish banks are covered by a government guarantee from October 2008 to 2010.

The financial crisis in 2007 and 2008 emphasised the importance of managing risk, including credit risk. TrygVesta has no investments in sub-prime loans, CDOs or similar products, and accordingly has not incurred financial losses in this respect in connection with the financial crisis.

Read more in the section on Investment activities on page 52.

Debtor risk

There is a risk that customers fail to pay for their insurance. Accordingly, TrygVesta has intensified efforts and processes towards customers with an account arrangement, large customers and commercial customers in sectors strongly impacted by economic trends. A separate review has been made of ratings for customers with large premium volumes in order to assess the risk of bankruptcy.

Provisions for debtor risk were increased in 2008 by 13% to DKK 120m in 2008.

Operational risk

Operational risk relates to errors or failures in internal procedures, fraud, breakdown of infrastructure, IT security and similar factors. As operational risks are mainly internal, TrygVesta focuses on establishing an adequate controlling environment in the Group's operations. In prac-

tice, the work is organised through a structure of procedures, controls and guidelines that cover the various aspects of the Group's operations, including the IT security policy. TrygVesta has also set up a security and investigation unit to handle matters such as fraud, IT security, physical security and contingency plans.

In order to avoid any unintentional violations of competition law, a competition law training programme for the entire organisation has been completed.

TrygVesta has prepared contingency plans to handle the most important areas, such as the contingency plans in the individual parts of the business to handle an event of a prolonged IT breakdown. The Group has also set up a crisis management structure should TrygVesta be hit by a major crisis.

Strategic risk

Strategic risk relates to TrygVesta's choice of strategic position, including IT strategy, time-to-market, business partners and reputation as well as changed market conditions, including the competitive environment, falling premium rates and developments in New Markets.

Strategic risk is managed through a strategic planning process. The Supervisory Board defines the overall strategy within the framework of the Group's corporate vision, and the Group Executive Management uses this as the basis for further strategy work. The balanced scorecard is used as a tool to ensure current follow-up on the implementation of 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. TrygVesta maintains full strategic focus on the business partners, and protects the reputation through corporate values, by maintaining focus on handling complaints and through internal and external communication policies. The Group also continuously monitors the market to ensure that the assessment of external conditions rely on an up-to-date basis, be it competitors' market initiatives, new legislation or other external factors that may impact the Group.

The overall risk exposure

TrygVesta considers strategic risk and insurance risk (underwriting and provisions) to be the most important types of risk TrygVesta is exposed to. Both types of risk are closely related to the operations as a general insurer. Investment risk is at a satisfactory level due to the current investment strategy. TrygVesta considers the operational risk to be less important than the other risk types.

The financial crisis has had an adverse impact on TrygVesta albeit only to a fairly limited extent, thereby illustrating the results of effective risk management in the Group. TrygVesta considers the risk identification process and overall risk exposure to be satisfactory relative to the risk appetite defined by the Supervisory Board. However, TrygVesta is continuously seeking to optimise the relationship between risk and return and to reduce unwanted risks further.

Corporate governance is the future

"At TrygVesta, we promote management behaviour that supports our business and our peace-of-mind delivery. Managers are responsible for pursuing our vision and creating value for our stakeholders in a sound and profitable manner. Our commitment and responsibility to the world around us support our business further."



Corporate governance

Supervisory Board



Mikael Olufsen

Bodil Nyboe Andersen

Jørn Wendel Andersen

Paul Bergqvist

Christian Brinch

Mikael Olufsen

Chairman of the Supervisory Board and chairman of the remuneration committee
Born 1943. Joined the Supervisory Board in 2002

Professional board member. Former CEO of Toms Chokoladefabrikker A/S.

Educational background: MSc (Forestry); PMD Harvard Business School.

Chairman of TryghedsGruppen smba, TrygVesta A/S, TrygVesta Forsikring A/S, Malaplast Co. Ltd. Bangkok, Advisory Board of CareWorks Africa Ltd. and The Danish Rheumatism Association.

Deputy chairman of the Board of Trustees of the Egmont Foundation. Egmont International Holding A/S, Ejendomsselskabet Gothersgade 55 ApS and Ejendomsselskabet Vognmagergade 11 ApS.

Board member of WWF in Denmark and Danmark-Amerika Fondet.

Mr Olufsen has experience in managing large international companies, including strategic development, and experience as a board member of Danish and international companies.

Number of shares held: 3,018.

Bodil Nyboe Andersen

Deputy chairman of the Supervisory Board and chairman of the audit committee. Born 1940. Joined the Supervisory Board in 2006

Former Chairman of the Board of Governors, Danmarks Nationalbank (Danish Central Bank).

Educational background: MSc (Economics).

Chairman of The University of Copenhagen, The Danish Red Cross and The Laurids Andersen Foundation.

Deputy chairman of TrygVesta A/S, TrygVesta Forsikring A/S and The Danish Film Institute.

Board member of The Villum Kann Rasmussen Foundation, The Danish-Norwegian Collaboration Foundation and The Energy Technological Development and Demonstration Programme (Energiteknologisk Udviklings- og Demonstrations Program).

Ms Nyboe Andersen has competencies within the areas of management, strategy, treasury and financial business from her former positions as Chairman of the Board of Governors of Danmarks Nationalbank and Managing Director of Andelsbanken.

Number of shares held: 100.

Jørn Wendel Andersen

Born 1951. Joined the Supervisory Board in 2002

CFO, Arla Foods amba.

Educational background: MSc (Business Economics), IMD Executive Development Programme, IMD "Strategy in Action" Programme, and Leadership Assessment – Heidrick & Struggles.

Chairman of Arla Insurance Company (Guernsey) Ltd. (Captive), Arla Foods Finance A/S and Fidan A/S.

Board member of TryghedsGruppen smba, TrygVesta A/S, TrygVesta Forsikring A/S, Arla Foods AB, Arla Foods International, AF A/S, Tholstrup Cheese A/S, Tholstrup Cheese Holding A/S and Tholstrup Taulov A/S.

Mr Wendel Andersen has experience in international management, strategy, finance, treasury, IT and project management from his current position as CFO of Arla Foods.

Number of shares held: 1,078.

Paul Bergqvist

Member of the remuneration committee. Born 1946. Joined the Supervisory Board in 2006

Professional board member. Swedish citizen. Former CEO of Carlsberg A/S.

Educational background: Economist, engineer.

Chairman of Sverige Bryggerier AB, East Capital Explorer ABvaigzdes AB and HTC AB.

Board member of TrygVesta A/S, TrygVesta Forsikring A/S, Telenor ASA, Lantmännen, Nova Linija, Björk Eklund Group AB and Svenska Returpack AB.

Mr Bergqvist has international management experience in strategic development, complex transactions, development of new markets, marketing, sales and financial management.

Number of shares held: 100.

Christian Brinch

Born 1946. Joined the Supervisory Board in 2007

Chief executive of his own business.

Professional board member. Norwegian

citizen. Former President and CEO of Helicopter Services Group ASA and Executive Vice President of ABB Norge.

Educational background: Norway's naval academy, PMD Harvard Business School.

Chairman of Hafslund AS, Søro AS, HV IV Invest Alfa AS, Kjell Ostnes AS, Østnes Aero AS, Østnes Defence AS, Helicopter Network AS, Fortissimo AS, Line Consult AS, Gluteus AS and Røa Invest AS.

Deputy chairman of Technor AS, Sørcogruppen AS, Technor Holding AS, Norges Statsbaner AS, Prosafe AS and Prosafe Production AS.

Board member of TrygVesta A/S, TrygVesta Forsikring A/S, STG Engineering AS, Subsea Technology Group AS, STG Products AS, Thor Dahl Management AS and Thor Dahl Shipping AS.

Mr Brinch runs his own business providing strategic consulting and board services. Mr Brinch has experience and knowledge within the areas of strategic development, branding, distribution and consulting services with respect to board work.

Number of shares held: 500.

Niels Bjørn Christiansen

Born 1966. Joined the Supervisory Board in 2006

CEO, Danfoss A/S. Former Executive Vice President and COO, GN Store Nord A/S.

Educational background: B.Sc., E.E., MSc (Engineering), MBA Insead.

Chairman of Danfoss Compressors Holding A/S, Danfoss Industries Private Limited, India and Sea Recovery Inc.

Deputy chairman of Danfoss (Tianjin) Limited, China.

Board member of TrygVesta A/S, TrygVesta Forsikring A/S, Bang & Olufsen A/S, Axcel A/S, Danfoss Universe, Danfoss Drives A/S, Danfoss Ejendomsselskab A/S, Danfoss Ventures A/S, Danfoss International A/S, Danfoss Bauer GmbH, Germany, Danfoss Semco A/S, Danfoss-Murman Holding A/S, Sauer-Danfoss Inc., Provinsindustriens Arbejdsgiverforening and DI Hovedbestyrelse.



Niels Bjørn Christiansen

John R. Frederiksen

Rune Torgeir Joensen

Peter Wagner Møllerup

Birthe Petersen

Per Skov

Berit Torm

Mr Christiansen has experience with international businesses, including from his work at Danfoss and GN Store Nord A/S. He has competencies within management, strategy, IT, processes, distribution, innovation, production, finance and private and listed companies.

Number of shares held: 100.

John R. Frederiksen

Member of the remuneration committee. Born 1948. Joined the Supervisory Board in 2002

CEO, Fortunen A/S, Oak Property Invest Aps and Berco Aps. Former chief executive of Jacob Holm & Sønner A/S and Bastionen A/S.

Educational background: Business training.

Chairman of Hellebo Park A/S, RenHold A/S, Renoflex-Gruppen A/S, Renholdningsselskabet af 1898, SBS Rådgivning A/S, SBS Byfornyelse Smba, Sjølsø Danmark A/S, Sjølsø Gruppen A/S, Ejendomsforeningen Danmark, Komplementarselskabet Uglen ApS and Grundejernes Investeringsfond.

Board member of TryghedsGruppen smba, TrygVesta A/S, TrygVesta Forsikring A/S, Fortunen A/S, Freja Ejendomme A/S (Statens Ejendomsalg A/S), Højgård Ejendomme A/S, Oak Property Invest Aps, C.W. Obel Ejendomme A/S, C.W. Obel Projekt A/S, Ejendomsaktieselskabet Knud Højgaards Hus, BERCO Deutschland GmbH, Invista Foundation Holding Company Limited, SIPA (Scandinavian International Property Association), Invista Foundation Property Trust Limited, Invista Foundation Property Limited, Invista Foundation Property No. 2 Limited and Invista European Real Estate Trust SICAF.

Member of the advisory board of Sparinvest Property Fund K/S and President of European Property Federation, Brussels.

Mr Frederiksen has experience within management, strategy and finance from serving as a CEO and most recently as a board member of a number of companies, including property companies.

Number of shares held: 280.

Rune Torgeir Joensen

Elected by the employees and member of the audit committee.

Born 1956. Joined the Supervisory Board in 2008

Department manager with TrygVesta Forsikring A/S. Norwegian citizen.

Educational background: Printer, market economist, HMS adviser.

Board member of TrygVesta A/S and TrygVesta Forsikring A/S.

Member of Advisory Board TrygVesta Norge.

Number of shares held: 28.

Peter Wagner Møllerup

Elected by the employees.

Born 1966. Joined the Supervisory Board in 2002

Commercial insurance agent with TrygVesta Forsikring A/S

Educational background: Certified insurer, travel agency guide, psychotherapist.

Chairman of The Association of Insurance Agents and Account Managers in TrygVesta Forsikring A/S and The Association of Danish Certified Insurers within the Danish Financial Services Union.

Board member of TrygVesta A/S, TrygVesta Forsikring A/S and The Danish Financial Services Union.

Number of shares held: 219.

Birthe Petersen

Elected by the employees and member of the remuneration committee. Born 1949. Joined the Supervisory Board in 1996

Principal administrative officer of TrygVesta Forsikring A/S.

Educational background: Diploma in business studies, management training programme of The Organisation of Danish Insurance Employees.

Board member of TrygVesta A/S, TrygVesta Forsikring A/S and The Organisation of Danish Insurance Employees.

Number of shares held: 71.

Per Skov

Member of the audit committee. Born 1941. Joined the Supervisory Board in 1998

Professional board member.

Former CEO of FDB.

Educational background: MSc (Economics), management training programme at MIT.

Chairman of Utility Development A/S and NX Holding A/S.

Deputy chairman of TryghedsGruppen smba.

Board member of TrygVesta A/S, TrygVesta Forsikring A/S, Dagrofa A/S, DSV A/S, Kemp & Lauritzen A/S, Nordea Liv og Pension Livsforsikringsselskab A/S.

From his board work and former positions, including as CEO of FDB, **Mr Skov** has experience within management, strategy and finance.

Number of shares held: 2,468.

Berit Torm

Elected by the employees. Born 1959. Joined the Supervisory Board in 2008

Claims Manager with TrygVesta Forsikring A/S.

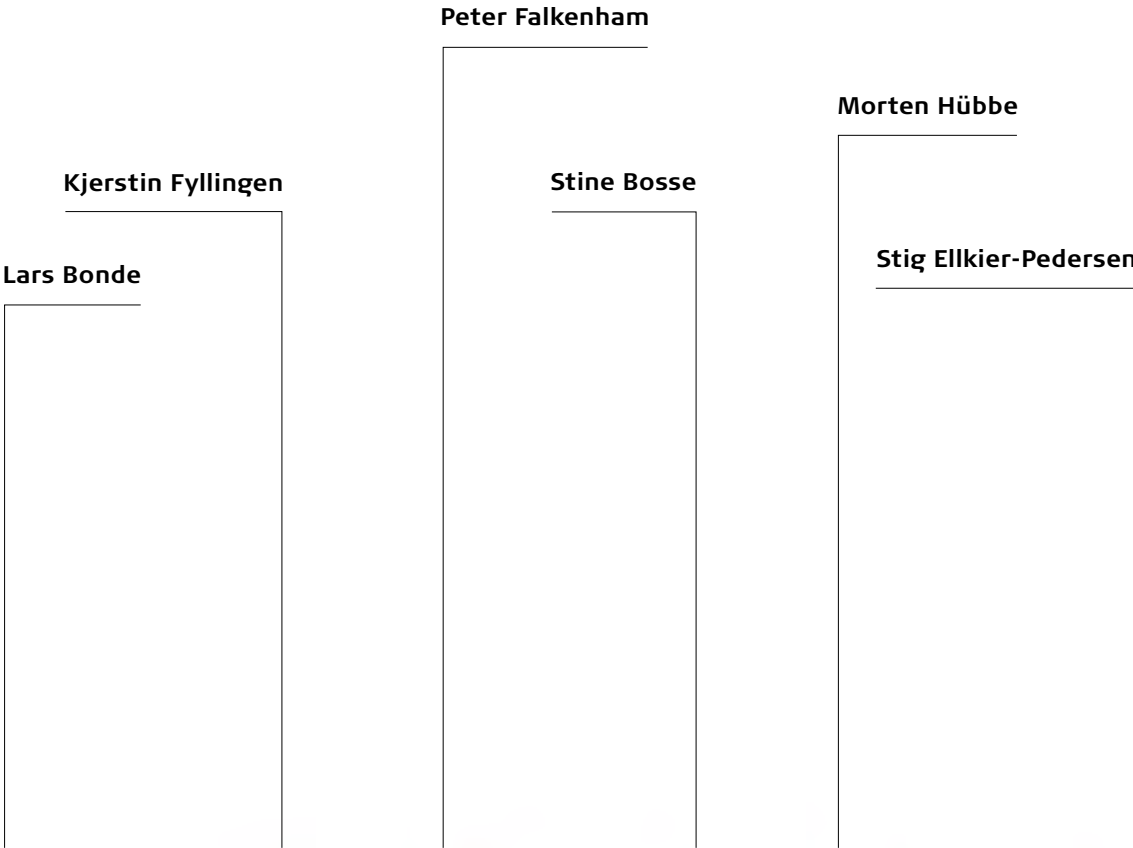
Educational background: LL.M.

Board member of TrygVesta A/S and TrygVesta Forsikring A/S.

Member of Furesø local council.

Number of shares held: 69.

Group Executive Management



Christine (Stine) Bosse

Group CEO. Born 1960.

Joined TrygVesta in 1987.

Joined the Group Executive Management in 1999

Member of the Executive Management of TrygVesta A/S. Member of the Executive Management of TrygVesta Forsikring A/S.

Educational background: LL.M, management training programmes, including Insead and Wharton.

Chairman of The Danish Insurance Association, Hjertebarnsfonden, Tryg Ejendomme A/S and Ejendomsselskabet af 8. maj 2008 A/S.

Board member of Nordea Bank, Amlin Plc, Grundfos Management A/S and Poul Due Jensens Fond.

Number of shares held: 3,237.

Morten Hübbe

Group CFO. Born 1972.

Joined TrygVesta in 2002.

Joined the Group Executive Management in 2003

Member of the Executive Management of TrygVesta A/S. Member of the Executive Management of TrygVesta Forsikring A/S.
Educational background: BSc (International Business Administration and Modern Languages), MSc (Finance and Accounting), management training at Wharton.

Chairman of TrygVesta Garantiforsikring A/S and Enter Forsikring AS.

Board member of Tryg Ejendomme A/S, Ejendomsselskabet af 8. maj 2008 A/S and Høytteknologiseret AS.

Number of shares held: 3,159.

Peter Falkenham

COO and member of the Group Executive Management in charge of Private & Commercial Denmark. Born 1958. Joined TrygVesta in 2000. Joined the Group Executive Management in 2000

Member of the Executive Management of TrygVesta A/S. Member of the Executive Management of TrygVesta Forsikring A/S.

Educational background: BCom (International Trade), MSc (Engineering) and management training programmes, including St. Gallen and Wharton.

Chairman of Glunz & Jensen.

Deputy chairman of Solar A/S

Board member of Tryg Ejendomme A/S, Ejendomsselskabet af 8. maj 2008 A/S and TrygVesta Garantiforsikring A/S.

Number of shares held: 69.

Lars Bonde

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

Member of the Executive Management of TrygVesta Forsikring A/S.

Educational background: Insurance training, LL.M.

Number of shares held: 1,312.

Kjerstin Fyllingen

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

Member of the Executive Management of TrygVesta Forsikring A/S.

Educational background: Bachelor of Business Administration and Master of Management, Handelshøyskolen BI.

Board member of Enter Forsikring AS, Finansnæringens Hovedorganisation, TSS Marine ASA and TrygVestas Allmenntilgode Stiftelse.

Number of shares held: 1,898.

Stig Ellkier-Pedersen

Member of the Group Executive Management in charge of New Markets. Born 1947. Joined TrygVesta in 1999. Member of the Group Executive Management 2001-2008

Member of the Executive Management of TrygVesta Forsikring A/S.

Educational background: Mechanical engineer, management training programmes at Insead.

Chairman of Forsikringsakademiet A/S.

Board member of Enter Forsikring A/S, The Danish Employers' Association for the Financial Sector and SOS International A/S.

Number of shares held: 1,737.

Note:

Changed Group Executive Management as of 1 January 2009

Effective on 1 January 2009, TrygVesta changed its organisation so that the entire Group will be based on a pan-Nordic structure with a business management comprising nine members, all of whom will be responsible for the Nordic region.

The Group Executive Management will be extended by four members and will be as follows:

Christine Bosse, Group CEO, 48 years old.

Morten Hübbe, Group Executive Vice President, CFO, 37 years old.

Peter Falkenham, Group Executive Vice President, Process & IT, and COO, 51 years old.

Lars Bonde, Group Executive Vice President, Sales and Customer Service Direct and Country Manager in Denmark, 43 years old.

Kjerstin Fyllingen, Group Executive Vice President, Customer Service & Sales Partners and Country Manager in Norway, 50 years old.

New members

Truls Holm Olsen, Group Executive Vice President, Corporate, 45 years old.

Birgitte Kartman, Group Executive Vice President, Claims, 48 years old.

Jens Stener, Group Executive Vice President, Corporate Branding & Business Centres, 42 years old.

Martin Bøge Mikkelsen, Group Executive Vice President, Strategy & Human Competencies, 46 years old.

Stig Ellkier-Pedersen stepped down from his position to retire on 31 December 2008.

Mr Ellkier-Pedersen has been with TrygVesta since 1999 and has been a member of the Group Executive Management since 2001.

Read more about the organisational changes and see the new management at www.trygvesta.com > About us > Management.

Corporate governance

In 2008, TrygVesta's Supervisory Board focused on organising the Group's strategic development with a healthy balance between short-term and long-term activities and action plans. The Supervisory Board takes care in preparing future tasks for the Group, such as new capital requirements and capital resources in connection with the future Solvency II rules so as to continuously strengthen the Group's financial and strategic position.

TrygVesta's corporate governance and remuneration policies are based on the corporate governance recommendations issued by OMX Nordic Exchange Copenhagen. The Supervisory Board believes that TrygVesta complies with the recommendations.

Stakeholders

TrygVesta issues press releases and company announcements on a regular basis and publishes interim reports and annual reports in order to enable stakeholders to form an adequate impression of the Group's position and its performance. The financial statements have been prepared in accordance with IFRS. TrygVesta updates its outlook for the Group's performance each quarter. All financial announcements are released simultaneously in Danish and English. The Group has a number of in-house guidelines to ensure that disclosures are made in accordance with the stock exchange rules of ethics. Investor Relations has regular contacts to equity analysts and major investors and organises investor presentations, teleconferences and webcasts together with the management. The Supervisory Board is regularly briefed on the dialogue with investors. All material is available at www.trygvesta.com.

com, which also offers stakeholders to receive the latest news as RSS feeds or to download webcasts and teleconferences as podcasts. The Group's mission and relevant stakeholder policies, such as the policies for Investor Relations, communications and the environment, are available at www.trygvesta.com under Investor, About us, Press and CSR > Climate, respectively.

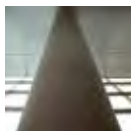
Capital and share structures

The Supervisory Board monitors that TrygVesta's capital structure is in line with the interests of the Group and our shareholders, and that the capital structure is in compliance with the requirements applicable to TrygVesta as a financial undertaking. The Supervisory Board optimises our capitalisation on an ongoing basis while duly safeguarding the interests of policyholders and shareholders and leaving the Group sufficient scope for development and growth.

In 2008, the shareholders at the annual general meeting authorised the Supervisory Board to let TrygVesta acquire own shares within 10% of the share capital in the period up to the next annual general meeting. The Supervisory Board is authorised to distribute extraordinary dividends in accordance with the rules of the Danish Public Companies Act.

The annual general meeting in 2008 decided to initiate a share buy back programme.

At 31 December 2008, around 3.0m shares worth DKK 1,053m had been bought under the total share buy back programme of DKK 1,405m, and DKK 352m of the share buy back programme was thus outstanding. TrygVesta has



Read more about TrygVesta's Corporate Governance at
www.trygvesta.com

decided to extend the share buy back programme, originally scheduled for completion on the day before the release of the annual report 2008, until the day before the annual general meeting, which will be held on 22 April 2009.

The Supervisory Board intends to consider any public takeover bid that may be made as prescribed by legislation and, depending on the nature of such bid, to convene an extraordinary general meeting of shareholders in accordance with applicable requirements and rules.

Annual general meeting

TrygVesta holds its annual general meeting of shareholders each year before the end of April. The Supervisory Board convenes the annual general meeting by a company announcement and by advertisement in at least one national newspaper, giving not less than eight days' notice. Shareholders may elect to receive an electronic notice of the general meeting, or they may download the notice at www.trygvesta.com. The notice includes relevant information about the time and place of the meeting and sets out the agenda, which as a minimum comprises the following items:

- Report of the Supervisory Board on the activities of the company during the past financial year
- Presentation of the annual report for approval and discharge of the Supervisory Board and the Executive Management, including determination of the Supervisory Board's remuneration
- 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, including proposed payment of dividend for the past financial year
- 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, and shareholders may vote in person at the general meeting or appoint the Supervisory Board or a third party as their proxy. The proxy form will be available at www.trygvesta.com from 1 April 2009.

The tasks and responsibilities of the Supervisory Board

The Supervisory Board is responsible for the overall management and financial control of TrygVesta. In this work, the Supervisory Board uses targets and framework management based on regular and systematic consideration of strategies and risks.

The Executive Management reports 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 to ensure follow-up on and development of the Group's strategies.

The Supervisory Board holds at least six annual meetings and an annual strategy seminar to discuss and define strategies and goals for the years ahead. The Supervisory Board discusses the Supervisory Board's tasks on a regular basis, and at the last meeting in the year, it determines the items on the agenda for the coming year.

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. In addition, the Supervisory Board reviews and approves the rules of procedures of the Supervisory Board and the Executive Management each year to ensure they are aligned with TrygVesta's requirements. Under the rules of procedure, the Supervisory Board has defined an evaluation procedure for assessing the work and results of the Supervisory Board, the Chairman of the Supervisory Board and the other individual members as well as the composition of the Supervisory Board in order to improve the work of the Supervisory Board. The assessment includes individual interviews between the Chairman of the Supervisory Board and the individual members in January and a discussion of these interviews at the next following Board meeting.

The Supervisory Board is headed by the Chairman and the Deputy Chairman. The duties of the Chairman and the Deputy Chairman of the Supervisory Board are defined in the rules of procedure of the Supervisory Board and include preparing meetings of the Supervisory

Board and evaluating the work of the Supervisory Board and the cooperation with the Executive Management. The Chairman and the Deputy Chairman also plans the future composition of and replacement in the Supervisory Board. The Chairman of the Supervisory Board acts as spokesman for the Supervisory Board for external purposes.

The composition of the Supervisory Board

The Supervisory Board makes an assessment of the competencies required for the Supervisory Board to perform its duties in the best possible way. In connection with the evaluation of the Supervisory Board's work and its members' competencies, it is assessed whether the Supervisory Board has the required competencies, or whether the competencies and expertise of its members need to be updated in some respects. A balanced distribution with respect to gender and age is sought in the composition of the Supervisory Board. The Supervisory Board has eight members elected by the shareholders. They are aged between 43 and 68 years, and there is one female member. New board members are offered an introduction course.

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. The Supervisory Board deems that the number of members is adequate to ensure a constructive debate and an efficient decision-making process.

THE COMPOSITION OF THE SUPERVISORY BOARD

4 affiliated members	4 non-affiliated members	4 members elected by the employees
elected among the members of the Supervisory Board of Trygheds-Gruppen smba.	elected among candidates without any affiliation with Trygheds-Gruppen smba.	elected according to agreement between the Danish and Norwegian employee associations distributed on the Group's Danish employees and one Norwegian employee.

Read more about the employee representatives on TrygVesta's Supervisory Board at www.trygvesta.com under Our business > Corporate governance.

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 general meeting following their 70th birthday.

Prior to the election of new members, the Supervisory Board prepares a description of the candidates' background, professional qualifications and experience, and the notice convening the general meeting makes reference to this description. Information about the Supervisory Board members' profiles and the number of TrygVesta shares held is set out in the section on Members of the Supervisory Board and is also available at www.trygvesta.com. A few Supervisory Board members hold more than the recommended number of directorships. However, the Supervisory Board considers that each member has adequate time and resources to serve as a member of the Supervisory Board of TrygVesta in a satisfactory manner.

CSR/corporate social responsibility

CSR is a focus area for TrygVesta; it supports the company's business and peace-of-mind delivery. TrygVesta has drawn up a CSR declaration of intent, defining our commitment and describing our responsibility in relation to employees, customers and the external community. TrygVesta pursues an open policy with respect to the Group's social commitment and reports on current CSR activities at www.trygvesta.com and in the Annual Report. TrygVesta is also committed to working with CSR through the Group's participation in the Danish Council for Sustainable Business Development and the UN Global Compact.

CSR organisation

The Group CEO chairs the TrygVesta CSR Board, and in addition, the Group Executive Vice Presidents, Customer Sales & Partners and direct sales, the communications Director and two other senior executives sit on the Board. The figure shows the three sub-committees in the CSR work.

Diversity

TrygVesta considers diversity a strength and has therefore worked towards the goal that the composition of the company's employees should reflect that of society in



Read more about CSR at TrygVesta on the insert

"We acknowledge our corporate social responsibility"

general. In the past few years, there has been increased focus on ethnicity, both in our current recruitment activities and in projects focusing on recruitment of employees with an ethnic background. In 2008, just over 4% of the Group's employees had a foreign ethnic background, slightly less than this population group's proportion of the Nordic population.

At the end of 2008, TrygVesta had seven women at senior management level. At 1 January 2009, the Group Executive Management comprised nine members, including three women. TrygVesta's Group Executive Management is thus one of the most highly gender diversified among large companies in the Nordic region. The age distribution in the Group Executive Management ranges from 37 to 51 years.

Risk management

Being an insurance business, TrygVesta is subject to the requirements of the Danish Financial Business Act on risk management. In capital and risk management instructions, the Supervisory Board defines the framework for risk management in TrygVesta with respect to insurance risk/reinsurance, investment risk and operational risk, including IT security. This framework is then implemented in risk policies that define detailed guidelines for the Group's risk management. A risk management committee comprising the Group CEO, Group CFO and selected senior executives monitors the risk management environment. The Executive

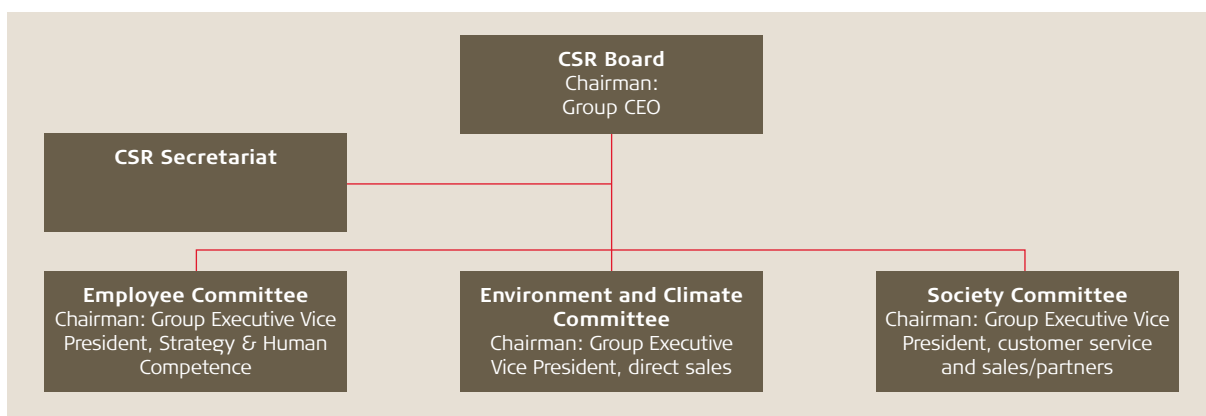
Management reports to the Supervisory Board on the Group's risk management work. A more detailed review of TrygVesta's risk management is set out in the section on Risk management and at www.trygvesta.com.

Audit

The Supervisory Board ensures that the Group is monitored by competent and independent auditors. Each year, the annual general meeting appoints external auditors recommended by the Supervisory Board. The audit agreement with the external auditors, including the auditors' fees, is concluded between the Supervisory Board and the auditors. The Supervisory Board adopts the framework for the auditors' performance of non-audit services each year.

TrygVesta's internal audit department regularly reviews the quality of the Group's internal control systems and business procedures. The department is responsible for planning, performing and reporting the audit work to the Supervisory Board. The internal and external auditors' long-form reports are reviewed by the Supervisory Board.

In connection with the Supervisory Board's review of the annual report, it discusses the accounting policies, among other issues, and the results of the audit are discussed with the audit committee and in Supervisory Board meetings for the purpose of assessing the auditors' observations and conclusions.



AUDIT COMMITTEE

The audit committee has three members elected by the Supervisory Board and is chaired by a non-affiliated member of the Supervisory Board. The committee held four meetings in 2008, and it reports to the Supervisory Board on a regular basis. The audit committee made an assessment of the preceding year's work in August 2008, evaluating the need for changes to its areas of responsibility. The audit committee works with historical data, and it is not involved in forward-looking events such as outlook and budgets.

TrygVesta's audit committee complies with the statutory requirements of 1 July 2008 for listed companies. As of 31 December 2008, certain unlisted financial businesses were also required to have an audit committee. However, it is possible to set up shared audit committees for several financial businesses within the same group. The audit committees must be set up immediately following the companies' annual general meetings held in the spring of 2009. TrygVesta will ensure compliance with the statutory requirements in accordance with the applicable rules.

Members

- Bodil Nyboe Andersen, chairman
- Per Skov
- Rune Joensen

Responsibilities

- To monitor the financial reporting process, including the application of accounting policies, and to assess the adequacy of any changes thereto.
- To monitor that internal control and risk management systems function efficiently.
- To review and discuss the results of the internal and external auditors' work, and to supervise management's follow-up on the recommendations reported by the internal and external auditors.
- To ensure that the Group's internal and external auditors are independent.

Activities in 2008

- Reviewed the Group's technical provisions.
- Reviewed the methodology for and calculation of the Group's Individual Solvency Needs.
- Reviewed the efficiency of the Group's contingency plans.
- Assessed the Group's internal control procedures to prevent fraud.
- Supervised annual and interim financial statements.
- Supervised the audit work performed by the external auditors.

REMUNERATION COMMITTEE

The remuneration committee has four members elected by the Supervisory Board. The remuneration committee is chaired by the Chairman of the Supervisory Board. In addition, the committee must include at least one member of the Supervisory Board of TryghedsGruppen and at least one non-affiliated member of the Supervisory Board. The remuneration committee was set up in the spring of 2008. Going forward, the committee intends to hold four annual meetings. The work of the remuneration committee is based on TrygVesta's remuneration policy and guidelines for incentive pay adopted by the shareholders at the annual general meeting held on 3 April 2008.

Members

- Mikael Olufsen, chairman
- John R. Frederiksen
- Paul Bergqvist
- Birthe Petersen

Responsibilities

- To support the Supervisory Board in considerations and decisions with respect to issues of remuneration to the Supervisory Board, Board committees and the Executive Management, and to discuss the framework for the Group Executive Management's remuneration in consultation with the Group CEO.
- To ensure compliance with the Group's guidelines for incentive pay.
- To keep the Supervisory Board informed of the market level and forms of remuneration paid to members of the supervisory boards and executive managements of the company's peers.

Activities in 2008

- The remuneration committee was set up in May 2008 and held one meeting in the second half of 2008 to define the strategy and terms of reference for its work.
- The committee's terms of reference were approved at a meeting of the Supervisory Board held in November 2008.

Remuneration

Remuneration policy for the Supervisory Board and the Executive Management

TrygVesta has adopted a policy for remuneration of the Supervisory Board and the Executive Management and has defined overall guidelines for incentive pay.

Read more at www.trygvesta.com > Our business > Corporate governance.

Remuneration of the Supervisory Board

Members of the Supervisory Board receive a fixed fee and are not covered by incentive programmes or severance schemes. Their remuneration is fixed on the basis of trends in the company's peer group, taking into account competencies and efforts as well as the scope of the Board work. The Chairman receives triple the amount of the other members, and the Deputy Chairman receives double the amount.

In addition, members of the Supervisory Board who participate in the audit and remuneration committee receive remuneration for these duties. The chairmen receive one and a half times the amount of other members. The shareholders approve the remuneration of the Supervisory Board for the current financial year and the remuneration was unchanged from 2007 to 2008.

REMUNERATION OF THE SUPERVISORY BOARD

DKK	2008
Chairman	750,000
Deputy Chairman	500,000
Members, each	250,000
Total, Supervisory Board	3,750,000

REMUNERATION OF THE AUDIT COMMITTEE

DKK	2008
Chairman	150,000
Other members, each	100,000
Total, audit committee	350,000

REMUNERATION OF THE REMUNERATION COMMITTEE

DKK	2008*
Chairman	37,500
Other members, each	25,000
Total, remuneration committee	112,500

* In 2008 members received remuneration for six months.

Remuneration of the Executive Management

TrygVesta's Executive Management comprises three members. Their remuneration reflects a wish to secure a balanced earnings performance for the Group in the short as well as the longer term.

The remuneration of the Executive Management includes performance-related bonus, comprising a bonus plan of up to three months' salary including pension (four months for the Group CEO). The plan is directly linked to pre-defined benchmarks. The assessment of the individual member's achievement includes the Group's overall performance as well as that of the individual members within their areas of responsibility. Specific benchmarks are defined within all four perspectives of the balanced scorecard (financial, customer, processes and learning) and reflect the strategic focus areas of the Group and the individual business areas or organisational units, including growth, profitability, cost reduction, customer satisfaction, customer loyalty, image,

processes, communication, employee satisfaction and development, and innovation. Members may choose to receive their bonus in cash or shares at a discount to the market price. Members who choose shares at a discount to the market price can buy the shares at par with a total discount equal to the bonus entitlement. Part of the remuneration consists of stock options in order to build loyalty and motivation. The value of the stock options on grant may not exceed 50% of the fixed annual salary inclusive of pension. On exercise the value, calculated as the difference between the market price on exercise and the price on granted, may not exceed 200% of the member's fixed annual salary inclusive of pension. Members are entitled to company cars. A contribution equal to 25% of their fixed salary is paid into a pension scheme. Each member is entitled to 12 months' notice of termination and to 12 months' severance pay. The Group CEO is entitled to 12 months' notice and to 18 months' severance pay plus pension contributions during such period.

Incentive pay

Like the Executive Management, the Group Executive Management and senior employees are offered a performance-related bonus of up to three months' salary on similar terms. Furthermore, TrygVesta has a stock option programme for the Executive Management, the Group Executive Management, senior executives and employees to reward outstanding performance. Each option entitles the holder to one share at the exercise price. Stock options cannot be exercised earlier than three years and not later than five years after the grant. The strike price is the market price on grant plus 10%. The exercise price is the strike price

minus dividend payout in the period. Stock options can only be exercised during the open trading windows for the full-year and half-year profit announcements. Own shares are bought to cover the stock option programmes.

STOCK OPTION PROGRAMME IN 2008

	Options	Value on grant (DKK)
Stine Bosse	24,597	1,700,000
Morten Hübbe	15,916	1,100,000
Peter Falkenham	11,575	800,000
Other Group Executive Management and senior executives	167,203	11,800,000
Granted to reward outstanding performance	28,700	2,000,000
Total granted in 2008	247,991	17,400,000

In 2008, the stock options entitled the holders to shares at the average price of TrygVesta shares (all trades) on OMX Copenhagen Stock Exchange on 22 February 2008 plus 10%, equal to an strike price of DKK 416.06. TrygVesta expects to grant programme of a similar value and on similar terms in 2009.

Employee bonus

TrygVesta operates an employee bonus programme because it is important to the Group that all employees see their own efforts relative to the company's overall targets. Employee bonus benchmarks are combined ratio and growth. For 2008, the bonus triggered an offer to buy shares at a discount to the market price with a discount element equal to DKK 5,000 to each employee.

REMUNERATION OF THE EXECUTIVE MANAGEMENT IN 2008

DKK	Basic salary	Bonus	Pension	Car	Total
Stine Bosse	5,560,000	1,390,000	1,390,000	247,100	8,587,100
Morten Hübbe	3,500,000	584,000	875,000	156,000	5,115,000
Peter Falkenham	3,000,000	250,000	750,000	106,000	4,106,000

REMUNERATION OF THE EXECUTIVE MANAGEMENT IN 2007

DKK	Basic salary	Bonus	Pension	Car	Total
Stine Bosse	5,200,000	1,734,000	1,300,000	113,000	8,347,000
Morten Hübbe	3,000,000	750,000	750,000	156,000	4,656,000
Peter Falkenham	2,575,000	644,000	644,000	106,000	3,969,000

Shareholder information

FINANCIAL CALENDAR 2009

22 April 2009 at 14:00	Annual general meeting 2009
23 April 2009	TrygVesta shares trade ex-dividend
28 April 2009	Payment of dividend
12 May 2009 at 7:30	Interim report for Q1 2009
18 August 2009 at 7:30	Interim report for the first half of 2009
10 November 2009 at 7:30	Interim report for Q1-Q3 2009

TrygVesta emphasises openness, transparency and an understanding of stakeholder information requirements. The Group's Investor Relations strive to maintain a high level of information by

- being available and answering queries as promptly as possible
- preparing plain and relevant written communication and presentation material
- having a website that is of relevance to professional and private investors alike
- being proactive in dealings with investors

Information that may influence the pricing of TrygVesta shares is published in accordance with the rules applicable to distribution of news in the EU. The Group's website, www.trygvesta.com, is updated simultaneously. In addition, TrygVesta distributes information directly to the London Stock Exchange, the press, equity analysts, investors and other stakeholders. In accordance with the recommendations issued by OMX Nordic Exchange Copenhagen, TrygVesta refrains from commenting on matters relating to financial performance or forecasts during a period of three weeks prior to the release of financial reports.

Share price performance in 2008

TrygVesta shares opened 2008 at DKK 388 and closed at DKK 328, thus generating a total negative return for 2008 of 12% including dividends of DKK 17. By way of comparison, the OMX C20 index fell by 46% and the DJ Euro Insurance Index dropped 44%. TrygVesta shares were affected by the general decline in equity prices in 2008 as described in the Preface.

Other listed insurance companies in the Nordic region generated returns including dividends as follows in 2008: Alm. Brand -76%, Sampo -22% and Topdanmark -6%.

Turnover of TrygVesta shares and share buy back

TrygVesta shares had an average daily turnover of DKK 44m in 2008. The total volume of TrygVesta shares traded on OMX Nordic Exchange Copenhagen was DKK 11.0bn in 2008.

On 4 April 2008, TrygVesta launched a share buy back programme in a maximum amount of DKK 1,405m. At 31 December 2008, an aggregate of approximately 3.0m shares worth a total amount of DKK 1,053m had been bought.

MOST ACTIVE STOCKBROKERS IN TERMS OF PROPORTION OF TURNOVER ON OMX NORDIC EXCHANGE COPENHAGEN

1. Danske Bank	20%
2. SEB Enskilda	9%
3. Nordea	8%
4. Morgan Stanley	6%
5. Carnegie	5%

Share capital and ownership

TrygVesta has a total share capital of DKK 1,700,000,000 comprised of a single class of shares (68m shares of DKK 25 nominal value each), and all shares rank pari passu. The principal shareholder, TryghedsGruppen smba (formerly Tryg i Danmark smba), Kgs. Lyngby, Denmark, holds 60% of the issued shares and is the only shareholder, apart from TrygVesta, with a holding of more than 5%. TryghedsGruppen invests in Nordic businesses that promote peace of mind and health, and supports benevolent activities.

At 31 December 2008, the 40% free float was distributed among 28,828 registered shareholders. The 200 largest shareholders held 57% of the free float. At 31 December 2008, TrygVesta held own shares corresponding to 5.3% of the share capital.

Dialogue with investors

Following publication of all financial statements, Investor Relations and the Executive Management meet with institutional investors and equity analysts. In 2008, TrygVesta held 250 investor meetings and participated in 15 investor

conferences. TrygVesta also participated in five events for private shareholders in Denmark and Sweden. The Group's performance is followed by 18 equity analysts, three of whom are based in London. The equity analysts' recommendations with respect to TrygVesta shares are available at www.trygvesta.com.

The website is being developed on an ongoing basis and is an important vehicle for providing information about the Group's performance to prospective investors. A Danish version of the website was launched in February 2009, making it more user-friendly for all Danish shareholders.

Annual general meeting

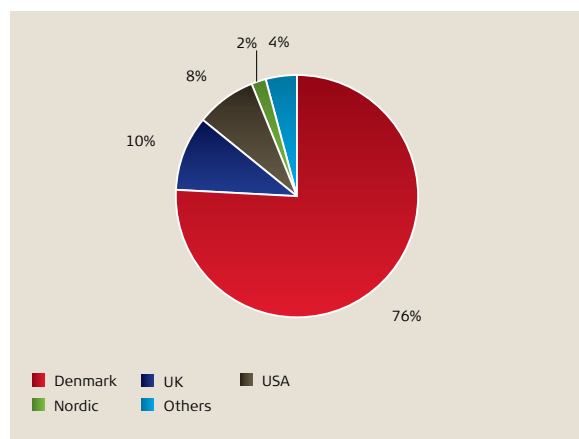
TrygVesta's annual general meeting will be held on 22 April 2009 at Falconer Center, Falkoner Allé 9, 2000 Frederiksberg, Denmark. The invitation to attend the meeting will be advertised in the daily press and will be sent to shareholders who so request. Notice of the meeting will also be posted at www.trygvesta.com.

Any queries relating to the annual general meeting may be addressed to:

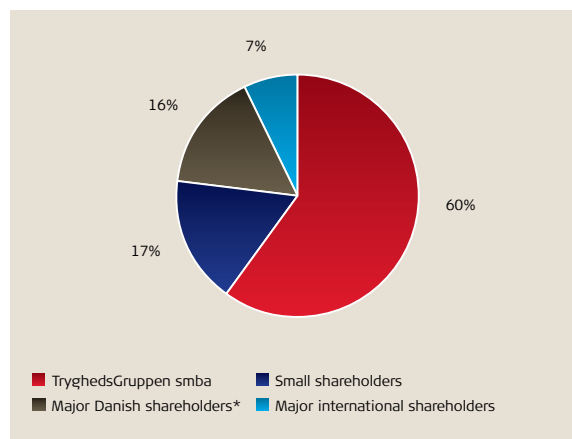
Bjarne Lau Pedersen, Chief Group Legal Adviser,
telephone +45 4420 3065, e-mail bjarne.lau@tryg.dk
Ole Søeberg, IRO, telephone +45 4420 4520,
e-mail ole.soeberg@tryg.dk.

Reference > Read about dividends for 2008 in the section on Capital and profit distribution.

FREE FLOAT 31 DECEMBER 2008



SHAREHOLDERS 31 DECEMBER 2008



* Major shareholders are shareholders holding more than 10,000 shares.

ANNOUNCEMENTS PUBLISHED IN 2008

21.01.2008	TrygVesta has reduced the exposure to equities
25.02.2008	Annual report 2007
25.02.2008	Q4 2007 report
13.03.2008	Notice of the annual general meeting
03.04.2008	Resolutions from the annual general meeting
03.04.2008	TrygVesta initiates share buy back programme
05.05.2008	First quarter 2008 report
27.06.2008	Revised financial calendar 2008
19.08.2008	Half-year 2008 report
27.10.2008	TrygVesta organises towards innovation and development
11.11.2008	Interim report for the first nine months of 2008
11.11.2008	Financial calendar 2009
11.11.2008	TrygVesta and Nordea extend partnership to 2013
24.11.2008	TrygVesta owns 5.0% of own shares

In addition to the above-mentioned announcements of the share buy back programme which was initiated on 4 April 2008, TrygVesta has published an announcement of the weekly share buy back amount every Monday.

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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 2008 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 2008 and of the results of the Group's and the parent company's operations and the cash flows of the Group for the financial year 1 January – 31 December 2008.

Furthermore, in our opinion the Management's report gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes significant risk and uncertainty factors that may affect the Group and the parent company.

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

Ballerup, 3 March 2009

Executive Management



Christine Bosse
Group CEO

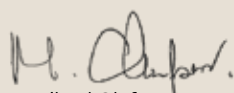


Morten Hübbe
Group CFO




Peter Falkenham
Group COO

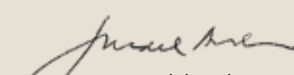
Supervisory Board




Mikael Olufsen
Chairman



Bodil Nybøe Andersen
Deputy Chairman



Jørn Wendel Andersen



Paul Bergqvist




Christian Brinch



Niels Bjørn Christiansen



Peter Møllerup



John R. Frederiksen



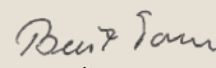
Rune Torgeir Joensen



Birthe Petersen



Per Skov



Berit Torm

Independent auditor's report

To the shareholder of TrygVesta A/S

We have audited the annual report of TrygVesta A/S for the financial year starting on January 1 and ending on December 31, 2008, 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 parents 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 preparing and presenting an annual report that gives a true and fair view 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.

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 auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free from material 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 December 31, 2008, and of the results of the Group's operations and the Group's cash flows for the financial year starting on January 1 and ending on December 31, 2008 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.

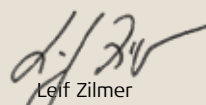
Furthermore in our opinion, the annual report gives a true and fair view of the parent company's assets, liabilities and financial position at December 31, 2008, and of the results of the parent company's operations for the financial year starting on January 1 and ending on December 31, 2008 in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial enterprises.

Ballerup, 3 March 2009

Deloitte

Statsautoriseret Revisionsaktieselskab


Lars Kronow
State Authorised
Public Accountant


Lelf Zilmer
State Authorised
Public Accountant

Income statement – TrygVesta Group

DKKm	2007	2008
Notes		
General insurance		
Gross premiums written	16,959	17,629
Ceded insurance premiums	-893	-926
Change in provisions for unearned premiums	-130	-134
Change in reinsurers' share of provisions for unearned premiums	-46	66
2 Earned premiums, net of reinsurance	15,890	16,635
3 Technical interest, net of reinsurance	501	499
Claims paid	-11,336	-12,880
Reinsurance recoveries	495	605
Change in provisions for claims	161	1,114
Change in the reinsurers' share of provisions for claims	6	-486
4 Claims incurred, net of reinsurance	-10,674	-11,647
Bonus and premium rebates	-223	-172
Acquisition costs	-1,821	-2,247
Administrative expenses	-948	-756
Acquisition costs and administrative expenses	-2,769	-3,003
Commission and profit commission from the reinsurers	95	72
5 Total insurance operating expenses, net of reinsurance	-2,674	-2,931
6 Technical result	2,820	2,384
Investment activities		
16 Income from associates	1	-2
Income from investment properties	116	128
7 Interest income and dividends	1,382	1,523
8 Value adjustment	415	-1,008
7 Interest expenses	-88	-100
Investment management charges	-86	-101
Total return on investment activities	1,740	440
3 Interest on insurance provisions	-1,400	-1,428
Total return on investment activities after technical interest	340	-988
Other income	121	124
Other expenses	-172	-173
Profit/loss before tax	3,109	1,347
9 Tax	-842	-501
Profit/loss on continuing business	2,267	846
10 Profit/loss on discontinued and divested business	-1	0
Profit/loss for the year	2,266	846
28 Earnings per share – continuing business of DKK 25	33.5	12.8
Earnings per share of DKK 25	33.5	12.8

Balance sheet – TrygVesta Group

DKKm		2007	2008
Notes	Assets		
11	Intangible assets	335	450
12	Operating equipment	80	46
13	Owner-occupied property	306	1,315
14	Assets under construction	0	0
	Total property, plant and equipment	386	1,361
15	Investment property	2,263	2,246
16	Investments in associates	19	14
	Total investments in associates	19	14
	Equity investments	2,961	422
	Unit trust units	1,629	940
	Bonds	30,654	28,721
	Deposits in credit institutions	302	389
17	Total other financial investment assets	35,546	30,472
	Deposits with ceding undertakings, receivable	19	13
	Total investment assets	37,847	32,745
	Reinsurers' share of provisions for unearned premiums	159	176
22	Reinsurers' share of provisions for claims	1,428	860
18	Total reinsurers' share of provisions for insurance contracts	1,587	1,036
	Receivables from policyholders	901	838
	Total receivables in relation to direct insurance contracts	901	838
	Receivables from insurance enterprises	509	250
	Other receivables	1,145	601
17	Total receivables	2,555	1,689
19	Current tax assets	93	111
17	Cash in hand and at bank	298	282
	Other	4	3
	Total other assets	395	396
	Accrued interest and rent earned	666	626
	Other prepayments and accrued income	59	142
	Total prepayments and accrued income	725	768
	Total assets	43,830	38,445

DKK m		2007	2008
Notes	Liabilities		
20	Shareholders' equity	10,010	8,244
21	Subordinated loan capital	1,101	1,102
22	Provisions for unearned premiums	5,403	5,100
22	Provisions for claims	21,104	19,715
	Provisions for bonuses and premium rebates	409	378
	Total provisions for insurance contracts	26,916	25,193
23	Pensions and similar obligations	403	523
24	Deferred tax liability	1,109	949
25	Other provisions	57	36
	Total provisions	1,569	1,508
	Debt related to direct insurance	358	311
	Debt related to reinsurance	253	172
26	Debt to credit institutions	599	709
19	Current tax liabilities	336	248
27	Other debt	2,597	871
	Total debt	4,143	2,311
	Accruals and deferred income	91	87
	Total liabilities and equity	43,830	38,445
1	Accounting policies		
20	Capital adequacy		
28	Earnings per share		
29	Contractual obligations, contingent liabilities and collateral		
30	Acquisition of subsidiary		
31	Related parties		

Statement of changes in equity – TrygVesta Group

DKK m

	Share capital	Revaluation reserves	Reserve for exchange rate adj.	Equalisation reserve	Other reserves	Retained earnings	Proposed dividends	Total
Shareholders' equity at 31 December 2006	1,700	7	-20	58	800	5,162	2,244	9,951
Equity entries in 2007								
Profit for the year					75	1,035	1,156	2,266
Revaluation of owner-occupied properties		-3						-3
Exchange rate adjustment of foreign entities			84					84
Hedge of foreign currency risk in foreign entities			-98					-98
Actuarial gains and losses on pension obligation						94		94
Tax on equity entries		3	24			-25		2
Total comprehensive income	0	0	10	0	75	1,104	1,156	2,345
Dividend paid							-2,244	-2,244
Dividend own shares						14		14
Purchase of own shares						-96		-96
Issue of employee shares						32		32
Issue of share options						8		8
Total equity entries in 2007	0	0	10	0	75	1,062	-1,088	59
Shareholders' equity at 31 December 2007	1,700	7	-10	58	875	6,224	1,156	10,010
Equity entries in 2008								
Profit for the year					-126	549	423	846
Exchange rate adjustment of foreign entities			-585			-55		-640
Hedge of foreign currency risk in foreign entities			615					615
Actuarial gains and losses on pension obligation						-196		-196
Tax on equity entries			-154			53		-101
Total comprehensive income	0	0	-124	0	-126	351	423	524
Dividend paid							-1,156	-1,156
Dividend own shares						12		12
Purchase of own shares						-1,197		-1,197
Issue of employee shares						37		37
Issue of share options						14		14
Total equity entries in 2008	0	0	-124	0	-126	-783	-733	-1,766
Shareholders' equity at 31 December 2008	1,700	7	-134	58	749	5,441	423	8,244

Proposed dividend per share DKK 6.50 (in 2007 DKK 17). Dividend per share is calculated as the total dividend proposed by the Supervisory Board after the end of the financial year divided by the number of shares year end (64,377,683). The dividend is not paid until approved by the shareholders at the annual general meeting of the subsequent year.

TrygVesta Forsikring A/S' Norwegian branch, has in its branch financial statements included provisions for contingency funds in the amount of NOK 2,743m (2007 NOK 2,564m). In TrygVesta Forsikring A/S, these provisions, due to their nature as additional provisions, are included in shareholders' equity (retained earnings), net of deferred tax. TrygVesta Forsikring A/S' option to pay dividend to TrygVesta A/S 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 TrygVesta Forsikring A/S. TrygVesta Garantiforsikring A/S 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	2007	2008
Revaluation of owner-occupied properties for the year	-3	0
Tax on owner-occupied properties for the year	3	0
Exchange rate adjustment of foreign entities for the year	84	-640
Hedging of currency exposure in foreign entities for the year	-98	615
Tax on hedging of currency exposure in foreign entities for the year	24	-154
Actuarial gains/losses on defined benefit pension plans	94	-196
Tax on actuarial gains/losses on defined benefit pension plans	-25	53
Net income/expense recognised in equity	79	-322
Profit for the year	2,266	846
Total recognised income and expenses	2,345	524

Cash flow statement – TrygVesta Group

DKK m	2007	2008
Cash generated from operations		
Premiums	16,800	17,412
Claims paid	-11,376	-12,934
Ceded business	-122	-22
Expenses	-2,705	-2,890
Change in other payables and other amounts receivable	-308	-591
Cash flow from insurance operations	2,289	975
Interest income	1,164	1,573
Interest expenses	-186	-135
Dividend received	169	40
Taxes	-693	-628
Other items	-55	-53
Cash generated from operations, continuing business	2,688	1,772
Cash generated from operations, discontinued and divested business	0	0
Total cash generated from operations	2,688	1,772
Investments		
Acquisition of real property	-16	-1,098
Sale of real property	17	26
Acquisition of equity investments and unit trust units (net)	1,062	2,080
Purchase/Sale of bonds (net)	-856	-1,180
Deposits in Credit institutions	-303	-87
Purchase of operating equipment	-187	0
Sale of operating equipment	5	110
Foreign currency hedging	-98	615
Investments, continuing business	-376	466
Investments, discontinued and divested business	0	0
Total investments	-376	466
Funding		
Purchase of own shares	-50	-1,160
Dividend paid	-2,244	-1,156
Change in debt to credit institutions	-65	110
Funding, continuing business	-2,359	-2,206
Funding, discontinued and divested business	0	0
Total funding	-2,359	-2,206
Change in cash and cash equivalents, net	-47	32
Price adjustment of cash and cash equivalents, beginning of period	7	-48
Change in cash and cash equivalents, gross	-40	-16
Cash and cash equivalents, beginning of period	338	298
Cash and cash equivalents, end of period	298	282

Notes

1 ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December 2008 and in accordance with the Danish Statutory Order on Adoption of IFRS.

The financial statements of the parent company are prepared in accordance with executive order no. 1266 dated 26 October 2007 issued by the Danish FSA on the presentation of financial reports by insurance companies and profession-specific pension funds. The deviations from the recognition and measurement requirements of IFRS are:

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

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

DKK m	2007	2008
Profit reconciliation		
Profit for the year ended 31 December – IFRS	2,266	846
Current-year effect of actuarial gains and losses on pension obligation after tax	69	-143
Change in deferred tax relating to contingency funds	-2	0
Profit for the year ended 31 December – Danish FSA executive order	2,333	703
Equity reconciliation		
Shareholders equity at 31 December – IFRS	10,010	8,244
Deferred tax provisions for contingency funds	23	21
Change in deferred tax relating to contingency funds	-2	0
Equity at 31 December – Danish FSA executive order	10,031	8,265

Changes in accounting policies

Accounting policies are unchanged from the annual report 2007.

Implementation of accounting standards in 2008

In 2008, the Group implemented the following standards:

- IAS 1 concerning 'Presentation of Financial Statements – Capital Disclosures' will take effect on 1 January 2009. The standard deals exclusively with presentation. The implementation has not resulted in major changes but involves a change in the information to be presented for the capital base and the presentation of the Group's calculation of recognised income and expenses directly in equity.
- IFRS 7 concerning 'Financial Instruments Disclosures' will take effect on 1 January 2009, although the improvements must be implemented in case of early implementation of IAS 1. Replacing IAS 30 and IAS 32, the standard involves additional presentation of interest income and interest expenses.

Executive orders, standards and interpretations not yet in force

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.

- IAS 23 concerning 'Borrowing costs', which is effective for financial years commencing on or after 1 January 2009. IAS 23 requires the recognition of borrowing costs in the cost of a qualifying asset (intangible assets, property, plant and equipment and inventories). The standard is not expected to have financial reporting impact (IAS 23 remains to be adopted by the EU).
- IFRIC 16 concerning hedge accounting is expected to be implemented in 2009. The standard will result in an assessment of existing hedges. (IFRIC 16 has yet to be adopted by the EU). The standard is not expected to have financial reporting impact.
- IFRS 2, amendment to 'Share-based payment'. The amendment concerns vesting conditions and the cancellation of allotted share options. The amendment is not expected to have financial reporting impact. (The amended IFRS 2 has yet to be adopted by the EU).

Amendments to IFRS 3 concerning 'Business combinations', and IAS 27 concerning 'Consolidated and separate financial statements', IAS 28 concerning 'Investments in associates' and IAS 31 concerning 'Interests in Joint Venture' are expected to be implemented in 2009. The amendments are applied prospectively for any future business combinations.

Other interpretations, including IFRIC 12 'Service Concession Arrangements', IFRIC 13 'Customer Loyalty Programmes', IFRIC 14 'The limit on a Defined Benefit Asset', IFRIC 15 'Agreements for Construction of Real Estate' and IFRIC 17 'Distributions of Non-cash Assets to Owners', are not expected to have any financial reporting impact.

Changes in accounting estimates

- The assumptions for the allocation of insurance operating expenses to acquisition and administrative expenses respectively were re-assessed with effect from 30 June 2008. As a result, acquisition expenses total approximately 75% of insurance operating expenses, as compared with the previous total of approximately 65%. The change

Notes

has no impact on the aggregate insurance operating expenses.

- The TrygVesta Group's defined benefit plan in Norway is impacted by DKK 53m due to a change in the assumptions that provided the basis for the value at the end of 2008.
- In October 2008, the Danish FSA changed the discount curve for discounting of provisions. As a result of the change, the discount rate is determined based on a risk-free interest rate and the mortgage bond yield, enabling a better match between assets and liabilities. The effect of the change to the new yield curve is:

DKKm	Impact 31 Oct.	Impact 31 Dec.
Gross claims incurred	-5	0
Interest on insurance provisions	-6	-8
Technical result	-11	-8
Return on investment activities after transfer to insurance activities	57	78
Profit/loss before tax	46	70
Provisions for claims	-52	-78

Profit/loss, shareholders' equity and capital base are impacted by the same amount.

Accounting estimates and judgements

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

- Liabilities under insurance contracts
- Valuation of defined benefit plans
- Fair value of financial assets

A more detailed description of primary assumptions about the future and other primary sources of estimation uncertainty is given in the risk management section in the Management's report.

Liabilities under insurance contracts

Estimates of provisions for insurance contracts represent the Group's most critical accounting estimates, as these provisions involve a number of uncertainty factors.

Liabilities for unpaid claims are estimates that involve actuarial and statistical projections of the claims and the administration of the claims. The projections are based on the TrygVesta Group's knowledge of historical developments, payment patterns, reporting delays, duration of the claims settlement process and other effects that might influence the future development of the liabilities.

The TrygVesta Group establishes claims reserves covering both case reserves and estimated claims that have been incurred by its policyholders but not yet reported to the company (known as "IBNR" reserves) and future developments on claims which are known to the TrygVesta Group but have not been finally settled. The group also includes in its claims reserves direct and indirect claims settlement costs or loss adjustment expenses that arise from events that have occurred

up to the balance sheet date even if they have not yet been reported to the TrygVesta Group.

The projection for claims reserves is therefore inherently uncertain and, by necessity, relies upon the making of certain assumptions as to factors such as court decisions, changes in law, social inflation and other economic trends, including inflation. The TrygVesta Group's actual liability for losses may therefore be subject to material positive or negative deviations relative to the initially estimated provisions for claims.

Provisions for claims are discounted. As a result, initial changes in discount rates or changes in duration of the claims provisions could have positive or negative effects on earnings. Discounting affects the motor liability, professional liability, workers' compensation and personal accident classes, in particular.

For discounting of provisions for claims, the Group generally applies a risk-free market rate composed of a risk-free euro-denominated interest rate and a country-specific spread to the German government bond yield. As a result of the adoption of the temporary 'Package to ensure financial stability', from the end of October the Group has applied a synthetic interest rate that includes a certain mortgage yield spread, for liabilities denominated in Danish kroner. Liabilities in Norwegian kroner are still discounted using a Norwegian risk-free interest rate composed as described above. Liabilities in Swedish kroner and euro are discounted using a Danish risk-free interest rate.

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.

Defined benefit pension schemes

The company operates a defined benefit plan in Norway. A "defined benefit" plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, depending on age, years of service and compensation. 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 projected unit credit method is a cash-flow calculation, which calculates the obligation as the present value of benefit attributed to current and prior years. The defined benefit obligation is calculated periodically by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows.

Changes in the present value are primarily made due to changes in assumptions about discount rate, expenses, return on plan assets, future salary increases and future pension increases. Since the provision for pension funds is based on actuarial calculations involving statistics and cash flow from such factors as investments, changes in interest rates, inflation and expectation of life, it may mean that the TrygVesta Group's provision may be inadequate to cover its actual liability towards employees and current pensioners.

Fair value of financial assets

Measurements of financial assets for which prices are quoted in an ac-

tive market or which are based on generally accepted models with observable market data are not subject to material estimates. 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 a current OTC price of a similar financial instrument or using a model calculation. The valuation models include the discounting of the instrument cash flow using an appropriate market interest rate with due consideration to credit and liquidity premiums.

BASIS OF PRESENTATION

Recognition and measurement

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.

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.

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

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.

Enterprises in which the group exercises significant influence but not control are classified as associates. Significant influence is typically

achieved through direct or indirect ownership or disposal of more than 20% but less than 50% of the votes.

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, intra-group income and expenses, shareholdings, intra-group 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.

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).

Business combinations

Newly acquired companies are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not restated to reflect acquisitions.

The purchase method is applied on acquisitions if the TrygVesta Group gains control of the company acquired. Identifiable assets, liabilities and contingent liabilities in companies acquired are measured at the fair value at the date of acquisition. The tax effect of revaluations is taken into account.

The date of acquisition is the date on which control of the acquired company actually passes to the TrygVesta Group.

The cost of a company is the fair value of the agreed consideration paid plus costs directly attributable to the acquisition. If the final amount of the consideration is conditional on one or more future events, these adjustments are only recognised in cost if the event in question is likely to occur and its effect on cost can be reliably measured.

Any excess of the cost of acquisition over the fair value of the acquired identifiable assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. Goodwill is tested for impairment at least once a year. If the carrying amount of an asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

Notes

Intra-group transactions

Intra-group transactions are settled on market terms. Intra-group balances carry interest on market terms.

Currency translation

A functional currency is determined for each of the reporting entities in the group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Assets and liabilities denominated in foreign currency are translated at the exchange rates at the balance sheet date. Translation differences are recognised in the income statement under value adjustments.

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.

Presentation currency in the annual report is DKK.

Segment reporting

Segment information is based on the group's management and internal financial reporting system and is prepared in accordance with the group's accounting policies.

The operational business segments in the TrygVesta Group are the Private & Commercial (Denmark) segment, the Private & Commercial (Norway) segment, the Corporate segment and the General Insurance (Finland and Sweden) segment.

Geographical information is presented on the basis of the economic environment in which the TrygVesta Group operates. The geographical areas are Denmark, Norway, Finland and Sweden.

Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment and those items that can be allocated to the individual segments on a reliable basis. Unallocated items primarily comprise assets and liabilities concerning investment activity.

Ratios

Earnings per share (EPS) are calculated according to IAS 33. Other key ratios are calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts and the executive order no. 1266 dated 26 October 2007 issued by the Danish FSA.

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 relates to unexpired risks at the balance sheet date is reported under provisions for unearned premiums.

The portion of premiums paid to reinsurers that relate 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 provisions for claims due to changes in the yield curve and exchange rates are recognised as a market value adjustment.

TrygVesta hedges the risk of changes in future wage and price figures for provisions for workers' compensation and annuities for accident and health insurance. For 90-100% of this risk, TrygVesta uses swaps specifically acquired with a view to hedging the inflation risk. Value adjustment of these swaps is included in claims incurred, thereby reducing the effect of changes to inflation expectations under claims incurred.

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

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. Underwriting commission is accrued over the term of the policy when a legal obligation occurs. Administrative expenses are all other expenses attributable to the administration of the insurance portfolio. Administrative expenses are accrued to match the financial year.

Leasing

Leases are classified either as operating or finance leases. The assessment of the lease is made on the basis of criteria such as ownership, right of purchase when the lease term expires, considerations as to whether the asset is custom-made, the lease term and the present value of the lease payments.

Assets held under operating leases are not recognised in the balance sheet, but the lease payments are recognised in the income statement over the term of the lease, corresponding to the economic life of the asset, while assets held under finance leases are recognised at fair value and depreciated according to the same accounting policy as the group applies for similar owned assets. For assets held under finance leases, a lease liability is recognised at amortised cost.

Share-based payment

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

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.

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 option agreement entitles the employee to the options unless the employee resigns his position or is dismissed due to breach of the employment relationship. In case of termination due to restructuring or retirement, the employee is still entitled to 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 allocated.

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.

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.

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.

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 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.

Notes

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 (2006), Poland (2004), Nordicum Kindlustus (2004) and Tryg Baltica International A/S (2004).

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 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 amortisation is reduced by any impairment writedowns.

Fixed assets

Operating equipment

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

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

- IT, 4 years
- Vehicles, 5 years
- Furniture, fittings and equipment, 5-10 years

Leasehold improvements are depreciated over the expected useful life, however with a maximum of the term of the lease.

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 reserves are transferred to retained earnings.

Land and buildings

Land and buildings are divided into owner-occupied property and investment property. The TrygVesta Group's owner-occupied properties consist of the head office buildings at Ballerup and Bergen and a few summer houses. The remaining properties are classified as investment properties.

Owner-occupied property

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. 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.

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.

Owner-occupied property is depreciated using the straight-line method over its expected useful life up to 50 years. Land is not depreciated.

Assets under construction

In connection with the refurbishment of the owner-occupied properties, part of the costs is recognised at cost under owner-occupied property. On completion of the project, depreciation will be made on a straight-line basis over the expected useful life, up to the number of years stated under the individual categories.

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.

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 with 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.

Changes in fair values are recorded in the income statement.

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

The carrying amount of intangible assets, operating equipment, owner-occupied property and investment property is 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.

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.

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 net asset 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 on initial recognition and re-evaluates this at every reporting date.

Financial assets measured at fair value with recognition of value changes in the income statement comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment through profit and loss.

Financial assets at fair value through income

Financial assets are classified as financial assets available for trading at inception if acquired principally for the purpose of selling in the short term, or if they form part of a portfolio of financial assets in which there is evidence of short-term profit-taking. 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 or using OTC prices. 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 to financial risks, including changes in share prices, foreign currency exchange rates, interest rates and inflation. Forward exchange contracts and currency swaps are used for currency hedging of portfolios of shares, bonds, hedging of foreign entities and insurance balance sheet items. Interest rate derivatives in the form of futures, forward contracts, repos, swaps and FRAs are used to manage cash flows and interest rate risks related to the portfolio of bonds and technical provisions. Share derivatives are used from time to time to adjust share exposures.

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. The valuation is performed in securities systems with data usually provided by Nordea, and the valuation is verified using own valuation methods. Derivatives which include expected future cash flows are discounted on the basis of market interest rates.

Notes

Derivatives are recognised from the trade date and measured at fair value in the balance sheet. Positive fair values of derivatives are recognised as bonds and shares or other receivables if they cannot unambiguously be attributed to the former. Negative fair values of derivatives are recognised under other payables. Positive and negative values are only offset when the company is entitled or intends to make net settlement of more financial instruments.

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. Changes in the fair value of derivatives that are designated and qualify as net investment hedges in foreign net assets and which provide effective currency hedging of the net investment are recognised directly in equity. The net asset value of the foreign entities as estimated in the beginning of the financial year is hedged 90-100% by entering into short-term forward exchange contracts according to the requirements of hedge accounting. Changes in the fair value relating to the ineffective portion are recognised in the income statement. Gains and losses accumulated in equity are included in the income statement on disposal of the foreign operation.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts are classified as 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 and recognises that impairment loss in the income statement. Impairment write-downs are recognised in the income statement.

Receivables

Receivables are non-derivative financial instruments 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.

Other assets

Other assets include current tax assets and cash in hand and at bank. Current tax assets are receivables concerning tax for the year adjusted for on-account payments and any prior-year adjustments. Cash is recognised at nominal value at the balance sheet date.

Prepayments and accrued income

Prepayments include expenses paid in respect of subsequent financial years and interest receivable. Accrued underwriting commission relating to the sale of insurance is also included.

Equity

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.

Revaluation reserves

Revaluation of owner-occupied properties is recognised in equity unless the revaluation offsets a previous impairment loss, and relates primarily to owner-occupied properties.

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 recognised in equity. When an entity is wound up, the balance is transferred to the income statement. The hedging of the exchange rate risk concerning foreign entities is also offset in shareholders' equity in respect of the part that concerns the hedge.

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. Treasury shares include shares acquired as part of the share buyback programme and shares for employee shares and the share option programmes.

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.

Provisions 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 time variation of the risk. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as unearned premium provisions. 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 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 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 provisions 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 other than premium volume, for example the number of insured.

The proprietary collective model is based exclusively on actual payments and is therefore only used for provisions for small claims, below DKK 364,000 for motor, or DKK 200,000, for contents and 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. The provision for annuities in workers' compensation insurance is calculated on the basis of a mortality corresponding to the G82 calculation basis (official mortality table).

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.

Workers' compensation is an area in which explicit inflation assumptions are used, with annuities for the insured being indexed with the workers' compensation index. An inflation curve that reflects the market's inflation expectations plus a real wage spread is used as an approximation to the workers' compensation index.

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 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. Any positive deviations are also recognised in the income statement.

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

Notes

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. Expectations of returns on plan assets are based on the return within each asset class and the current allocation thereof. Market expectations of future returns are taken into consideration.

The actuarial gains and losses arising from experience adjustments and changes in actuarial estimates is recognised in 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 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 change in 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 concerning investments, except where TrygVesta controls when the temporary difference will be realised, and it is probable that the temporary difference will not be realised 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. Transaction costs in connection with floating-rate loans or floating-rate credit facilities are amortised over the loan period using straight-line amortisation.

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 TrygVesta'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.

Financial highlights and key ratios

Financial highlights and key ratios for the TrygVesta Group are set out at the beginning of the Annual Report.

DKK m	2007		2008		
2	Earned premiums, net of reinsurance				
	Direct insurance	16,764		17,465	
	Indirect insurance	78		47	
		16,842		17,512	
	Unexpired risk provision	-13		-17	
		16,829		17,495	
	Ceded direct insurance	-891		-819	
	Ceded indirect insurance	-48		-41	
		15,890		16,635	
	Direct insurance, by location of risk	2007		2008	
		Gross	Ceded	Gross	Ceded
	Denmark	9,321	-512	9,538	-489
	Other EU countries	469	-29	742	-16
	Other countries	6,961	-350	7,168	-314
		16,751	-891	17,448	-819
3	Technical interest, net of reinsurance				
	Interest on insurance provisions	1,400		1,428	
	Transferred from provisions for claims concerning discounting	-896		-926	
	Return on discontinued business	-3		-3	
		501		499	
4	Claims incurred, net of insurance				
	Claims incurred	-11,919		-12,634	
	Run-off previous years, gross	744		868	
		-11,175		-11,766	
	Reinsurance recoveries	502		194	
	Run-off previous years, reinsurers' share	-1		-75	
		-10,674		-11,647	
	Under claims incurred, the value adjustment of inflation swaps to hedge the inflation risk concerning annuities on workers' compensation insurance totals DKK 8m (in 2007 DKK -22m.)				
5	Insurance operating expenses, net of reinsurance				
	Commission regarding direct business	-406		-429	
	Other acquisition costs	-1,415		-1,818	
	Total acquisition costs	-1,821		-2,247	
	Administrative expenses	-948		-756	
	Insurance operating expenses, gross	-2,769		-3,003	
	Commission from reinsurers	95		72	
		-2,674		-2,931	
	Administrative expenses include fee to the auditors appointed by the Annual General Meeting:				
	Deloitte	-8		-8	
		-8		-8	
	Of which services other than audit:				
	Deloitte	-2		-1	
		-2		-1	

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

Notes

DKKm	2007	2008
5 Insurance operating expenses, gross, classified by type		
Commission	-406	-429
Staff expenses	-1,594	-1,658
Other staff expenses	-198	-232
Office expenses and fees, headquarter expenses	-462	-557
Operating and maintenance costs IT, software expenses	-198	-208
Depreciation, amortisation and impairment writedowns	-102	-111
Other income	191	192
	-2,769	-3,003
Total lease expenses amount to DKK 66m (in 2007 DKK 106m).		
<i>Insurance operating expenses and claims include the following staff expenditure:</i>		
Salaries and wages	-1,832	-1,972
Commission	-21	-17
Allocated share options	-8	-14
Pensions	-257	-282
Other social security costs	-5	-5
Payroll tax	-249	-256
	-2,372	-2,546
Remuneration for the Supervisory Board and Group Executive Management is disclosed in note 31 'Related parties'.		
Average number of full-time employees during the year	3,813	3,985

DKKm

5 Share option programmes

In 2008, TrygVesta awarded share options to the Executive Management (3 persons) and other senior employees (69 persons) and other employees (39 persons). At 31 December 2008, the share option plan comprised 572,367 share options (at 31 December 2007 329,902 share options). 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 0.84% of the share capital if all share options are exercised.

The share option agreement entitles the employee to the options unless the employee resigns his position or is dismissed due to breach of the employment relationship. In case of termination due to restructuring or retirement, the employee is still entitled to the options. Special provisions are in place concerning sickness and death and in case of change to the company's capital position. No other vesting conditions apply.

The share option programmes are classified as equity-settled and recognised directly in equity. Treasury shares are acquired for use and hedging purposes, see note 20. Specification of outstanding options:

Share options

	TOTAL NUMBERS				FAIR VALUE			
	Group Executive Management	Other senior em- ployees	Other em- ployees	Total	Per option at grant date DKK	Total fair value per option at grant date DKKm	Per option at 31 December DKK	Total fair value at 31 December DKKm
2007								
<i>2006 allocation</i>								
Allocated in 2006, 1 January	35,370	150,650	0	186,020	64	12	119	22
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-2,620	0	-2,620	64	0	119	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2006 allocation 31 Dec 2007	35,370	148,030	0	183,400	-	12	-	22
<i>2007 allocation</i>								
Allocated in 2007	25,700	106,255	18,000	149,955	99	15	49	7
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-1,453	-2,000	-3,453	99	-1	49	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2007 allocation 31 Dec 2007	25,700	104,802	16,000	146,502	-	14	-	7
Number of options exercisable end of 2007	0	0	0	0	0	0	0	0
2008								
<i>2006 allocation</i>								
Allocated in 2006, 1 January	35,370	148,030	0	183,400	64	12	83	15
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-2,620	0	-2,620	64	0	83	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2006 allocation 31 Dec 2008	35,370	145,410	0	180,780	-	12	-	15
<i>2007 allocation</i>								
Allocated in 2007, 1 January	25,700	104,802	16,000	146,502	99	14	45	7
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-2,906	0	-2,906	99	0	45	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2007 allocation 31 Dec 2008	25,700	101,896	16,000	143,596	-	14	-	7
<i>2008 allocation</i>								
Allocated in 2008	52,088	167,203	28,700	247,991	69	17	79	20
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	0	0	0	0	0	0	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2008 allocation 31 Dec 2008	52,088	167,203	28,700	247,991	-	17	-	20
Number of options exercisable end of 2008	0	0	0	0	0	0	0	0

Notes

DKKm

5 Share option programmes

Total numbers	Allocated share options	Exercised	Cancelled	Expired	Outstanding	Period of exercise
Outstanding options by exercise date:						
Allocated in 2006 concerning 2005	183,400	0	-2,620	0	180,780	February 2009 - February 2011
Allocated in 2007 concerning 2006	146,502	0	-2,906	0	143,596	February 2010 - February 2012
Allocated in 2008 concerning 2007	247,991	0	0	0	247,991	February 2011 - February 2013
Outstanding options 31 Dec. 2008	577,893	0	-5,526	0	572,367	

In 2008, the fair value of share options for the Group amounted to DKK 13.5m. The fair value in 2008 for the programme allocated in 2006, 2007 and 2008 is DKK 24m. 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:

Share option programmes	2006	2007	2008
Average share price (DKK) at time of allocation	355.85	456.76	378.24
Exercise price (DKK)	0	0	0
Expected volatility	17.9%	24.1%	20.3%
Expected maturity	4 years	4 years	4 years
Risk-free interest rate	3.3%	3.9%	3.6%

The expected volatility is based on the average volatility of TrygVesta shares in 2008.

The expected maturity is 4 years, corresponding to the average of the exercise period of 3 to 5 years. 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 calculation is based on the strike price as set out in the option agreement and the average share price at the time of grant. The dividend payout ratio is not included in the calculation as the strike price is reduced by dividends paid in order to prevent recipients of option payments from being penalised for the company's dividend payments. 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 2008, the average term to maturity is 1.2 years for the 2006 programme, 2.2 years for the 2007 programme and 3.2 years for the 2008 programme.

5 Employee shares

In 2008, TrygVesta granted employee shares at a discount to the market price to employees at all levels in the Group. Employees of non-Danish branches were offered employee shares or alternatively a cash consideration. Each employee was offered 28 shares at a discount to the market price equal to DKK 25 per share, equivalent to a total of 59,492 shares or around DKK 23m being granted to the employees.

Senior executives received part of their bonus in the form of shares at a discount to the market price. In 2008, a total of 26,323 shares were granted at discount to the market price of DKK 25 per share or DKK 9.3m. The grant of shares equalled 0.1% of the share capital.

The amount was provided in 2007 and did not affect the profit for 2008.

In 2008, TrygVesta offered its employees employee shares at a discount to the market price equal to DKK 25 per share subject to achievement of specific financial benchmarks for 2008. Employees of non-Danish branches were offered employee shares or an alternative cash consideration. Senior executives of TrygVesta may elect to receive part of their bonus for 2008 in the form of shares at a discount to the market price. Bonus will be granted in early 2009. Provisions have been made for the above obligations in 2008.

Notes

DKK m

SEGMENTS

6 Operating segments

2007	P&C Denmark	P&C Norway	Corporate	Finland	Sweden	Other	Total
Gross premiums earned	6,490	4,490	5,285	251	90	0	16,606
Gross claims	-4,041	-2,962	-3,904	-188	-80	0	-11,175
Gross operating expenses	-1,086	-936	-504	-125	-95	-23	-2,769
Profit/loss on business ceded	-87	-82	-172	-1	0	-1	-343
Technical interest, net of reinsurance	164	182	137	14	3	1	501
Technical result	1,440	692	842	-49	-82	-23	2,820
Total return on investment activities after technical interest							340
Other income and expenses							-51
Profit before tax							3,109
Tax							-842
Profit on continuing business							2,267
Profit/loss on discontinued and divested business							-1
Profit							2,266
Investments in associates	0	0	0	0	0	19	19
Reinsurers' share of provision for unearned premiums	13	0	146	0	0	0	159
Reinsurers' share of provision for claims	62	139	1,227	0	0	0	1,428
Other assets						42,224	42,224
Total assets							43,830
Provisions for unearned premiums	2,485	1,505	1,317	64	32	0	5,403
Provisions for claims	7,092	3,417	10,292	172	33	98	21,104
Provisions for bonuses and premium rebates	268	0	141	0	0	0	409
Provisions						1,569	1,569
Debt						4,143	4,143
Accruals and deferred income						91	91
Total liabilities							32,719

Description of segments

Please refer to 'Our business areas' in the Annual Report 2008 for a description of our operating segments. Amounts relating to TrygVesta A/S, Tryg Ejendom A/S, Ejendomsselskabet af 8. maj and eliminations are included in 'Other'. Depreciation/amortisation is included in gross operating expenses, but managed at Group level and allocation to the individual segments would therefore not provide a true and fair view. Other assets and liabilities are managed at Group level and are therefore not allocated to the individual segments. These amounts are thus included under 'Other'.

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption. A presentation of segments broken down by geography is provided in 'Financial highlights and key ratios by geography.'

DKK m

SEGMENTS

6 Operating segments							
2008	P&C Denmark	P&C Norway	Corporate	Finland	Sweden	Other	Total
Gross premiums earned	6,605	4,636	5,512	354	221	-5	17,323
Gross claims	-4,443	-3,371	-3,489	-258	-214	9	-11,766
Gross operating expenses	-1,155	-1,004	-588	-154	-104	2	-3,003
Profit/loss on business ceded	-89	-68	-516	-1	0	5	-669
Technical interest, net of reinsurance	180	122	173	17	7	0	499
Technical result	1,098	315	1,092	-42	-90	11	2,384
Total return on investment activities after technical interest							-988
Other income and expenses							-49
Profit before tax							1,347
Tax							-501
Profit on continuing business							846
Profit/loss on discontinued and divested business						0	
Profit							846
Investments in associates	0	0	0	0	0	14	14
Reinsurers' share of provision for unearned premiums	0	0	176	0	0	0	176
Reinsurers' share of provision for claims	49	99	712	0	0	0	860
Other assets						37,395	37,395
Total assets							38,445
Provisions for unearned premiums	2,528	1,202	1,222	90	58	0	5,100
Provisions for claims	6,780	3,088	9,489	207	84	67	19,715
Provisions for bonuses and premium rebates	250	0	128	0	0	0	378
Provisions						1,508	1,508
Debt						2,311	2,311
Accruals and deferred income						87	87
Total liabilities							29,099

Notes

DKKm

6 Technical result, net of reinsurance, by line of business						
	Accident and health		Health care		Worker's compensation	
	2007	2008	2007	2008	2007	2008
Gross premiums written	1,615	1,691	112	195	1,487	1,525
Gross premiums earned	1,535	1,679	74	152	1,424	1,536
Gross claims	- 841	- 1,033	- 108	- 215	- 1,514	- 933
Gross operating expenses	- 249	- 278	- 23	- 25	- 150	- 176
Profit/loss on ceded business	12	2	0	0	13	- 47
Technical interest, net of reinsurance	53	58	4	5	58	63
Technical result	510	428	- 53	- 83	- 169	443
Claims frequency *	8.0%	8.4%	23.0%	67.2%	24.2%	26.3%
Average claims DKK **	22,582	21,871	20,942	10,495	70,177	68,748
Total claims	74,723	81,213	5,294	20,139	15,688	17,109

	Fire & contents (Private)		Fire and contents (Commercial)		Change of ownership	
	2007	2008	2007	2008	2007	2008
Gross premiums written	3,195	3,351	2,451	2,484	98	88
Gross premiums earned	3,149	3,258	2,471	2,474	85	89
Gross claims	- 2,331	- 2,734	- 1,760	- 1,672	- 72	- 94
Gross operating expenses	- 704	- 739	- 398	- 451	- 11	- 12
Profit/loss on ceded business	- 102	- 102	- 280	- 321	0	0
Technical interest, net of reinsurance	113	78	61	61	9	10
Technical result	125	- 239	94	91	11	- 7
Claims frequency *	12.8%	12.5%	20.7%	19.9%	14.8%	11.8%
Average claims DKK **	11,239	11,876	49,224	46,185	8,193	12,448
Total claims	199,579	202,314	36,529	35,651	7,702	6,732

	Other insurance		Total		Norwegian Group Life One-year policies	
	2007	2008	2007	2008	2007	2008
Gross premiums written	147	114	16,445	17,086	514	543
Gross premiums earned	146	121	16,046	16,763	560	560
Gross claims	- 327	- 26	- 10,762	- 11,232	- 413	- 534
Gross operating expenses	- 8	4	- 2,703	- 2,931	- 66	- 72
Profit/loss on ceded business	- 5	3	- 340	- 667	- 3	- 2
Technical interest, net of reinsurance	0	- 1	478	472	23	27
Technical result	- 194	101	2,719	2,405	101	- 21
Claims frequency *	-	-				
Average claims DKK **	377,446	15,660				
Total claims	834	919				

* The claims frequency is calculated as the number of claims incurred in proportion to the average number of insurance contracts.

** Average claims are total claims before run-off relative to total number of claims incurred.

Motor TPL		Motor comprehensive		Marine aviation and cargo	
2007	2008	2007	2008	2007	2008
2,416	2,375	3,094	3,240	699	787
2,389	2,412	3,007	3,092	688	739
- 757	- 994	- 1,982	- 2,327	- 586	- 487
- 386	- 415	- 461	- 498	- 92	- 98
- 13	- 16	0	0	156	- 104
76	65	71	72	1	25
1,309	1,052	635	339	167	75
5.9%	6.3%	20.7%	22.3%	10.0%	10.0%
20,817	16,290	10,759	10,623	81,703	70,555
75,637	83,569	186,909	212,185	6,781	7,105

Liability		Credit & guarantee insurance		Tourist assistance insurance	
2007	2008	2007	2008	2007	2008
724	745	146	164	261	327
664	729	146	159	268	323
- 271	- 428	1	- 34	- 214	- 255
- 126	- 138	- 41	- 50	- 54	- 55
- 88	- 50	- 32	- 31	- 1	- 1
21	25	4	4	7	7
200	138	78	48	6	19
10.6%	10.3%	0.7%	0.9%	7.1%	8.3%
46,661	48,025	48,061	1,220,934	7,192	7,303
8,589	8,489	19	28	10,435	14,987

Notes

DKKm	2007	2008
7 Interest and dividends		
Dividends	168	39
Interest income cash in hand and at bank	46	49
Interest income bonds	1,112	1,404
Interest income other	56	31
	1,382	1,523
<i>Interest expenses</i>		
Interest expenses subordinated loan capital and credit institutions	-76	-83
Interest expenses other	-12	-17
	-88	-100
	1,294	1,423
8 Market value adjustment		
<i>Market value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:</i>		
Equity investments	99	-521
Unit trust units	-80	-549
Share derivatives	0	98
Bonds	25	456
Interest derivatives	-56	17
	-12	-499
<i>Market value adjustments concerning assets and liabilities that cannot be attributed to IAS 39:</i>		
Investment property	107	70
Owner-occupied property	14	8
Discounting	298	-478
Other balance sheet items	8	-109
	427	-509
	415	-1,008
Market value gains	1,861	1,656
Market value losses	-1,446	-2,664
Market value adjustment, net	415	-1,008
Exchange rate adjustments recognised in the income statement concerning assets and liabilities not measured at fair value total DKK 129m (in 2007 DKK 73m). Under market value adjustment the adjustment of inflation swaps totals DKK -46m (in 2007 DKK 4m.)		
9 Tax		
<i>Reconciliation of tax</i>		
Tax on profit for the year	-777	-337
Diffrence between Danish and foreign tax rate	-39	1
Prior-year tax adjustment	13	72
Change tax rate	20	0
Tax on non-taxable income and expenses, and tax concerning limitation of deductibility	-2	-203
Change in valuation of tax assets	-42	-26
Other taxes	-15	-8
	-842	-501
Effective tax rate	%	%
Tax on profit for the year	25	25
Diffrence between Danish and foreign tax rate	1	0
Prior-year tax adjustment	0	-5
Change tax rate in Denmark	-1	0
Tax on non-taxable income and expenses, and tax concerning limitation of deductibility	0	15
Change in valuation of tax assets	1	2
Other taxes	1	0
	27	37

See TrygVestas financial performance 2008 for futher information in the Management's report regarding the tax expense

DKKm	2007	2008
10 Profit/loss on discontinued and divested business		
Technical interest, net of reinsurance	3	3
Claims incurred, net of reinsurance	-1	-1
Insurance operating expenses, net of reinsurance	-3	-2
Technical result	-1	0
Profit/loss before tax	-1	0
Profit/loss on discontinued and divested business	-1	0
11 Intangible assets		
Cost		
Balance 1 January	373	528
Exchange rate adjustment	4	-21
Transferred to operating equipment	-1	-1
Additions during the year	175	154
Disposals during the year	-23	-15
Balance 31 December	528	645
Amortisation and writedowns		
Balance 1 January	-153	-193
Exchange rate adjustment	-3	22
Amortisation for the year	-56	-31
Reversed amortisation	19	7
Balance 31 December	-193	-195
Carrying amount 31 December	335	450
Intangible assets under development amount to a total of DKK 198m (in 2007 DKK 220m).		
Additions for internally generated expenses amount to DKK 21m (in 2007 DKK 22m).		
Amortisation is recognised in the income statement under insurance operating expenses and claims incurred.		
12 Operating equipment		
Cost		
Balance 1 January	243	229
Exchange rate adjustment	1	-9
Transferred from intangible assets	1	1
Additions during the year	43	3
Disposals during the year	-59	-39
Balance 31 December	229	185
Depreciation and impairment writedowns		
Balance 1 January	-145	-149
Exchange rate adjustment	-1	8
Depreciation for the year	-31	-20
Reversed depreciation	28	22
Balance 31 December	-149	-139
Carrying amount 31 December	80	46

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

Notes

DKKm	2007	2008
13 Owner-occupied property		
Cost		
Balance 1 January	317	318
Exchange rate adjustment	10	-57
Additions during the year*	0	1,085
Disposals during the year	-9	-13
Balance 31 December	318	1,333
Accumulated value adjustments		
Balance 1 January	12	-8
Value adjustment for the year at revalued amount in profit and loss	-17	-1
Value adjustment for the year at revalued amount in equity	-3	0
Balance 31 December	-8	-9
Accumulated depreciation		
Balance 1 January	-3	-4
Exchange rate adjustment	0	1
Depreciation for the year	-1	-6
Balance 31 December	-4	-9
Balance at revalued amount at 31 December	306	1,315

* Additions during the year include the purchase of owner-occupied property in Ejendomsselskabet af 8. maj totalling DKK 1,085m.

Amortisation is recognised in the income statement under insurance operating expenses and claims incurred. 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 percentage 2008	Average percentage 2008	Highest percentage 2008
Office property	6.80	7.00	7.90
	Lowest percentage 2007	Average percentage 2007	Highest percentage 2007
Office property	7.00	7.83	7.90

DKK m	2007	2008
14 Assets under construction		
Cost		
Balance 1 January	0	0
Additions during the year	0	54
Balance 31 December	0	54
Accumulated value adjustments		
Balance 1 January	0	0
Value adjustment for the year at revalued amount in profit and loss	0	-54
Balance 31 December	0	-54
Balance at revalued amount at 31 December	0	0

Value adjustments for the year relate to costs associated with refurbishment and improvement of owner-occupied property. It has been assessed that the costs cannot be contained in the future value of the owner-occupied property, which is the reason why the property has been written down.

15 Investment property		
Fair value 1 January	2,127	2,263
Exchange rate adjustment	13	-96
Additions during the year	23	80
Disposals during the year	-5	-66
Value adjustment for the year	105	65
Fair value 31 December	2,263	2,246

Total rental income for 2008 amounts to DKK 168m (DKK 159m in 2007).

Total expenses for 2008 amount to DKK 40m (DKK 43m in 2007). Of this amount, unlet property represented DKK 0.5m (DKK 1m in 2007). Total expenses for investment property generating rental income thus amount to DKK 39.5m (DKK 42m in 2007).

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 percentage 2008	Average percentage 2008	Highest percentage 2008
Business property	7.00	7.30	7.50
Office property	3.80	6.70	7.80
Residential property	4.00	5.30	6.00
	Lowest percentage 2007	Average percentage 2007	Highest percentage 2007
Business property	7.00	7.27	7.50
Office property	3.75	6.57	7.50
Residential property	4.00	5.30	6.00

Notes

DKK m	2007	2008
16 Investments in associates		
Cost		
Balance 1 January	0	0
Balance 31 December	0	0
Revaluations at net asset value		
Balance 1 January	18	19
Exchange rate adjustment	0	-3
Revaluations during the year	1	0
Reversed depreciation	0	-2
Balance 31 December	19	14
Carrying amount 31 December	19	14

Shares in associates according to the latest financial statements:

2008

Name and registered office	Assets	Liabilities	Shareholders' equity	Revenue	Profit/loss for the year	Ownership share in %
Komplementarselskabet af 1. marts 2006 ApS, DK	0	0	0	0	0	50
Bilskadeinstituttet AS, Norway	4	0	4	1	0	30
Edsvåg Fabrikker AS, Norway	32	3	29	12	3	28

2007

Name and registered office	Assets	Liabilities	Shareholders' equity	Revenue	Profit/loss for the year	Ownership share in %
Komplementarselskabet af 1. marts 2006 ApS, DK	0	0	0	0	0	50
Bilskadeinstituttet AS, Norway	4	0	4	1	0	30
Edsvåg Fabrikker AS, Norway	40	5	35	17	5	28

An individual estimate of the degree of influence under the contracts is made.

DKKm	2007	2008
17 Other financial investment assets		
Financial assets at fair value with value adjustment in the income statement, cf. IAS 39	35,844	30,754
Total receivables	2,555	1,689
	38,399	32,443
Financial assets at fair value with value adjustment in the income statement		
Trading portfolio:		
Bonds	30,294	29,417
Consisting of:		
Cash allocated to portfolio management	-246	-71
Unsettled securities trading	1,063	-101
Deposits, derivatives	-302	-388
	30,809	28,857
Shares	4,445	1,239
Cash in hand, deposits and other investment assets	609	672
Total other financial investment assets, cash and investments in associates in accordance with the balance sheet	35,863	30,768

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 receivables from unsettled investment transactions.

	Adjusted duration of bond portfolio	
Bond portfolio	2007	2008
Duration 1 year or less	12,112	17,990
Duration 1 year through 5 years	15,293	8,535
Duration 5 years through 10 years	3,386	2,316
Duration more than 10 years	18	16
Total	30,809	28,857

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.

Notes

DKKm

17 Maturity of the Group's interest-bearing financial assets and debt

2008	Total	0-1 year	1-5 years	> 5 years	Effective interest rate	Adjusted duration
Bonds	28,857	5,989	11,473	11,395	4.4	1.7
Cash in hand and at bank	672	672	0	0	4.4	0.0
Debt	-1,811	-111	-598	-1,102	4.6	0.0
Receivables	1,689	1,689	0	0	-	-
	29,407	8,239	10,875	10,293		

2008	Total	0-1 year	1-5 years	> 5 years	Effective interest rate	Adjusted duration
Bonds	30,809	5,257	18,326	7,226	5.3	1.9
Cash in hand and at bank	601	601	0	0	4.2	0
Debt	-1,700	-2	-597	-1,101	4.5	0
Receivables	2,555	2,555	0	0	-	-
	32,265	8,411	17,729	6,125		

The duration of interest-bearing debt is stated at zero as such debt is measured at amortised cost and is not subject to value adjustment.

The note should be seen in connection with the expected cash flow from the Group's provisions for unearned premiums and provisions for claims, see note 22. Please refer to the section on 'Interest risk' in 'Risk management' in the 'Management's report'.

	2007	2008
Listed shares		
Scandinavia	975	195
United Kingdom	718	103
Rest of Europe	1,160	298
United States	828	244
Asien etc.	527	152
Total	4,208	992

The portfolio of unlisted shares totals 237 180

Sold futures on shares are recognised in the amount at DKK -67m.

Unlisted equity investments are measured at estimated fair value, see 'Accounting policies'.

Exposure to exchange rate risk 2008	Properties	Bonds	Shares	Insurance	Hedge	Exposure
USD	0	21	270	-232	-73	14
EUR	0	723	337	-1,117	73	15
GBP	0	1	94	3	-93	4
NOK	649	10,113	170	-8,616	-2,396	81
Other	0	0	294	-13	-269	52
Total						166

Exposure to exchange rate risk 2007	Properties	Bonds	Shares	Insurance	Hedge	Exposure
USD	0	1,116	688	-251	-1,535	18
EUR	0	2,018	1,308	-1,136	-2,101	89
GBP	0	472	570	-1	-983	58
NOK	786	8,352	1,007	-5,756	-4,256	133
Other	0	4	642	-9	-619	18
Total						316

Please refer to the section on Market risk Risk management in the Management's report.

DKK m	2007	2008
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17 Sensitivity information

Impact on shareholders' equity from the following changes:

Interest rate increase of 0.7-1.0 pct. point	2	23
Interest rate fall of 0.7-1.0 pct. point	-27	-57
Equity price fall of 12%	-533	-141
Fall in property prices of 8%	-214	-315
Exchange rate risk (VaR 99.5)	-8	-4
Loss on counterparties of 8%	-220	-219

The impact on the income statement is similar to the impact on shareholders' equity. The calculation is made in accordance with the disclosure requirements of the executive order issued by the Danish FSA on the presentation of financial reports by insurance companies and profession-specific pension funds. Please refer to the section on 'Risk management' for an elaboration of risk management and risk exposure.

Derivative financial instruments

2007

2008

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

Fair value:	Gross	Net	Gross	Net
Interest derivatives	3,659	-7	3,124	27
Share derivatives	0	0	67	0
Inflation derivatives	681	26	3,618	-41
Exchange rate derivatives	9,494	205	5,253	311

Due within one year	13,153	224	8,444	297
Due after more than five years	681	0	3,618	0

Derivative financial instruments used in connection with hedging of foreign entities for accounting purposes:

	Gains	Losses	Net
Gains and losses on hedges charged to equity at 1 January	144	-254	-110
Gains and losses on hedges charged to equity in the period	615	0	615

Gains and losses on hedges charged to equity at 31 December	759	-254	505
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2007

2008

Exchange rate adjustment

Exchange rate adjustments of foreign entities recognised in equity in the amount of:

Balance at 1 January	-9	75
Exchange rate adjustment during the year	120	-585
Exchange rate adjustment during the year recognised in profit and loss	-36	0
Balance at 31 December	75	-510

Receivables

Receivables from insurance enterprises	1,410	1,088
Exchange rate and inflation derivatives	190	383
Unsettled transactions	794	136
Other receivables	161	82
	2,555	1,689

Specification of writedowns on receivables from insurance enterprises

Balance at 1 January	129	106
Exchange rate adjustment	0	-8
Writedowns and reversed writedowns for the year	-23	22
Balance at 31 December	106	120

Reversed impairment losses are estimated at around DKK 20-30m annually, but may vary due to major cases/disputes. Please refer to the section on 'Credit risk' in 'Risk management' in the 'Management's report.'

Notes

DKKm	2007	2008				
17 Receivables						
Receivables in connection with insurance include overdue receivables totalling:						
Falling due:						
Within 90 days	336	259				
After 90 days	152	117				
	488	376				
Including writedowns of due amounts	106	120				
18 Reinsurers' share						
Reinsurer's share	1,609	1,051				
Writedowns after impairment test	-22	-15				
	1,587	1,036				
Writedowns during the year include reversed writedowns totalling DKK 7m (in 2007 DKK 12m). Please refer to the section on 'Reinsurance' in 'Risk management' in the 'Management's report'.						
19 Current tax						
Current tax, beginning of year	186	243				
Exchange rate adjustment	8	-66				
Current tax for the year	746	434				
Current tax on equity entries	-24	154				
Tax paid during the year	-673	-628				
Net current tax, end of year	243	137				
Current tax is recognised in the balance sheet as follows:						
Under assets, current tax	93	111				
Under liabilities, current tax	336	248				
Net current tax, end of year	243	137				
20 Shareholders' equity						
Share capital	2007	2008				
	No. of shares	Nominal value (DKK'000)	No. of shares	Nominal value (DKK'000)		
Issued shares						
Balance at 1 January	67,790,001	1,694,750	67,638,478	1,690,962		
Bought during the year	-221,200	-5,530	-3,346,610	-83,665		
Sold during the year	69,677	1,742	85,815	2,145		
Balance at 31 December	67,638,478	1,690,962	64,377,683	1,609,442		
	2007		2008			
	No. of shares	Nominal value (DKK'000)	% of share capital	No. of shares	Nominal value (DKK'000)	% of share capital
Tresury shares						
Balance at 1 January	209,999	5,250	0.30	361,522	9,038	0.53
Bought during the year	221,200	5,530	0.33	3,346,610	83,665	4.92
Used in connection with issue of employee shares	-69,677	-1,742	-0.10	-85,815	-2,145	-0.13
Balance at 31 December	361,522	9,038	0.53	3,622,317	90,558	5.32

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 2009. In 2008, Tryg Vesta acquired treasury shares worth nom. DKK 83,665k, corresponding to 3,346,610 shares at a total cost of DKK 1,197m. Treasury shares are acquired for use in the Group's incentive programme and as part of the share buy back programme. TrygVesta's share buy back programme was launched after the annual general meeting held on 3 April 2008. Until 31 December 2008, shares worth DKK 1,053m had been bought back, corresponding to 75% of the total share buy back programme.

DKKm	2007	2008
20 Capital adequacy		
Shareholders' equity according to annual report	10,010	8,244
Subordinate loan capital	637	685
Proposed dividend	-1,156	-423
Solvency requirements to subsidiary undertakings	-3,824	-4,601
Capital base	5,667	3,905
Weighted assets	7,030	3,924
Solvency ratio	81	100

The capital base and the solvency ratio are calculated in accordance with the Danish Financial Business Act. TrygVesta manages its capital requirement as described in "Capitalisation" in the Management's report'

21 Subordinated loan capital

In December 2005, TrygVesta Forsikring A/S raised a subordinate bond loan for EUR 150m at the price of 99,017. The loan carries a fixed rate of interest at 4.5% p.a. until 2015, when it can be repaid. After that time, it will carry interest at 2.1% above EURIBOR until it expires in 2025. The loan is measured at amortised cost, and when the loan was raised capital losses and costs were deducted, amounting to DKK 16m at the balance sheet date. The fair value of the loan at the balance sheet date is DKK 908m (in 2007 DKK 1,041m) based on a price of 81.23 (in 2007 a price of 93.12). 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 TrygVesta Forsikring A/S. The loan is automatically accelerated upon the liquidation or bankruptcy of TrygVesta Forsikring A/S. The share of subordinated capital included in the calculation of the capital base amounts to DKK 685m (in 2007 a total of DKK 637m).

Notes

DKK m

22 Provisions for claims										
Gross		2000	2001	2002	2003	2004	2005	2006	2007	2008
Estimated accumulated claims	0	7,825	8,341	10,257	9,745	10,114	10,840	10,613	11,529	12,046
	1	8,132	8,557	10,526	9,853	10,150	10,729	10,875	12,093	
	2	8,332	8,721	10,544	9,562	10,022	10,593	10,422		
	3	8,527	8,822	10,601	9,550	9,913	10,225			
	4	8,613	8,770	10,599	9,596	9,653				
	5	8,728	8,764	10,503	9,575					
	6	8,480	8,967	10,481						
	7	8,601	8,947							
	8	8,587								
		8,587	8,947	10,481	9,575	9,653	10,225	10,422	12,093	12,046
Cumulative payments to date		-8,003	-8,094	-9,348	-8,180	-8,006	-8,316	-7,911	-8,541	-5,745
Discounting		-116	-164	-201	-246	-268	-288	-359	-462	-625
Reserves from 1999 and prior years										2,115
Other reserves										444
Gross provisions for claims, end of year										19,715
Ceded business		2000	2001	2002	2003	2004	2005	2006	2007	2008
Estimated accumulated claims	0	1,258	1,239	1,804	790	725	912	269	497	158
	1	1,351	1,259	1,883	762	740	807	270	463	
	2	1,328	1,261	1,786	760	777	813	257		
	3	1,350	1,273	1,781	807	776	808			
	4	1,379	1,252	1,780	739	763				
	5	1,374	1,240	1,789	735					
	6	1,371	1,246	1,793						
	7	1,379	1,230							
	8	1,382								
		1,382	1,230	1,793	735	763	808	257	463	158
Cumulative payments to date		-1,335	-1,207	-1,590	-675	-657	-751	-230	-419	-44
Discounting		-5	-7	-23	-10	-21	-10	-4	-2	-5
Reserves from 1999 and prior years										200
Other reserves										66
Provisions for claims, end of year										860
Net of reinsurance		2000	2001	2002	2003	2004	2005	2006	2007	2008
Estimated accumulated claims	0	6,567	7,102	8,453	8,955	9,389	9,928	10,344	11,032	11,888
	1	6,781	7,298	8,643	9,091	9,410	9,922	10,605	11,630	
	2	7,004	7,460	8,758	8,802	9,245	9,780	10,165		
	3	7,177	7,549	8,820	8,743	9,137	9,417			
	4	7,234	7,518	8,819	8,857	8,890				
	5	7,354	7,524	8,714	8,840					
	6	7,109	7,721	8,688						
	7	7,222	7,717							
	8	7,205								
		7,205	7,717	8,688	8,840	8,890	9,417	10,165	11,630	11,888
Cumulative payments to date		-6,668	-6,887	-7,758	-7,505	-7,349	-7,565	-7,681	-8,122	-5,701
Discounting		-111	-157	-178	-236	-247	-278	-355	-460	-620
Reserves from 1999 and prior years										1,915
Other reserves										378
Provisions for claims, net of reinsurance, end of the year										18,855

The table consists of figures for TrygVesta Forsikring A/S and TrygVesta Forsikring, Norwegian branch of TrygVesta Forsikring A/S. Other Group units are included in the item "Other reserves", which comprises the provisions for claims for TrygVesta Garantiforsikring A/S and the Finnish and Swedish business units.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December to prevent the impact of exchange rate fluctuation.

DKK m

22 Provisions for claims

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 TrygVesta 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 final settlement had a positive impact.

The inclusion of the Zurich portfolio acquired in 2002 and, to a minor extent, the Norwegian 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.

After the introduction of variable interest rate discounting of Danish Worker's Compensation annuities, inflation explicitly influences claims from 2007 onwards. In previous calendar years the inflation element is partially offset by the use of discounting with a real rate of interest. Hence undiscounted claims amounts are adversely affected in 2007 by a total of DKK 1,271m.

Provisions for claims

	Gross	2008 Ceded	Net
Total, beginning of period	20,761	1,366	19,395
Market value adjustment of provisions, beginning of period	-1,619	-171	-1,448
	19,142	1,195	17,947
Paid in the financial year in respect of the current year	-5,745	-44	-5,701
Paid in the financial year in respect of prior years	-5,904	-515	-5,389
	-11,649	-559	-11,090
Change in claims in the financial year in respect of the current year	11,178	145	11,033
Change in claims in the financial year in respect of prior years	-787	-55	-732
	10,391	90	10,301
Discounting ³⁾	1,387	68	1,319
Provisions for claims, end of year ¹⁾	19,271	794	18,477
Other ²⁾	444	66	378
	19,715	860	18,855

Provisions for claims

	Gross	2007 Ceded	Net
Total, beginning of period	20,068	1,312	18,756
Market value adjustment of provisions, beginning of period	276	38	238
	20,344	1,350	18,994
Paid in the financial year in respect of the current year	5,786	-139	-5,647
Paid in the financial year in respect of prior years	-5,343	-348	-4,995
	-11,129	-487	-10,642
Change in claims in the financial year in respect of the current year	11,680	504	11,176
Change in claims in the financial year in respect of prior years	-740	-11	-729
	10,940	493	10,447
Discounting ³⁾	606	10	596
Provisions for claims, end of year ¹⁾	20,761	1,366	19,395
Other ²⁾	343	62	281
	21,104	1,428	19,676

¹⁾ The table consists of figures for TrygVesta Forsikring A/S and TrygVesta Forsikring, Norwegian branch of TrygVesta Forsikring A/S. Other units in the Group are included in 'Other'

²⁾ Comprises provisions for claims for TrygVesta Garantiforsikring A/S and the Finnish and Swedish business units.

³⁾ Discounting also includes exchange rate adjustments.

Notes

DKKm

22 Provisions for claims					
	Carrying amount	Expected cash flow			
2008	Total	0-1 years	1-2 years	2-3 years	> 3 years
Provisions for unearned premiums, gross	4,946	4,763	66	39	78
Provisions for unearned premiums, ceded	-172	-172	0	0	0
Provisions for claims, gross	19,271	7,182	3,397	2,202	6,490
Provisions for claims, ceded	-794	-244	-126	-88	-336
	23,251	11,529	3,337	2,153	6,232

	Carrying amount	Expected cash flow			
2007	Total	0-1 years	1-2 years	2-3 years	> 3 years
Provisions for unearned premiums, gross	5,303	5,100	68	41	94
Provisions for unearned premiums, ceded	-158	-158	0	0	0
Provisions for claims, gross	20,761	7,906	3,644	2,380	6,831
Provisions for claims, ceded	-1,366	-534	-196	-137	-499
	24,540	12,314	3,516	2,284	6,426

The table consists of figures for TrygVesta Forsikring A/S and TrygVesta Forsikring, Norwegian branch of TrygVesta Forsikring A/S.

The note should be seen in connection with the maturity of the Group's interest-bearing financial assets and liabilities, see note 17. Please refer to the section on 'Risk management' for an elaboration of risk management and risk exposure.

DKKm	2007	2008
23 Pensions and similar obligations		
Jubilees, schemes for older employees etc.	43	28
Recognised obligation, end of year	43	28
Defined benefit pension plans		
Present value of pension obligations funded through operations	129	120
Present value of pension obligations funded through establishment of funds	1,163	1,003
Gross pension obligation	1,292	1,123
Fair value of plan assets	932	628
Net pension obligation	360	495
Specification of change in recognised pension obligations:		
Recognised pension obligation, beginning of year	1,298	1,292
Exchange rate adjustment	43	-246
Present value of amounts accumulated during the year	60	56
Capital costs of previously accumulated pensions	56	49
Actuarial gains/losses	-105	23
Paid during the period	-46	-51
Change in recognised employers' nat. ins. contribution	2	0
Effect associated with optional shift to contribution pension plan	-16	0
Recognised pension obligation, end of year	1,292	1,123
Change in carrying amount of plan assets:		
Carrying amount of plan assets, beginning of year	825	932
Exchange rate adjustment	27	-177
Investments in the year	87	31
Estimated return on pension funds	43	44
Actuarial gains/losses	-9	-173
Paid during the period	-32	-29
Effect associated with optional shift to contribution pension plan	-9	0
Carrying amount of plan assets, end of year	932	628
Total pensions and similar obligations, end of year	360	495
Total recognised obligation, end of year	403	523
Specification of pension costs for the year:		
Present value of amounts accumulated during the year	60	58
Interest expense on accrued pension obligation	56	62
Expected return on plan assets	-43	-56
Accrued employers' nat. insurance contribution	10	9
Effect associated with optional shift to contribution pension plan	-7	0
The year's cost of defied benefit plans	76	73
The premium for the following financial year is estimated at:	103	53
Estimated distribution of plan assets:	%	%
Shares	18	13
Bonds	66	64
Real property	16	23
Average return on plan assets	8.2	-1.7

Notes

DKKm	2007	2008
23 Pensions and similar obligations		
<i>Assumptions used</i>	%	%
Discount rate	5.2	4.0
Estimated return on pension funds	6.2	6.0
Salary adjustment	4.5	4.0
Pension adjustment	4.3	3.8
G Adjustment	4.3	3.8
Turnover	7.0	7.0
Employers' nat. ins. contribution	14.1	14.1
Take up of the AFP Early Retirement Plan	20.0	20.0
Mortality table	Adjusted K1963	Adjusted K2005

DKKm	2005	2006	2007	2008
Pension obligation	1,362	1,298	1,292	1,123
Plan assets	727	825	932	628
Surplus/deficit	635	473	360	495
Actuarial gains/losses associated with the pension obligation	-136	90	104	-23
Actuarial gains/losses associated with pension assets	18	26	-10	-173

The pension liability related to participation by the Norwegian member of the Group Executive Management in the Norwegian defined benefit pension plan is DKK 2.2m 31. december 2008.

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 2008 amounted to DKK 1m, which is less than 1% of the annual premium in FPK (2007). FPK writes in its half-year report for 2007 that it had a collective consolidation ratio of 119 at 30 June 2008 (131 at 30 June 2007). The collective consolidation ratio is defined as the market value of the plan assets relative to the total collective pension obligations.

DKKm	2007	2008
24 Deferred tax		
Tax asset		
Operating equipment	84	65
Debt and provisions	0	133
Bonds and loans secured by mortgages	84	0
	168	198
Tax liability		
Land and buildings	157	157
Contingency funds	1,021	890
Debt and provisions	35	0
Intellectual property rights	64	100
	1,277	1,147
Deferred tax, end of year	1,109	949
Unaccrued assets or liabilities of equity investments	102	126
Unaccrued assets or liabilities of balance sheets items	6	1
Reconciliation of deferred tax		
Deferred tax, beginning of year	959	1,109
Exchange rate adjustment	27	-164
Change in deferred tax beginning of year	0	-51
Change in tax rate in Denmark	-20	0
Change in deferred tax taken to the income statement	119	122
Change in deferred tax taken to equity	24	-67
	1,109	949
Non-capitalised tax loss		
Denmark	72	72
Sweden	105	188
Finland	142	189

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

Under Finnish rules, losses may be carried forward for ten years and under Swedish rules, losses may be carried forward indefinitely.

The total current and deferred tax relating to items recognised in equity is recognised in the balance sheet in the amount of DKK 101m (in 2007 DKK -4m).

No deferred tax is associated with investments in subsidiaries (in 2007 DKK 0m).

Notes

DKKm	2007	2008
25 Other provisions		
Other provisions, beginning of year	50	57
Exchange rate adjustment	0	-10
Change in provisions	7	-11
Other provisions, end of year	57	36
Other provisions primarily include provisions for own insurance contracts		
26 Debt to credit institutions		
Bank loans	597	598
Bank overdrafts	2	111
	599	709
Debt falling due within one year	2	111
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 had been utilised at 31 December 2008. In 2008, the loan carried interest at CIBOR plus a margin, totalling approximately 5.3% 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 is depreciated on a straight-line basis 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.		
27 Other debt		
Unsettled transactions	1,857	66
Interest derivatives	8	0
Exchange and inflation rate derivatives	0	31
Other debt	732	774
	2,597	871
Debt falling due within one year	2,597	871
28 Earnings per share		
Basic earnings per share are calculated by dividing the profit for the year and the profit/loss from discontinued and divested activities 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 2009, therefore, there is no difference between basic EPS and diluted EPS as per 31 December 2008. During a two-year period commencing at the end of February 2009 180,780 share options from the 2006 share option programmes are exercisable. This could potentially dilute the earnings per share.		
Profit/loss for the period from continuing business (DKKm)	2,267	846
Average number of shares (1,000 shares)	67,648	66,184
Basic earnings per share of DKK 25	33.5	12.8

Mio. DKK

29 Contractual obligations, contingent liabilities and collateral

2008	Payment due by period				Total
	< 1 years	1-3 years	3-5 years	> 5 years	
Operating leases	65	68	10	9	152
Other contractual obligations	375	55	45	0	475
	440	123	55	9	627

2008	Payment due by period				Total
	< 1 years	1-3 years	3-5 years	> 5 years	
Operating leases	108	213	187	1,260	1,768
Other contractual obligations	348	314	0	0	662
	456	527	187	1,260	2,430

The amounts include the following:

TrygVesta Forsikring A/S has on 1 february 2008 signed an operating agreement with CSC for an amount of DKK 1bn for a period of 5 years which cannot be cancelled the next 2 years.

TrygVesta Forsikring A/S has signed a portfolio management contract for DKK 126m. The contract expires in 2013.

TrygVesta Forsikring A/S has signed a car leasing kontrakt with NF Fleet for DKK 37m. The contract expires in 2013.

TrygVesta Forsikring A/S has signed on IT leasing kontrakt with IBM for DKK 27m. The contract expires in 2011.

The Danish companies in TrygVesta Group are jointly taxed with TryghedsGruppen smba.

	2007	2008
Assets to cover the technical provisions have been registered in a total amount of	33,746	29,690

Most of the Danish companies in TrygVesta Group are jointly 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, TrygVesta Forsikring A/S issued a few specific guarantees to the buyer. Management believes that it is unlikely that these guarantees will result in a financial loss for TrygVesta Forsikring A/S.

Companies of the TrygVesta Forsikring Group are part of certain disputes. 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.

Notes

DKK m 2007 2008

30 Acquisition of subsidiary

On 8 May 2008, TrygVesta Forsikring A/S acquired all the voting shares (nominally DKK 1m) of Ejendomsselskabet af 8. maj 2008 A/S through a cash payment of DKK 1,085.5m to Danica Pension. The sole activity of Ejendomsselskabet af 8. maj 2008 A/S is the ownership of TrygVesta's Ballerup headquarters. Costs for advisors in connection with the preparation, conclusion and performance of the agreement was DKK 0.2m.

Acquired net assets	Carrying amount prior to acquisition	Fair value at date of acquisition
Owner-occupied property	1,085.0	1,085.0
Cash in hand and at bank	0.5	0.5
Cost	1,085.5	1,085.5

There have not been any adjustment to the fair value, which is therefore identical to the carrying amount are therefore the same. There is no difference between cost and the fair value of the identifiable assets, liabilities and contingent liabilities.

The acquisition of Ejendomsselskabet af 8. maj 2008 A/S replaces the existing lease with Danica from 1995, which would expire in 2025. The purchase enhances the framework for modernising and refurbishing workplaces. See the section 'Our employees' for further details.'

Ejendomsselskabet af 8. maj 2008 A/S

Amounts relating to the period since the acquisition on 8 May 2008

2008

Rental income	45.9
Profit/loss after tax	8.6
Impact on equity	8.6

See 'Owner-occupied property and operating equipment' in note 1 'Accounting policies' for a more elaborate description of the valuation method used.

A pro forma statement of TrygVesta Group's profit/loss for 2008 as if Ejendomsselskabet af 8. maj 2008 had been acquired as per 1 January 2008 would not be significantly different from the Group's realised profit/loss for 2008. The Group's gross premiums earned would not be affected.

Management estimates that the fair value at 1 January 2008 would have been the same as the fair value at the date of acquisition.

The TrygVesta Group did not make any acquisitions in 2007.

31 Related parties

Supervisory Board and Executive Management

Premium income		
- Parent company (TryghedsGruppen smba)	0.2	0.3
- Key management	0.4	0.4
- Other related parties	17.3	115.3

Claims paid

- Parent company (TryghedsGruppen smba)	0.2	0.0
- Key management	0.3	0.2
- Other related parties	43.6	9.6

Guarantee agreements with related parties

- Account	1,950	1,200
- Utilised, end of year	885	726
- Premium	3	3

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.

31 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.

Specification of remuneration

Supervisory Board	-4	-4
Executive Management	-16	-19
	-20	-23

Remuneration includes pension contributions

Supervisory Board	0	0
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 Executive Management has a bonus scheme for up to 3 months' salary (Group CEO up to 4 months' salary) and participate in the share option programme as mentioned in Corporate governance. Other than that, there are no incentive plans for the Supervisory Board and Executive Management.

If a member of the Executive Management is given notice of termination by TrygVesta and such termination is not due to breach on the part of the member of the Executive Management, such member is entitled to cash severance pay equal to 12 to 18 months' fixed salary inclusive of pension contribution and taxed benefits. Severance pay is paid at expiry of the period of notice. Members of the Executive Management can raise no further claims in this respect, including claims for compensation pursuant to sections 2a and/or 2b of the Salaried Employees Act, as such claims are included in the severance pay.

Parent company**TryghedsGruppen smba**

TryghedsGruppen smba controls 60% of the shares in TrygVesta A/S.

Intra-group trading involved

- Providing and receiving services	0	1
- Sale of unlisted shares	15	0

Insurance products are purchased and sold on market terms

Assets are transferred on market terms

Intra-group trading

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.

Income statement – TrygVesta A/S (parent company)

DKKm		2007	2008
Notes	Investment activities		
2	Income from subsidiaries	2,396	757
	Interest income	0	22
	Value adjustment	-1	0
	Interest expenses	-30	-32
	Investment management charges	-4	-6
	Total return on investment activities	2,361	741
3	Other expenses	-48	-56
	Profit before tax	2,313	685
4	Tax	21	18
	Profit on continuing business	2,334	703
5	Profit/loss on discontinued and divested business	-1	0
	Profit for the year	2,333	703
	Proposed distribution for the year:		
	Dividend	1,156	423
	Transferred to Reserve for net revaluation as per equity method	79	-2,007
	Transferred to Retained profits	1,098	2,287
		2,333	703

Balance sheet – TrygVesta A/S (parent company)

DKKm		2007	2008
Notes	Assets		
6	Investments in subsidiaries	10,732	8,546
	Total investments in subsidiaries	10,732	8,546
	Total investment assets	10,732	8,546
	Receivables from subsidiaries	0	293
	Total receivables	0	293
7	Current tax assets	21	18
8	Deferred tax assets	0	0
	Cash in hand and at bank	1	1
	Total other assets	22	19
	Total prepayments and accrued income	7	24
	Total assets	10,761	8,882
	Liabilities		
	Shareholders' equity	10,031	8,265
9	Debt to credit institutions	599	602
	Debt to subsidiaries	131	0
	Other debt	0	15
	Total debt	730	617
	Total liabilities and equity	10,761	8,882
1	Accounting policies		
10	Capital adequacy		
11	Contractual obligations, contingent liabilities and collateral		
12	Related parties		

Statement of changes in equity (parent company)

DKK m

	Share capital	Revaluation equity method	Retained earnings	Proposed dividends	Total
Shareholders' equity at 31 December 2006	1,700	3,656	2,374	2,244	9,974
Equity entries in 2007					
Profit for the year		79	1,098	1,156	2,333
Revaluation of owner-occupied properties		-3			-3
Exchange rate adjustment of foreign entities		84			84
Hedge of foreign currency risk in foreign entities		-98			-98
Tax on equity entries		27			27
Total comprehensive income	0	89	1,098	1,156	2,343
Dividend paid				-2,244	-2,244
Dividend own shares			14		14
Purchase of own shares			-96		-96
Issue of employee shares			32		32
Issue of share options			8		8
Total equity entries in 2007	0	89	1,056	-1,088	57
Shareholders' equity at 31 December 2007	1,700	3,745	3,430	1,156	10,031
Equity entries in 2008					
Profit for the year		-2,007	2,287	423	703
Exchange rate adjustment of foreign entities		-640			-640
Hedge of foreign currency risk in foreign entities		615			615
Tax on equity entries		-154			-154
Total comprehensive income	0	-2,186	2,287	423	524
Dividend paid				-1,156	-1,156
Dividend own shares			12		12
Purchase of own shares			-1,197		-1,197
Issue of employee shares			37		37
Issue of share options			14		14
Total equity entries in 2008	0	-2,186	1,153	-733	-1,766
Shareholders' equity at 31 December 2008	1,700	1,559	4,583	423	8,265

Proposed dividend per share DKK 6.50 (total for 2007 DKK 17 DKK).

Dividend per share is calculated as the total dividend proposed by the Supervisory Board after the end of the financial year divided by the number of shares year end (64,377,683). The dividend is not paid until approved by the shareholders at the annual general meeting of the subsequent year.

Tryg Vesta Forsikring A/S' Norwegian branch has in its financial statements included provisions for contingency funds in the amount of NOK 2,743m (2007: NOK 2,564m). In TrygVesta Forsikring A/S, these provisions, due to their nature as additional provisions, are included in shareholders' equity (retained earnings), net of deferred tax. TrygVesta Forsikring A/S' option to pay dividend to TrygVesta A/S 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 TrygVesta Forsikring A/S. TrygVesta Garantiforsikring has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

Notes (parent company)

DKK m	2007	2008
1 Accounting policies		
Please refer to TrygVesta Group's 'Accounting policies'.		
2 Income from subsidiaries		
TrygVesta Forsikring A/S	2,396	757
Profit on continuing business	2,396	757
Profit/loss on discontinued business after tax	-1	0
	2,395	757
3 Other expenses		
Administrative expenses	-48	-56
	-48	-56
Remuneration of the Executive Management is paid by TrygVesta Forsikring A/S and TrygVesta Forsikring, Norwegian branch of TrygVesta Forsikring A/S and is charged to TrygVesta A/S by the cost allocation.		
Remuneration for the Supervisory Board and the Group Executive Management is disposed in note 12 'Related parties'.		
Average number of full-time employees during the year	0	0
<i>Administrative expenses include fee to the auditors appointed by the Annual General Meeting:</i>		
Deloitte	-0.9	-0.9
	-0.9	-0.9
In addition, expenses have been incurred for the Group's Internal Audit Department.		
4 Tax		
Reconciliation of tax expenses		
Tax on financial loss before profit/loss in subsidiaries and tax	21	18
	21	18
Effective tax rate	%	%
Tax on financial loss	25	25
	25	25

See 'TrygVestas financial performance 2008 for further information regarding tax'

Notes (parent company)

DKK m	2007	2008
5 Profit/loss on discontinued and divested business		
Technical interest, net of reinsurance	3	3
Claims incurred, net of reinsurance	-1	-1
Insurance operating expenses, net of reinsurance	-3	-2
Technical result	-1	0
Loss before tax	-1	0
Profit/loss on discontinued and divested business	-1	0
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	3,656	3,745
Revaluations during the year	2,407	575
Dividend paid	-2,318	-2,761
Balance 31 December	3,745	1,559
Carrying amount 31 December	10,732	8,546
Name and registered office		
2008	Ownership shares in %	Equity
TrygVesta Forsikring A/S, Ballerup	100	8,546
2007		
TrygVesta Forsikring A/S, Ballerup	100	10,732
7 Current tax assets		
Tax payable, beginning of year	3	21
Current tax for the year	21	18
Tax paid during the year	-3	-21
	21	18
8 Deferred tax assets		
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	2007	2008
9 Debt to credit institutions		
Bank loans	597	598
Overdraft facility	2	4
	599	602

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 2008. In 2008, the loan carried interest at CIBOR plus a margin, totalling approximately 5.3% 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 is depreciated on a straight-line basis 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.

10 Capital adequacy		
Shareholders' equity according to annual report	10,031	8,265
Subordinate loan capital	637	685
Proposed dividend	-1,156	-423
Solvency requirements to subsidiary undertakings	-3,824	-4,601
Capital base	5,688	3,926
Weighted items	7,051	3,945
Solvency ratio	81	100

11 Contractual obligations, contingent liabilities and collateral

The Danish companies in TrygVesta Group are jointly taxed with TryghedsGruppen smba.

Most of the Danish companies in TrygVesta group are jointly 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 certain disputes the outcome of which is not estimated to affect the financial position of the Group. Management believes that the outcome of these legal proceedings will not affect the Group's financial position beyond those receivables and obligations recognised in the balance sheet at 31 December 2008.

Notes (parent company)

DKK m	2007	2008
12 Related parties		
Supervisory Board and Executive Management		
Sales of insurances and claims payments		
- Parent company (TryghedsGruppen smba)	0.2	0.3
- Key management	0.4	0.4
- Other related parties	17.3	115.3
Claims payments		
- Key management	0.3	0.2
- Other related parties	43.6	9.6
Guarantee agreements with related parties		
- Commitment	1,950	1,200
- Utilised, end of year	885	726
- Premium	3	3
<p>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.</p> <p>No provisions have been made for non-performing guarantees and no expenses were incurred during the financial year.</p> <p>Guarantee agreements are made on market terms.</p>		
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.		
Specification of remuneration		
Supervisory Board	-4	-4
Executive Management	-16	-19
	-20	-23
<i>Remuneration includes pension contributions</i>		
Supervisory Board	0	0
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 (Group CEO up to 4 months' salary) and participate in 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.

DKK m

2007

2008

12 Parent company

TryghedsGruppen smba

TryghedsGruppen smba controls 60% of the shares in TrygVesta A/S.

Intra-group trading involved

- Providing and receiving services
- Sale of unlisted shares

0

1

15

0

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 has 100% control of TrygVesta Forsikring A/S 100%.

Intra-group transactions

Intra-group trading involved

- Providing and receiving services
- Intra-group account
- Interest

49

59

131

297

4

21

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.

Financial highlights and key ratios by geography

DKK m	2004	2005	2006	2007	2008
Danish general insurance					
Gross premiums earned	8,525	8,764	9,084	9,346	9,620
Technical result	720	956	1,377	1,639	1,695
Return on investment activities	378	567	723	225	-435
Other income and expenses	4	7	2	2	4
Profit/loss before tax	1,102	1,530	2,102	1,866	1,264
Fixed assets	903	1,011	1,135	1,171	1,616
Key ratios					
Gross claims ratio	73.0	77.1	66.8	69.3	64.9
Business ceded as % of gross premiums	3.5	-3.9	3.9	0.0	4.2
Claims ratio, net of ceded business	76.5	73.2	70.7	69.3	69.1
Gross expense ratio	16.3	16.6	16.1	15.3	16.0
Combined ratio	92.8	89.8	86.8	84.6	85.1
Number of full-time employess, end of period	2,223	2,215	2,231	2,242	2,377
Norwegian general insurance					
Gross premiums earned	6,653	6,810	6,738	6,919	7,129
Technical result	1,032	1,131	1,214	1,335	815
Return on investment activities	24	361	483	118	-597
Other income and expenses	2	2	3	-7	3
Profit/loss before tax	1,058	1,494	1,700	1,446	221
Fixed assets	682	721	737	799	659
Key ratios					
Gross claims ratio	62.1	63.0	64.3	64.0	71.0
Business ceded as % of gross premiums	6.2	5.2	3.6	4.9	3.8
Claims ratio, net of ceded business	68.3	68.2	67.9	68.9	74.8
Gross expense ratio	17.2	16.7	16.5	15.8	16.8
Combined ratio	85.5	84.9	84.4	84.7	91.6
Number of full-time employess, end of period	1,454	1,431	1,460	1,384	1,455
Finnish general insurance					
Gross premiums earned	97	140	198	251	354
Technical result	-45	-41	-34	-49	-44
Return on investment activities	-2	-2	-4	-10	-4
Profit/loss before tax	-47	-43	-38	-59	-48
Fixed assets	0	0	0	0	5
Key ratios					
Gross claims ratio	75.3	80.9	78.1	74.9	72.9
Business ceded as % of gross premiums	0.2	0.2	0.2	0.4	0.3
Claims ratio, net of ceded business	75.5	81.1	78.3	75.3	73.2
Gross expense ratio	73.0	50.2	41.7	49.8	44.1
Combined ratio	148.5	131.3	120.0	125.1	117.3
Number of full-time employess, end of period	51	48	77	127	154

DKK m	2004	2005	2006	2007	2008
Swedish general insurance					
Gross premiums earned	-	-	4	90	225
Technical result	-	-	-41	-82	-93
Return on investment activities	-	-	0	-1	-2
Profit/loss before tax	-	-	-41	-83	-95
Fixed assets	-	-	2	3	2
Key ratios					
Gross claims ratio	-	-	144.9	88.9	95.1
Business ceded as % of gross premiums	-	-	0.4	0.0	0.9
Claims ratio, net of ceded business	-	-	145.3	88.9	96.0
Gross expense ratio	-	-	1,003.8	105.6	48.4
Combined ratio	-	-	1,149.1	194.5	144.4
Number of full-time employess, end of period	-	-	40	61	105
Other *					
Gross premiums earned	-9	-9	-3	0	-5
Technical result	0	1	-4	-23	11
Return on investment activities	-29	-32	26	8	50
Other income and expenses	-32	-37	-36	-46	-56
Profit/loss before tax	-61	-68	-14	-61	5
Fixed assets	588	432	677	676	1,775
Number of full-time employess, end of period	34	24	0	0	0
TrygVesta					
Gross premiums earned	15,266	15,705	16,021	16,606	17,323
Technical result	1,707	2,047	2,512	2,820	2,384
Return on investment activities	371	894	1,228	340	-988
Other income and expenses	-26	-28	-31	-51	-49
Profit/loss before tax	2,052	2,913	3,709	3,109	1,347
Fixed assets	2,173	2,164	2,551	2,649	4,057
Key ratios					
Gross claims ratio	68.3	71.1	65.9	67.3	67.9
Business ceded as % of gross premiums	4.6	0.1	3.7	2.1	3.9
Claims ratio, net of ceded business	72.9	71.2	69.6	69.4	71.8
Gross expense ratio	17.1	17.0	16.8	16.7	17.3
Combined ratio	90.0	88.2	86.4	86.1	89.1
Number of full-time employess, end of period	3,762	3,718	3,808	3,814	4,091

* Amounts relating to TrygVesta A/S, Tryg Ejendomme A/S, Ejendomsselskabet af 8. maj and eliminations are included in 'Other'.

Glossary

The financial highlights and key ratios of TrygVesta have been prepared in accordance with the executive order issued by the Danish Financial Supervisory Authority on the presentation of financial reports by insurance companies and profession-specific pension funds and also comply with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts.

Gross earned premiums

Calculated as gross premiums written adjusted for change in gross provisions for unearned premiums, less bonuses and premium rebates.

Gross claims ratio

Calculated as the ratio of gross claims incurred to gross earned premiums.

$$\frac{\text{Gross claims incurred} \times 100}{\text{Gross earned premiums}}$$

Business ceded as a percentage of gross premiums

Calculated as the ratio of the net result of business ceded to gross earned premiums.

$$\frac{\text{Net result of business ceded} \times 100}{\text{Gross earned premiums}}$$

Gross expense ratio

Calculated as the ratio of gross insurance operating expenses to gross earned premiums.

$$\frac{\text{Gross insurance operating expenses} \times 100}{\text{Gross earned premiums}}$$

Adjusted gross expense ratio

Calculated as the ratio of gross insurance operating expenses including adjustment to gross earned premiums. The adjustment involves the deduction of depreciation and operating costs on the owner-occupied property and the addition of a calculated cost (rent) concerning the owner-occupied property based on a calculated market rent.

$$\frac{\text{Gross insurance operating expenses incl. adjustment} \times 100}{\text{Gross earned premiums}}$$

Combined ratio

Calculated as the sum of the gross claims ratio, the net result of business ceded as a percentage of gross earned premiums and the gross expense ratio.

Operating ratio

Calculated like the combined ratio but adding technical interest in the denominator.

$$\frac{(\text{Claims incurred} + \text{insurance operating expenses} + \text{result of reinsurance}) \times 100}{\text{Gross earned premiums} + \text{technical interest}}$$

Provisions for claims to earned premiums

Calculated as the ratio of provisions for claims relative to earned premiums.

Run-off result

The difference between provisions for claims at the beginning of the financial year (adjusted for currency translation differences and discounting effects) and the sum of claims paid in the financial year plus the part of the provisions for claims at the end of the financial year that relates to claims incurred in prior financial years.

Relative run-off gains/losses

Run-off result relative to provisions insurance contract, beginning of year.

Discounting

Expresses recognition in the financial statements of expected future payments at a value below the nominal amount, as the recognised amount carries interest until payment. The size of the discount depends on the market based discount rate applied and the expected time to payment.

Unwinding

Unwinding of discounting takes place with the passage of time as the expected time to payment is reduced. The closer the time of payment, the smaller the discount. This gradual increase of the provision is not recognised under claims, but in technical interest in the income statement.

Return on equity

Calculated as the profit for the year as a percentage of the average shareholders' equity.

$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Net asset value per share

Calculated as year-end shareholders' equity divided by the average number of shares.

$$\frac{\text{Year-end equity}}{\text{Average number of shares}}$$

Earnings per share

Calculated as the profit for the year divided by the average number of shares.

$$\frac{\text{Profit for the year} \times 100}{\text{Average number of shares}}$$

Dividends per share

Calculated as the total dividend proposed divided by the average number of shares.

$$\frac{\text{Proposed dividend}}{\text{Number of shares year end}}$$

Price/net asset value

Calculated as the quoted price of the share divided by the net asset value per share.

$$\frac{\text{Quoted price}}{\text{Net asset value per share}}$$

Price/earnings

Calculated as the ratio of the price per share to earnings per share.

$$\frac{\text{Quoted price}}{\text{Earnings per share}}$$

Danish general insurance

Comprises the legal entities in TrygVesta Forsikring A/S (excluding the Norwegian, Finnish and Swedish branches) and TrygVesta Garantiforsikring A/S.

Norwegian general insurance

Comprises TrygVesta Forsikring A/S, Norwegian branch, the Norwegian subsidiaries and the Norwegian branch of TrygVesta Garantiforsikring A/S.

Finnish general insurance

Comprises TrygVesta Forsikring A/S, Finnish branch and the Finnish branch of TrygVesta Garantiforsikring A/S.

Swedish general insurance

Comprises TrygVesta Forsikring A/S, Swedish branch and the Swedish branch of TrygVesta Garantiforsikring A/S.

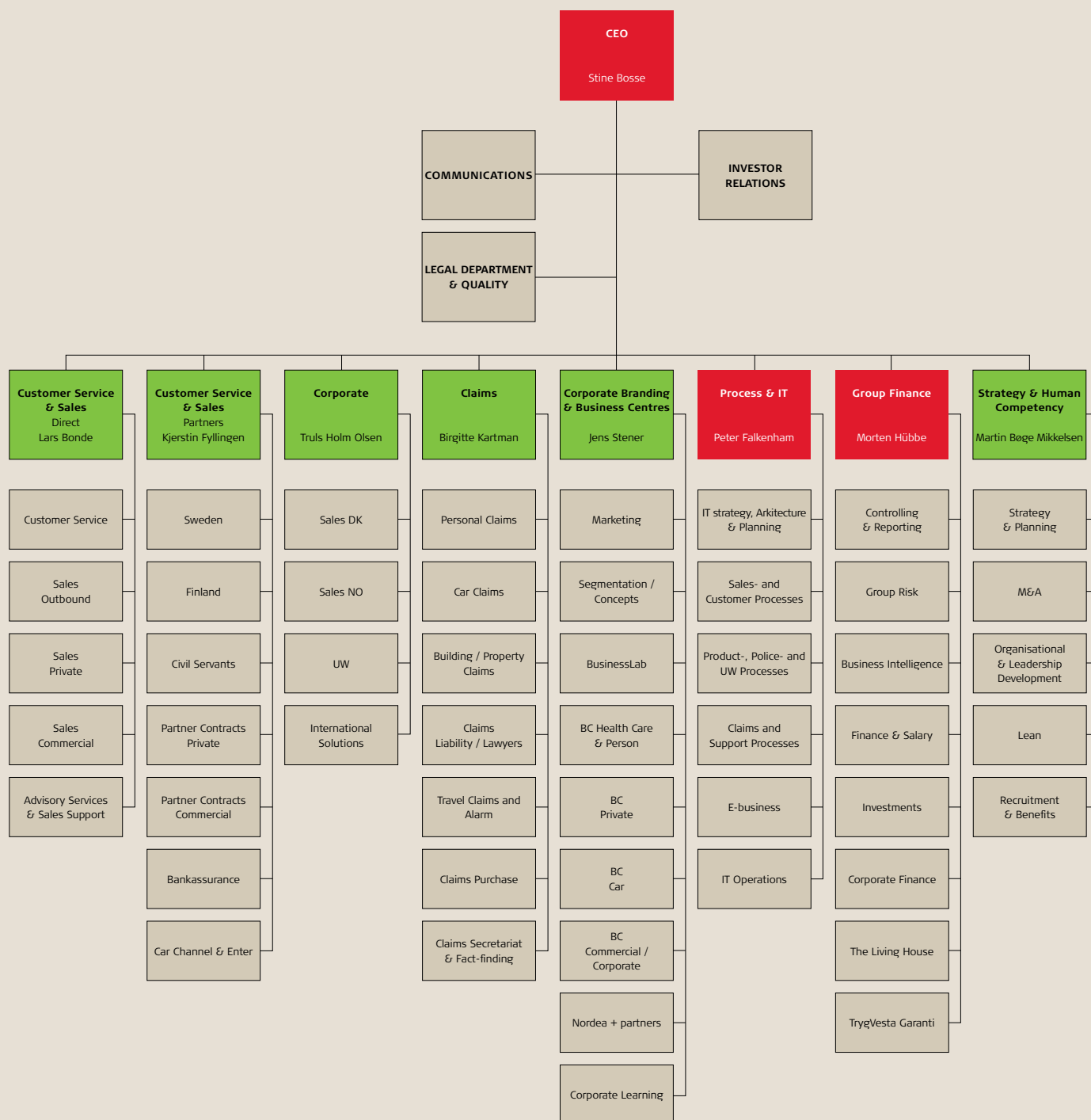
Individual Solvency

New Danish solvency requirements for insurance companies. With effect from 1 January 2008, companies are required to make their own determination of their capital requirements applied with own methods. The Individual Solvency shall be reported to the Danish FSA four times a year.

Solvency II

New solvency requirements for insurance companies issued by the EU Commission. The new rules are expected to come into effect in 2012 at the earliest.

Organisation chart 2009



■ Executive Management of TrygVesta A/S

■ Executive Management of TrygVesta Forsikring A/S

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 management. Statements regarding TrygVesta's future results of operations, financial condition, cash flows, business strategy, plans and future objectives other than statements of historical fact 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, extra ordinary 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 for a description of some of the factors that could affect the Group's future performance or the insurance industry.

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.

This is a translation of the Danish Annual Report 2008. In case of any discrepancy between the Danish and the English version of the Annual Report 2008, the Danish version shall apply.

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