Annual report 2010

Contents

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This is a translation of the Danish annual report 2010. In case of any discrepancy between the Danish and the English version of the annual report 2010, the Danish version shall apply.

Our vision | is to be perceived as the leading peace-of-mind provider in the Nordic region.

Our mission | is to secure a stable, high-quality supply of products and services offering peace of mind to private households and businesses.

In order to facilitate the realisation of our vision we created a common Nordic brand in 2010.

Read more about our new brand on page 16.

Our values | We create peace of mind because
- we show people respect, openness and trust.
- we show initiative, share knowledge and take responsibility.
- we provide solutions characterised by quality and simplicity.
- we create sustainable results.

The peace-of-mind delivery | is anchored in our handshake
- Dynamic
- Compassionate
- Innovative

Annual report 2010 | Tryg wants to be perceived as the leading peace-of-mind provider in the Nordic region and is dedicated to providing peace of mind to our customers on a daily basis. Our products include contents, house, motor, building, workers' compensation, transport, health and personal accident insurances. In 2010, our 4,300 employees ensured peace of mind for more than 2.7 million private customers and more than 140,000 businesses.

Tryg is the second-largest insurance company in the Nordic region. We are the largest player in Denmark and the third largest in Norway. We have operated our rapidly growing activities in Finland and Sweden since 2001 and 2006, respectively.

We strive for high customer and employee satisfaction, and several surveys indicate that Tryg is considered to be second-to-none in terms of claims handling. We offer insurances mainly through our own sales channels, and our business partners include Nordea and AXA Corporate Solutions.

Our 2010 performance was affected by winter claims, a considerable number of large claims, cloudbursts during the summer and a decision by the Danish Supreme Court, all of which had an adverse impact on the Group's performance.

Mikael Olufsen: In a year with many large one-off claims events and an increase in the claims level in Denmark, the technical result of DKK 375m was not satisfactory. However, a strong capital structure and tight management of operations enabled us to generate a profit before tax of DKK 941m and a number of initiatives create a solid basis for future value creation for customers, shareholders and employees.

Throughout the economic downturn, the Supervisory Board has been committed to maintaining the Group's strong capitalisation. The Group has implemented initiatives to reduce claims as well as premium increases in 2009 and 2010, which are expected to improve profitability significantly going forward. Backed by these initiatives and our focus on stable insurance earnings, Tryg still has a solid basis for strong earnings, competitive equity returns and high dividends.

Just after the turn of the year, Group CEO Stine Bosse announced that she wished to resign her position, and the Supervisory Board appointed Morten Hübbe new Group CEO.

Stine, would you provide a brief review of the year's performance?

Stine Bosse: Our 2010 performance was unsatisfactory and affected by winter claims, a considerable number of large claims, cloudbursts during the summer and a decision by the Danish Supreme Court that changes the terms of workers' compensation claims, all of which had an adverse impact on the Group's performance.

The total premium volume was DKK 19.5bn, distributed on high growth rates in Sweden and Finland, while Corporate Nordic reported falling premium volumes in Denmark and Norway.

2010 was a year in which we launched a number of initiatives that will improve our performance in the years ahead, and in which we focused even more on cost reductions. In-house rotation was a key priority, we optimised a number of processes, reduced the number of offices and improved sales efficiency, all of which is expected to provide for a lower expense ratio. The expense ratio in recent years has been almost steady including start-up costs in Sweden and Finland and affected by the refurbishment of our head offices to create The Living House and by branding activities in 2010. Branding activities affected the combined ratio by around 0.4 percentage point.

DKKm	
Earned premiums	19,475
Technical result	375
Profit after tax	593

Furthermore, 2010 was impacted by claims that were DKK 1.4bn higher than in a normal year due to the events described above. The events affected the claims ratio by around 7 percentage points. To this should be added higher-than-expected claims payments of around 2 percentage points of the combined ratio, mainly attributable to changed behaviour and increased use of insurances following the financial crisis in Denmark.

> The technical result was DKK 375m and the combined ratio 98.8, which was not satisfactory, but still in line with the outlook reported in the third quarter 2010 report.

Finally, the investment result exceeded expectations due to rising equity prices. In 2010, we divided our investment portfolio into a match portfolio which creates the best possible match to our technical provisions, and a free investment portfolio comprising the active investments of the Group's capital.

For many years, it has been a key concern for me to align our branding landscapes in the Nordic region as this provides the basis for our Nordic strength. We achieved that in 2010 when we changed our name from TrygVesta to Tryg and followed up with comprehensive branding activities in all four Nordic countries. We have for many years owned the peace-of-mind position in Denmark, where the Tryg brand enjoys strong awareness. With the new common Nordic branding strategy, Tryg is even better equipped to support our pan-Nordic organisation.

The Supervisory Board focused strongly on the recommendations on corporate governance, which were updated in 2010. What are the Board's perspectives after the developments of 2010?

Mikael Olufsen: The Supervisory Board is focused primarily on Tryg's financial and market position, development and strategy as the key areas. We have monitored our performance in Denmark, which deviated negatively from expectations, particularly close. The Supervisory Board believes that the Group's scheduled action will pave the way for improved profitability and continually ensure satisfied customers in the years ahead.

Looking ahead, the sale of the right to renew marine business will help reduce volatility in our earnings from insurance operations, which the Supervisory Board approves. The changed structure of our investment portfolio provides for a more stable performance and is a good basis for actively managing the Group's capital.

> Overall, we believe that the decisions and actions taken in 2010 to improve profitability support the Supervisory Board's focus and are balanced both short-term and longer-term.

Corporate governance is also an important area for the Supervisory Board. The Supervisory Board has reviewed each item of the updated corporate governance recommendations. The conclusions can be seen on page 58 of this annual report and the full version can be downloaded on tryg.com.

The Supervisory Board finds it important that Tryg is a transparent company and that the skills necessary to facilitate corporate governance and essential for the Group's value creation are represented on the Supervisory Board.

Moreover, a number of new rules have been introduced as from 2011 which provide very detailed regulation of the governance of insurance companies. The new rules have a decisive impact on the balance between the tasks of the Supervisory Board and the Executive Management and thus on the distribution of responsibilities between the governing bodies.

In compliance with the recommendations, the Supervisory Board has regularly considered the question of continuity and succession in the supreme management of Tryg. We benefit from that now that you, Stine, have decided to seek new challenges. The day after your resignation the Supervisory Board appointed Morten Hübbe new Group CEO after having followed his competent work as Group CFO for more than seven years.

Stine, let me take this opportunity to thank you for your efforts during the 23 years you have been with Tryg, and in particular your last eight years as Group CEO. It has been a pleasure working with you, and I wish you all the best in the future.

Morten, you have been involved in all major decisions since 2003 and you will now have the ultimate responsibility for our day-to-day operations. What are the particular focus areas that you believe the Supervisory Board should address in the years ahead?

Morten Hübbe: As the newly appointed Group CEO I first and foremost represent continuity. I am in charge of a company whose management has launched a number of initiatives in recent years to strengthen the Group and maintain Tryg's strong customer satisfaction going forward. My focus will also be on further enhancing efficiency and reducing selling and marketing costs and administrative expenses. In recent years, our costs in Denmark and Norway have fallen if we exclude activities such as The Living House and branding activities in 2010. Furthermore, we have introduced paperless processes, we mainly recruit new staff by in-house rotation, and we have rationalised our distribution by increasing the use of the Internet and call centres. Looking further ahead, Tryg's ambition is to have an expense ratio of 10 in 2020. We intend to achieve this, among other things, through Tryg Transition, a multi-year process and IT efficiency enhancement project. We intend to invest around DKK 200m in this project each year, which is necessary for paving the way for achieving our 2020 ambition.

On the management, we are very much aware of external events that may impact customers' purchasing power and claims inflation, and thus the Group's profitability and growth. The general economic trends in the Nordic region improved in 2010, but were impacted by economic cycles in other regions in which public debt burdens and the need for structural adjustments of public spending dampened the economic progress at times. Globally, the economic activity and prices of a number of raw materials increased, which may push up inflation in the longer term.

The historically low level of interest rates has in recent years resulted in lower returns on the bond portfolio, thereby affecting our performance adversely. In 2010, we divided our investment activities into a free portfolio and a match portfolio. This means that the immediate net effect of changes in interest rates on bonds and discounted provisions for claims is close to zero, while current returns will track changes in interest rates. Thus, an increase in interest rates would have a positive impact on our results going forward.

> Going forward, the number of persons in the working-age bracket is expected to be reduced in large parts of the western world, which may increase wage inflation. Tryg will continue to monitor developments in order to adjust premiums and claims procurement with a view to improving profitability.

Since 2009 we have seen a distinct, marked increase in the number of claims in Denmark compared with other countries. Denmark is the country in the Nordic region which was the hardest hit by the economic downturn, as reflected in a comparison of developments in private consumption and the number of bankruptcies across the Nordic region. A common feature for all countries is that irrespective of the economic situation, we consider the claims put forward by our customers on a constructive basis. Post-crisis developments in Denmark have revealed a need to review internal processes, underwriting criteria, premium levels and claims procurement to enable us to bring profitability to the targeted levels.

I look forward to meeting the target of improved profitability and strengthening Tryg's market position. From the Supervisory Board's perspective, what is your key priority going forward?

Mikael Olufsen: The Supervisory Board is committed to maintaining Tryg's strong capital and reserve position in anticipation of the changed Solvency II capital requirements. The changed capital requirements, possible consolidations, and the new competition may affect the structure of the market, but on the Supervisory Board we are confident that Tryg stands well prepared for the future.

So, Morten, after a 2010 performance strongly impacted by more one-off events than expected, improving performance is a key priority for the Supervisory Board. What are the management's plans for improving profitability, and what are your expectations for our 2011 performance?

Morten Hübbe: The initiatives implemented in 2010 and activities planned for 2011 should be seen in conjunction with our target of a combined ratio of around 90 including any run-off results in the medium term, corresponding to a post-tax return on equity of around 20%.

Based on the higher claims inflation seen, in particular, in 2009 and 2010, we will launch additional initiatives to improve profitability, including claims prevention consultancy, portfolio enhancing initiatives, changes in the scope of cover and premium increases. In addition, we intend to ensure that each product area produces a return that matches the cash outflow reflected by the risk.

In 2011, we expect an improvement of combined ratio based on the substantial initiatives implemented in 2009 and 2010 as well as planned initiatives in 2011. As far as reserves are concerned, our review in late 2010 revealed that we have maintained our strong level of provisions.

In order to generate sustained, robust technical results, we must maintain high customer retention and satisfaction rates. The identity which a company presents to its customers is to a large extent based on the experience customers have when they contact the company. Therefore, it is important to optimise all processes and be at the forefront of product developments while also developing the level of skills of the Group's employees. These are areas that will ensure Tryg's ability to create value and be perceived as the leading peace-of-mind provider in the Nordic region.

We hope you will enjoy reading our annual report.

Mikael Olufsen
Chairman

Morten Hübbe
Group CEO
From 1 February 2011

Stine Bosse
Group CEO
Until 31 January 2011

Financial highlights and key ratios

See page 140 for a more detailed list of key ratios.

DKKm	2006	2007	2008	2009	2010
Gross premiums earned	**15,715**	**16,262**	**16,976**	**17,862**	**19,475**
Gross claims incurred	-10,292	-10,448	-11,473	-12,882	-15,617
Total insurance operating expenses	-2,662	-2,730	-2,964	-3,056	-3,304
Profit/loss on gross business	2,761	3,084	2,539	1,924	554
Profit/loss on ceded business	-554	-553	-598	-520	-313
Technical interest, net of reinsurance	337	494	491	158	134
Technical result	**2,544**	**3,025**	**2,432**	**1,562**	**375**
Return on investments after technical interest	1,228	340	-988	1,086	570
Other income and expenses	-31	-51	-49	-38	-4
Profit/loss for the year before tax	**3,741**	**3,314**	**1,395**	**2,610**	**941**
Tax	-632	-893	-513	-625	-265
Profit/loss for the year, continuing business	**3,109**	**2,421**	**882**	**1,985**	**676**
Profit/loss on discontinued and divested business after tax [a)]	102	-155	-36	23	-83
Profit/loss for the period	**3,211**	**2,266**	**846**	**2,008**	**593**
Run-off gains/losses, net of reinsurance	561	792	800	683	824
Balance sheet					
Total provisions for insurance contracts	26,005	26,969	25,228	29,042	32,031
Total reinsurers' share of provisions for insurance contracts	1,561	1,587	1,036	1,320	1,588
Total shareholders' equity	9,916	9,975	8,209	9,631	8,458
Total assets	42,783	43,830	38,445	44,740	50,591
Key ratios					
Gross claims ratio	65.5	64.2	67.6	72.1	80.2
Business ceded as a percentage of gross premiums	3.5	3.4	3.5	2.9	1.6
Claims ratio, net of ceded business	69.0	67.6	71.1	75.0	81.8
Gross expense ratio	16.9	16.8	17.1	17.2	17.0
Combined ratio	**85.9**	**84.4**	**88.2**	**92.2**	**98.8**
Gross expense ratio without adjustment	16.9	16.8	17.5	17.1	17.0
Operating ratio	84.2	81.9	86.1	91.3	98.1
Return on equity after tax (%)	35.5	22.8	9.3	22.5	6.6
Relative run-off gains/losses	3.0	4.2	4.1	3.6	3.9
Number of full-time employess, end of period	3,783	3,788	4,065	4,310	4,291
Solvency	58	81	100	97	125
Share performance					
Earnings per share - continuing business of DKK 25	45.8	35.8	13.3	31.3	10.8
Net asset value per share (DKK)	146.2	147.5	127.5	152.3	139.5
Dividend per share (DKK)	33.0	17.0	6.5	15.5	4.0
Price Earnings	9.4	10.8	24.7	11.0	23.8
Number of shares, end of peiod (1,000)	67,790	67,638	64,378	63,228	60,634

The gross expense ratio without adjustment is calculated as the ratio of actual gross insurance operating expenses to earned gross premiums. Other key ratios are calculated in accordance with 'Recommendations & Financial Ratios 2010' issued by the Danish Society of Financial Analysts.

The adjustment, which is made pursuant to the Danish Financial Supervisory Authority's and the Danish Society of Financial Analysts' definition of expense ratio and combined ratio, involves the addition of a calculated expense (rent) concerning owner-occupied property based on a calculated market rent and the deduction of actual depreciation and operating costs on owner-occupied property.

a) Profit/loss on discontinued and divested business after tax includes Marine Hull insurance. Comparative figures are restated to reflect Marine Hull insurance.

Group overview

	Private Nordic	Commercial Nordic	Corporate Nordic
	Denmark, Norway, Sweden and Finland Read more on page 30	**Denmark, Norway, Sweden and Finland** Read more on page 33	**Denmark, Norway og Sweden** Read more on page 35
% of total business	52	22	26
Combined ratio	96.4	111.6	92.7
Principal activities	Insurances for private individuals. Enter Forsikring, which sells insurances to private individuals, is included in Private Nordic.	Insurances for businesses.	Insurances for corporate customers. Corporate customers are customers who pay annual premiums of more than DKK 900,000 or have more than 50 employees or are served by brokers. Tryg Garanti, the leading provider of guarantee insurances, is included in Corporate.
Distributions-channels	• Call centres • Own sales force • Car dealers • Real estate agents • Nordea's branches • Affinity groups • Internet	• Call centres • Own sales force • Franchise offices • Internet	• Own sales force • Insurance brokers
Strategic partnership	Nordea	Nordea	AXA Corporate Solutions redefining / standards
Brands	Tryg Moderna enter Forsikring	Tryg Moderna	Tryg Tryg Garanti Moderna Garanti

Highlights of 2010

January

Danish Handicap Sports Federation
Claims handlers had an opportunity to participate in disabled sports when the Danish Handicap Sports Federation visited Tryg's head office. The session was part of a collaboration initiated in April 2009 to enhance the peace-of-mind delivery. The object was to become even better at helping injured persons pursue a full life through a closer dialogue with the federation. The Danish Handicap Sports Federation has 18,000 members.

High customer satisfaction in Finland
Tryg scored high in a customer loyalty and satisfaction survey in Finland. Tryg focuses primarily on the private market in Finland and has 150,000 Finnish customers.

February

Inauguration of The Living House
The Ballerup head office celebrated the opening of The Living House. The Living House is a change project for the Group's offices, replacing cubicle offices with open-plan office environments, common and quiet zones and café environments. The change project is the Group's new basis for learning, innovation and collaboration.

Career site
To focus even more on in-house recruitment, Tryg launched a career site on the Group's intranet, which permits all employees to advertise their skills in-house. The data base supports Tryg's wish to be a workplace in which openness and mobility across the Group are important elements of the corporate culture.

March

The renewal right for marine sold to Codan
The right to renew marine insurance was sold to Codan for DKK 50m. The business had annual revenue of around DKK 400m. It was divested due to unsatisfactory profitability over a number of years, producing a loss also in 2010.

May

Health insurances for people aged 60 and over
Tryg was the first insurer to launch health insurances to people aged 60 and over. Under the motto 'at Tryg, health has no age', we now offer health insurance to all customers irrespective of age.

Read about a +60 customer on page 32 in the Stakeholder Magazine.

Tryg has the best image in the insurance industry
In the annual image analysis among Denmark's 140 leading companies performed by Berlingske Nyhedsmagasin, Tryg climbed from 23rd to a 14th place. Tryg was the best placed insurance company, recording strong progress on all nine benchmarks.

June

Number one in health insurances
Tryg ranks first in the market for health insurances in Denmark. This position is based on good products, high customer satisfaction and stronger collaboration between operations and sales. The profitability of health insurances improved in 2010.

Online health check-up before you travel
On tryg.dk, customers can take their own health check-up before a trip. This service provides an overview of the travel insurance's coverage.

July

Moderna becomes a branch of Tryg

The Group's Swedish subsidiary, Moderna Försäkringar AB, which was acquired in March 2009, became a branch of Tryg Forsikring A/S. Moderna had a total premium volume of DKK 1.8bn in 2010.

August

Trekking and management training

Tryg's Group Executive Management members Lars Bonde and Kjerstin Fyllingen went trekking with Danish and Norwegian second-generation immigrants, respectively, for five days in the Norwegian mountains under primitive conditions, focusing on collaboration and introspection. The trek was part of Tryg's management development concept the Trek and CSR efforts.

Read about the trek on page 26 in the Stakeholder magazine.

From TrygVesta to Tryg

To strengthen the position as the leading peace-of-mind provider in the Nordic region, the Group changed its name to Tryg in Denmark, Norway and Finland, while the name was changed to Moderna in Sweden. Tryg introduced the new common name and a new logo in an extensive branding campaign throughout the Nordic region.

Read about the name change on page 16.

Tryg on Facebook

Tryg launched a Danish and a Norwegian corporate site on Facebook, where Tryg answers general questions and offers good advice about prevention and insurance matters.

NemID on tryg.dk

From 10 August, Tryg's Danish customers were able to log on to their owns pages on tryg.dk using the digital signature, NemID.

September

The World's Best News

Volunteering Tryg employees participated in 'The World's Best News', a campaign launched by the UN, Danida and the Danish development organisations to eradicate poverty in developing countries.

Tryg in Finland rated third-best sales company

Tryg in Finland was rated the third-best sales company. The jury emphasised Tryg's sales processes and training.

Tryg Garanti introduces credit insurance

Tryg Garanti launched a credit insurance to protect trade and industry against financial losses on debtors. The other players in this specialised market are Euler Hermes and Atradius.

Standard & Poor's and Moody's affirm 'A-' rating

Credit rating agencies Standard & Poor's and Moody's affirmed Tryg's 'A-' rating.

November

Unique software insurance with Tryg Backup

Tryg launched a software insurance for commercial customers in Denmark. Tryg Backup provides automatic backup of data on the company's computers and servers without limitation of the volume of backup data. Tryg is the only company offering such a product.

December

Adjustment of the organisation

An adjustment of the organisation resulted in changed responsibilities in Tryg's senior management and a reduced number of second-tier managers. The new organisation reflects Tryg's focus on efficiency and profitability.

Tryg focuses on a common understanding of goals, strategy and action plans.

Strategy and outlook

Strategy

Tryg's vision is to be perceived as the leading peace-of-mind provider in the Nordic region. The Group's strategy plan for 2007-2010 has taken us one step closer to achieving our vision and has helped generate satisfactory returns on equity almost throughout the entire period, a strong market position in the Group's principal markets and growth opportunities in Sweden and Finland.

Strategy plan for 2011-2014

Recent years' economic downturn has demonstrated the importance of sustaining the focus on our core business. In the years ahead, our focus will be on tight cost management, a new platform for sales and claims handling, and the ability to quickly adapt the Group to changes in the market.

With a view to strengthening the Group's position, the Supervisory Board adopted a new strategy plan at the end of 2010, designed to strengthen the company towards 2014. Called 'Tryg in transition', the strategy plan is based on the four perspectives: financial, customer, process and learning. The strategy plan defines ambitions of:

- achieving an expense ratio of 10 by 2020
- generating competitive returns on equity of more than 20%
- generating profitability in all customer segments and countries and
- offering customers value-creating insurance solutions.

New name and branding landscape

In order to move closer to the Group's vision of being perceived as the leading peace-of-mind provider in the Nordic region, Tryg launched a new brand in 2010 with a strong visual identity, which in a modern and simple way brings out our handshake: Dynamic, Compassionate and Innovative.

The Group changed its name from TrygVesta to Tryg. The new logo was based on the familiar Tryg name from Denmark and the Norwegian lifebuoy, which will be the Group's future mark in Denmark, Norway and Finland. Due to the coincidence of name with Trygg-Hansa, Tryg's products and solutions are marketed in Sweden under the name Moderna.

Changing Tryg's name and brand is a natural next step in our still stronger common Nordic corporate culture and our close collaboration across national borders. The Group's business divisions are pan-Nordic, and Tryg will increasingly be launching more Nordic products to our customers.

Financial perspective

The Group's productivity will be increased through process improvements that also enhance the customer experience and result in increased customer retention. We intend to implement structural changes to make the entire Group operate on the same platform by 2020. Our ambition is to achieve an expense ratio of 10 by 2020.

Increased productivity means a better relationship between earnings, costs and the number of employees. For example, we have to improve sales per employee and the portfolio per employee by at least 2% annually.

We must increase the Group's revenue per customer by ensuring a more correct price per risk. We will do this by offering more targeted products, services and claims handling. At the same time, we must be able to meet all of a customer's peace-of-mind requirements by offering a range of solutions rather than individual products. Based on a high proportion of products and services per customer, we expect high retention rates and increased profitability.

We intend to reduce the Group's claims expenses, the claims frequency and the average claim. We will do that through improved risk selection, partnership agreements with respect to claims procurement, and not least claims prevention initiatives. Customers will be provided with more information about how to prevent claims, and they must experience short response times when reporting a claim. We also intend to reduce the size of claims by taking swift action and limiting the scope of the loss.

Customer perspective

In August 2010, Tryg introduced a common Nordic branding platform (see box to the left). A strong Nordic brand will strengthen our position and competitive strength, and we expect that our customers will experience a stronger presence and recognisability. We intend to continue our pan-Nordic marketing of the Group's new brand and to enhance our communication with customers, thereby increasing the Group's top-of-mind position throughout the Nordic region.

We must appreciate that our customers require peace of mind from the first contact, and if they experience major changes in life and we must ensure that they remain loyal. By 'remain loyal' we mean customers who renew their commitment with us and act as ambassadors by speaking positively of and recommending Tryg to others. We want our customers to experience the peace-of-mind delivery through segmentation of customer profiles and claims behaviour. We will continue to expand our active claims assistance and claims prevention consultancy rather than just providing financial solutions.

Tryg wants to increase the Group's market positions and Nordic market share by balancing profitable growth through direct activities as well as partnerships. Our customers should be confirmed in their choice of insurer on an ongoing basis. We intend to maintain the Group's high retention rate by being among the insurance companies with the highest customer satisfaction rates. Tryg intends to reduce claims by urging customers to prevent claims through guidance and attractive agreements, as preventive measures can help reduce risk and thus premium levels.

We wish to preserve our market-leading skills within niche concepts as demonstrated by our activities in Enter Forsikring, Atlantica and Bilsport & MC.

Process perspective

In order to preserve our position in the Nordic market, we must continuously make our business more efficient and focus on customers' purchase and use of insurance. In 2010, the Group took the initial steps in Tryg Transition, a project designed to create pan-Nordic processes, systems and deliveries to customers as well as a common business platform in the Group. Tryg Transition is a business project designed to secure Tryg's long-term Nordic position by improving efficiency, reducing product complexity and addressing market trends, for example with respect to self-service.

> By intensifying our focus on costs and continuously increasing the portfolio per employee, we intend to improve the expense ratio and to gain a leading position in the area. Our ambition is to reduce the expense ratio to 10 by 2020.

We wish to generate profitability in all segments through cost reductions, premium adjustments and by defining the right price per risk. We intend to reduce the Group's selling costs by focusing on partnership agreements, geographic representation, outsourcing and online sales. Distribution costs will be reduced through the introduction of additional self-service solutions in Private Nordic and Commercial Nordic including our partnership agreements.

A strong branding platform is important with respect to customer loyalty and retention and it supports the potential for increasing the Group's market position and Nordic market share.

Communication increasingly takes place over the Internet and on mobile platforms. Accordingly, we intend to meet our customers on their own terms by increasingly communicating electronically and providing services that customers can access irrespective of where they are and through their preferred means of communication.

Learning perspective

Tryg intends to use Corporate Social Responsibility (CSR) to provide a competitive edge and incorporate CSR thinking in everything we do. The Group's CSR efforts cover four themes: climate, inclusion, well-being and prevention.

Read more about Tryg's CSR efforts in the Stakeholder magazine.

We focus on our employees' well-being and development, and we strive to continuously develop as an attractive workplace. Our ambition is to be perceived as the most attractive workplace in the Nordic financial sector.

The Group intends to ensure that the skills of managers and employees are developed in step with the competency requirements of a developing organisation – an area that is closely linked to the Tryg Transition project.

Furthermore, Tryg intends to maintain employee satisfaction, which is above the financial sector average, and to have diversity as a competitive advantage.

KPI (Key Performance Indicators)

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

	Financial perspective			Customer perspective	
	Retention rate (index)	**Expense ratio**	**Claims ratio before run-off**	**Number of customers with concept agreement** (index)	**Customer satisfaction in claims handling** (index)
Trend	2006: 100 2007: 101.4 2008: 101.5 2009: 100.9 **2010: 100.4**	2006: 16.9 2007: 16.8 2008: 17.1 2009: 17.2 **2010: 17.0**	2006: 69.5 2007: 69.1 2008: 72.8 2009: 75.8 **2010: 84.7**	2007: 100 2008: 102 2009: 101 **2010: 102**	2009: 100 **2010: 102**
Description	Number of customers that renew their insurances annually.	Administrative expenses and selling costs as a percentage of earned premiums.	The ratio of claims incurred to gross earned premiums before run-off.	Index showing the proportion of our private customers having made a multiple product/concept agreement.	Index of customer satisfaction for customers having experienced claims handling.
Goals	Maintain the current level.	Reduce of the expense ratio to 10 by 2010.	Gradual improvement.	Gradual increase of the proportion.	Maintain the leading position in satisfaction in claims handling.
Analysis	The retention rate remained at a high, stable level in 2010. In Denmark, the high retention rate was maintained despite substantial premium increases.	Despite increased costs for branding activities, Tryg was able to reduce the expense ratio from 17.2 to 17.0.	The claims ratio was affected by extraordinary claims due to hard winter weather, cloudbursts and a deterioration in some product areas such as house and contents insurances.	The number of customers with a concept agreement increased in 2010 as a result of an increase in the average number of products per customer.	In 2010, Tryg had the highest customer satisfaction among the Danish companies and among the best placed of the Norwegian companies progressing 2 percentage points. The positive development was due to shorter processing time and higher telephone availability.

	Process perspective		Learning perspective	
Trend	**Tryg Transition** Will figure as a KPI from 2011.	**Portfolio per full-time employee** (index) 2006: 131 2007: 139 2008: 134 2009: 139 2010: 146	**Employee satisfaction** (index) 2006: 102 2007: 100 2008: 100 2009: 103 2010: 102	**CO_2 emission** (tonnes) 2007: 1,460 2008: 1,563 2009: 1,685 2010: 1,580
Description	Tryg Transition is a change project and the next natural step in making the Group's business model Nordic.	Index of portfolio per employee.	Index of employee satisfaction measured in an annual employee survey.	Total CO_2 emission from air travel (tonnes).
Goal	Establish a unified Nordic business with one set of Nordic products, processes and IT platform.	Increase in step with productivity, that is about 2% per year.	Become the most attractive financial workplace in the Nordic region.	Reduce the Group's CO_2 emission from air travel by 10% relative to 2008 level.
Analysis	The Tryg Transition project was launched in 2010.	A decrease of employees in Denmark and Norway and an increased number in Sweden and Finland ensured a higher portfolio per employee.	In 2010, Tryg expanded the scope of questions to obtain a more varied picture of employee satisfaction. Tryg is 1 index point above the financial sector average, where banks are traditionally ranked higher than insurance companies.	After an increase in the Group's CO2 emissions from air transport in 2008 and 2009, the emissions in 2010 fell due to a stricter travel policy and expansion of the Group's video conference facilities.

The insurance industry

The Nordic insurance industry is characterised by few companies holding relatively large market shares and having a presence in several markets in the Nordic region. The four largest companies have an aggregate Nordic market share of around 47%, and the four largest companies in each of the four Nordic countries cover an aggregate of between 63% and 81% of the respective markets between them.

In 2010, the Nordic insurance industry generated aggregate earned premiums of around DKK 150bn, accounting for some 2.1% of the region's GDP.

> In the past few years, insurance companies across the Nordic region have generally increased premiums to counter higher claims costs and maintain profitability. However, these initiatives are not yet deemed to be sufficient.

Fierce competition, high claims inflation, more weather claims and the economic downturn continued to put pressure on Danish insurers' earnings in particular in 2010. Premium and profitability initiatives retained top priority in order to restore the earnings levels of prior years. Most companies, particularly the Danish ones, implemented premium increases and profitability initiatives in the private and commercial markets, while competition for large corporate customers was fierce due to bids from several international players. Premium increases implemented in 2010 will feed through as gross earned premiums in 2011 and 2012. Behaviour in the market would generally indicate more measures to enhance profitability in the years ahead.

The corporate market is characterised by medium-sized and large businesses served directly by an insurer or through an insurance broker. Large customers in particular may see international insurance groups as an alternative to the Nordic insurance companies. In a historical perspective, however, international players have only to a small extent been able to build market positions in the Nordic region. In 2010, several large international insurers once again showed an interest in setting up in the Nordic market and submitted bids in insurance programmes tendered by brokers for several large companies. Tryg does not compromise on profitability, and accordingly had to see several corporate customers leave the company during the year. Historically, however, many such customers return as it is difficult for the foreign insurers to match our service and quality in claims handling.

In 2010, the investment activities of the insurance companies benefited from rising equity prices. Strong earnings growth and moderate equity valuations relative to the return on bonds generated good equity returns despite a negative sentiment and economic challenges in several European countries.

Recent years' challenges in the financial markets have resulted in stronger focus on capitalisation and risk management. The upcoming Solvency II rules are expected to affect the insurance companies' risk behaviour including capital requirements compared to investment risk.

Tryg in the market

Being the second-largest insurance company in the Nordic region, Tryg helps shape developments in the Nordic insurance industry.

Financial market volatility and the focus on risk, the lower earnings in 2010 and upcoming stricter solvency requirements are likely to cause the insurance industry to change its behaviour.

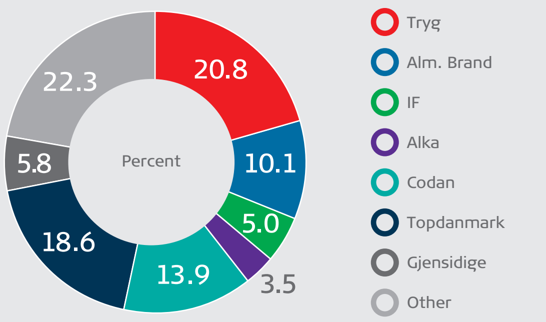
Developments would indicate better pricing relative to the risk which insurers assume from their customers. It is difficult to predict how these developments will affect the distribution of market shares and the behaviour of individual competitors, but Tryg intends to exploit any opportunities that may contribute to profitable growth. Tryg's overall market share in the Nordic region is expected to increase in the years ahead, primarily due to growing market shares in Finland and Sweden. In addition to the partnership with Nordea, Tryg is continuously developing and streamlining the Group's own sales channels and other business partnerships, thereby covering more parts of the Finnish and Swedish insurance markets. For Denmark and Norway, the main target is to improve profitability, which may cause a loss of market shares in the short term.

Like the rest of the industry, Tryg increased premiums in 2010. The premium increase will continue to have an impact in the years ahead. Likewise, initiatives have been implemented to reduce claims. These initiatives are designed to improve overall earnings while also making for a better distribution in earnings between the individual insurance products.

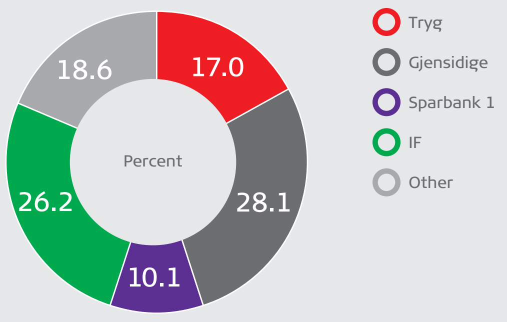
However, improvements will not be created by higher insurance premiums alone, but through a sound balance with claims reducing initiatives and process enhancements. Targeted investments in process enhancements such as digitalisation, IT systems and self-service are expected to improve the Group's earnings and are important longer-term drivers for ensuring the Group's strong competitive power and low expense ratio.

In 2011, Tryg will focus on further strengthening the balance between price and risk, and on dynamic, compassionate and innovative servicing of customers – in relation to regular consultancy as well as in a claims situation.

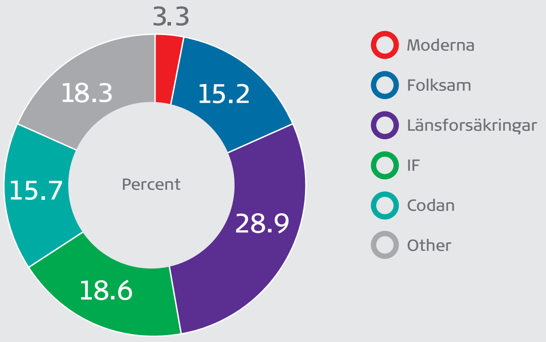
Market shares in Denmark



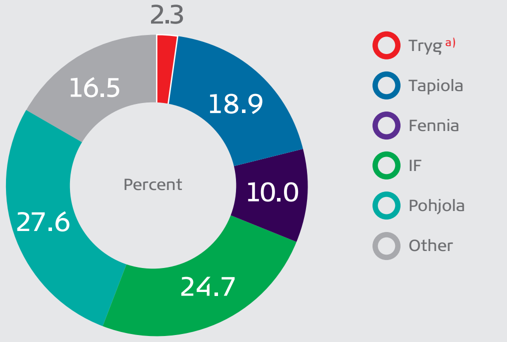
Market shares in Norway



Market shares in Sweden



Market shares in Finland



a) Estimated market share of the private market is above 5%.

Source: The official market statistics from the countries concerned.

Customers and products

Being one of the largest insurance companies in the Nordic region, Tryg offers a broad range of insurance products to private individuals and businesses. Tryg develops new products on a regular basis and continuously adapts existing peace-of-mind solutions to customer requirements and developments in society.

Tryg sells insurances through own sales channels and through partners such as Nordea. Tryg offers a broad range of insurances, and continuously expands the Group's peace-of-mind solutions.

Examples of new products

Tryg focuses on product development and worked on several new product launches in 2010. As the only insurer in the Nordic region, Tryg launched a new health product for customers aged 60 and over in May 2010. The health insurance reflects the Group's attitude that 'health has no age'. An increasing number of people see life in their 60s as an extension of their 40s and 50s, only with more time for the things they like to do best. We live longer, are active longer, and want to challenge ourselves and the world for a long time after we have left the labour market. As an insurance company, we want to support that movement, and that is why we have removed the age limit for health insurances.

Furthermore, Tryg worked on a modular treatment insurance in Norway at the end of 2010, which was introduced 1 January 2011. The insurance is tailored to individual customer requirements, ensuring an improved peace-of-mind delivery. The treatment insurance comprises four modules, with the base module being mandatory when the insurance is taken out. In addition, the customer may add optional modules such as psychological assistance and physical treatment depending on individual requirements. The launch of the modular treatment insurance was based on the very successful introduction of the modular health insurance in Denmark in 2009. The modular solution is unique, making the product extremely competitive in a market with only marginal differences between products.

Read more about the new health insurance on page 32 in the Stakeholder magazine.

Customer segmentation

At Tryg, we treat the Group's private customers in accordance with their current stage of life. We work with five life stages characterised by different levels of activity, cohabitation, work life, financial situation and peace-of-mind requirements. Segmentation enables us to the greatest extent possible to offer advice and solutions tailored to the customers' specific requirements, while at the same time the targeted advice and individual service make our customers even more satisfied and improve our potential for sales. Tryg segments private customers into five groups (life-stages) according to age and whether they have children living at home or not. The segmentation means that customers in each segment have several things in common. We use our segmentation to provide optimum service to customers. Knowing the segment a customer belongs to allows us to target products, services, claims handling and sales campaigns in a much better way. This enables us to advise and service customers based on their own requirements, giving us much more satisfied customers and improving our potential for sales.

Read about Tryg's work with life stages in the Stakeholder magazine on page 34.

Customer commitments

In 2010, Tryg focused on making the Group's peace-of-mind deliveries visible and clearly positioning us as a peace-of-mind provider. In 2011, Tryg will launch a number of specific commitments to customers relating to our products and services. We began working on customer commitments in late 2009 where Tryg's employees suggested more than 700 ideas for commitments. In the spring of 2010, we interviewed 1,200 Danish and Norwegian private customers, narrowing down the number of commitments based on their responses. The internal implementation of commitments to private customers began in the autumn of 2010. The customer commitments were clearly anchored in Tryg and became an integral part of day-to-day work processes, allowing managers and employees to familiarise themselves with them. In 2011, we will launch the customer commitments on the private markets in Denmark and Norway, while Sweden and Finland will await the experience gained in Denmark and Norway. We intend to launch customer commitments to commercial customers at a later date.

Product overview

Motor insurances

Motor insurances account for 33% of the Group's total premium income and comprise a mandatory third party liability insurance providing cover for injuries to a third party or damage to a third party's property and a voluntary own vehicle insurance providing cover for damage to the customer's own vehicle from collision, fire or theft.

In Denmark, motor insurance taken out by Tryg concept customers include roadside assistance, such as towing and battery jump-start.

Fire & contents – Private

Private fire & contents insurances account for 23% of the Group's total premium income and include for example house and content insurances.

House insurances cover damage to buildings due to fire, storm, water and other damage, legal expenses and householder comprehensive liability while contents insurances cover the loss of, or damage to, the contents of private dwellings with a range of additional features, such as cover for valuables temporarily away from home, legal expenses and liability arising from occupancy of the dwelling.

Personal accident insurances

Personal accident insurances account for 9% of the Group's premium income and cover accidental bodily injury or death. 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.

Fire & contents – Commercial

Commercial fire & content insurances account for 14% of the Group's premium income and comprise commercial building insurances that cover the loss of, or damage to, the buildings, inventory or equipment of commercial customers. In addition, Tryg provides cover for financial loss due to business interruption resulting from covered claims.

Workers' compensation insurances

Workers' compensation insurances account for 7% of the Group's premium income and cover employees against bodily injury sustained at work (in Norway, also occupational diseases. Workers' compensation insurances are mandatory and cover a business' employees (except for public-sector employees and persons working as sole traders).

Tryg works with the concept of pro-active claims handling, pursuing a close dialogue with the claimant to optimise claims handling. Our pro-active claims handling team consists 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 Tryg in the form of a shorter period of absence from work, enhanced self-esteem for the injured person and reduced expenses.

Professional liability insurances

Professional liability insurances account for 4% of the Group's premium income and cover various types of liability, including claims incurred by a company arising from the conduct of its business or in connection with its products and professional liability incurred by professionals.

Transport insurances

Transport insurances account for 2% of the Group's premium income and cover damage to goods in transit due to collision, capsizing or crash of the means of transport.

Health insurances

Health insurances account for 2% of the Group's premium income and is a relatively new product in the market attracting great demand. Health insurances cover expenses involved in examination, treatment, medicine, surgery and rehabilitation in a private health care facility. Increasing health care costs and waiting times in the public system, citizens' higher requirements have generated substantial demand for health insurances, and this demand is expected to continue in the years ahead. The greater number of insured persons and the increased use of private health insurances will combine to generate significant growth potential within health insurance.

Outlook

Outlook for the medium term

Tryg maintains a medium-term target of generating a return on equity exceeding 20%, corresponding to a combined ratio at the level of 90 including any run-off gains or losses, assuming an unchanged level of interest rates relative to 2010.

Technical result

The combined ratio for 2011 is expected to improve based on the major initiatives implemented in 2009 and 2010 and the initiatives planned for 2011. However, Tryg still expects a high level of claims costs and follow the risk of a new claims inflation closely. The initiatives are expected to have an impact of more than DKK 1.0bn in 2011 with an additional impact in 2012. The initiatives mark the first major step on the road towards achieving the combined ratio targeted for the medium term, but additional important improvements are scheduled for 2012 and 2013 in order to achieve our long-term targets.

Tryg expects premium growth at the level of 2010, composed of sustained organic growth in Sweden and Finland and growth in Denmark and Norway that will to a great extent relate to the above initiatives.

Based on the most recent experience, the level of both weather claims and large claims is expected to increase in 2011 compared with previous forecast for a normal year. The increase in weather claims is in particular attributable to the more frequent and more violent cloudbursts. In addition, winter claims in 2010 triggered an upgrade of forecasts. The level of large claims was higher than expected in 2010, resulting in the higher expectations going forward. It should be noted in this context that the divestment of the marine portfolio reduced the exposure to large claims significantly.

The expense ratio is expected to fall in 2011. This will expectedly be achieved, among other things, because all divisions still have to reduce their direct costs by at least 2% each year. In 2011, additional cost reductions have been implemented in the form of less staffing due to efficiency improving initiatives and automation as well as lower travel, meeting and consultant costs. Furthermore, branding costs which affected the expense ratio by 0.4 percentage point in 2010 will be substantially reduced in 2011.

Despite a lower expense ratio in 2011, expenses involved in the multi-year process and IT efficiency project Tryg Transition will increase by around DKK 200m annually. Tryg Transition is a multi-year process and IT efficiency project. Expenses related to Tryg Transition will support Tryg's ambition of an expense ratio of 10 by 2020, achieved in particular through extensive restructuring of processes and IT infrastructure and increased use of self-service.

Investment return

Tryg divided the investment portfolio into two portfolios in 2010 – a match portfolio exclusively intended to match the technical provisions and a free investment portfolio for actively investing the Group's capital.

Read more about the investment return in the section Investment activities.

Price fluctuations on the match portfolio resulting from interest rate changes are offset by an opposite interest rate effect on the discounted provisions, thereby neutralising any immediate effect on the financial results. On the other hand, higher interest rates produce higher, current earnings.

Equities and real estate in the investment portfolio are expected to generate returns of 7% and 6%, respectively. The outlook for bonds is based on the interest rates prevailing at 31 December. At 31 December 2010, bonds in the investment portfolio yielded 1.4%, while bonds in the match portfolio yielded 2.3%.

Capitalisation

As in prior years, Tryg's capitalisation in 2011 is expected to exceed the capital requirements to be imposed on the insurance industry by the upcoming Solvency II rules by a substantial margin. The Group's own capital requirement target is currently based on Standard & Poor's 'A-' rating, to which Tryg has added a safety margin of 5%.

The Group's capital requirement and structure are described in greater detail in the section Capital management and profit distribution.

Good risk selection, low costs and focus on efficient processes are the basis for the results achieved.

Results

The Group's financial performance

The pre-tax profit for 2010 was DKK 941m against DKK 2,610m in 2009, reflecting a sustained high underlying claims level and a number of one-off events. Winter claims, cloudburst and a workers' compensation verdict produced claims which were DKK 1.4bn higher than in a normal year. These events are referred to as extraordinary events in the annual report. Additionally, an adjustment of DKK 0.1bn of unearned premium provisions for change of ownership insurance was made. With a view to improving profitability, Tryg has implemented significant initiatives in the past few years, and we record a distinct improvement in the underlying development in Norway and Finland and an incipient improvement in the Danish private market. Profitability remains unsatisfactory relative to the target of a combined ratio at the level of 90, and additional initiatives are therefore underway to improve profitability in 2011 and 2012.

The gross claims ratio was 80.2 in 2010 against 72.1 in 2009 and negatively impacted by 7 percentage points due to the above-mentioned extraordinary one-off events.

The combined ratio increased to 98.8 in 2010 from 92.2 in 2009 including the events referred to above. The combined ratio was impacted by a positive run-off result of DKK 824m in 2010 against DKK 683m in 2009. The relative run-off result relating provisions was almost unchanged in 2010 compared with 2009.

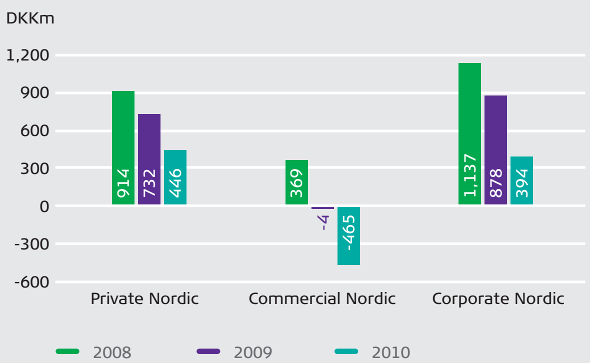
Tryg generated high growth in gross earned premiums in a challenging market, recording an increase of 4.5% (9% in DKK terms) to DKK 19.5bn in 2010. Premium increases in Denmark and Norway and high growth rates in Sweden and Finland lifted premiums, while Corporate saw intensified competition. The commercial and corporate markets especially in Denmark remained affected by the lower level of activity in society in general, which resulted in fewer assets to insure as well as challenges on the claims side.

Tryg continued to expand in Sweden and Finland in 2010. To this should be added increased costs of branding activities due to a new Nordic name and logo as well as costs related to the multi-year process and IT project named Tryg Transition. Despite increased branding costs, Tryg managed to reduce the expense ratio from 17.2 to 17.0, which was better than expected.

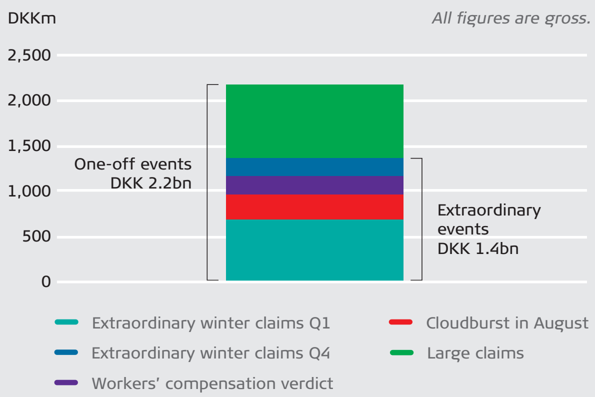
Premium growth driven by premium initiatives and new markets
Gross earned premiums increased by 4.5% in 2010 to stand at DKK 19.5bn, attributable to high premium growth rates in Sweden and Finland and the impact of the premium increases implemented in all four countries. Private Nordic generated premium growth of 8.3% in local currency terms, to stand at DKK 10.2bn. Most of Tryg's customers are private households with a fairly stable purchasing power and insurance requirements.

At the end of 2010, Commercial Nordic was characterised by increasing average premiums, reduced insurance need and a slightly higher customer outflow. Gross earned premiums increased by

Technical result by business area



One-off and extraordinary events



9.6% in local currency terms (12.9% in DKK terms) to stand at DKK 4.3bn, affected by a portfolio transfer from Corporate to Commercial. Excluding this transfer, premium growth was 3.0%.

Gross earned premiums in Corporate Nordic were lower than expected at the beginning of the year, falling by 5.9% in local currency terms (a fall of 1.6% in DKK terms) to stand at DKK 5.0bn. Several large insurance programmes were tendered in 2010. The Group's underwriting assumes profitability for such businesses, and accordingly Tryg did not participate in the tender rounds for reasons of profitability. Danish workers' compensation insurance in particular recorded a declining number of customers. Corporate Nordic transferred a portfolio to Commercial Nordic, which had a 3% negative impact on the performance.

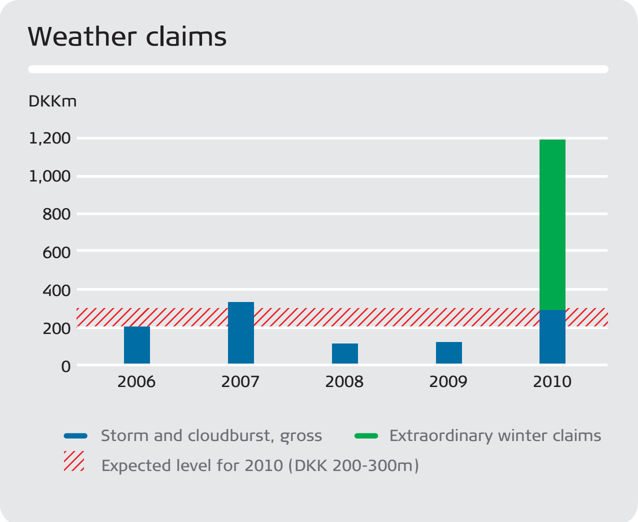
Geographically, growth rates remained high in Sweden and Finland at 43.8% and 23.4%, respectively. Growth in Sweden was impacted by the acquisition of Moderna, which was consolidated from the second quarter of 2009. Adjusted growth in Sweden was 19.6%. Gross earned premiums in Norway increased by 1.4% to DKK 7.5bn, and premiums income in Denmark increased by 1.2% to DKK 9.6bn. Like Norway, the Danish market has generally been characterised by premium increases since 2008, which is reflected in the growth.

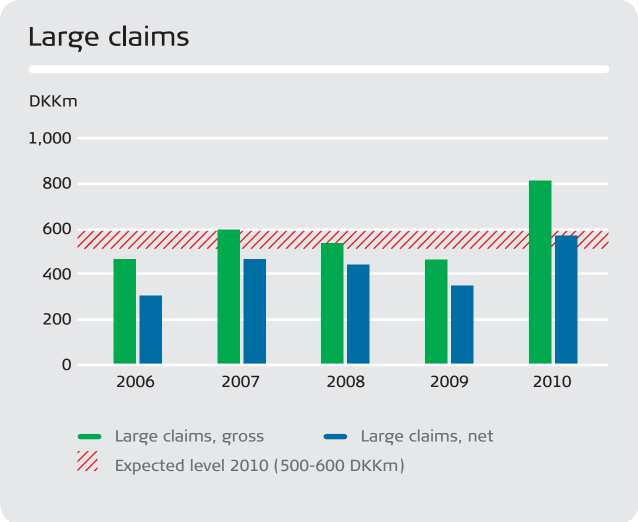
The Group's premium growth was adversely affected by an increase in unearned premium provisions for change of ownership insurances. According to accounting rules, provisions must be made with respect to loss-making insurance products for the expected future loss until the product is profitable, which is recognised as a reduction in earned premiums. This accounting policy reduced earned premiums for the full year by DKK 106m, corresponding to a reduction of 0.6 percentage point of premium growth for the year.

Claims strongly impacted by claims inflation and extraordinary claims

The gross claims ratio was 80.2 in 2010 compared with 72.1 in 2009. The development in the claims level was affected by rising claims costs, particularly in Denmark, and extraordinary claims, which impacted the claims ratio by around 7 percentage points. The rising claims costs related particularly to the Danish part of the business, affecting the private, commercial and corporate markets alike, and were mainly attributable to the economic downturn.

For 2010, the Group had originally expected weather claims of DKK 200-300m and large claims of DKK 500-600m, corresponding to a total assumption of around DKK 800m. Extraordinary winter claims totalled a gross amount of DKK 0.9bn at 31 December 2010, cloudburst claims DKK 0.3bn, large claims DKK 0.8bn, and a decision by the Danish Supreme Court on workers' compensation (read more in the section Corporate Nordic) entailed increased provisions of DKK 200m. Total expenses for extraordinary claims amounted to DKK 2.2bn or DKK 1.4bn more than in a normal year.





Example of lean at Tryg

Department	Before	After
Dealer service in Norway	Case processing time: 30 days	Case processing time: 2 days
Team Internet Norway	Sales budget achievement: 90%	Sales budget achievement: 165%
Motor claims	Case processing time: 22 days	Case processing time: 4 days

The winter in January 2010 was the coldest in Denmark in 14 years, December the second coldest and August was the 10th wettest month in weather history. January was the 8th coldest month in Norway in weather history. Based on the Group's experience from cloudburst and snow load claims, a number of initiatives have been launched, and more will be made to improve the risk balance going forward (read more in the section Private Nordic).

While Denmark, Norway and Sweden were all affected by the winter weather, especially Denmark was also impacted by the economic downturn and the severe effects this had in Denmark. The adverse development impacted, among others, contents, house and change of ownership insurances which recorded steeply increasing claims and required additional provisions (read more in the section Private Nordic). In addition to the Supreme Court decision in Denmark, the performance of workers' compensation was affected by low economic activity, which reduced the number of less complex industrial injuries but increased the number of claims involving loss of ability to work. Overall, this impaired the performance since claims involving loss of ability to work account for only around 3% of the number of claims, but nearly 80% of claims paid.

In Finland, claims in the private business developed satisfactorily as reflected in an improvement of the claims ratio from 84.2 in 2009 to 80.9 in 2010. The claims ratio in Sweden was 84.6 in 2010 against 80.6 in 2009 and, like in Denmark and Norway, it was adversely impacted by winter claims.

After settlement of reinsurance, the claims ratio, net of ceded business was 81.8 against 75.0 in 2009.

Efficiency enhancements reducing costs

Costs were affected by branding activities, which amounted to DKK 70m with a 0.4 percentage point impact on the gross expense ratio. The gross expense ratio was 17.0 against 17.2 in 2009. Overall, costs in Denmark and Norway remained at a competitive level with an expense ratio of 16.0. Sweden and Finland improved the expense ratio from 30.1 to 24.1 and are on track in enhancing profitability.

The Group made sales distribution more efficient in 2009 and 2010. In Denmark, this resulted in 8 out of 22 sales offices being closed and the employees relocated to larger sales offices or call centres. In Norway, the number of franchise offices was reduced from 85 to 70, and the remuneration structure for franchisees was changed to focus more on sale to new customers and less to existing customers. Tryg's own sales force in the Norwegian private business was relocated to customer service centres, leaving the franchise part with direct physical sales.

Paperless processes, digitalisation of a large number of internal processes, including in particular claims processes, will enhance efficiency by improving business processes and IT systems, enabling staffing to be reduced. In the longer term, digitalisation and automation will be among the most important competition and profitability drivers.

At 31 December 2010, the Group employed 4,291 full-time employees, which was 19 employees fewer from the year-earlier date. This development is a combination of natural wastage in Denmark and Norway with 80 employees leaving the Group since 2008, and an increase of employees in Sweden and Finland, where the Group is expanding rapidly. In the past few years, Tryg has focused on in-house rotation to fill vacant positions, particularly in the Danish and Norwegian parts of the organisation.

Greater efficiency in operations and processes based on the Lean principles contributed to reducing staff costs in 2010. This has been achieved with enhanced quality to customers and greater employee satisfaction. For example, the work load has been evened out between the claims departments, and employee involvement has been increased in the day-to-day planning of work flows. See lean examples on the opporsite page.

Tryg's overall efforts to improve profitability include initiatives to optimise procurement of goods and services, more efficient claims handling and distribution platforms, and a sustained requirement for all managers to reduce their direct costs by at least 2% annually.

In addition to cost reductions, Tryg invests in a multi-year improvement of business processes and IT systems, which will increase costs in the short term. This is the Group's transition programme, designed to ensure common business processes and systems and support the ambition of achieving an expense ratio of 10 by 2020. Finally, increased expenses will be incurred in connection with the implementation of Solvency II. Focus on costs and investments in processes provide a strong foundation and help secure Tryg's longer-term growth and value creation.

Performance of discontinued business

In the spring of 2010, Tryg sold the right to renew the Group's marine portfolio, which at the time of divestment amounted to around DKK 400m and had produced unsatisfactory results over a prolonged period. The results of the run-off portfolio are included in 'discontinued business' in the financial statements. At 31 December 2010, less than 10% of the portfolio remained, and this is expected to be phased out around the summer of 2011. Run-off of the provisions for claims is expected to last a number of years.

Overall, divested business reported a loss of DKK 83m against DKK 23m in 2009.

Investment return

At the beginning of 2010, Tryg divided the investment assets into a free and a match portfolio. The size of the match portfolio were DKK 30.9bn at the end of the year which corresponds to the discounted value of the technical provisions and hedging the related interest rate risk. The match portfolio is composed so as to best generate a return corresponding to the technical interest plus/less the value adjustment resulting from changed discount rates. In 2010, the match portfolio generated a return of DKK 974m as compared with the total return to technical provisions of DKK 979m. The total negative deviation for the year was thus DKK 5m. The free investment portfolio comprising equities, real estate and bonds amounted to DKK 9.5bn at 31 December 2010 and yielded a return of DKK 772m or 7.4%.

The equity proportion was increased slightly in 2010, while the proportion of bonds was reduced accordingly. The equity and real estate investments in particular made positive contributions to the return. The total investment return (free investment and match portfolios) was DKK 570m against DKK 1,086m in 2009. The gross investment return (before transfer to insurance and before other financial expenses) not related to investment activities was DKK 722m against DKK 1,193m in the same period of 2009.

Tax

Tax on continuing business was DKK 265m in 2010 against DKK 625m in 2009, equalling a slight increase in the effective tax rate from 24 in 2009 to 28 in 2010. The effective rate in 2009 was low due to utilisation of accumulated tax losses in Sweden and tax-free gains on equities. The effective tax rate in 2010 was also positively affected by tax-free gains on equities but adversely affected by the distribution of profits on individual countries as, for example, Norway has a higher tax rate.

Shareholders' equity

Shareholders' equity stood at DKK 8,458m at 31 December 2010. The decrease was composed of dividends paid out of DKK 991m and own shares bought back of DKK 816m which was, however, offset by the profit for the year of DKK 593m. The return on equity was 6.6% in 2010 against 22% in 2009.

Events after the balance sheet date

On 11 January 2011 Stine Bosse announced that she wished to resign her position as Group CEO. Stine Bosse has been with Tryg since 1987 and has served as Group CEO since 2003. The Supervisory Board agreed with Stine Bosse that she would remain as Group CEO until 31 January 2011 and subsequently make her services available during the six-month notice period.

In accordance with good corporate governance, the Supervisory Board had regularly considered the question of continuity and succession in the company's senior management and announced on 12 January 2011 that Group CFO Morten Hübbe would assume the position as Group CEO of Tryg on 1 February 2011. Simultaneously with the appointment of Morten Hübbe as Group CEO and upon consultation with Morten Hübbe, the Supervisory Board appointed Group Executive Vice President Lars Bonde as member of the Executive Management. Morten Hübbe and Lars Bonde will thus form the senior management in charge of day-to-day operations in Tryg.

Private Nordic

Read about a new cooperation agreement to prevent snow pressure claims in the Stakeholder magazine page 16.

Private Nordic sells insurances to private individuals in Denmark, Norway, Sweden and Finland. Sales take place through call centres, the Internet, own sales agents, franchisees (Norway), affinity groups, car dealers, real estate agents and Nordea's branches.

Performance affected by weather claims and economic recession, but underlying operations improved
Weather claims and the economic downturn reduced the overall performance, while the underlying operations improved, particularly due to premium increases implemented in 2009 and 2010. The effect of the economic downturn was particularly pronounced in the Danish part of Private Nordic, having a distinct impact on claims development related to house, contents and change of ownership insurances.

The lower profit was in particular attributable to weather losses, which stood at an unusually high level in 2010. The harsh winter impacted particularly the Danish and Norwegian parts of the business, while the Finnish business was only to a limited extent affected by winter claims despite a longer period of frost and snow. With a 5 percentage point fall in the combined ratio, the Finnish business was a positive contributor to the overall profit, illustrating the earnings advantage of geographic diversification.

As in Denmark and Norway, the Swedish part of Private Nordic was also greatly impacted by the winter. In 2010, the Swedish business focused on integrating the Group's original Swedish business in Malmø with the acquired company, Moderna, and on setting up a single Swedish organisation and business platform.

Combined ratio was 96.4 relative to 92.8 in 2009. The combined ratio in Finland of 101.7 was only to a limited extent impacted by winter claims. The Finnish combined ratio reflects the achievement of the most important targets in relation to restoring profitability.

Development in gross premiums
Gross earned premiums were up by 8.3% in local currency terms to stand at DKK 10,181m. Growth was 5.8% when adjusted for Moderna, which was included with one quarter more in 2010 than in 2009. Premium initiatives in the Danish, Norwegian and Finnish parts of the business made a major contribution to the positive performance.

The Danish private business implemented in particular premium increases for contents, holiday home and change of ownership insurances and, to a lesser extent, for house insurances. These initiatives had an impact of almost DKK 150m. The higher premiums increased the premium volume. To this should be added higher sales through partners, and several partnership agreements were renewed.

Profit/loss for Private Nordic

DKKm	2008	2009	2010
Gross earned premiums	**8,122**	**8,962**	**10,181**
Gross claims incurred	-5,735	-6,751	-8,223
Gross expenses	-1,598	-1,477	-1,627
Profit/loss on gross business	789	734	331
Profit/loss on ceded business	-85	-87	38
Technical interest, net of reinsurance	210	85	77
Technical result	**914**	**732**	**446**
Run-off gains/losses, net of reinsurance	190	134	399
Key ratios			
Gross claims ratio	70.6	75.3	80.8
Business ceded as percentage of gross premiums	1.0	1.0	-0.4
Claims ratio, net of ceded business	71.6	76.3	80.4
Gross expense ratio	19.7	16.5	16.0
Combined ratio	**91.3**	**92.8**	**96.4**

Read about how diversity in Tryg creates added value for the Group, employees and not least customers in the Stakeholder magazine page 22.

The impact of the premium increases was clearly reflected in the development of average premiums for house and motor insurances in both the Danish and the Norwegian parts of the business.

Developments in change of ownership insurances were unsatisfactory despite premium increases of 40% from the beginning of 2010. Due to the negative performance, Private Nordic will implement further premium increases of 50% from 2011 and also adopt a more restrictive underwriting policy.

Unemployment insurances were considered an increased risk already in 2008, and since 2009 Tryg has to a large extent withdrawn from this market. We introduced large premium increases in 2010, which resulted in an outflow of business and a major reduction of the business volume. As was expected, the general premium increases resulted in a higher outflow of customers, and the retention rate in Denmark decreased during 2010 from 91 to 90, remaining, however, at a satisfactory, high level.

The Norwegian private business recorded premium growth of 3.4%, composed of premium increases for particularly motor, house and contents insurances with an impact in 2010 of around DKK 100m. Unlike in Denmark, the Norwegian private business improved its retention rate from around 85 at the beginning of the year to around 86 at the end of 2010.

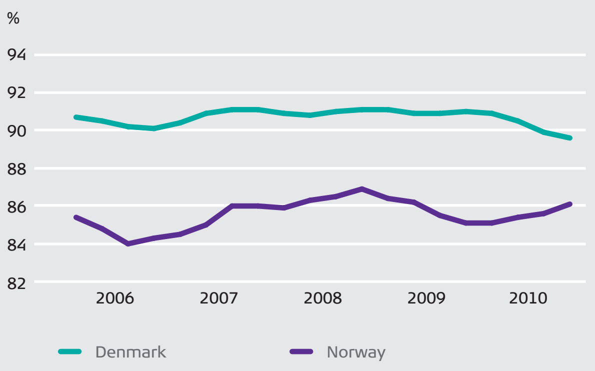
Sweden and Finland recorded growth in accordance with the plans for those areas. Finland sustained its strong growth, however, at the same time focussing on improving profitability by premium initiatives. As already noted, Sweden focused particularly on the integration of Moderna with the Swedish business in Malmø, which Tryg founded in 2006. Growth in 2010 was nearly 20% in Finland and 20% in Sweden, adjusted for the fact that Moderna was included with an extra quarter in 2010.

Claims affected by harsh winter and cloudbursts

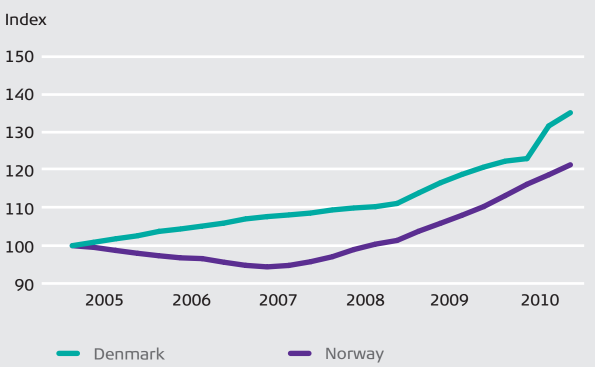
The development in claims deteriorated in 2010 in particular due to winter and cloudburst claims, which increased the claims ratio from 75.3 in 2009 to 80.8 in 2010.

Severe winter claims had an impact of DKK 500m on the performance, corresponding to a 5 percentage point impact on the combined ratio. Winter claims had major impacts in Denmark and

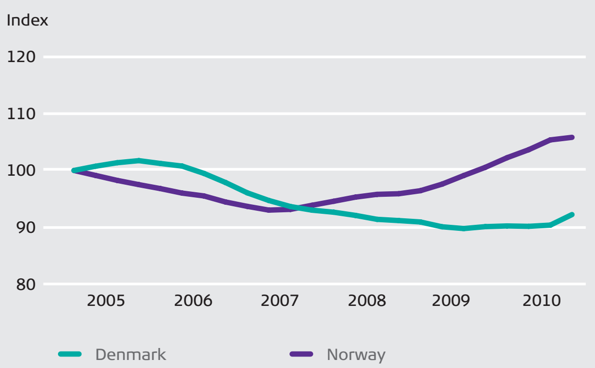
Customer retention in Denmark and Norway



Average premiums – House



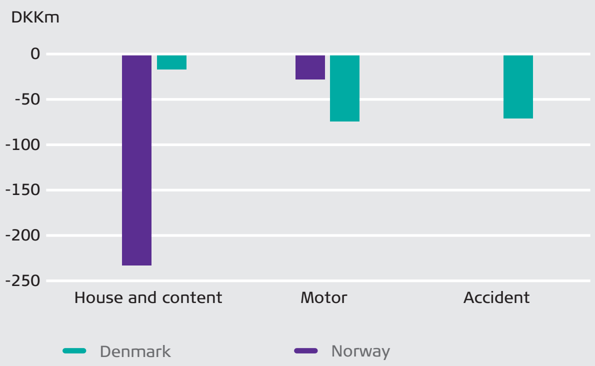
Average premiums – Motor



Norway of DKK 163m and DKK 260m respectively. The Swedish business was impacted by winter claims of DKK 66m, while the Finnish business was almost unaffected by extraordinary winter claims.

In August, Denmark was hit by a cloudburst that produced claims of around DKK 200m with a 2 percentage point impact on the combined ratio. Tryg provides consultancy to customers on how to best protect their homes from cloudbursts, including on how to prevent basement flooding. In addition, the Group intends to differentiate prices which will be higher in areas with the greatest risk of flooding, and to combine these measures with requirements for preventive measures and higher deductibles.

Extraordinary winter effect in Private Nordic



2010 was affected by a sustained increase in claims within contents, house and change of ownership insurances, particularly in the Danish part of the business. Tryg believes there is a clear connection between this trend and the economic downturn and claims inflation. Tryg recorded, among other things, a steep increase in the number of reported thefts of jewellery, and has introduced stricter documentation requirements for this type of claim. Tryg has previously expressed concern about police efforts in relation to theft, and we are pleased to note that the police have scaled up their efforts against burglaries and similar crimes since the first quarter of 2010.

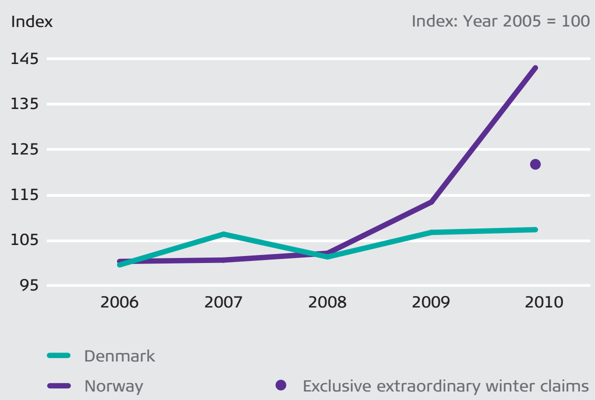
In Norway, the underlying claims ratio improved when disregarding weather claims, which was attributable to premium increases, particularly for house, motor and holiday home insurances, and the fact that Norway was not affected by the economic downturn to any significant extent.

The claims ratio in Finland improved by 3.4 percentage points, attributable to minor premium increases for all products, emphasising that the Finnish business now contributes to the Group's overall profitability and will continue to do so in future.

Focus on optimising costs

Costs remained a key issue in 2010. The distribution of tasks between insurance agents, service centres and web-based self-service was optimised. The number of service centres in Denmark was reduced from 22 to 14, while the franchise offices in Norway was reduced from 85 to 70. This trend will continue in the years ahead through the continuous development of digital processes.

Claims frequency – House



Claims frequency – Motor

Commercial Nordic

Read more about workers' compensation insurances in Corporate Nordic.

Commercial Nordic sells insurances to small and medium-sized enterprises, mainly in Denmark and Norway. In Sweden, most of the commercial business is written through brokers and forms a part of Corporate Nordic. The commercial business in Finland remains in a start-up phase.

Performance affected by claims, recession and costs
The technical result was a loss of DKK 465m in 2010. The loss is composed of winter claims, large claims and cloudburst claims, which particularly affected the Danish part of Commercial Nordic, and continued challenges in the commercial business which are being addressed by profitability initiatives.

The underlying development was unsatisfactory, necessitating premium increases and cost adjustments. With a view to improving profitability, the Danish part of the commercial business implemented premium increases for agricultural insurances in an average of 10%. In the autumn, premium increases were implemented for contents insurances.

The economic climate affected the Danish part of the commercial market in particular, which has moved from boom to recession in the course of the past few years. This trend continued in 2010 and was among other things reflected in an increase of bankruptcies in Denmark by more than 13% from an already high level. The economic recession also triggered a fall in the number of persons employed by small and medium-sized enterprises. These trends are directly linked to a reduction in the number of workers' compensation insurances while at the same time a decision by the Danish Supreme Court on workers' compensation had an adverse impact on profit.

The performance in Norway was also negative compared with 2009, although the Norwegian part of the commercial business was not nearly as much affected by weather claims and unaffected by economic conditions. However, the level of large claims was high, and group life insurances saw an adverse development. Interest rates were low as in 2009, adversely impacting profit.

Development in gross premiums
Gross earned premiums increased by 9.6% in local currency terms to DKK 4,263m in 2010. When adjusted for a transfer of business from Corporate to Commercial Nordic, growth amounted to 3.0%.

In 2009, we recorded profitability challenges in the commercial market. Following up on this, we increased premiums for agricultural insurances by an average of 10% effective from the beginning of 2010, and in the autumn we increased premiums for contents insurances. In addition to general premium measures, Tryg made overhauls based on individual customer performances. In the great majority of cases, premiums were adjusted or deducti-

Profit/loss for Commercial Nordic

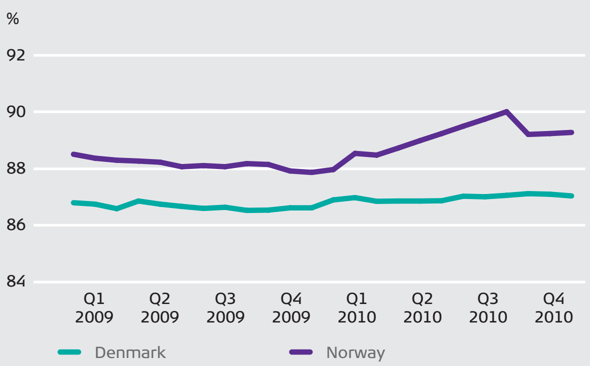
DKKm	2008	2009	2010
Gross earned premiums	**3,694**	**3,777**	**4,263**
Gross claims incurred	-2,550	-2,797	-3,768
Gross expenses	-819	-925	-1,029
Profit/loss on gross business	325	55	-534
Profit/loss on ceded business	-73	-98	39
Technical interest, net of reinsurance	117	39	30
Technical result	**369**	**-4**	**-465**
Run-off gains/losses, net of reinsurance	193	192	100
Key ratios			
Gross claims ratio	69.0	74.1	88.4
Business ceded as percentage of gross premiums	2.0	2.6	-0.9
Claims ratio, net of ceded business	71.0	76.7	87.5
Gross expense ratio	22.2	24.5	24.1
Combined ratio	**93.2**	**101.2**	**111.6**

bles increased. The premium increases from the autumn of 2010 will have a major positive impact on profitability in 2011, while there was only a minor effect in 2010.

The Norwegian part of the commercial business did not require premium initiatives to the same extent as the Danish part, and only minor premium increases were implemented, covering in particular contents and building insurances in Norway.

Earned premiums in the Finnish part of Commercial Nordic increased by about 35% to about DKK 100m.

Customer retention in Denmark and Norway



Claims

The claims ratio increased from 74.1 in 2009 to 88.4 in 2010, corresponding to 14.3 percentage points. The development in claims was affected by an above-average number of claims in an average year.

Winter claims and cloudbursts affected the claims ratio by 8 percentage point. Commercial Nordic had the highest level of large claims in 2010 and impacted the claims level by almost 10 percentage points.

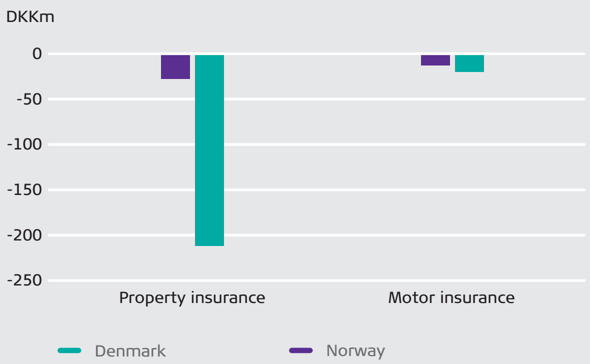
One of the year's largest claims was a fire event in central Copenhagen, which is expected to total a gross amount of DKK 170m and DKK 114m net of reinsurance.

The economic downturn had a positive impact on workers' compensation insurances in respect of the number of minor claims, whereas an increase in the number of claims involving loss of ability to work and thus significantly higher compensation resulted in an overall negative performance for workers' compensation.

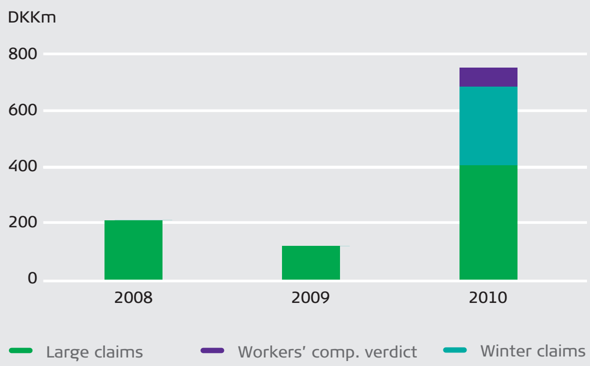
Costs

Costs amounted to DKK 1,029m, and the expense ratio was reduced from 24.5 to 24.1, which is still not satisfactory. The level was explained by the continued large number of manual processes and significantly higher distribution costs than in the private business. Reducing costs will be an important focus area for the Group in 2011, and total costs are expected to be reduced in the years ahead due to lower distribution costs and more internal processes being automated.

Extraordinary winter effect in Commercial



Effect of claims costs in Commercial Nordic



Corporate Nordic

Corporate Nordic sells insurances to corporate customers under the brands 'Tryg' in Denmark and Norway and 'Moderna' in Sweden. Corporate Nordic's products are sold through its own sales force and through insurance brokers. Corporate Nordic serves customers paying annual premiums of more than DKK 900,000 or having more than 50 employees, and around one fourth of our customers pay annual premiums of more than DKK 10m. All sales through brokers are written in Corporate Nordic irrespective of customer size. Tryg Garanti is included in the financial results of Corporate Nordic.

Danish workers' compensation insurance posed challenges in 2010

The technical result amounted to DKK 394m in 2010 compared with DKK 878m in 2009. The performance was affected by one-off events with an adverse impact of around DKK 250m. Competition intensified in 2010, particularly in the Danish part of Corporate Nordic and particularly in relation to workers' compensation insurances. Competition was less fierce in the Norwegian part of Corporate Nordic, and general premium increases of 5-7% were implemented.

Overall, gross earned premiums fell by 5.9% or DKK 83m in 2010. Combined ratio was 92.7 in 2010 compared with the unusually low level of 83.5 in 2009. Run-off gains had a positive impact of 6.4 percentage points on the combined ratio compared with 7.0 percentage points in 2009, while large claims had a negative impact of 4.3 percentage points against 4.6 percentage points in 2009.

The run-off result was DKK 325m in 2010 against DKK 357m in 2009, and expenses in respect of large claims amounted to DKK 357m against DKK 344m in 2009.

In the spring of 2010, Tryg divested its renewal rights for the marine business to Codan Forsikring. The results of the marine business were previously recognised in Corporate, but are now recognised in 'Profit/loss on discontinued business', which is described in the section The Group's financial performance.

Tryg Garanti is mainly involved in guarantee insurance, providing guarantees to contractors, but also to contract manufacturers and public authorities. Tryg Garanti had earned premiums of DKK 203m in 2010, an increase of 14% relative to 2009. A higher number of claims in the building and construction industry triggered an increase in the claims ratio. The claims ratio was 45.8 against 43.7 in 2009, and Tryg Garanti reported a combined ratio for the year of 71.9 against 75.3 in 2009, supported by an improved cost level. In the second half of 2010,

Profit/loss for Corporate Nordic

DKKm	2008	2009	2010
Gross earned premiums	**5,165**	**5,127**	**5,044**
Gross claims incurred	-3,197	-3,348	-3,630
Gross expenses	-549	-610	-648
Profit/loss on gross business	1,419	1,169	766
Profit/loss on ceded business	-446	-325	-399
Technical interest, net of reinsurance	164	34	27
Technical result	**1,137**	**878**	**394**
Run-off gains/losses, net of reinsurance	376	357	325
Key ratios			
Gross claims ratio	61.9	65.3	72.0
Business ceded as percentage of gross premiums	8.6	6.3	7.9
Claims ratio, net of ceded business	70.5	71.6	79.9
Gross expense ratio	10.6	11.9	12.8
Combined ratio	**81.1**	**83.5**	**92.7**

Read about new initiatives for corporate customers to prevent claims in the Stakeholder magazine page 6, 9 and 12.

Tryg Garanti introduced credit insurances, a product protecting policyholders against losses on debtors.

Competition putting premiums in Denmark under pressure

Corporate Nordic reported gross earned premiums of DKK 5,044m, a fall of 5.9% in local currency terms. The business volume was reduced due to the economic downturn, which still persists particularly in the Danish market. A further cause of the lower earned premiums was an internal transfer of business between Commercial and Corporate.

In Denmark, lower demand for insurance and intensified competition put pressure on prices, and gross earned premiums fell by 12%. When adjusted for the transfer of business to Commercial, the fall was 6%. In particular the portfolio of workers' compensation insurances was affected by the reduction. Increased risk in relation to workers' compensation and lower premiums does not make for a sound combination, and Tryg has therefore reduced the business volume since the autumn of 2009. The adverse development was aggravated by intensified competition and businesses' increased focus on costs. Tryg does not compromise on profitability, and accordingly lost several large customers in 2010.

Competition was less fierce in Norway, although premiums came under pressure early in the year, but the pressure subsided as the year progressed. Overall, the Norwegian part of Corporate Nordic reported a 6.0% decrease in gross earned premiums. This was particularly related to renewals at 1 January 2010 when several large customers left the Group, reducing the opening portfolio. In 2010, the Norwegian part of the corporate business implemented general premium increases of 5-7%. The competitive environment prevented a premium increase in Denmark.

The Swedish part of the corporate business made a positive contribution to growth. The portfolio amounted to around SEK 435m at 31 December 2010, increasing by around 40% in 2010. In Sweden, insurances offered by Corporate Nordic include building, loss of profits, liability, transport and motor. Workers' compensation is insured through public collective agreements and is therefore not offered as a product in Sweden. A significant proportion of the Swedish corporate business comprises commercial customers served by insurance agents. The Swedish business sector is highly internationalised, and the partnership with AXA Corporate Solutions has therefore supported Tryg's expansion in the Swedish market for corporate insurances. Given the current action plans and distribution strategy, this part of the portfolio is expected to see further growth in the years ahead.

Profitability before growth

Corporate Nordic generally provides a full insurance package to customers within, for example, building, contents, transport, workers' compensation and liability insurances.

Risk consultancy is the cornerstone of our customer efforts. Consultancy is provided by dedicated customer teams, with Tryg's employees ensuring a high level of service with respect to risk consultancy as well as in a claims situation. We focus on developing areas with sensible risk, in which pricing, product adjustment and development, and profitability are aligned with the Group's targets.

Claims affected by one-off events

Gross claims incurred by Corporate Nordic increased by 8.4% or DKK 282m to DKK 3,630m. The claims ratio, net of ceded business was 79.9 in 2010 against 71.6 in 2009.

A number of one-off events had an adverse impact on claims in 2010. Workers' compensation insurances in Denmark were adversely affected by a decision by the Danish Supreme Court in August 2010, which made it possible for part-time employees to increase their compensation retroactively. The decision triggered a need to strengthen provisions for prior year claims and increasing provisions for claims with respect to the current year of around DKK 200m, DKK 120m of which related to Corporate Nordic and had a 2.5 percentage point impact on the claims ratio. Going forward, the annual impact on claims will be limited, and it is estimated at DKK 15-20m.

In addition to the Supreme Court decision, workers' compensation insurances were also affected by the economic downturn. The number of minor claims fell, whereas the number of claims involving loss of ability to work and thus significantly higher compensation resulted in an overall negative performance for workers' compensation. The overall current claims ratio for workers' compensation insurances is estimated to be close to 100. Accordingly, additional claims-reducing and premium initiatives will be introduced.

Weather claims affected the performance in several respects. Winter losses and violent cloudbursts in August had an impact of 2.4 percentage points on the claims ratio.

Furthermore, the claims ratio was adversely impacted by the lower discount rate which, seen in isolation, added 1 percentage point to the claims ratio. Large claims amounted to DKK 357m, which was on level with 2009.

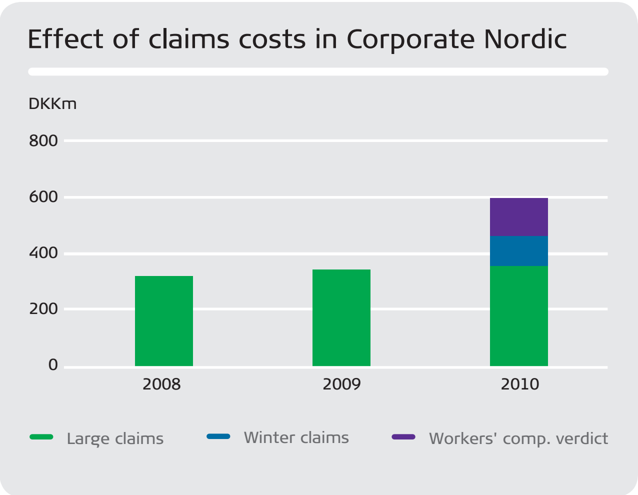
The total net run-off result was DKK 325m in 2010, mainly attributable to the personal lines in the Norwegian part of the corporate business. In 2009, the run-off result was DKK 357m.

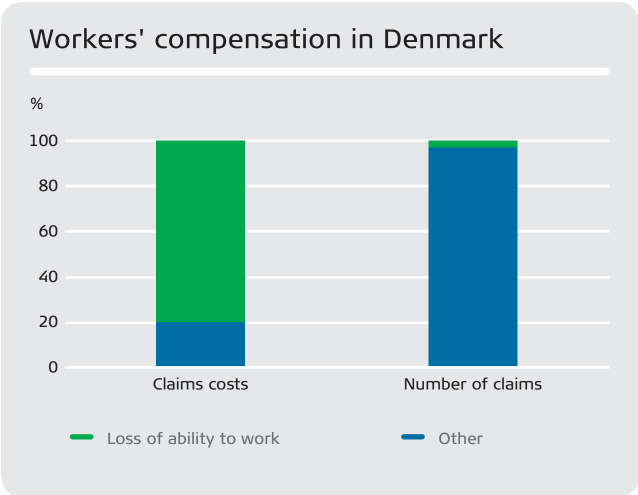
When adjusted for the interest rate effect, run-off, large claims and storms, the underlying claims ratio was higher compared with 2009.

Costs

The cost level of Corporate Nordic was under pressure in 2010 due to the adverse portfolio development. The expense ratio increased from 11.9 in 2009 to 12.8 in 2010. This level is not satisfactory, and initiatives have been implemented to restore the low level seen in prior years. Targets for 2010 and 2011 include reducing the number of employees in Denmark and Norway by around 10%, mainly by natural wastage. Conversely, the investment in the Swedish part of the corporate business has triggered an overall increase in the cost level.

Additional self-service solutions were introduced in Norway in 2010. One such solution was 'Min bedrift', a portal providing businesses with an overview of all their insurance agreements, correspondence and claims processing, and a new portal showing the insurances a business maintains for its employees. These initiatives will successively be deployed to all corporate customers and are expected to improve efficiency and restore costs to previous years' lower level.





Investment activities

Tryg discounts technical provisions using the yield curve published by the Danish Financial Supervisory Authority and matches the disbursement profile of provisions with investment assets (bonds). This means that the impact of changing yields on the matching bond portfolio will more or less be offset by an almost corresponding change in the discounted technical provisions. Investment assets other than those included in the match portfolio are included in the free portfolio and are placed in equities, bonds and real estate.

The total negative deviation between the match portfolio return in 2010 and the return to technical provisions was DKK 5m. Out of a match portfolio of DKK 30.9bn, this is equivalent to a deviation 0.02 percentage point. This is considered satisfactory and meets the target of a maximum deviation of plus/minus DKK 50m in any quarter by a fair margin.

The free portfolio amounted to DKK 9.5bn at 31 December 2010 and yielded a total gross return of DKK 772m, corresponding to a return of 7.4% on average invested capital. The performance was favourably impacted by developments in the equity markets. The equity portfolio produced a return of 15.5% or DKK 261m.

The total investment return (free and match portfolios) before other financial income and expenses not related to investment was DKK 722m compared with DKK 1,193m in the same period of last year. The net investment return at DKK 570m exceeded expectations, mainly due to buoyant equity prices.

Out of the total bond portfolio, 90% is placed in AAA rated bonds, some 5% in AA rated bonds, and the remainder in A rated bonds and unrated Norwegian money market certificates with good credit quality.

Restructuring of the investment portfolio

In 2010, Tryg restructured the Group's investment portfolio, dividing it into a match portfolio matching the technical, discounted provisions, and a free portfolio comprising active investments and corresponding to the Group's equity. The principles of this division are described in more detail on page 40. As a result of the division, the below table has been extended to include return and other movements for the Group's two investment portfolios.

Match portfolio

The match portfolio, which solely comprises fixed income products, yielded a return of DKK 974m. This should be seen in relation to the negative amount of DKK 979m relating to technical provisions and

Income statement of match and free portfolio

DKKm	Match	Free	Total
Bonds, cash deposits, etc.	974	211	1,185
Equities		261	261
Real estate		300	300
Total	**974**	**772**	**1,746**
Value adjustment, changed discount rate	-227		-227
Transferred to technical interest	-752		-752
Total return, investment activities	**-5**	**772**	**767**
Other financial income and expenses, investment			-45
Other financial income and expenses, non-investment			-152
Return on investment activities			**570**

value adjustments due to a changed discount rate. As it is impossible to perfectly match investments to the regulatory yield curve, Tryg has defined an ambition of a maximum fluctuation of plus/minus DKK 50m in any quarter, corresponding to around 0.15% of the securities in the match portfolio. For the full year 2010, there was a negative deviation of DKK 5m, but deviations have been close to the tolerance threshold in the individual quarters.

7.4% return on the free portfolio

The free portfolio is invested in equities, real estate and bonds and generated a total gross return of DKK 772m in 2010, corresponding to 7.4% of average invested capital. The investment portfolio amounted to around DKK 9.5bn at 31 December 2010. The globally diversified equity portfolio produced a return of DKK 261m or 15.5%, mainly due to increases in global equity markets.

The real estate portfolio, comprising Danish and Norwegian properties, produced a return of DKK 300m or 8.0%. The return on real estate is calculated on the basis of the properties' current net rental income, sales gains and revaluation, if any. A return is calculated for the head office buildings based on market rents for similar buildings, but this amount is deducted in the item 'Other financial income and expenses'. The bond portfolio produced a return of DKK 211m, corresponding to 3.8%. The duration of bonds in the investment portfolio was around 1 year at 31 December 2010.

Other financial income and expenses

The item 'Other financial income and expenses' comprises various elements included in the investment result. Some of these elements are fairly predictable, such as interest expenses on the loan portfolio. Including rent from head office properties and interest received on operating assets, this is expected to amount to an annual net expense of around DKK 250m. For 2010, this part of the item was calculated at an expense of DKK 197m, including an expense of DKK 98m relating to 'Reversal of rent' and an expense of DKK 86m relating to interest on loans. To this should be added a number of less predictable items such as exchange rate adjustments, mismatch of inflation hedging of workers' compensation provisions, and other items. Tryg expects a deviation in these items in the range of plus/minus DKK 100m per year and plus/minus DKK 50m per quarter. In 2010, the less predictable part amounted to a net income of DKK 42m, including DKK 27m attributable to inflation hedging of workers' compensation provisions.

Principles for the match portfolio and the free portfolio

Denmark is one of the only countries in the world that requires insurance companies to discount technical provisions. The Danish Financial Supervisory Authority publishes a discount rate which all companies must use. In countries which do not require discounting of technical provisions and where technical provisions are therefore unaffected by changes in market rates, insurance

Income statement of investment activities

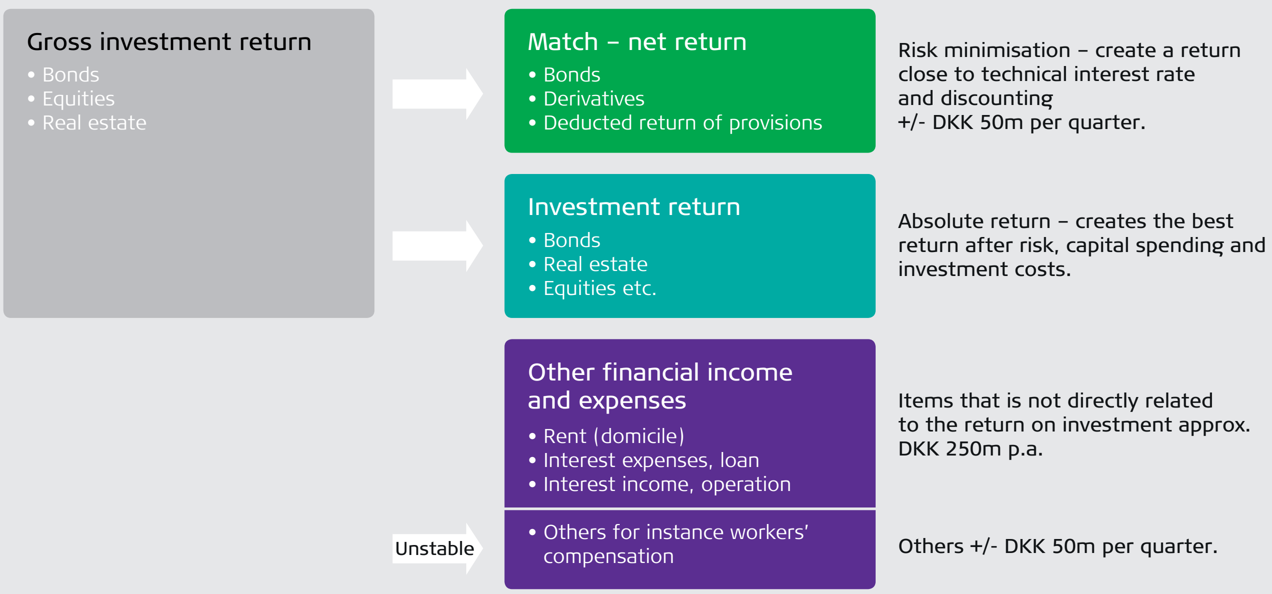
DKKm	2009	2010	Investment assets 31.12.09	31.12.10
Bonds, cash deposits, etc.	1,850	1,185	34,248	34,317
Equities [a]	405	261	1,589	2,179
Real estate [b]	258	300	3,893	3,897
Total	**2,513**	**1,746**	**39,730**	**40,393**
Value adjustment,	-294	-227		
Transferred to technical interest	-845	-752		
Total return, investment activities	**1,374**	**767**		
Other financial income and expenses, investment [c]	-181	-45		
Other financial income and expenses, non-investment [c]	-107	-152		
Return on investment activities	**1,086**	**570**		

a) DKK 246m bought on futures contracts has been added to the equity portfolio.
b) 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.
c) 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.

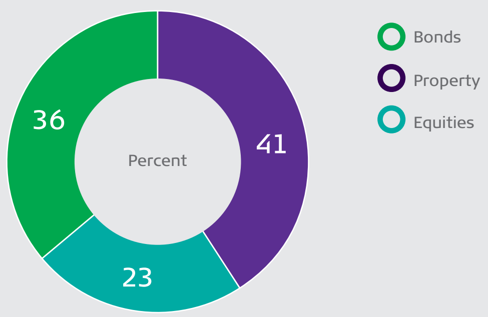
companies often structure their active portfolios differently and independently of the liabilities side (the technical provisions).

The new requirements for calculation under Solvency II, which are expected to be implemented in 2013, will change the rules and require all European companies to discount provisions. Under the current solvency rules and in countries that do not use discounting, an insurance company will typically have more volatile asset portfolios and thus greater earnings fluctuations. Under the upcoming Solvency II rules, high earnings fluctuations will require a stronger capital base. Discounting of provisions brings out deviations between the return on assets and liabilities. In order to reduce fluctuations and risk in the overall results, insurance companies are expected to have to match assets and liabilities over time or to consider why they have chosen different risk profiles for assets and liabilities.

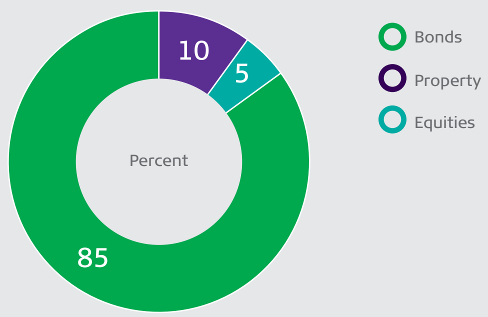
Division of the investment portfolio

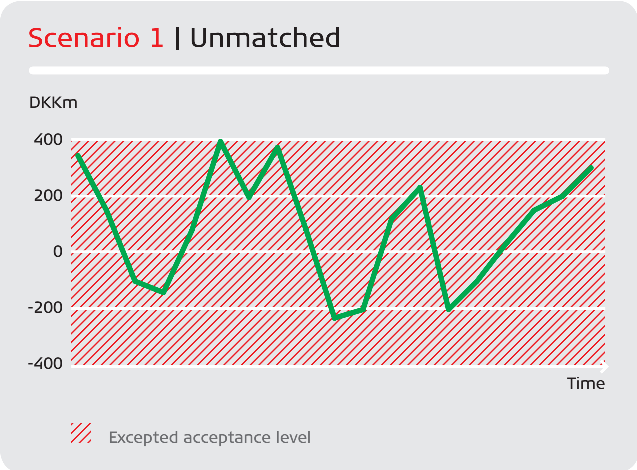


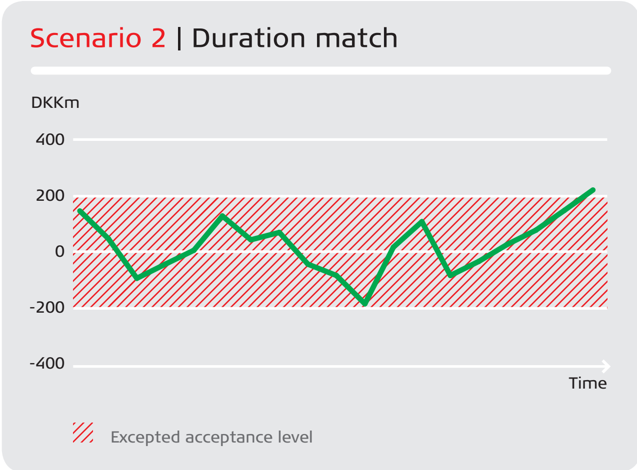
The free investment portfolio

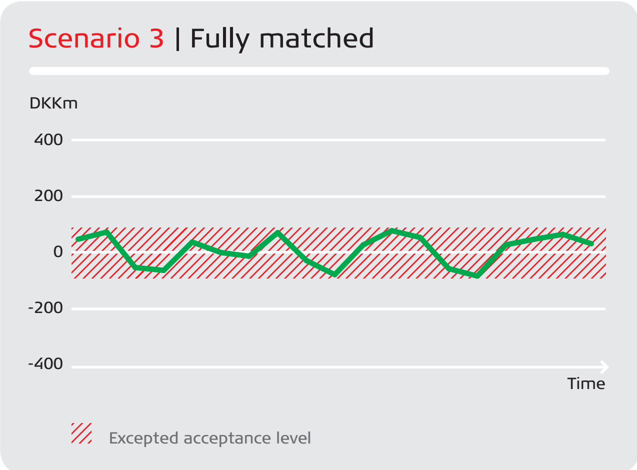


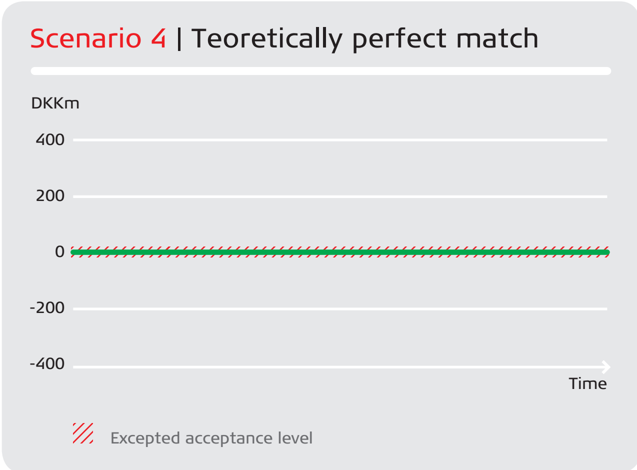
The total investment portfolio











In a perfect match, the return on the match portfolio (coupon and value adjustment) is identical to the return on provisions (value adjustment of provisions attributable to interest rate changes plus technical interest). A perfect match is impossible in practice. The above figures illustrate differences in the fluctuation between the value of an interest rate portfolio and the value of a discounted provisions portfolio in four scenarios (1) A scenario without any attempts to match interest rate sensitivity on the provisions; (2) A scenario matching the duration of assets and liabilities, hedging parallel yield curve changes; (3) A scenario matching the sensitivity of assets and liabilities to changes in specific interest rate points; (4) A scenario perfectly matching all payments from the asset portfolio with payments from the provisions and 'invested' in the regulatory yield curve. The changes made by Tryg correspond to a movement from scenario 2 to scenario 3.

Tryg discounts insurance liabilities and regularly adjusts the bond portfolio in order to minimise net interest rate risk (price changes caused by interest rate changes). Provisions are discounted using a yield curve defined by the Danish Financial Supervisory Authority. The yield curve is hypothetical, and it is not possible to invest and generate return and risk to match this curve perfectly. Tryg has designed a model portfolio which matches the return and risk of the regulatory yield curve as perfectly as possible. In the model portfolio, future interest payments and repayment dates of principals match the disbursement profile of the technical provisions as perfectly as possible. The model portfolio is then used as the benchmark for external portfolio managers who for practical reasons are permitted to deviate within narrowly defined limits. This structure removes most of the market risks to which the match portfolio is exposed. The difference between the return to provisions and the return on the actual portfolio will continue to deviate, not least because an exact prediction of payments out of provisions is not possible.

Tryg relies on its capital base and financial strength for the Group to assume risks from customers.

Capital management and risk management

Capital management and profit distribution

Credit ratings

At 31 December 2010	Standrd & Poor's	Moody's
Tryg Forsikring A/S	'A-'/stable	A2
Tryg Garantiforsikring A/S	'A-'/stable	n.a.

Tryg relies on its capital base and financial strength for the Group to assume risks from customers. The platform is a capital base adapted to the Group's risk profile taking into account natural growth. Tryg aims to have the necessary capital available, but no more than that. This approach thus determines our dividend policy.

Risk based capital management

Tryg aims for its capital and risk management to optimise the company's financial strength and ensure financial flexibility. Capital management is based on

- Tryg's internal capital model
- a standard model currently being developed within the EU in connection with the implementation of Solvency II in 2013 and
- Standard & Poor's standard model ('A-' level)

All three models present the capital required to match Tryg's current risk profile. The capital requirement is estimated subject to a 99.5% confidence level, which means that statistically the defined capital level would be insufficient once in a 200-year period.

> Tryg currently determines its targeted capital with a view to supporting the company's rating of A- from Standard & Poor's plus a buffer of 5%.

Tryg has rating agencies Standard & Poor's and Moody's perform external credit ratings once a year. At 31 December 2010, Tryg had a buffer of 5% relative to the capital required for an 'A' rating. In 2010, Standard & Poor's increased the capital requirements with respect to equities, bonds and real estate in its capital model. This increase was partly offset by the possibility of including discounting of provisions for unearned premiums.

In addition to requirements by the rating agencies, the Danish authorities call for active capital management in that they require an individual solvency need to be assessed. These requirements are the precursor of the Solvency II rules which are expected to apply as from 2013. Tryg assesses its individual solvency need on the basis of the Group's internal capital model, which estimates the necessary capital taking into account the actual business composition, profitability, reserving profile, reinsurance protection and the investment mix chosen and also includes scenarios representing the additional risk that may apply in particularly stressed situations. The assessment takes into account the geographic diversification effect and the effect of the defined investment policy, under which interest rate risk on the bond portfolio matches the corresponding interest rate risk on the discounted provisions, thereby ensuring that, for practical purposes, Tryg's net interest rate risk is negligible. The individual solvency need is assessed on a quarterly basis and reported to the Danish Financial Supervisory Authority.

Implementation of Solvency II

In 2009, the European Parliament and the Commission adopted the directive setting out future solvency rules for insurance companies. The directive, which is expected to be implemented in early 2013, defines quantitative as well as qualitative requirements for insurance companies that will require extensive adjustment of existing legislation.

Tryg has taken part in the test calculations for a standard model under Solvency II since 2005. Under QIS5, the latest official

See a simplified updated capital model on tryg.com under Investor > Key figures.

test calculation carried out in the autumn of 2010, Tryg had an excess of DKK 1,800m over the capital requirement calculated according to the standard model. If the QIS5 capital requirement is maintained, it is expected that several companies will need to strengthen their capital in order to comply with the new capital requirements. Based on the internal capital model, the capital requirement for Tryg would be somewhat lower than QIS5.

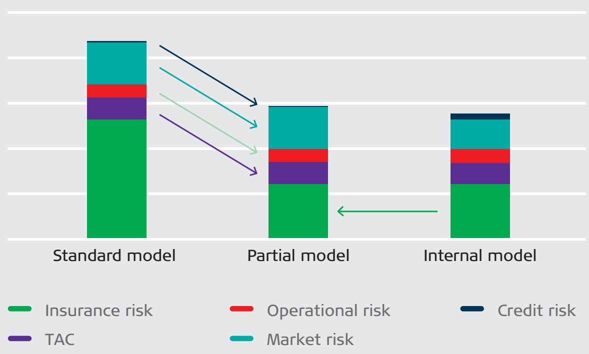
Solvency II permits companies to use internal models in full or in part. Tryg's approach is to use the existing internal model for areas in which risk differs from that assessed in the standard model. With respect to insurance risk, we believe that Tryg could more correctly model own risk. For example, the standard model does not consider geographic diversification among Nordic countries, an important aspect of Tryg's Nordic exposure. Conversely, the treatment of investment risks in the existing internal model is very similar to that of the standard model due to the homogenous investment risk across national borders created by efficient financial markets. The aim is that in future under Solvency II, Tryg will use a partially internal model for capital planning rather than the standard model referred to above. The partially internal model will thus be based on the insurance module of Tryg's existing model supplemented by the other modules (investment, operational risk, etc.) from the standard model.

In addition to changes in the way of calculating capital, the future Solvency II rules will also change regulatory capitalisation requirements. Solvency II will classify capital under Tiers (1-3), reflecting the quality of the company's capital. Tryg believes that 72% of its capital will be approved as Tier 1 capital, while the remainder, being subordinated loan capital and parts of the Norwegian Pool, will be classified under Tier 2. Tryg follows developments closely, taking account thereof when determining dividends for the year.

Capital structure

Tryg's capital structure comprises equity and subordinated loan capital. The relationship between the two components is assessed on a regular basis in order to maintain the optimum structure that takes into account return on equity, cost of capital and flexibility. Regulators and rating agencies assess the actual capital differently. Regulators require companies to calculate

Composition of partial capital model



a capital base comprising mainly equity less intangible assets and other statutory adjustments plus subordinated loan capital of up to 25% of the Solvency I requirement. Standard & Poor's applies the term Total Available Capital (TAC), under which intangible assets are also deducted from the capital base, and subordinated loan capital generally may not exceed 25% of the total capital.

In 2005, Tryg raised a 20-year EUR 150m subordinated bond loan, which is listed on the London Stock Exchange. In connection with the acquisition of Moderna in 2009, Tryg raised a 20-year EUR 65m subordinated loan with TryghedsGruppen, which owns 60% of Tryg. This brought Tryg's total subordinated debt to approximately EUR 215m. The total ratio of debt to equity was around 19% at 31 December 2010, and the cost of debt in 2010 was DKK 83m. See table overleaf.

The former credit facility which is included as part of Tryg's cash resources expired in 2010. To replace this facility, a new senior credit facility in a total amount of DKK 2bn was raised. The new facility has a term to maturity of 12 months, and the utilisation ratio was 0 at 31 December 2010.

Financial flexibility

The financial flexibility must take into account strategic considerations and ensure the possibility of additional contributions of

Subordinated loans

Amount	Maturity	Repayment profile	Interest rate
EUR 150m	2025	Interest-only	4.50%
EUR 65m	2032	Interest-only	5.13% above EURIBOR 3 M

For further details see note 20 on page 117.

capital. The strategic considerations are processed each year in a capital plan which tests the extent to which the capital supports Tryg's strategy. The possibility of additional contributions of capital is dealt with in Tryg's capital contingency plan, which describes measures that can be applied in the short term to improve the Group's solvency, if required. As a result of the strategy chosen for the future and distribution for 2010, restructuring of investment assets and additional hedging of insurance liabilities could substitute for around DKK 1.4bn of capital in 2011.

Furthermore, there would be room for increasing the capital base by raising additional subordinated loan capital. In relation to the Danish solvency rules, the full potential of subordinated loan capital has already been utilised (around DKK 800m). The subordinated loan capital could be increased by around DKK 880m (after dividends) in relation to Standard & Poor's capital model, at 31 December 2010.

Profit distribution

Dividend policy

Dividend is determined on the basis of the Group's profit distribution policy. Tryg 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 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. The relationship between cash dividend and share buy back is determined by the Supervisory Board, but out of the total distribution at least 50% of the profit for the year must be paid out in cash.

Dividend for the 2010 financial year

Based on Standard & Poor's capital model, the capital requirement is DKK 9,857m and TAC before dividend DKK 10,607m. In this light and based on a profit of DKK 593m, the Supervisory Board proposes that DKK 256m be distributed by way of cash dividend, equivalent to 4 DKK per share.

Capital and dividend

DKKm	2006	2007	2008	2009	2010
Profit for the year	3,211	2,266	846	2,008	593
Cash dividends	2,244	1,156	442	991	256
Cash dividend per share (DKK)	33	17	6.5	15.50	4
Cash payout ratio	70%	51%	52%	49%	43%
Total buy back		1,405		799[a)]	0
Buy back per share (DKK)		21		12.5	0
Total distribution per share (DKK)	33	38	6.5	28	4
Total distribution	2,244	2,561	442	1,790	256
Total payout ratio	70%	113%	52%	89%	43%
Buffer to 'A-' level (%)	**2.4%**	**5.0%**	**16.0%**	**7.7%**	**5.2%**

a) The share buy back programme was based on the profit for 2009, amounted to DKK 799m and was initiated on 16 April 2010 with completion on 7 February 2011.

Risk management

Read about the Supervisory Board's Risk committee in the section Corporate governance on page 62.

Risk management environment and risk identification

The introduction of Solvency II in 2013 will impose stricter requirements with respect to the way in which insurance companies work with and control risk, including the Supervisory Board's involvement in risk and capital management.

See also the section Capital management.

Tryg has for a number of years worked to align the company to such requirements. This involves the Supervisory Board actively defining risk appetite and risk management limits and regularly assessing the overall risk in the company and the resulting capital requirement.

The Group Executive Management's responsibility for the overall risk and capital management is handled in a risk management environment, in which separate committees handle the areas of underwriting and reinsurance, provisions, investment risk, and operational risk and security. Risk management is supported by Tryg's internal capital model and has been developed on an ongoing basis over the past ten years. In addition, we make an annual mapping of risk to identify new risks that cannot currently be assessed using statistical analyses. Such data is compiled in the Group's risk data base, forming the basis for an annual risk report to the Executive Management and the Supervisory Board. The assessment of selected risk scenarios based on this work is incorporated directly in the Group's calculation of the necessary solvency need (individual solvency need).

Underwriting risk and reinsurance

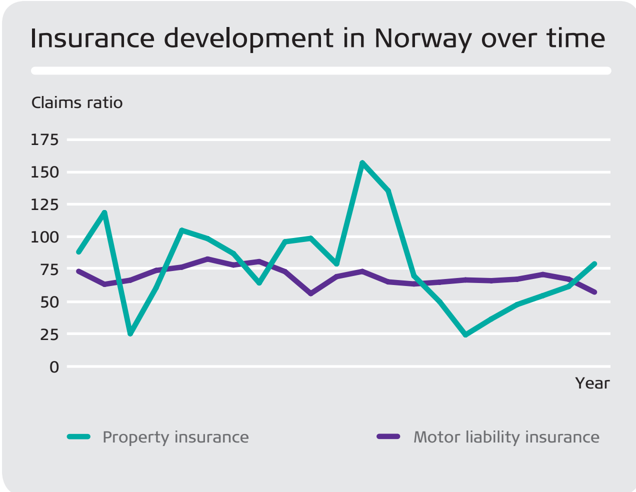
Underwriting

Underwriting risk is the risk related to entering into insurance contracts and thus the risk that premiums charged do not adequately cover the claims which Tryg has to pay when a claim has been reported. The risk can be divided into random variation in relation to estimated payments and the systematic trend of the underlying claims level. Random variation is, for example, a greater-than-expected number of large losses, while a systematic trend could be attributable to an increased frequency of cloudbursts during summer periods or a falling frequency of personal injuries in motor insurances due to safer cars.

The risk of random fluctuations is assessed and managed based on statistical analyses of historical experience for the various lines of business. Systematic shifts in claims levels are also identified by means of statistical methods combined with information about changes in societal, climate-related and other conditions. The insurance premium must be adequate to cover expected claims, but must also comprise a risk premium equal to the return on the part of the Group's capital used to protect against random fluctuations. All other things being equal, this means that insurance lines or areas which, from experience, are subject to major fluctuations, must comprise a larger risk premium.

Tryg's risk mangement environment

The chart headed Insurance development in Norway shows how, in practice, there may be significant variation in the fluctuations observed in different lines, and thus in the underwriting risk of those lines. Underwriting risk is continuously assessed based on analyses in Tryg's internal capital model which provide target premium levels for the respective parts of the insurance business. This applies to definition and updating of tariffs and for individual pricing of major agreements in the corporate area and with business partners. Risk is furthermore managed on an ongoing basis by monitoring profitability, business procedures, acceptance policies, authorities and reinsurance.



Reinsurance

Reinsurance is used to reduce underwriting risk in areas where this is particularly required. The need for reinsurance is assessed on the basis of Tryg's internal capital model, which compares the price of buying reinsurance with the reduced capital need achievable.

With respect to property risks, major events in 2011 are protected by catastrophe reinsurance of DKK 5.5bn with a maximum retention of DKK 100m. The primary risk of one-off events is storm, and the level of cover has been defined using simulation models to the effect that protection would statistically be inadequate less than once every 250 years. The catastrophe reinsurance programme also covers other catastrophe events, including terrorist events up to DKK 4.2bn. We have bought catastrophe reinsurance up to DKK 1.5bn for personal accident and workers' compensation policies with a retention of DKK 50m, covering the risk of multiple injuries from the same cause, including terror.

Denmark has established a guarantee scheme for terror that came into force on 31 March 2010. Under the scheme, the government provides a guarantee of up to DKK 15bn for the total Danish market to cover total claims expenses in excess of DKK 5bn. At 1 January 2011, the Danish Terrorism Insurance Pool for general insurance had protected the first DKK 5bn through reinsurance cover of DKK 4.5bn. Tryg's share of a market claim of DKK 20bn would thus be around DKK 100m, equal to Tryg's market share of the pool's DKK 0.5bn retention.

In addition, Tryg buys reinsurance for certain lines for which experience has shown that claims vary considerably. The largest single risks in our corporate portfolio are property risks protected by reinsurance cover of DKK 1.7bn with a retention of DKK 100m for the first claim and DKK 50m for each subsequent claim. Building and contents risks exceeding the upper level are protected by facultative reinsurance. Other lines covered by reinsurance include liability, motor, fish farms and guarantee insurance.

In case of a major insurance event comprised by the reinsurance programme, we may have major receivables from reinsurers and thus be exposed to credit risk. This risk is managed through requirements to reinsurers' ratings and by spreading reinsurance on several reinsurers.

Reserving risk

After the period of the policy's cover expires, insurance risk relates to the provisions for claims made to cover future payments on claims already incurred. Customers report claims at a certain delay. Depending on the complexity of the claim, a shorter or longer period of time may pass until the amount of 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 actuarial calculations. At 31 December 2010, the provisions for claims amounted to DKK 24,883m. The duration of the provisions, that is, the average period until such amounts are paid out to customers, was 3.2 years at 31 December 2010. Most of the provisions for claims related to personal injury claims. These provisions are exposed to changes in wage developments, the discount rate, disbursement patterns, economic trends, legislation and court decisions.

Read more about the discount rate in the section Investment and interest rate risk.

The calculation of provisions for claims will always be subject to considerable uncertainty. Historically, many insurers have experienced substantial positive as well as negative impacts on profit (run-off) resulting from reserving risk, and that may also be expected to happen in future. Tryg manages reserving risk by pursuing a reserving policy to ensure a uniform process for determining provisions across national borders and insurance lines at all times. This implies that it is based on an underlying model analysis, and that internal control calculations and evaluations are made.

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 Tryg to explicit inflation risk in case of changes in Danish wage inflation. Tryg hedges such risk using an inflation swap.

Major risk types

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

Reserving risk

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

Handled by the Claims reserving committee

Investment risk

The risk that volatility of financial markets impacts the Group's results. Investment risk includes elements such as interest rate risk, equity risk, foreign exchange risk and liquidity risk.

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

Provisions for claims[a] (gross)

Expected cash flow	DKKm
0-1 year	8,044
1-2 year	3,866
2-3 year	2,439
> 3 year	9,906
Total	**24,255**

a) The provisions for claims are excluding Finland and Tryg Garanti.

Investment and interest rate risk

Investment risk is the risk that volatility in the financial markets will impact the results of operations and thus the financial position of the company. Investment assets as well as provisions for claims are exposed to interest rate changes. Tryg aims to match the disbursement profile for discounted provisions for claims with corresponding interest-bearing assets as closely as possible. If interest rates fall, this structure would cause a similar increase in the provisions for claims and the value of the bond portfolio, thereby reducing Tryg's overall exposure to changes in interest rates considerably.

In 2010, Tryg divided the investment activities into two investment portfolios. Read more in the section Investment activities.

Equity and real estate risk

The equity and real estate portfolios are exposed to changes in equity markets and real estate markets, respectively. At 31 December 2010, the equity portfolio accounted for 5.4% of the total investment assets. In 2008, Tryg bought the head office in Ballerup, thereby increasing the proportion of real estate significantly. This proportion is expected to be reduced over time. In addition to the owner-occupied properties, Tryg's real estate portfolio consists of office and rental properties, which account for 9.6% of total investment assets.

Currency risk

Currency risk is kept at a very low level. The Group's premium income in foreign currency is mostly matched by claims and expenses in the same currencies, and thus, only the profit for the period is exposed to currency risk. Tryg uses currency derivatives to hedge the risk of a loss of value of balance sheet items due to exchange rate fluctuations Exchange rate adjustments and hedging of foreign entities are 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. Tryg uses limits and rating requirements to manage credit risk and concentration risk.

See the section Investment activities for an overview of the bond portfolio by rating.

Liquidity risk

Many businesses, in particular financial businesses, have had their access to liquidity significantly impaired during the financial crisis. Tryg is not exposed to the same risk of a lack of liquidity since premiums are due for payment before claims have to be paid out. Most of the payments received are placed in cash accounts or liquid securities ensuring that Tryg will be able to procure the necessary liquidity at all times.

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, Tryg focuses on establishing an adequate controlling environment for the Group's operations. In practice, this 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. Tryg has also set up a security and investigation unit to handle fraud, IT security, physical security and contingency plans.

Tryg 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 Tryg be hit by a major crisis.

Strategic risk

Strategic risk relates to Tryg's choice of strategic position, including IT strategy, flexibility relative to the market, business partners and reputation as well as changed market conditions. The management of strategic risk closely involves the Supervisory Board.

Overall risk exposure

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

Sensitivity on selected changes in underwriting, reserving and market conditions

Insurance risk

Underwriting risk	**DKKm**
Increase in claims expenses of 1%	-156
Decrease in premium rates of 1%	-195
Weather claims of DKK 5.5bn	-254
(Retention plus reinstatement fee)	
Reserving risk	
Increase in social inflation of 1%	-614
Estimation error of e.g. 10%	
on workers' compensation and motor	-1,189

Market risk

Investment risk	
Interest rate market – increase in interest rates of 1%:	
Impact on fixed interest securities	-795
Higher discounting of provisions for claims	706
Impact on Norwegian pension liability	225
Equity market	
15% decline in equity markets	-290
Effect arising from derivatives	37
Real estate market	
15% decline in real estate markets	-584
Currency market	
Decline of 15% of exposed currency	
relative to DKK	-435
Impact derivatives	420

Tryg's managers must create strong results by communicating clearly, sharing knowledge and having a readiness to change.

Corporate governance

Supervisory Board

Mikael Olufsen Bodil Nyboe Andersen Jørn Wendel Andersen Paul Bergqvist Christian Brinch

Mikael Olufsen [a]

Chairman
Born 1943. Joined the Supervisory Board in 2002. Nationality: Danish.

Professional board member. Former CEO of Toms Chokolade-fabrikker A/S.

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

Chairman: TryghedsGruppen smba, Tryg A/S, Tryg Forsikring A/S, Egmont Fonden, Egmont International Holding A/S, Ejendomsselskabet Gothersgade 55 ApS, Ejendomsselskabet Vognmagergade 11 ApS, Malaplast Co. Ltd. Bangkok, Advisory Board of CareWorks Africa Ltd and the Danish Rheumatism Association.

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

Committee memberships: Remuneration committee of Tryg A/S (chairman).

Number of shares held: 3,018.
Change in portfolio in 2010: 0.

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

Bodil Nyboe Andersen [b]

Deputy Chairman
Born 1940. Joined the Supervisory Board in 2006. Nationality: Danish. Former Chairman of the Board of Governors, Danmarks Nationalbank (Danish Central Bank) and Managing Director of Andelsbanken.

Educational background: MSc (Economics)

Chairman: The Laurids Andersen Foundation.

Deputy chairman: Tryg A/S and Tryg Forsikring A/S.

Board member: TV2, The Villum Kann Rasmussen Foundation and The Energy Technological Development and Demonstration Programme.

Committee memberships: Audit committee of Tryg A/S (chairman), Risk committee of Tryg A/S (chairman), Advisory Board of the Nordic Investment Bank and the Committee of Corporate Governance.

Number of shares held: 100.
Change in portfolio in 2010: 0.

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

Jørn Wendel Andersen [a]

Born 1951. Joined the Supervisory Board in 2002. Nationality: Danish. Professional board member and interim management projects. Former CFO, Arla Foods amba.

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

Board member: TryghedsGruppen smba, Tryg A/S and Tryg Forsikring A/S, Nordea Liv & Pension.

Committee memberships: Audit committee of Tryg A/S and Risk committee of Tryg A/S.

Number of shares held: 1,078.
Change in portfolio in 2010: 0.

Mr Wendel Andersen has experience in international management, insurance business, finance, treasury and risk management.

Paul Bergqvist [b]

Born 1946. Joined the Supervisory Board in 2006. Nationality: Swedish. Professional board member. Former CEO of Carlsberg A/S.

Educational background: Economist, engineer.

Chairman: Sverige Bryggerier AB, East Capital Explorer AB, HTC Group AB, Pieno Zvaigzdes AB, Returpack Svenska AB, Norrköpings Segelsällskap and Östkinds Häradsallmänning.

Board member: Tryg A/S, Tryg Forsikring A/S, Lantmännen and Björk Eklund Group AB.

Committee memberships: Remuneration committee of Tryg A/S, Audit committee of East Capital Explorer AB (spokesman) and Nomination committee of East Capital Explorer AB (chairman).

Number of shares held: 100.
Change in portfolio in 2010: 0.

Mr Bergqvist has international management and board experience in M&A, strategic development, marketing, branding and financial management. Being a Swedish citizen, Mr Bergqvist has special insight into Swedish market conditions.

Christian Brinch [b]

Born 1946. Joined the Supervisory Board in 2007. Nationality: Norwegian. Senior Advisor of HitecVision and professional board member. 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: Apply Group AS, Subsea Technology Group AS, HV IV Invest Alfa AS, Helicopter Network AS, Fortissimo AS, Line Consult AS, Gluteus AS and Røa Invest AS.

Deputy chairman: Norges Statsbaner AS and Prosafe SE.

Board member: Tryg A/S, Tryg Forsikring A/S, Kjell A. Østnes AS, Thor Dahl Management AS and Thor Dahl Shipping AS.

Committee memberships: Election committee of Prosafe SE.

Number of shares held: 500.
Change in portfolio in 2010: 0.

Mr Brinch has experience in the areas of M&A, treasury, communication and business development. Being a Norwegian citizen, Mr Brinch has special insight into Norwegian market conditions.

John R. Frederiksen [a]

Born 1948. Joined the Supervisory Board in 2002. Nationality: Danish. CEO, Fortunen A/S and Berco ApS. Former chief executive of Jacob Holm & Sønner A/S and Bastionen A/S.

Educational background: Business training.

Chairman: Hellebo Park P/S, RenHold A/S, Renoflex-Gruppen A/S, Renholdningsselskabet

Tina Snejbjerg | Bill-Owe Johansen | John R. Frederiksen | Jesper Hjulmand | Rune Torgeir Joensen | Lene Skole | Berit Torm

af 1898, Rådgivningsselskabet af 1. september 2009 A/S, SBS Byfornyelse smba, Sjælsø Gruppen A/S, Ejendomsforeningen Danmark, Komplementarselskabet Uglen ApS and Grundejernes Investeringsfond.

Board member: TryghedsGruppen smba, Tryg A/S, Tryg Forsikring A/S, Fortunen A/S, Freja Ejendomme A/S (Statens Ejendomssalg A/S), Højgård Ejendomme A/S, C.W. Obel A/S, C.W. Obel Ejendomme A/S, C.W. Obel Projekt A/S, Obel-LFI Ejendomme A/S, Ejendomsaktieselskabet Knud Højgaards Hus, SSG A/S, 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.

Committee memberships: Remuneration committee of Tryg A/S, Audit committee of Invista Foundation Property Trust Ltd., Invista European Real Estate Trust Sicaf, Audit committee of Sjælsø Gruppen A/S and European Property Federation, Brussels (president).

Number of shares held: 280.
Change in portfolio in 2010: 0.

Mr Frederiksen has mangement and board experience within M&A, strategy, finance and treasury.

Jesper Hjulmand [a)]

Born 1963. Joined the Supervisory Board in 2010. Nationality: Danish. CEO of SEAS-NVE A.m.b.a. Former CFO and CEO of i NVE A.m.b.a. and head of budgets and chief accountant of Rockwool A/S.

Educational background: MSc (Economic and Business Administration) and Lieutenant of the reserve, Danish Air Force.

Chairman: Danske Energi- og Forsyningsselskabers Arbejdsgiverforening (DEA), Energi Danmark A/S, ChoosEV A/S and CAT Invest I A/S.

Board member: TryghedsGruppen smba, Tryg A/S, Tryg Forsikring A/S, DI general council, DI Energibranchen, Waoo! A/S and Forskerparken CAT A/S.

Committee memberships: Chairman of Dansk Energi Direktørudvalg and member of Dansk Energi Fælles Forum.

Number of shares held: 0.
Change in portfolio in 2010: 0.

From his positions with SEAS-NVE and his former work with the Danish Air Force, Mr Hjulmand has experience within M&A, strategy, organisational development, communication and business development.

Bill-Owe Johansson

Elected by the employees
Born 1959. Joined the Supervisory Board in 2010. Nationality: Swedish. Claims handler with Atlantica/Moderna (Swedish subsidiary). Employed in 2002.

Educational background: Various insurance training courses.

Board member: Tryg A/S and Tryg Forsikring A/S.

Number of shares held: 140.
Change in portfolio in 2010: +140.

Lene Skole [b)]

Born 1959. Joined the Supervisory Board in 2010. Nationality: Danish. Executive Vice President, Coloplast A/S 2005. Former CFO of The Maersk Company Ltd., UK.

Educational background: The A.P. Møller Group international shipping education, BSc (Finance) and various international management programmes.

Board member: Tryg A/S, Tryg Forsikring A/S and DFDS A/S.

Committee memberships: Audit committee of Tryg A/S and Risk committee of Tryg A/S.

Number of shares held: 410.
Change in portfolio in 2010: 0.

Ms Skole has experience from international corporations, including her work with Coloplast and The Maersk Company Ltd., UK. Ms Skole has skills within strategy, financing and communication.

Tina Snejbjerg

Elected by the employees
Born 1962. Joined the Supervisory Board in 2010. Nationality: Danish. Administrative officer, Tryg's staff association. Employed since 1987.

Educational background: Insurance training.

Board member: Tryg A/S and Tryg Forsikring A/S.

Committee memberships: DFL's general council.

Number of shares held: 86.
Change in portfolio in 2010: 0.

Rune Torgeir Joensen

Elected by the employees
Born 1956. Joined the Supervisory Board in 2008. Nationality: Norwegian. Project worker with Tryg. Employed since 1984.

Educational background: Printer, market economist, HMS adviser.

Board member: Tryg A/S and Tryg Forsikring A/S.

Committee memberships: Audit committee of Tryg A/S, Risk committee of Tryg A/S and Advisory Board of Tryg Norge.

Number of shares held: 45.
Change in portfolio in 2010: 0.

Berit Torm

Elected by the employees
Born 1959. Joined the Supervisory Board in 2008. Nationality: Danish. Quality assurance manager with Tryg. Employed since 1985.

Educational background: LL.M.

Board member: Tryg A/S and Tryg Forsikring A/S.

Committee memberships: Fureso local council.

Number of shares held: 86.
Change in portfolio in 2010: 0.

a) Dependent board member; that is, affiliated with the principal shareholder, TryghedsGruppen.

b) Independent board member; that is, without any affiliation with Tryg or the principal shareholder, TryghedsGruppen.

Executive Management

Morten Hübbe

CFO/Group Executive Vice President until 31 January 2011
Group CEO as of 1 February 2011

Born 1972. Joined Tryg in 2002. Joined the Group Executive Management in 2003.
Member of the Executive Management of Tryg A/S.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: BSc (International Business Administration and Modern Languages), MSc (Finance and Accounting), management training at Wharton.

Board member: Høyteknologisentret AS.

Number of shares held: 4,801. Change in portfolio in 2010: 0

Christine (Stine) Bosse

CEO/Group CEO. Resigned effective 31 January 2011

Born 1960. Joined Tryg in 1987. Joined the Executive Management in 1999.
Member of the Executive Management of Tryg A/S.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: LL.M., several management training programmes at INSEAD, Wharton and Harvard.

Chairman: BØRNEfonden.

Board member: Nordea, Amlin Plc., Forsikring og Pension, Geneva Association, Rendex-vous de Septembre and INSEAD Danish Council.

Committee memberships: Risk committee of Nordea, Remuneration committee of Amlin Plc, UN Millinium Development Goals Advocacy Group.

Number of shares held: 6,264. Change in portfolio in 2010: 0

Lars Bonde

Group Executive Vice President, Customer Service & Sales – Direct, and Country Manager Denmark. Joined the Executive Management of Tryg A/S as of 1 February 2011

Born 1965. Joined Tryg in 1998. Joined the Group Executive Management in 2006.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: Insurance training, LL.M.

Board member: Danish Employers' Association for the Financial Sector

Number of shares held: 1,643. Change in portfolio in 2010: 0

Martin Bøge Mikkelsen

Group Executive Vice President, Strategy & Human Competencies

Born 1962. Joined Tryg in 1989. Joined the Group Executive Management in 2009.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: Graduate Diplomas in Organisation, Marketing Management and Accounting and management training programmes at Wharton, Ashridge and London Business School.

Number of shares held: 1,911. Change in portfolio in 2010: 0

Kjerstin Fyllingen

Group Executive Vice President, Customer Service & Sales – Partners, and Country Manager Norway

Born 1958. Joined Tryg in 2006. Joined the Group Executive Management in 2006.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: Bachelor of Business Administration and Master of Management.

Board member: Finansnæringens Hovedorganisation and TSS Marine ASA.

Committee memberships: Audit committee of TTS Marine ASA.

Number of shares held: 2,462. Change in portfolio in 2010: 0

Truls Holm Olsen

Group Executive Vice President, Corporate

Born 1964. Joined Tryg in 1998. Joined the Group Executive Management in 2009.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: LL.M.

Board member: Energon AS.

Number of shares held: 17. Change in portfolio in 2010: 0

Birgitte Kartman

Group Executive Vice President, Claims

Born 1960. Joined Tryg in 1996. Joined the Group Executive Management in 2009.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: LL.M.

Number of shares held: 619. Change in portfolio in 2010: 0

Jens Stener

Group Executive Vice President, Corporate Branding & Business Centres

Born 1966. Joined Tryg in 2006. Joined the Group Executive Management in 2009.
Member of the Executive Management of Tryg Forsikring A/S.

Educational background: BSc Business Economics and management training programmes at INSEAD and IMD.

Board member: Leroy Design A/S and Forsikringsakademiet.

Number of shares held: 809. Change in portfolio in 2010: 0

Corporate governance

On 8 April 2010, the Corporate Governance Committee published new corporate governance recommendations and recommended that they be incorporated as from the financial year beginning on 1 January 2010. The Supervisory Board believes that Tryg complies with the recommendations apart from two recommendations. See an explanation of these deviations last in the chapter.

A complete review of the Statutory report on corporate governance with respect to each individual recommendation can be downloaded on tryg.com > Download.

Annual general meeting

Tryg holds its annual general meeting of shareholders each year before the end of April. The Supervisory Board convenes the annual general meeting in accordance with the Danish Companies Act and the company's articles of association, giving not less than three weeks' notice, by way of a company announcement, on tryg.com and in at least one national newspaper. Shareholders may elect to receive the notice by mail or as an electronic notice of the general meeting, or they may download the notice on tryg.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. General meetings are also webcast, enabling stakeholders to view the general meeting on tryg.com during and after the meeting.

Shareholders may propose items to be included in the agenda of the general meeting, and may ask questions at the general meeting. Shareholders may vote in person at the general meeting, vote by correspondence, or appoint the Supervisory Board or a third party as their proxy. The proxy form and form for voting by correspondence will be available on tryg.com on or before 23 March 2011.

The Supervisory Board has resolved that general meetings will be held by physical attendance as the Supervisory Board emphasises the oral dialogue with shareholders. The Supervisory Board and the Executive Management will participate in general meetings where possible, and this has a high priority.

The dialogue between Tryg and its shareholders

Tryg issues press releases and company announcements on a regular basis and publishes annual and interim reports, which are available on tryg.com. Furthermore, Tryg publishes regular IR newsletters on topical issues to shareholders and other stakeholders. This material enables all stakeholders to get a reasonable impression of the Group's position and performance. The financial statements are prepared in accordance with IFRS, and all company announcements and financial statements are published in Danish and English. On tryg.com, stakeholders may receive the latest news as e-mail and RSS feeds.

The Group has a number of in-house guidelines to ensure that disclosures of price-sensitive information are made in accordance with the stock exchange rules of ethics.

Investor Relations maintain regular contact to equity analysts and investors. Investor Relations also organise investor presentations, teleconferences and webcasts with the Group Executive Management and participate in conferences in Denmark and abroad. The Supervisory Board is regularly informed of the dialogue with investors and other stakeholders.

Capital and share structures

The Supervisory Board monitors that Tryg's capital structure is in line with the needs of the Group and its shareholders, and that the capital structure is in compliance with the requirements applicable to Tryg as a financial undertaking. Tryg has adopted a capital plan and a contingency capital plan that are reviewed each year by the Supervisory Board.

See Tryg's Statutory report on corporate social responsibility on tryg.com > Download.

Furthermore, the Supervisory Board performs an annual review of dividend distribution and share buy back. In 2010, the shareholders at the annual general meeting authorised the Supervisory Board to let Tryg acquire own shares within 10% of the share capital in the period up to 14 April 2015.

Takeover bids

The Supervisory Board intends to consider any public takeover bid 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.

Stakeholders and the Group's corporate social responsibility

Identification of stakeholders is an integral part of the strategy review at the Supervisory Board's annual strategy seminar, which always focuses on investors, customers, society and employees. Furthermore, the Supervisory Board receives regular reports about Tryg's largest investors and employee and customer satisfaction reports.

The Group has a number of policies adopted by the Supervisory Board and describing Tryg's relationship with its shareholders. The Group is committed to corporate social responsibility, and the Supervisory Board adopted the latest CSR policy on 5 October 2010. In addition, Tryg has an Investor Relations policy and a Communication policy.

See Tryg's Investor Relations policy on tryg.com > Investor > Contact IR > IR policy.

See Tryg's Communication policy on tryg.com > Press > Communication policy.

See Tryg's CSR policy on tryg.com > CSR > CSR strategy > CSR policy.

Tasks and responsibilities of the Supervisory Board

The Supervisory Board is responsible for the overall management and financial control of Tryg. 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 holds an annual strategy seminar to define and/or adjust the Group's strategy. The Supervisory Board cooperates with the Executive Management to ensure follow-up on and development of the Group's strategies. The Supervisory Board ensures that the required skills and financial resources are available for the Group to achieve its strategic targets. The framework is discussed at the Supervisory Board's annual strategy seminar and budget meeting. The activities of the Supervisory Board are defined in the Group's rules of procedure and annual cycle as approved by the Supervisory Board.

Rules of procedure

The Supervisory Board makes an annual review of and approves rules of procedure for the Supervisory Board and the Executive Management with guidelines and instructions describing reporting requirements and requirements for communication with the Executive Management.

The financial legislation governing Tryg furthermore defines requirements with respect to reporting by the Executive Management to the Supervisory Board on developments in the most important areas of activity.

The Chairman and Deputy Chairman of the Supervisory Board

The Supervisory Board is headed by its Chairman and Deputy Chairman. The Deputy Chairman will act in the Chairman's absence and has the role as a sparring partner for the Chairman.

The tasks of the Chairman and the Deputy Chairman are defined in the rules of procedure for the Supervisory Board. The tasks of the Chairman of the Supervisory Board include chairing and assessing the work of the Supervisory Board, organising, convening and chairing Board meetings and being in charge of the collaboration with the Group Executive Management. The Chairman also acts as spokesman for the Supervisory Board for external purposes.

The Chairman and Deputy Chairman hold preparatory meetings with the Executive Management before all Board meetings and before Board material is distributed. The Chairman and the Deputy Chairman furthermore plan the future composition of the Supervisory Board.

According to the rules of procedure for the Supervisory Board, no Board member may perform work for Tryg without a prior decision to that effect by the Supervisory Board. Furthermore, such task must be of a one-off nature.

Composition and organisation of the Supervisory Board
The Supervisory Board makes an annual assessment of the skills required for the Supervisory Board to perform its duties in the best possible way. The Group focuses on skills within financial business, IT, marketing and management.

The description of skills is available on tryg.com and in the notice convening the annual general meeting.

The Articles of Association provide that the Chairman of the Supervisory Board of TryghedsGruppen smba should also act as Chairman of the Supervisory Board of Tryg A/S. In addition, the Supervisory Board of TryghedsGruppen smba elects three members to the Supervisory Board of Tryg A/S from among the members of TryghedsGruppen smba's Supervisory Board.

The Supervisory Board includes members from Denmark, Sweden and Norway and has four female members.

See the CVs and competency descriptions of the Supervisory Board on tryg.com > Governance > Management > Supervisory Board

See the CVs of all Board members in the section Supervisory Board.

Skills of the Supervisory Board members
The Supervisory Board performs an annual self-assessment of the Supervisory Board's work and its members' skills to assess whether the Supervisory Board has the required skills, or whether the skills and expertise of its members need to be updated in any respects.

Number of Supervisory Board members
The Supervisory Board comprises 12 members, and the Supervisory Board deems the number of members adequate to ensure a constructive debate, sufficient diversification and an efficient decision-making process.

The Supervisory Board discusses the number of Supervisory Board members each year when preparing the annual general meeting.

Independence of the Supervisory Board
Eight members of the Supervisory Board are elected by the shareholders atthe general meeting for a term of one year. Four of the eight members elected by the shareholders are independent members.

The section Supervisory Board and tryg.com describe which Supervisory Board members are considered to be independent members. This is also described in the notice convening the annual general meeting, including in connection with election of new Supervisory Board members.

New Supervisory Board members
The process of selecting new Supervisory Board members is comprehensive and transparent for the Board members. The Chairman and Deputy Chairman are in charge of selecting candidates for the four independent seats on the Supervisory Board and submit the recommendation for choice of candidate to the Supervisory Board.

Prior to the election of new members, the Supervisory Board prepares a description of the candidates' background, professional qualifications and experience. A balanced distribution with respect to, among other things, age, gender and nationality is sought in the composition of the Supervisory Board, and the need for integrating new talent is considered. When taking up office, new Supervisory Board members are given an introduction to the Group.

Supervisory Board members elected by the employees
Under the Danish Companies Act, employees are entitled to elect a number of representatives to the Supervisory Board, equal to half the number of other members at the time employee elections are held. Tryg has agreed with the Group's staff organisations that two Supervisory Board members are elected among the employees in Denmark, one member among the employees in Norway, and one member among the employees in Sweden. The most recent election of a Swedish employee representative was held in 2010. The next ordinary election of the four employee representatives will be held in 2012. Pursuant to the applicable legislation, employee representatives have the same rights, duties and responsibilities as any other members of the Supervisory Board.

Meeting frequency
The Supervisory Board holds at least seven annual meetings and an annual strategy seminar to discuss and define strategies and

goals for the years ahead. In 2010, the Supervisory Board held eight Board meetings and the annual strategy seminar. The Supervisory Board discusses the Supervisory Board's tasks on a regular basis, and no later than at the last meeting of the year, it schedules the meetings of the coming year.

Number of other directorships

The Supervisory Board and the individual Board members deem that each member has adequate time and resources to perform their office as a Supervisory Board member of Tryg in a satisfactory manner.

See the Supervisory Board members' CVs, including position, directorships and holding of Tryg shares and changes in portfolios in the section Supervisory Board and on tryg.com > Governance > Management > Supervisory Board.

Retirement age

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.

The age of each Supervisory Board member is disclosed in the section Supervisory Board.

Term of office

Board members elected by the shareholders at the annual general meeting are elected for terms of one year.

See when the Supervisory Board members joined the Board, were re-elected and when their term expires in the section Supervisory Board.

Board committees

Tryg's Supervisory Board has set up an Audit committee, a Remuneration committee and a Risk committeee. No formal Nomination committee has been set up. The Chairman and the Deputy Chairman of the Supervisory Board perform the duties generally handled by a Nomination committee.

The terms of reference of the Board committees are available on tryg.com.

Information about the Board committees includes descriptions of members, meeting frequency, responsibilities and the activities of the committee during the year. Furthermore, the special qualifications of each Supervisory Board member are described separately on the website.

Two out of four members of the Audit committee and the Risk committee, including the chairman of the committees, are independent. In the Remuneration committee, one of four members is independent, while one of the Chairman and the Deputy Chairman in their joint role as Nomination committee is independent.

Board committee members are primarily elected on the basis of their special skills. It is also considered important to involve the employee representatives in the committees. The committees solely prepare matters for decision by the entire Supervisory Board.

Evaluation of the work of the Supervisory Board and the Executive Management

The Supervisory Board has defined an evaluation procedure for assessing the composition of the Supervisory Board and the work and results of the Supervisory Board and its individual members.

The Chairman is in charge of the evaluation and holds individual assessment interviews with each member of the Supervisory Board at the beginning of the year, which are discussed at the first Board meeting of the year.

The Supervisory Board carries out an annual evaluation of the work and results of the Executive Management according to clearly defined criteria determined in advance and of the cooperation between the Supervisory Board and the Executive Management. In addition, the Supervisory Board reviews and approves the rules of procedure of the Supervisory Board and the Executive Management each year to ensure they are aligned with Tryg's requirements.

Remuneration of the Supervisory Board and the Executive Management

Tryg has adopted a policy for remuneration of the Supervisory Board and the Executive Management, including guidelines for incentive pay.

Board committees

Audit committee

Tryg set up an Audit committee in 2006 covering Tryg A/S and its subsidiaries Tryg Forsikring A/S and Tryg Garantiforsikring A/S. The committee has four members and is chaired by an independent Supervisory Board member who is also Deputy Chairman of the Supervisory Board.

The framework for the Audit committee's work is defined in terms of reference. The committee is solely a preparatory body, supporting the Supervisory Board in its work. The Audit committee has knowledge of and experience in financial matters as well as accounting and audit matters in listed companies.

The Audit committee held four meetings in 2010, reporting to the Supervisory Board on a regular basis. The Audit committee made an assessment of the preceding year's work in August 2010, evaluating the need for changes to its terms of reference.

Members

- Bodil Nyboe Andersen, chairman (independent)
- Lene Skole (independent)
- Jørn Wendel Andersen
- Rune Joensen

Responsibilities

- Review the Group's technical provisions.
- Review the methodology for and calculation of the Group's Individual Solvency Need.
- Review the efficiency of the Group's contingency plans.
- Assess the Group's internal control procedures to prevent fraud.
- Supervise annual and interim financial statements.
- Supervise the audit work performed by the external auditors.
- Review and discuss the results of the work of the internal and external auditors and to supervise management's follow-up on the recommendations reported by the internal and external auditors.
- Ensure that the Group is being monitored by independent auditors and by internal 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 independent member of the Supervisory Board. At present, the committee has one independent member.

The Remuneration committee's work is based on Tryg's remuneration policy and guidelines for incentive pay.

The committee held four meetings in 2010.

Members

- Mikael Olufsen, chairman
- John R. Frederiksen
- Paul Bergqvist (independent)
- Berit Torm

Responsibilities

- Recommend the remuneration policy (including general guidelines for incentive pay) to the Supervisory Board for approval prior to approval by the shareholders.
- Prepare recommendations to the Supervisory Board as to which employees the company considers to be risk-takers.
- Prepare recommendations to the Supervisory Board about elements that should be included in the remuneration of the Supervisory Board and the Executive Management as well as the amount of the specific remuneration.
- Ensure compliance with the adopted remuneration policy (including guidelines for incentive pay).
- Monitor that the information in the annual report on remuneration of the Supervisory Board, the Executive Management and risk-takers is correct, true and adequate.
- Ensure that the Supervisory Board is kept informed of the market level of remuneration paid to the supervisory boards and executive managements of the company's peers, and, on behalf of the Supervisory Board, to follow practice in the area to ensure that any new forms of remuneration are discussed and considered by the Supervisory Board.

Risk committee

In 2010, Tryg established a Risk committee. The purpose of the Risk committee is to support the Supervisory Board in its work with and supervision of capital management and risk management. The overall responsibility rests with the Supervisory Board, while the Risk committee monitors the risk management environment and the related processes. In 2011, the Supervisory Board will determine whether the risk committee should be made permanent.

The committee held three meetings in 2010.

Members

- Bodil Nyboe Andersen, chairman (independent)
- Lene Skole (independent)
- Jørn Wendel Andersen
- Rune Joensen

Responsibilities

- Monitor the company's risk management systems.
- Review the Group's risk assessment.
- Assess and monitor the efficiency of the risk management environment.
- Monitor the implementation of Solvency II in the Group.

The Chairman of the Supervisory Board reports on the Group's remuneration policy each year in connection with the presentation of the annual report at the annual general meeting. The Supervisory Board's proposal for remuneration to the Supervisory Board of Tryg for the current financial year is also submitted for approval by the shareholders at the annual general meeting of each year.

Tryg intends to present a new remuneration policy and new guidelines for incentive pay at the upcoming annual general meeting to be held on 14 April 2011 based, among other things, on legislation changes.

Remuneration of the Supervisory Board

Members of Tryg's Supervisory Board receive a fixed fee and are not part of any form of incentive programme. The Board members' remuneration (basic fee) is fixed on the basis of trends in a peer group, taking into account Board members' required skills and efforts and the scope of the Board work, including number of meetings. The Chairman of the Supervisory Board receives a triple basic fee and the Deputy Chairman receives a double basic fee.

Remuneration of the Executive Management

Members of the Executive Management are employed under service contracts, and all terms of their remuneration are fixed by the Supervisory Board. The Supervisory Board reviews the remuneration of the members of the Executive Management annually based on the requirements for attracting and retaining the best qualified Executive Management members.

In 2010, the Executive Management, Group Executive Management and senior executives were offered a performance-related bonus of up to three months' salary including pension (four months for the Group CEO). The bonus was linked to the achievement of pre-defined benchmarks and paid out in cash. The assessment of benchmark achievement included the Group's overall performance as well as individual performance within the respective areas of responsibility. Specific benchmarks for 2010 were defined within all four perspectives of the balanced scorecard (financial, customer, processes and learning), reflecting 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. The variable pay components would constitute a maximum of 50% of the fixed annual salary including pension in 2010.

Share option programme

In order to build loyalty and motivation, Tryg had a share option programme in 2010 for the Executive Management, Group Executive Management, senior executives and employees to reward outstanding performance. The options, which entitle the holders to buy one share per option, cannot be exercised earlier than three years and not later than five years after grant. The strike price is the market price on grant plus 10%. The exercise price is the strike price less dividend payouts in the period. Options can only be exercised during the open trading windows in connection with profit announcements. Own shares are bought to cover the share option programme.

Total remuneration of the Supervisory Board in 2010

DKK	Fee	Audit committee	Remuneration committee	Total
Mikael Olufsen	900,000		75,000	975,000
Bodil Nyboe Andersen	600,000	225,000		825,000
Jørn Wendel Andersen	300,000	150,000		450,000
Christian Brinch	300,000			300,000
John Rene Frederiksen	300,000		50,000	350,000
Paul Bergqvist	300,000		50,000	350,000
Jesper Hjulmand	300,000			300,000
Lene Skole	300,000	150,000		450,000
Tina Snejbjerg	300,000			300,000
Bill-Owe Johansson	300,000			300,000
Rune Torgeir Joensen	300,000	150,000		450,000
Berit Torm	300,000		50,000	350,000

In 2010, the share options entitled the holders to acquire shares at the average price of Tryg shares (all trades) as quoted on OMX Copenhagen on 23 February 2010 plus a 10% premium, equal to a strike price of DKK 352.04.

Retention and severance schemes

Each member of the Executive Management is entitled to 12 months' notice of termination and to 12 months' severance pay. However, the Group CEO is entitled to 12 months' notice and to 18 months' severance pay plus pension contributions during such period.

The going concern assumption

When discussing and adopting the annual report for 2010, the Supervisory Board considers whether the financial statements have been prepared on the assumption that the business is a going concern, including assumptions and uncertainties.

Risk management and internal control

Being an insurance business, Tryg is subject to the risk management requirements of the Danish Financial Business Act. In its capital and risk management instructions, the Supervisory Board defines the framework for risk management in Tryg 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 committee comprising the Group CEO, Group CFO and Group CRO monitors the risk management environment.

Tryg performs an annual risk identification process mapping insurance risk and other risks related to the achievement of the Group's strategy or which may have a potential substantial impact on the Group's financial position. In this process, identified risks are recorded and quantified. The risk mapping is included in the annual risk reporting to the Supervisory Board, and the quarterly quantification of identified risks is included in the calculation of the individual solvency need.

The Executive Management reports to the Supervisory Board on the Group's risk management work. The overall responsibility for the Group's internal controls and risk management systems in connection with the financial reporting process rests with the Supervisory Board and the Executive Management. The Supervisory Board and the Executive Management approve and monitor the Group's general policies, procedures and controls in key areas in relation to the financial reporting process, including compliance with relevant legislation and regulations, internal business procedures, limits and segregation of responsibilities, continuous monitoring of significant risks. A compliance status

Total remuneration of the Executive Management in 2010

DKK	Basic salary	Bonus	Pension	Car	I alt
Stine Bosse	6,188,280	1,031,380	1,547,070	255,000	9,021,730
Morten Hübbe	3,822,000	637,000	955,000	255,000	5,669,500
Peter Falkenham (resigned September 2010)	3,244,500	270,375	811,125	255,000	4,581,000

Share option programme

Options	2006	2007	2008	2009	2010	Total
Stine Bosse	20,960	13,527	24,597	18,066	22,690	99,840
Morten Hübbe	7,860	7,101	15,916	11,690	14,682	57,249
Peter Falkenham	0	5,072	11,575	8,502	10,678	35,827
Other option programme participants	53,710	112,990	183,003	137,576	178,849	666,128
Total no. of outstanding share options	**82,530**	**138,690**	**235,091**	**175,834**	**226,899**	**859,044**

is reported annually to the Supervisory Board in connection with approval of the Group's risk management instructions. However, any non-compliance with limits and guidelines that may occur is reported immediately to the Supervisory Board.

In connection with major acquisitions, a general risk analysis is performed, and the significant business procedures and internal controls are reviewed. The Executive Management has established a formal Group reporting process which comprises monthly reporting, including budget reporting and deviation reporting. The Group's internal control systems are based, among other things, on clear organisational structures and guidelines, general IT controls and segregation of duties, which are supervised by the internal auditors.

Whistleblowing scheme

Tryg is in the process of setting up an Ethical Line through which employees, customers or business partners may report on serious matters related to breach of law or internal guidelines. The line will come into effect when it has been approved by the Danish data protection agency.

Openness about risk management

Risk management is an integral part of Tryg's business operations. The Group continuously seeks to minimise the risk of unnecessary losses in order to optimise return relative to the company's capital.

Read more about the Group's risk management in the section Risk management.

Audit

The Supervisory Board ensures that the Group is monitored by competent and independent auditors. The Group's internal auditor participates in all Board meetings. The external auditors participate in the annual Board meeting at which the annual report is presented.

Each year, the annual general meeting appoints external auditors recommended by the Supervisory Board. In connection with the Supervisory Board's review of the annual report, it discusses the accounting policies, among other issues. 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. The internal and external auditors' long-form reports are reviewed by the Supervisory Board.

The audit agreement with the external auditors, including the auditors' fees, is concluded between the Audit committee and the auditors. The Audit committee reviews the limits for the external auditors' performance of non-audit services each year.

In at least one Audit committee meeting each year, the internal and external auditors have a dialogue without the presence of the Executive Management. The Audit committee will handle any matters that need to be reported to the Supervisory Board.

Internal audit

Tryg has set up an internal audit department in compliance with the Danish Financial Business Act. The 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.

Deviations and explanations

The Supervisory Board believes that Tryg complies with the recommendations apart from:

Recommendation 5.10.2 in that a majority of the members of the board committees cannot be considered to be independent members. Board committee members are primarily elected on the basis of their special skills. It is also considered important to involve the employee representatives in the committees.

Recommendation 6.1.8 in that the service contracts with the Executive Management do not include a right to reclaim variable components of remuneration in exceptional cases. The variable component of the Executive Management's remuneration is deemed to be modest, and the Supervisory Board has therefore deemed that a claw-back provision would not be necessary.

Shareholder information

Financial calendar 2011

14 April 2011 at 14:00	Annual general meeting 2011
15 April 2011	Tryg shares trade ex-dividend
20 April 2011	Payment of dividend
11 May 2011 after 17:00	Interim report for Q1 2011
17 August 2011 after 17:00	Interim report for H1 2011
9 November 2011 after 17:00	Interim report for Q1-Q3 2011

Tryg emphasises openness, transparency and accommodation of stakeholder information requirements, thereby providing investors, equity analysts and other stakeholders with a good basis for forming a correct picture of the Group's financial position, its performance and its opportunities and risks.

The Group's Investor Relations strive to maintain a high level of information by

- being available and proactive, and answering queries from investors and other stakeholders as promptly as possible
- having in-depth insight into and knowledge of the Group as well as relevant external trends
- preparing plain and relevant written communication and presentation material
- having a website that is of relevance to professional and private investors alike

Information that may influence the pricing of Tryg shares is published in accordance with the rules applicable to the distribution of news in the EU. The Group's website is updated simultaneously with the release of new information. In addition, information is distributed directly to the London Stock Exchange, the press, equity analysts, investors and other stakeholders. All financial information may be downloaded on tryg.com/investor, where stakeholders may also order reports and subscribe for news, reports and RSS feeds.

In accordance with the recommendations issued by Nasdaq OMX Copenhagen, Tryg refrains from commenting on matters relating to financial performance or forecasts during a period of four weeks prior to the release of financial reports.

Share price performance in 2010
Tryg shares opened 2010 at DKK 351.5 and ended the year at DKK 257.5. Including dividends of DKK 15.5, the share thus fell 22.3% in 2010. Tryg shares underperformed the market in general in 2010, with the OMX C20 increasing by 35.9% while the DJ Euro Insurance Index was at the same level as in 2009.

The performance of Tryg shares in 2010 was affected by a lower-than-expected earnings level. This was to a large extent attributable to several extraordinary events as described earlier in the sections on performance, which reduced earnings by DKK 1.4bn.

Turnover of Tryg shares and share buy back
Tryg shares had an average daily turnover of DKK 43.1m in 2010 compared with DKK 27m in 2009. The total turnover of Tryg shares for all of 2010 on Nasdaq OMX Copenhagen

Most active stockbrokers [a]

1. Danske Bank	11.5%
2. Carnegie	10.9%
3. Nordea	10.5%
5. SEB Enskilda	7.4%
6. Credit Suisse Securities	6.9%
7. Morgan Stanley	5.3%
8. Deutsche Bank	5.2%

a) In terms of percentage of turnover on Nasdaq OMX Copenhagen.

was DKK 12.1bn including OTC transactions (over the counter) compared with DKK 6.7bn in 2009. New trading platforms such as Chi-X, Turqouise and Burgundy accounted for around 5% of all trades in Tryg shares in 2010. In addition MTF transactions accounted for DKK 4.4bn. MTF transactions account for 22% of all Tryg share transactions.

On 16 April 2010, Tryg initiated a share buy back programme running until 7 February 2011. During the period, Tryg bought 2,615,470 own shares at a total price of DKK 799m. Tryg holds a total of 3,495,322 shares as own shares, corresponding to 5.8%. The total number of shares is 63,931,573. The acquired shares will be cancelled in June 2011.

Share capital and ownership

Tryg has a total share capital of DKK 1,598,289,325 comprised of a single class of shares (63,931,573 shares of DKK 25 nominal value each), and all shares rank pari passu. The principal shareholder, TryghedsGruppen smba, Kgs. Lyngby, Denmark, holds 60% of the issued shares.

TryghedsGruppen is the only shareholder besides Tryg with an ownership of more than 5%. TryghedsGruppen invests in Nordic businesses that promote peace of mind and health, and supports benevolent activities.

Read more about TryghedsGruppen on tryghedsgruppen.dk.

At 31 December 2010, the 40% free float was distributed among 28,608 registered shareholders. The 200 largest shareholders held 73.2% of the free float. At 31 December 2010, Tryg held own shares corresponding to 5.2% of the share capital.

Dialogue with investors

The Executive Management and Investor Relations meet with institutional investors and equity analysts each quarter after the publication of financial statements. In 2010, Tryg held around 285 investor meetings and participated in 12 investor conferences. Tryg also participated in five events for private shareholders in Denmark.

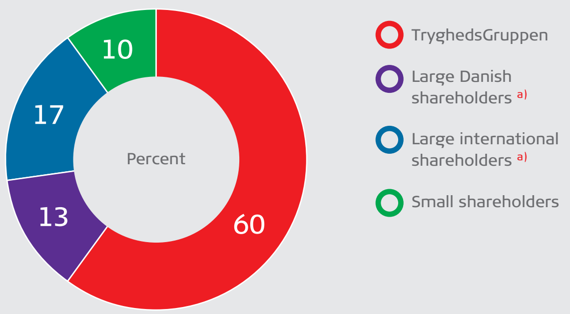
The Group's performance is followed by 21 equity analysts, six of whom are based in London. The equity analysts' recommendations with respect to Tryg shares are available on tryg.com. The website, which is available in a Danish and an English version, is being updated and developed on an ongoing basis, making it an important source for providing information about the Group's performance to interested investors.

In 2010, Tryg's Investor Relations department issued an IR newsletter about winter losses in the year. Newsletters are issued when deemed appropriate and deal with topical issues in order to create a better understanding of factors of importance to Tryg's performance.

The newsletter can be downloaded on tryg.com > Investor.

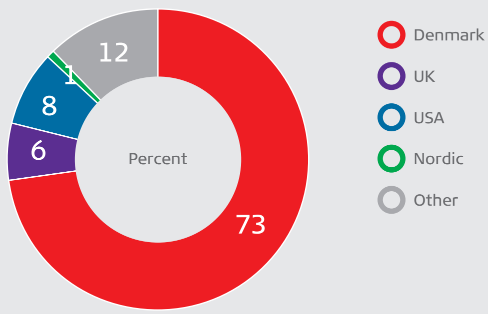
Shareholders

At 31 December 2010



Equities by geography

At 31 December 2010



a) Shareholders with more than 10,000 shares.

Annual general meeting

Tryg's annual general meeting will be held on 14 April 2011 at 14:00 CET at Falkoner Centret, Falkoner Alle 9, 2000 Frederiksberg, Denmark. The invitation to attend the meeting will be advertised in the daily press in March 2011 and will be sent to shareholders who so request. Notice of the meeting will also be posted on tryg.com. Shareholders unable to attend the annual general meeting may follow it live via webcast on tryg.com.

Read about dividends for 2010 in the section Capital management and profit distribution.

Queries relating to the annual general meeting

Bjarne Lau Pedersen, Chief Legal Adviser
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bjarne.lau@tryg.dk

Ole Søeberg, Investor Relations Director
+45 40 30 00 04
ole.soeberg@tryg.dk

Company announcements published in 2010

Date	No. [a]	Company announcement
25.02.2010	1	Fourth quarter 2009 results
25.02.2010	2	Annual report 2009
25.02.2010	3	TrygVesta Forsikring AS Annual report 2009
11.03.2010	4	TrygVesta sells marine hull business
15.03.2010	5	TrygVesta changes name to Tryg
18.03.2010	6	Notice of the annual general meeting of TrygVesta A/S
25.03.2010	7	TryghedsGruppen's candidates for TrygVesta's Supervisory Board
29.03.2010	8	Election of Swedish employee representative
09.04.2010	9	Effect of winter claims in Q1 2010
15.04.2010	10	Resolutions from annual general meeting
16.04.2010	11	TrygVesta initiates share buy back programme
29.04.2010	13	Sale of marine hull business completed
21.05.2010	17	First quarter 2010 report
01.07.2010	24	Moderna becomes a branch of Tryg
10.08.2010	30	Historical financial data in new reporting structure
17.08.2010	32	Q2 and H1 2010 report
23.08.2010	34	Financial calendar 2011a
06.09.2010	36	Management change
15.10.2010	43	Market update prior to Q3 2010 report
10.11.2010	48	Revised financial calendar for 2010 and 2011
15.11.2010	50	Interim report for Q1-Q3 2010

a) After implementing the share buy back programme on 16 April 2010, Tryg issued a company announcement on the weekly share buy backs each week in 2010 until 8 February 2011.


Velkommen

Tryg's financial statements
are prepared in accordance
with IFRS and published
in Danish and English.

Contents – Accounts

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 2010 of Tryg A/S and the Tryg 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 2010 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 2010.

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 that the annual report be adopted by the shareholders at the annual general meeting

Ballerup, 9 february 2011

Executive Management

Morten Hübbe
Group CEO

Lars Bonde
Group Executive Vice President

Bestyrelse

Mikael Olufsen
Chairman

Bodil Nyboe Andersen
Deputy Chairman

Jørn Wendel Andersen

John R. Frederiksen

Lene Skole-Sørensen

Jesper Hjulmand

Paul Bergqvist

Christian Brinch

Bill-Owe Johansson

Rune Torgeir Joensen

Tina Snejbjerg

Berit Torm

Independent auditor's report

To the shareholders of Tryg A/S

We have audited the consolidated and parent financial statements of Tryg A/S for the financial year 1 January to 31 December 2010, which comprise the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies as well as the management's report, for the Group and the Parent, and the statement of comprehensive income and cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Business Act. In addition, the consolidated and parent financial statements have been prepared in accordance with additional Danish disclosure requirements for listed companies. The management's report has been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated and parent financial statements and the management's report

Management is responsible for the preparation and fair presentation of consolidated and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the parent financial statements, as well as in accordance with additional Danish disclosure requirements for listed companies, and for the preparation of a management's report that contains a fair review in accordance with the Danish Financial Business Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated and parent financial statements and a management's report that are 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.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated and parent financial statements and this management's report is based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and parent financial statements and the management's report are free from materiel misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and parent financial statements and the management's report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and parent financial statements and the management's report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of consolidated and parent financial statements and to the fair review of a management's 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the entity's accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated and parent financial statements and the management's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2010, and of its financial performance and its cash flows for the financial year 1 January to 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2010, and of its financial performance for the financial year 1 January to 31 December 2010 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for listed companies. Moreover, in our opinion, the management's report contains a fair review in accordance with the Danish Financial Business Act.

Ballerup, 9 February 2011

Deloitte

Statsautoriseret Revisionsaktieselskab

Lars Kronow	Lone Møller Olsen
State Authorised Public Accountant	State Authorised Public Accountant

Income statement

DKKm		2009	2010
Notes	**General insurance**		
	Gross premiums written	17,883	19,939
	Ceded insurance premiums	-824	-1,054
	Change in provisions for unearned premiums	91	-382
	Change in reinsurers' share of provisions for unearned premiums	-62	47
2	**Earned premiums, net of reinsurance**	**17,088**	**18,550**
3	**Technical interest, net of reinsurance**	**158**	**134**
	Claims paid	-13,148	-14,809
	Reinsurance recoveries	253	391
	Change in provisions for claims	266	-808
	Change in the reinsurers' share of provisions for claims	32	211
4	**Claims incurred, net of reinsurance**	**-12,597**	**-15,015**
	Bonus and premium rebates	**-112**	**-82**
	Acquisition costs	-2,214	-2,406
	Administrative expenses	-842	-898
	Acquisition costs and administrative expenses	-3,056	-3,304
	Commission and profit commission from the reinsurers	81	92
5	**Insurance operating expenses, net of reinsurance**	**-2,975**	**-3,212**
6	**Technical result**	**1,562**	**375**
	Investment activities		
14	Income from associates	0	-5
	Income from investment properties	136	128
7	Interest income and dividends	1,287	1,133
8	Value adjustment	734	238
7	Interest expenses	-116	-96
	Investment management charges	-110	-76
	Total return on investment activities	**1,931**	**1,322**
3	Interest on insurance provisions	-845	-752
	Total return on investment activities after technical interest	**1,086**	**570**
	Other income	123	162
	Other expenses	-161	-166
	Profit/loss before tax	**2,610**	**941**
9	Tax	-625	-265
	Profit/loss on continuing business	**1,985**	**676**
10	Profit/loss on discontinued and divested business	23	-83
	Profit/loss for the year	**2,008**	**593**
27	Earnings per share - continuing business of DKK 25	31.3	10.8
	Earnings per share of DKK 25	31.7	9.5
	Diluted earnings per share of DKK 25	31.7	9.5

Statement of comprehensive income

DKKm		2009	2010
Notes	Adjustment beginning of year cf note 1	-35	0
	Change in equalisation provision	0	1
	Revaluation of owner-occupied properties for the year	9	19
	Tax on owner-occupied properties for the year	-2	-5
	Exchange rate adjustment of foreign entities for the year	505	330
	Hedging of currency exposure in foreign entities for the year	-474	-328
	Tax on hedging of currency exposure in foreign entities for the year	119	82
	Deferred tax on provision for contingency funds	0	68
	Actuarial gains/losses on defined benefit pension plans	28	-228
	Tax on actuarial gains/losses on defined benefit pension plans	-7	63
	Net income/expense recognised in equity	**143**	**2**
	Profit for the year	2,008	593
	Total comprehensive income	**2,151**	**595**

Statement of financial position

DKKm		2009	2010
Notes	**Assets**		
11	**Intangible assets**	**934**	**968**
	Operating equipment	83	118
	Owner-occupied property	1,358	1,385
	Assets under construction	172	353
12	**Total property, plant and equipment**	**1,613**	**1,856**
13	**Investment property**	**2,364**	**2,158**
14	Investments in associates	17	13
	Total investments in associates	**17**	**13**
	Equity investments	381	184
	Unit trust units	2,143	2,268
	Bonds	29,410	34,643
	Deposits in credit institutions	2,938	2,755
	Total other financial investment assets	**34,872**	**39,850**
	Deposits with ceding undertakings, receivable	**15**	**15**
15	**Total investment assets**	**37,268**	**42,036**
16	Reinsurers' share of provisions for unearned premiums	195	154
21	Reinsurers' share of provisions for claims	1,125	1,434
16	**Total reinsurers' share of provisions for insurance contracts**	**1,320**	**1,588**
	Receivables from policyholders	967	1,110
	Total receivables in relation to direct insurance contracts	967	1,110
	Receivables from insurance enterprises	271	211
	Other receivables	1,190	862
15	**Total receivables**	**2,428**	**2,183**
17	Current tax assets	0	196
23	Deferred tax assets	86	104
15	Cash in hand and at bank	512	857
	Other	4	21
	Total other assets	**602**	**1,178**
	Accrued interest and rent earned	417	609
	Other prepayments and accrued income	158	173
	Total prepayments and accrued income	**575**	**782**
	Total assets	**44,740**	**50,591**

Statement of financial position

DKKm		2009	2010
Notes	**Liabilities**		
18	**Shareholders' equity**	**9,631**	**8,458**
20	**Subordinate loan capital**	**1,586**	**1,591**
21	Provisions for unearned premiums	6,208	6,819
21	Provisions for claims	22,470	24,883
	Provisions for bonuses and premium rebates	364	329
	Total provisions for insurance contracts	**29,042**	**32,031**
22	Pensions and similar obligations	496	671
23	Deferred tax liability	1,330	1,387
24	Other provisions	6	1
	Total provisions	**1,832**	**2,059**
	Debt related to direct insurance	383	419
	Debt related to reinsurance	168	187
25	Debt to credit institutions	611	30
17	Current tax liabilities	303	106
26	Other debt	989	5,353
	Total debt	**2,454**	**6,095**
	Accruals and deferred income	**195**	**357**
	Total liabilities and equity	**44,740**	**50,591**

1 **Accounting policies**
19 **Capital adequacy**
27 **Earnings per share**
28 **Contractual obligations, contingent liabilities and collateral**
29 **Acquisition of subsidiary**
30 **Related parties**
31 **Financial highlights**

Statement of changes in equity

DKKm	Share capital	Revalua-tion-reserves	Reserve for exchange rate adj.	Equali-sation-reserve	Other reserves	Retained earnings	Proposed dividents	Total
Shareholders' equity at 31 Dec. 2008	**1,700**	**7**	**-134**	**58**	**749**	**5,422**	**442**	**8,244**
2009								
Adjustment beginning of year cf note 1						-35		-35
Profit for the year					201	816	991	2,008
Revaluation of owner-occupied properties		9						9
Exchange rate adjustment of foreign entities			487			18		505
Hedge of foreign currency risk in foreign entities			-474					-474
Actuarial gains and losses on pension obligation						28		28
Tax on equity entries		-2	119			-7		110
Total comprehensive income	0	7	132	0	201	820	991	2,151
Nullification of own shares	-102					102		0
Dividend paid							-442	-442
Dividend own shares						32		32
Purchase of own shares						-418		-418
Exercise of share options						19		19
Issue of employee shares						30		30
Issue of share options						15		15
Total equity entries in 2009	**-102**	**7**	**132**	**0**	**201**	**600**	**549**	**1,387**
Shareholders' equity at 31 Dec. 2009	**1,598**	**14**	**-2**	**58**	**950**	**6,022**	**991**	**9,631**
Shareholders' equity at 31 Dec. 2009	**1,598**	**14**	**-2**	**58**	**950**	**6,022**	**991**	**9,631**
2010								
Profit for the period					128	209	256	593
Change in equalisation provision				1				1
Revaluation of owner-occupied properties		19						19
Exchange rate adjustment of foreign entities			330					330
Hedge of foreign currency risk in foreign entities			-328					-328
Actuarial gains and losses on pension obligation						-228		-228
Tax on equity entries		-5	82			131		208
Total comprehensive income	0	14	84	1	128	112	256	595
Dividend paid							-991	-991
Dividend own shares						14		14
Purchase of own shares						-816		-816
Exercise of share options						9		9
Issue of share options						16		16
Total equity entries in 2010	**0**	**14**	**84**	**1**	**128**	**-665**	**-735**	**-1,173**
Shareholders' equity at 31 Dec. 2010	**1,598**	**28**	**82**	**59**	**1,078**	**5,357**	**256**	**8,458**

Statement of changes in equity

Proposed dividend per share DKK 4.00 (in 2009 DKK 15.50)
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 (63,931,573). The dividend is not paid until approved by the shareholders at the annual general meeting of the subsequent year.

Tryg Forsikring A/S' Norwegian branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 2,887m (in 2009 DKK 2,599m) Tryg Forsikring A/S' Swedish branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 194m (in 2009 DKK 369m). In Tryg Forsikring A/S, these provisions, due to their nature as additional provisions, are included in shareholders' equity (retained earnings), net of deferred tax. Tryg Forsikring A/S' option to pay dividend to Tryg 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 Tryg Forsikring A/S. Tryg Garantiforsikring A/S has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

Statement of cashflows

DKKm		2009	2010
Notes	**Cash generated from operations**		
	Premiums	18,011	19,911
	Claims paid	-13,170	-14,801
	Ceded business	-529	-552
	Expenses	-2,946	-3,172
	Change in other payables and other amounts receivable	-191	-314
	Cash flow from insurance operations	**1,175**	**1,072**
	Interest income	1,573	1,132
	Interest expenses	-173	-96
	Dividend received	14	10
	Taxes	-349	-482
	Other items	-42	-5
	Cash generated from operations, continuing business	**2,198**	**1,631**
	Cash generated from operations, discontinued and divested business	-2	-20
	Total cash generated from operations	**2,196**	**1,611**
	Investments		
	Acquisition and refurbishment of real property	-203	-210
	Sale of real property	1	339
	Acquisition of equity investments and unit trust units (net)	14	441
	Purchase/Sale of bonds (net)	1,411	593
	Deposits in Credit institutions	-1,850	265
	Purchase/sale of operating equipment (net)	-166	-31
29	Acquisition of subsidiares	-939	0
29	Acquisition of subsidiares, cash and cash equivalents	605	0
	Foreign currency hedging	-474	-328
	Investments, continuing business	**-1,601**	**1,069**
	Total investments	**-1,601**	**1,069**
	Funding		
	Purchase of own shares	-334	-807
	Subordinated loan capital	485	0
	Dividend paid	-442	-991
	Change in debt to credit institutions	-98	-581
	Funding, continuing business	**-389**	**-2,379**
	Total funding	**-389**	**-2,379**
	Change in cash and cash equivalents, net	**206**	**301**
	Price adjustment of cash and cash equivalents, beginning of year	24	44
	Change in cash and cash equivalents, gross	**230**	**345**
	Cash and cash equivalents, beginning of year	282	512
	Cash and cash equivalents, end of year	**512**	**857**

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 2010 and in accordance with the Danish Statutory Order on Adoption of IFRS.

The annual report of the parent company is prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA. 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.

Corrections

The method to calculate holiday-pay obligations, etc., under IFRS has been adjusted over the recent years and Tryg has decided to adopt the latest and most generally accepted method. This has resulted in a DKK 35m increase in holiday-pay obligations and recognised in equity.

Changes in accounting policies

From 1 January 2010, the operating business segments in Tryg are Private Nordic, Commercial Nordic and Corporate Nordic.

The comparative figures are restated to reflect the disposal of the renewal rights of the Marine Hull portfolio. The total result of the Marine Hull portfolio is presented in Profit/loss on discontinued and divested business.

Accounting policies are unchanged from the annual report 2009.

Implementation of accounting standards in 2010

In 2010, the Group implemented the following standards and interpretations:

- Amendments to IFRS 2 'Share-based Payments'
- Amendments to IFRS 3 'Business Combinations'
- Amendments to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- Amendments to IFRS 8 'Operating Segments'
- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 7 'Statement of Cashflow'
- Amendments to IAS 17 'Leases'
- Amendments to IAS 31 'Interests in Joint Ventures: consequential amendments arising from amendments to IFRS 3'
- Amendments to IAS 32 'Financial Instruments: Presentation – classification of right issues'
- Amendments to IAS 36 'Impairment of Assets'
- Amendments to IAS 39 'Financial Instruments: recognition and measurement – Embedded derivatives when reclassifying financial instruments' Amendments to IFRIC 16 'Hedges of a net Investment in a foreign Operation'
- IFRIC 17 'Distributions of Non-cash Assets to Owners', IFRIC 18 'transfer of Assets from Customers'

The implementation of the new standards and interpretations has not affected recognition and measurement in 2010, but solely affected the disclosures to be included in the annual report.

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. The interpretations are approved by EU but are not yet been effective.

- Amendments to IFRS 7 'Financial Instruments: Disclosure'
- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 24 'Related Party Disclosures: Revised definition of related parties'
- Amendments to IAS 27 'Consolidated and separate financial statements'
- Amendments to IAS 34 'Interim Financial Reporting'
- Amendments to IFRIC 13 'Customer Loyalty Programmes', IFRIC 14 'The Limit on a Defined Benefit Asset'
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

The changes will be implemented going forward from 2011.

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 judgment in the process of applying the Group'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
- Measurement of goodwill

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 Tryg 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 Tryg Group establishes claims provisions covering both known 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 Tryg 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 Tryg Group.

The projection for claims provisions 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 Tryg 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 eurodenominated 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. This has the greatest impact on assumptions with respect to interest rates and inflation.

Defined benefit pension schemes
The Group 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 net obligation with respect to the defined benefit plan is based on actuarial calculations involving a number of assumptions. These assumptions include discount rate, salary adjustment and mortality.'

In 2010, the rules relating to AFP (flexible pension scheme in Norway) were changed to the effect that AFP will be treated as a defined contribution plan in future. This change resulted in a total change of estimates of DKK 40m, which amount has been recognised as income.

Fair value of financial assets
Measurements of financial assets for which prices are quoted in an active 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.

Measurement of goodwill
Goodwill was acquired in connection with acquisition of businesses. Goodwill is allocated to the cash-generating units under which management manages the investment. The carrying amount is tested for impairment at least annually. Impairment testing involves estimates of future cash flows and is affected by a number of factors, including discount rates and other circumstances dependent on economic trends, such as customer behaviour and competition.

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 statement of financial position 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 statement of financial position 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 Tryg A/S (the parent company) and 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 statement of financial position. 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 consolidated companies (including 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.

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 Tryg 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 Tryg 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 of the enterprise 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.

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.

The 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 Tryg Group are Private Nordic, Commercial Nordic and Corporate Nordic.

Geographical information is presented on the basis of the economic environment in which the Tryg 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 managed at Group level.

Ratios
Earnings per share (EPS) are calculated according to IAS 33. Other key ratios are calculated in accordance with "Recommendations and Ratios 2010" issued by the Danish Society of Financial Analysts and the executive order on financial reports presented by insurance companies and lateral pension funds 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 relates to unexpired risks at the balance sheet date is reported as the reinsurers' share of provisions for unearned premiums.

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

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

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

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

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

Tryg hedges the risk of changes in future wage and price figures for provisions for workers' compensation. Tryg uses zero coupon inflation swaps 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 recognised when a legal obligation occurs and is accrued over the term of the policy. 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 statement of financial position, 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 Tryg Group's incentive programmes comprise share option programmes 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 Group'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 Group'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, half-year and quarterly reports and in accordance with Tryg's in-house rules on trading in the Group's shares. The options are settled in shares. A part of the Group'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 for employees and members of the Executive Management 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 and dividends represent interest earned and dividends received during the financial year.

Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of investment properties, 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 include income and expenses which cannot be ascribed to Tryg's insurance portfolio or investment assets, including the sale of products for Nordea Liv og Pension.

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

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

The comparative figures, including five-year financial highlights and key ratios, have been restated to reflect discontinued business. Discontinued and divested business in the income statement includes the profit/loss after tax of the sale of the right to renew the marine hull business in 2010. Discontinued business also comprises the Tryg Forsikring A/S run-off business and the divestment of the subsidiary Chevanstell Ltd. UK (2006).

Statement of financial position

Intangible assets

Goodwill

Goodwill was acquired in connection with acquisition of business. Goodwill is calculated as the difference between the cost of the undertaking and the fair value of acquired identifiable assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is allocated to the cash-generating units under which management manages the investment and is recognised under intangible assets.

Trademarks and customer relations

Trademarks and customer relations have been identified as intangible assets on acquisition. The intangible assets are recognised at fair value at the time of acquisition and amortised on a straight-line basis over the expected useful lives of 5–12 years.

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 amortised on a straight-line basis over the expected useful life, however with a maximum period of four 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 of 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.

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 Tryg 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 when incurred.

Depreciation on owner-occupied property is calculated using straight-line method using the estimated useful lives up to 50 years. Land is not depreciated.

Assets under construction

In connection with the refurbishment of the owner-occupied properties, costs to be capitalised are 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 test for intangible assets and property, plant and equipment
The carrying amounts of intangible assets and property, plant and equipment are tested at least once a year for impairment for each cash-generating unit to which the asset belongs. The asset is written down to the recoverable amount if the carrying amount of the asset is higher than the recoverable amount.

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 statement of financial position, 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.

Balance sheet items of foreign subsidiaries are translated at the exchange rate ruling at the balance sheet date.

Investments in associates
Associates are enterprises over which the Group has significant influence but not control, generally accompanying an ownership interest 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. Income is made up after elimination of unrealised intra-group profits and losses.

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 income.

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.

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 derivates in the form of futures and options are used from time to time to adjust share exposures.

Derivatives are recognised from the trade date and measured at fair value in the statement of financial position. 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.

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.

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 entities and which provide effective currency hedging of the net investment are recognised directly in equity. The net asset value of the foreign entities estimated at 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. 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 in hand and at bank 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.

Dividends
Proposed dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration).

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 for employee shares and the share option programmes and share buyback programme.

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 (earned premiums) proportionally over the period of coverage and, where necessary, adjusted to reflect any time variation of the risk. The portion of premiums 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 that 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 line of business based on actuarial methods. Where such business lines encompass more than one business area, short-tail provisions for claims are distributed based on number of claims reported while long-tail provisions for claims are distributed based on premiums earned. The models currently used are Chain-Ladder, Bornhuetter-Ferguson, the Loss Ratio method and De Vylder's credibility method. 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 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 expected future development of claims. For example, this is the case with legislative changes where an a priori estimate is used for premium increases related to the expected increase in claims. For legislative changes this estimate is used also in determining the level of claims. Subsequently, this estimate is maintained until new loss history materialises for re-estimation.

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 deemed to be 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 and the adjustment is 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 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. In Sweden, the Group complies with the industry pension agreement, FTP-Planen. The FTP plan is primarily a defined benefit plan in terms of the future pension benefits. Försäkringsbranschens Pensionskassa (FPK) is unable to provide sufficient information for the Group to use defined benefit accounting. The plan is therefore accounted for as a defined contribution plan.

The liability recognised in the statement of financial position 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 defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by a duration that matches the conditions of the underlying pension obligation.

The actuarial gains and losses arising from experience adjustments and changes in actuarial estimates is recognised in equity.

The plan was closed for new business as at 1 January 2009.

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 statement of financial position 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 Tryg 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 statement of cashflows 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 statement of cashflows has been prepared for the parent company because it is included in the consolidated statement of cashflows.

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 statement of cashflows 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 Tryg'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.

DKKm		2009	2010
2	**Earned premiums, net of reinsurance**		
	Direct insurance	17,925	19,627
	Indirect insurance	31	36
		17,956	19,663
	Unexpired risk provision	18	-106
		17,974	19,557
	Ceded direct insurance	-852	-941
	Ceded indirect insurance	-34	-66
		17,088	**18,550**

Direct insurance, by location of risk	2009		2010	
	Gross	**Ceded**	**Gross**	**Ceded**
Denmark	9,414	-466	9,610	-501
Other EU countries	1,581	-52	2,918	-104
Other countries	6,948	-334	6,993	-336
	17,943	**-852**	**19,521**	**-941**

		2009	2010
3	**Technical interest, net of reinsurance**		
	Interest on insurance provisions	845	752
	Transferred from provisions for claims concerning discounting	-687	-618
		158	**134**
4	**Claims incurred, net of reinsurance**		
	Claims incurred	-13,534	-16,500
	Run-off previous years, gross	652	883
		-12,882	-15,617
	Reinsurance recoveries	254	661
	Run-off previous years, reinsurers' share	31	-59
		-12,597	**-15,015**

Under claims incurred, the value adjustment of inflation swaps to hedge the inflation risk concerning annuities on workers' compensation insurance totals DKK -83m (2009 DKK 62m).

		2009	2010
5	**Insurance operating expenses, net of reinsurance**		
	Commission regarding direct business	-439	-492
	Other acquisition costs	-1,775	-1,914
	Total acquisition costs	-2,214	-2,406
	Administrative expenses	-842	-898
	Insurance operating expenses, gross	-3,056	-3,304
	Commission from reinsurers	81	92
		-2,975	**-3,212**

DKKm		2009	2010
5	**Insurance operating expenses, net of reinsurance (continued)**		
	Administative expenses include fee to the auditors appointed by the Annual General Meeting:		
	Deloitte	-8	-9
		-8	**-9**
	Of which services other than audit:		
	Deloitte	-1	-2
		-1	**-2**
	In adddition, expenses have been incurred for the Group´s Internal Audit Department.		
	In the calculation of the expense ratio costs are stated exclusive of depreciation and operating costs on the owner-occupied property but including a calculated rent concerning the owner-occupied property based on a calculated market rent of DKK 11m. (in 2009 DKK 12m)		
	Insurance operating expenses, gross, classified by type		
	Commissions	-448	-492
	Staff expenses	-1,750	-1,827
	Other staff expenses	-274	-269
	Office expenses and fees, headquarter expenses	-453	-682
	Operating and maintenance costs IT, software expenses	-228	-255
	Depreciation, amortisation and impairment writedowns	-140	-163
	Other income	237	384
		-3,056	**-3,304**
	Total expenses for leases amounts to DKK 37m (2009 DKK 35m)		
	Insurance operating expenses and claims include the following staff expenditure:		
	Salaries and wages	-2,026	-2,211
	Commision	-32	-19
	Allocated share options	-15	-16
	Pensions	-318	-288
	Other social security costs	-9	-40
	Payroll tax	-273	-258
		-2,673	**-2,832**
	Remuneration for the Supervisory Board and Executive Management is disclosed in note 30 'Related parties'.		
	Average number of full-time employees during the year	**4,364**	**4,301**

Share option programmes

In 2010, Tryg awarded share options to the Executive Management (3 persons), senior employees (96 persons) and other employees (38 persons). At 31 December 2010, the share option plan comprised 859,044 share options (at 31 December 2009 681,861 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 1.4 % of the share capital in Tryg A/S if all share options are exercised.

In 2010, the fair value of share options recognised in the consolidated income statement amounted to DKK 16m (2009: DKK 15m). As at 31 December 2010, a total amount of DKK 56m was recognised for share option programmes issued in 2006-2010. Fair values at the time of allocation are based on the Black & Scholes option pricing formula.

	TOTAL NUMBERS				FAIR VALUE			
	Group Executive Management	Other senior employees	Other employees	Total	Per option at grant date DKK	Total fair value per option at grant date DKKm	Per option at 31 Dec. DKK	Total fair value at 31 Dec. DKKm
5 Share option programmes								
Spec. of outstanding options:								
2010								
Allocation 2006-2008								
Allocated in 2006-2008, beginning of year	106,608	353,882	39,427	499,917	64/99/69	39	5/0/3	1
Exercised	0	-31,820	-5,240	-37,060	64/99/69	-3	5/0/3	0
Cancelled	0	-4,646	-1,900	-6,546	64/99/69	0	5/0/3	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2006-2008 allocation 31 Dec 2010	**106,608**	**317,416**	**32,287**	**456,311**	**-**	**36**	**-**	**1**
Allocation 2009								
Allocated in 2009, beginning of year	38,258	123,016	20,670	181,944	94	17	17	3
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-5,580	-530	-6,110	94	-1	17	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2009 allocation 31 Dec 2010	**38,258**	**117,436**	**20,140**	**175,834**	**-**	**16**	**-**	**3**
Allocation 2010								
Allocated in 2010	48,050	154,838	25,346	228,234	75	17	17	4
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-1,335	0	-1,335	75	0	17	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2010 allocation 31 Dec 2010	**48,050**	**153,503**	**25,346**	**226,899**	**-**	**17**	**-**	**4**
Number of options exercisable end of 2010	54,520	166,700	0	221,220	64/99	19	5/0	0

	TOTAL NUMBERS				FAIR VALUE			
	Group Executive Management	Other senior employees	Other employees	Total	Per option at grant date DKK	Total fair value per option at grant date DKKm	Per option at 31 Dec. DKK	Total fair value at 31 Dec. DKKm
5 **Share option programmes**								
Spec. of outstanding options:								
2009								
Allocation 2006-2007								
Allocated in 2006-2007, beginning of year	61,070	247,306	16,000	324,376	64/99	26	73/15	15
Exercised	-6,550	-52,020	-2,620	-61,190	64/99	-4	73/15	-4
Cancelled	0	-4,287	-1,953	-6,240	64/99	0	73/15	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2006-2007 allocation 31 Dec 2009	**54,520**	**190,999**	**11,427**	**256,946**	**-**	**22**	**-**	**11**
Allocation 2008								
Allocated in 2008, beginning of year	52,088	167,203	28,700	247,991	69	17	45	11
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-4,320	-700	-5,020	69	0	45	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2008 allocation 31 Dec 2009	**52,088**	**162,883**	**28,000**	**242,971**	**-**	**17**	**-**	**11**
Allocation 2009								
Allocated in 2009	38,258	124,076	21,200	183,534	94	17	82	15
Exercised	0	0	0	0	0	0	0	0
Cancelled	0	-1,060	-530	-1,590	94	0	82	0
Expired	0	0	0	0	0	0	0	0
Outstanding options from 2009 allocation 31 Dec 2009	**38,258**	**123,016**	**20,670**	**181,944**	**-**	**17**	**-**	**15**
Number of options exercisable end of 2009	28,820	82,910	2,620	114,350	64	7	73	8

5 Share option programmes

Year of allocation	Years of exercise	1 Jan. 2010	Exercised	Cancelled	Expired	31 Dec. 2010
2006	2009-2011	119,590	-37,060	0	0	82,530
2007	2010-2012	141,676	0	-2,986	0	138,690
2008	2011-2013	238,651	0	-3,560	0	235,091
2009	2012-2014	181,944	0	-6,110	0	175,834
2010	2013-2015	228,234	0	-1,335	0	226,899
Outstanding options 31 December 2010		**910,095**	**-37,060**	**-13,991**	**0**	**859,044**

The assumptions by calculating the marketvalue at time of allocation

Year of allocation	Years of exercise	Average share price (DKK) at time of allocation	Expected Volatility	Expected maturity	Risk-free interest rate	Average term to maturity 31 dec. 2010	Average exercise Share price 31 dec. 2010
2006	2009-2011	355.85	17.90%	4 år	3.30%	0.08	262.83
2007	2010-2012	456.76	24.10%	4 år	3.90%	0.58	430.44
2008	2011-2013	378.24	20.30%	4 år	3.60%	1.15	377.06
2009	2012-2014	313.51	37.70%	4 år	2.80%	2.17	322.86
2010	2013-2015	320.04	29.20%	4 år	2.70%	3.16	367.54

The following assumptions were applied in calculating the market value of outstanding share options at the time of allocation: The expected volatility is based on the average volatility of Tryg shares. 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 term as the expected term of 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 allocation. The dividend payout ratio is not included in the calculation as the strike price is reduced by dividends paid in order to prevent option holders from being placed at a disadvantage in connection with 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.

5 Employee shares

2010
Tryg did not grant employee shares at a discount to the market price to the employees in 2010.

2009
In 2009, Tryg 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 17 shares at a discount to the market price equal to DKK 25 per share, equivalent to a total of 38,829 shares or around DKK 11.2m 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 2009, a total of 31,713 shares were granted at discount to the market price of DKK 25 per share or DKK 9.9m. The grant of shares equalled 0.1% of the share capital. The amount was provided in 2008 and did not affect the profit for 2009.

DKKm		Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
6	**Operating segments**					
	2010					
	Gross premiums earned	**10,181**	**4,263**	**5,044**	**-13**	**19,475**
	Gross claims	-8,223	-3,768	-3,630	4	-15,617
	Gross operating expenses	-1,627	-1,029	-648	0	-3,304
	Profit/loss on business ceded	38	39	-399	9	-313
	Technical interest, net of reinsurance	77	30	27	0	134
	Technical result	**446**	**-465**	**394**	**0**	**375**
	Total return on investment activities after technical interest					570
	Other income and expenses					-4
	Profit before tax					**941**
	Tax					-265
	Profit on continuing business					**676**
	Profit/loss on discontinued and divested business					-83
	Profit					**593**
	Run-off gains/losses, net of reinsurance	399	100	325	0	824
	Investments in associates				13	13
	Reinsurers' share of provision for unearned premiums	14	0	140	0	154
	Reinsurers' share of provision for claims	232	312	890	0	1,434
	Other assets				48,990	48,990
	Total assets					**50,591**
	Provisions for unearned premiums	3,883	1,480	1,456	0	6,819
	Provisions for claims	6,824	6,280	11,779	0	24,883
	Provisions for bonuses and premium rebates	196	20	113	0	329
	Other liabilities				10,102	10,102
	Total liabilities					**42,133**

DKKm	Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
6 Operating segments					
2009					
Gross premiums earned	**8,962**	**3,777**	**5,127**	**-4**	**17,862**
Gross claims	-6,751	-2,797	-3,348	14	-12,882
Gross operating expenses	-1,477	-925	-610	-44	-3,056
Profit/loss on business ceded	-87	-98	-325	-10	-520
Technical interest, net of reinsurance	85	39	34	0	158
Technical result	**732**	**-4**	**878**	**-44**	**1,562**
Total return on investment activities after technical interest					1,086
Other income and expenses					-38
Profit before tax					**2,610**
Tax					-625
Profit on continuing business					**1,985**
Profit/loss on discontinued and divested business					23
Profit					**2,008**
Run-off gains/losses, net of reinsurance	134	192	357	0	683
Investments in associates				17	17
Reinsurers' share of provision for unearned premiums	48	0	147	0	195
Reinsurers' share of provision for claims	93	118	914	0	1,125
Other assets				43,403	43,403
Total assets					**44,740**
Provisions for unearned premiums	3,430	1,404	1,374	0	6,208
Provisions for claims	6,265	5,444	10,752	9	22,470
Provisions for bonuses and premium rebates	206	21	137	0	364
Other liabilities				6,067	6,067
Total liabilities					**35,109**

Description of segments

Please refer to 'Results' for a description of our operating segments. Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'. 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. The distribution on segments in Moderna has been altered during Q2 as to medium sized enterprise. Comparative figures have been restated accordingly. A presentation of segments broken down by geography is provided in 'Geographical segments.'

DKKm

6 Technical result, net of reinsurance, by line of business

	Accident and health		Health care		Worker's compensation	
	2009	2010	2009	2010	2009	2010
Gross premiums written	**1,665**	**1,830**	**258**	**325**	**1,402**	**1,317**
Gross premiums earned	1,644	1,820	263	311	1,432	1,352
Gross claims	- 863	- 1,136	- 220	- 206	- 702	- 1,220
Gross operating expenses	- 250	- 245	- 26	- 33	- 169	- 178
Profit/loss on ceded business	- 13	- 20	0	0	- 47	- 23
Techn. interest net of reinsurance	5	11	3	2	23	1
Technical result	**523**	**430**	**20**	**74**	**537**	**- 68**
Claims Frequency [a]	3.7%	3.4%	80.1%	72.6%	19.6%	18.9%
Average claims DKK [b]	39,044	43,342	7,409	7,567	78,086	83,801
Total claims	31,112	31,833	33,700	32,987	13,800	14,395

	Fire & contents (Private)		Fire and contents (Commercial)		Change of ownership	
	2009	2010	2009	2010	2009	2010
Gross premiums written	**3,919**	**4,599**	**2,537**	**2,768**	**90**	**86**
Gross premiums earned	3,876	4,435	2,570	2,751	86	- 21
Gross claims	- 3,328	- 4,026	- 1,868	- 2,437	- 234	- 196
Gross operating expenses	- 698	- 845	- 476	- 502	- 8	- 8
Profit/loss on ceded business	- 70	65	- 255	- 114	0	0
Techn. interest net of reinsurance	36	33	16	18	4	3
Technical result	**- 184**	**- 338**	**- 13**	**- 284**	**- 152**	**- 222**
Claims Frequency [a]	7.6%	7.3%	22.2%	21.9%	9.8%	9.3%
Average claims DKK [b]	9,973	13,150	45,981	62,951	18,193	22,919
Total claims	319,222	310,832	40,925	40,462	6,186	6,141

	Other insurance		Total		Norwegian Group Life One-year policies	
	2009	2010	2009	2010	2009	2010
Gross premiums written	**65**	**68**	**17,389**	**19,391**	**494**	**548**
Gross premiums earned	74	69	17,330	18,915	532	560
Gross claims	- 59	- 19	- 12,432	- 15,133	- 450	- 484
Gross operating expenses	- 48	- 69	- 2,987	- 3,251	- 69	- 53
Profit/loss on ceded business	- 43	- 44	- 518	- 309	- 2	- 4
Techn. interest net of reinsurance	7	5	154	124	4	10
Technical result	**- 69**	**- 58**	**1,547**	**346**	**15**	**29**
Claims Frequency [a]						
Average claims DKK [b]	17,897	11,315				
Total claims	1,306	1,329				

a) The claims frequency is calculated as the number of claims incurred in proportion to the average number of insurance contracts.
b) Average claims are total claims before run-off relative to the number of claims incurred.

Motor TPL		Motor comprehensive		Marine, aviation and cargo	
2009	2010	2009	2010	2009	2010
2,413	**2,650**	**3,372**	**3,830**	**293**	**378**
2,405	2,646	3,317	3,679	282	367
- 1,365	- 1,624	- 2,673	- 3,098	- 164	- 251
- 449	- 434	- 554	- 616	- 32	- 50
- 36	- 27	- 12	- 11	- 33	- 47
11	16	32	24	6	2
566	**577**	**110**	**- 22**	**59**	**21**
6.1%	5.1%	19.7%	20.5%	28.6%	20.8%
18,421	25,374	10,428	11,554	51,719	83,551
91,489	80,073	241,946	264,675	3,171	3,122

Liability		Credit & guarantee insurance		Tourist assistance insurance	
2009	2010	2009	2010	2009	2010
757	**827**	**187**	**225**	**431**	**488**
745	815	181	211	455	480
- 518	- 449	- 38	- 64	- 400	- 407
- 153	- 147	- 54	- 52	- 70	- 72
31	- 56	- 39	- 31	- 1	- 1
5	3	2	2	4	4
110	**166**	**52**	**66**	**- 12**	**4**
10.3%	10.1%	1.4%	1.5%	13.3%	10.8%
51,511	55,335	843,571	1,567,033	6,876	8,059
9,422	9,252	45	58	50,274	49,862

DKKm		2009	2010
7	**Interest and dividends**		
	Interest income and dividends		
	Dividends	14	10
	Interest income cash in hand and at bank	67	43
	Interest income bonds	1,197	1,054
	Interest income other	9	26
		1,287	1,133
	Interest expenses		
	Interest expenses subordinated loan capital and credit institutions	-90	-88
	Interest expenses others	-26	-8
		-116	-96
		1,171	**1,037**
8	**Value adjustment**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	62	61
	Unit trust units	485	233
	Share derivatives	-38	5
	Bonds	532	78
	Interest derivatives	-23	3
		1,018	380
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS39		
	Investment property	19	74
	Owner-occupied property	1	0
	Discounting	-294	-227
	Other balance sheet items	-10	11
		-284	-142
		734	**238**
	Market value gains	1,606	907
	Market value losses	-872	-669
	Market value adjustment, net	**734**	**238**

Exchange rate adjustments concerning financial assets or liabilities which cannot be valuated to market value is in total DKK 52m (2009 DKK 1.4m)

Under market value adjustment the adjustment of inflation swaps totals DKK 27m (in 2009 DKK 13m).

DKKm		2009	2010
9	**Tax**		
	Tax on profit for the year	-653	-235
	Difference between Danish and foreign tax rate	-43	-28
	Prior-year tax adjustment	-4	9
	Adjustment non-taxable income and expenses	58	18
	Change in valuation of tax assets	55	-26
	Change in valuation of tax loss carried forward	-37	0
	Other taxes	-1	-3
		-625	**-265**
	Effective tax rate	%	%
	Tax on profit for the year	25	25
	Difference between Danish and foreign tax rate	2	3
	Prior-year tax adjustment	0	-1
	Adjustment non-taxable income and expenses	-2	-2
	Change in valuation of tax assets	-2	3
	Change in valuation of tax loss carried forward	1	0
		24	**28**
	See 'The Group's financial performance in 2010' in the Management report for further information regarding the tax expense.		
10	**Profit/loss on discontinued and divested business**		
	Earned premiums, net of reinsurance	333	224
	Claims incurred, net of reinsurance	-265	-291
	Insurance operating expenses, net of reinsurance	-37	-44
	Technical result	31	-111
	Profit/loss before tax	31	-111
	Tax	-8	28
	Profit/loss on discontinued and divested business	**23**	**-83**
	Profit/loss on discontinued and divested business is excluded in 'Marine, aviation and cargo' in the accounts broken down by line of business.		
	Claims Frequency	16.3%	27.8%
	Average claims DKK	331,288	310,702
	Total claims	978	954

DKKm		Goodwill	Trademarks and customer relations	Software	Total
11	**Intangible assets**				
	2010				
	Cost				
	Balance 1 January	329	148	804	1,281
	Exchange rate adjustment	48	20	12	80
	Additions during the year	0	0	134	134
	Disposals during the year	0	0	-49	-49
	Balance 31 December	377	168	901	1,446
	Amortisation and writedowns				
	Balance 1 January	0	-12	-335	-347
	Exchange rate adjustment	0	-2	-8	-10
	Amortisation for the year	0	-18	-144	-162
	Impairment writedowns for the year	0	0	-3	-3
	Reversed amortisation	0	0	44	44
	Balance 31 December	0	-32	-446	-478
	Carrying amount 31 December	**377**	**136**	**455**	**968**
	2009				
	Cost				
	Balance 1 January	0	0	645	645
	Exchange rate adjustment	19	9	18	46
	Addition on acquisition of subsidiary [a)]	310	139	17	466
	Additions during the year	0	0	143	143
	Disposals during the year	0	0	-19	-19
	Balance 31 December	329	148	804	1,281
	Amortisation and writedowns				
	Balance 1 January	0	0	-195	-195
	Exchange rate adjustment	0	0	-18	-18
	Amortisation for the year	0	-12	-121	-133
	Impairment writedowns for the year	0	0	-10	-10
	Reversed amortisation	0	0	9	9
	Balance 31 December	0	-12	-335	-347
	Carrying amount 31 December	**329**	**136**	**469**	**934**

a) Addition on acquisition of subsidiary relates to the acquisition of Moderna Försäkringar, see note 29

Intangible assets under development amount to a total of DKK 115m in the total software (in 2009 DKK 114m). Additions for internally developed software expenses amount to DKK 30m (DKK 28m in 2009). Amortisation is recognised in the income statement under insurance operating expenses and claims incurred.

DKKm

11 Intangible assets (continued)

Impairment test

Goodwill

As at 31 December 2010, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit. Assumptions for impairment test:
The Value-in-use method is used.

2010	Assumed annual growth > 5 years	Return requirement before tax
Moderna Försäkringar	2.5%	14.9%
MF Bilsport & MC Specialförsäkringar	2.5%	14.9%
2009		
Moderna Försäkringar Sak AB	2.5%	15.4%
MF Bilsport & MC Specialförsäkringar AB	2.5%	15.4%

Insurance activities in Sweden

In 2009, Tryg acquired Moderna Försäkringar Sak AB, Modern Re S.A., Netviq AB and MF Bilsport & MC specialfösäkringar. The insurance activities were incorporated into the Tryg Group's business structure in 2009 and are reported under Sweden. In 2010 the companies were merged into Tryg Forsikring A/S as Moderna Försäkringar, branch of Tryg Forsikring A/S.

The assumed growth during the terminal period has been estimated based on expectations for general economic growth. The return requirement is based on an assessment of the risk profile for the tested business activities. Higher return requirements or lower growth would entail a lower value of the activities, whereas lower return requirements or higher growth expectations would entail a higher value.

Software

The impairment charges are recognised in the income statement in total insurance operating expenses. In the impairment test, the carrying amount is compared with the estimated present value of future cash flows.

Trademarks and customer relations

The impairment test performed for trademarks and customer relations did not indicate any impairment.

DKKm		Operating equipment	Owner-occupied property	Assets under construction	Total
12	**Property, plant and equipment**				
	2010				
	Cost				
	Balance 1 January	225	1,378	258	1,861
	Exchange rate adjustment	7	19	7	33
	Additions during the year	62	0	176	238
	Disposals during the year	-66	0	0	-66
	Balance 31 December	228	1,397	441	2,066
	Accumulated value adjustments				
	Balance 1 January	0	-2	-86	-88
	Exchange rate adjustment	0	0	-2	-2
	Value adjustment for the year at revalued amount in profit and loss	0	0	0	0
	Value adjustment for the year at revalued amount in equity	0	19	0	19
	Balance 31 December	0	17	-88	-71
	Accumulated depreciation				
	Balance 1 January	-142	-18	0	-160
	Exchange rate adjustment	-3	0	0	-3
	Reversed depreciation	55	0	0	55
	Depreciation for the year	-20	-11	0	-31
	Balance 31 December	-110	-29	0	-139
	Carrying amount 31 December	**118**	**1,385**	**353**	**1,856**

DKKm		Operating equipment	Owner-occupied property	Assets under construction	Total
12	**Property, plant and equipment (continued)**				
	2009				
	Cost				
	Balance 1 January	185	1,333	54	1,572
	Exchange rate adjustment	6	44	5	55
	Addition on acquisition of subsidiary [a)]	11	1	0	12
	Additions during the year	45	0	199	244
	Disposals during the year	-22	0	0	-22
	Balance 31 December	225	1,378	258	1,861
	Accumulated value adjustments				
	Balance 1 January	0	-9	-54	-63
	Exchange rate adjustment	0	-2	-5	-7
	Value adjustment for the year at revalued amount in profit and loss	0	-2	-27	-29
	Value adjustment for the year at revalued amount in equity	0	11	0	11
	Balance 31 December	0	-2	-86	-88
	Accumulated depreciation				
	Balance 1 January	-139	-9	0	-148
	Exchange rate adjustment	-6	-1	0	-7
	Depreciation for the year	-18	-8	0	-26
	Reversed depreciation	21	0	0	21
	Balance 31 December	-142	-18	0	-160
	Carrying amount 31 December	**83**	**1,358**	**172**	**1,613**

a) Addition on acquisition of subsidiary relates to the acquisition of Moderna Försäkringar, see note 29

Amortisation is recognised in the income statement under insurance operating expenses and claims incurred. External experts were involved in valuing some of the owner-occupied properties.

Impairment test

Property, plant and equipment

The value of the owner-occupied properties was assessed in connection with The Living House and the improvements made to those properties. The impairment charges on assets under construction are recognised in the income statement in total insurance operating expenses. The impairment test performed for operating equipment and assets under construction did not indicate any impairment. In establishing the market value of the owner-occupied properties, the following return percentages were used for each property category.

Return percentages

	Lowest	Average	Highest
2010	%	%	%
Office property	6.0	6.4	7.8
2009	%	%	%
Office property	6.0	6.8	7.8

DKKm		2009	2010
13	**Investment property**		
	Fair value at the end of the previous financial year	2,246	2,364
	Exchange rate adjustment	76	33
	Additions during the year	32	23
	Disposals during the year	-2	-261
	Value adjustment for the year	17	68
	Reversed on sale	-5	-69
	Fair value at 31 december	**2,364**	**2,158**

Total rental income for 2010 is DKK 166m (DKK 173m in 2009).

Total expenses for 2010 are DKK 37.8m (DKK 37.3m in 2009). Of this amount, not-hired property is DKK 0.9m.
(DKK 0.8m in 2009) why the total expenses at the income leading investment property are DKK 36.9m (DKK 36.5m in 2009).

External experts were involved in valuing the majority of the investment property.

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

Return percentages

2010	Lowest percentage	Average percentage	Highest percentage
Business property	7.0	7.3	7.5
Office property	5.8	6.7	7.8
Residential property	3.8	5.2	6.0
2009			
Business property	7.0	7.3	7.5
Office property	6.0	6.8	7.8
Residential property	3.8	5.3	6.0

DKKm		2009	2010
14	**Investments in associates**		
	Cost		
	Balance 1 January	0	0
	Balance 31 December	0	0
	Revaluations at net asset value		
	Balance 1 January	14	17
	Exchange rate adjustment	3	1
	Reversel of additions	0	-5
	Balance 31 December	17	13
	Carrying amount 31 December	**17**	**13**

Shares in associates according to the latest financial statements:

Name and registered office	Assets	Liabilities	Equity	Revenue	Profit/Loss of the year	Ownership share in %
2010						
Komplementarselskabet af 1. marts 2006 ApS, DK	0	0	0	0	0	50
Bilskadeinstituttet AS, Norway	5	0	5	2	0	30
AS Eidsvåg Fabrikker, Norway	47	6	41	18	6	28
2009						
Komplementarselskabet af 1. marts 2006 ApS, DK	0	0	0	0	0	50
Bilskadeinstituttet AS, Norway	5	1	4	1	0	30
AS Eidsvåg Fabrikker Norway	39	3	36	14	2	28

A individual estimate of the degree of influence referring to the agreed contracts are made.

DKKm		Quoted market prices	Observable input	Unobservable input	Total
15	**Total other financial investment assets Fair value hierarchy for financial instruments measured at fair value in the balance sheet**				
	2010				
	Financial assets at fair value with value adjustment in the income statement				
	Bonds	20,808	13,770	43	34,621
	Shares	0	0	184	184
	Unit trust units	2,268	0	0	2,268
	Derivatives	0	-49	-29	-78
	Cash in hand and deposits in credit institutions	3,612	0	0	3,612
		26,688	13,721	198	40,607
	2009				
	Financial assets at fair value with value adjustment in the income statement				
	Bonds	16,337	12,947	126	29,410
	Shares	200	0	181	381
	Unit trust units	2,143	0	0	2,143
	Derivatives	0	6	31	37
	Cash in hand and deposits in credit institutions	3,450	0	0	3,450
		22,130	12,953	338	35,421

	2009	2010
Financial instruments measured at fair value in the balance sheet on the basis of non-observable input:		
Carrying amount 1 January	121	338
Exchange rate adjustment	10	4
Gains/losses in the income statement	90	-47
Purchases	117	0
Sales	0	-100
Transfers to/from the group 'non-observable input'	0	3
Carrying amount 31 December	**338**	**198**
Gains/losses in the income statement for assets held at the balance sheet date recognised in value adjustments	96	-54

Bonds measured on the basis of observable inputs mainly consist of Norwegian bonds issued by banks and to some extent Danish semi liquid bonds, where no quoted prices within the last 5 days exist.

Non-observable input, total result DKK -47m (DKK 96m in 2009), mainly comprises inflation derivatives of DKK -60m hedging (DKK 75m in 2009) inflation risk on technical provisions which recorded an accounting loss of DKK 83m (DKK -62m in 2009).

The risk of the non-observable input group is moderate since the inflation derivatives aim at hedging the by market conditions such as inflation risk of the technical provisions 100 percent, while the unquoted shares and bonds, which are influenced the development in interest rates and expected earnings, is a limited amount.

DKKm		Bonds	Shares	Property	Total
15	**Financial assets at fair value with value adjustment in the income statement**				
	2010				
	Investment assets as per the section 'Investment activities' in the Management's report	34,317	2,179	3,897	40,393
	Consisting of:				
	Cash in hands allocated to portefolio management	-80	0	0	-80
	Unsettled securities trading	1,795	0	0	1,795
	Unit trust units	-532	-1,736	0	-2,268
	Futures	0	-246	0	-246
	Deposits, derivatives etc.	-2,753	0	0	-2,753
	Repo debt	1,896	0	0	1,896
	Owner-occupied property	0	0	-1,739	-1,739
	Equity investments	0	-13	0	-13
	Investment assets according to balance sheet	**34,643**	**184**	**2,158**	**36,985**
	Unit trust units				2,268
	Deposits				2,755
	Investment assets at fair value according to balance sheet recognised through profit and loss				**42,008**
	Associated shares				13
	Deposits with ceding undertakings, receivable				15
	Total investment assets according to balance sheet				**42,036**
	2009				
	Investment assets as per the section 'Investment activities' in the Management's report	34,248	1,589	3,893	39,730
	Consisting of:				
	Cash in hands allocated to portefolio management	-50	0	0	-50
	Unsettled securities trading	-1,022	0	0	-1,022
	Unit trust units	-827	-1,316	0	-2,143
	Futures	0	125	0	125
	Deposits, Derivatives etc.	-2,939	0	0	-2,939
	Owner-occupied property	0	0	-1,530	-1,530
	Equity investments	0	-17	0	-17
	Investment assets according to balance sheet	**29,410**	**381**	**2,363**	**32,154**
	Unit trust units				2,143
	Deposits, Derivatives etc.				2,939
	Investment assets at fair value according to balance sheet recognised through profit and loss				**37,236**
	Associated shares				17
	Deposits with ceding undertakings, receivable				15
	Total investment assets according to balance sheet				**37,268**

DKKm		2009	2010
15	**Adjusted duration of Bond portfolio**		
	Bond portfolio		
	Duration 1 year or less	19,198	15,143
	Duration 1 year through 5 years	11,875	16,645
	Duration 5 years through 10 years	2,869	1,904
	Duration more than 10 years	306	625
	Total	**34,248**	**34,317**

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.

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

2010	0-1 year	1-5 years	> 5 years	Total	Effective interest rate	Adjusted duration
Bonds	3,920	22,947	7,450	34,317	2.2	1.9
Cash in hand and at bank	777	0	0	777	0.8	0
Debt	-30	0	-1,591	-1,621	5.2	0
Receivables	2,183	0	0	2,183	-	-
	6,850	**22,947**	**5,859**	**35,656**		
2009						
Bonds	10,084	13,004	11,160	34,248	3.3	2.0
Cash in hand and at bank	462	0	0	462	0.9	0
Debt	-611	0	-1,586	-2,197	4.1	0
Receivables	2,428	0	0	2,428	-	-
	12,363	**13,004**	**9,574**	**34,941**		

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 21. Please refer to the section on 'Investment and interest rate risk' in 'Capitalisation and risk mangement' in the 'Management's report'.

Listed shares	2009	2010
Scandinavia	348	350
United Kingdom	134	83
Rest of Europe	336	579
United States	354	647
Asia etc.	219	336
Total	**1,391**	**1,995**
The portfolio of unlisted shares totals	198	184

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

DKKm		Properties	Bonds	Shares	Insurance	Hedge	Exposure
15	**Exposure to exchange rate risk**						
	2010						
	USD	0	0	799	-159	-518	122
	EUR	0	50	513	-1,551	1,139	151
	GBP	0	1	74	0	-76	1
	NOK	823	11,773	0	-9,270	-3,266	60
	SEK	1	2,056	113	-944	-1,197	29
	Other	0	0	229	-21	-196	16
	Total						**379**
	2009						
	USD	0	0	479	-162	-261	56
	EUR	0	128	418	-1,610	1,210	146
	GBP	0	0	126	4	-122	8
	NOK	852	11,952	359	-10,457	-2,678	28
	SEK	1	1,673	72	-578	-1,241	-73
	Other	0	361	231	-18	-565	9
	Total						**320**

Please refer to the section on ‘currency risk’ in ‘Capitalisation and risk mangement’ in the ‘Management’s report’.

Sensitivity information	**2009**	**2010**
Impact on shareholders’ equity from the following changes:		
Interest rate increase of 0.7-1.0 pct. point	26	-75
Interest rate fall of 0.7-1.0 pct. point	-42	13
Equity price fall of 12%	-191	-262
Fall in property prices of 8%	-336	-334
Exchange rate risk (VaR 99.5)	-12	-12
Loss on counterparties of 8%	-218	-315

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 ‘Capitalisation and risk mangement’ for an elaboration of risk management and risk exposure.

DKKm		2009 Gross	2009 Net	2010 Gross	2010 Net
15	**Derivative financial instruments**				
	Derivatives with value adjustment in the income statement according to IAS 39 at fair value:				
	Interest derivatives	3,659	7	25,373	13
	Share derivatives	125	0	246	0
	Inflation derivatives	3,623	31	3,248	-29
	Exchange rate derivatives	7,240	-4	11,972	-62
	Due within one year	11,024	34	30,751	-19
	Due within one to five years	0	0	3,709	-8
	Due after more than five years	3,623	0	6,379	-51

	Gains	Losses	Net
Derivative financial instruments used in connection with hedging of foreign entities for accounting purposes:			
Gains and losses on hedges charged to equity at 1 January	850	-819	31
Gains and losses on hedges charged to equity during the year	133	-461	-328
Gains and losses on hedges charged to equity at 31 December	**983**	**-1,280**	**-297**

	2009	2010
Exchange rate adjustment		
Exchange rate adjustments of foreign entities recognised in equity in the amount of:		
Balance at 1 January	-510	-23
Exchange rate adjustment during the year	487	330
Balance at 31 December	**-23**	**307**
Receivables		
Receivables from insurance enterprises	1,238	1,321
Exchangerate and inflation derivatives	27	305
Unsettled transactions	1,051	0
Other receivables	112	557
	2,428	**2,183**
Specification of writedowns on receivables from insurance contracts		
Balance at 1 January	120	124
Exchange rate adjustment	6	3
Writedowns and reversed writedowns for the year	-2	8
Balance at 31 December	**124**	**135**
Reversed impairment losses are estimated at around DKK 45m annually, but may vary due to major cases/disputes. Please refer to the section on 'Credit risk' in 'Capitalisation and risk mangement' in the 'Management's report'.		
Receivables in connection with insurance contracts include overdue recievables totalling:		
Falling due:		
Within 90 days	271	197
After 90 days	110	161
	381	**358**
Including writedowns of due amounts	124	135

DKKm		2009	2010
16	**Reinsurer's share**		
	Reinsurers' share	1,337	1,605
	Writedowns after impairment test	-17	-17
	Balance at 31 December	**1,320**	**1,588**

Impairment test
As at 31 December 2010, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts. The impairment test resulted in impairment charges totalling DKK 17m (DKK 17m in 2009).

Writedowns during the year include reversed writedowns totalling DKK 1m (DKK 3m in 2009). Please refer to the section on 'Reinsurance' in 'Capitalisation and risk mangement' in the 'Management´s report'.

		2009	2010
17	**Current tax**		
	Current tax, beginning of year	-137	-303
	Exchange rate adjustment	-25	-15
	Addition on acquisition of subsidiary [a)]	-24	0
	Current tax for the year	-576	-170
	Current tax on equity entries	118	82
	Adjustment of prior-year current tax	-8	14
	Tax paid during the year	349	482
	Net current tax, end of year	**-303**	**90**
	Current tax is recognised in the balance sheet as follows:		
	Under assets, current tax	0	196
	Under liabilities, current tax	-303	-106
	Net current tax, end of year	**-303**	**90**

a) Addition on acquisition of subsidiary relates to the acquisition of Moderna Försäkringar, see note 29

18 Shareholders' equity

Share capital	2009		2010	
Numbers of shares	**No. of shares**	**Nominal value (DKK'000)**	**No. of shares**	**Nominal value (DKK'000)**
Balance at 1 January	64,377,683	1,609,442	63,227,650	1,580,692
Bought during the year	-1,286,817	-32,170	-2,625,786	-65,645
Sold during the year	136,784	3,420	31,837	796
Balance at 31 December	**63,227,650**	**1,580,692**	**60,633,701**	**1,515,843**

DKKm

18 Shareholders' equity (continued)

Treasury shares	2009 No. of shares	2009 Nominal value (DKK' 000)	2009 % of share capital	2010 No. of shares	2010 Nominal value (DKK' 000)	2010 % of share capital
Balance at 1 January	3,622,317	90,558	5.32	703,923	17,598	1.10
Bought during the year	1,286,817	32,170	2.01	2,625,786	65,645	4.11
Cancellation in connection with buyback programme.	-4,068,427	-101,711	-6.02	0	0	0.00
Used in connection with issue of employee shares	-70,354	-1,758	-0.11	-17	0	0.00
Used in connection with exercise of stock options	-66,430	-1,661	-0.1	-31,820	-796	-0.05
Balance at 31 December	**703,923**	**17,598**	**1.10**	**3,297,872**	**82,447**	**5.16**

Pursuant to the authorisation granted by the shareholders, Tryg may acquire up to 10.0% of the share capital until the next annual general meeting in 2011. Treasury shares are acquired for use in the Group's incentive programme and as part of the share buy back programme.

19 Capital adequacy

	2009	2010
Shareholders' equity according to annual report	9,631	8,458
Subordinate loan capital	732	804
Proposed dividend	-991	-256
Solvency requirements to subsidiary undertakings	-4,579	-5,031
Capital base	**4,793**	**3,975**
Weighted assets	**4,966**	**3,188**
Solvency ratio	**97**	**125**

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

DKKm

20 Subordinated loan capital

Loan terms:

	Subordinated bond loan [a]	Subordinated loan capital [b]
Lender	Listed bonds	TryghedsGruppen
Principal	EUR 150m	EUR 65m
Issue price	99.017	100
Issue date	December 2005	April 2009
Maturity year	2025	2032
Loan may be called by lender as from	2015	30 June 2012
Repayment profile	Interest-only	Interest-only
Interest structure	4.5% (until 2015)	5.13% above EURIBOR 3M (interest until 30 June 2012)
	2.1% above EURIBOR 3M (from 2015)	7.63%–6.63% (max. og min. until 30 June 2012)
		5% above EURIBOR 3M (interest from 1 July 2012-30 June 2019)
		6% above EURIBOR 3 M (interest from 1 July 2019)

a) In December 2005, Tryg Forsikring A/S raised a subordinated bond loan with no option for the creditor to call the loan before maturity or otherwise terminate the loan agreement with Tryg Forsikring A/S. The loan is automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S.
b) Tryg Forsikring A/S has subscribed the subordinated loan capital in connection with acquisitions made in April 2009, see note 29.

Prices used for determination of fair value in respect of both loans are based on an assessment of the credit spread of the loans provided by Nordea.

	Bond loan		Tryghedsgruppen smba	
	2009	2010	2009	2010
The fair value of the loan at the balance sheet date	893	950	499	499
The fair value of the loan at the balance sheet date is based on a price of	80	85	103	103
Total capital losses and costs the balance sheet date	14	12	0	0
Interest expenses of the year	51	50	24	33

The share of subordinated capital included in the calculation of the capital base total DKK 804m (DKK 732m in 2009)

The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost.

DKKm

21 Provisions for claims – Estimated accumulated claims

Gross	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Estimated accumulated claims												
End of year	8,611	9,252	11,335	10,757	11,092	11,828	11,627	12,571	13,249	14,691	17,030	
1 year later	8,938	9,490	11,696	10,863	11,096	11,727	11,883	13,196	14,629	15,362		
2 year later	9,148	9,689	11,696	10,524	10,952	11,554	11,390	13,768	14,519			
3 year later	9,354	9,801	11,752	10,522	10,838	11,158	11,614	13,773				
4 year later	9,441	9,730	11,742	10,548	10,570	11,294	11,546					
5 year later	9,573	9,720	11,651	10,520	10,645	11,162						
6 year later	9,325	9,934	11,638	10,442	10,440							
7 year later	9,443	9,908	11,504	10,310								
8 year later	9,429	9,960	11,493									
9 year later	9,508	9,889										
10 year later	9,746											
	9,746	9,889	11,493	10,310	10,440	11,162	11,546	13,773	14,519	15,362	17,030	135,271
Cumulative payments to date	-8,995	-9,230	-10,745	-9,468	-9,439	-10,010	-9,916	-11,429	-11,245	-11,112	-8,262	-109,851
Discounting	-137	-117	-135	-161	-177	-195	-250	-311	-386	-438	-614	-2,920
Reserves from 1999 and prior years												1,659
Other reserves												724
Gross provisions for claims, end of year												24,883

Ceded business	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Estimated accumulated claims												
End of year	1,453	1,467	2,059	953	874	948	296	514	182	304	711	
1 year later	1,570	1,480	2,169	913	888	841	295	479	250	379		
2 year later	1,533	1,487	2,050	909	930	847	281	492	213			
3 year later	1,559	1,503	2,043	970	928	840	313	498				
4 year later	1,593	1,476	2,041	886	912	863	313					
5 year later	1,588	1,462	2,055	881	920	858						
6 year later	1,584	1,470	2,062	891	919							
7 year later	1,591	1,450	1,991	889								
8 year later	1,594	1,476	1,988									
9 year later	1,670	1,565										
10 year later	1,638											
	1,638	1,565	1,988	889	919	858	313	498	213	379	711	9,972
Cumulative payments to date	-1,588	-1,435	-1,859	-844	-842	-806	-296	-472	-158	-257	-193	-8,750
Discounting	-9	-7	-17	-7	-14	-5	0	-3	-2	-4	-13	-80
Reserves from 1999 and prior years												191
Other reserves												101
Provisions for claims, end of year												1,434

DKKm

21 Provisions for claims – Estimated accumulated claims

Net of reinsurance	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Estimated accumulated claims												
End of year	7,158	7,785	9,276	9,805	10,218	10,881	11,331	12,057	13,067	14,387	16,318	
1 year later	7,368	8,010	9,527	9,950	10,208	10,887	11,588	12,717	14,379	14,983		
2 year later	7,615	8,201	9,646	9,615	10,022	10,707	11,110	13,276	14,307			
3 year later	7,795	8,298	9,709	9,552	9,909	10,318	11,302	13,274				
4 year later	7,849	8,254	9,702	9,662	9,658	10,431	11,233					
5 year later	7,985	8,258	9,596	9,638	9,725	10,304						
6 year later	7,742	8,464	9,575	9,551	9,521							
7 year later	7,852	8,458	9,514	9,422								
8 year later	7,835	8,484	9,505									
9 year later	7,838	8,325										
10 year later	8,108											
	8,108	8,325	9,505	9,422	9,521	10,304	11,233	13,274	14,307	14,983	16,318	125,299
Cumulative payments to date	-7,407	-7,795	-8,886	-8,624	-8,597	-9,204	-9,621	-10,956	-11,087	-10,855	-8,069	-101,101
Discounting	-128	-109	-119	-154	-163	-189	-249	-308	-384	-434	-601	-2,840
Reserves from 1999 and prior years												1,468
Other reserves												622
Provisions for claims, net of reinsurance, end of the year												23,449

Estimated accumulated claims regarding Moderna Försäkringar

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	I alt
	45	99	117	133	243	348	426	520	646	760	0	3,336
	44	97	117	131	241	343	409	591	849	1,102	1,444	5,367

The table consists of figures for Tryg Forsikring A/S, Tryg Forsikring, norwegian branch of Tryg Forsikring A/S, Enter Forsikring AS and Moderna Försäkringar, branch of Tryg Forsikring A/S. Other group units are included in the item 'Other reserves', which comprises the provisions for claims for Tryg Garantiforsikring A/S and the Finnish branch.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2010 to prevent the impact of exchange rate fluctuation.

DKKm		Gross	Ceded	Net
21	**Provisions for claims**			
	2010			
	Total, beginning of year	22,017	1,050	20,967
	Market value adjustment of provisions, beginning of year	703	62	641
		22,720	1,112	21,608
	Paid in the financial year in respect of the current year	-8,273	-195	-8,078
	Paid in the financial year in respect of prior years	-6,663	-327	-6,336
		-14,936	-522	-14,414
	Change in claims in the financial year in respect of the current year	16,502	757	15,745
	Change in claims in the financial year in respect of prior years	-857	-52	-805
		15,645	705	14,940
	Discounting and exchange rate adjustment	826	38	788
	Provisions for claims, end of year [a)]	24,255	1,333	22,922
	Other [b)]	628	101	527
		24,883	**1,434**	**23,449**
	2009			
	Total, beginning of year	19,355	794	18,561
	Market value adjustment of provisions, beginning of year	1,330	113	1,217
	Addition on acquisition of subsidiary [c)]	648	69	579
		21,333	976	20,357
	Paid in the financial year in respect of the current year	-7,175	-152	-7,023
	Paid in the financial year in respect of prior years	-6,308	-204	-6,104
		-13,483	-356	-13,127
	Change in claims in the financial year in respect of the current year	13,742	355	13,387
	Change in claims in the financial year in respect of prior years	-683	35	-718
		13,059	390	12,669
	Discounting and exchange rate adjustment	1,108	40	1,068
	Provisions for claims, end of year [a)]	22,017	1,050	20,967
	Other [b)]	453	75	378
		22,470	**1,125**	**21,345**

a) The table consists of figures for Tryg Forsikring A/S, Tryg Forsikring, Norwegian branch of Tryg Forsikring A/S, Enter Forsikring AS and Moderna Försäkringar, branch of Tryg Forsikring A/S. Other units in the Group are included in 'Other'
b) Comprises provisions for claims for Tryg Garantiforsikring A/S, the Finnish branch of Tryg Forsikring A/S.
c) Addition on acquisition of subsidiary relates to the acquisition of Moderna Försäkringar, see note 29

DKKm		0-1 year	1-2 years	2-3 years	> 3 years	Carrying amount Total
				Expected cashflow		
21	**Provisions for claims**					
	2010					
	Provisions for unearned premiums, gross	6,111	196	177	174	6,658
	Provisions for unearned premiums, ceded	-138	0	0	0	-138
	Provisions for claims, gross	8,044	3,866	2,439	9,906	24,255
	Provisions for claims, ceded	-495	-201	-106	-531	-1,333
		13,522	**3,861**	**2,510**	**9,549**	**29,442**
	2009					
	Provisions for unearned premiums, gross	5,615	158	152	156	6,081
	Provisions for unearned premiums, ceded	-153	-12	-15	-10	-190
	Provisions for claims, gross	7,161	3,421	2,256	9,178	22,016
	Provisions for claims, ceded	-292	-134	-99	-525	-1,050
		12,331	**3,433**	**2,294**	**8,799**	**26,857**

The table consists of figures for Tryg Forsikring A/S, Tryg Forsikring, Norwegian branch of Tryg Forsikring A/S, Enter Forsikring AS and Moderna Försäkringer, branch of Tryg 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 15.

Please refer to the section on 'Capitalisation and risk mangement' for an elaboration of risk management and risk exposure.

DKKm		2009	2010
22	**Pensions and similar obligations**		
	Jubilees, schemes for elderly employees etc.	48	50
	Recognised obligation, end of year	**48**	**50**
	Defined benefit persion plans:		
	Present value of pension obligations funded through operations	144	108
	Present value of pension obligations funded through establishment of funds	1,160	1,464
	Gross pension obligation	1,304	1,572
	Fair value of plan assets	856	951
	Net pension obligation	**448**	**621**
	Specification of change in recognised pension obligations:		
	Recognised pension obligation, beginning of year	1,123	1,304
	Exchange rate adjustment	206	81
	Present value of amounts accumulated during the year	55	52
	Capital costs of previously accumulated pensions	47	58
	Acturial gains/losses	-70	181
	Paid during the period	-57	-62
	Change in recognised employers' nat. ins. contribution	0	-42
	Recognised pension obligation, end of year	**1,304**	**1,572**
	Change in carrying amount of plan assets:		
	Carrying amount of plan assets, beginning of year	628	856
	Exchange rate adjustment	118	57
	Investments in the year	149	73
	Estimated return on pension funds	40	53
	Acturial gains/losses	-42	-47
	Paid during the period	-37	-41
	Carrying amount of plan assets, end of year	**856**	**951**
	Total pensions and similar abligations, end of year	**448**	**621**
	Total recognised obligation, end of year	**496**	**671**
	Specification of pension cost for the year:		
	Present value of amounts accumulated during the year	45	44
	Interest expense on accrued pensions obligation	47	58
	Expected return on plan assets	-40	-53
	Accrued employers' nat.insurance contribution	8	6
	Total year's cost of defined benefit plans	**60**	**55**
	The premium for the following financial years is estimated at:	55	66
	Estimated distribution of plan assets:	%	%
	Shares	10	12
	Bonds	70	69
	Property	20	19
	Average return on plan assets	5.1	4.5

DKKm		2009	2010
22	**Pensions and similar obligations**		
	Assumptions used:	%	%
	Discount rate	4.6	3.8
	Estimated return on pension funds	5.8	4.5
	Salary adjustment	4.0	4.0
	Pension adjustment	4.0	3.8
	G Adjustment	4.0	3.8
	Turnover	7.0	6.0
	Employers' nat. ins. contribution	14.1	14.1
	Take up of the AFP Early Retirement Plan	20.0	0.0
	Mortality table	Adj. K2005	Adj. K2005

	2006	2007	2008	2009	2010
Pension obligation	1,298	1,292	1,123	1,304	1,572
Plan assets	825	932	628	856	951
Surplus/deficit	473	360	495	448	621
Actuarial gains/losses associated with the pension obligation	90	104	-23	70	-181
Actuarial gains/losses associated with pension assets	26	-10	-173	-42	-47

Moderna Försäkringar, branch of Tryg Forsikring A/S complies with the Swedish 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 c ollaboration, 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 2010 amounted to DKK 12m, which is about 2.6 % of the annual premium in FPK (2009). FPK writes in its half-year report for 2010 that it had a collective consolidation ratio of 112 at 30 June 2010 (cosolidation ration 113 at 30 June 2009). The collective consolidation ratio is defined as the market value of the plan assets relative to the total collective pension obligations.

DKKm			2009	2010
23	**Deferred tax**			
	Tax asset			
	Operating equipment		56	37
	Debt and provisions		161	213
	Capitalised tax loss		91	70
			308	**320**
	Tax liability			
	Intangible rights		134	121
	Land and buildings		176	206
	Bonds and loans secured by mortgages		46	14
	Contingency funds		1,196	1,261
			1,552	**1,602**
	Deferred tax, end of year		**1,244**	**1,282**
	Unaccrued timing differences of shares		134	0
	Unaccrued timing differences of balance sheet items		68	25
	Reconcillation of deferred tax			
	Deferred tax, beginning of year		949	1,244
	Exchange rate adjustment		133	70
	Addition on acquisition of subsidiary [a)]		97	0
	Change in deferred tax previous years		-3	0
	Change in capitalised tax loss		-80	34
	Change in deferred tax taken to the income statement		138	53
	Change in deferred tax taken to equity		10	-119
			1,244	**1,282**
	Non-capitalised tax loss			
	Denmark		72	72
	Sweden		0	16
	Finland		313	343
	Luxembourg		142	103

a) Addition on acquisition of subsidiary relates to the acquisition of Moderna Försäkringar, see note 29

The loss in Tryg A/S cannot be utilised in the Danish joint taxation scheme. The loss can be carried forward indefinitely in Denmark and Luxembourg.

Under Finnish rules, losses may be carried forward for ten years and according to the rules in Sweden, losses may be carried forward indefinitely.

Losses are not recognised as tax assets until it is likely that there will be sufficient future taxable income for the loss to be utilised.

The total current and deferred tax relating to items recognised in equity is recognised in the balance sheet in the amount of DKK -208m. (DKK 110m in 2009).

No deferred tax is associated with investments in subsidiaries (DKK 0m in 2009)

DKKm		2009	2010
24	**Other provisions**		
	Other provisions, beginning of year	1	6
	Change in provisions	5	-5
	Other provisions, end of year	**6**	**1**
25	**Debt to credit institutions**		
	Bank loans	600	0
	Bank overdrafts	11	30
		611	**30**
	Debt falling due within one year	611	30
	Debt falling due after more than five years	0	0

From 2005 to july 2010 Tryg has had a loan facility with a consortium of banks for DKK 2,000m, of which DKK 600m was utilised at 31 December 2009. In 2010, the loan carried interest at CIBOR plus a margin, totalling approximately 2.5 % p.a. The unutilised part of the loan facility was measured at amortised cost, and an amount of DKK 5m was deducted from the loan proceeds upon signing the loan agreement. The cost was depreciated linear until the loan facility expired in July 2010. The fair value of the loan is considered to be the utilised part of the facility of DKK 600m.

Tryg A/S has established committed credit facilities totalling DKK 1,000m with af number of Danish banks. These credit facilities expire on 31 December 2011. In addition, Tryg Forsikring A/S has established committed repo facilities DKK 1,000m with at number of Danish banks. These repo facilities expire on 31 December 2011. None of the facilities had been utilised at 31 December 2010.

DKKm		2009	2010
26	**Other debt**		
	Unsettled transactions	27	2,051
	Interest derivatives	3	9
	Exchange and inflation rate derivatives	0	367
	Repo debt	0	1,896
	Other debt	959	1,030
		989	**5,353**
	Debt falling due within one year	989	5,353
	Debt falling due after more than five years	0	0
27	**Earnings per share**		
	Profit/loss for the period from continuing business	1,985	676
	Profit/loss on discontinued and divested business	23	-83
	Profit/loss for the period	2,008	593
	Average number of shares (1,000 shares)	63,334	62,362
	Diluted number of shares (1,000)	114	82
	Diluted average number of shares (1,000)	63,448	62,444
	Earnings per share - continuing business of DKK 25	31.3	10.8
	Basic earnings per share of DKK 25	31.7	9.5
	Diluted earnings per share (DKK)	31.7	9.5

The company has not issued warrants, convertible debt instruments or the like.

DKKm		<1 year	1-3 years	Payment due by period 3-5 years	> 5 years	Total
28	**Contractual obligations, contingent liabilities and collateral**					
	2010					
	Operating leases	149	215	106	112	582
	Other contractual obligations	811	43	36	38	928
		960	**258**	**142**	**150**	**1,510**
	2009					
	Operating leases	231	99	49	67	446
	Other contractual obligations	429	143	16	0	588
		660	**242**	**65**	**67**	**1,034**

The amounts include the following:
Tryg Forsikring A/S and Tryg Forsikring, norwegian branch of Tryg Forsikring A/S have signed an operating agreement with CSC for an amount of DKK 374m for a period of 5 years which cannot be cancelled within a year. The contract expires in 2011.

Tryg Forsikring A/S has signed a portfolio management contract for DKK 143m. The contract expires in 2013.
Tryg Forsikring A/S has signed a telephony service contract with Telenor for DKK 145m. The contract expires in 2015.
Tryg Forsikring A/S has signed a car leasing contrakt with NF Fleet for DKK 30m. The contract expires in 2015.
Tryg Forsikring A/S has signed a it leasing contrakt with IBM for DKK 7.5m. The contract expires in 2011.
Tryg Forsikring A/S has signed a it leasing contrakt with a external company back up of the hard disk DKK 8.8m.
The contract expires in 2013.

Ejendomsselskaber af 8. Maj 2008 A/S has signed agreements for reburbishment of the property at Klausdalsbrovej 601, Ballerup.
The remaining contract sum amounts to DKK 21.3m. The work i s expected to be finalised in 2011.

Vesta Eiendom A/S has signed agreements for refurbishment of the property at Folke Bernadottesvei 50, Bergen.
The remaining contract sum amounts to DKK 5m. The work is expected to be finalised in 2011.

The Danish companies in Tryg group are jointly taxed with TryghedsGruppen smba.

	2009	2010
Assets to cover the technical provisions in Tryg Forsikring A/S have been registered in the total amount of	32,275	36,923
Assets to cover the technical provisions in Tryg Garantiforsikring A/S have been registered in the total amount of	223	311

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

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

Companies of the Tryg Forsikring group are part of some 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 statement of financial position at 31 December 2010.

DKK 1,896m (DKK 0 in 2009) of the company's bond portfolio was sold in repo transactions and must be repurchased. The value of the bond portfolio remains recognised in the balance sheet and has been provided as security for financial liabilities concerning repo transactions.

DKKm

29 Acquisition of subsidiary

2010
There have been no acquisitions of subsidiaries during 2010.

2009
In 2009 Tryg Forsikring A/S acquired Moderna Försäkringar Sak AB, Modern Re S.A., Netviq AB og MF Bilsport & MC Specialförsäkring AB in Sweden.The acquisitionprice is final.

Acquired businesses	Acquired interest	Principal activity	Aquisition date
Moderna Försäkringar Sak AB	100%	Non life insurance	2 April 2009
Modern Re S.A.	100%	Intra group insurance	2 April 2009
Netviq AB	100%	Agency for Moderna	2 April 2009
MF Bilsport & MC Specialförsäkring AB	100%	Agency for Moderna	2 April 2009

Acquired businesses	Carrying amount before takeover[a)]	Market value at takeover
Intangible assets	16	155
Property, plant and equipment	12	12
Investment assets	955	955
Reinsurers´share of provisions for insurance contracts	140	140
Receivalbles, other assets and prepayments	1,082	1,082
Provisions for insurance contracts	-1,345	-1,345
Provisions	-75	-111
Debt, accruals and deferred income	-259	-259
Shareholders' equity	**526**	**629**
Goodwill on acquisitions		310
Cost		**939**
Adjustment of cash and cash equivalents		-605
Cash acquisition cost		**334**
Elements of cash acquisition cost		
Cash		350
Direct acquisition costs		-16
Cash acquisition cost		**334**

a) The carrying amount prior to acquisition has been made up in accordance with the Tryg Group's accounting policies.

Mio. DKK		2009	2010
30	**Related parties**		
	Supervisory Board and Group Executive Management		
	Premium income		
	- Parent company (TryghedsGruppen smba)	0.3	0.3
	- Key management	0.6	0.5
	- Other related parties	115.8	8.8
	Claims paid		
	- Parent company (TryghedsGruppen smba)	0.7	0.2
	- Key management	0.2	0.5
	- Other related parties	6.2	2.6
	Guarantee agreements with related parties		
	- Account	1,470	1,965
	- Exercised, end of year	538	865
	- Premium	7	8

Outstanding guarantees cover the policyholders' financial obligations pursuant to the contract. Following an individual assessment, all guarantees with the exception of Sjælsø Gruppen A/S, are issued without additional security. The company has full recourse against the individual companies.

No provisions have been made for non-performing guarantees and no expenses were incurred during the financial year.

Guarantee agreements are made on market terms.

Leases with related parties:
There are no leases with related parties.

	2009	2010
Specification of remuneration		
Supervisory Board	-4	-5
Executive Management	-19	-20
	-23	**-25**
Remuneration includes pension contributions		
Supervisory Board	0	0
Executive Management	-3	-3
	-3	**-3**

Members of the Supervisory Board of Tryg 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 ind the share option programme in Tryg Forsikring 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 Tryg Forsikring A/S 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 Salaried Employees Act, as such claims are included in the severance pay.

DKKm		2009	2010
30	**Related parties**		
	Parent company		
	Tryghedsgruppen smba		
	TryghedsGruppen smba controls 60% of the shares in Tryg A/S.		
	Intra-group trading involved		
	- Subordinated loan capital	499	499
	- Interest expenses	-24	-33

Transactions between TryghedsGruppen smba and Tryg A/S are on market terms

Intra-group trading involved

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

31 Financial highlights

cf ‘Introduction to Tryg’ page 2

Income statement (parent company)

DKKm		2009	2010
Notes	**Investment activities**		
2	Income from subsidiaries	2,079	475
	Interest income	2	2
	Value adjustment	-2	-1
	Interest expenses	-14	-2
	Investment management charges	-7	-8
	Total return on investment activities	**2,058**	**466**
3	Other expenses	-46	-58
	Profit before tax	**2,012**	**408**
4	Tax	17	17
	Profit on continuing business	**2,029**	**425**
	Profit for the year	**2,029**	**425**
	Proposed distribution for the year:		
	Dividend	991	256
	Transferred to Net revaluation as per equity method	1,470	-1,965
	Transferred to Retained profits	-432	2,134
		2,029	**425**

Statement of financial position (parent company)

DKKm		2009	2010
Notes	**Assets**		
5	Investments in subsidiaries	10,138	8,339
	Total investments in subsidiaries	**10,138**	**8,339**
	Total investment assets	**10,138**	**8,339**
	Receivables from subsidiaries	65	59
	Other receivables	0	4
	Total receivables	**65**	**63**
6	Current tax assets	17	17
7	Deferred tax assets	1	1
	Total other assets	**18**	**18**
	Total prepayments and accrued income	**39**	**55**
	Total assets	**10,260**	**8,475**
	Liabilities		
	Shareholders' equity	**9,652**	**8,475**
8	Debt to credit institutions	600	0
	Debt to subsidiaries	8	0
	Total debt	**608**	**0**
	Total liabilities and equity	**10,260**	**8,475**

1 **Accounting policies**
9 **Capital adequacy**
10 **Contractual obligations, contingent liabilities and collateral**
11 **Related parties**
12 **Reconciliation of differences in the profit and the shareholders' equity**

Statement of changes in equity (parent company)

DKKm	Share capital	Revalua-tion reserves	Retained earnings	Proposed dividends	Total
Shareholders' equity at 31 December 2008	**1,700**	**1,559**	**4,564**	**442**	**8,265**
2009					
Adjustment beginning of year cf note 1		-35			-35
Profit for the year		1,470	-432	991	2,029
Revaluation of owner-occupied properties		9			9
Exchange rate adjustment of foreign entities		505			505
Hedge of foreign currency risk in foreign entities		-474			-474
Tax on equity entries		117			117
Total comprehensive income	0	1,592	-432	991	2,151
Nullification of own shares	-102		102		0
Dividend paid				-442	-442
Dividend own shares			32		32
Purchase of own shares			-418		-418
Exercise of shareoptions			19		19
Issue of employee shares			30		30
Issue of share options			15		15
Total equity entries in 2009	**-102**	**1,592**	**-652**	**549**	**1,387**
Shareholders' equity at 31 December 2009	**1,598**	**3,151**	**3,912**	**991**	**9,652**
2010					
Profit for the year		-1,965	2,134	256	425
Change in equalisation provision		1			1
Revaluation of owner-occupied properties		19			19
Exchange rate adjustment of foreign entities		330			330
Hedge of foreign currency risk in foreign entities		-328			-328
Tax on equity entries		144			144
Total comprehensive income	0	-1,799	2,134	256	591
Dividend paid				-991	-991
Dividend own shares			14		14
Purchase of own shares			-816		-816
Exercise of share options			9		9
Issue of share options			16		16
Total equity entries in 2010	**0**	**-1,799**	**1,357**	**-735**	**-1,177**
Shareholders' equity at 31 December 2010	**1,598**	**1,352**	**5,269**	**256**	**8,475**

Proposed dividend per share DKK 4.00 (DKK 15.50 in 2009). 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 (63,931,573). The dividend is not paid until approved by the shareholders at the annual general meeting of the subsequent year.

Tryg Forsikring A/S' Norwegian branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 2,887m (in 2009 DKK 2,599m). In Tryg Forsikring A/S, these provisions, due to their nature as additional provisions, are included in shareholders' equity (retained earnings), net of deferred tax. Tryg Forsikring A/S' option to pay dividend to Tryg 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 Tryg Forsikring A/S. Tryg Garantiforsikring A/S has a similar contingency amounting to DKK 139m, which is also included in the company's shareholders' equity.

DKKm		2009	2010
1	**Accounting policies**		
	Please refer to Tryg Group's 'Accounting policies.'		
2	**Income from subsidiaries**		
	Tryg Forsikring A/S	2,079	475
		2,079	**475**
3	**Other expenses**		
	Administrative expenses	-46	-58
		-46	**-58**
	Remuneration of the Executive Management is paid by Tryg Forsikring A/S and Tryg Forsikring, norwegian branch of Tryg Forsikring A/S and is charged to Tryg A/S by the cost allocation. Remuneration for Supervisory Board and Group Executive Management appears in note 11 'Related parties'.		
	Average number of full-time employees during the year	0	0
	Administrative expenses include fee to the auditors appointed by the Annual General meeting:		
	Deloitte	-0.7	-1.1
		-0.7	**-1.1**
	Of which services other than audit:		
	Deloitte	0.0	-0.4
		0.0	**-0.4**
	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	17	17
		17	**17**
	Effective tax rate	%	%
	Tax on financial loss	25	25
		25	**25**

Refer to the section 'The Groups Financial performance 2010' in the management report for further mention of the tax.'

DKKm		2009	2010
5	**Investments in subsidiaries**		
	Cost		
	Balance 1 January	6,987	6,987
	Balance 31 December	6,987	6,987
	Revaluations and impairment writedowns at net asset value		
	Balance 1 January	1,524	3,151
	Revaluations during the year	2,238	641
	Dividend paid	-611	-2,440
	Balance 31 December	3,151	1,352
	Carrying amount 31 December	**10,138**	**8,339**

	Name and registered office	Ownership shares in %	Equity
	2010		
	Tryg Forsikring A/S, Ballerup	100	100
	2009		
	Tryg Forsikring A/S, Ballerup	100	100

		2009	2010
6	**Current tax assets**		
	Current tax, beginning of year	18	17
	Current tax for the year	17	17
	Tax paid durring the year	-18	-17
		17	**17**
7	**Deferred tax assets**		
	Capitalised tax loss		
	Tryg A/S	1	1
	Non-capitalised tax loss		
	Tryg A/S	72	72

The loss in Tryg A/S can only be utilised in Tryg 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		2009	2010
8	**Debt to credit institutions**		
	Bank loans	600	0
		600	**0**

From 2005 to july 2010 Tryg A/S has had a loan facility with a consortium of banks for DKK 2,000m, of which DKK 600m was utilised at 31 December 2009. In 2010, the loan carried interest at CIBOR plus a margin, totalling approximately 2.5 % p.a.

Tryg has established committed credit facilities totalling DKK 1,000m with a number of Danish banks. These credit facilities expire on 31 December 2011.

DKKm		2009	2010
9	**Capital adequacy, etc.**		
	Shareholders' equity according to annual report	9,687	8,475
	Subordinate loan capital	732	804
	Proposed dividend	-991	-256
	Solvency requirements to subsidiary undertakings	-4,579	-5,031
	Capital base	**4,849**	**3,992**
	Weighted items	**5,022**	**3,309**
	Solvency ptc.	**97**	**121**

10 Contractual obligations, contingent liabilities and collateral

The Danish companies in Tryg group are jointly taxed with TryghedsGruppen smba.

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

Companies of the Tryg Group are part of some 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 at 31 December 2010.

DKKm		2009	2010
11	**Related parties**		
	Supervisory Board and Executive Management		
	Premium income		
	- Parent company (TryghedsGruppen smba)	0.3	0.3
	- Key management	0.6	0.5
	- Other related parties	115.8	8.8
	Claims payments		
	- Parent company (TryghedsGruppen smba)	0.7	0.2
	- Key management	0.2	0.5
	- Other related parties	6.2	2.6
	Guarantee agreements with related parties		
	- Account	1,470	1,965
	- Exercised, end of year	538	865
	- Premium	7	8

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

No provisions have been made for non-performing guarantees and no expenses were incurred during the financial year.

Guarantee agreements are made on market terms.

Leases with related parties

There are no leases with related parties.

	2009	2010
Specification of remuneration		
Supervisory Board	-4	-5
Executive Management	-19	-20
	-23	**-25**
Remuneration includes pension contributions		
Supervisory Board	0	0
Executive Management	-3	-3
	-3	**-3**

Members of the Supervisory Board of Tryg 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.

DKKm		2009	2010
11	**Parent company**		
	TryghedsGruppen smba		
	TryghedsGruppen smba controls 60% of the shares in Tryg A/S.		
	Intra-group trading involved		
	- Subordinated loan capital	499	499
	- Interest expenses	-24	-33
	Administration fee, etc. is fixed on a cost-recovery basis.		
	Intra-group accounts are offset and carry interest on market terms.		
	Subsidiaries and associates		
	Tryg A/S controls Tryg Forsikring A/S 100%.		
	Intra-group trading involved		
	- Providing and receiving services	-49	-61
	- Intra-group account	65	76
	- Interest	-1	2
	Administration fee, etc. is fixed on a cost-recovery basis.		
	Intra-group accounts are offset and carry interest on market terms.		
12	**Reconciliation of differences in the profit and the shareholders' equity**		
	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 and equity.		
	Profit reconciliation		
	Profit - IFRS	2,008	593
	Current years effect of actuarial gains and losses on pension obligation after tax	21	-164
	Change in the year in deferred tax provisions for contingency funds	0	-4
	Profit - Danish FSA executive order	**2,029**	**425**
	Equity reconciliation		
	Shareholders' equity - IFRS	9,631	8,458
	Deferred tax provisions for contingency funds	21	21
	Change in the year in deferred tax provisions for contingency funds	0	-4
	Equity - Danish FSA executive order	**9,652**	**8,475**

Geographical segments

DKKm	2006	2007	2008	2009	2010
Danish general insurance					
Gross premiums earned	**8,862**	**9,105**	**9,393**	**9,525**	**9,636**
Technical result	1,406	1,805	1,727	1,178	166
Run-off gains/losses, net of reinsurance	311	579	674	421	615
Key ratios					
Gross claims ratio	66.2	64.6	64.5	71.6	82.0
Business ceded as % of gross premiums	3.6	2.4	3.7	2.5	0.7
Claims ratio, net of ceded business	69.8	67.0	68.2	74.1	82.7
Gross expense ratio	16.2	15.4	16.1	14.5	16.1
Combined ratio	**86.0**	**82.4**	**84.3**	**88.6**	**98.8**
Number of full-time employees, end of period	2,211	2,221	2,356	2,293	2,342
Norwegian general insurance					
Gross premiums earned	**6,654**	**6,816**	**7,009**	**6,750**	**7,490**
Technical result	1,217	1,374	831	618	389
Run-off gains/losses, net of reinsurance	246	213	109	277	177
Key ratios					
Gross claims ratio	64.0	63.0	70.6	70.8	76.7
Business ceded as % of gross premiums	3.5	4.9	3.6	3.7	3.1
Claims ratio, net of ceded business	67.5	67.9	74.2	74.5	79.8
Gross expense ratio	16.6	15.9	16.9	17.0	15.7
Combined ratio	**84.1**	**83.8**	**91.1**	**91.5**	**95.5**
Number of full-time employees, end of period	1,455	1,379	1,450	1,398	1,338
Swedish general insurance [a]					
Gross premiums earned	**4**	**90**	**225**	**1,111**	**1,769**
Technical result	-41	-82	-93	-75	-124
Run-off gains/losses, net of reinsurance	0	0	0	-8	32
Key ratios					
Gross claims ratio	144.9	88.9	95.1	80.6	84.6
Business ceded as % of gross premiums	0.4	0.0	0.9	1.8	0.8
Claims ratio, net of ceded business	145.3	88.9	96.0	82.4	85.4
Gross expense ratio	1,003.8	105.6	48.4	25.1	22.4
Combined ratio	**1,149.1**	**194.5**	**144.4**	**107.5**	**107.8**
Number of full-time employees, end of period	40	61	105	425	414

Geographical segments

DKKm	2006	2007	2008	2009	2010
Finnish general insurance					
Gross premiums earned	**198**	**251**	**354**	**480**	**593**
Technical result	-34	-49	-44	-115	-56
Run-off gains/losses, net of reinsurance	0	0	17	-7	0
Key ratios					
Gross claims ratio	78.1	74.9	72.9	84.2	80.9
Business ceded as % of gross premiums	0.2	0.4	0.3	0.6	0.8
Claims ratio, net of ceded business	78.3	75.3	73.2	84.8	81.7
Gross expense ratio	41.7	49.8	44.1	41.7	29.3
Combined ratio	**120.0**	**125.1**	**117.3**	**126.5**	**111.0**
Number of full-time employees, end of period	77	127	154	194	197
Other [b]					
Gross premiums earned	**-3**	**0**	**-5**	**-4**	**-13**
Technical result	-4	-23	11	-44	0
Tryg					
Gross premiums earned	**15,715**	**16,262**	**16,976**	**17,862**	**19,475**
Technical result	2,544	3,025	2,432	1,562	375
Run-off gains/losses, net of reinsurance	561	792	800	683	824
Return on investment activities	1,228	340	-988	1,086	570
Other income and expenses	-31	-51	-49	-38	-4
Profit/loss before tax	3,741	3,314	1,395	2,610	941
Key ratios					
Gross claims ratio	65.5	64.2	67.6	72.1	80.2
Business ceded as % of gross premiums	3.5	3.4	3.5	2.9	1.6
Claims ratio, net of ceded business	69.0	67.6	71.1	75.0	81.8
Gross expense ratio [c]	16.9	16.8	17.1	17.2	17.0
Combined ratio	**85.9**	**84.4**	**88.2**	**92.2**	**98.8**
Number of full-time employees, end of period	3,783	3,788	4,065	4,310	4,291

a) Moderna Försäkringar is included in 'Swedish general insurance' from 2 april 2009.
b) Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'.
c) Adjustment to Gross expense ratio included only in the calculation of 'Tryg'. Explanation of adjustment as a footnote to Financial Highlights

Other key figures

DKKm	2006	2007	2008	2009	2010
Claims ratio, net	67.9	66.5	70.1	74.2	81.3
Expense ratio, net	17.2	17.1	17.5	17.6	17.4
Combined ratio, net	85.1	83.6	87.6	91.8	98.7
Expense ratio, net without adjustment	17.2	17.1	17.9	17.5	17.4
Gross profit ratio	16.2	18.6	14.3	8.7	1.9
Profit ratio, net of reinsurance	17.2	19.6	15.0	9.2	2.0
Gross technical interest ratio	2.1	3.0	2.9	0.9	0.7
Technical interest ratio, net of reinsurance	2.3	3.2	3.0	0.9	0.7
Return on equity before tax on continuing business (%)	41.3	33.3	15.3	29.3	10.4
Return on equity after tax on continuing business (%)	34.4	24.3	9.7	22.3	7.5
Average provisions for unearned premiums	5,178	5,288	5,252	5,654	6,514
Average provisions for claims	20,887	20,808	20,454	21,110	23,677
Average reinsurers' share of provisions for insurance contracts	2,096	1,574	1,312	1,178	1,454
Reserve ratio, provisions for unearned premiums (%)	32.9	33.2	30.0	34.8	35.0
Reserve ratio, provisions for claims (%)	130.2	130.1	116.3	125.8	127.8
Reserve ratio, total	163.1	163.3	146.3	160.6	162.8
Number of full-time employess, end of period, discontinued and divested business	25	26	26	26	1
Share performance					
Earnings per share (DKK)	47.3	33.5	12.8	31.7	9.5
Diluted earnings per share (DKK) [a]				31.7	9.5
Average number of shares (1,000)	67,824	67,648	66,184	63,334	62,362
Diluted average number of shares (1,000) [a]				63,448	62,444
Share price 31.12 (DKK)	431.5	388.0	328.0	342.8	257.5
Quoted price/net asset value	3.0	2.6	2.6	2.3	1.8

a) There has been no dilution of earnings or equity in the period 2006-2008

The expense ratio, net without adjustment is calculated as the ratio of actual insurance operating expenses, net of reinsurance to earned premiums, net of reinsurance. Other key ratios are calculated in accordance with ''Recommendations & Financial Ratios 2010'' issued by the Danish Society of Financial Analysts.

The adjustment, which is made pursuant to the Danish Financial Supervisory Authority's and the Danish Society of Financial Analysts' definition of expense ratio and combined ratio, involves the addition of a calculated expense (rent) concerning owner-occupied property based on a calculated market rent and the deduction of actual depreciation and operating costs on owner-occupied property.

Glossary

The financial highlights and key ratios of Tryg 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 2010" issued by the Danish Society of Financial Analysts.

Business ceded as a percentage of gross premiums

$$\frac{\text{Net result of business ceded x 100}}{\text{Gross earned premiums}}$$

Capital base
Shareholders' equity plus subordinated debt/subordinated loan capital less intangible assets/goodwill and tax asset.

Claims ratio, net of ceded business
Gross claims ratio + business ceded as % of gross 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.

Danish general insurance
Comprises the legal entities Tryg Forsikring A/S (excluding the Norwegian, Finnish and Swedish branches) and Tryg Garantiforsikring A/S.

Diluted earnings per share (continuing business)

$$\frac{\text{Diluted earnings from continuing business after tax}}{\text{Diluted average number of shares}}$$

Diluted number of shares
Average number of shares adjusted for number of share options which may potentially dilute.

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.

Dividends per share

$$\frac{\text{Proposed dividend}}{\text{Number of shares year end}}$$

Earnings per share

$$\frac{\text{Profit for the year x 100}}{\text{Average number of shares}}$$

Equity margin

$$\frac{\text{Premiums earned, net of reinsurance x 100}}{\text{Tier 1 capital}}$$

Finnish general insurance
Comprises Tryg Forsikring A/S, Finnish branch and the Finnish branch of Tryg Garantiforsikring A/S.

Gross claims ratio

$$\frac{\text{Gross claims incurred x 100}}{\text{Gross earned premiums}}$$

Gross earned premiums
Calculated as gross premiums written adjusted for change in gross provisions for unearned premiums, less bonuses and premium rebates.

Gross expense ratio
Calculated as the ratio of gross insurance operating expenses with 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.

$$\frac{\text{Gross insurance operating expenses w. adjustment x 100}}{\text{Gross earned premiums}}$$

Gross expense ratio without adjustment

$$\frac{\text{Gross insurance operating expenses x 100}}{\text{Gross earned premiums}}$$

Gross insurance interest ratio

$$\frac{\text{Technical interest, net of reinsurance x 100}}{\text{Gross premiums earned}}$$

Gross profit margin

$$\frac{\text{Technical result x 100}}{\text{Gross premiums earned}}$$

Glossary

Individual Solvency
New Danish solvency requirements for insurance companies. With effect from the 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 four times a year.

Net asset value per share

$$\frac{\text{Year-end equity}}{\text{number of shares year end}}$$

Norwegian general insurance
Comprises Tryg Forsikring A/S, Norwegian branch, Enter Forsikring AS and the Norwegian branch of Tryg Garantiforsikring A/S.

Operating ratio
Calculated like the combined ratio but adding technical interest in the denominator.

$$\frac{\text{Claims incurred + insurance operating expenses + result of reinsurance x 100}}{\text{Gross earned premiums + technical interest}}$$

Price earnings

$$\frac{\text{Quoted price}}{\text{Earnings per share}}$$

Quoted price/net asset value

$$\frac{\text{Quoted price}}{\text{Net asset value per share}}$$

Relative run-off gains/losses
Run-off result relative to provisions for claims, beginning of year.

Reserve ratio, provisions for claims

$$\frac{\text{Provisions for claims x 100}}{\text{Gross premiums earned}}$$

Reserve ratio, provisions for unearned premiums

$$\frac{\text{Provisions for unearned premiums x 100}}{\text{Gross premiums earned}}$$

Return on equity

$$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$$

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.

Solvency II
New solvency requirements for insurance companies issued by EU Commission. The new rules are expected to come into effect in 2012.

Solvency margin

$$\frac{\text{Premiums earned, net of reinsurance x 100}}{\text{Capital base}}$$

Solvency ratio
Ratio of capital base to capital requirement

Swedish general insurance
Comprises Tryg Forsikring A/S, Swedish branch and the Swedish branch of Tryg Garantiforsikring A/S.

Tier 1 capital
Shareholders' equity less intangible assets/goodwill and tax asset

Total reserve ratio
Reserve ratio, provisions for claims + provisions for unearned premiums

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.

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 Tryg'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.

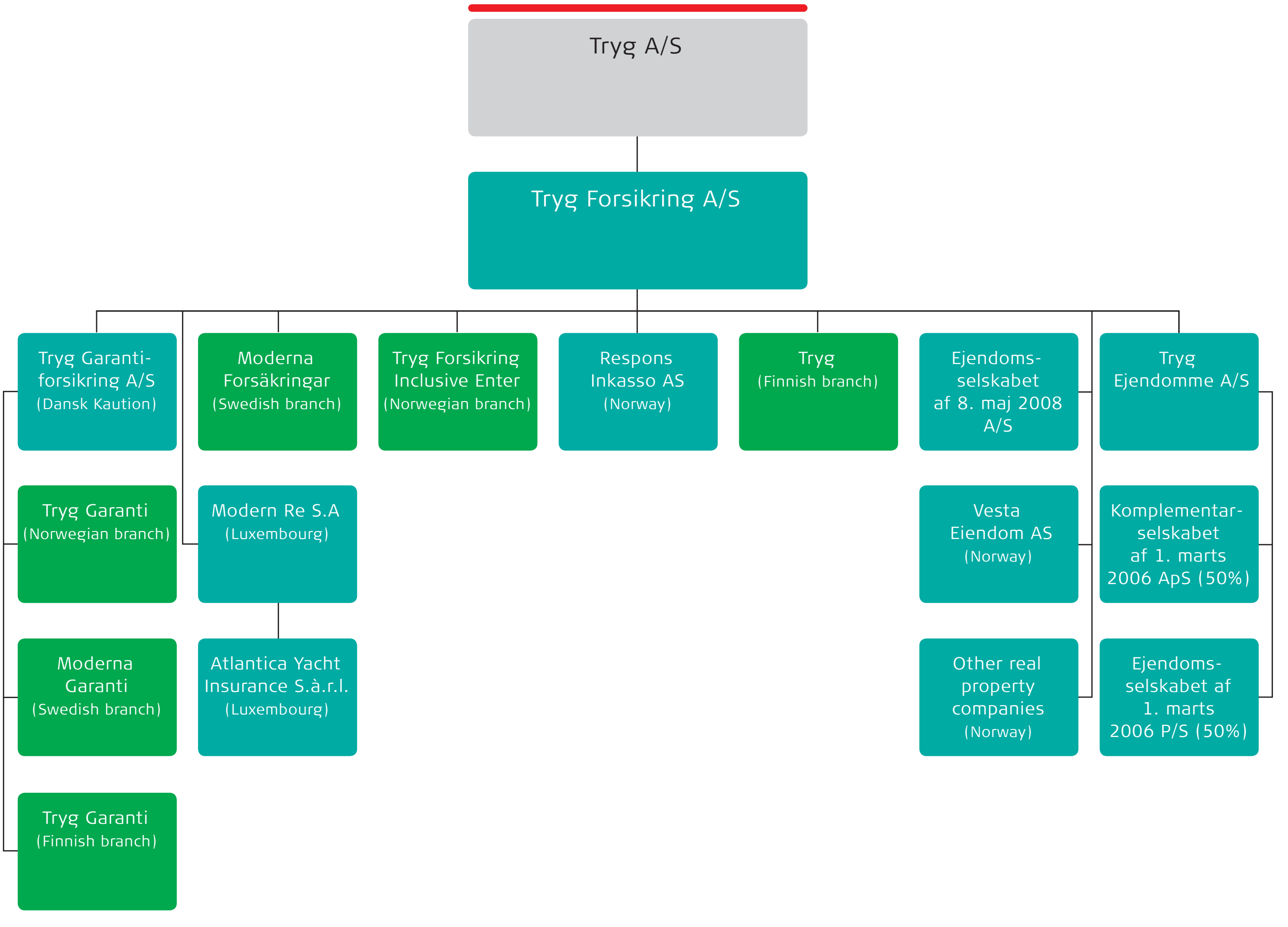
A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive envrironment, developments in the financial markets, extra ordinary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

Tryg 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 industri.

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

Tryg 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.

Group chart



Group chart at 1 January 2011. Companies and branches are wholly-owned by Danish owners and placed in Denmark unless otherwise stated.

Company   Branch

Tryg A/S
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