Annual report 2011

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This is a translation of the Danish annual report 2011. In case of any discrepancy between the Danish and the English version of the annual report 2011, 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.

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 2011 | 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 2011, our 4,300 employees ensured peace of mind for more than 2.7 million private customers and over 140,000 businesses.

Tryg is the second-largest insurance company in the Nordic region present in Denmark, Norway, Sweden and Finland. We are the largest player in Denmark and the third largest in Norway. In Sweden and Finland, however, we have smaller market shares.

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.

Preface

At the beginning of 2011, the Supervisory Board and the Executive Management set a target of achieving a medium-term return on equity of 20%, corresponding to a combined ratio of 90. The financial result for 2011 supports the view that this target is ambitious yet realistic.

Mikael Olufsen
2011 was a good year for Tryg improved in the insurance results in all business areas. This was extremely positive in a year which, in many ways, was characterised by uncertainty. The debt situation in Southern Europe, in particular, had a negative impact on the national economy and led to severe turbulence on the financial markets, adversely affecting economic conditions in the Nordic region and Tryg's investment results. At the same time, it was a year when the climate once again proved very significant. In 2010, the winter in particular had a negative impact on Tryg's business, while 2011 was characterised by cloudbursts and storms.

In spite of these external challenges, in 2011, Tryg achieved a profit after tax of DKK 1,140m. This result is a satisfactory improvement of DKK 547m compared with 2010 and must be seen in the light of the systematic efforts made to improve profitability.

2011 was characterised by both change and continuity at Tryg. In January, the Supervisory Board appointed Morten Hübbe as CEO after Stine Bosse resigned. Morten Hübbe assumed the leadership of Tryg following a 2010 that had been characterised by extraordinary events and declining profitability. A major part of Morten Hübbe's task was therefore to improve profitability in the insurance business during a period of difficult conditions on the investment markets.

At the beginning of 2011, the Supervisory Board and the Executive Management set a target of achieving a medium-term return on equity of 20%, corresponding to a combined ratio of 90. The target underlines the Supervisory Board's focus on profitability, ahead of growth, as the fundamental strategy for the coming years. The Supervisory Board is pleased to announce that, in 2011, Tryg made a significant step towards achieving this target. The financial result for 2011 therefore supports the view that the target is ambitious yet realistic.

The strategy for achieving the financial medium-term targets is anchored in focusing on profitability in the insurance business, to be achieved via risk-appropriate prices, supported by high customer satisfaction, efficient processes, and skilled and committed staff.

In 2011, the Supervisory Board continued focusing on maintaining Tryg's financial strength. In a period characterised by turbulence on the financial markets and in many financial companies, it is vital that Tryg retains strong capitalisation and a solid funding base, which will ensure that Tryg can implement its strategy. In view of the forthcoming regulations governing capital requirements, it is also vital that Tryg retains a strong capital base.

In order to strengthen Tryg's focus on profitability, in 2011 the Supervisory Board reviewed all guidelines relating to the operation of the insurance business. The guidelines describe in detail the distribution of work between the Supervisory Board and the Executive Management, and this forms part of Tryg's structure for good corporate governance. This is an important area for the Supervisory Board and helps ensure Tryg's continued development and profitable operations.

Overall, 2011 marked a significant step forward for Tryg, and with the initiatives that have been implemented, Tryg is well equipped to continue this good progress over the coming years.

Morten Hübbe
Tryg is a well-run company with a strong brand, and every day more than 4,300 employees ensure that Tryg provides peace of mind to more than 2.7 million customers in Denmark, Norway, Sweden and Finland.

The foundations for Tryg achieving the ambitious financial objectives are thus in place. After my appointment as CEO in February 2011, it did, however, become clear that there was a need to create more of a culture where the focus was on profitability and which had a clearly defined allocation of responsibilities as to how the objectives should be achieved.

It was in this context that one of my first major decisions was to change the organisational structure at Tryg. The outcome was an organisation which, with the business areas Private, Commercial, Corporate and Sweden/Finland, is based on how customers are served. The changes meant that the responsibility for profitability in the individual business areas became clearly defined, ensuring that the whole Tryg organisation focuses on profitability.

At the same time, it was a great pleasure to welcome Tor Magne Lønnum as the new CFO. Tor Magne Lønnum has vast experience in the insurance industry, and with him and my other colleagues in the Group Executive Management, Tryg is well equipped to ensure continued positive development.

During 2011, work was intensified on implementing the initiatives designed to ensure realisation of Tryg's target of a return on equity of 20%. These involve the adjustment of premiums on a range of insurance types, claims reduction and a number of other initiatives, such as better procurement of repairs, rationalisation of work processes and general restraint in terms of costs.

The combined ratio for 2011 was 93.5, as against 98.8 in 2010, representing a major step towards a combined ratio of 90 in the medium term. The technical result rose from DKK 375m in 2010 to DKK 1,534m in 2011, but, although the technical result evolved along positive lines, the investment result was only DKK 66m due to the turbulence on the financial markets.

An insurance result at this level is positive in a year when the Copenhagen area was hit by one of the greatest cloudbursts in history. As the largest company in Denmark, Tryg received the majority of the claims, and more than 20,000 claims in total were filed. Before reinsurance, claims expenses were DKK 1.2bn, but due to reinsurance, Tryg's total expenses were DKK 196m. A claim event of this kind puts Tryg's claims handling under a great deal of pressure, hence it was very gratifying to see the large amount of positive feedback from our customers about their satisfaction with the way in which claims were handled. With regard to Tryg's customers, it was particularly pleasing to observe that the retention rate remained high in 2011, a year of premium increases, and that, during the course of the year, Tryg came out well in a number of areas, including the European customer satisfaction index EPSI.

The evident improvement in the financial result of 2011 over 2010 is in no small degree due to Tryg's employees, who made very great efforts in 2011. The implementation of premium increases, changes to processes and organisational change has made many everyday tasks more challenging. When we add to this the great work put in by Tryg's claims department in connection with the handling of the many cloudburst claims over the summer, it is clear that 2011 was a demanding year for all Tryg employees. In light of this, it was very pleasing for me that the annual employee index survey, conducted in the autumn of 2011, generally indicated clear improvements on what was already a high level of employee satisfaction. It also showed that Tryg was retaining a high level of satisfaction in comparison to the financial sector as a whole.

As stated, Tryg is focusing on profitability, and an essential prerequisite for this is that our customers are offered products of high quality at a risk-appropriate price. Tryg will therefore continue the work on further segmentation and appropriate pricing, as well as developing products that meet our customers' needs.

For Tryg, profitability and social responsibility go hand in hand. CSR is a focus area at Tryg and part of the way Tryg does business. For this reason, the reporting of Tryg's CSR activities is incorporated with the reporting of other results in the annual report.

Mikael Olufsen	**Morten Hübbe**
Chairman	Group CEO

Financial highlights

DKKm	Q4 2010	Q4 2011	2010	2011
Gross premiums earned	**5,049**	**5,100**	**19,475**	**20,572**
Gross claims incurred	-3,900	-4,031	-15,617	-16,299
Total insurance operating expenses	-871	-877	-3,304	-3,430
Profit/loss on gross business	278	192	554	843
Profit/loss on ceded business	-56	44	-313	507
Technical interest, net of reinsurance	39	35	134	184
Technical result	**261**	**271**	**375**	**1,534**
Return on investments after technical interest	266	163	570	66
Other income and expenses	-15	13	-4	-31
Profit/loss for the year before tax	**512**	**447**	**941**	**1,569**
Tax	-144	-129	-265	-455
Profit/loss for the year, continuing business	**368**	**318**	**676**	**1,114**
Profit/loss on discontinued and divested business after tax [a)]	1	26	-83	26
Profit/loss for the year	**369**	**344**	**593**	**1,140**
Run-off gains/losses, net of reinsurance	286	331	824	944
Balance sheet				
Total provisions for insurance contracts	32,031	34,257	32,031	34,257
Total reinsurers' share of provisions for insurance contracts	1,588	2,067	1,588	2,067
Total shareholders' equity	8,458	9,007	8,458	9,007
Total assets	50,591	53,221	50,591	53,221
Key ratios				
Gross claims ratio	77.2	79.0	80.2	79.2
Business ceded as a percentage of gross premiums	1.1	-0.9	1.6	-2.5
Claims ratio, net of ceded business	78.3	78.1	81.8	76.7
Gross expense ratio	17.2	17.4	17.0	16.8
Combined ratio	**95.5**	**95.5**	**98.8**	**93.5**
Gross expense ratio without adjustment			17.0	16.7
Operating ratio			98.1	92.6
Return on equity after tax (%)			6.6	13.1
Relative run-off gains/losses			3.9	4.0
Number of full-time employess, end of period			4,291	4,318
Solvency ratio			125	112
Share performance				
Earnings per share – continuing business of DKK 25			10.8	18.4
Net asset value per share (DKK)			139.5	149.2
Dividend per share (DKK)			4.00	6.52
Price Earnings			23.8	17.3
Number of shares, end of period (1,000)			60,634	60,373

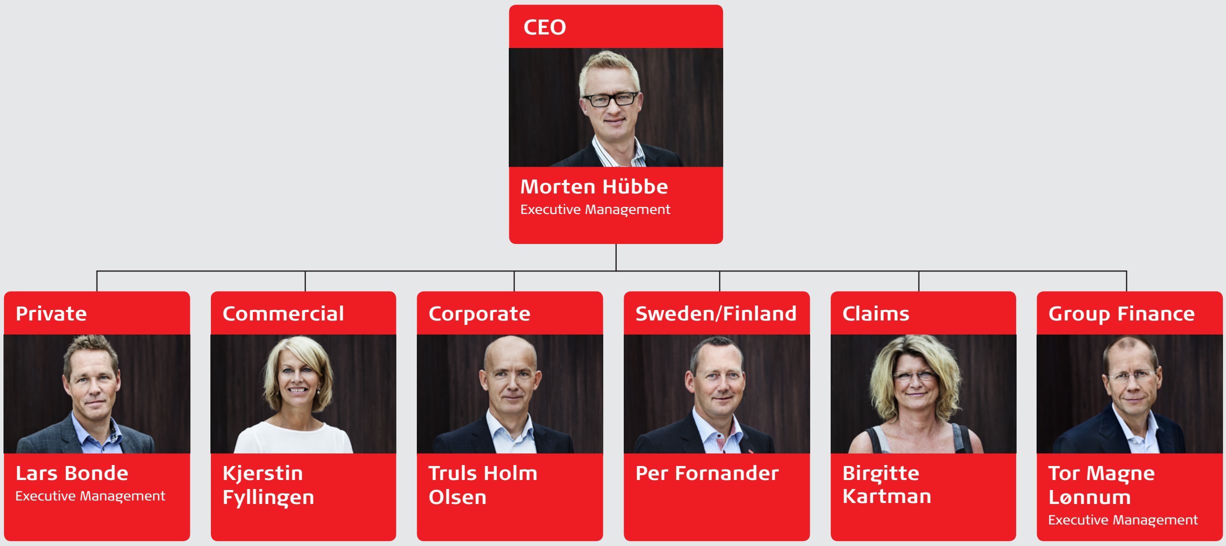
The gross expense ratio without adjustment is calculated as the ratio of actual gross insurance operating expenses to earned gross premiums. Other key ratios are calculated in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

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.

Outline of Tryg

Group Executive Management



The new organisation

As of 1 June 2011, Tryg was organised in four business areas, each with a clear, unambiguous responsibility for profitability, including product development, sales and administration. These four areas are:

Private | sells insurance products to private individuals in Denmark and Norway. Sales are made through call centres, the Internet, tied agents, franchisees (Norway), interest groups, car dealers, real-estate agents and Nordea. The business area represents 44% of Tryg's total earned premiums.

Commercial | sells insurance products to small and medium-sized companies in Denmark and Norway. This business area represents 20% of Tryg's total earned premiums.

Corporate | sells insurance products to corporate customers under the 'Tryg' brand in Denmark and Norway and the 'Moderna' brand in Sweden. This area serves customers who pay annual premiums of more than DKK 900,000 or have more than 50 employees. All sales through brokers are written in Corporate Nordic regardless of the customer's size. About one quarter of Corporate's customers pay annual premiums of more than DKK 10m. Tryg Garanti is included in the financial results of Corporate Nordic. The business area represents 23% of Tryg's total earned premiums.

Sweden/Finland | sells insurance products to private individuals in Sweden and to private individuals and corporate customers in Finland. The business area represents 13% of Tryg's total earned premiums.

These business areas are supplemented by a cross-functional Claims organisation and shared business functions including Group Finance.

Along with Morten Hübbe, the Group Executive Vice Presidents of the six areas (Private, Commercial, Corporate, Sweden/Finland, Claims and Group Finance) are members of the Group Executive Management, which is responsible for general management activities at Tryg. Morten Hübbe, Tor Magne Lønnum and Lars Bonde form Tryg's Executive Management.

Business areas in the annual report 2011

The annual report 2011 is divided according to the previous division of Tryg's business into Private Nordic, Commercial Nordic and Corporate Nordic.

As from the first quarter in 2012, financial statements will reflect the new organisation within the four business areas: Private, Commercial, Corporate and Sweden/Finland.

Highlights of the year

January

New CEO

On 11 January, Stine Bosse announces that she will stand down as CEO after 24 years at Tryg, eight of them as CEO. On 12 January, the Supervisory Board announces that CFO Morten Hübbe will take over as CEO as from 1 February.

February

Tryg launches new medium-term target

Tryg launches a target of achieving a medium-term return on equity of 20% after taxes, corresponding to a combined ratio of 90.

April

Tryg concludes new, extended contract with CSC

Tryg renews and extends the IT outsourcing contract with CSC until the end of 2015. The partnership with CSC now covers Tryg's insurance activities in all four Nordic countries.

Tryg wins 2011 Customer Service Prize in Norway

Tryg wins the Customer Service Prize 'Best in Test' 2011 in Norway. The test was conducted by SeeYou, and is Norway's biggest, most comprehensive customer service survey. On a scale of 0-100, Tryg scores 87.6 points.

May

Tryg around the clock – Help 24/7 customer promise

Tryg launches Help 24/7, a customer promises. The idea is to make customers aware that they can safely phone and find help any-where at any time, regardless of a claims' urgency.

May

Tryg launches new travel app

As an extension of the Help 24/7 customer promise, Tryg launches a new travel app: Tryg on the go. This app provides answers to a number of the most frequently asked questions when bad luck strikes on travels. The app is available to all.

Additional cover for caravans

Tryg concludes partnership agreements with a number of se-lected, high-quality workshops and launches a new concept for customers with Tryg Caravan. Tryg Caravan gives customers more benefits in the form of high quality, safety checks and an extended waranty on repairs. Alongside these customer benefits, the concept reduces the costs of claims and supports Tryg's CSR strategy by focusing on responsible procurement.

June

Tryg changes the organisation

On 1 June, Tryg implements an organisational change that aims to guarantee a greater focus on profitability in the individual business areas. The new organisation has a simpler structure, with clear allocation of roles and responsibilities and short decision-making processes.

Read about Tryg's business areas on page 7.

New, extended reinsurance

Tryg enters a new agreement extending the reinsurance cover for weather claims by acquiring lateral cover that limits Tryg's expenses in the event of a large number of minor insurance events. While traditional reinsurance cover applies to each event, this cover will take effect if Tryg has incurred claims costs of more than DKK 400m for weather claims distributed across a number of insurance events. The agreement will be affective 1 July 2011.

July

Cloudburst hits Denmark

On 2 July, a violent cloudburst hits Denmark. This cloudburst leads to claims of DKK 1.2bn, as a result of reinsurance, Tryg's expenditure totals DKK 196m.

September

New CFO

Tor Magne Lønnum takes up the position of CFO. Tor Magne Lønnum comes from a position of CFO and Deputy CEO of Gjensidige Forsikring ASA.

NLS – Next Level Sourcing

Tryg launches the Next Level Sourcing project, which aims to secure efficient procurement and thus enhance profitability by reducing costs in Tryg. The project involves both claims costs through Tryg's purchases of claims handling at, for example, car workshops and craftsmen, and Tryg's own costs.

October

Tryg launches new environmental insurance policy

Tryg launches a new environmental insurance policy for commercial and corporate customers, covering the liability which a company assumes in connection with an environmental claim.

Read more about the policy on page 37.

Tryg creates claims reduction department

Tryg creates a new unit that has as its objective to increase focus on claims reduction and to develop claims handling, and to assume ultimate responsibility for preventive activities to reduce claims.

November

Tryg improves in image survey

In the annual EPSI image survey, Tryg sees the biggest increase in customer satisfaction. Tryg improves from an index of 75.3 to 76.4. By comparison, the industry average falls by 0.3 index points.

Read about the EPSI survey on page 36.

Peace-of-mind conference

In partnership with the Norwegian Ministry of Justice, the Norwegian National Police Directorate, Kristiansand Municipality and the Norwegian National Crime Prevention Council, Tryg organises regional Peace-of-mind Conferences, which put focus on collaboration between municipalities and the police in order to secure a good, safe framework. The first conference focuses on stimulating better coordination and collaboration between the police, municipalities, trade and industry and the voluntary sector in efforts to create secure, sustainable local environments.

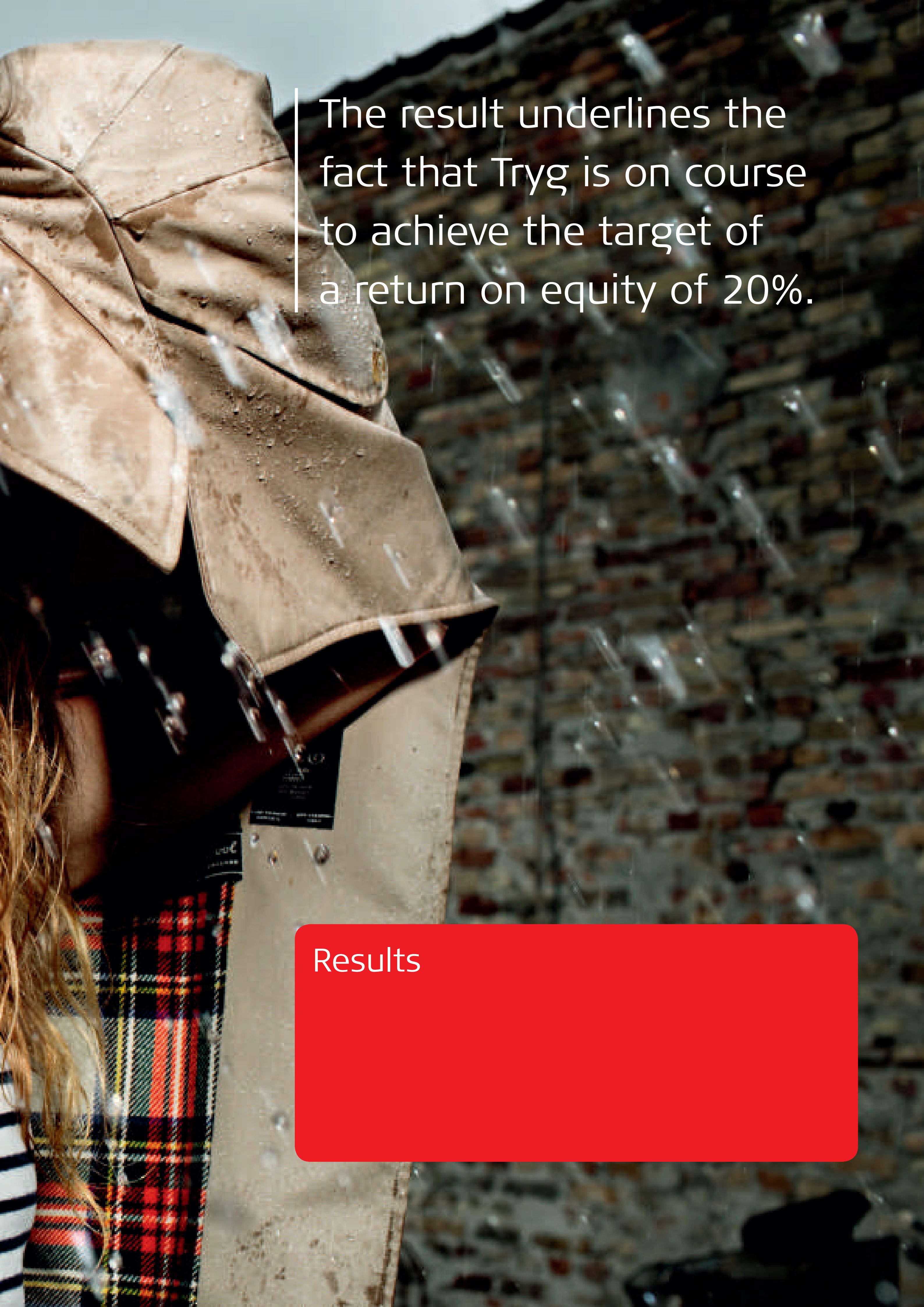
Sweden's best insurance and pensions website

Modernaforsakringar.se is voted Sweden's best insurance and pensions website in Internetworld's prestigious ranking of Swedish websites.

December

Climate partnership

In anticipation of more climate-related claims and increased payment of claims, Tryg is a part of a Nordic insurance partnership with If, Gjensidige, Trygg Hansa/Codan, and the Nord-Star insurance centre. Through this Nordic climate partnership, the companies want to work actively on claims reduction – both individually and together. Furthermore, the companies want to support climate research with a view to developing a web-based tool that customers can use to investigate the climate risks in the area where they live.



The result underlines the fact that Tryg is on course to achieve the target of a return on equity of 20%.

Results

Tryg's financial performance

Highlights

- Profit after tax for the year was DKK 1,140m, compared to DKK 593m in 2010.
- Technical result of DKK 1,534m, compared to DKK 375m in 2010.
- Combined ratio of 93.5, compared to 98.8 in 2010.
- The year was impacted by storm and cloudburst claims, which amounted to DKK 1.6bn, as against DKK 291m in 2010.
- The cloudburst in the Copenhagen area on 2 July resulted in expenses before reinsurance of DKK 1.2bn and affected the result by DKK 196m.
- Higher level of large claims than in 2010: DKK 858m, as against DKK 813m.
- The expense ratio improved from 17.0 to 16.8.
- Return on equity after tax of 13.1%, as against 6.6% in 2010.

Tryg's profit after tax for the year was DKK 1,140m, as against DKK 593m in 2010. The improvement consisted of an increase of DKK 1,159m in the technical result and a reduction in the investment result of DKK 504m. The result was achieved in spite of the developments on the financial markets and a higher level of storm and cloudburst claims, particularly in Denmark.

The combined ratio was 93.5, as against 98.8 in 2010. The positive development was due to profitability-enhancing measures, as well as storm and cloudburst claims being at a lower level than the winter claims of 2010. The result underlines the fact that Tryg is on course to achieve the target of a return on equity of 20% after tax, corresponding to a combined ratio of 90.

Result

The result was achieved in a year impacted by major events resulting in claims and difficult economic conditions, which both affected the insurance business and resulted in volatile financial markets. The improvement is due mainly to the effect of the profitability-enhancing initiatives of DKK 1bn implemented in recent years. In 2011, profitability initiatives had an impact on combined ratio of 5 percentage points, whereas inflation in claims expenses had an inverse effect of approximately 3 percentage points, resulting in a net improvement of about 2 percentage points. The level of winter claims was closer to normal in 2011 than in 2010, but on the other hand, storms and cloudbursts costs were considerably higher, primarily due to the cloudburst in the Copenhagen area. As can be seen from the graph on page 13, the total weather claims costs, including winter claims, were somewhat higher in 2011 than in 2010 before reinsurance, but are lower when the effects of reinsurance are included in the calculation. Altogether, the effect of weather claims on the combined ratio was 2.3 percentage points in 2011 compared to 1.0 percentage point in 2010. Furthermore, large claims were at a slightly higher level than in 2010 and amounted to DKK 858m gross, as against DKK 813 in 2010. 2011 also had a slightly higher level of run-off gains, amounting to DKK 944m, as against DKK 824m in 2010.

Premiums

Gross earned Premiums rose to DKK 20,572m, as against DKK 19,475m in 2010, corresponding to growth of 5.6% (3.7% measured in local currency). The development is due in particular to the effect of the premium increases implemented in all business areas. Gross earned premiums increased the most in Private Nordic, by 6.8% measured in local currency. Growth in the commercial and corporate market was 0.2% and 0.8%, respectively, measured in local currency, and was affected on the one hand by the premium increases implemented, and, on the other, by the negative economic conditions prevailing on the Danish market in particular.

Since 2009, Tryg has initiated significant premium increases in a number of sectors and within all business areas. The premium increases came after a period where the value of claims progressed at a greater rate than that of the premiums, resulting in a gap. Because premium increases only have an effect from the annual date of renewal of the insurance, some of the profitability-enhancing effects will only occur some time after the increases are implemented. 2012 will therefore still see an impact of around DKK 600m due to premium increases implemented in 2010 and 2011. Tryg believes that premiums are now at a level where, in future, normal premium adjustments that are in line with general price trends will prevail to a greater extent.

Tryg continously monitors developments in claims costs levels, and, accordingly, in 2011 decided to introduce premium increases in sectors and customer segments where profitability was unsatisfactory. This includes, among other things, measures that have their basis in claims arising from storm and cloudburst claims. The premium increases implemented in 2012 will have an impact of around DKK 400m in 2012 and, when added to the impact of previous measures of DKK 600m, the total impact will therefore be DKK 1bn, corresponding to approximately 5% of Tryg's total portfolio.

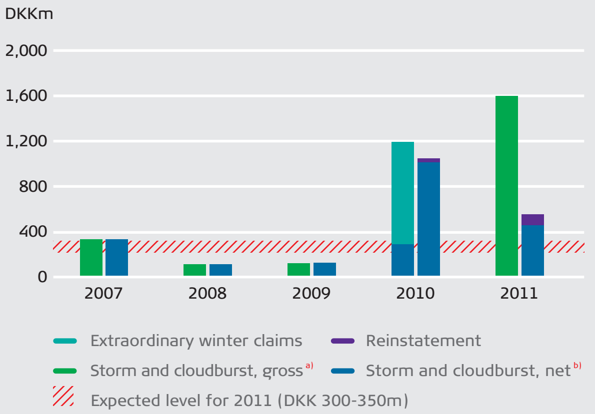
Claims costs

The claims ratio, which includes both the claims costs and the result of reinsurance as a percentage, was 76.7, as against 81.8 in 2010. The improvement in the claims ratio covers both the milder winter and the higher level of weather claims and large claims costs. Weather claims amounted to DKK 1.6bn in total, of which the cloudburst in the Copenhagen area accounted for DKK 1.2bn. The claims from the cloudburst were covered by Tryg's reinsurance, which limits the value of claims to DKK 100m, to which is added DKK 96m from renewal premiums to reinstate the cover. The cloudburst therefore had an impact of DKK 196m on the result and a negative impact on the claims ratio of 0.9 percentage points. In addition to the July cloudburst, Denmark also experienced a series of small cloudbursts during the summer. This was mirrored in June by flooding in Norway as the result of heavy rain. In addition to claims due to rain, Tryg was affected by storms in both Denmark and Norway, as well as the storm Dagmar, which hit Norway, Sweden and Finland in December. In total, the weather claims mentioned amounted to DKK 1.6bn before reinsurance and DKK 556m after reinsurance, having an impact of 2.7 percentage points on the combined ratio. The development in terms of more weather claims, particularly as a result of storm and cloudburst, is expected to continue in the future. Especially, the development in terms of cloudbursts has been significant in Denmark, and meteorologists anticipate in future an increase in the number of extremely heavy cloudbursts in particular. This development will increase the claims costs and therefore also the expenses relating to reinsurance to cover this type of risk. To counteract this development, Tryg will continue to work on adapting products and pricing, and actively work on claims reduction for the benefit of both customers and Tryg alike.

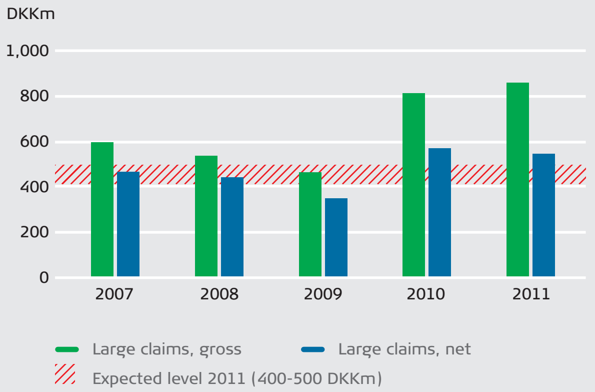
The cloudburst in the Copenhagen area differed from previous cloudbursts in that commercial customers were more widely affected. Many companies experienced flooding in basements and storerooms, and since the concentration of value is high in the case of commercial customers, this type of claim is more expensive than for private customers. At the same time, the proportion of very large claims was also significantly higher, and the 50 largest claims represented around 30% of total expenses.

As a result of the anticipated increase in cloudburst claims, Tryg's Danish business within both Private and Commercial implemented a series of initiatives to reduce future expenses

Weather claims



Large claims



a) Claims costs before reinsurance
b) Claims costs after reinsurance

for this type of claim. These include, among other things, advice in connection with reconstruction after the claim, but also requirements governing the installation of claims-reducing measures, such as perimeter drainage and high water sealing drains, as well as changes in terms of the cover provided. Tryg has also introduced additional rules for underwriting new business. The general premium increases for buildings insurance already implemented also contribute to countering the anticipated development in terms of cloudburst claims.

As additional security against weather claims, Tryg extended its reinsurance cover in July 2011 by acquiring lateral cover that limits Tryg's expenses in the event of a large number of minor events resulting in claims. While traditional reinsurance cover applies for each event, this cover comes into force if Tryg has incurred claims expenses of more than DKK 400m for weather claims distributed across a number of events. As a result of the many storm and cloudburst events in the second half of 2011, the cover is close to coming into force and will therefore limit the risk of weather claims costs in the first half of 2012.

At DKK 858m, the level of large claims before reinsurance was slightly higher in 2011 than in 2010, when they amounted to DKK 813m. As can be seen from the graph on page 13, 2010 and 2011 both had high levels of large claims. Tryg believes that there is an underlying trend behind this and has increased the expected level of large claims. As a result of reinsurance cover, the impact of large claims on the total result for 2011 was DKK 546m.

Costs

The expense ratio was 16.8 as against 17.0 in 2010. The improvement has come about in spite of increased expenses relating to payroll tax in Denmark and redundancy costs in connection with organisational changes. The expense ratio was also affected by expenses for the Tryg Transition project, the aim of which is to design and implement new processes for Tryg's sales, customer services and claims handling. Tryg Transition focuses on a number of issues, including developing use of the Internet as a platform for serving customers and enabling customers to serve themselves to a greater extent than is currently the case. On the one hand, this will streamline processes to the benefit of the customers, and, on the other, give Tryg the opportunity of focusing even more on areas that create value for customers.

2011 saw a range of initiatives implemented in terms of reducing the level of future costs. In the spring, Tryg accordingly signed an agreement with Danish tied agents, resulting in a reduction in salary of an average of 5% with effect from November 2011, with no adjustment over the next two years. Furthermore, Tryg established the 'Next Level Sourcing' project, which includes a large number of initiatives focusing on systematically reviewing processes and leveraging Tryg's size on the procurement side. The project includes claims expenses through Tryg's procurement of claims handling at, for example, car workshops and craftsmen, as well as Tryg's own costs. In addition, work is continuing on optimising internal processes in both administration and claims handling, as well as on optimising the use of a variety of sales channels.

Result for discontinued activities

The result for discontinued activities was DKK 26m. The result is due to a positive run-off on provisions for claims from the marine business, which Tryg discontinued underwriting in 2010.

Investment result

In 2011, Tryg's total investment portfolio of DKK 43.0bn produced a gross return of DKK 2,010m, which corresponds to a return of 4.8% on average invested capital over the period.

Tryg's investment portfolio is divided into a match portfolio and a free portfolio. The match portfolio accounted for DKK 33.2bn, consisting of bonds that match the insurance provisions, so that, as far as possible, any fluctuation as a result of interest changes is offset. The remaining part of the assets is called the free portfolio and is a diversified portfolio of property assets, equities and bonds. The free portfolio accounted for DKK 9.8bn. Overall, dividing the investment portfolio leads to a low financial risk and reflects Tryg's focus on the insurance business.

The return on the match portfolio was DKK 1,706m before transfer to technical interest and DKK 94m after transfer in 2011.

The return on the free investment portfolio was DKK 304m. The result was affected by the negative developments on the financial markets in 2011 due to the economic situation, particularly in the Eurozone, and, more specifically, the debt crisis in Southern Europe. The equity portfolio, which is a globally diversified portfolio, showed a negative return of 4.2%. Other bond investments were affected by interest rate trends in Europe and generated a return of 4.1%. On the whole, the make-up of the free portfolio remained unchanged in 2011, and the portfolio continues to be a diversified portfolio of property assets, equities and bonds.

After deduction of other financial expenses, the net investment result for 2011 was DKK 66m.

Tax

Tax on profit for the year was DKK 455m, corresponding to 29%. The slightly higher effective tax rate was affected by the loss on equitiy investments, which is not tax-deductible.

Capital position

Tryg's equity stood at DKK 9,007m at the end of 2011, and, once subordinated loan capital of DKK 1,589m was added, Tryg's total capital base was DKK 10,596m. The capital base must be viewed from a number of angles, including in the light of Tryg's goal of achieving a capital level corresponding to a rating of 'A-' from Standard & Poor's. In this regard, Tryg had a buffer of 9% at the end of 2011. Moreover, in accordance with Danish Financial Supervisory Authority guidelines, Tryg calculates an individual solvency requirement. The individual solvency requirement at 31 December 2011 was determined at DKK 6,320m. The individual solvency requirement must be seen in comparison to the capital base, which is DKK 8,190m, and so, compared to that, Tryg has solvency of DKK 1,870m.

In 2011, as a result of the lower interest rate levels, an adjustment of DKK 399m was made to the Norwegian pension liability. This adjustment is not included in Tryg's result, but is entered directly under equity in the accounts. In the event of a return to a higher interest rate level, the provision will fall, with an accordingly positive effect on Tryg's equity. Return on equity after tax was 13.1% in 2011, compared to 6.6% in 2010.

In light of Tryg's capital level target, it is proposed that DKK 400m be distributed in the form of a cash dividend.

Events after the balance sheet date

In the opinion of management, from the balance sheet date to the present date, no other matters of major significance have arisen that are likely to materially influence the assessment of the company's financial position.

Highlights Q4 2011

- Profit after tax of DKK 344m.
- Technical result of DKK 271m.
- Combined ratio of 95.5.
- The quarter was effected by claims costs arising from storms Berit and Dagmar, with weather claims totalling DKK 305m.
- A high level of large claims totalling DKK 398m.
- Expense ratio of 17.4.

Profit after tax was DKK 344m for the fourth quarter of 2011, as against DKK 369m for the same period of 2010. The result was made up of a technical result of DKK 271m and an investment result of DKK 163m due to a good return on equities. The technical result was affected by a high level of large claims in the industrial area, a comparatively high run-off level and storms Berit and Dagmar, which hit Norway in particular.

In the course of the fourth quarter 2011, expenses relating to the July cloudburst in the Copenhagen area also increased, making total expenses before reinsurance of DKK 1.2bn, and expenses after reinsurance, including reinstatement of cover, DKK 196m. As a result of the lower interest rate level, the effect of discounting on combined ratio was 0.6 percentage points lower than in the fourth quarter 2010.

In the fourth quarter, the level of premium in local currency was on a par with the same period of 2010, mainly due to a higher level of bonus and premium discounts and negative growth in the commercial and corporate market. Growth in the private market continued to be at a high level, but it was adversely affected by profit sharing due to a good period for several group agreements.

Private Nordic

Highlights

- Technical result improved from DKK 446m to DKK 886m in 2011.
- Combined ratio improved from 96.4 to 93.0 in 2011.
- Gross premiums rose 6.8%, driven by premium increases.
- Increase in customer satisfaction in both Denmark and Norway.

Result

Private Nordic's technical result of DKK 886m was almost double its result for 2010 and was due, in particular, to the effects of premium measures.

In 2011, Private Nordic focused on continuing the implementation of the premium increases initiated in 2009 and 2010, and this contributed to the improvement in the technical result. The positive development in the result was also helped by a return to more normal winter conditions. The improvement in the result was achieved in spite of the heavy cloudburst in the Copenhagen area in July and a number of smaller storms in Denmark and Norway. To reduce the risk of cloudburst claims, systematic work was undertaken during the year involving the implementation of a number of claims-reducing measures, such as high water sealing drains and perimeter drainage, as well as changes in terms of the cover provided, e.g. increases in policy excesses and limitations in respect of contents cover in basement areas.

In recent years, significant premium increases have been implemented in order to improve profitability. The need for any further measures is assessed on an ongoing basis; the rising expenses relating to weather claims and repair cost trends are closely monitored. Since this affects the entire insurance market, the premium levels in the markets have experienced an across the board rise. Along with the clear increase in expenses relating to weather claims, Tryg's premium increases have been met with relatively high acceptance among customers, which is reflected in a high and stable retention rate. In 2011, customer satisfaction surveys were conducted by EPSI, an independent organisation. The survey showed that customer satisfaction had risen in both Denmark and Norway. This is a good starting point, which testifies to a strong customer relationship in a year where the premiums have increased.

The development of Tryg's new websites, launched in Denmark and Norway in 2011, has also focused on the relationship the company has with customers. A large proportion of Tryg's

Result for Private Nordic

DKKm	Q4 2010	Q4 2011	2010	2011
Gross earned premiums	**2,654**	**2,766**	**10,181**	**11,097**
Gross claims incurred	-2,040	-2,130	-8,223	-8,784
Gross expenses	-448	-463	-1,627	-1,786
Profit/loss on gross business	166	173	331	527
Profit/loss on ceded business	-26	-8	38	253
Technical interest, net of reinsurance	22	19	77	106
Technical result	**162**	**184**	**446**	**886**
Run-off gains/losses, net of reinsurance	153	47	399	159
Key ratios				
Gross claims ratio	76.9	77.0	80.8	79.2
Business ceded as percentage of gross premiums	1.0	0.3	-0.4	-2.3
Claims ratio, net of ceded business	77.9	77.3	80.4	76.9
Gross expense ratio	16.9	16.7	16.0	16.1
Combined ratio	**94.8**	**94.0**	**96.4**	**93.0**

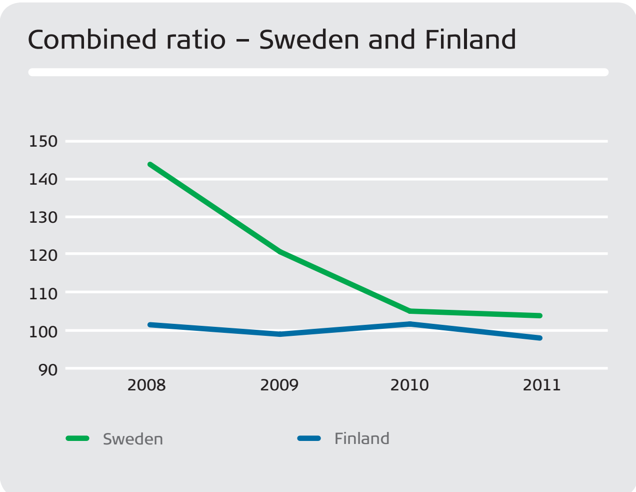
customers use the websites to search for information about their insurance policies and insurance needs. Similarly, many use the websites to report smaller claims. Another initiative was the launch of Tryg's travel app, which has a number of features, including allowing travellers to securely store copies of travel documents, passport and credit cards, etc., on their mobile phones.

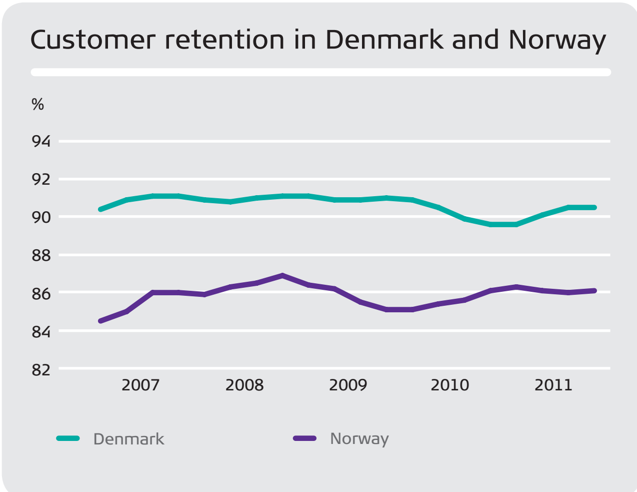
Premiums

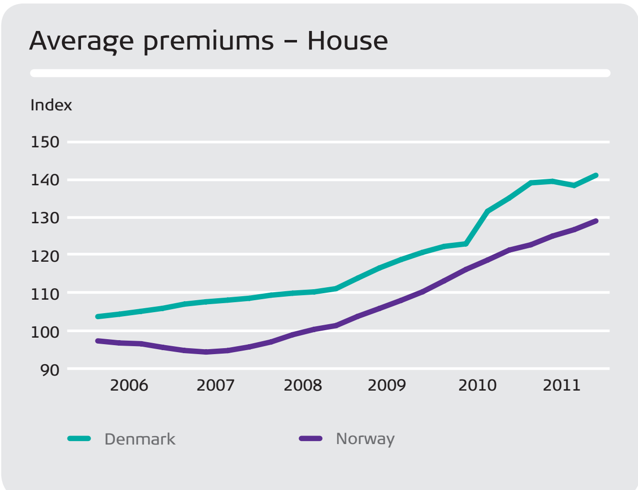
Overall, gross premiums rose by 6.8% in local currency. The Danish private business was a major contributor, with a growth of 8.3%, driven by the premium increases that had been implemented. This was further augmented by growth in the Norwegian private business of 4.4% and continued growth in Sweden and Finland, but at a lower level than in previous years. The Danish private business implemented premium increases chiefly for house and contents insurance, whereas the increases in the Norwegian private business were chiefly for house and motor insurance.

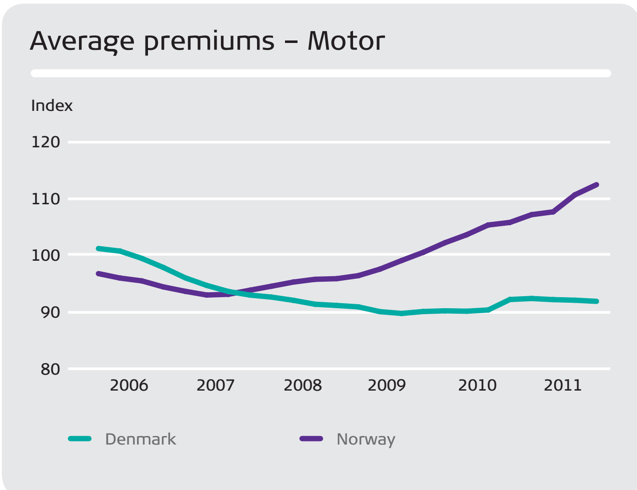
The effect of premium increases was clearly manifested in the average premium for Danish private customers, which rose by 5.7% during 2011, whereas the equivalent for Norwegian private customers rose by 2.9%.

Customers' reactions to the higher premiums can be seen in the customer retention development, which shows how many, out of 100 customers, opt to renew their policies. In Denmark, after falling slightly in 2010, the retention rate rose during 2011,









ending the year at 90.5. It was mainly single-product customers who left Tryg after the premium increases. Tryg generally tries to attract customers who take out all their policies with Tryg. This gives Tryg the possibility of offering a better product in a number of ways, including via the Tryg Family concept. This type of customer also has a higher retention rate and is therefore more profitable.

In Norway, the retention rate remained relatively steady at 86 throughout the year. Overall, these high levels testify to a high degree of acceptance and customer satisfaction, which is an important and enduring cornerstone of Tryg's business model.

In Sweden and Finland, the focus in 2011 was on creating better balance between growth and profitability. A number of measures were implemented, including premium increases within selected segments, and the possibility of giving discounts was reduced. In the Swedish business, niche areas Bilsport & MC, Product Insurance and Atlantica Yacht delivered good results, with the combined ratio being below 90. Overall, Sweden experienced growth of 9.0% in 2011.

The Finnish part of Private Nordic is approaching profitability, but is still not at a satisfactory level. Growth in Finland in 2011 was 5.6%.

Claims costs

The biggest single event of 2011 was without doubt the cloudburst that hit the Copenhagen area on 2 July. More than 20,000 claims, most of which were from private customers, were reported within a few days and put claims handlers and claims assessor under pressure to help the many customers who had reported a claim. For Tryg, it is crucial to be able to quickly help limit the extent of the claim and provide dehumidification equipment. Subsequently, the focus is on repairing the damage in the most effective way.

For a number of customers, however, it was not the first time they had reported claims as a result of a cloudburst. Tryg and Tryg's customers share a common interest in reducing future cloudburst claims, and Tryg has therefore approached these customers with views to reduce and limit future claims. The measures include installing preventive measures such as high water sealing drains and perimeter drainage, as well as changes such as increases in policy excesses and limitations on contents cover in basement areas. Tryg has set up a dedicated department responsible for claims reduction, whose role is to ensure existing claims-reducing measures are clearly defined and that new ones be developed.

The Norwegian part of Private Nordic was also hit by several large claims during 2011, mainly as a result of flooding and landslides. Overall, weather claims accounted for DKK 647m before reinsurance and DKK 237m after reinsurance, as against DKK 31m after reinsurance in 2010 in Private Nordic.

Claim inflation is another focus area, where, in Norway in particular, there is evidence of a growing tendency in the area of house insurance due to higher repair costs for claims and their increased frequency. This is linked to the growth in the Norwegian economy, where average wage increases of 4% mean that anticipated inflation in Norway is higher than in the other Nordic countries. It is therefore important to maintain a focus on the inflation risk. One of the activities that support this is the 'Next Level Sourcing' project, which, as stated earlier, is focused on achieving better leveraging of Tryg's procurement power and on streamlining processes.

In motor insurance, average claims expenses rose, including expenses resulting from glass claims. To mitigate this, Tryg has taken initiatives, in respect of workshops, to increase the proportion of repairs offered as opposed to full replacement of a damaged windscreen or window.

Total claims inflation is around 3%, with Norway higher and Denmark lower than this. An assessment of claims inflation is essential when determining the size of premium increases.

Change of ownership policies in Denmark has been a focus area in recent years, as the claims cost level has been excessive. The premium for new change of ownership policies was therefore increased during both 2010 and 2011, and a more restrictive underwriting policy was introduced. In 2011, the claims level for change of ownership was significantly improved compared to preceding years, and profitability is expected to gradually improve in the coming years. In Sweden, there was an improvement in the claims ratio from 84.7 to 83.2. In Finland, the claims ratio improved by 1.8 percentage points to 75.8.

Overall, the claims ratio for Private Nordic was 76.9, compared to 80.4 in 2010.

Costs

Costs continued to be in focus in Private Nordic during 2011. Work is currently underway to optimise the use of various different sales channels and thereby bring down the costs associated with sales. One example of this is the systematic work undertaken to increase the sales and delivery of service via the Internet. Existing customers, in particular, who want additional cover or make simple changes to their policy will be able to serve themselves via the Internet to an even greater extent.

Higher payroll tax on Danish employees, as well as redundancy costs, had a negative impact on costs, but if these effects are disregarded, the development d in the expense ratio from 16.0 to 16.1 in 2011 was satisfactory.

Highlights Q4 2011

- Technical result improved from DKK 162m to DKK 184m in the fourth quarter of 2011.
- Combined ratio improved from 94.8 to 94.0.
- Run-off gains DKK 106m lower than for the same quarter of 2010.
- Storms Berit and Dagmar respectively had a negative impact of DKK 74m on the result.
- Gross premiums rose 2.8%, driven by premium increases.
- Weather claims accounted for DKK 106m, as against DKK 138m for the same period in 2010.
- Expense ratio improved from 16.9 to 16.7.

The technical result was improved in the fourth quarter, which was mainly a result of the premium increases and higher acceptance from customers. This was manifested in the retention rate of 90.5, as against 89.5 for the same quarter of 2010 in Denmark, whereas the 2011 retention rate in Norway has remained stable at around 86.

Gross premiums rose 2.8% in the fourth quarter, but the growth in premiums was lower than anticipated, due chiefly to profit sharing on a number of group agreements at the end of the year, this being a result of the improved profitability.

The fourth quarter was affected by a number of weather claims. Storms Berit and Dagmar respectively ravaged the Norwegian part of the business in particular, causing extensive damage, which had an overall impact on the quarter of DKK 74m, or 2.7 percentage points. Run-off gains amounted to DKK 47m in the fourth quarter 2011, compared to DKK 153m for the same period of 2010. The run-off from the previous year's claims was less in the fourth quarter of 2011 and, taken in isolation, resulted in a rise in combined ratio of 4 percentage points.

Commercial Nordic

Highlights

- The technical result improved from a loss of DKK 474m in 2010 to a profit of DKK 117m in 2011.
- Combined ratio improved from 112 in 2010 to 98.1 in 2011.
- Gross premiums rose 0.2%, driven by premium increases.

Result

Commercial Nordic's technical result of DKK 117m was an improvement on 2010 of DKK 591m, due both to profitability initiatives and the weather conditions, which as a whole were more favourable in 2011.

The implemented profitability initiatives had a positive impact, which manifested in an improved underlying development in the result. In 2010, Commercial Nordic was particularly hard hit by winter claims, and the significant improvement was due mainly to the absence of extraordinary winter claims in 2011. However, the Danish part of Commercial Nordic was affected by the cloudburst that hit in the Copenhagen area in July. The expense ratio improved from 24.2 in 2010 to 23.6 in 2011. Cost levels are still too high, and focus is on reducing these via process improvements, optimising the use of different distribution channels and, in the long term, increasing customer retention. The Danish part of the commercial area continues to be most adversely affected by the recession. This was manifested in a number of ways, including the fact that the number of bankruptcies in Denmark once again rose in the second half of 2011. The fluctuations in the economy result in difficult conditions for commercial customers, which influence the companies' insurance needs.

The result improvements indicate that the measures initiated are having a beneficial effect on the result. However, the combination of measures and an economic situation that remains difficult for many medium-sized and smaller business, in Denmark in particular, resulted in difficult conditions for insurance policy sales in 2011, why growth was relatively limited.

Premiums

Gross premiums rose to DKK 4,237m in 2011, corresponding to a growth of 0.2% in local currency. The low growth was adversely affected by the recession, particularly in Denmark, and boosted by the premium measures implemented, which passed off with the anticipated minor impact on retention rate. The retention rate only fell by around one percentage point to 85.5 in the Danish part of Commercial Nordic and, on the whole, remained unchanged in Norway at 88.4. However, there are still areas where profitability is not satisfactory. For example, premiums on agricultural policies are being increased in Denmark in 2012, and Tryg is also working towards further segmenta-

Result for Commercial Nordic

DKKm	Q4 2010	Q4 2011	2010	2011
Gross earned premiums	**1,066**	**1,039**	**4,183**	**4,237**
Gross claims incurred	-818	-711	-3,732	-3,297
Gross expenses	-250	-249	-1,014	-1,001
Profit/loss on gross business	-2	79	-563	-61
Profit/loss on ceded business	0	-19	59	141
Technical interest, net of reinsurance	7	6	30	37
Technical result	**5**	**66**	**-474**	**117**
Run-off gains/losses, net of reinsurance	46	95	99	155
Key ratios				
Gross claims ratio	76.7	68.4	89.2	77.8
Business ceded as percentage of gross premiums	0.0	1.8	-1.4	-3.3
Claims ratio, net of ceded business	76.7	70.2	87.8	74.5
Gross expense ratio	23.5	24.0	24.2	23.6
Combined ratio	**100.2**	**94.2**	**112.0**	**98.1**

tion of commercial customers in the light of the customers' differing characteristics. This may result in more differentiated pricing as well as more differentiated service for various customer groups.

Claims costs

The claims ratio was 74.5 in 2011, as against 87.8 in 2010, which was a significant improvement and mainly due to the premium measures implemented. In 2011, Commercial Nordic was hit by higher cloudbursts claims payments, which had a negative impact on the claims ratio of approximately 2.5 percentage points. Large claims accounted for DKK 90m in 2011, compared to DKK 407m in 2010, and affected the claims ratio by almost 2.1 percentage points.

In Commercial Nordic too, claims-reducing measures were implemented as a result of increasing cloudburst claims. The measures include instructions to customers to locate stocks and inventories in basements at least 40 cm above floor level and requirements on reconstruction using materials capable of withstanding water. Premium increases and changes in terms of cover are also being implemented, such as increases in policy excesses and adjustment of cover and acceptance rules. Industries and segments that are particularly exposed to claims will see customised changes to their price rates and covers. Commercial Nordic was boosted by fewer large claims, but was also severely affected by the cloudburst in July, which mainly affected central Copenhagen, home to many commercial customers. The cloudburst had an impact of approximately DKK 300m before reinsurance.

Agriculture has been a challenging area in recent years, and in 2011 as well. The sector is generally under pressure from falling land and property prices, creating a number of challenges, even for strong agricultural businesses who find it difficult to secure finance for the necessary investments and expansion projects. This also has a negative knock-on effect on the insurance business. In 2011, as mentioned, a number of measures to improve profitability were initiated, but further measures may prove necessary, as the claims ratio for agriculture continues to be too high.

Costs

The expense ratio was improved from 24.2 in 2010 to 23.6 in 2011. The improvement is due partly to cost restraint and partly to lower sales, resulting in a reduction in sales costs. However, the cost level remains too high and is to be reduced through a series of measures. In order to reduce the cost level, a number of process improvements are being carried out, and use of the various distribution channels will also be optimised. In spring 2011, Tryg entered into a new agreement with the company's tied agents in Denmark. The agreement resulted in a reduction in total salary payments of almost 5% during 2011 and with no increase during the next two years. The agreement will therefore reduce the cost level. As a result of transitional arrangements, the effect was limited in 2011, but will be noticeable in 2012.

Highlights Q4 2011

- Technical result improved from DKK 5m to DKK 66m during the fourth quarter of 2011.
- Combined ratio improved from 100.2 to 94.2.
- Run-off gains amounted to DKK 95m in the fourth quarter of 2011, compared to DKK 46m in the same quarter of 2010.
- Gross premiums fell by 3.5% in local currency, and were affected by a decrease in number of customers as a result of the premium increases and a challenging economic climate in Denmark in particular.
- Weather claims amounted to DKK 51m, compared to DKK 39m during the same quarter of 2010.
- Large claims of DKK 40m, compared to DKK 86m during the same quarter of 2010.
- The expense ratio rose from 23.5 to 24.0 and was under pressure from the lower premium level.

The improved technical result was aided by premium increases and a higher run-off result. The mild winter also helped the financial result during the fourth quarter of 2011 compared to the extraordinarily tough winter at the end of 2010. On the other hand, the fourth quarter of 2011 was affected by two storms, Berit and Dagmar, which in particular hit Norway. Weather claims costs totalled DKK 51m. Gross premiums were lower during the fourth quarter of 2011 compared to the same quarter of 2010. The many premium measures were implemented as planned during the year, but with a decrease in number of customers. This is reflected in the retention rate, which fell in both the Danish and the Norwegian part of Commercial Nordic. This negative impact was reinforced by the continuing challenging economic climate in Denmark in particular, with an increase in the number of bankruptcies.

Corporate Nordic

Highlights

- Technical result improved from DKK 403m in 2010 to DKK 531m.
- Combined ratio improved from 92.6 in 2010 to 90.7.
- Gross premiums rose by 0.8% driven by premium increases.

Result

In 2011, Corporate Nordic recorded a good result, which was achieved despite claims relating to cloudbursts and a high level of large claims. However, the financial result was also affected by run-off on previous years' provisions.

Premium income amounted to DKK 5,275m, equivalent to growth of 0.8%. In Denmark and Norway, growth was negative at 0.8% and composed of premium increases for existing customers and a decrease within personal injury insurance in particular. Customers served by Tryg's own sales team in particular have a high retention rate, due to the use of service concepts and the ongoing risk advicing. These are areas which Tryg will work to develop further in the coming years. In relation to the agents, Corporate Nordic will work with an improved service concept focusing on improved response and production times, among other things. Corporate Nordic implemented premium measures during 2011 and also focused on retaining profitable customer relations without reducing premiums in an otherwise competitive market. This proved very successful. As in 2010, interest rates were low during 2011, which was of particular importance for Corporate Nordic due to a high proportion of personal injury business with a long duration.

The corporate market was characterised by competition during 2011, but Tryg believes there is also a focus on profitability among the major players on the Danish and Norwegian markets. This focus on profitability must be viewed in context with the fact that capital models will generally impose a more demanding requirement for capital for the corporate area. This is particularly due to the proportion of personal injury lines, including workers' compensation, as there is a far higher capital requirement for these areas than for contents, buildings and motor insurance for example. Over time, this factor is expected to increase the focus on profitability rather than growth for the market as a whole.

The Swedish business is continuing to grow. The Swedish part of Corporate Nordic is divided into a smaller corporate portfolio with premium income of SEK 150m, which is still in a development phase, and an agent-served commercial portfolio of SEK 400m. For both portfolios, there is a strong focus on profitability compared to both

Result for Corporate Nordic

DKKm	Q4 2010	Q4 2011	2010	2011
Gross earned premiums	**1,332**	**1,312**	**5,124**	**5,275**
Gross claims incurred	-1,044	-1,197	-3,666	-4,251
Gross expenses	-173	-165	-663	-643
Profit/loss on gross business	115	-50	795	381
Profit/loss on ceded business	-31	61	-419	109
Technical interest, net of reinsurance	10	10	27	41
Technical result	**94**	**21**	**403**	**531**
Run-off gains/losses, net of reinsurance	87	189	326	630
Key ratios				
Gross claims ratio	78.4	91.2	71.5	80.6
Business ceded as percentage of gross premiums	2.3	-4.6	8.2	-2.1
Claims ratio, net of ceded business	80.7	86.6	79.7	78.5
Gross expense ratio	13.0	12.6	12.9	12.2
Combined ratio	**93.7**	**99.2**	**92.6**	**90.7**

the existing portfolio and new business, which also contributed moderate growth in 2011.

Claims costs

The claims ratio for 2011 amounted to 80.6, and was affected by cloudbursts, large claims and a high level of run-off gains. The corporate area is not normally affected by weather claims to such an extent, but many large businesses were affected by the cloudburst in the Copenhagen area. In addition, 2011 was a year with a relatively high level of large claims compared to an average year. Large claims amounted to DKK 636m gross, compared to DKK 357m in 2010.

The variation in expenses for weather claims and large claims does not in itself give cause to implement premium measures. Given the actual course of events in 2011, the assessment is however that for both weather claims and large claims, there is a negative underlying trend which must be matched in the pricing within buildings and contents insurance in particular. For this reason, Corporate Nordic is implementing premium increases for products and segments with an unsatisfactory trend. This applies for example to buildings insurance in the Norwegian part and within power plant insurance, as this area has experienced particularly unsatisfactory levels of profitability. In both the Danish and the Norwegian part of the portfolio, measures are also being implemented on the basis of the customers' individual claims development over time. In the Swedish part of the corporate portfolio, the selective development of the business is continuing alongside the implementation of profitability measures within motor insurance in the agent-served part of the portfolio in particular.

The development of workers' compensation was also a focus area in 2011. Tryg's provisions for this area give particular consideration to the long-term nature of the workers' compensation business, and the fact that legislation and changes in practice in connection with awards of workers' compensation could result in higher claims costs with retrospective effect. In 2011, this trend improved and claim provisions concerning previous years could be released as a result. This also included a reduction in the extraordinary provision of DKK 200m, which was carried out during the third quarter of 2010. The total run-off gains amounted to DKK 630m in 2011 against DKK 326m in 2010. The run-off gains reflect the fact that the provisions must be sufficient in order to take account of a negative development in claims that have not yet been closed. Excluding run-off gains from previous years, the claims level of workers' compensation has however remained at too high a level in recent years, taking into account the capital requirement for this type of business. Corporate Nordic will therefore continue to focus on improving profitability within this area through a combination of premium measures and segmentation.

Costs

The cost level within Corporate Nordic was further improved in 2011, with an expense ratio of 12.2 compared to 12.9 in 2010. A low cost level is important in the corporate market, in order to offer a competitive price and deliver a satisfactory result for return on capital, which must be included in this business area. The lower cost level in 2011 was partly achieved through restraint in the filling of job vacancies. In the future, Corporate Nordic will also be affected by a reduction in salary payments to the sales team, as described under Commercial Nordic.

Highlights Q4 2011

- Technical result of DKK 21m, compared to DKK 94m during the same period of 2010.
- Combined ratio of 99.2 compared to 93.7 during the fourth quarter of 2010.
- Very high claims level due to large claims of DKK 287m, compared to DKK 149m during the fourth quarter of 2010.
- Weather claims amounted to DKK 148m, compared to DKK 19m during the same period of 2010.

The result for the fourth quarter amounted to DKK 21m and was particularly affected by a high level of large claims and run-off gains, which can especially be attributed to the personal injury business. Large claims affected the combined ratio by 17.2%, compared to 8.7% in 2010. The higher level of weather claims during the quarter was influenced by the two storms Berit and Dagmar in Norway and the adjustment of cloudburst claims in the Copenhagen area in July 2011. Premium growth was negative at approximately 3%, primarily as a result of profit sharing between a number of schemes due to a good claims ratio and a reduction in the net loss of customers following the premium measures.

Investment activities

Tryg's investment activity encompasses both investment in investment assets such as bonds, shares and property, as well as the management of Tryg's liquidity. The investment activity is regulated both by applicable legislation and by the Supervisory Board's policies and guidelines.

The investment portfolio

Tryg's primary focus is to run a profitable insurance business, and Tryg's investment activities must therefore support this aim insofar as is possible. This means that the investment strategy is based on low investment risk and that the majority of the investment assets are secure investment assets, primarily bonds. Within the established framework, the aim is to maximise the return from the investment portfolio. In accordance with Tryg's investment strategy, in 2010 Tryg split the investment portfolio into two sub-portfolios, a match portfolio and a free portfolio.

Thus, the match portfolio is invested so that it matches the insurance provisions. As the provisions are discounted, they are, like the investment assets, influenced by changes in interest rates. The aim of the match portfolio is to neutralise these fluctuations insofar as is possible, so that the impact on Tryg's net income from interest rate changes is minimised. The free investment portfolio consists of the other investment assets, which correspond to the company's capital base. This is invested broadly in a portfolio of bonds, shares and property, with the aim of achieving the best possible return with limited risk. The principles for subdivision are described in more detail in the Risk management report, which can be found at tryg.com.

Investment result in 2011

In 2011, Tryg's collective investment portfolio of DKK 43.0bn generated a gross return of DKK 2,010m, corresponding to a return of 4.8% on average invested capital during the period, compared to 4.3% during 2010.

The result was negatively affected by declining share prices, but positively affected by price gains on bonds due to a significant decline in interest rates and a property return which overall was also positively influenced by the slightly rising property market in Norway.

The combined investment result before other financial income and expenses not related to investment was DKK 340m in 2011, compared to DKK 722m in 2010. After the adjustment of insurance items and other financial items, the net investment return amounted to DKK 66m and was on a par with expectations despite the difficult market conditions.

Result of investment activities

DKKm	Return FY 2010	Return 2011 Total	Return 2011 Match	Return 2011 Free	Investment assets 31.12.10	Investment assets 31.12.11
Bonds, cash deposits, etc.	1,185	1,858	1,706	152	34,317	37,232
Equities [a]	261	-87		-87	2,179	1,816
Real estate [b]	300	239		239	3,897	3,954
Total	**1,746**	**2,010**	**1,706**	**304**	**40,393**	**43,002**
Value adjustment, changed discount rate	-227	-760	-760			
Transferred to technical interest	-752	-852	-852			
Return on investment activities before other financial items	**767**	**398**	**94**	**304**		
Other financial income and expenses, investment	-45	-58				
Return on investment activities	**722**	**340**				
Other financial income and expenses, non-investment [c]	-152	-274				
Total return on investment activities	**570**	**66**				

a) DKK -44m sold on futures contracts is included in the equity portfolio.
b) Return on properties includes a calculated return on owner-occupied property. 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 and bank debt, exchange rate adjustment of insurance items, costs of investment activities and offsetting of return on owner-occupied property.

The overwhelming majority of the combined bond portfolio, 80%, has been invested in bonds with an AAA rating, 10% in AA-rated and 9% in A-rated. Norwegian money market instruments without any rating, but with good credit quality, amount to 1%.

The match portfolio

In 2011, the match portfolio, which consists exclusively of bonds and deposits, generated a return of DKK 1,706m. This return must be compared to the DKK 1,612m that concerns transferred technical interest and price adjustments resulting from a change in the discount rate. The total mismatch during 2011 was DKK 94m, or 0.3% of the total match holding.

For the discounting of provisions, Tryg uses an yield curve set by the Danish Financial Supervisory Authority based on the interest rate level in the Euro area. Tryg matches most risk factors that influence the yield curve, but as the costs of matching precisely in Euro bonds are significantly higher than they are for Nordic bonds, Tryg has primarily hedged in the local interest rate markets, particularly in Denmark and Norway. As a result of the unease in the bond markets in 2011, there was strong demand for Nordic bonds, particularly during the third quarter of 2011, resulting in a positive deviation. Other than this extraordinary influence, Tryg largely achieved a complete matching of the insurance provisions during 2011, as the other three quarters had the anticipated less notable fluctuations around 0. During 2011, the daily and monthly fluctuations have however been larger than is normally the case. The uncertainty in the Euro zone resulted in declining interest rates in Denmark and elsewhere. The Danish Financial Supervisory Authority made it possible for the insurance sector to use an alternative discount rate. Tryg declined this option in order to reduce complexity, despite the possibility of a short-term gain.

3.4% return in the free investment portfolio

The free investment portfolio primarily consists of shares, property and bonds and generated a total gross return of DKK 304m during the period, corresponding to 3.4% of the average invested capital. At the end of 2011, the free portfolio amounted to approximately DKK 9.8bn.

The equity portfolio, which is globally diversified, generated a negative return of DKK 87m, which was satisfactory compared to the trend in the global equity markets, but significantly below our expectations at the beginning of 2011.

The property portfolio, which consists of Danish and Norwegian properties, generated a return of DKK 239m, or 6.3%, which was slightly better than anticipated and a little below the result for 2010. Although the interest rate declined considerably during 2011, it did not have such a major impact as in 2010 due to developments in the

Result of investment activities

DKKm	Return Q4 2010	Return Q4 2011 Total	Match	Free	Investment assets 31.12.2011
Bonds, cash deposits, etc.	-162	432	366	66	37,232
Equities [a]	171	103		103	1,816
Real estate [b]	123	68		68	3,954
Total	**132**	**603**	**366**	**236**	**43,002**
Value adjustment, changed discount rate	380	-196	-196		
Transferred to technical interest	-188	-176	-176		
Return on investment activities before other financial items	**324**	**231**	**-6**		
Other financial income and expenses, investment	-18	-16			
Return on investment activities	**306**	**215**			
Other financial income and expenses, non-investment [c]	-40	-52			
Total return on investment activities	**266**	**163**			

a) DKK -44m sold on futures contracts is included in the equity portfolio.

b) Return on properties includes a calculated return on owner-occupied property. 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 and bank debt, exchange rate adjustment of insurance items, costs of investment activities and offsetting of return on owner-occupied property.

property market. The bond portfolio was influenced by the significant interest rate change in 2011 and generated a return of DKK 152m, which corresponds to a return of 4.1%. Overall, the portfolio, which has an approximate average duration of just one year and encompasses holdings of global high-interest bonds, has thus performed satisfactorily. All asset classes have contributed a positive performance and collectively the portfolio allocation has made an important contribution to the investment result being largely as expected.

Other financial items

The item ‘Other financial items’ consists of many elements which are included in the investment result. Some of these elements are relatively predictable, while other vary more. As an example, interest expenses on Tryg’s subordinate loans, rent for domicile properties and interest income on operating cash are predictable. Other items with greater variation include currency adjustments and mismatch on the inflation hedging of workers’ compensation provisions.

In 2011, other financial items amounted to DKK -333m, of which DKK -274m does not concern investment. The currency hedging in particular deviated from the norm and was approx. DKK 100m higher in 2011 than in 2010. This fluctuation is particularly due to higher interest rates in Norwegian kroner.

From 2012, Tryg will no longer recognise the return on domicile property and the corresponding reversal under other financial income and expenses. Net income from inflation swaps will in future also be recognised under claims costs.

Responsible investment

Tryg’s investment activity follows international guidelines for responsible investments.

If funds are invested in a company that breaches human rights, damages the environment or is involved in child labour, corruption or the manufacture of cluster bombs, a dialogue is initiated with the company with the aim of altering its behaviour or disposing of the investment concerned.

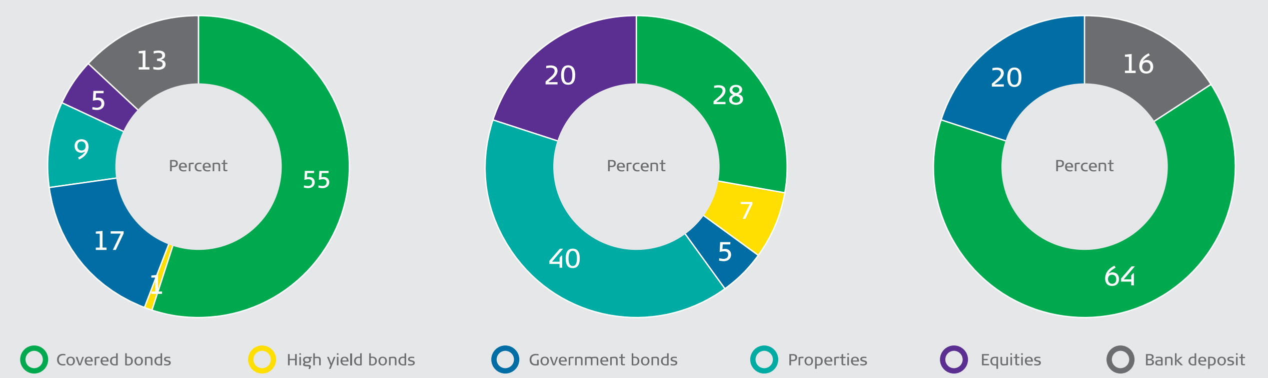
Read more at tryg.com > CSR

Investment activity during the fourth quarter of 2011

Net income from investment activity before other financial income and expenses amounted to DKK 215m, compared to DKK 306m during the fourth quarter of 2010. The match portfolio had a mismatch of DKK 6m and thus closely corresponded to the targets for this part of the portfolio.

During the fourth quarter, the free portfolio achieved a net income of DKK 236m, of which the net income from shares amounted to DKK 103m, primarily as a result of shares rising 8% globally. Net income from bonds etc. in the free portfolio amounted to DKK 66m and was influenced by declining interest rates, particularly in Denmark.

The total investment portfolio | The free investment portfolio | The match portfolio



Outlook

Tryg's target remains a return on equity of 20%, which corresponds to a combined ratio of around 90 including any run-off result and assuming the same interest rate level as in 2010. Tryg expects to have a combined ratio of around 90 in 2013 providing that the level of large claims and weather claims is as expected.

For 2012, further improvements in the combined ratio and technical result are anticipated given the significant measures that have been implemented in recent years, as well as the measures that are planned for 2012.

The isolated effect of the premium measures is estimated at approximately DKK 1.0bn in 2012, made up of DKK 600m relating to the results of previously implemented measures and DKK 400m relating to measures to be taken in 2012. The effetct of the measures will be counteracted by the increase in claims costs. In recent years, the claims costs were in the level of 2-3% per year.

Tryg expects premium growth at a lower level than in 2011 – growth which will be particularly driven by premium measures and influenced by the economic developments in the commercial and corporate market in particular.

Given recent experiences, the level of both weather and large claims is expected to be higher in 2012 compared to what Tryg has previously assumed for a normal year. More frequent and violent cloudbursts in particular are the reason for the higher anticipated level of weather claims.

The expense ratio is expected to fall in 2012. This is partly expected to be achieved through the optimisation of processes in the commercial market, distribution and within staff areas.

During 2010, Tryg divided the investment portfolio into two – a match portfolio, which is exclusively intended to match the insurance provisions, and a free investment portfolio. In the event of interest rate changes, price fluctuations in the match portfolio are balanced by a corresponding interest rate effect on the discounted provisions, hence the immediate effect on the financial result is neutral.

On the other hand, a rise in interest rates will give a higher, ongoing insurance result as a result of higher discounting of claims costs.

The anticipated returns from the equity and property portfolio are expected to be 7% and 6% respectively. The bond portfolio is expected to generate a return of 1.4% on the free portfolio, while the match portfolio is expected to generate a return of approx. 2.3%.

As in previous years, Tryg's capital is once again in 2012 expected to be considerably in excess of the capital requirements that will be imposed on the insurance sector under the impending Solvency II rules. Tryg's own capital target is based on Standard & Poor's 'A-' rating, in connection with which Tryg has established a safety margin of 5%.

Our vision involves developing the correct customer deliveries, securing an efficient organisation and achieving ambitious financial objectives.

Strategy and the insurance market

Strategy

Tryg's vision is to be perceived as the leading peace-of-mind provider in the Nordic region. This vision involves both retaining and developing the correct customer deliveries, securing a skilled, efficient organisation and achieving ambitious financial targets. To achieve this, the strategic initiatives must be targeted and focused. As a peace-of-mind provider, Tryg offers a complete package of products and services, which places tough demands on distribution, processes, IT systems and claims handling.

Profitable insurance business

Tryg has an ambitious financial target of a return on equity of 20%. One necessary prerequisite for delivering profitability at this level is a strong focus on profitable operation of the insurance business.

Tryg's primary business is general insurance, and it is from this business that Tryg's financial results are achieved. The investment business is an integral part of the operations and is run with a focus on supporting the insurance business. This is done primarily by investing in assets with stable returns and low risk, which correspond to insurance obligations.

Profitable insurance products are dependent on the correct relationship between price and risk. Tryg improves and updates tariffs and segmentation models on an ongoing basis, and will place special focus on improving its ability to act quickly in response to developments in the risk profile in 2012. The relationship between price and risk is also affected by the work on claims reducing initiatives. Claims reducing initiatives aim to reduce Tryg's claims expenses both by means of preventive work so that they do not arise and by limiting the effects after the claim has happened.

Loyal customers with a preference for Tryg

Delivery of the right products is a prerequisite for Tryg to achieve the targets. Tryg must satisfy the needs of customers to feel peace of mind from the very first day, and must do so in such a way that they continue to prefer Tryg as a peace-of-mind provider. The joint Nordic brand platform that was introduced in 2010 provides Tryg with a basis on which to develop its position in the Nordic insurance markets.

Tryg aims to achieve a high level of customer satisfaction. Customer experience is key, and focus will continue to be on claims handling, claims reduction and high-quality products and services. Customers must be informed about claims reducing measures and experience short response times when a claim occurs. The customer must also be guaranteed the correct premium, and there will be an increased focus on price differentiation and faster premium adjustments when the level of risk changes.

Customer communication is increasingly taking place online and via mobile phones and social media. It is important that Tryg meets customers on their terms by further exploiting digital communication channels and delivering services that are accessible wherever the customers happen to be.

> We are available to our customers around the clock online and in our emergency call centre, where we offer our customers urgent assistance if the worst happens.

Tryg's Corporate Social Responsibility (CSR) commitment covers four areas: climate, inclusion, well-being and prevention. CSR activities at Tryg are an integral part of both the insurance business and investment activities.

Efficient value creation

Tryg focuses on efficiency improvements and on reducing the expense level. Over the next few years, the Tryg Transition programme

Tryg's focus areas

Focus areas in Tryg's strategy to achieve the Group's vision and objectives:

- Improve profitability in Commercial Nordic by means of product development, segmenting and efficient processes.
- Improve profitability in Sweden and Finland.
- Improve Time to Market – act more quickly in response to developments in the risk profile.
- Reduce costs by streamlining processes, IT operations and procurement.

will be developing a new Nordic business platform, which aims to improve efficiency and reduce product complexity. This will take place by such means as significantly improving self-service facilities for customers, both in a claim situation and when servicing their policies. At the same time, the new platform aims to contribute to improve customer experience and to increase customer retention.

The claims costs will be reduced by means of process improvements, a focus on claims reduction and procurement. The Next Level Sourcing project initiated in 2011 is part of this effort, and in the next few years, it will result in a number of efficiency improvements.

Costs per sale will be reduced by focusing on partnership agreements, geographical representation, outsourcing and online sales. Distribution costs must be reduced through the introduction of additional self-service solutions in Private Nordic and Commercial Nordic, including partnership agreements. Tryg will improve the annual expense ratio by means of a more intensive focus on efficiency improvements and by continuously increasing the portfolio per employee.

Attractive workplace

Qualified employees with a high level of commitment are an essential part of ensuring high customer satisfaction, and Tryg wants its employees to enjoy a very high level of job satisfaction. The ability to attract the best employees and new talent is an important factor in terms of achieving ambitious targets. Tryg therefore wants to be an attractive workplace and to be able to attract qualified employees.

> Tryg focuses on employees' well-being and development, and strives to continuously develop as an attractive workplace.

Tryg must make sure that the management and the employees' qualifications are developed in line with the changing necessary skill requirements. Tryg also considers diversity in the workforce to be a competitive advantage.

KPI – (Key Performance Indicators)

	Retention rate	Expense ratio	Combined ratio	Customer satisfaction	Employee satisfaction	Return on equity
Trend	(index) 2007: 101.4 2008: 101.5 2009: 100,9 2010: 100.4 2011: 100.3	2007: 16.8 2008: 17.1 2009: 17.2 2010: 17.0 2011: 16.8	2007: 84.4 2008: 88.2 2009: 92.2 2010: 98.8 2011: 93.5	(index) 2009: 100 2010: 102 2011: 104	2007: 100 2008: 100 2009: 103 2010: 102 2011: 103	2007: 22.8 2008: 9.3 2009: 22.5 2010: 6.6 2011: 13.1
Description	Number of customers that renew their insurance policies annually.	Administrative expenses and selling costs as a percentage of earned premiums.	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.	Index of customers satisfaction for customers having experienced claims handling.	Index of employee satisfaction measured in an annual survey.	Profit for the year of the average equity in percentage.

Tryg has established a number of targets concerning performance and results known as KPIs (Key Performance Indicators), which give an indication of the direction and speed of fulfilment of the strategic objectives, whilst at the same time ensuring an appropriate balance between short- and long-term targets and between performance and results. Compared to 2010, the number of KPIs has been reduced, so that the targets for Tryg are clear and easy to communicate to the organisation. The choice of KPIs is an ongoing process and they can be replaced or revised. In connection with the change in management during 2011, the strategy was revised, and this is reflected in the selected KPIs. The primary focus is placed on the profitable operation of Tryg, while the ambition of top line growth has diminished.

The insurance market

The Nordic insurance market is characterised by a high level of concentration. The sector is dominated by a small number of companies with relatively high market shares and a presence in a number of Nordic countries. The four largest companies have a joint Nordic market share of 47%, while the four largest companies in each of the Nordic countries cover between 62% and 79% of the respective markets. In 2011, total premium income for the entire Nordic market was approximately DKK 170bn.

2011 was affected by the ongoing debt crisis in the Eurozone and the general economic recession. International investors are increasingly looking towards the Nordic markets, resulting in declining interest rate levels. This has not, however, made it any easier for companies to obtain financing for operations and investments. 2011 was characterised by a growing number of bankruptcies, which had a particular effect on insurance companies in the commercial, agricultural and industrial segments.

Many of the Nordic countries, especially Denmark and Norway, were hit by extreme weather in 2011, including major cloudbursts and floods, resulting in large numbers of claims. Most insurance companies, especially Danish ones, have already implemented premium increases, but the high number of weather claims has contributed to continuing reflections about the price to risk relationship – especially in relation to possible future climate changes.

The Nordic market continued to have a pronounced focus on profitability in the underlying business. This behaviour will presumably continue for the next few years.

In Denmark, a number of proposed changes to legislation might affect the conditions for insurance companies. A couple of these relate to the latest Danish Finance Act. In the area of workers' compensation, the proposal for an increase in the retirement age means that insurance companies will have to strengthen their reserves, as the duration of ongoing services will be extended. At the same time, workers' compensation is being levied a duty of 13.5%. This duty will presumably mean that insurance companies will have to increase premiums and at the same time strengthen their reserves for future claims payments. Finally, the proposal to remove the right to deduct health insurance premiums will make it more difficult for companies to sell health insurance policies in the future.

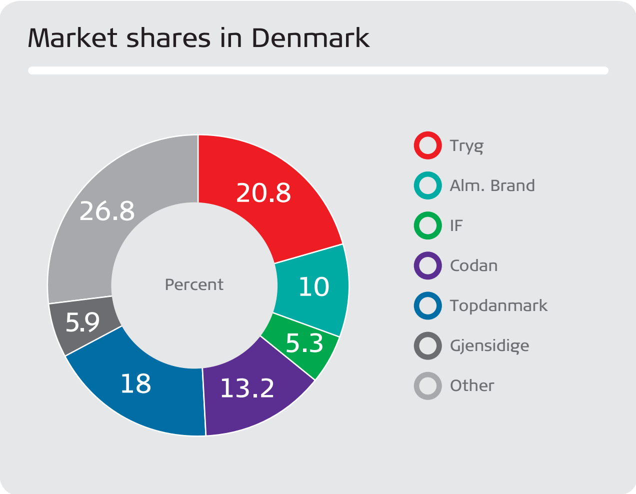
In Norway, established insurance companies have in recent years experienced competition from smaller, newly-established companies. Companies such as Frende, DnBNOR and Storebrand have applied comprehensive marketing and pricing strategies and have contributed to an increased competition and pressure on prices, especially in the private market.

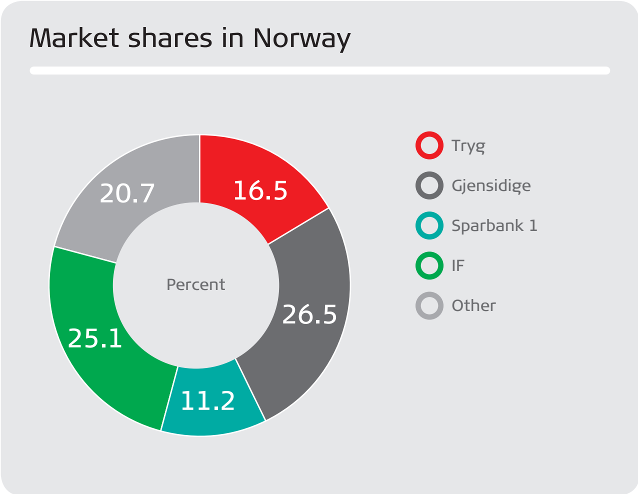
Tryg in the market

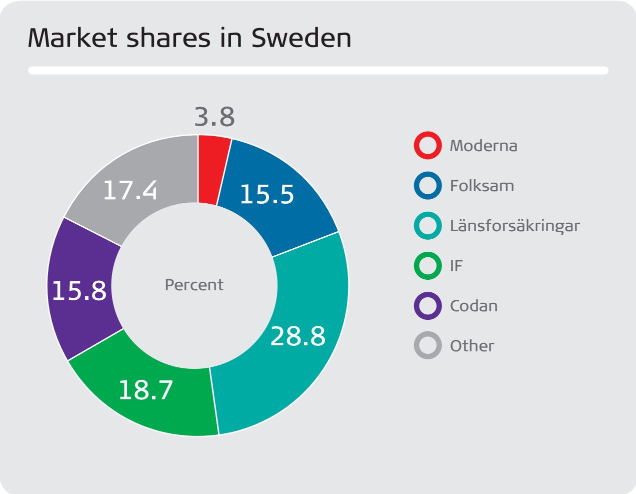
As the second largest general insurance company in the Nordic region, Tryg is obviously affected by developments in the Nordic insurance market, but at the same time also contributes to impact these developments.

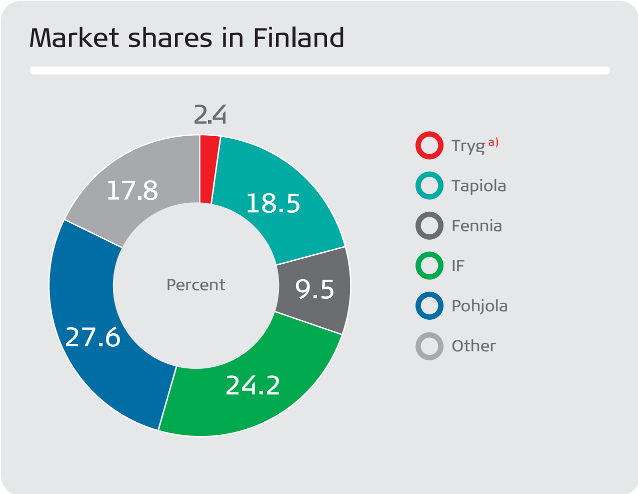
The current trend towards better pricing compared to risk will continue, and Tryg will, like many other companies, investigate opportunities more fully in order to take into account more specific risk factors in price setting, including, for example, changes in the weather. The work to improve the balance between price and risk will take place while continuing to offer customers the best products covering their needs and ensuring that customers experience peace of mind and service in their contact with Tryg – both in day-to-day counselling and in a claims situation.

In 2011, the financial crisis hit Europe particularly hard, and had a negative impact on the general economic situation. However, the insurance industry – and in particular the very mature Nordic market – was not very vulnerable to economic fluctuations. Especially in the private segment, the needs of customers for insurance and peace of mind in everyday life were not notably affected by economic fluctuations; quite the opposite in fact. Thus, Tryg did not suffer to any great extent from the economic trend in 2011.









Source: The official market statistics from the countries concerned.

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

In addition to the work in pricing compared to risk, there was also a focus on efficiency improvements of internal processes, especially in connection with claims handling. In this context, it is expected that the Tryg Transition and Next Level Sourcing projects will contribute to efficiency and process improvements, which will in turn contribute to improved earnings in the underlying business and ensure that Tryg can continue to run an efficient insurance business in a changing market.

Tryg enjoys a strong position in the Nordic market and will continue to improve and develop existing sales channels so that a high level of service and effective access to Tryg's products are guaranteed. Despite increased competition in certain markets, it is therefore expected that Tryg will be able to retain its market share in the four Nordic countries.

Customers and products

Being one of the largest insurance companies in the Nordic region, Tryg offers a broad range of insurance products to both 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 views work on innovation as an important strategic tool for growth and enhancement of its position as the Nordic region's leading peace-of-mind provider. Results achieved through innovative measures renew and develop Tryg. Tryg wants to be perceived as a forward-looking company. Customers must feel that their basic need for peace of mind are covered – also in future society.

Tryg sells insurance products through its own sales channels and through partners such as Nordea. It is an important element of Tryg's distribution strategy to be available in places where customers want it and that most distribution takes place via the company's own sales channels.

Customer segmentation

It is important for Tryg that customers are offered high-quality products at a price that matches the risk and customer requirements. This is an area where there has been greater focus in the past year. Tryg wants to use several relevant parameters in pricing, so that price better reflects risk.

As a peace-of-mind provider, Tryg also aims to deliver total solutions to customers. The need for insurance policies changes throughout life, which is why private customers, for example, are treated differently according to the phase of life they happen to be in.

The phases of life are characterised by differences in the level of activity, form of cohabitation, work, finances and need for peace of mind. Segmentation enables Tryg to the greatest extent to offer advice and solutions that match customers' actual needs, tailored to the various phases and situations in life. At the same time, this targeted advice and individual service creates even more satisfied customers and improves sales opportunities. It must also be clear to the customer that it can be worthwhile to have all their insurance policies with us.

The customer benefit programme consists of the following:

- Discount on insurance policies
- Benefits (for example Tryg Roadside Assistance, psychological crisis assistance, underinsurance guarantee)
- Product benefits (for example free travel companion insurance policy)
- Discount on various products offering peace of mind (for example burglar alarm, antivirus programme)

At tryg.dk users can compile their insurance needs, calculate prices, take advantage of special offers and submit claims. At tryghedsraadgiveren.dk, visitors can test their knowledge of burglary, fire and water claims, as well as find good advice about how to secure their home, their family and their valuables.

'Help 24/7' customer promise

In recent years, Tryg has been working to highlight the peace-of-mind deliveries with a view to clearly positioning Tryg as a provider of peace of mind. In 2011, Tryg launched the Help 24/7 customer promise, under which customers can phone Tryg's emergency centre and receive assistance 24 hours a day. Initially, urgent claims will be processed by the emergency centre, but it is the customer who performs the judgement, and customers now have the opportunity to contact Tryg whenever they want, which is an important parameter in good customer service.

Customer satisfaction

It is important to follow up continuously on customers' perceptions of the overall service provided by Tryg. This is conducted by EPSI, an independent non-profit organisation. Customer loyalty is measured on a scale of 1-100, and both customer loyalty and customer satisfaction in the area of insurance are generally high in the Nordic countries compared with other countries in Europe.

In 2011, customer satisfaction and customer loyalty surveys in the Nordic region revealed that the industry as a whole rose from 73.0 in 2010 to 73.6 in 2011, with Finland and Denmark having the highest level of customer satisfaction.

In Denmark, Tryg had the highest level of customer satisfaction among the four largest companies, seeing customer satisfaction rise from 75.3 in 2010 to 76.4 in 2011. By comparison, the industry average fell by 0.3 percentage points to 75. In terms of image, Tryg also recorded a significant score increase from 70.7 to 74.8, compared with the industry average of 73.4. In Norway, customer satisfaction rose from 68.0 in 2010 to 72.0 in 2011, which is above the industry average of 71.0, which rose 3 percentage points compared with the 2010 survey.

Product overview

Motor insurance

Motor insurance accounts for 33% of total premium income, and comprises mandatory third party liability insurance providing cover for injuries to a third party or damage to a third party's property, and a voluntary comprehensive insurance policy that provides cover for damage to the customer's own vehicle from collision, fire or theft. In Denmark, motor insurance taken out by concept customers includes Tryg's roadside assistance, such as towing and battery jump-start.

Fire & contents – Private

Fire & contents insurance represents 23% of total premium income and includes for exsamble house and contents insurance. House insurance covers damage to houses caused by, among others, fire, storm or water claims, legal assistance and the customer's liability as owner of the house. Contents insurance, however, covers loss of or damage to private contents and contains a number of additional features such as cover for valuables that are temporarily outside the home, legal assistance and the customer's liability as user of the house.

Personal accident insurance

Personal accident insurance accounts for 9% of total premium income and covers 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 change to everyday life.

Fire & contents – Commercial

Commercial fire & content insurance, which includes building insurance, represents 14% of total premium income and covers the loss of or damage to the buildings, stock or equipment of commercial customers. Tryg also provides cover for business interruption in connection with covered claims.

Workers' compensation insurance

Workers' compensation insurance accounts for 6% of total premium income and covers employees against bodily injury sustained at work (in Norway, also occupational deseases). Workers' compensation insurance is mandatory and covers a company's employees (except for public sector employees and persons working as sole traders). Tryg works with the concept of proactive claims handling, pursuing a close dialogue with the claimant to optimise claims handling. Our proactive claims handling team consists of claims handlers, social counsellors, legal experts, occupational health practitioners, orthopaedic surgeons and a network of psychologists. Proactive claims handling has three winners: the company, the claimant and Tryg in the form of shorter periods of sick leave, enhanced self-esteem for the injured person and reduced expenses.

Professional liability insurance

Professional liability insurance represents 4% of total premium income and covers 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 insurance

Transport insurance represents 2% of total premium income and covers damage to goods in transit due to collision, capsizing or crash of the means of transport.

Health insurance

Health insurance represents 2% of total premium income. This policy covers the costs of examinations, treatment, medicine, operations and rehabilitation at a private health facility. In recent years, increasing health costs and waiting times in the public system have generated a significant demand for health insurance. The growth in health insurance is expected to decline, as the new government has removed the tax deduction from schemes funded by employers.

Examples of new products

In 2011, Tryg was the first company to launch a European insurance policy, which is offered primarily to businesses who have their main activities in Scandinavia, but with small subsidiaries abroad. This insurance meet the needs of small and medium-sized companies and is adapted according to local insurance conditions in each country. The insurance is characterised by simplicity ensuring the customer a good overview. For large industrial companies that operate on a global scale, Tryg has an exclusive partnership with AXA Corporate Solutions, which is represented in about 90 countries. This partnership satisfies the needs of large corporate customers to be able to issue insurance policies locally and thus comply with local legislation, as well as local rules on taxes and duties. Environmental Impairment insurance was another initiative launched for commercial and corporate customers in 2011 that covers any liability that a company incurs in connection with environmental Impairment claims. Companies can be held liable for emissions of pollutants, regardless of whether the company is guilty. This Impairment insurance provides the customer with extra peace of mind and covers, among others, the costs of restoring the natural environment.

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 risk management

Credit ratings

At 31 December 2011	Standard & Poor's	Moody's
Tryg Forsikring A/S	'A-'/stable	A2
Tryg Garantiforsikring A/S	'A-'/stable	n.a.

Tryg's capital base and financial strength are essential for Tryg's ability to take over and spread risks from its customers. The basis for this is that the capital planning is adapted to Tryg's risk profile taking into account natural growth. Tryg aims to have the necessary capital, but no more. This fundamental view therefore also determines the dividend policy.

Risk-based capital management

Through capital and risk management, Tryg aims to secure financial strength and flexibility. The capital management is based on:

- Tryg's internal capital model
- The impending Solvency II standard model
- Standard & Poor's standard model ('A-' level)

All three models determine the capital requirement based on Tryg's current risk profile. The capital requirement is determined with a 99.5% level of certainty, which corresponds to the chosen capital level statistically being insufficient once in a 200-year period.

Tryg has decided to commission an external credit rating by credit rating agency Standard & Poor's, which conducts an annual interactive credit rating.

Tryg's capital target is currently determined in relation to the capital that is necessary to support the company's 'A-' credit rating by Standard & Poor's. Tryg also currently adds a target buffer of 5% as a minimum. At the end of 2011, Tryg had an actual buffer of 9% compared to the requirement for an 'A-' credit rating, and after the recommended dividend, the buffer will amount to 5%.

Tryg has also commissioned a credit rating by credit rating agency Moody's. As Standard & Poor's is the leading credit rating institution within insurance, Tryg has decided solely to use Standard & Poor's from 2012.

In addition to the requirements imposed by the credit rating agencies, the Danish authorities impose requirements concerning active capital management through the determination of an individual Solvency requirement. These requirements are a precursor to the future Solvency II rules. Tryg's determination of the individual Solvency requirement is based on Tryg's internal capital model, which calculates the required capital, taking into consideration the actual composition of the business, profitability, provision profile, reinsurance protection, investment composition and scenarios for the additional risk that could be experienced in particularly stressful situations. The determination takes into account the geographic diversification effect and the effect of the chosen investment policy, where interest rate risk on the bond holdings matches the corresponding interest rate risk on the discounted provisions, so that Tryg's net interest rate risk is for practical purposes insignificant. The individual solvency requirement is determined quarterly and reported to the Danish Financial Supervisory Authority. The individual solvency requirement was DKK 6,320m at the end of 2011, compared to DKK 6,077m at the end of 2010. With a capital base of DKK 8,190m, Tryg has excess cover compared to this of DKK 1,870m.

The introduction of Solvency II will impose stricter requirements on the way in which insurance companies work with and control risks, including the Supervisory Board's involvement in risk and capital management. Tryg has been working for many years to adapt the company to these requirements. This means that the Supervisory Board actively determines the risk aversion and the framework for risk management, and continually assesses the combined risk within Tryg and the derived capital requirement, through follow-up and reporting. In the autumn of 2011, the Supervisory Board also commissioned a so-called ORSA

Download the Risk management report

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 [a]

a) Untill 30 June 2012.
For further details see note 1 on page 89.

(Own Risk and Solvency Assessment), which is a systematic and comprehensive self-assessment of Tryg's risk and solvency. Such an assessment will be a requirement under Solvency II.

The Executive Management's responsibility for the total risk and capital management is managed on a daily basis through a risk management environment where the areas of underwriting and reinsurance, provisions, investment risk and operational risk are managed by separate sub-committees.

See also the Risk management report, which can be found at tryg.com > Download

Capital structure
Tryg's capital base consists of equity and subordinated loan capital. The relationship between these is evaluated on an ongoing basis in order to maintain an optimal structure which takes into account the return on equity, the capital cost and flexibility. The actual capital is assessed differently by authorities and credit rating agencies. The authorities impose a requirement that companies must determine the base capital, which primarily consists of equity minus intangible assets, discount effect and other statutory corrections plus subordinated loan capital in the amount of up to 25% of the Solvency I requirement. Standard & Poor's uses the term 'Total Adjusted Capital' (TAC), where intangible assets are also deducted from the capital base, and where the subordinated loan capital must generally not exceed 25% of the total capital.

In 2005, Tryg took out a 20-year subordinated bond loan of EUR 150m listed on the London Stock Exchange. In 2009, in connection with the acquisition of Moderna, Tryg took out a subordinated loan with expiry in 2032 of EUR 65m from TryghedsGruppen, which owns 60% of Tryg. Tryg's total holding of subordinated debt subsequently amounted to approx. EUR 215m. In total, debt amounted to 18% of equity at the end of 2011, and interest expenses during 2011 amounted to DKK 83m.

Reinsurance
Reinsurance is an important tool for protecting Tryg's capital base. The requirement for reinsurance is assessed on an ongoing basis based on Tryg's internal capital model, where the reinsurance premium is compared to the reduction in the capital requirement that could be achieved, and the price of capital.

An example of such an assessment is the establishment of sideways reinsurance cover in 2011. This cover covers the coincidence of nature claim events, such as winter claims and cloudbursts, with aggregated retention of DKK 400m and aggregated cover of DKK 500m.

Nature disasters, large claims and, for example, terrorist incidents represent the primary threat to the capital base as a result of insurance events. As a result of this, catastrophe reinsurance has been taken out with a capacity of DKK 5.5bn. In the event of claims in the range DKK 100-175m, retention increases from DKK 100m to DKK 141m. In the event of claims in excess of DKK 175m, the maximum retention is DKK 141m.

Capital relief

DKKm	Retention	Capacity	Capital relief
Catastrophe	141	5,500	1,212 [a]
Sideways cover	400	500 agg.	
Building/contents (Per risk)	50	Unlimited	193

a) Including sideways cover.
The table shows capital relief for selected reinsurance programmes.

The capacity is determined through modelling so that it statistically would prove insufficient in less than one occasion every 250 years. In addition, catastrophe hedging has been purchased for personal injury claims originating from the same event, including terrorism. The capacity amounts DKK 1.5bn with retention of DKK 50m. Terrorist incidents are also covered by a national guarantee scheme on the Danish market.

Reinsurance is also purchased for individual risks, so that retention does not exceed DKK 125m for the first claim and DKK 50m for subsequent claims.

The increases in Tryg's own holdings within catastrophe reinsurance and individual risks from DKK 100m to DKK 140m and DKK 125m respectively was approved on the basis of the pricing in the reinsurance market. Additional cover corresponding to the programme in 2010 would largely have the same price as the additional cover.

Financial flexibility

The financial flexibility must take into account strategic assessments and safeguard the scope for additional capital investment. Every year, the strategic assessments are considered in a capital plan, as part of which a test is performed to determine the extent to which the capital can support Tryg's strategy. The scope for additional capital investment is described in Tryg's contingency capital plan, which describes measures which can be implemented in the short term in order to improve Tryg's solvency if it should prove necessary.

There is also scope to increase the capital base through the further take out of subordinated loan capital. Compared to the local Danish solvency rules, the full potential for subordinated loan capital has already been utilised by DKK 848m. Compared to Standard & Poor's capital model, the subordinated loan capital at the end of 2011 can be increased by approximately DKK 879m after dividends. In addition, there is scope to increase the actual capital through capital increases.

Solvency II implementation

During 2011, uncertainty has arisen concerning the implementation date for Solvency II, which determines the future solvency rules within the insurance area. In many quarters, there is now a belief that early 2014 is the most likely implementation date for the Solvency II Directive, which imposes both quantitative and qualitative requirements on insurance companies and will require extensive revision of existing legislation.

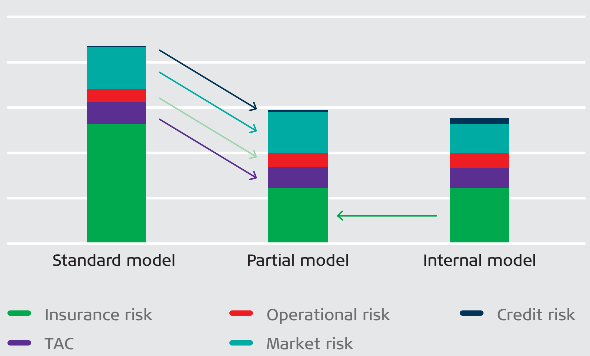
Since 2005, Tryg has been participating in the trial calculations for a standard model under Solvency II. Compared to the current specification of the capital requirement in the standard model, Tryg had excess cover of DKK 1,865m as of 31 December 2011. If this calibration of the capital requirements is maintained through to Solvency II, it is considered that many companies will need to strengthen their capital base in order to comply with the new capital requirements. Based on the internal capital model, the capital requirement for Tryg will be somewhat lower than that according to the standard model.

Solvency II gives scope to use internal models either fully or partially. Tryg's approach is to use the existing internal model for areas where the risk is different from that determined using the standard model. Within the area of insurance risk, the belief is that Tryg will be able to model its own risk more accurately. For example, the standard model does not take into account geographic diversification between the Nordic countries, which is a significant aspect of Tryg's Nordic exposure. On the other hand, the existing internal model's treatment of investment risks is very similar to that of the standard model, which must be viewed in the light of the homogenous investment risk, which is generally secured across national borders by effective financial markets. In the future under Solvency II, the aim is for Tryg to use a partial internal model in its capital planning, rather than the standard model referred to above. The partial internal model will thus be based on the insurance module in Tryg's current model supplemented by the other modules (investment, operational risk, etc.) from the standard model.

In addition to the way in which capital is determined, the impending Solvency II rules will alter the authorities' requirements concerning capital structure. Under Solvency II, the capital will be subdivided into Tiers (1-3), which indicate the quality of the company's capital. It is Tryg's belief that 73% of the capital will be approved as Tier 1, 22% as Tier 2, while the remainder will be classified as Tier 3. Tryg is closely monitoring developments and will include this factor in its deliberations when the dividend for the year is determined.

Read more about Tryg's dividend policy in the section The Tryg share on page 65.

Composition of partial capital model



Tryg focuses on employee well-being and development, and continuously strives to develop as an attractive workplace. At the same time, job satisfaction is reflected in customer satisfaction and retention.

Management

Supervisory Board

Mikael Olufsen [a)]

Chairman
Born 1943. Joined: 2002. Nationality: Danish. Professional board member. Former CEO of Toms Chokoladefabrikker A/S.
Educational background: M.Sc. (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 Vognmagersgade 11 ApS, Malaplast Co. Ltd and the Danish Rheumatism Association.
Board member: WWF in Denmark and The Denmark-America Foundation.
Committee memberships: Remuneration Committee of Tryg A/S (Chairman).
Number of shares held: 3,018
Change in portfolio in 2011: 0
Mr Olufsen has experience from managing international companies, including strategic development, and experience as a board member of Danish and international companies.

Torben Nielsen [b)]

Deputy Chairman
Born 1947. Joined: 2011. Nationality: Danish. Professional board member. Assistant Professor, Copenhagen Business School. Former Governor, Danmarks Nationalbank (Danish Central Bank).
Educational background: Savings bank training, Graduate Diplomas in organisation and work sociology as well as credit and finance.
Chairman: Investeringsforeningen Sparinvest, Eik bank p/f, Plass Data A/S, VP Lux S.á.r.l., Investeringsforeningen Sparinvest SICAV, Luxembourg and Museerne, Vordingborg.
Deputy Chairman: Tryg A/S, Tryg Forsikring A/S, VP Securities A/S and Bankernes Kontantservice A/S.
Board member: Nets Holding A/S (formerly PBS), member of Executive Management at Bombebøssen.
Committee memberships: Audit Committee of Tryg A/S (Chairman) and Risk Committee of Tryg A/S (Chairman).
Number of shares held: 1.500
Change in portfolio in 2011: +1.500
Mr Nielsen has special skills within the areas of management, governance, treasury, financial business and risk management from his former role as Governor of Danmarks Nationalbank as well as several board positions.

Jørn Wendel Andersen [a)]

Born 1951. Joined: 2002. Nationality: Danish. Professional board member. Acting CEO of TryghedsGruppen smba. Former CEO/CFO, Arla Foods amba.
Educational background: M.Sc. (Business Economics), IMD Executive Development Programme and Strategy in Action Programme, Leadership Assessment – Heidrick & Struggles.
Chairman: PreviaSundhed A/S and Sahva A/S.
Board member: Tryg A/S, Tryg Forsikring A/S, Nordea Liv & Pension, livsforsikringsselskab A/S, Kærkommen Holding ApS, Kærkommen Hovedstaden A/S, Kærkommen København ApS, Kærkommen Vest ApS, KærkommenUdvikling ApS, Health & Fitness Nordic AB, AB Previa and Quick Care A/S.
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 2011: 0
Mr Wendel Andersen has experience in international management, insurance business, finance, treasury and risk management.

Paul Bergqvist [b)]

Born 1946. Joined: 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, Svenska Returpack AB, Norrköpings Segelsällskap and Östkinds Häradsallmänning.
Board member: Tryg A/S, Tryg Forsikring A/S 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 2011: 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: 2007. Nationality: Norwegian. Senior Advisor at 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, Tampnet AS, Align AS, HV IV Invest Alfa AS, Helicopter Network AS, Fortissimo AS, Line Consult AS, Gluteus AS and Røa Invest AS.
Deputy Chairman: 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 2011: 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.

a) Dependent board member.
b) Independent board member, see the definition in the corporate governance recommendations.

Jesper Hjulmand [a)]

Born 1963. Joined: 2010. Nationality: Danish. CEO of SEAS-NVE A.m.b.a. Former CFO and CEO of NVE A.m.b.a. and Budget Manager and Chief Accountant of Rockwool A/S.
Educational background: M.Sc. (Economic and Business Administration) and Lieutenant-Colonel of the Danish Air Force Reserve.
Chairman: Danske Energi- og Forsyningsselskabers Arbejdsgiverforening (DEA), Energi Danmark A/S, ChoosEV A/S and CAT Invest A/S.
Board member: TryghedsGruppen smba, Tryg A/S, Tryg Forsikring A/S, DI General Council, Waoo! A/S and Forskerparken CAT A/S.
Committee memberships: Remuneration Committee of Tryg A/S, Chairman of Dansk Energi Direktørudvalg and Member of Dansk Energi Fælles Forum.
Number of shares held: 1,750
Change in portfolio in 2011: +1,750
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.

Lene Skole [b)]

Born 1959. Joined: 2010. Nationality: Danish. Executive Vice President, Coloplast A/S. Former CFO of The Maersk Company Ltd., UK.
Educational background: The A.P. Møller Group international shipping education, B.Sc. (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, Risk Committee of Tryg A/S and Audit Committee of DFDS A/S.
Number of shares held: 410
Change in portfolio in 2011: 0

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

Jens Bjerg Sørensen [a)]

Born 1957. Joined: 2011. Nationality: Danish. CEO of Aktieselskabet Schouw & Co and Dutch Consul. Former CEO of BioMar A/S.
Educational background: Academy economist from Niels Brock Copenhagen Business College, Graduate Diplomas in Marketing Management from Copenhagen Business School and IEP – Insead Executive Programme, from Insead in France.
Chairman: Dovista A/S. Chairman or Deputy Chairman of all Schouw & Co's own companies.
Board member: Tryg A/S, Tryg Forsikring A/S, TryghedsGruppen smba, VKR Holding A/S and Aida A/S
Number of shares held: 118
Change in portfolio in 2011: 0
Mr Sørensen has experience of international management and skills in the fields of strategic development, finance, M&A and branding.

Rune Torgeir Joensen

Elected by the employees
Born 1956. Joined: 2008. Nationality: Norwegian. Project worker with Tryg. Employed since 1984.
Educational background: Printer, market economist and HMS advisor.
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 2011: 0

Bill-Owe Johansson

Elected by the employees
Born 1959. Joined: 2010. Nationality: Swedish. Claims Handler at Atlantica/Moderna (Swedish branch). Employed in 2002.
Educational background: Insur. training courses.
Board member: Tryg A/S and Tryg Forsikring A/S.
Number of shares held: 200
Change in portfolio in 2011: +60

Tina Snejbjerg

Elected by the employees
Born 1962. Joined: 2010. Nationality: Danish. Administrative Officer. 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 2011: 0

Berit Torm

Elected by the employees
Born 1959. Joined: 2008. Nationality: Danish. Quality Insurance Manager with Tryg. Employed since 1985.
Educational background: LL.M.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Remuneration Committee of Tryg A/S and Member of Furesø Local Council.
Number of shares held: 86
Change in portfolio in 2011: 0

Group Executive Management

From left to right: Per Fornander, Birgitte Kartman, Lars Bonde, Morten Hübbe, Tor Magne Lønnum, Kjerstin Fyllingen, Truls Holm Olsen

The Group Executive Management handles the day-to-day management of Tryg and in addition to the CEO consists of the VPs of the business areas, Claims and Group Finance. Morten Hübbe, Tor Magne Lønnum and Lars Bonde form the Executive Management.

COO

Lars Bonde

Group Executive Vice President, Private, Country Manager in Denmark and COO

Born 1965. Employed in 1998. Joined the Group Executive Management in 2006. Member of the Executive Management and the Group Executive Management.

Educational background:
Insurance training, LL.M.

Board member:
The Danish Employers' Association for the Financial Sector and Tjenestemændenes Forsikring.

Number of shares held: 2,954
Change in portfolio in 2011: +1,311

CEO

Morten Hübbe

CEO/Group CEO

Born 1972. Employed in 2002. Joined the Group Executive Management in 2003. Member of the Executive Management and the Group Executive Management.

Educational background:
B.Sc. (International Business Administration and Modern Languages), M.Sc. (Finance and Accounting) and management training at Wharton.

Board member:
Forsikring & Pension (The Danish Insurance Association).

Number of shares held: 7,090
Change in portfolio in 2011: +2,289

CFO

Tor Magne Lønnum

CFO/Group CFO

Born 1967. Employed in 2011. Joined the Group Executive Management in 2011. Member of the Executive Management and the Group Executive Management.

Educational background:
State authorised accountant, Executive Master of Business and Administration, University of Bristol and Ecole Nationale des Ponts et Chaussées.

Board member:
Tryg Garantiforsikring A/S (Chairman) and Thermopylae AS (Chairman).

Number of shares held: 1,700
Change in portfolio in 2011: +1,700

Other Group Executive Management members

Per Fornander

Group Executive Vice President of Sweden and Finland and Country Manager Sweden

Born 1963. Employed in 2011. Joined the Group Executive Management in 2011.

Educational background:
Marketing DIHM IHM Business School in Stockholm.

Board member:
Tryg Garantiforsikring A/S.

Number of shares held: 1,100
Change in portfolio in 2011: +1,100

Birgitte Kartman

Group Executive Vice President, Claims

Born 1960. Employed in 1996. Joined the Group Executive Management in 2009.

Educational background:
LL.M.

Board member:
Forsikringsakademiet

Number of shares held: 1,607
Change in portfolio in 2011: +988

Kjerstin Fyllingen

Group Executive Vice President, Commercial and Country Manager Norway

Born 1958. Employed in 2006. Joined the Group Executive Management in 2006.

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

Board member: Tryg Almen-nyttige Stiftelse (Chairman). Finans-næringens Hovedorganisation and TSS Marine ASA.

Committee memberships:
Audit Committee of TTS Marine ASA.

Number of shares held: 3,428
Change in portfolio in 2011: +966

Truls Holm Olsen

Group Executive Vice President, Corporate

Born 1964. Employed in 1998. Joined the Group Executive Management in 2009.

Educational background:
LL.M.

Board member: Tryg Garanti-forsikring A/S, Energon AS and Norsk Naturskadepool.

Number of shares held: 1,017
Change in portfolio in 2011: +1,000

Employees

Tryg focuses on employees' well-being and development, and strives to continuously develop as an attractive workplace. The ambition is to be the most attractive workplace in the Nordic financial sector.

Employee survey

The employees are Tryg's most important asset in the company's efforts to achieve and adhere to the ultimate vision of being the Nordic region's leading peace-of-mind provider. A high level of job satisfaction and a perception of well-being help to develop and maintain qualified employees. At the same time, employees' job satisfaction is reflected in customer satisfaction and customer retention.

Every year, Tryg conducts an employee satisfaction survey in order to monitor on an ongoing basis our employees' evaluation of Tryg as a workplace. The status survey for 2011 revealed a rise in job satisfaction by one index point compared with 2010 and two index points higher than other financial companies in the Nordic region. The parameter 'The physical working environment' saw a significant improvement in all points in the survey. 'The Living House' project appears to have borne fruit. This project was launched in 2008, and by 2011 the head offices in Denmark and Norway had undergone not only a physical change, but also a cultural change. Tryg is a workplace that encourages activity and creativity, and that generates energy and inspiration. In addition to cafe areas, innovation rooms, meeting rooms and quiet rooms, all employees have two PC monitors, laptops and wireless Internet, as an element of a mobile, paperless office. At Tryg, we consider it important that all employees have a development plan to continuously develop qualifications and set professional and personal targets. In 2011, 84% had an updated development plan compared with 81% in 2010. The results are satisfactory, not least in the light of the fact that 2011 was characterised by a wide-ranging organisational change at Tryg.

Qualification development

Qualified motivated employees are Tryg's most important asset and a prerequisite for achieving our long-term targets. Training, development and the sharing of knowledge aim to contribute to the creation of job satisfaction, well-being and peace of mind for our employees. Tryg's employees are therefore offered continuous qualification development.

Performance management

Tryg places considerable emphasis on customer experience. It is therefore crucial that employees have the right skills, attitudes and framework to enable them to perform their jobs in the best way possible. To this end, we have implemented a new employee appraisal discussion concept. During the discussion, manager and employee review and evaluate the most important deliveries from the past year. This evaluation is conducted with reference to the results that have been achieved and the way in which they have been achieved. The right values, attitudes and conduct are crucial for Tryg to be a peace-of-mind provider.

The discussion also includes a confirmation of targets for the next year as well as a development plan, which will support the ability of employees to achieve the defined targets and to develop skills for future needs.

Since 2007, Tryg has worked with Lean, the key elements of which are optimisation of processes, increased customer value and quality. Work with Lean involves keeping a close eye on defined targets and guaranteeing continuous improvements with the aid of numerous good suggestions received from employees. A new feature developed by Tryg in 2011 is an electronic notice board to help the high number of employees who drive out every day on customer visits.

In 2011, Tryg developed a method of evaluating the effect of training activities. Using a goal-oriented questionnaire, the employee's knowledge is measured several months after the completion of the training course. This gives us an opportunity to guarantee the optimal use of our training resources, to conduct follow-ups and to make sure that training is targeted and is only offered to those employees who need it.

Manager development – The Journey 2011

Tryg is reliant on having good managers. The company's Journey (Rejsen) programme seeks to challenge and develop managers and employees as they interact with people from totally different backgrounds and from cultures other than their own. It is important that our organisation reflects the diversity in society around us. We believe that greater diversity is fundamental to ensuring innovation, more business and the development of good solutions.

In 2011, the programme took five managers and four young Danes with a non-Danish ethnic background to the Norwegian mountains. This interaction with people from a totally different background in terms of their early years, education, experiences and religion forced the managers to work hard to listen, notice, reflect, question, challenge, and be open and inclusive. This is exactly the sort of thing expected of Tryg's managers, especially when employees' skills and resources have to be brought into play. Managers develop their abilities to inspire and maintain a presence.

Diversity

Tryg values diversity in the workforce. Tryg sees the benefits of having a workforce that stretches beyond the established limits of ethnicity, gender, age, disability, sexual orientation, faith and religion, but at the same time one that is in line with the usual requirements of high quality when employing people.

Women in management

Tryg is committed to bringing women into managerial positions. This commitment serves to increase the potential pool of talented women at all levels by focusing on the recruitment process, working with women at the 'pre-manager' level as well as current female managers at all levels within Tryg. To this end, 2011 saw the company's Supervisory Board set a concrete target to increase the total number of women in management by 2% by 2013.

In January 2012, Tryg signed the 'Charter for more women in management'. We support the charter, one of the aims of which is to guarantee men and women equal managerial career opportunities and to launch concrete, measurable initiatives in companies to increase the proportion of women in managerial roles at all levels.

Find out more about diversity at Tryg in Corporate Governance on page 53.

Reflection room

Tryg places great emphasis on the well-being of employees, and during a hectic day there may be a need to reflect on the events of the day, to pray, to meditate or to have a little peace and quiet. The reflection rooms in Ballerup and Bergen provide an opportunity for this.

The reflection room is a measure within the CSR initiative of inclusion and diversity at Tryg. Tryg has a targeted approach to employee diversity work, offering a spacious workplace in which diversity actively contributes to the creation of value. At Tryg, we want to make room for faith and religion in everyday life, and to immerse oneself or recharge one's batteries in meditation and relaxation.

Read more about the inclusivity in CSR on page 61 and at tryg.com > CSR

Nordic Graduate Programme

Tryg's Nordic Graduate Programme is designed for recent graduates from a university or a business school. The programme was launched in 2006, with new graduates being recruited every other year.

The Graduate Programme runs over 19 months and consists of an introductory course and three practical placement periods, each lasting six months. The placements take place in various departments throughout the company, with one period being spent in administration and one in another Nordic country. This gives graduates a broad experience and insight into the workings of Tryg, and provides a solid foundation for a subsequent career in the company. During the process, there is an opportunity to take part in various courses in areas such as insurance studies, negotiation and presentation techniques, and project management.

Tryg's graduates have different educational backgrounds and nationalities. This diversity creates an interesting discussion forum with opportunities to highlight problems from different perspectives.

Read more about our Nordic Graduate Programme at tryg.com > Careers > Nordic Graduate Programme

Corporate governance

The Corporate Governance Committee published new recommendations for corporate governance in 2010. In 2011, the Committee added another recommendation on diversity. The Supervisory Board believes that Tryg is complying with all recommendations, except point 5.10.2, as most members of the board committees cannot be considered to be independent. See page 59 for an explanation of this deviation.

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

Dialogue between Tryg and its shareholders

Tryg issues regular press releases and company announcements, and publishes annual and interim reports, which are available on tryg.com. Tryg issues regular IR newsletters about current topics to shareholders and other stakeholders, and every quarter updates Tryg's expectations for the future. This material enables all stakeholders to get a reasonable impression of Tryg's position and performance. The financial Group statements are prepared in accordance with IFRS, and all company announcements and financial statements are published in Danish and English. At tryg.com, stakeholders have the option to order printed annual reports and to subscribe to news via e-mail and RSS feeds. Tryg 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 maintains regular contact with equity analysts and investors. The Executive Management and Investor Relations also organise investor meetings, teleconferences and webcasts, 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 structure

The Supervisory Board ensures that Tryg's capital structure is in line with the needs of Tryg and its shareholders, and that the capital structure is compliant 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.

Every year, the Supervisory Board proposes a dividend payment and a possible share buy back. In 2010, the Annual General Meeting mandated the Supervisory Board to allow Tryg to acquire its own shares within 10% of the share capital up to 14 April 2015. In the light of the financial result for 2010, no share buy back programme was executed in 2011.

Annual general meeting

Tryg holds its annual general meeting 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 and at tryg.com. Shareholders also have the opportunity to receive the notice by post, electronically or to download it from tryg.com. The notice contains relevant information about the time and venue, as well as an agenda, which as a minimum includes 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, including determination of the Supervisory Board's remuneration and discharge from liability of the Supervisory Board and the Executive Management
- Decision on the use of any surplus or coverage of any loss in accordance with the approved annual report
- Any proposals from the Supervisory Board or from shareholders
- Election of members to the Supervisory Board
- Appointment of auditor
- Any other business

All shareholders are urged to attend the annual general meeting. The annual general meeting is also webcasted, enabling stakeholders to view the annual general meeting at tryg.com both during and after the meeting. Shareholders may propose items to be included in the agenda of the annual general meeting, and may ask questions at the actual meeting. Shareholders may vote in person at the annual general meeting, vote by post, or appoint the Supervisory Board or a third party as their proxy. The proxy form and form for voting by post will be available at tryg.com on 28 March 2012.

The Supervisory Board has resolved that annual general meetings will be held by physical attendance, as the Supervisory Board

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emphasises the oral dialogue with shareholders. The Supervisory Board and the Group Executive Management will participate in annual general meetings where possible, and this has a high priority.

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 rules.

Stakeholders and Tryg'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.

The Supervisory Board has adopted a number of policies for Tryg, which describe Tryg's relationships with various stakeholders. Tryg places an emphasis on social responsibility, and Tryg's CSR strategy is described in the CSR policy. Tryg also has an Investor Relations policy and a Communication policy.

See the Investor Relations policy at tryg.com > Investor > IR contacts > IR policy

See the Communication policy at tryg.com > Press > Communication policy

See the CSR policy at tryg.com > CSR > CSR strategy > CSR policy

Tasks and responsibilities of the Supervisory Board

The Supervisory Board performs overall strategic management and makes sure that there is a sound organisation of the company, and also performs financial control of Tryg. In this work, the Supervisory Board uses targets and limit 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 Tryg'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 Tryg's strategy. The Supervisory Board ensures that the required skills and financial resources are available for Tryg to achieve the strategic targets. The framework is discussed at the Supervisory Board's annual strategy seminar and budget meeting. The Supervisory Board specifies its activities in the company's rules of procedure and annual cycle.

Diversity at management levels

Every year, the Supervisory Board discusses the company's activities to guarantee diversity at management levels. Tryg places great emphasis on diversity at management levels, and in January 2012 the company signed the 'Charter for more women in management'. Tryg supports the charter, the aims of which include guaranteeing that men and women have equal career opportunities. Tryg launches concrete, measurable initiatives in the business to increase the proportion of women in management at all levels. Tryg has produced an action plan for this, the aim of which is to guarantee equal opportunities for qualified men and women in access to managerial positions. The number of women at management level in 2011 was 37.5%. The Supervisory Board sets concrete targets to secure diversity. In 2011, the Supervisory Board confirmed an objective to increase the total number of women in management by 2% by 2013.

The action plan is available at tryg.com > CSR

Rules of procedure

The Supervisory Board performs an annual review of and if necessary updates the 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 also 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 in general serves as a discussion 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 collaboration with the Executive Management. The Chairman also acts as spokesman for the Supervisory Board for external purposes.

The Chairman holds preparatory meetings with the Executive Management before all meetings of the Supervisory Board. The Chairman and the Deputy Chairman also 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 tasks must be of a one-off nature.

Composition and organisation of the Supervisory Board
The Supervisory Board performs an annual assessment of the skills required for the Supervisory Board to perform its duties in the best possible way. Tryg focuses on skills in the fields of financial operations, IT, marketing and management. The description of skills is available at tryg.com and is included in the notice of 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. Furthermore, 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 three female members, including two female employee representatives.

New Supervisory Board members
The process of selecting new Supervisory Board members is formal, comprehensive and transparent for the Board members. The Nomination Committee selects new candidates for the four Board posts, which are not selected from members of TryghedsGruppen's Supervisory Board, and presents a recommendation of the selection of candidates for the Supervisory Board.

Prior to the election of new members, the Supervisory Board prepares a description of the candidates' background, directorships, 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 Tryg.

The CVs and descriptions of skills of the Supervisory Board are available in the section Supervisory Board on pages 46-47 and at tryg.com> Governance > Management > 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 at the annual general meeting for a term of one year. Of the eight members elected at the annual general meeting, four are independent, cf. recommendation 5.4.1 in Recommendations for Corporate Governance.

The section Supervisory Board on page 46 and at tryg.com describes which Supervisory Board members are considered to be independent members. This is also described in the notice of the annual general meeting.

Supervisory Board members elected by 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 Tryg's staff organisations that two Supervisory Board members are elected from employees in Denmark, one member from employees in Norway, and one member from employees in Sweden/Finland. The next regular election of the four employee representatives will be held in 2012. Pursuant to legislation, employee representatives have the same rights, obligations and responsibilities as the other Supervisory Board members.

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 2011, the Supervisory Board held seven 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 and work for 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. The Board members' position, directorships and holding of Tryg shares and changes in portfolios can be found in the Board members' CVs.

The CVs can be found in the section Supervisory Board and at 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 annual general meeting in the year following their 70th birthday.

The ages of the individual Supervisory Board members are described in the section Supervisory Board and at tryg.com > Governance > Management > Supervisory Board

Term of office

Board members elected by the shareholders at the annual general meeting are elected for terms of one year. See page 46 for 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, a Risk committee and a Nomination Committee.

Tryg publishes the terms of reference for the Board committees at 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 at tryg.com.

Two out of four members of the Audit Committee and the Risk Committee, including the chairman of the committees, are independent. One out of four members of the Remuneration Committee is independent, and one out of two members of the Nomination Committee is independent.

Board committee members are elected primarily on the basis of their special skills that are considered by the Supervisory Board to be most important. It is also considered important to involve the employee representatives in the committees. The committees work exclusively on the preparation of matters for decisions by the full Supervisory Board.

Audit Committee

In 2006, Tryg set up an Audit Committee for Tryg A/S. The framework of the Audit Committee's work is defined in its terms of reference.

The committee consists of four members and is led by an independent Board member, who is at the same time the Deputy Chairman of the Supervisory Board. Torben Nielsen was appointed Chairman of the Audit Committee of Tryg A/S in 2011. The members of the Audit Committee have knowledge and experience of financial conditions as well as accounting and audit experience in publicly listed companies. In addition to Torben Nielsen, the Audit Committee consists of Lene Skole (independent), Jørn Wendel Andersen and Rune Joensen (employee representative). The Audit Committee held four meetings in 2011, reporting to the Supervisory Board on a regular basis. The Audit Committee performed an evaluation of the previous year's work in August 2011.

The Audit Committee's work in 2011 is described in the terms of reference, which can be downloaded at tryg.com > Governance > Management > Supervisory board > Board committees

Risk Committee

Tryg set up a Risk Committee in 2010 in accordance with the Supervisory Board's rules of procedure. The purpose of the Risk Committee is to support the Supervisory Board in its work and supervision of asset management and risk management. The ultimate responsibility rests with the Supervisory Board, while the Risk Committee monitors the risk management environment as well as associated processes.

The committee consists of four members and is led by an independent Board member, who is at the same time the Deputy Chairman of the Supervisory Board. In addition to Torben Nielsen (Chairman, independent), the Risk Committee consists of Lene Skole (independent), Jørn Wendel Andersen (dependent) and Rune Joensen (employee representative). The committee held four meetings in 2011.

The committee's work is described in the terms of reference at tryg.com > Governance > Management > Supervisory board > Board committees

Nomination Committee

In accordance with the Supervisory Board's rules of procedure, Tryg has set up a Nomination Committee. The purpose of the Nomination Committee is primarily tasked with ensuring the correct composition and size of the Executive Management and the Supervisory Board. The committee consists of the Chairman, Mikael Olufsen (Chairman) and Deputy Chairman Torben Nielsen (independent). The committee holds meetings as needed, however, at least two meetings each year.

The Nomination Committee's work is described in the terms of reference at tryg.com > Governance > Management > Supervisory board > Board committees

Remuneration Committee

The Remuneration Committee carries out preparatory work on behalf of the Supervisory Board relating to remuneration for the Supervisory Board, the Group Executive Management and significant risk takers.

The Remuneration Committee's work is described in the terms of reference at tryg.com > Governance > Management > Supervisory board > Board committees

The Remuneration Committee consists of four members. The Chairman of the Supervisory Board is Chairman of the Remuneration Committee. Furthermore, the committee must be represented by at least one member of TryghedsGruppen's Supervisory Board and at least one independent Board member. The committee has one independent member at the present time. Board committee members are elected primarily on the basis of their special skills that are considered by the Supervisory Board to be most important. It is also considered important that an employee representative is included in the Remuneration Committee.

The Remuneration Committee held four meetings in 2011. The Remuneration Committee's work is based on Tryg's remuneration policy. The members of the Remuneration Committee are Mikael Olufsen (Chairman), Jesper Hjulmand, Paul Bergqvist (independent) and Berit Torm (employee representative).

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 assessment interviews with each member of the Supervisory Board at the beginning of the year, according to an agenda agreed in advance by the Supervisory Board. The outcome is 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 in accordance with clearly defined criteria determined in advance and of cooperation between the Supervisory Board and the Executive Management.

The Supervisory Board also 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.

Management's remuneration

Tryg has adopted a policy for remuneration of the Supervisory Board and the Executive Management, including general guidelines for incentive pay. The remuneration policy was adopted by the Supervisory Board in February 2011 and approved by the annual general meeting on 14 April 2011.

The Chairman of the Supervisory Board reports on Tryg'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.

The remuneration policy also covers employees of Tryg whose activities have a significant influence on Tryg's risk profile, known as risk takers, as well as employees in control functions such as compliance and internal audit.

See the remuneration policy at tryg.com > Governance > Remuneration

Remuneration of the Supervisory Board

Members of Tryg's Supervisory Board receive a fixed fee and are not part of any form of incentive or severance 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, efforts and the scope of the Board's work, including the number of meetings. The Chairman of the Supervisory Board receives a triple basic fee and the Deputy Chairman receives a double basic fee. The Supervisory Board is not part of any pension scheme.

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 defines the remuneration of the Executive Management on an annual basis. There is an annual review based on the requirements for attracting and retaining the best qualified Executive Management members. The fixed salary must be competitive and appropriate for the market in order to provide correct, sufficient motivation for the Director to do his or her best in order to achieve the company's defined targets. The Excutive Management's remuneration consists of fixed salary, pension and a variable salary. Variable salary constitutes only a limited part of overall remuneration. The Supervisory Board can decide that the fixed salary be supplemented with a variable salary of up to 10% of the fixed basic salary including pension at the time of allocation at a corresponding current value. The Supervisory Board has decided that the vari-

Total remuneration of the Supervisory Board in 2011

DKK	Fee	Audit Committee	Remuneration Committee	Total
Mikael Olufsen	900,000		103,125	1,003,125
Torben Nielsen [a]	428,958	160,000		588,958
Jørn Wendel Andersen	300,000	150,000		450,000
Christian Brinch	300,000			300,000
Jens Bjerg Sørensen [a]	213,308			213,308
Paul Bergqvist	300,000		68,750	368,750
Jesper Hjulmand	300,000		53,334	353,334
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		68,750	368,750
Bodil Nyboe Andersen [b]	172,638	65,000		237,638
John R. Frederiksen [b]	86,662		15,417	102,079

a) Elected on the annual general meeting on 14 April 2011.

b) Withdrew from the Supervisory Board on the annual general meeting on 14 April 2011.

Total remuneration of the Executive Management in 2011

DKK	Basic salary	Pension	Car	Total salary	Matching shares value	Total
Morten Hübbe	7,203,342	1,800,835	255,000	9,259,178	700,000	9,959,178
Tor Magne Lønnum (Employed 1 Sep. 2011)	1,557,868	222,863	51,095	1,831,826	400,000	2,231,826
Lars Bonde	3,853,286	963,322	255,000	5,071,608	400,000	5,471,608
Stine Bosse (Resigned 31 January 2011)	7,586,572	1,547,070	148,750	9,282,392	0	9,282,392

Furthermore, the members of the Executive Management received a bonus from 2010: Morten Hübbe DKK 637,000, Lars Bonde DKK 463,834 and Stine Bosse DKK 1,031,380.

a) On the time of allocation.

able salary consists of a matching shares programme. Four years after a Director's purchase of a subsequently defined number of shares, the Director is allocated a corresponding number of free shares in Tryg. The allocation of matching shares at the time of allocation is not dependent on results. The purpose of the matching shares programme is partly to make sure that the Director is retained, and partly to secure a joint financial interest between the Director and the company's shareholders.

Read more about the matching shares programme in the remuneration policy at tryg.com > Governance > Remuneration

Some members of the Executive Management still have unexercised stock options, which were allocated under a previously adopted stock option programme. Please refer to note 6 on page 98 for further details.

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 the same period.

Each member of the Executive Management has 25% of basic salary paid into a pension scheme. Group CFO Tor Magne Lønnum, however, receives a defined benefit pension, which was calculated at DKK 222,863 in 2011. The calculation is based on an actuarial assumption of the current value of the expected pension benefits. The current value is calculated on the basis of, among other things, expectations of future salary and interest trends, date of retirement and mortality.

The going concern assumption

When discussing and adopting the annual report for 2011, 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. The Supervisory Board uses policies to define the framework for risk management in Tryg in the areas of insurance risk, investment risk and operational risk, as well as IT security. These frameworks then result in guidelines for Tryg's risk management. A Risk Management 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 Tryg's strategy or which may have a potential substantial impact on Tryg's financial position. In this process, identified risks are recorded and quantified. Risk identification is included in the annual risk report to the Supervisory Board. Quantification of the risks identified is included in the statement of the individual solvency requirement that the Supervisory Board considers every quarter.

In 2011, Tryg performed an assessment of the company's risk and solvency (Own Risk and Solvency Assessment, also known as 'ORSA') as a preparation for future requirements for insurance companies under EU law. The purpose of the ORSA is to prepare the risk management process by means ensuring that insurance companies are proactive in managing risk and solvency.

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 rests with the Supervisory Board and the Executive Management. The Supervisory Board and the Executive Management approve and monitor Tryg's general policies and guidelines, procedures and controls of significant risk areas, and receive reports on trends in these areas as well as on application of the defined frameworks. The status of compliance with this is reported to the Supervisory Board on an annual basis. Any non-compliance with limits and guidelines are reported to the Supervisory Board if they occur. The Supervisory Board's Risk Committee monitors the company's work on risk management and control on an ongoing basis and reports on this quarterly 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. Tryg publishes interim accounts on a quarterly basis. Tryg's internal control systems are based on clear organisational structures and guidelines, general IT controls and segregation of functions, which are supervised by the internal auditors.

Whistleblowing scheme

In October 2011, Tryg set up an Ethical Hotline, which is managed by an external partner, Global Compliance. This allows employees, customers or business partners to report any serious breaches or suspicions of such. Reporting takes place in confidence to the Chairman of the Audit Committee and Tryg's internal Audit Manager.

Read more about Tryg's Ethical Hotline at tryg.com > Governance > Ethical Hotline

Openness about risk management

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

Read more about Tryg's risk management in the section Capital management and risk management and in the Risk Management Report at tryg.com > Downloads

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 and other issues. The results of the audit are discussed at the Audit Committee and at 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 and associated auditors' fee are agreed between the Supervisory Board and the auditors on the basis of a recommendation from the Audit Committee. 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 discussion without the presence of the Executive Management. The Audit Committee will deal with 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 Tryg'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 considers that Tryg is following the recommendations for corporate governance apart from point 5.10.2, as most members of the Board committees cannot be considered to be independent. Board committee members are elected primarily on the basis of their special skills that are considered by the Supervisory Board to be most important. It is also considered important to involve employee representatives in the committees.

Corporate Social Responsibility – CSR

At Tryg, CSR is integrated into the business. This means that in all of our activities, we strive to unite sound business activities with the role of a good coporate citizen. It is quite natural for us to assume responsibility for our stakeholders. Through our CSR initiatives, we focus on socially responsible solutions for customers, suppliers, employees, investors and society in general.

We formulate our responsibility with reference to the Global Compact principles in four general areas: Climate, Prevention, Inclusion and Well-being.

Read Tryg's CSR policy at tryg.com > CSR

Climate

It is decisive for Tryg to create and promote sustainable solutions that deal with climate-related challenges that our customers continue to experience. As a peace-of-mind provider, we offer products and advice that help to prevent climate- and environment-related claims and reduce vulnerability when claims have occurred. It is also important for us that we reduce our own CO_2 emissions. In 2011, Tryg's total CO_2 emissions were 6,036 tonnes. This is a reduction of 1.101 tonnes from 2010, corresponding to 15%. Our biggest reduction was in air travel, 417 tonnes.

Read more about our climate accounts and initiatives in the climate area at tryg.com > CSR

A new initiative involves our measuring the volume of our waste as well as the CO_2 emissions associated with disposal, including incineration and recycling of our sorted waste.

> Tryg saved DKK 11m in air transport in 2011 and achieved a 20% CO_2 reduction from 2007 to 2011.

Objective

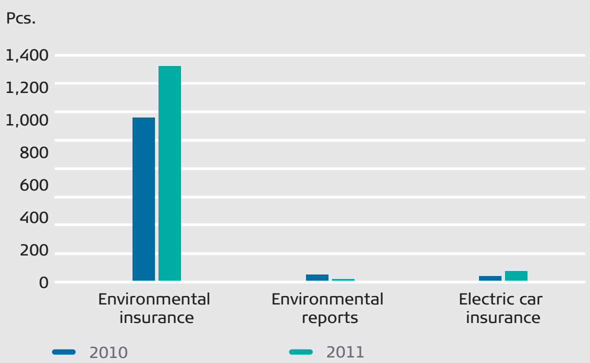
Our target for 2012 is to achieve a total CO_2 reduction of 18% compared with 2007.

Prevention

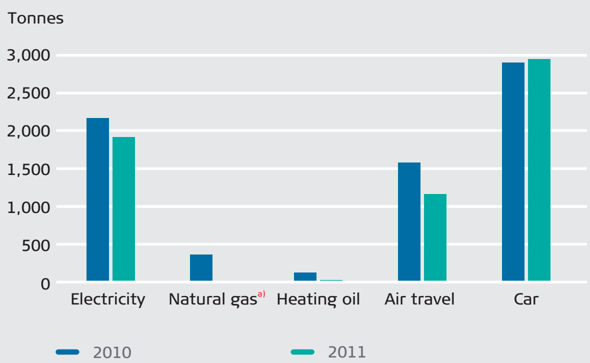
Claims reduction has a positive effect, not only for our customers and investors, but also for society as a whole. Prevention must simultaneously enhance customers' perceived peace of mind and reduce costs by means of avoiding and limiting claims. Prevention must not only enhance customer loyalty, but also contribute to making Tryg a more attractive peace-of-mind provider for potential customers.

As a peace-of-mind provider, we therefore offer advice on effective claims reduction in connection with: climate-related challenges such as snow, rain and storms, and also the prevention of claims after fires, in association with building projects and in traffic, and in cases involving personal injury we also work actively to limit the course of illness by means of treating injuries quickly and effec-

Sold environmental insurances and reports



CO_2 Emissions



a) Tryg went from natural gas to district heating in 2011.

tively. Our work includes practical advice to private, commercial and corporate customers in the form of general information, personal contact and in seminars and presentations.

We use the insight that we gain from contact with customers in new kinds of risks to develop our business. We are also happy to share the knowledge we gain with authorities and research institutions. In 2011, we participated as a partner in a number of conferences and dialogues on the handling of cloudbursts, and contributed DKK 1.1m to research into a new visualisation technology that can help home owners to avoid climate-related claims.

Read more about our preventive work at tryg.com > CSR

Night Owls and lifebuoys

As of 31 December 2011, there were 373 active groups of 'Night Owls' in Norway. With about 50 people in each group, this corresponds to just under 19,000 volunteers in 2011. The red and white lifebuoy has become a symbol of reassurance in the Nordic countries. In addition to the more than 33,000 lifebuoys that currently hang along the Norwegian coast, a further 300 lifebuoys were set up along the coast of south west Finland during 2011.

Objectives

In 2012, Tryg will extend its preventive initiative at both the strategic and the practical level. Tryg aims to maintain a closer dialogue with customers on prevention, including such means as a number of seminars and more advice in 2012, and Tryg also wants to work more on the implementation of a conceptualisation of peace of mind.

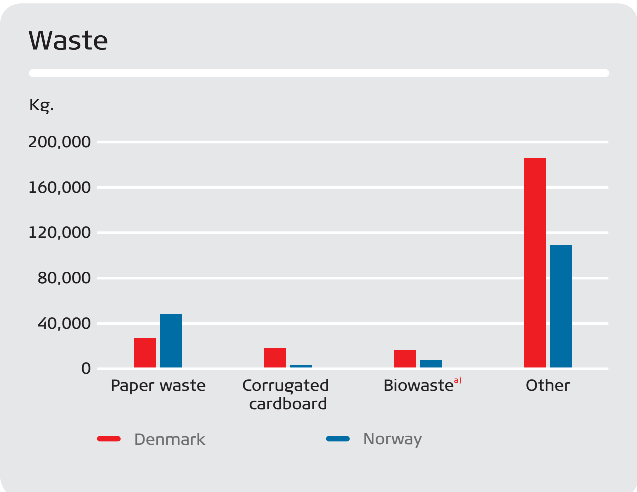
Inclusion

We work in a targeted way to create an inclusive society that is open to diversity. This is an approach that is commonplace in the Nordic countries, and likewise in Tryg. Tryg is therefore constantly launching new initiatives that ensure diversity among our employees and promote equal opportunity for all, regardless of gender, age, ethnicity, disability, sexual orientation, faith or religion. This contributes to innovation and development of products and solutions that are attractive to our customers.

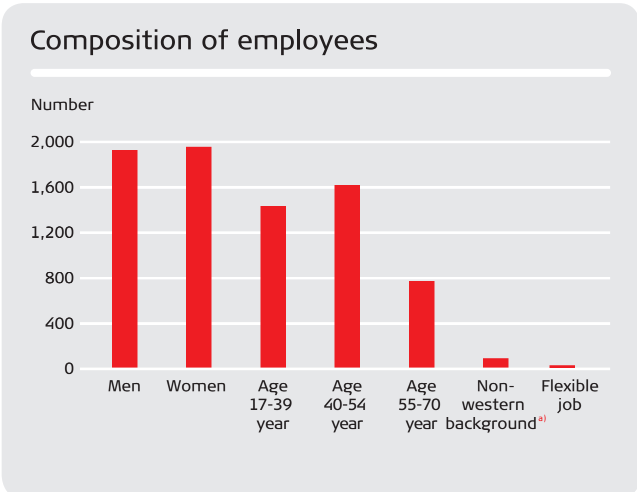
> 3.7% of Tryg's emloyees have a non-western background.

Objectives

In 2012, Tryg's new action plan for women in management was implemented, including mentoring programmes for female managerial talents and a target of 2% more women in management. Tryg wants to continue to maintain a focus on the recruitment of employees with a non-western background, and is making special efforts to make Tryg accessible for employees with disabilities.



a) Only calculated in Norway.



a) Non-western background estimated by Statistics Denmark.

Well-being

Tryg wants to contribute to greater well-being for our employees, and we actively work to promote quality of life and create a healthy, safe working environment. This results in improved well-being and reduces levels of sick leave. It is crucial that our products help improve the welfare of our customers in the Nordic countries. For example, we have instituted a programme of initiatives aimed at young people, seeking to create an understanding that insurance is a key element of a responsible life. This is part of our social responsibility and supports Tryg's position as a leading peace-of-mind provider.

Read more about our measures to promote well-being at tryg.com > CSR

Objectives

In 2012, we will continue to focus on our employees' health and access to sporting activities. In 2011, Tryg extended the partnership with the Youth Town in Rødovre. This means that in 2011 we held 75 'Get to Grips with Finances' courses, 30 more than in 2010. The target is that 82 classes will complete the course before the end of 2012.

CSR in procurement

At Tryg, we make demands of ourselves and our business partners when it comes to responsible, sustainable solutions for our customers. Through CSR in procurement, Tryg contributes to the development of healthy, robust companies that benefit society in financial, social and environmental terms. By engaging in dialogue with our suppliers, we make sure that compliance with Tryg's CSR standards is maintained. Tryg has been including a CSR clause in our contracts for many years, requiring compliance with Global Compact and environmental standards. In 2011, this initiative was extended to include a programme that requires suppliers to draw up an action plan and produce an annual report on their CSR work. This requirement includes targets and reporting on CO_2 reductions, protection of human rights and employees' rights, as well as anti-corruption and supplier management.

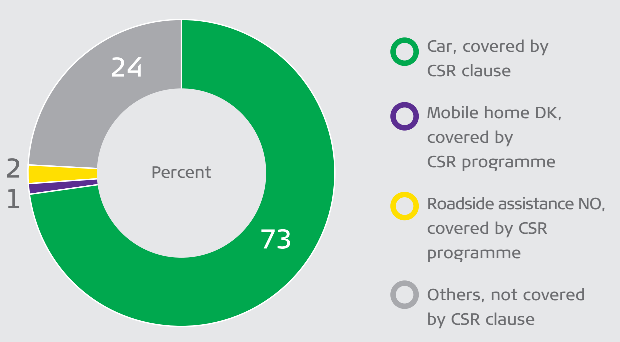
The CSR in procurement programme was introduced in 2011 in connection with new contracts in the area of cars. A new partnership agreement with the caravan workshops that repair claims for Tryg's customers was thus extended to incorporate CSR requirements. Corresponding CSR requirements were introduced into indirect purchases and IT procurement. Tryg organised 22 workshops during the year, at which the CSR programme was introduced to suppliers.

Objectives

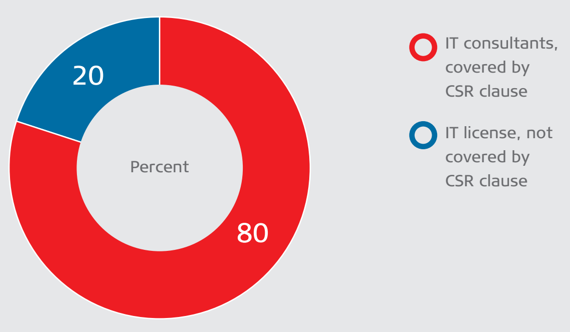
The target for 2012 is to cover all new contracts under marketing, consultancy services and cleaning, and to convert earlier CSR clauses of the car area on an ongoing basis to a requirement of suppliers to participate in CSR in the procurement programme.

The annual report and tryg.com/csr comprise Tryg's COP report in compliance with UN Global Compact and comprise Tryg's CSR reporting in compliance with the Danish Financial Statement Act, section 99a.

Motor procurement



IT procurement



The Tryg share

Financial calendar 2012

19 April 2012 at 14:00 CET	Annual general meeting 2012
20 April 2012	Tryg shares trade ex-dividend
25 April 2012	Payment of dividend
14 Maj 2012 after 17:00 CET	Interim report for Q1 2012
14 August 2012 after 17:00 CET	Interim report for H1 2012
7 November 2012 after 17:00 CET	Interim report for Q1-Q3 2012

Tryg emphasises openness, transparency and accommodation of stakeholder information requirements, thereby providing investors, equity analysts and other stakeholders with a good basis for forming an accurate picture of the Group's financial position, its performance and its opportunities and risks. The Group's Investor Relations department strives 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 Tryg as well as relevant external trends,
- preparing plain and relevant written communication and presentation material,
- having a website that is relevant 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. As the Tryg share is listed at Nasdaq OMX Copenhagen, new information is published there in accordance with the current rules. Tryg.com is updated simultaneously with the publication of new information. Information is also distributed directly to the London Stock Exchange, the press, equity analysts, investors and other stakeholders. All financial information may be downloaded at tryg.com/ Investor, where stakeholders may also order annual reports and subscribe to news and RSS feeds.

In accordance with the recommendations issued by Nasdaq OMX Copenhagen, Tryg does not comment on financial results or expectations four weeks before the publication of financial reports.

Share price performance in 2011

The Tryg share closed at a price of DKK 257.5 in 2010 and DKK 319 in 2011. Including a dividend of DKK 4, the share rose by 25% during 2011. Measured excluding dividends, the share performance in 2011 was the best of the twenty shares in the OMX C20 index that had an average yield of -15% in 2011. The index of insurance shares in Europe, the STOXX Euro Insurance Index, fell by 14% in 2011. The Tryg share's performance in 2011 was characterised by the turbulence in the financial markets, which generated increased demand for insurance shares, which are regarded as stable investments.

Trading in the Tryg share

Nasdaq OMX Copenhagen continues to be the primary exchange for trading in the Tryg share. The share is, however, increasingly being traded on alternative exchanges and trading platforms (known as MTFs) and OTC (over-the-counter). The total annual turnover at Nasdaq OMX Copenhagen fell from 44 million in 2010 to 33 million in 2011. But at the same time there was an increase in trading of the Tryg share on the alternative trading platforms, which now accounts for a notable proportion of trading in the Tryg share.

Turnover in the Tryg share

	2011 ('000 shares)	Market share 2011	Market share 2010
Nasdaq OMX	33,074	68%	72%
Chi-X	3,278	7%	4%
BATS	1,467	3%	1%
Turqoise	875	2%	1%
Burgundy	30	0%	0%
Other	8,979	20%	22%
Total	**47,704**		

Capital and dividend

DKKm	2007	2008	2009	2010	2011[a]
Profit for the year	2,266	846	2,008	593	1,140
Cash dividends	1,156	442	991	256	400
Cash dividend per share (DKK)	17	6.5	15.5	4	6.52
Cash payout ratio	5%	52%	49%	43%	35%
Total buy back	1,405	0	799[b]	0	0
Buy back per share (DKK)	21	0	12.5	0	0
Total distribution per share (DKK)	38	6.5	28	4	6.52
Total distribution	2,561	442	1,790	256	400
Total payout ratio	113%	52%	89%	43%	35%
Buffer to 'A-' level (%)	**5.0%**	**16.0%**	**7.7%**	**5.2%**	**5.1%**

a) Dividend proposed by the Supervisory Board for approval on the annual general meeting.
b) 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.

Share capital and ownership

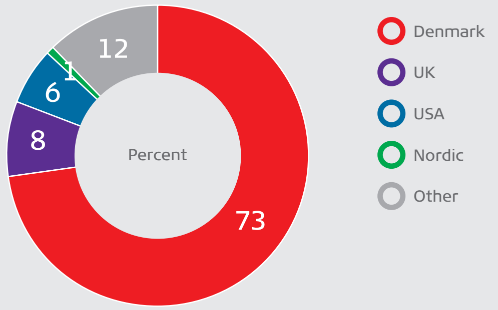
Tryg has a total share capital of DKK 1,532,902,575, comprising a single class of share (61,316,103 shares of DKK 25 nominal value each), and all shares rank pari passu. The principal shareholder, TryghedsGruppen smba, Kgs. Lyngby, Denmark, holds 60% of the issued shares. TryghedsGruppen is the only shareholder with ownership of more than 5%. TryghedsGruppen invests in Nordic companies in the field of peace of mind and healthcare, and provides support to charitable activities. As of 31 December 2011, there was a free float of 40% of the shares, divided among 27,194 registered shareholders. The 200 largest shareholders held 71% of the free float. At 31 December 2011, Tryg held 942,834 of its own shares, corresponding to 1.54% of the share capital.

Dividend policy

The dividend is determined on the basis of Tryg's profit distribution policy. Tryg intends to pursue a risk-based, transparent policy for asset management, and thus also for dividend distribution. At 31 December, a capital requirement was determined based on Standard & Poor's model, corresponding to the level of an 'A-' rating plus a buffer of 5% as a minimum. Surplus capital is distributed as a combination of cash dividend and share buyback. The relationship between cash dividend and share buy back is determined by the Supervisory Board.

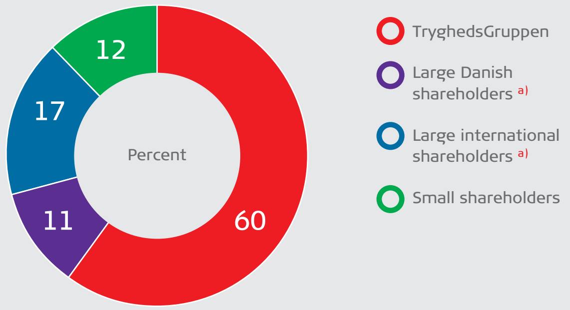
Equities by geography

At 31 December 2011



Shareholders

At 31 December 2011



a) Shareholders with more than 10,000 shares.

Dividend for the 2011 financial year

In accordance with Standard & Poor's capital model, the capital requirement is DKK 10,097m, while TAC (before dividend) is DKK 11,012m. With earnings in 2011 of DKK 1,140m, The Supervisory Board proposes to distribute DKK 400m in the form of a cash dividend, equivalent to DKK 6.52 per share.

On the basis of the annual results 2011, Tryg has decided not to initiate a share buy back programme in 2012.

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 2011, Tryg held around 250 investor meetings and participated in nine investor conferences. Tryg also participated in events for private shareholders in Denmark. The Group's performance is followed by 24 equity analysts, nine of whom are based in London. At tryg.com it is possible to monitor the equity analysts' recommendations of the Tryg share.

The company's website is available in Danish and English, and is continuously updated and developed, making it an important means of keeping interested investors informed about Tryg's performance. In 2011, Tryg's Investor Relations department issued an IR newsletter about the Norwegian pool scheme for natural claims. The newsletter was issued when deemed appropriate and deals with topical issues in order to create a better understanding of factors of importance to Tryg's performance.

Annual general meeting

Tryg holds the annual general meeting on 19 April 2012 at 14:00 at Falkoner Centret, Falkoner Allé 9, 2000 Frederiksberg, Denmark. The notice will be advertised in the daily press in March 2012 and will be sent to shareholders who so request. The annual general meeting will also be announced at tryg.com. Shareholders who are unable to attend the annual general meeting can follow it live via a webcast at tryg.com.

Company announcements published in 2011

Date	No. [a]	Company announcement
11.01.2011	3	Stine Bosse resigns
12.01.2011	4	Tryg appoints new Group CEO
27.01.2011	7	Bodil Nyboe Andersen leaves Tryg's Supervisory Board
08.02.2011	10	Tryg ends share buy back programme
09.02.2011	11	Annual report 2010
09.02.2011	12	Fourth quarter 2010 report
14.02.2011	13	Tryg AGM
01.03.2011	14	New IR Director at Tryg
17.03.2011	15	Notice of the annual general meeting
24.03.2011	16	TryghedsGruppen's candidates for Tryg's Supervisory Board
14.04.2011	17	Resolutions from Tryg's AGM
11.05.2011	18	First quarter 2011 report
16.05.2011	19	Tryg employs new CFO and changes the organisation
14.06.2011	20	Tryg capital reduction
11.08.2011	21	Tryg financial calendar 2012
17.08.2011	22	Q2 and H1 report 2011
09.11.2011	23	Q1-Q3 report 2011

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 until 8 February 2011.

Tryg's Group 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 2011 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 2011 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 2011.

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, 8 February 2012

Executive Management

Morten Hübbe Group CEO	Tor Magne Lønnum Group CFO	Lars Bonde Group Executive Vice President

Supervisory Board

Mikael Olufsen Chairman	Torben Nielsen Deputy Chairman	Jørn Wendel Andersen
Paul Bergqvist	Christian Brinch	Jesper Hjulmand
Lene Skole	Jens Bjerg Sørensen	Rune Torgeir Joensen
Bill-Owe Johansson	Tina Snejbjerg	Berit Torm

Independent auditor's reports

To the shareholders of Tryg A/S

Report on the consolidated financial statements and parent financial statements. We have audited the consolidated and parent financial statements of Tryg A/S for the financial year 1 January to 31 December 2011, page 71-143, which comprise the income statement, statement of comprehensive income, balance sheet, statement 'of changes in equity and notes, including the accounting policies, for the Group as well as for the Parent, and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent financial statements are prepared in accordance with the Danish Financial Business Act. In addition, the consolidated and parent financial statements are prepared in accordance with Danish disclosure requirements for listed financial services companies.

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

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial services companies as well as for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial services companies, and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and parent financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and parent financial statements that give a true and fair view 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 accounting estimates made by Management, as well as the overall presentation of the consolidated and parent financial statements. We believe that the audit evidence 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 2011, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial services companies. Moreover, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2011, and of the results of its operations for the financial year 1 January to 31 December 2011 in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial services companies.

Statement on the management commentary

Pursuant to the Danish Financial Business Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated and parent financial statements. On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated and parent financial statements.

Ballerup, 8 February 2012

Deloitte

Statsautoriseret Revisionsaktieselskab

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

To the Management of TRYG A/S

We have reviewed TRYG A/S' CSR data for 2011 which are evident from the annual report, pages 60-62. The CSR data for 2011 are the responsibility of and have been approved by Management. Our responsibility is to draw a conclusion based on our review.

We have based our review on best practice and applicable standards for issuing an independent auditor's report on CSR data, including ISAE 3000, "Assurance Engage-ments other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with Management.

Based on an assessment of materiality and risks, our work in-cluded analytical pro-cedures and interviews as well as a review on a sample basis of evidence supporting the subject matter. We have compared the CSR data with the Company's reporting practice as can be seen on tryg.com/CSR/xxx. Additionally, we have made a general comparison with the presentation of the CSR data in the annual report.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matter. Such an assurance engagement provides less assurance than an audit.

Conclusion

Based on our work, nothing has come to our attention which causes us to conclude that TRYG's CSR data for 2011 do not comply with the reporting practice stated and have not been appropriately presented.

Ballerup, 8 February 2012

Deloitte

Statsautoriseret Revisionsaktieselskab

Lars Kronow	Preben Johan Sørensen
State Authorised	State Authorised
Public Accountant	Public Accountant (CSR)

Financial highlights and key ratios

DKKm	2007	2008	2009	2010	2011
Gross premiums earned	**16,262**	**16,976**	**17,862**	**19,475**	**20,572**
Gross claims incurred	-10,448	-11,473	-12,882	-15,617	-16,299
Total insurance operating expenses	-2,730	-2,964	-3,056	-3,304	-3,430
Profit/loss on gross business	3,084	2,539	1,924	554	843
Profit/loss on ceded business	-553	-598	-520	-313	507
Technical interest, net of reinsurance	494	491	158	134	184
Technical result	**3,025**	**2,432**	**1,562**	**375**	**1,534**
Return on investments after technical interest	340	-988	1,086	570	66
Other income and expenses	-51	-49	-38	-4	-31
Profit/loss for the year before tax	**3,314**	**1,395**	**2,610**	**941**	**1,569**
Tax	-893	-513	-625	-265	-455
Profit/loss for the year, continuing business	**2,421**	**882**	**1,985**	**676**	**1,114**
Profit/loss on discontinued and divested business after tax [a]	-155	-36	23	-83	26
Profit/loss for the period	**2,266**	**846**	**2,008**	**593**	**1,140**
Run-off gains/losses, net of reinsurance	792	800	683	824	944
Balance sheet					
Total provisions for insurance contracts	26,969	25,228	29,042	32,031	34,257
Total reinsurers' share of provisions for insurance contracts	1,587	1,036	1,320	1,588	2,067
Total shareholders' equity	9,975	8,209	9,631	8,458	9,007
Total assets	43,830	38,445	44,740	50,591	53,221
Key ratios					
Gross claims ratio	64.2	67.6	72.1	80.2	79.2
Business ceded as a percentage of gross premiums	3.4	3.5	2.9	1.6	-2.5
Claims ratio, net of ceded business	67.6	71.1	75.0	81.8	76.7
Gross expense ratio	16.8	17.1	17.2	17.0	16.8
Combined ratio	**84.4**	**88.2**	**92.2**	**98.8**	**93.5**
Gross expense ratio without adjustment	16.8	17.5	17.1	17.0	16.7
Operating ratio	81.9	86.1	91.3	98.1	92.6
Return on equity after tax (%)	22.8	9.3	22.5	6.6	13.1
Relative run-off gains/losses	4.2	4.1	3.6	3.9	4.0
Number of full-time employees, end of period	3,788	4,065	4,310	4,291	4,318
Solvency ratio	81	100	97	125	112
Share performance					
Earnings per share – continuing business of DKK 25	35.8	13.3	31.3	10.8	18.4
Net asset value per share (DKK)	147.5	127.5	152.3	139.5	149.2
Dividend per share (DKK)	17.00	6.50	15.50	4.00	6.52
Price Earnings	10.8	24.7	11.0	23.8	17.3
Number of shares, end of period (1,000)	67,638	64,378	63,228	60,634	60,373

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.

Income statement

DKKm		2010	2011
Notes	**General insurance**		
	Gross premiums written	19,939	20,822
	Ceded insurance premiums	-1,054	-1,124
	Change in provisions for unearned premiums	-382	-102
	Change in reinsurers' share of provisions for unearned premiums	47	45
3	**Earned premiums, net of reinsurance**	**18,550**	**19,641**
4	**Technical interest, net of reinsurance**	**134**	**184**
	Claims paid	-14,809	-15,693
	Reinsurance recoveries	391	1,142
	Change in provisions for claims	-808	-606
	Change in the reinsurers' share of provisions for claims	211	355
5	**Claims incurred, net of reinsurance**	**-15,015**	**-14,802**
	Bonus and premium rebates	**-82**	**-148**
	Acquisition costs	-2,406	-2,461
	Administrative expenses	-898	-969
	Acquisition costs and administrative expenses	-3,304	-3,430
	Commission and profit commission from the reinsurers	92	89
6	**Insurance operating expenses, net of reinsurance**	**-3,212**	**-3,341**
2	**Technical result**	**375**	**1,534**
	Investment activities		
14	Income from associates	-5	1
	Income from investment properties	128	117
7	Interest income and dividends	1,133	1,260
8	Value adjustment	238	-255
7	Interest expenses	-96	-113
	Investment management charges	-76	-92
	Total return on investment activities	**1,322**	**918**
4	Interest on insurance provisions	-752	-852
	Total return on investment activities after technical interest	**570**	**66**
	Other income	162	136
	Other expenses	-166	-167
	Profit/loss before tax	**941**	**1,569**
9	Tax	-265	-455
	Profit/loss on continuing business	**676**	**1,114**
10	Profit/loss on discontinued and divested business	-83	26
	Profit/loss for the year	**593**	**1,140**
27	Earnings per share – continuing business of DKK 25	10.8	18.4
	Earnings per share of DKK 25	9.5	18.9
	Diluted earnings per share of DKK 25	9.5	18.9

Statement of comprehensive income

DKKm	2010	2011
Profit for the year	**593**	**1,140**
Other comprehensive income		
Change in equalisation provision	1	0
Revaluation of owner-occupied properties for the year	19	20
Tax on owner-occupied properties for the year	-5	-6
Exchange rate adjustment of foreign entities for the year	330	29
Hedging of currency exposure in foreign entities for the year	-328	-27
Tax on hedging of currency exposure in foreign entities for the year	82	7
Deferred tax on provision for contingency funds	68	-22
Actuarial gains/losses on defined benefit pension plans	-228	-399
Tax on actuarial gains/losses on defined benefit pension plans	63	111
Other comprehensive income	**2**	**-287**
Total comprehensive income	**595**	**853**

Statement of financial position

DKKm		2010	2011
Notes	**Assets**		
11	**Intangible assets**	**968**	**952**
	Operating equipment	118	102
	Owner-occupied property	1,385	1,745
	Assets under construction	353	10
12	**Total property, plant and equipment**	**1,856**	**1,857**
13	**Investment property**	**2,158**	**2,199**
14	Investments in associates	13	14
	Total investments in associates	**13**	**14**
	Equity investments	184	187
	Unit trust units	2,268	2,378
	Bonds	34,621	38,400
	Deposits in credit institutions	2,755	1,635
	Derivative financial instruments	298	651
	Total other financial investment assets	**40,126**	**43,251**
15	**Total investment assets**	**42,297**	**45,464**
16	Reinsurers' share of provisions for unearned premiums	154	192
21	Reinsurers' share of provisions for claims	1,434	1,875
16	**Total reinsurers' share of provisions for insurance contracts**	**1,588**	**2,067**
	Receivables from policyholders	1,110	1,158
	Total receivables in relation to direct insurance contracts	1,110	1,158
	Receivables from insurance enterprises	211	317
	Receivables from subsidiaries	0	1
	Other receivables	601	189
15	**Total receivables**	**1,922**	**1,665**
17	Current tax assets	196	93
23	Deferred tax assets	104	0
15	Cash in hand and at bank	857	402
	Total other assets	**1,157**	**495**
	Accrued interest and rent earned	609	497
	Other prepayments and accrued income	194	224
	Total prepayments and accrued income	**803**	**721**
	Total assets	**50,591**	**53,221**

Statement of financial position

DKKm		2010	2011
Notes	**Liabilities**		
18	**Shareholders' equity**	**8,458**	**9,007**
20	**Subordinated loan capital**	**1,591**	**1,589**
	Provisions for unearned premiums	6,819	6,932
21	Provisions for claims	24,883	26,941
	Provisions for bonuses and premium rebates	329	384
	Total provisions for insurance contracts	**32,031**	**34,257**
22	Pensions and similar obligations	671	1,026
23	Deferred tax liability	1,387	1,191
24	Other provisions	1	11
	Total provisions	**2,059**	**2,228**
	Debt related to direct insurance	419	410
	Debt related to reinsurance	187	191
25	Debt to credit institutions	30	11
26	Debt relating to unsettled fund trading and repos	3,947	4,161
15	Derivative financial instruments	376	35
17	Current tax liabilities	106	260
	Other debt	1,030	740
	Total debt	**6,095**	**5,808**
	Accruals and deferred income	**357**	**332**
	Total liabilities and equity	**50,591**	**53,221**

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

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. 2009	**1,598**	**14**	**-2**	**58**	**950**	**6,022**	**991**	**9,631**
2010								
Profit for the year					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**
2011								
Profit for the period					76	664	400	1,140
Revaluation of owner-occupied properties		20						20
Exchange rate adjustment of foreign entities			30			-1		29
Hedge of foreign currency risk in foreign entities			-27					-27
Actuarial gains and losses on pension obligation						-399		-399
Tax on equity entries		-6	7			89		90
Total comprehensive income	0	14	10	0	76	353	400	853
Nullification of own shares	-65					65		0
Dividend paid							-256	-256
Dividend own shares						14		14
Purchase of own shares						-91		-91
Exercise of share options						15		15
Issue of share options						14		14
Total equity entries in 2011	**-65**	**14**	**10**	**0**	**76**	**370**	**144**	**549**
Shareholders' equity at 31 Dec. 2011	**1,533**	**42**	**92**	**59**	**1,154**	**5,727**	**400**	**9,007**

Proposed dividend per share DKK 6.52 (in 2010 DKK 4.00).
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 61,316,103. The dividend is not paid until approved by the shareholders at the annual general meeting. Tryg Forsikring A/S' Norwegian branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 2,430m (in 2010 DKK 2,887m). Tryg Forsikring A/S' Swedish branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 144m (in 2010 DKK 143m). 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 cash flows

DKKm	2010	2011
Cash generated from operations		
Premiums	19,911	20,619
Claims paid	-14,801	-15,565
Ceded business	-552	-26
Expenses	-3,172	-3,410
Change in other payables and other amounts receivable	-314	92
Cash flow from insurance operations	**1,072**	**1,710**
Interest income	1,132	1,386
Interest expenses	-96	-109
Dividend received	10	10
Taxes	-482	-210
Other items	-5	-31
Cash generated from operations, continuing business	**1,631**	**2,756**
Cash generated from operations, discontinued and divested business	-20	-179
Total cash generated from operations	**1,611**	**2,577**
Investments		
Acquisition and refurbishment of real property	-210	-50
Sale of real property	339	2
Acquisition of equity investments and unit trust units (net)	441	-191
Purchase/Sale of bonds (net)	593	-3,523
Deposits in Credit institutions	265	1,125
Purchase/sale of operating equipment (net)	-31	-18
Foreign currency hedging	-328	-27
Investments, continuing business	**1,069**	**-2,682**
Total investments	**1,069**	**-2,682**
Funding		
Purchase of own shares	-807	-76
Dividend paid	-991	-256
Change in debt to credit institutions	-581	-19
Funding, continuing business	**-2,379**	**-351**
Total funding	**-2,379**	**-351**
Change in cash and cash equivalents, net	**301**	**-456**
Exchangerate adjustment of cash and cash equivalents, beginning of year	44	1
Change in cash and cash equivalents, gross	**345**	**-455**
Cash and cash equivalents, beginning of year	512	857
Cash and cash equivalents, end of year	**857**	**402**

1 Risk management

Risk management principles
Risk management is an integral part of Tryg's business operations. Tryg continuously seeks to minimise the risk of unnecessary losses in order to optimise returns relative to the capital available in the company at any time. This requires the proactive identification and control of all significant risks.

The Supervisory Board defines the acceptable level of risk. Tryg wishes to take risks associated with business activities on the condition that they can be managed and can contribute an acceptable return on equity. Risk management at Tryg is organised on the basis of three lines of defence:

1. Business managers are responsible for the management and control of all risks associated with their own activities.
2. A central risk management function, the actuarial function and a compliance function take care of coordinated risk management and guarantee the balance between Tryg's overall risk and the capital available.
3. Internal audit performs an independent assessment of the risk environment, etc. for the Supervisory Board.

Risk management environment
For several years, Tryg has worked with risk management and modelling of the company's risks by means of a risk management environment. The introduction of Solvency II will make stricter demands on the way in which insurance companies work with and control risks, including the Supervisory Board's involvement in risk and asset management.

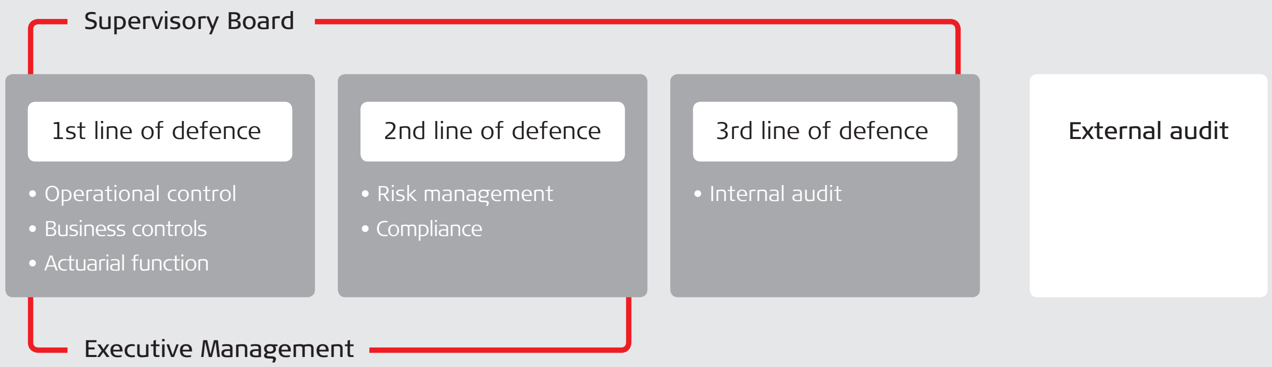
The Supervisory Board has overall responsibility for the company's risk management and proactively defines risk inclination and the limits for risk management, assessing the total risk and capital requirement within Tryg on an ongoing basis. This is achieved by means of policies and guidelines drawn up in accordance with Section 71 of the Danish Financial Business Act and by continuously taking a view on the calculation of the company's capital requirement. In order to be able to monitor the organisation's risk management work closely, the Supervisory Board has appointed a Risk Committee with representatives from the Supervisory Board, which reviews Tryg's capital and risk status on a quarterly basis.

Tryg's risk management is administered through a risk management environment, in which the Risk Management Committee, with representatives from the Executive Management, monitors the whole risk and asset management process. The areas of underwriting and reinsurance, provisioning, investment risk as well as operational risk and security are administered by corresponding sub-committees. Risk management is underpinned by Tryg's internal capital model.

The control environment consists of a series of business processes that define controls of areas of activity and authorisation levels. To support the organisation's work, a new structure was established in 2011, in which risk management activities in the business areas are coordinated by decentralised risk managers. Each business area will thus have its own risk manager with responsibility for matters including risk identification, risk control, event registration, contingency plans and compliance. The decentralised risk managers are there to guarantee close interaction between the business and the risk management environment.

Risk management
Every year, Tryg carries out a risk mapping process, which aims to identify new risks that cannot be assessed using statistical analyses. These assessments are compiled in Tryg's risk database and form the basis of ongoing risk reporting. Selected risk scenarios based on this work are incorporated directly into Tryg's calculation of the necessary capital requirement (Individual Solvency Require-

Lines of defence



ment) and in Tryg's 'Own Risk and Solvency Assessment' (ORSA). ORSA is one of the most important elements of compliance with the Solvency II regime. The ORSA is a top-down process, owned by the Supervisory Board, connecting strategy, risk management and capital planning. The most important purpose of the ORSA is that the business commits to assessing all risks in the business and decides its associated capital requirement. The result of the ORSA should guarantee that over a planning period of three to five years there is a reasonable balance between the company's risk adoption strategy and the capital available to support the strategy.

Description of risk types

Underwriting risk

Underwriting risk is the risk relating to entering into insurance contracts and thus the risk that premiums charged do not adequately cover the claims that Tryg is obliged to pay when a claim has occurred. This risk can be assessed and managed based on statistical analyses of historical experience within various business sectors.

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 Tryg's capital that is used to protect against random fluctuations. All other things being equal, this means that insurance sectors or areas which, from experience, are subject to major fluctuations, must comprise a larger risk premium.

The figures for Norwegian buildings/contents and liability insurance policies show how there can be major differences in practice in the fluctuations observed in different sectors and thus in the underwriting risk for the sectors in question. The ongoing assessment of the underwriting risk is based on Tryg's internal capital model, which defines the target premium levels for each part of the insurance business. This applies partly when defining and updating tariffs, and partly when individually pricing major agreements for the corporate and partner areas. The underwriting risk is also managed by means of ongoing profitability monitoring, business processes, acceptance policy, proxies and reinsurance.

Reinsurance is used to reduce the risk in areas where a special need for this exists. The need for reinsurance is assessed on an ongoing basis using Tryg's internal capital model, in which the price of purchasing reinsurance is compared with the reduction in the capital requirement that can be achieved. In the light of the major cloudburst claims in Denmark in 2010 and 2011 and corresponding cloudburst claims in the rest of Europe, Tryg adjusted its risk assessment associated with weather-related events upwards in 2011. As a consequence of this, in 2011 Tryg purchased what is known as lateral cover for combinations of small or medium-sized events generating nature-related claims. This covers a total of DKK 500m, with an aggregated retention of DKK 400m.

In the field of buildings and contents insurance, major events in 2011 were covered by catastrophe reinsurance cover of DKK 5.5bn. For gross claims in the range of DKK 100-175m, retention increases from DKK 100m to DKK 141m. For gross claims above DKK 175m, retention is a maximum of DKK 141m. The primary risk for individual events is storms, and the scope of the cover is defined using simulation models such that this cover will prove insufficient in statistical terms less than once every 250 years. The reinsurance programme for catastrophes also covers other disastrous events, including terrorist incidents, up to a maximum of DKK 4bn.

For accident and workers' compensation policies, Tryg has bought reinsurance with retention of DKK 50m and with coverage of up to DKK 1.5bn for claims that originate from the same event, including terrorism.

Tryg's risk mangement environment

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

Operational risk

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

Handled by the Operational 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

Sensitivity analyse

Insurance risk

DKKm	2010	2011
Underwriting risk		
Effect of 1% change in:		
Combined ratio		
(1 percentage point)	+/- 191	+/- 202
Claim frequency		
(1 percentage point)	+/- 1,761	+/- 1,706
Average claim	+/- 151	+/- 158
Premium rates	+/- 189	+/- 200
Provisioning risk		
Effect of 1% change in:		
Social inflation	-614	+/- 706
Annual provision for long-tailed sectors (workers' compensation, motor liability, liability, accident)	+/- 36	+/- 35

Investment risk

DKKm	2010	2011
Interest rate market		
Effect of 1% increase in interest curve:		
Impact of interest-bearing securities	-795	-850
Discounting of provisions for claims	706	889
Net effect of interest rate rise	-89	39
Impact of Norwegian pension liability	225	296
Equity market		
15% decline in equity market	-290	-279
Effect of derivatives	37	7
Real estate market		
15% decline in real estate markets	-584	-593
Currency market		
15% decline in exposed currency relative to DKK	-655	-659
Impact of derivatives	647	629

A national guarantee scheme was established in Denmark in 2010 to cover NBCR (Nuclear Biological Chemical Radioactive) terrorist attacks. This scheme involves the State providing a guarantee of up to DKK 15bn for the entire Danish market to cover the total claim expense over DKK 5bn with reinsurance cover of DKK 4.5bn after retention of DKK 500m. Tryg's share of this will be approximately DKK 100m, which will be the maximum claim as a consequence of NBCR events.

Reinsurance is also bought for a number of sectors in which experience has shown that claims vary considerably. The largest single risks in our corporate portfolio are in the area of buildings and contents insurance, protected by reinsurance cover of DKK 1.7bn and with retention of DKK 50m, but with additional annual retention of DKK 75m. Tryg buys facultative reinsurance for buildings and contents risks above this limit. Other sectors covered by reinsurance include liability, motor, fish farming and guarantee insurance.

In the event of a major insurance event covered by the reinsurance programme, there may be major receivables from reinsurers and thus also a credit risk. This risk is managed through requirements to assess the reinsurers' credit ratings and to spread reinsurance across several reinsurers.

Provisioning risk
When the term of insurance expires, insurance risk relates to the provisions for claims made to cover future payments of claims already incurred. When a claim has occurred, there is a certain delay before the customer submits a claim. Depending on the complexity of the claim, a longer or shorter period of time may pass before the size of the claim is finally agreed. This may be a prolonged process, particularly for personal injuries. Even once the claim has been settled, there is a risk that it will be resumed at a later date, triggering further payments.

The size of the provisions for claims is determined both through individual assessments and statistical calculations. As of 31 December 2011, provisions for claims totalled DKK 26.9bn. The duration of these provisions, i.e. the average time until these amounts are paid out to customers, was 3.5 years as of 31 December 2011. Most of the provisions for claims relate to personal injury claims. These provisions are exposed to changes in wage developments, the discount rate, disbursement patterns, economic trends, legislation and court decisions.

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

Provisions for claims relating to annuities in Danish workers' compensation insurance are discounted using the current market rate and simultaneously revalued by the wage inflation rate each year. This exposes Tryg to an explicit inflation risk. To hedge this, Tryg uses a number of zero coupon inflation swaps in Danish kroner, in which Tryg receives a fixed amount in return for payment of an amount based on the trend in Danish consumer prices.

DKKm

Provisions for claims – Estimated accumulated claims

Gross	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
End of year	9,277	11,365	10,785	11,119	11,856	11,655	12,600	13,282	14,733	17,081	17,391	
1 year later	9,516	11,728	10,891	11,122	11,755	11,910	13,226	14,669	15,408	17,181		
2 years later	9,715	11,728	10,550	10,977	11,580	11,417	13,803	14,536	15,437			
3 years later	9,828	11,783	10,549	10,863	11,183	11,644	13,784	14,544				
4 years later	9,757	11,774	10,574	10,596	11,323	11,576	13,774					
5 years later	9,746	11,683	10,546	10,672	11,258	11,564						
6 years later	9,961	11,669	10,469	10,452	11,158							
7 years later	9,935	11,536	10,337	10,339								
8 years later	9,987	11,524	10,253									
9 years later	9,917	11,417										
10 years later	9,762											
	9,762	11,417	10,253	10,339	11,158	11,564	13,774	14,544	15,437	17,181	17,391	142,818
Cumulative payments to date	-9,321	-10,856	-9,573	-9,565	-10,209	-10,172	-11,829	-11,796	-12,055	-12,430	-8,413	-116,219
Provisions before discounting, end of year	441	561	680	774	949	1,391	1,944	2,748	3,382	4,751	8,977	26,599
Discounting	-60	-77	-97	-117	-137	-189	-227	-282	-299	-340	-436	-2,261
Reserves 2000 and prior years												1,858
Other reserves												745
Gross provisions for claims, end of year												26,941
Ceded business	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	
Estimated acc. claims												
End of year	1,473	2,066	957	879	949	297	515	183	305	714	1,499	
1 year later	1,486	2,177	917	892	842	295	479	251	380	793		
2 years later	1,494	2,057	913	934	847	281	493	212	358			
3 years later	1,509	2,050	974	932	840	313	498	200				
4 years later	1,482	2,048	890	917	864	313	519					
5 years later	1,469	2,063	885	924	859	308						
6 years later	1,476	2,070	895	924	843							
7 years later	1,456	1,998	892	912								
8 years later	1,482	1,997	954									
9 years later	1,576	1,955										
10 years later	1,536											
	1,536	1,955	954	912	843	308	519	200	358	793	1,499	9,878
Cumulative payments to date	-1,463	-1,880	-853	-838	-810	-296	-481	-172	-259	-410	-750	-8,214
Provisions before discounting, end of year	73	75	101	74	32	12	38	28	99	383	749	1,664
Discounting	-4	-6	-10	-9	-2	0	-1	-1	-1	-7	-12	-56
Reserves 2000 and prior years												147
Other reserves												120
Prov. for claims, end of year												1,875

DKKm

Provisions for claims – Estimated accumulated claims

Net of reinsurance	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Estimated acc. claims												
End of year	7,804	9,299	9,828	10,240	10,907	11,358	12,085	13,099	14,428	16,367	15,892	
1 year later	8,030	9,552	9,974	10,230	10,913	11,615	12,747	14,417	15,027	16,388		
2 years later	8,222	9,671	9,638	10,043	10,733	11,136	13,310	14,324	15,079			
3 years later	8,319	9,733	9,574	9,931	10,343	11,331	13,286	14,343				
4 years later	8,275	9,726	9,684	9,679	10,459	11,263	13,255					
5 years later	8,278	9,620	9,660	9,748	10,399	11,255						
6 years later	8,484	9,600	9,574	9,528	10,315							
7 years later	8,479	9,538	9,446	9,427								
8 years later	8,505	9,527	9,299									
9 years later	8,341	9,461										
10 years later	8,226											
	8,226	9,461	9,299	9,427	10,315	11,255	13,255	14,343	15,079	16,388	15,892	132,940
Cumulative payments to date	-7,858	-8,976	-8,719	-8,726	-9,399	-9,876	-11,349	-11,623	-11,796	-12,020	-7,663	-108,005
Provisions before discounting, end of year	368	486	580	701	916	1,379	1,906	2,720	3,283	4,368	8,229	24,935
Discounting	-56	-71	-87	-108	-135	-189	-226	-281	-297	-333	-423	-2,205
Reserves 2000 and prior years												1,711
Other reserves												625
Provisions for claims, net of reinsurance, end of the year												25,066

Estimated accumulated claims regarding Moderna Försäkringar

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
End of year									766	1.456	1.783
1 year later								652	1.112	1.461	
2 years later							524	856	1.116		
3 years later						430	596	859			
4 years later					351	414	596				
5 years later				245	346	414					
6 years later			134	243	347						
7 years later		118	132	245							
8 years later	100	118	133								
9 years later	98	119									
10 years later	98										

The acquisition of Moderna in April 2009 affects the diagonals with its share of the claims, net of reinsurance. As a consequence of the merger of Moderna and Tryg's Swedish branch in Malmö in 2010 the diagonal is changed corresponding to its share of the claims, net of reinsurance.

'Other reserves' comprises the provisions for claims for Tryg Garantiforsikring A/S and the Finnish branch of Tryg Forsikring A/S.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2011 to prevent the impact of exchange rate fluctuation.

DKKm	0-1 year	1-2 years	Expected cash flow 2-3 years	> 3 years	Other	Carrying amount Total
Provisions for claims (continued)						
2011						
Provisions for unearned premiums, gross	6,175	204	199	192	162	6,932
Provisions for unearned premiums, ceded	-180	0	0	0	-12	-192
Provisions for claims, gross	10,172	4,452	2,796	8,776	745	26,941
Provisions for claims, ceded	-995	-258	-176	-326	-120	-1,875
	15,172	**4,398**	**2,819**	**8,642**	**775**	**31,806**
2010						
Provisions for unearned premiums, gross	6,111	196	177	174	161	6,819
Provisions for unearned premiums, ceded	-138	0	0	0	-16	-154
Provisions for claims, gross	8,044	3,866	2,439	9,906	628	24,883
Provisions for claims, ceded	-495	-201	-106	-531	-101	-1,434
	13,522	**3,861**	**2,510**	**9,549**	**672**	**30,114**

Other comprises Tryg Garantiforsikring A/S, the Finnish branch of Tryg Forsikring A/S.

Maturity of the Group's financial assets and debt

2010	0-1 year	1-5 years	> 5 years	Total	Effective interest rate
Bonds	13,074	19,520	4,638	37,232	2.1
Cash in hand and at bank	369	0	0	369	0.9
Receivables	1,665	0	0	1,665	-
Debt	-1,612	0	-1,589	-3,201	-
	13,496	**19,520**	**3,049**	**36,065**	
2010					
Bonds	3,920	22,947	7,450	34,317	2.2
Cash in hand and at bank	777	0	0	777	0.8
Receivables	2,183	0	0	2,183	-
Debt	-1,772	0	-1,591	-3,363	-
	5,108	**22,947**	**5,859**	**33,914**	

Investment risk
Investment risk is the risk that volatility in financial markets impacts on results and thus on the company's financial position.

Interest rate risk
Both investment assets and 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 considerably reducing Tryg's overall exposure to changes in interest rates.

Investment assets comprise not only assets corresponding to the technical provisions, but also Tryg's equity. Tryg has divided investment activities into two investment portfolios, the free investment portfolio and a match portfolio. The element that corresponds to technical provisions is invested exclusively in interest-related assets and serves solely to cover interest rate sensitivity in the discounted provisions. The remaining element, which corresponds to equity, is a free investment portfolio, the purpose of which is to generate the best possible return compared to the risk.

Following this division, fluctuations in the match portfolio will in principle correspond in full to fluctuations in liabilities. In practice it will not be appropriate to strive to achieve a complete match, purely because of the administrative expenses that this would generate. In practice, Tryg expects that it will, as a general rule, be possible to keep the net interest rate in the match portfolio within a limit of DKK +/- 50m per quarter.

Tryg is also exposed to interest rate changes in relation to obligations concerning the Norwegian pension scheme, which covers approximately 800 current employees. This scheme was closed to new employees in 2008, and the total provision was DKK 978m as of 31 December 2011. Changes in the pension provision are not included in the income statement, but are charged directly to changes in equity.

The match portfolio and the free portfolio
Denmark is one of the only countries in the world that requires insurance companies to discount their technical provisions using a discount (rate) curve specified by the Danish Financial Supervisory Authority.

The introduction of Solvency II would mean that all European companies would have to discount provisions in relation to a solvency calculation, and would thus control the interest rate risk for both assets and liabilities. Tryg adjusts the bond portfolio on an ongoing basis, in order to minimise the net interest rate risk (price changes caused by interest rate changes) as far as possible. The Danish Financial Supervisory Authority's interest curve for the relevant Nordic countries is designed in such a way that it is not possible in practice to invest precisely in accordance with it. Tryg has therefore designed a model portfolio that matches the individual countries' regulatory interest curve as closely as possible. In the model portfolio, future interest payments match the disbursement profile of the insurance provisions as perfectly as possible in both economic and cost terms. This structure removes most of the market risks that impact the match portfolio, but the difference between the regulatory curve's return and Tryg's model portfolio's return may still vary. There may also be deviations due to restructuring and investment costs, as well as ongoing changes in the size, time and hedging of provisions.

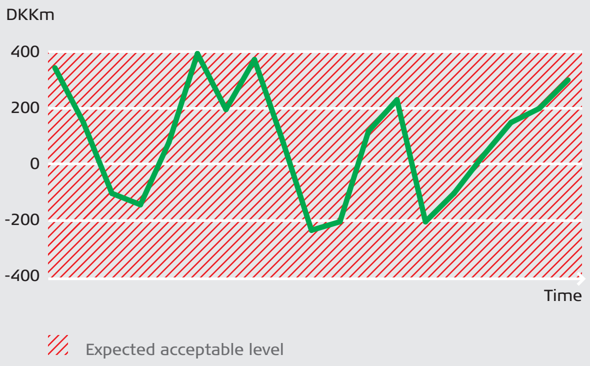
A perfect match means that the match portfolio's return (coupon and market value adjustment) is identical to the return on provisions (market value adjustment of provisions, taken from interest rate changes plus technical interest). On page 6 there is an illustration of the perfect match, the match achievable in practice (scenario 3), A strategy in which only the duration of assets and liabilities is matched and finally a situation in which no match is made at all.

Equity and real estate risk
The equity and real estate portfolios are exposed risks as a consequence of changes in equity markets and real estate

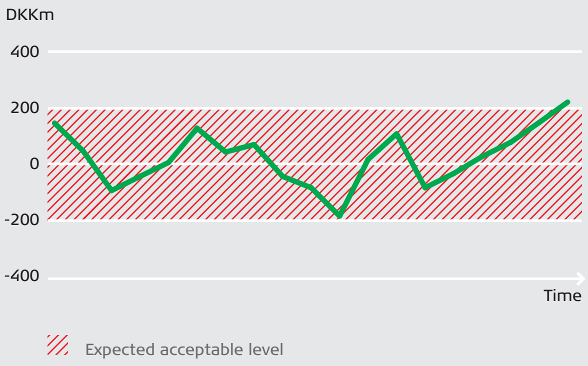
Adjusted duration of Bond portfolio	2010	2011
Bond portfolio		
Duration 1 year or less	15,143	19,132
Duration 1 year through 5 years	16,645	10,187
Duration 5 years through 10 years	1,904	4,213
Duration more than 10 years	625	3,700
Total	**34,317**	**37,232**
Duration	**1.9**	**1.5**

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.

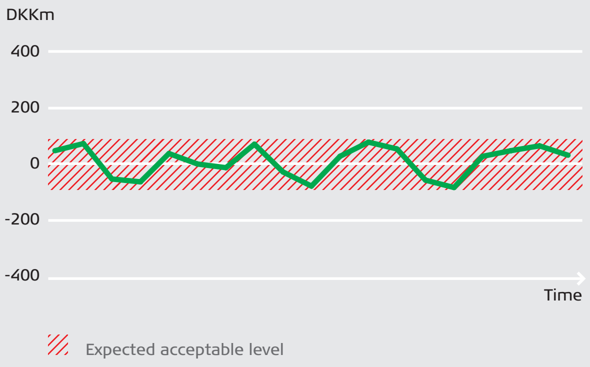
Scenario 1 | Unmatched



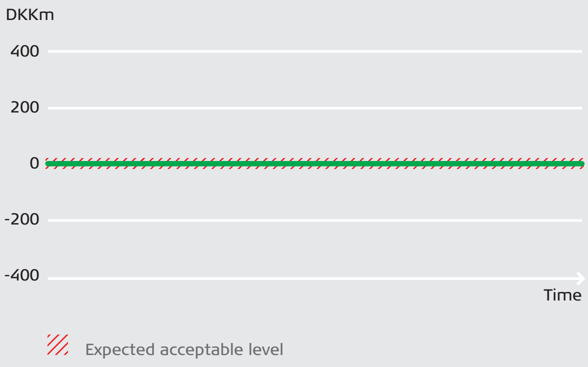
Scenario 2 | Duration match



Scenario 3 | Fully matched



Scenario 4 | Theoretically perfect match



A perfect match means that the match portfolio's return (coupon and market value adjustment) is identical to the return on provisions (market value adjustment of provisions originating from interest rate changes plus technical interest). In practice, the perfect match cannot be achieved. The above illustrations show the differences in fluctuations in the deviation between the value of an interest rate portfolio and the value of a discounted provision portfolio: 1) A scenario in which no attempt is made to match the interst sensitivity of the provisions; 2) A scenario in which the durations of assets and liabilities are matched, providing protection against parallel changes in the interest curve; 3) A scenario in which the sensitivity of assets and liabilities to changes in specific interestpoints is matched; 4) Finally, a scenario in which all payments from the asset portfolio are matched with payments made from the provisions and are 'invested' in the regulatory interest curve. Tryg's matching corresponds to scenario number 3.

DKKm	2010	2011
Listed shares		
Scandinavia	350	395
United Kingdom	83	82
Rest of Europe	579	331
United States	647	565
Asia etc.	336	242
Total	**1,995**	**1,615**
The portfolio of unlisted shares totals	184	187

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

markets respectively. As of 31 December 2011, the equity portfolio accounted for 4.5% of the total investment assets. This proportion is expected to be in the range 2.3%-6.0% in 2012. In 2008, Tryg bought the head office in Ballerup, significantly increasing the proportion of real estate. This proportion is expected to be reduced over time. In addition to owner-occupied properties, Tryg's real estate portfolio consists of office and rental properties, which account for 17.8% and 22.3% respectively of total investment assets.

Currency risk

Currency risk is kept at a low level. Tryg's premium income in foreign currency is mostly matched by claims and expenses in the same currencies, and it is therefore only the profit for the period that is exposed to currency risk. The risk of a loss of value in balance sheet items as a consequence of exchange rate fluctuations is hedged by means of currency derivatives in accordance with a general hedging rate of 90-100% per currency. The aim is for the net carrying amount of the Norwegian entity to be hedged 98-100% over time.

Exchange rate adjustments and hedging of foreign entities are charged directly to equity. The profit from currency derivatives is included in tax, while adjustments of equity are not included in the taxable amount. In years when there is a value increase in derivatives and a loss in the adjustment of equity, tax must be paid on the value increase without a deduction for the loss on the adjustment of equity. By the same token, in years where there is a loss on derivatives and a positive adjustment of equity, a tax deduction arises. Over time, it is expected that years when tax is paid and years when tax is deducted will balance one another.

Exposure to exchange rate risk	Properties	Bonds incl. derivatives	Share incl. derivatives	Insurance	Hedge	Exposure
2011						
USD	0	-7	640	-74	-566	-7
EUR	0	1,845	222	-2,174	1,450	1,343
GBP	0	-3	78	5	-83	-3
NOK	873	14,112	391	-12,470	-3,013	-107
SEK	1	3,107	88	-1,683	-1,208	305
Other	0	0	305	-16	-186	103
Total						**1,866**
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**

To manage currency risk, Tryg uses currency spots as well as forward exchanges and currency swaps (a spot and opposite term transaction) with a typical duration of one to three months.

Credit risk
Credit risk is the risk of incurring a loss if counterparties fail to meet their obligations. In connection with 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.

Tryg matches provisions, hence naturally has a high level of exposure to various forms of mortgages, including mortgage bonds in the Nordic region, not least in Demark, where the regulatory curve explicitly contains mortgage elements that must be hedged. In particular, we have exposure of this kind at the short end of the interest curve, partly because the use of derivatives here increases the investment requirement. The risk is primarily AAA, with an AA rated risk in exceptional circumstances, and is diversified with a broad range of issuers, ensuring that Tryg can comply comfortably with the rules of Solvency II for limited concentration risk.

Credit risks from reinsurance counterparties are managed according to framework conditions, such as minimum rating requirements and through the Credit Committee, which monitors the quality of reinsurance counterparties on an ongoing basis. The minimum requirements include a BBB rating from Standard & Poor's for short-tailed business and an 'A-' rating from Standard & Poor's for long-tailed business.

Liquidity risk
A general insurance company such as Tryg naturally has extremely good liquidity, as premium payments fall due before claims are paid. Payments received are largely invested in securities that can easily be realised and/or mortgaged (repos). Tryg also has access to funding and liquidity from cash accounts and the bond market. Tryg continuously monitors the liquidity requirement and adapts its contingency plans so that it can at all times obtain the necessary liquidity.

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 control environment for its operations. In practice, this work is organised by means of procedures, controls and guidelines that cover the various aspects of Tryg's operations, including the IT security policy. Tryg has also set up a security and investigation unit to handle internal 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. We have also set up a crisis management structure to deal with the eventuality that Tryg is 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 Supervisory Board is closely involved in the management of strategic risk

Capital management

Risk-based capital management
Through capital and risk management, Tryg aims to secure financial strength and flexibility. The capital management is based on:

- Tryg's internal capital model
- The impending Solvency II standard model
- Standard & Poor's standard model ('A-' level)

All three models determine the capital requirement based on Tryg's current risk profile. The capital requirement is determined with a 99.5% level of certainty, which corresponds to the chosen capital level being insufficient once in a 200-year period on a statistical basis.

Tryg has decided to commission an external credit rating by credit rating agency Standard & Poor's, which conducts an annual interactive credit rating.

Capital structure
Tryg's capital base consists of equity and subordinated loan capital. The relationship between these is evaluated on an on-going basis in order to maintain an optimal structure which takes into account the return on equity, the capital cost and flexibility. The actual capital is assessed differently by authorities and credit rating agencies. The authorities impose a requirement that companies must determine the base capital, which primarily consists of equity minus intangible assets, discount effect and other statutory corrections plus subordinated loan capital in the amount of up to 25% of the Solvency I requirement. Standard & Poor's uses the term 'Total Adjusted Capital' (TAC), where intangible assets are also deducted from the capital base, and where the subordinated loan capital must generally not exceed 25% of the total capital.

In 2005, Tryg took out a 20-year subordinated bond loan of EUR 150m listed on the London Stock Exchange. In 2009, in connection with the acquisition of Moderna, Tryg took out a subordinated loan with expiry in 2032 of EUR 65m from TryghedsGruppen, which owns 60% of Tryg. Tryg's total holding of subordinated debt subsequently amounted to approx. EUR 215m. In total, debt amounted to 18% of equity at the end of 2011, and interest expenses during 2011 amounted to DKK 83m.

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

DKKm		Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
2	**Operating segments**					
	2011					
	Gross premiums earned	**11,097**	**4,237**	**5,275**	**-37**	**20,572**
	Gross claims	-8,784	-3,297	-4,251	33	-16,299
	Gross operating expenses	-1,786	-1,001	-643	0	-3,430
	Profit/loss on business ceded	253	141	109	4	507
	Technical interest, net of reinsurance	106	37	41	0	184
	Technical result	**886**	**117**	**531**	**0**	**1,534**
	Total return on investment activities after technical interest					66
	Other income and expenses					-31
	Profit before tax					**1,569**
	Tax					-455
	Profit on continuing business					**1,114**
	Profit/loss on discontinued and divested business					26
	Profit					**1,140**
	Run-off gains/losses, net of reinsurance	159	155	630	0	944
	Investments in associates				14	14
	Reinsurers' share of provision for unearned premiums	1	2	189	0	192
	Reinsurers' share of provision for claims	319	374	1,182	0	1,875
	Other assets				51,140	51,140
	Total assets					**53,221**
	Provisions for unearned premiums	3,971	1,487	1,474	0	6,932
	Provisions for claims	7,383	6,742	12,816	0	26,941
	Provisions for bonuses and premium rebates	238	23	123	0	384
	Other liabilities				9,957	9,957
	Total liabilities					**44,214**

DKKm		Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
2	**Operating segments**					
	2010					
	Gross premiums earned	**10,181**	**4,183**	**5,124**	**-13**	**19,475**
	Gross claims	-8,223	-3,732	-3,666	4	-15,617
	Gross operating expenses	-1,627	-1,014	-663	0	-3,304
	Profit/loss on business ceded	38	59	-419	9	-313
	Technical interest, net of reinsurance	77	30	27	0	134
	Technical result	**446**	**-474**	**403**	**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	99	326	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	289	913	0	1,434
	Other assets				48,990	48,990
	Total assets					**50,591**
	Provisions for unearned premiums	3,883	1,477	1,459	0	6,819
	Provisions for claims	6,824	6,231	11,828	0	24,883
	Provisions for bonuses and premium rebates	196	20	113	0	329
	Other liabilities				10,102	10,102
	Total liabilities					**42,133**

Description of segments

Please refer to accounting principles for a description of operating segments Amounts relating to 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. A presentation of segments broken down by geography is provided in 'Notes 2 Geographical segments.'

DKKm	2007	2008	2009	2010	2011
2 Geographical segments					
Danish general insurance					
Gross premiums earned	**9,105**	**9,393**	**9,525**	**9,636**	**9,999**
Technical result	1,805	1,727	1,178	166	1,023
Run-off gains/losses, net of reinsurance	579	674	421	615	770
Key ratios					
Gross claims ratio	64.6	64.5	71.6	82.0	83.5
Business ceded as % of gross premiums	2.4	3.7	2.5	0.7	-8.1
Claims ratio, net of ceded business	67.0	68.2	74.1	82.7	75.4
Gross expense ratio	15.4	16.1	14.5	16.1	15.0
Combined ratio	**82.4**	**84.3**	**88.6**	**98.8**	**90.4**
Number of full-time employees, end of period	2,221	2,356	2,293	2,342	2,308
Norwegian general insurance					
Gross premiums earned	**6,816**	**7,009**	**6,750**	**7,490**	**7,916**
Technical result	1,374	831	618	389	598
Run-off gains/losses, net of reinsurance	213	109	277	177	181
Key ratios					
Gross claims ratio	63.0	70.6	70.8	76.7	73.2
Business ceded as % of gross premiums	4.9	3.6	3.7	3.1	3.2
Claims ratio, net of ceded business	67.9	74.2	74.5	79.8	76.4
Gross expense ratio	15.9	16.9	17.0	15.7	17.0
Combined ratio	**83.8**	**91.1**	**91.5**	**95.5**	**93.4**
Number of full-time employees, end of period	1,379	1,450	1,398	1,338	1,338
Swedish general insurance [a)]					
Gross premiums earned	**90**	**225**	**1,111**	**1,769**	**2,050**
Technical result	-82	-93	-75	-124	-59
Run-off gains/losses, net of reinsurance	0	0	-8	32	-7
Key ratios					
Gross claims ratio	88.9	95.1	80.6	84.6	82.0
Business ceded as % of gross premiums	0.0	0.9	1.8	0.8	2.6
Claims ratio, net of ceded business	88.9	96.0	82.4	85.4	84.6
Gross expense ratio	105.6	48.4	25.1	22.4	20.3
Combined ratio	**194.5**	**144.4**	**107.5**	**107.8**	**104.9**
Number of full-time employees, end of period	61	105	425	414	423

DKKm		2007	2008	2009	2010	2011
2	**Geographical segments**					
	Finnish general insurance					
	Gross premiums earned	**251**	**354**	**480**	**593**	**644**
	Technical result	-49	-44	-115	-56	-28
	Run-off gains/losses, net of reinsurance	0	17	-7	0	0
	Key ratios					
	Gross claims ratio	74.9	72.9	84.2	80.9	79.8
	Business ceded as % of gross premiums	0.4	0.3	0.6	0.8	0.8
	Claims ratio, net of ceded business	75.3	73.2	84.8	81.7	80.6
	Gross expense ratio	49.8	44.1	41.7	29.3	25.6
	Combined ratio	**125.1**	**117.3**	**126.5**	**111.0**	**106.2**
	Number of full-time employees, end of period	127	154	194	197	249
	Other [a]					
	Gross premiums earned	**0**	**-5**	**-4**	**-13**	**-37**
	Technical result	-23	11	-44	0	0
	Tryg					
	Gross premiums earned	**16,262**	**16,976**	**17,862**	**19,475**	**20,572**
	Technical result	3,025	2,432	1,562	375	1,534
	Return on investment activities	340	-988	1,086	570	66
	Other income and expenses	-51	-49	-38	-4	-31
	Profit/loss before tax	3,314	1,395	2,610	941	1,569
	Run-off gains/losses, net of reinsurance	792	800	683	824	944
	Key ratios					
	Gross claims ratio	64.2	67.6	72.1	80.2	79.2
	Business ceded as % of gross premiums	3.4	3.5	2.9	1.6	-2.5
	Claims ratio, net of ceded business	67.6	71.1	75.0	81.8	76.7
	Gross expense ratio [c]	16.8	17.1	17.2	17.0	16.8
	Combined ratio	**84.4**	**88.2**	**92.2**	**98.8**	**93.5**
	Number of full-time employees, end of period	3,788	4,065	4,310	4,291	4,318

a) Moderna Försäkringar is included in 'Swedish general insurance' from 2 april 2009.
b) Amounts relating to 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.

DKKm

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

	Accident and health		Health care		Worker's compensation	
	2010	2011	2010	2011	2010	2011
Gross premiums written	**1,830**	**1,863**	**325**	**361**	**1,317**	**1,247**
Gross premiums earned	1,820	1,848	311	360	1,352	1,276
Gross claims	-1,136	-1,220	-206	-279	-1,220	-476
Gross operating expenses	-245	-272	-33	-32	-178	-181
Profit/loss on ceded business	-20	-16	0	0	-23	-89
Techn. interest net of reinsurance	11	12	2	4	1	1
Technical result	**430**	**352**	**74**	**53**	**-68**	**531**
Gross claims ratio	62.4	66.0	66.2	77.5	90.2	37.3
Combined ratio	**77.0**	**81.6**	**76.8**	**86.4**	**105.1**	**58.5**
Claims Frequency [a)]	3.4%	4.4%	72.6%	109.0%	18.9%	18.4%
Average claims DKK [b)]	43,342	34,325	7,567	5,765	83,801	84,602
Total claims	31,833	39,929	32,987	51,597	14,395	12,630

	Fire & contents (Private)		Fire and contents (Commercial)		Change of ownership	
	2010	2011	2010	2011	2010	2011
Gross premiums written	**4,599**	**4,905**	**2,768**	**2,859**	**86**	**50**
Gross premiums earned	4,435	4,808	2,751	2,802	-21	112
Gross claims	-4,026	-4,315	-2,437	-3,113	-196	-178
Gross operating expenses	-845	-882	-502	-493	-8	-8
Profit/loss on ceded business	65	308	-114	506	0	0
Techn. interest net of reinsurance	33	39	18	28	3	4
Technical result	**-338**	**-42**	**-284**	**-270**	**-222**	**-70**
Gross claims ratio	90.8	89.7	88.6	111.1	-	158.9
Combined ratio	**108.4**	**101.7**	**111.0**	**110.6**	**-**	**166.1**
Claims Frequency [a)]	7.3%	8.3%	21.9%	23.6%	9.3%	9.5%
Average claims DKK [b)]	13,150	12,391	62,951	70,694	22,919	26,050
Total claims	310,832	352,479	40,462	44,923	6,141	6,236

	Other insurance		Total		Norwegian Group Life One-year policies	
	2010	2011	2010	2011	2010	2011
Gross premiums written	**68**	**80**	**19,391**	**20,277**	**548**	**545**
Gross premiums earned	69	79	18,915	20,016	560	556
Gross claims	-19	-6	-15,133	-15,794	-484	-505
Gross operating expenses	-69	-45	-3,251	-3,366	-53	-64
Profit/loss on ceded business	-44	-58	-309	509	-4	-2
Techn. interest net of reinsurance	5	1	124	173	10	11
Technical result	**-58**	**-29**	**346**	**1,538**	**29**	**-4**
Gross claims ratio	27.5	7.6	80.0	78.9	86.4	90.8
Combined ratio	**191.3**	**138.0**	**98.8**	**93.2**	**96.6**	**102.7**
Claims Frequency [a)]						
Average claims DKK [b)]	11,315	12,399				
Total claims	1,329	1,129				

	Motor TPL		Motor comprehensive		Marine, aviation and cargo	
	2010	2011	2010	2011	2010	2011
	2,650	**2,608**	**3,830**	**4,195**	**378**	**408**
	2,646	2,638	3,679	4,060	367	403
	-1,624	-1,681	-3,098	-2,988	-251	-205
	-434	-458	-616	-653	-50	-44
	-27	-35	-11	-6	-47	-75
	16	35	24	32	2	3
	577	**499**	**-22**	**445**	**21**	**82**
	61.4	63.7	84.2	73.6	68.4	50.9
	78.8	**82.4**	**101.3**	**89.8**	**94.8**	**80.4**
	5.1%	5.0%	20.5%	19.6%	20.8%	23.2%
	25,374	24,871	11,554	10,892	83,551	60,838
	80,073	78,499	264,675	277,035	3,122	3,320

	Liability		Credit & guarantee insurance		Tourist assistance insurance	
	2010	2011	2010	2011	2010	2011
	827	**921**	**225**	**258**	**488**	**522**
	815	859	211	260	480	511
	-449	-647	-64	-169	-407	-517
	-147	-150	-52	-65	-72	-83
	-56	-4	-31	-21	-1	-1
	3	7	2	2	4	5
	166	**65**	**66**	**7**	**4**	**-85**
	55.1	75.3	30.3	65.0	84.8	101.2
	80.0	**93.2**	**69.7**	**98.1**	**100.0**	**117.6**
	10.1%	6.6%	1.5%	1.1%	10.8%	11.9%
	55,335	55,074	1,567,033	3,387,982	8,059	8,379
	9,252	10,545	58	50	49,862	55,938

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

DKKm		2010	2011
3	**Earned premiums, net of reinsurance**		
	Direct insurance	19,627	20,646
	Indirect insurance	36	36
		19,663	20,682
	Unexpired risk provision	-106	38
		19,557	20,720
	Ceded direct insurance	-941	-1,009
	Ceded indirect insurance	-66	-70
		18,550	**19,641**

Direct insurance, by location of risk	2010		2011	
	Gross	Ceded	Gross	Ceded
Denmark	9,610	-501	10,022	-573
Other EU countries	2,918	-104	2,664	-101
Other countries	6,993	-336	7,998	-335
	19,521	**-941**	**20,684**	**-1,009**

		2010	2011
4	**Technical interest, net of reinsurance**		
	Interest on insurance provisions	752	852
	Discounting transferred from provisions for claims	-618	-668
		134	**184**
5	**Claims incurred, net of reinsurance**		
	Claims incurred	-16,500	-17,338
	Run-off previous years, gross	883	1,039
		-15,617	-16,299
	Reinsurance recoveries	661	1,592
	Run-off previous years, reinsurers' share	-59	-95
		-15,015	**-14,802**

Under claims incurred, the value adjustment of inflation swaps to hedge the inflation risk concerning annuities on workers' compensation insurance totals DKK 58m (in 2010 DKK -83m).

		2010	2011
6	**Insurance operating expenses, net of reinsurance**		
	Commission regarding direct business	-492	-460
	Other acquisition costs	-1,914	-2,001
	Total acquisition costs	-2,406	-2,461
	Administrative expenses	-898	-969
	Insurance operating expenses, gross	-3,304	-3,430
	Commission from reinsurers	92	89
		-3,212	**-3,341**

DKKm		2010	2011
6	**Insurance operating expenses, net of reinsurance (continued)**		
	Administative expenses include fee to the auditors appointed by the annual general meeting:		
	Deloitte	-9	-7
		-9	**-7**
	The fee is divided into:		
	Statutory audit	-7	-6
	Other audit assignments	0	0
	Tax advice	-1	-1
	Other services	-1	0
		-9	**-7**
	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 33m. (in 2010 DKK 11m)		
	Insurance operating expenses, gross, classified by type		
	Commissions	-492	-460
	Staff expenses	-1,827	-1,974
	Other staff expenses	-269	-218
	Office expenses and fees, headquarter expenses	-682	-562
	Operating and maintenance costs IT, software expenses	-255	-246
	Depreciation, amortisation and impairment writedowns	-163	-151
	Other income	384	181
		-3,304	**-3,430**
	Total expenses for leases amounts to DKK 39m (2010 DKK 37m)		
	Insurance operating expenses and claims include the following staff expenditure:		
	Salaries and wages	-2,211	-2,335
	Commision	-19	-16
	Allocated share options and matching shares	-16	-14
	Pensions	-288	-340
	Other social security costs	-40	-39
	Payroll tax	-258	-316
		-2,832	**-3,060**
	Remuneration for the Supervisory Board and Executive Management is disclosed in note 29 'Related parties'.		
	Average number of full-time employees during the year	**4,301**	**4,314**

		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
6	**Share option programmes** Spec. of outstanding options:								
	2011								
	Allocation 2006-2009								
	Allocated in 2006-2009, beginning of year	144,866	434,852	52,427	632,145	64/99/69/94	52	0/12/43	10
	Change between category	22,749	-22,749	0	0	64/99/69/94	0	0/12/43	0
	Exercised	-10,480	-45,850	0	-56,330	64/99/69/94	-3	0/12/43	0
	Cancelled	-56,190	-20,246	-5,220	-81,656	64/99/69/94	-7	0/12/43	-2
	Expired	-20,960	-5,240	0	-26,200	64/99/69/94	-2	0/12/43	0
	Outstanding options from 2006-2009 allocation 31 Dec 2011	**79,985**	**340,767**	**47,207**	**467,959**	**-**	**40**	**-**	**8**
	Allocation 2010								
	Allocated in 2010, beginning of year	48,050	153,503	25,346	226,899	75	17	53	12
	Change between category	8,008	-8,008	0	0	0	0	0	0
	Exercised	0	0	0	0	0	0	0	0
	Cancelled	-22,690	-6,341	-667	-29,698	75	-2	53	-2
	Expired	0	0	0	0	0	0	0	0
	Outstanding options from 2010 allocation 31 Dec 2011	**33,368**	**139,154**	**24,679**	**197,201**	**-**	**15**	**-**	**10**
	Allocation 2011								
	Allocated in 2011	8,285	104,967	27,600	140,852	72	10	70	10
	Change between category	0	0	0	0	0	0	0	0
	Exercised	0	0	0	0	0	0	0	0
	Cancelled	0	-3,798	-1,380	-5,178	72	0	70	0
	Expired	0	0	0	0	0	0	0	0
	Outstanding options from 2011 allocation 31 Dec 2011	**8,285**	**101,169**	**26,220**	**135,674**	**-**	**10**	**-**	**10**
	Number of options exercisable end of 2011	53,417	236,068	28,666	318,151				

Share option programmes

In 2011, Tryg awarded share options to the Executive Management (1 person), senior employees (86 persons) and other employees (40 persons). At 31 December 2011, the share option plan comprised 800,834 share options (at 31 December 2010 859,044 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 1.3 % of the share capital in Tryg A/S if all share options are exercised.

In 2011, the fair value of share options recognised in the consolidated income statement amounted to DKK 13m (2010: DKK 16m). As at 31 December 2011, a total amount of DKK 69m was recognised for share option programmes issued in 2006-2011. 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
6 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				

6 Share option programmes

Year of allocation	Years of exercise	1. jan. 2011	Allocated in 2011	Exercised	Cancelled	Expired	31 Dec. 2011
2006	2009-2011	82,530	0	-56,330	0	-26,200	0
2007	2010-2012	138,690	0	0	-17,433	0	121,257
2008	2011-2013	235,091	0	0	-38,197	0	196,894
2009	2012-2014	175,834	0	0	-26,026	0	149,808
2010	2013-2015	226,899	0	0	-29,698	0	197,201
2011	2014-2016	0	140,852	0	-5,178	0	135,674
Outstanding options 31 Dec. 2011		**859,044**	**140,852**	**-56,330**	**-116,532**	**-26,200**	**800,834**

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. 2011	Average exercise Share price 31 dec. 2011
2006	2009-2011	355.85	17.90%	4 år	3.30%	0.00	0.00
2007	2010-2012	456.76	24.10%	4 år	3.90%	0.08	426.44
2008	2011-2013	378.24	20.30%	4 år	3.60%	0.58	373.06
2009	2012-2014	313.51	37.70%	4 år	2.80%	1.17	318.86
2010	2013-2015	320.04	29.20%	4 år	2.70%	2.16	332.54
2011	2014-2016	295.83	30.00%	4 år	3.00%	3.11	321.42

Group Executive management includes retired managers with a total of 44,112 units at a value of DKK 4mill. upon allocation. Risk takers are included under 'Senior employees'.

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.

6 **Matching shares**

2011	TOTAL NUMBERS			FAIR VALUE			
	Group Excecutive Management	Risk-takers	Total	Average per matching share at grant date DKK	Total fair value per option at grant date DKKm	Average per matching share at 31 Dec. DKK	Total fair Value at 31 Dec. DKKm
Allocated in 2011	4,979	5,996	10,975	302	4	319	4
Total Allocated	**4,979**	**5,996**	**10,975**	**302**	**4**	**319**	**4**

In 2011 Tryg entered into an agreement on matching shares for the executive management and selected risk takers as a consequence of the Group's wage policy. The executive management and selected risk takers are allocated one share in Tryg A/S for each share that the executive management member or risk taker acquires in Tryg A/S at market rate for liquid cash at a contractually agreed sum. The shares are reported at market value and are accrued over the four year maturation period. In 2011, the reported fair value of matching shares for the Group amounted to DKK 1m.

DKKm		2010	2011
7	**Interest and dividends**		
	Interest income and dividends		
	Dividends	10	10
	Interest income cash in hand and at bank	43	59
	Interest income bonds	1,054	1,173
	Interest income other	26	18
		1,133	1,260
	Interest expenses		
	Interest expenses subordinated loan capital and credit institutions	-88	-83
	Interest expenses others	-8	-30
		-96	-113
		1,037	**1,147**
8	**Value adjustment**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	61	13
	Unit trust units	233	-100
	Share derivatives	5	16
	Bonds	78	160
	Interest derivatives	3	465
	Other loans	0	1
		380	555
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	74	15
	Owner-occupied property	0	-10
	Discounting	-227	-760
	Other balance sheet items	11	-55
		-142	-810
		238	**-255**
	Value gains	907	755
	Value losses	-669	-1,010
	Value adjustment, net	**238**	**-255**

Exchange rate adjustments concerning financial assets or liabilities which cannot be valuated to market value is in total DKK 31m (2010 DKK 52m)

Under value adjustment the adjustment of inflation swaps totals DKK 12m (in 2010 DKK 27m).

DKKm		2010	2011
9	**Tax**		
	Tax on profit for the year	-235	-392
	Difference between Danish and foreign tax rate	-28	-22
	Prior-year tax adjustment	9	32
	Adjustment non-taxable income and expenses	18	-64
	Change in valuation of tax assets	-26	-7
	Other taxes	-3	-2
		-265	**-455**
	Effective tax rate	**%**	**%**
	Tax on profit for the year	25	25
	Difference between Danish and foreign tax rate	3	1
	Prior-year tax adjustment	-1	-2
	Adjustment non-taxable income and expenses	-2	4
	Change in valuation of tax assets	3	1
		28	**29**
10	**Profit/loss on discontinued and divested business**		
	Earned premiums, net of reinsurance	224	4
	Claims incurred, net of reinsurance	-291	30
	Insurance operating expenses, net of reinsurance	-44	0
	Technical result	-111	34
	Profit/loss before tax	-111	34
	Tax	28	-8
	Profit/loss on discontinued and divested business	**-83**	**26**
	Average claims DKK	310,702	114,733
	Total claims	954	15

Profit/loss on discontinued and divested business is excluded in 'Marine, aviation and cargo' in the accounts broken down by line of business.

DKKm		Goodwill	Trademarks and customer relations	Software	Assets under construction	Total
11	**Intangible assets**					
	2011					
	Cost					
	Balance 1 January	377	168	786	115	1,446
	Exchange rate adjustment	3	2	1	0	6
	Transferred from asset under construction	0	0	74	-74	0
	Additions during the year	0	0	22	216	238
	Disposals during the year	0	0	-1	0	-1
	Balance 31 December	380	170	882	257	1,689
	Amortisation and writedowns					
	Balance 1 January	0	-32	-446	0	-478
	Exchange rate adjustment	0	0	-1	0	-1
	Amortisation for the year	0	-19	-172	0	-191
	Impairment writedowns for the year	0	0	-13	-54	-67
	Balance 31 December	0	-51	-632	-54	-737
	Carrying amount 31 December	**380**	**119**	**250**	**203**	**952**
	2010					
	Cost					
	Balance 1 January	329	148	685	119	1,281
	Exchange rate adjustment	48	20	10	2	80
	Transferred from asset under construction	0	0	92	-92	0
	Additions during the year	0	0	48	86	134
	Disposals during the year	0	0	-49	0	-49
	Balance 31 December	377	168	786	115	1,446
	Amortisation and writedowns					
	Balance 1 January	0	-12	-335	0	-347
	Exchange rate adjustment	0	-2	-8	0	-10
	Amortisation for the year	0	-18	-144	0	-162
	Impairment writedowns for the year	0	0	-3	0	-3
	Reversed amortisation	0	0	44	0	44
	Balance 31 December	0	-32	-446	0	-478
	Carrying amount 31 December	**377**	**136**	**340**	**115**	**968**

DKKm

11 Intangible assets (continued)

Impairment test

Goodwill

As at 31 December 2011, 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

2011	Assumed annual growth > 5 years	Return require-ment before tax
Moderna Försäkringar	2.0%	12.7%
MF Bilsport & MC Specialförsäkringar	2.0%	12.7%
2010		
Moderna Försäkringar	2.5%	14.9%
MF Bilsport & MC Specialförsäkringar	2.5%	14.9%

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, excluding Modern Re S.A., were merged into Tryg Forsikring A/S as a branch of Moderna Försäkringar, branch of Tryg Forsikring A/S. Modern Re S.A. was discontinued in 2011. The activities in Modern Re have not affected the statement of the original goodwill, which is why the discontinuation of the company does not affect remaining goodwill.

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.

Trademarks and customer relations

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

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.

DKKm		Operating equipment	Owner-occupied property	Assets under construction	Total
12	**Property, plant and equipment**				
	2011				
	Cost				
	Balance 1 January	228	1,397	441	2,066
	Exchange rate adjustment	0	2	0	2
	Transferred from assets under construction	0	340	0	340
	Additions during the year	18	21	-3	36
	Disposals during the year	-59	0	-340	-399
	Balance 31 December	187	1,760	98	2,045
	Accumulated value adjustments				
	Balance 1 January	0	17	-88	-71
	Exchange rate adjustment	0	0	0	0
	Value adjustment for the year at revalued amount in profit and loss	0	-10	0	-10
	Value adjustment for the year at revalued amount in other comprehensive income	0	20	0	20
	Balance 31 December	0	27	-88	-61
	Accumulated depreciation				
	Balance 1 January	-110	-29	0	-139
	Exchange rate adjustment	0	0	0	0
	Reversed depreciation	48	0	0	48
	Depreciation for the year	-23	-13	0	-36
	Balance 31 December	-85	-42	0	-127
	Carrying amount 31 December	**102**	**1,745**	**10**	**1,857**

DKKm		Operating equipment	Owner-occupied property	Assets under construction	Total
12	**Property, plant and equipment (continued)**				
	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 other comprehensive income	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**

External experts were involved in valuing some of the owner-occupied properties.

Impairment test

Property, plant and equipment

A valuation of owner-occupied property has been performed, including the improvements carried out, after which DKK 20m has been recognised in revaluation in other comprehensive income af DKK 10m in depreciation in the income statement. 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:

Return percentages	2010	2011
Office property	6.4	6.3

DKKm		2010	2011
13	**Investment property**		
	Fair value at the end of the previous financial year	2,364	2,158
	Exchange rate adjustment	33	2
	Additions during the year	23	29
	Disposals during the year	-261	-1
	Value adjustment for the year	68	12
	Reversed on sale	-69	-1
	Fair value at 31 december	**2,158**	**2,199**

Total rental income for 2011 is DKK 156m (DKK 166m in 2010).

Total expenses for 2011 are DKK 39m (DKK 38m in 2010). Of this amount, not-hired property is DKK 2m. (DKK 1m in 2010) why the total expenses at the income leading investment property are DKK 37m (DKK 37m in 2010).

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	2011
Business property	7.3	7.3
Office property	6.6	6.3
Residential property	4.6	4.8
Total	**6.4**	**6.3**

DKKm		2010	2011
14	**Investments in associates**		
	Cost		
	Balance 1 January	0	0
	Balance 31 December	0	0
	Revaluations at net asset value		
	Balance 1 January	17	13
	Exchange rate adjustment	1	0
	Value adjustment for the year	-5	1
	Balance 31 December	13	14
	Carrying amount 31 December	**13**	**14**

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 %
2011						
Komplementarselskabet af 1. marts 2006 ApS, DK	0	0	0	0	0	50
Bilskadeinstituttet AS, Norway	5	0	5	1	0	30
AS Eidsvåg Fabrikker, Norway	49	5	44	19	4	28
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

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

DKKm		2010	2011
15	**Total financial assets**		
	Financial assets at fair value with value adjustment in the income statement	**2010**	**2011**
	Equity investments	184	187
	Unit trust units	2,268	2,378
	Bonds	34,621	38,400
	Deposits in credit institutions	2,755	1,635
	Derivative financial instruments	298	651
	Financial assets at fair value with value adjustment in the income statement	40,126	43,251
	Loans and receivables measured at amortised cost		
	Total receivables in relation to direct insurance contracts	1,110	1,158
	Receivables from insurance enterprises	211	317
	Receivables from subsidiaries	0	1
	Other receivables	601	189
	Current tax assets	196	93
	Cash in hand and at bank	857	402
	Total loans and receivables measured at amortised cost	2,975	2,160
	Total financial assets	**43,101**	**45,411**

Financial assets at amortized cost prices only deviate to a minor extent from fair value.

	2010	2011
Financial liabilities		
Financial liabilities at fair value with value adjustment in the income statement		
Derivative financial instruments	376	35
Total financial liabilities at fair value with value adjustment in the income statement	376	35
Financial liabilities measured at amortised cost		
Subordinated loan capital	1,591	1,589
Debt related to direct insurance	419	410
Debt related to reinsurance	187	191
Debt to credit institutions	30	11
Debt to credit institutions	3,947	4,161
Current tax liabilities	106	260
Other debt	1,030	740
Total financial liabilities measured at amortised cost	7,310	7,362
Total financial liabilities	**7,686**	**7,397**

Information on valuation of subordinated loan capital at fair value is stated in note 20.
Other financial liabilities at amortized cost price only deviate to a minor extent from fair value.

DKKm		Quoted market prices	Observable input	Unobservable input	Total
15	**Total financial assets (continued)**				
	Fair value hierarchy for financial instruments measured at fair value in the balance sheet				
	2011				
	Equity investments	0	0	187	187
	Unit trust units	2,378	0	0	2,378
	Bonds	26,713	11,657	30	38,400
	Cash in hand and deposits in credit institutions	1,635	0	0	1,635
	Derivative financial instruments	0	579	37	616
		30,726	12,236	254	43,216
	2010				
	Equity investments	0	0	184	184
	Unit trust units	2,268	0	0	2,268
	Bonds	20,808	13,770	43	34,621
	Cash in hand and deposits in credit institutions	2,755	0	0	2,755
	Derivative financial instruments	0	-49	-29	-78
		25,831	13,721	198	39,750

	2010	2011
Financial instruments measured at fair value in the balance sheet on the basis of non-observable input:		
Carrying amount 1 January	338	198
Exchange rate adjustment	4	0
Gains/losses in the income statement	-47	77
Purchases	0	8
Sales	-100	-29
Transfers to/from the Group 'non-observable input'	3	0
Carrying amount 31 December	**198**	**254**
Gains/losses in the income statement for assets held at the balance sheet date recognised in value adjustments	-54	77

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 based on actual trades are available.

Unobservable input, total result DKK 75m (DKK -47m in 2010), mainly comprises inflation derivatives of DKK 70m hedging (DKK -56m in 2010) inflation risk on technical provisions which recorded an accounting result of DKK -58m (DKK 83m in 2010).

The risk of the unobservable 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	**Total financial assets (continued)**				
	Reconciliation between investment assets as per 'Investment Activity' in the Management's report and the Statement of financial position				
	2011				
	Investment assets as per the section 'Investment activities' in the Management's report	37,232	1,816	3,954	43,002
	Consisting of:				
	Cash in hands allocated to portefolio management	-33	0	0	-33
	Unsettled securities trading	779	0	0	779
	Unit trust units	-719	-1,659	0	-2,378
	Futures	0	44	0	44
	Deposits and derivatives	-2,241	0	0	-2,241
	Repo debt	3,382	0	0	3,382
	Owner-occupied property	0	0	-1,755	-1,755
	Equity investments	0	-14	0	-14
	Investment assets according to balance sheet	**38,400**	**187**	**2,199**	**40,786**
	Unit trust units				2,378
	Deposits in credit institutions				1,635
	Derivative financial instruments				651
	Associated shares				14
	Total investment assets according to balance sheet				**45,464**
	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 and derivatives	-2,775	0	0	-2,775
	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	**34,621**	**184**	**2,158**	**36,963**
	Unit trust units				2,268
	Deposits in credit institutions				2,755
	Derivative financial instruments				298
	Associated shares				13
	Total investment assets according to balance sheet				**42,297**

DKKm		2010	2011
15	**Total financial assets (continued)**		
	Sensitivity information		
	Impact on shareholders' equity from the following changes:		
	Interest rate increase of 0.7-1.0 pct. point	-75	-24
	Interest rate fall of 0.7-1.0 pct. point	13	87
	Equity price fall of 12%	-262	-223
	Fall in property prices of 8%	-334	-330
	Exchange rate risk (VaR 99.5)	-12	-23
	Loss on counterparties of 8%	-315	-500

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.

Derivative financial instruments

Derivatives with value adjustment in the income statement at fair value:

	2010		2011	
	Nominal	Fair value in the balance sheet	Nominal	Fair value in the balance sheet
Interest derivatives	23,477	13	16,971	606
Share derivatives	246	0	44	0
Inflation derivatives	3,248	-29	2,931	37
Exchange rate derivatives	11,972	-62	8,131	-27
	38,943	-78	28,077	616
Due within one year	28,855	-19	10,288	-57
Due within one to five years	3,709	-8	3,656	-21
Due after more than five years	6,379	-51	14,133	694

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

	2010			2011		
	Gains	Losses	Net	Gains	Losses	Net
Gains and losses on hedges charged to other comprehensive income at 1 January	850	-819	31	983	-1,280	-297
Gains and losses on hedges charged to other comprehensive income during the year	133	-461	-328	273	-300	-27
Gains and losses on hedges charged to other comprehensive income at 31 December	**983**	**-1,280**	**-297**	**1,256**	**-1,580**	**-324**

DKKm		2010	2011
15	**Total financial assets (continued)**		
	Exchange rate adjustment		
	Exchange rate adjustments of foreign entities recognised		
	in other comprehensive income in the amount of:		
	Balance at 1 January	-23	307
	Exchange rate adjustment during the year	330	30
	Balance at 31 December	**307**	**337**
	Receivables		
	Receivables from insurance enterprises	1,321	1,475
	Receivables from subsidiaries	0	1
	Other receivables	601	189
		1,922	**1,665**
	Specification of writedowns on receivables from insurance contracts		
	Balance at 1 January	124	135
	Exchange rate adjustment	3	0
	Writedowns and reversed writedowns for the year	8	8
	Balance at 31 December	**135**	**143**
	Reversed impairment losses are estimated at DKK 52m (2010 DKK 45m) annually, but may vary due to major cases/disputes.		
	Receivables in connection with insurance contracts include overdue recievables totalling:		
	Falling due:		
	Within 90 days	197	170
	After 90 days	161	151
		358	**321**
	Including writedowns of due amounts	135	143
16	**Reinsurer's share**		
	Reinsurers' share	1,605	2,086
	Writedowns after impairment test	-17	-19
	Balance at 31 December	**1,588**	**2,067**

Impairment test

As at 31 December 2011, 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 19m (2010: DKK 17m) Writedowns during the year include reversed writedowns totalling DKK 1m (2010: DKK 1m).'

DKKm		2010	2011
17	**Current tax**		
	Current tax, beginning of year	-303	90
	Exchange rate adjustment	-15	0
	Current tax for the year	-170	-500
	Current tax on equity entries	82	7
	Adjustment of prior-year current tax	14	26
	Tax paid during the year	482	210
	Net current tax, end of year	**90**	**-167**
	Current tax is recognised in the balance sheet as follows:		
	Under assets, current tax	196	93
	Under liabilities, current tax	-106	-260
	Net current tax, end of year	**90**	**-167**

18 Shareholders' equity

Share capital	2010		2011	
Numbers of shares	**No. of shares**	**Nominal value (DKK'000)**	**No. of shares**	**Nominal value (DKK'000)**
Balance at 1 January	63,227,650	1,580,692	60,633,701	1,515,843
Bought during the year	-2,625,786	-65,645	-316,792	-7,920
Sold during the year	31,837	796	56,360	1,409
Balance at 31 December	**60,633,701**	**1,515,843**	**60,373,269**	**1,509,332**

	2010			2011		
Treasury shares	**No. of shares**	**Nominal value (DKK' 000)**	**% of share capital**	**No. of shares**	**Nominal value (DKK' 000)**	**% of share capital**
Balance at 1 January	703,923	17,598	1.10	3,297,872	82,447	5.16
Bought during the year	2,625,786	65,645	4.11	316,792	7,920	0.50
Cancellation in connection with buyback programme.	0	0	0	-2,615,470	-65,387	-4.03
Used in connection with issue of employee shares	-17	0	0.00	0	0	0.00
Used in connection with exercise of stock options	-31,820	-796	-0.05	-56,360	-1,409	-0.09
Balance at 31 December	**3,297,872**	**82,447**	**5.16**	**942,834**	**23,571**	**1.54**

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 2012. Treasury shares are acquired for use in the Group's incentive programme and as part of the share buy back programme.

DKKm

19 Capital adequacy

	2010	2011
Shareholders' equity according to annual report	8,458	9,007
Proposed dividend	-256	-399
Solvency requirements to subsidiary undertakings – 50%	-2,516	-2,508
Tier 1 Capital	**5,686**	**6,100**
Subordinate loan capital	804	848
Solvency requirements to subsidiary undertakings – 50%	-2,515	-2,507
Capital base	**3,975**	**4,441**
Weighted assets	**3,188**	**3,953**
Solvency ratio	**125**	**112**

The capital base and the solvency ratio are calculated in accordance with the Danish Financial Business Act.

20 Subordinate loan capital

	Bond loan		Tryghedsgruppen smba	
	2010	2011	2010	2011
The fair value of the loan at the balance sheet date	950	962	499	464
The fair value of the loan at the balance sheet date is based on a price of	85	86	103	96
Total capital losses and costs the balance sheet date	12	10	0	0
Interest expenses of the year	50	50	33	33

The share of subordinated capital included in the calculation of the capital base total DKK 848 (in 2010 DKK 804m)
The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost. Please refer to note 1 Risk management, which include the terms of the loans.

DKKm		Gross	Ceded	Net
21	**Provisions for claims**			
	2011			
	Total, beginning of year	24,255	1,333	22,922
	Market value adjustment of provisions, beginning of year	69	5	64
		24,324	1,338	22,986
	Paid in the financial year in respect of the current year	-8,413	-750	-7,663
	Paid in the financial year in respect of prior years	-6,921	-341	-6,580
		-15,334	-1,091	-14,243
	Change in claims in the financial year in respect of the current year	16,660	1,483	15,177
	Change in claims in the financial year in respect of prior years	-1,005	-34	-971
		15,655	1,449	14,206
	Discounting and exchange rate adjustment	1,551	59	1,492
	Provisions for claims, end of year	26,196	1,755	24,441
	Other 1)	745	120	625
		26,941	**1,875**	**25,066**
	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	24,255	1,333	22,922
	Other [a]	628	101	527
		24,883	**1,434**	**23,449**

a) Comprises provisions for claims for Tryg Garantiforsikring A/S, the Finnish branch of Tryg Forsikring A/S.

DKKm		2010	2011
22	**Pensions and similar obligations**		
	Jubilees, schemes for elderly employees etc.	50	49
	Recognised obligation, end of year	**50**	**49**
	Defined benefit persion plans:		
	Present value of pension obligations funded through operations	108	122
	Present value of pension obligations funded through establishment of funds	1,464	1,868
	Gross pension obligation	1,572	1,990
	Fair value of plan assets	951	1,013
	Net pension obligation	**621**	**977**
	Specification of change in recognised pension obligations:		
	Recognised pension obligation, beginning of year	1,304	1,572
	Adjusted prior years regarding expected estimate change	0	57
	Exchange rate adjustment	81	13
	Present value of amounts accumulated during the year	52	49
	Capital costs of previously accumulated pensions	58	58
	Acturial gains/losses	181	310
	Paid during the period	-62	-69
	Change in recognised employers' nat. ins. contribution	-42	0
	Recognised pension obligation, end of year	**1,572**	**1,990**
	Change in carrying amount of plan assets:		
	Carrying amount of plan assets, beginning of year	856	951
	Adjusted prior years regarding expected estimate change	0	-17
	Exchange rate adjustment	57	9
	Investments in the year	73	88
	Estimated return on pension funds	53	41
	Acturial gains/losses	-47	-15
	Paid during the period	-41	-44
	Carrying amount of plan assets, end of year	**951**	**1,013**
	Total pensions and similar abligations, end of year	**621**	**977**
	Total recognised obligation, end of year	**671**	**1,026**
	Specification of pension cost for the year:		
	Present value of amounts accumulated during the year	44	40
	Interest expense on accrued pensions obligation	58	57
	Expected return on plan assets	-53	-41
	Accrued employers' nat.insurance contribution	6	10
	Total year's cost of defined benefit plans	**55**	**66**
	The premium for the following financial years is estimated at:	66	80
	Estimated distribution of plan assets:	%	%
	Shares	12	5
	Bonds	69	77
	Property	19	18
	Average return on plan assets	4.5	4.0

DKKm				2010	2011
22 Pensions and similar obligations (continued)				%	%
Assumptions used					
Discount rate				3.8	2.7
Estimated return on pension funds				4.5	4.0
Salary adjustment				4.0	4.0
Pension adjustment				3.8	3.8
G Adjustment				3.8	3.8
Turnover				6.0	6.0
Employers' nat. ins. contribution				14.1	14.1
Take up of the AFP Early Retirement Plan				0.0	0.0
Mortality table				Adj. K2005	Adj. K2005
Sensitivity information					
Impact on shareholders' equity from the following changes:					
Interest rate increase of 0.3 pct. point				68	96
Interest rate decrease of 0.3 pct. point				-77	-89

	2007	2008	2009	2010	2011
Pension obligation	1,292	1,123	1,304	1,572	1,990
Plan assets	932	628	856	951	1,013
Surplus/deficit	360	495	448	621	977
Actuarial gains/losses associated with the pension obligation	104	-23	70	-181	-367
Actuarial gains/losses associated with pension assets	-10	-173	-42	-47	-32
Actuarial gains/losses in other comprehensive income end of year	94	-196	28	-228	-399

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 collaboration, to pay the pensions of the individual employees in accordance with the applicable rules.

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

This years premium paid to FPK amounted to DKK xm, which is about 2 % of the annual premium in FPK (2010). FPK writes in its half-year report for 2011 that it had a collective consolidation ratio of 134 at 30 June 2011 (consolidation ration 112 at 30 June 2010). The collective consolidation ratio is defined as the market value of the plan assets relative to the total collective pension obligations.

DKKm		2010	2011
23	**Deferred tax**		
	Tax asset		
	Operating equipment	37	31
	Debt and provisions	213	284
	Capitalised tax loss	70	81
		320	**396**
	Tax liability		
	Intangible rights	121	136
	Land and buildings	206	228
	Bonds and loans secured by mortgages	14	49
	Contingency funds	1,261	1,174
		1,602	**1,587**
	Deferred tax, end of year	**1,282**	**1,191**
	Unaccrued timing differences of shares	0	0
	Unaccrued timing differences of balance sheet items	25	30
	Reconcillation of deferred tax		
	Deferred tax, beginning of year	1,244	1,282
	Exchange rate adjustment	70	9
	Change in deferred tax previous years	0	-10
	Change in capitalised tax loss	34	0
	Change in deferred tax taken to the income statement	53	-6
	Change in deferred tax taken to equity	-119	-84
		1,282	**1,191**
	Tax value of non-capitalised tax loss		
	Denmark	18	18
	Sweden	4	4
	Finland	89	96
	Luxembourg	32	0

The loss in Tryg A/S cannot be utilised in the Danish joint taxation scheme. The loss can be carried forward indefinitely in Denmark. 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 thebalance sheet in the amount of DKK 90m. (2010 DKK 208m).

DKKm		2010	2011
24	**Other provisions**		
	Other provisions, beginning of year	6	1
	Change in provisions	-5	10
	Other provisions, end of year	**1**	**11**
	Other provisions relate to provisions for the Group's own insurance claims		
25	**Debt to credit institutions**		
	Bank overdrafts	30	11
		30	**11**
	Debt falling due within one year	30	11
	Debt falling due after more than five years	0	0
	Tryg A/S has established committed credit facilities totalling DKK 800m with af number of Danish banks. These credit facilities expire on 31 December 2012. In addition, Tryg Forsikring A/S has established committed repo facilities DKK 1 mia. with at number of Danish banks. These repo facilities expire on 31 December 2012.		
26	**Debt relating to unsettled fund trading and repos**		
	Unsettled fund trading	2,051	779
	Repo debt	1,896	3,382
		3,947	**4,161**
	Unsettled fund trading is debt for bonds purchased in 2010 and 2011, however with settlement in 2011 and 2012 respectively		
	Debt falling due within one year	3,947	4,161
	Debt falling due after more than five years	0	0
27	**Earnings per share**		
	Profit/loss for the period from continuing business	676	1,114
	Profit/loss on discontinued and divested business	-83	26
	Profit/loss for the period	593	1,140
	Average number of shares (1,000 shares)	62,362	60,401
	Diluted number of shares (1,000)	82	0
	Diluted average number of shares (1,000)	62,444	60,401
	Earnings per share – continuing business	10.8	18.4
	Earnings per share – discontinuing business	-1.3	0.4
	Diluted earnings per share – discontinuing business (DKK)	-1.3	0.4
	Basic earnings per share	9.5	18.9
	Diluted basic earnings per share	9.5	18.9

DKKm		<1 year	1-3 years	Obligations due by period 3-5 years	> 5 years	Total
28	**Contractual obligations, collateral and contingent liabilities**					
	Contractual obligations					
	2011					
	Operating leases	130	230	106	84	550
	Other contractual obligations	479	183	0	0	662
		609	**413**	**106**	**84**	**1,212**
	2010					
	Operating leases	149	215	106	112	582
	Other contractual obligations	811	43	36	38	928
		960	**258**	**142**	**150**	**1,510**

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 531m for a period of 5 years which cannot be cancelled within a year. The contract expires in 2015.

Tryg Forsikring A/S has signed the following contracts with amounts above DKK 50m:
Portfolio management contract for DKK 52m, which expires in 2015.
Telephony service contract with Telenor for DKK 116m, which expires after 2015.
Lease contracts on premises for DKK 347m. The contracts expire after 5 years.

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

	2010	2011
Assets to cover the technical provisions in Tryg Forsikring A/S have been registered in the total amount of	36,923	41,382
Assets to cover the technical provisions in Tryg Garantiforsikring A/S have been registered in the total amount of	311	332

DKK 66m (2010: DKK 51m) of the Group's cash in hand and at bank is placed as collateral for futures contracts.

DKK 3.382m (2010: DKK 1.896m) of the Group'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.

Contingent liabilities
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 statement of financial position at 31 December 2011.

DKKm		2010	2011
29	**Related parties**		
	The Group has no other closely related parties with a decisive influence other than the parent company, TryghedsGruppen Smba. Closely related parties with significant influence include the Supervisory Board, the Executive Management, and these persons' related family.		
	Supervisory Board and Group Executive Management		
	Premium income		
	- Parent company (TryghedsGruppen smba)	0.3	0.3
	- Key management	0.5	0.6
	- Other related parties	1.3	2.9
	Claims paid		
	- Parent company (TryghedsGruppen smba)	0.2	0.1
	- Key management	0.5	0.0
	- Other related parties	0.1	1.4

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

Specification of remuneration

2011	Basic wage	Variable wage	Pension	Total
Supervisory Board	5	0	0	5
Executive Management	25	0	4	29
Risk takers	31	1	7	39
	61	**1**	**11**	**73**
2010				
Supervisory Board	5	0	0	5
Executive Management	18	2	3	23
	23	**2**	**3**	**28**

DKKm

29 Related parties

Fees are charges incurred during the financial year. Variable salary includes the charges for matching shares, which are recognised over three years. The Board and Risk Takers are included in incentive programmes. Please refer to note 6 for information concerning this

The number of persons in the categories are as follows; the Supervisory Board 14 persons, the Executive Management 5 persons, Risk Takers 14 persons.

The Supervisory Board in Tryg A/S are paid with a fixed fee and are not included in the benefit schemes. The Management is paid with a fixed wage and pension. The variable wage is awarded in the form of a matching share programme; see the reference under 'Management'. The Management's compensation includes wages and pension to retired managers for a total of DKK 14m.

Each member of the Executive Management is entitled to 12 months notice and cash severance pay equal to 12 months'. (Group CEO is entitled to cash severance pay equal to 18 months').

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.

Risk Takers are defined as employees, whose activities have a significant influence on the business's risk profile. The Supervisory Board decides which employees shall be considered risk takers.

Parent company
TryghedsGruppen smba
TryghedsGruppen smba controls 60% of the shares in Tryg A/S.

Intra-group trading involved:	2010	2011
- Subordinated loan capital	499	464
- Interest expenses	33	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.

30 Financial highlights
cf page 71.

31 Accounting policies

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as per adopted by the EU on 31 December 2011 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 other comprehensive income. 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 other comprehensive income of the parent company have been adjusted accordingly on the transition to IFRS.

Accounting policies are unchanged from the annual report 2010.

Accounting regulation

Implementation of changes to accounting standards and interpretation in 2011
The International Accounting Standards Board (ISAB) has issued a number of changes to the international accounting standards, and the International Financial Reporting Interpretations Committee (IFRIC) has also issued a number of interpretations.

No standards or interpretations have been implemented for the first time for the accounting year that began on 1st January 2011 that will have a significant impact on the Group.

New or amended standards and interpretations that have been implemented but have not significantly affected the Group:

- 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 Group has not applied the following new and revised executive orders, standards and interpretations that have been issued but not yet effective:

- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' a)
- IFRS 9 'Financial Instruments' b)
- IFRS 10 ' Consolidated Financial Statements' b)
- IFRS 11 'Joint Arrangements' b)
- IFRS 12 'Disclosure of interests in Other Entities' b)
- IFRS 13 'Fair Value Measurement' b)
- Amendments to IAS 1 'Presentation of items of other Comprehensive Income' c)
- Amendments to IAS 12 ' Deferred Tax – Recovery of underlying Assets' d)
- IAS 19 (as revised in 2011) 'Employee Benefits' b)
- IAS 27 (as revised in 2011) 'Separate Financial Statements' b)
- IAS 28 (as revised in 2011) 'Investments in Associates and Joint Ventures' b)

a) Effective for annual periods beginning on or after 1 July 2011.
b) Effective for annual periods beginning on or after 1 January 2013.
c) Effective for annual periods beginning on or after 1 July 2012.
d) Effective for annual periods beginning on or after 1 January 2012.

The changes will be implemented going foreward from 2012.

Significant accounting estimates and assessments
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 and liabilities
- Valuation of property
- Measurement of goodwill

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 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 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.

The Financial Supervisory Authority's adjusted discount curve, which includes both euro swap rates, national differentials and Danish swap rates, and also an option adjusted real credit interest rate differential, is used to discount Danish provisions for outstanding claims.

The Norwegian and Swedish provisions are discounted with euro swap rates, to which a country specific interest differential is added that reflects the difference between Norwegian and Swedish government bonds and the German government bond interest rate respectively. Finnish provisions are discounted using the Danish discount curve.

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. The preconditions are discounting interest rate, expected future wage and pension adjustment, turnover, mortality and expected future yield on pension funds.

Fair value of financial assets and liabilities
Measurements of financial assets and liabilities 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.

Valuation of property
Property is divided into owner-occupied property and investment property. Owner-occupied property is assessed at the reassessed value that is equivalent to the fair value at the time of reassessment, with a deduction for depreciations and write-downs. The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return percent. Investment property is calculated at fair value. The calculation of fair value is based on market prices, taking into consideration the property's type, location and maintenance standards, and calculated based on a market determined rental income as well as operating expenses in proportion to the property's required rate of return.

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 other comprehensive income 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 other comprehensive income 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 supports the management's decisions on allocation of resources and assessment of the Group's results divided into segments.

The operational business segments in the Tryg Group are Private Nordic, Commercial Nordic and Corporate Nordic. Private Nordic encompasses the sale of insurances to private individuals in Denmark, Norway, Sweden and Finland. Commercial Nordic encompasses the sale of insurances to small and medium sized businesses, primarily in Denmark and Norway. Corporate Nordic sells insurances to industrial clients primarily in Denmark, Norway and Sweden. In addition, Industri handles all business involving brokers.

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. This and 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 calculated as premium incomes in accordance with the risk exposure over the cover period, calculated separately for each individual insurance contract. As a starting point, the calculation uses the pro-rata method, although this is adjusted for an unevenly divided risk between lines of business with strong seasonal variations or for policies lasting many years.

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 to policy holders, 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. The Group has no assets held under finance leases.

Share-based payment
The Tryg Group's incentive programmes comprise share option programmes, employee shares and matching 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 other comprehensive income.

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 15 days 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 value for retired employees who hold the right to options is reported for the remaining period in the accounting year in which the employee retires.

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.

Matching shares
In 2011, members of Executive Management and risk takers have been allocated shares in accordance with the 'Matching shares' scheme. Under Matching shares, the individual management member is allocated one share in Tryg A/S for each share the Executive management member or risk taker acquires in Tryg A/S at the market rate for certain liquid cash at a contractually agreed sum in connection with the Matching share programme.

The shares are provided free of charge, four years after the time of purchase. The holder must acquire the shares in the open window following publication of the annual report for the previous year. In 2011, however, the shares were traded in the first 'open window' after the Tryg A/S annual general meeting. The holder may not sell the shares until six months after the matching time.

The shares are recognised at market value and are accrued over the four-year maturation period, based on the market price at the time of acquisition. Recognition occurs from the end of the acquisition month and is recognised under personnel expenses with a contra entry directly in other comprehensive income. If a Executive management member or risk taker retires during the maturation period but is entitled to shares, the remaining expense is recognised in the current accounting year.

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

Income from investment properties before fair value adjustment represents the profit from property operations less property management expenses.

Interest 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 the Group´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 balance sheet items concerning discontinued activities are reported unchanged in the respective entries.

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.

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. Goodwill is not amortised but is tested for depreciation at least once per year.

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 economic lifetime 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 economic lifetime of up to four years. However, if these are included as a part of group developed software relating to the Group's transition programme, they are amortised over eight years.
The Group's transition programme is an internal IT project that will create a common infrastructure across the Nordic countries and thereby create significant efficiency savings. The project is expected to run for the next six to eight years.

Costs for group developed software that are directly connected with the production of identifiable and unique software products, where there is sufficient certainty that future earnings will exceed the costs in more than one year, are reported as intangible assets. Direct costs include personnel costs for software development and directly attributable relevant fixed costs. All other costs connected with the development or maintenance of software are continuously charged as expenses.

After completion of the development work, the asset is amortized linearly over the assessed economic lifetime, though over a maximum of eight years if the costs concern the Group's transition programme. Other development projects are amortized over a maximum of four years. The amortization basis is reduced by any write downs.

Assets under construction
Group-developed intangibles are recorded under the entry 'Assets under construction' until they are put into use, whereupon they are reclassified as software and are amortized in accordance with the amortization periods stated above.

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 economic lifetime, as follows:

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

Leasehold improvements are depreciated over the expected economic lifetime, 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 property is property that is used in the Group's operations. 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 economic lifetime 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 it is reclassified to owner-occupied property and depreciation will be made on a straight-line basis over the expected economic lifetime, 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, property and operating equipment
Operating equipment and intangible assets are assessed at least once per year to ensure that the depreciation method and the depreciation period that is used are connected to the expected economic lifetime. This also applies to the salvage value. Write-down is performed if depreciation has been demonstrated. A continuous assessment of owner-occupied property is performed using the same method as investment property.

Goodwill is tested annually for depreciation, or more often if there are indications of depreciation, and is performed for each cash-generating unit to which the asset belongs. The present value is normally established using budgeted cash flow based on business plans. The business plans are based on previous experiences and expected market development.

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 recognised at fair value when first reported, if they are entered in a portfolio that is managed in accordance with fair value. Derivative financial instruments are similarly classed as financial assets for commercial purposes, unless they are classified as security.

Realized and unrealized profits and losses that may arise as a result of changes in the fair value for the category financial assets at fair value are recognised in the income statement in the period in which they arise.

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 derivatives if they cannot unambiguously be attributed to the former. Negative fair values of derivatives are recognised under derivatives. Positive and negative values are only offset when the company is entitled or intends to make net settlement of more financial instruments.

Calculation of value is generally performed on the basis of rates supplied by Nordea with relevant information contractors and is checked by the Group's valuation technicians. Discounting on the basis of market interest rates is applied in the case of derivative financial instruments, where an expected future payment flow is included.

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 is-

sued 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 receivables 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

Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable. Other receivables primarily contain accounts receivable in connection with property.

Derivative financial instruments are reported from the trading date and are assessed in the balance at fair value. Receivables that arise as a result of insurance contracts are classified in this category and are reviewed for depreciation as a part of the write-down test of accounts receivable.

Receivable that are not derivative financial instruments are recognised for the first time at fair value and are subsequently assessed at amortized cost price. The income statement includes an estimated reservation for an expected unobtainable sum when there is a clear indication that the asset has depreciated. The reservation entered is assessed as the difference between the asset's balance sheet value and the present value of expected future cash flow.

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 other comprehensive income 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 monthly average exchange rates for the period. Any resulting exchange rate differences are recognised in other comprehensive income. 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. The Norwegian security fund provisions include provisions for the Norwegian Natural Perils Pool, security reserve, administration reserve and guarantee reserve. The Danish and Swedish provisions comprise security fund provisions. Deferred tax from the Norwegian and Swedish security fund provisions is earmarked.

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 incentive 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 other comprehensive income. The plan is closed for new business.

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.

Other provisions
Own insurances are included under other provisions. The provisions apply to the Group's own insurance claims and are reported when the damages occur, and are reported according to the same principle as the Group's other claim provisions.

Debt
Debt comprises debt in connection with direct insurance and reinsurance, debt to credit institutions, current tax obligations and other debt.

Derivative financial instruments are assessed at fair value according to the same practice that applies to financial assets. Other obligations are assessed at amortized cost price with application of 'the effective interest method'.

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 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 purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments and deposits in Credit institutions.

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.

Income statement (parent company)

DKKm			2010	2011
Notes	**Investment activities**			
1	Income from subsidiaries		475	901
	Interest income		2	0
	Value adjustment		-1	1
	Interest expenses		-2	0
	Investment management charges		-8	-8
	Total return on investment activities		**466**	**894**
2	Other expenses		-58	-57
	Profit before tax		**408**	**837**
3	Tax		17	15
	Profit on continuing business		**425**	**852**
	Profit for the year		**425**	**852**
	Proposed distribution for the year:			
	Dividend		256	400
	Transferred to Net revaluation as per equity method		-1,965	623
	Transferred to Retained profits		2,134	-171
			425	**852**

Statement of financial position (parent company)

DKKm		2010	2011
Notes	**Assets**		
4	Investments in subsidiaries	8,339	8,985
	Total investments in subsidiaries	**8,339**	**8,985**
	Total investment assets	**8,339**	**8,985**
	Receivables from subsidiaries	59	23
	Other receivables	4	0
	Total receivables	**63**	**23**
5	Current tax assets	17	17
6	Deferred tax assets	1	0
	Total other assets	**18**	**17**
	Total prepayments and accrued income	**55**	**0**
	Total assets	**8,475**	**9,025**
	Liabilities		
	Shareholders' equity	**8,475**	**9,024**
	Debt to subsidiaries	0	1
	Other debt	0	1
	Total debt	**0**	**1**
	Total liabilities and equity	**8,475**	**9,025**

7 **Debt to credit institutions**
8 **Capital adequacy**
9 **Contractual obligations, contingent liabilities and collateral**
10 **Related parties**
11 **Reconciliation of differences in the profit and the shareholders' equity**
12 **Accounting policies**

Statement of changes in equity (parent company)

DKKm	Share capital	Revalua-tion reserves	Retained earnings	Proposed dividends	Total
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 shareoptions			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**
2011					
Profit for the year		623	-171	400	852
Change in equalisation provision					0
Change in revaluation reserves previous years					0
Revaluation of owner-occupied properties		20			20
Exchange rate adjustment of foreign entities		29			29
Hedge of foreign currency risk in foreign entities		-27			-27
Tax on equity entries		1	-22		-21
Total comprehensive income	0	646	-193	400	853
Nullification of own shares	-65		65		0
Dividend paid				-256	-256
Dividend own shares			14		14
Purchase of own shares			-91		-91
Exercise of share options			15		15
Issue of share options			14		14
Total equity entries in 2011	**-65**	**646**	**-176**	**144**	**549**
Shareholders' equity at 31 December 2011	**1,533**	**1,998**	**5,093**	**400**	**9,024**

Proposed dividend per share DKK 6.52 (in 2010 DKK 4.00).
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 61,316,103. The dividend is not paid until approved by the shareholders at the annual general meeting. Tryg Forsikring A/S' Norwegian branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 2,430m (in 2010 DKK 2,887m) Tryg Forsikring A/S' Swedish branch, has in its branch financial statements included provisions for contingency funds in the amount of DKK 144m (in 2010 DKK 143m). 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		2010	2011
1	**Income from subsidiaries**		
	Tryg Forsikring A/S	475	901
		475	**901**
2	**Other expenses**		
	Administrative expenses	-58	-57
		-58	**-57**
	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, Group Executive Management and risk-takers appears in note 10 'Related parties'. Refer to note 6 in the Tryg Group for a specification of the audit fee.		
	Average number of full-time employees during the year	0	0
3	**Tax**		
	Reconciliation of tax expenses		
	Tax on financial loss before profit/loss in subsidiaries and tax	17	15
		17	**15**
	Effective tax rate	%	%
	Tax on financial loss	25	23
		25	**23**

DKKm		2010	2011
4	**Investments in subsidiaries**		
	Cost		
	Balance 1 January	6,987	6,987
	Balance 31 December	6,987	6,987
	Revaluations and impairment writedowns at net asset value		
	Balance 1 January	3,151	1,352
	Revaluations during the year	641	902
	Dividend paid	-2,440	-256
	Balance 31 December	1,352	1,998
	Carrying amount 31 December	**8,339**	**8,985**
	Name and registered office	**Ownership shares in %**	**Equity**
	2011		
	Tryg Forsikring A/S, Ballerup	100	100
	2010		
	Tryg Forsikring A/S, Ballerup	100	100
5	**Current tax assets**		
	Current tax, beginning of year	17	17
	Current tax for the year	17	16
	Tax paid durring the year	-17	-16
		17	**17**
6	**Deferred tax assets**		
	Capitalised tax loss		
	Tryg A/S	1	0
	Non-capitalised tax loss		
	Tryg A/S	18	18

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		2010	2011
7	**Debt to credit institutions**		
	Tryg A/S has established committed credit facilites totalling DKK 800m with a number of Danish banks. These credit facilities expire on 31 December 2012.		
8	**Capital adequacy**		
	Shareholders' equity according to annual report	8,475	9,024
	Proposed dividend	-256	-400
	Solvency requirements to subsidiary undertakings – 50%	-2,516	-2,508
	Tier 1 Capital	**5,703**	**6,116**
	Subordinate loan capital	804	848
	Solvency requirements to subsidiary undertakings – 50%	-2,515	-2,507
	Capital base	**3,992**	**4,457**
	Weighted items	**3,309**	**3,970**
	Solvency pct.	**121**	**112**

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

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

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.

10 Related parties

The Group has no other closely related parties with a decisive influence other than the parent company, TryghedsGruppen Smba. Closely related parties with significant influence include the Supervisory Board, the Executive Management, and these persons' related family.

Related parties are the same as in Tryg Group, please refer to note 29 (in the Group)

Parent company
Tryghedsgruppen smba
TryghedsGruppen smba controls 60% of the shares in Tryg A/S.

Subsidiaries and associates
Tryg A/S controls Tryg Forsikring A/S 100%.

Intra-group trading involved	2010	2011
- Providing and receiving services	-61	-61
- Intra-group account	76	23
- Interest	2	0

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

DKKm		2010	2011
11	**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	593	1,140
	Current years effect of actuarial gains and losses on pension obligation after tax	-164	-288
	Change in the year in deferred tax provisions for contingency funds	-4	0
	Profit – Danish FSA executive order	**425**	**852**
	Equity reconciliation		
	Shareholders' equity – IFRS	8,458	9,007
	Deferred tax provisions for contingency funds	21	17
	Change in the year in deferred tax provisions for contingency funds	-4	0
	Equity – Danish FSA executive order	**8,475**	**9,024**
12	**Accounting policies**		
	Please refer to Tryg Groups' Accounting policy.		

Fourth quarter of 2011 | Quarterly outline

DKKm	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Private Nordic									
Gross premiums earned	**2,338**	**2,391**	**2,562**	**2,574**	**2,654**	**2,698**	**2,774**	**2,859**	**2,766**
Technical result	99	-167	240	211	162	166	273	263	184
Key ratios									
Gross claims ratio	78.7	92.2	74.0	80.9	76.9	77.2	74.1	87.9	77.0
Business ceded as a percentage of gross premiums	1.1	-0.7	1.7	-3.5	1.0	1.7	1.3	-11.9	0.3
Claims ratio, net of ceded business	79.8	91.5	75.7	77.4	77.9	78.9	75.4	76.0	77.3
Gross expense ratio	17.2	16.3	15.5	15.2	16.9	16.2	16.0	15.5	16.7
Combined ratio	**97.0**	**107.8**	**91.2**	**92.6**	**94.8**	**95.1**	**91.4**	**91.5**	**94.0**
Commercial Nordic									
Gross premiums earned	**947**	**1,019**	**1,046**	**1,052**	**1,066**	**1,063**	**1,060**	**1,075**	**1,039**
Technical result	29	-376	-47	-57	5	-41	48	44	66
Key ratios									
Gross claims ratio	70.9	117.2	83.3	80.7	76.7	81.2	65.7	95.5	68.4
Business ceded as a percentage of gross premiums	2.1	-2.5	-4.0	0.9	0.0	2.0	6.3	-23.1	1.8
Claims ratio, net of ceded business	73.0	114.7	79.3	81.6	76.7	83.2	72.0	72.4	70.2
Gross expense ratio	24.6	23.0	25.9	24.6	23.5	22.1	24.5	23.9	24.0
Combined ratio	**97.6**	**137.7**	**105.2**	**106.2**	**100.2**	**105.3**	**96.5**	**96.3**	**94.2**
Corporate Nordic									
Gross premiums earned	**1,335**	**1,240**	**1,286**	**1,266**	**1,332**	**1,286**	**1,317**	**1,360**	**1,312**
Technical result	205	188	204	-82	94	151	175	184	21
Key ratios									
Gross claims ratio	70.3	59.4	62.6	85.3	78.4	67.8	77.6	85.3	91.2
Business ceded as percentage of gross premiums	1.9	12.7	7.9	10.1	2.3	9.3	-2.9	-9.6	-4.6
Claims ratio, net of ceded business	72.2	72.1	70.5	95.4	80.7	77.1	74.7	75.7	86.6
Gross expense ratio	13.0	13.2	14.1	11.5	13.0	12.2	12.7	11.3	12.6
Combined ratio	**85.2**	**85.3**	**84.6**	**106.9**	**93.7**	**89.3**	**87.4**	**87.0**	**99.2**

DKKm	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Other [a]									
Gross premiums earned	**-11**	**0**	**-4**	**-6**	**-3**	**-9**	**-6**	**-5**	**-17**
Technical result	-16	1	-3	2	0	0	0	0	0
Tryg									
Gross premiums earned	**4,609**	**4,650**	**4,890**	**4,886**	**5,049**	**5,038**	**5,145**	**5,289**	**5,100**
Technical result	317	-354	394	74	261	276	496	491	271
Return on investment activities	210	204	-208	308	266	105	3	-205	163
Profit/loss before tax	527	-113	173	369	512	361	487	274	447
Profit/loss	448	-102	128	198	369	271	362	163	344
Key ratios									
Gross claims ratio	74.5	88.9	73.1	82.1	77.2	75.7	72.9	88.9	79.0
Business ceded as percentage of gross premiums	1.6	2.5	2.1	0.8	1.1	3.6	1.6	-13.7	-0.9
Claims ratio, net of ceded business	76.1	91.4	75.2	82.9	78.3	79.3	74.5	75.2	78.1
Gross expense ratio	18.0	17.2	17.3	16.3	17.2	16.6	17.0	16.3	17.4
Combined ratio	**94.1**	**108.6**	**92.5**	**99.2**	**95.5**	**95.9**	**91.5**	**91.5**	**95.5**

a) Amounts relating to eliminations are included in 'Other'

Fourth quarter of 2011 | Geographical segments

DKKm	Q4 2010	Q4 2011	2010	2011
Danish general insurance				
Gross premiums earned	**2,522**	**2,480**	**9,636**	**9,999**
Technical result	112	257	166	1,023
Run-off gains/losses, net of reinsurance	196	266	615	770
Key ratios				
Gross claims ratio	77.4	82.7	82.0	83.5
Business ceded as % of gross premiums	2.1	-6.1	0.7	-8.1
Claims ratio, net of ceded business	79.5	76.6	82.7	75.4
Gross expense ratio	16.6	13.1	16.1	15.0
Combined ratio	**96.1**	**89.7**	**98.8**	**90.4**
Number of full-time employees, end of period			2,342	2,308
Norwegian general insurance				
Gross premiums earned	**1,914**	**1,991**	**7,490**	**7,916**
Technical result	191	84	389	598
Run-off gains/losses, net of reinsurance	84	49	177	181
Key ratios				
Gross claims ratio	75.1	72.6	76.7	73.2
Business ceded as % of gross premiums	-0.3	5.2	3.1	3.2
Claims ratio, net of ceded business	74.8	77.8	79.8	76.4
Gross expense ratio	16.1	18.9	15.7	17.0
Combined ratio	**90.9**	**96.7**	**95.5**	**93.4**
Number of full-time employees, end of period			1,338	1,338
Swedish general insurance [a)]				
Gross premiums earned	**463**	**488**	**1,769**	**2,050**
Technical result	-30	-47	-124	-59
Run-off gains/losses, net of reinsurance	6	16	32	-7
Key ratios				
Gross claims ratio	83.8	83.4	84.6	82.0
Business ceded as % of gross premiums	2.2	2.9	0.8	2.6
Claims ratio, net of ceded business	86.0	86.3	85.4	84.6
Gross expense ratio	22.0	25.8	22.4	20.3
Combined ratio	**108.0**	**112.1**	**107.8**	**104.9**
Number of full-time employees, end of period			414	423

DKKm	Q4 2010	Q4 2011	2010	2011
Finnish general insurance				
Gross premiums earned	**153**	**158**	**593**	**644**
Technical result	-12	-23	-56	-28
Run-off gains/losses, net of reinsurance	0	0	0	0
Key ratios				
Gross claims ratio	81.0	84.2	80.9	79.8
Business ceded as % of gross premiums	0.0	0.0	0.8	0.8
Claims ratio, net of ceded business	81.0	84.2	81.7	80.6
Gross expense ratio	28.1	31.0	29.3	25.6
Combined ratio	**109.1**	**115.2**	**111.0**	**106.2**
Number of full-time employees, end of period			197	249
Other [b]				
Gross premiums earned	**-3**	**-17**	**-13**	**-37**
Technical result	0	0	0	0
Tryg				
Gross premiums earned	**5,049**	**5,100**	**19,475**	**20,572**
Technical result	261	271	375	1,534
Return on investment activities	266	163	570	66
Other income and expenses	-15	13	-4	-31
Profit/loss before tax	512	447	941	1.569
Run-off gains/losses, net of reinsurance	286	331	824	944
Key ratios				
Gross claims ratio	77.2	79.0	80.2	79.2
Business ceded as % of gross premiums	1.1	-0.9	1.6	-2.5
Claims ratio, net of ceded business	78.3	78.1	81.8	76.7
Gross expense ratio [c]	17.2	17.4	17.0	16.8
Combined ratio	**95.5**	**95.5**	**98.8**	**93.5**
Number of full-time employees, end of period			4,291	4,318

a) Moderna Försäkringar is included in 'Swedish general insurance' from 2 april 2009.
b) Amounts relating to 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

	2007	2008	2009	2010	2011
Claims ratio, net	66.5	70.1	74.2	81.3	75.9
Expense ratio, net	17.1	17.5	17.6	17.4	17.8
Combined ratio, net	83.6	87.6	91.8	98.7	93.7
Expense ratio, net without adjustment	17.1	17.9	17.5	17.4	17.9
Gross profit ratio	18.6	14.3	8.7	1.9	7.5
Profit ratio, net of reinsurance	19.6	15.0	9.2	2.0	7.9
Gross technical interest ratio	3.0	2.9	0.9	0.7	0.9
Technical interest ratio, net of reinsurance	3.2	3.0	0.9	0.7	0.9
Return on equity before tax on continuing business (%)	33.3	15.3	29.3	10.4	18.0
Return on equity after tax on continuing business (%)	24.3	9.7	22.3	7.5	12.8
Average provisions for unearned premiums	5,288	5,252	5,654	6,514	6,876
Average provisions for claims	20,808	20,454	21,110	23,677	25,912
Average reinsurers' share of provisions for insurance contracts	1,574	1,312	1,178	1,454	1,828
Reserve ratio, provisions for unearned premiums (%)	33.2	30.0	34.8	35.0	33.7
Reserve ratio, provisions for claims (%)	130.1	116.3	125.8	127.8	131.0
Reserve ratio, total	163.3	146.3	160.6	162.8	164.7
Number of full-time employess, end of period, discontinued and divested business	26	26	26	1	0
Share performance					
Earnings per share (DKK)	33.5	12.8	31.7	9.5	18.9
Diluted earnings per share (DKK) [a)]			31.7	9.5	18.9
Average number of shares (1,000)	67,648	66,184	63,334	62,362	60,401
Diluted average number of shares (1,000) [a)]			63,448	62,444	60,401
Share price 31.12 (DKK)	388.0	328.0	342.8	257.5	319.0
Quoted price/net asset value	2.6	2.6	2.3	1.8	2.1

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

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

Glossary

Gross profit margin

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

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 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 2013/2014.

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.

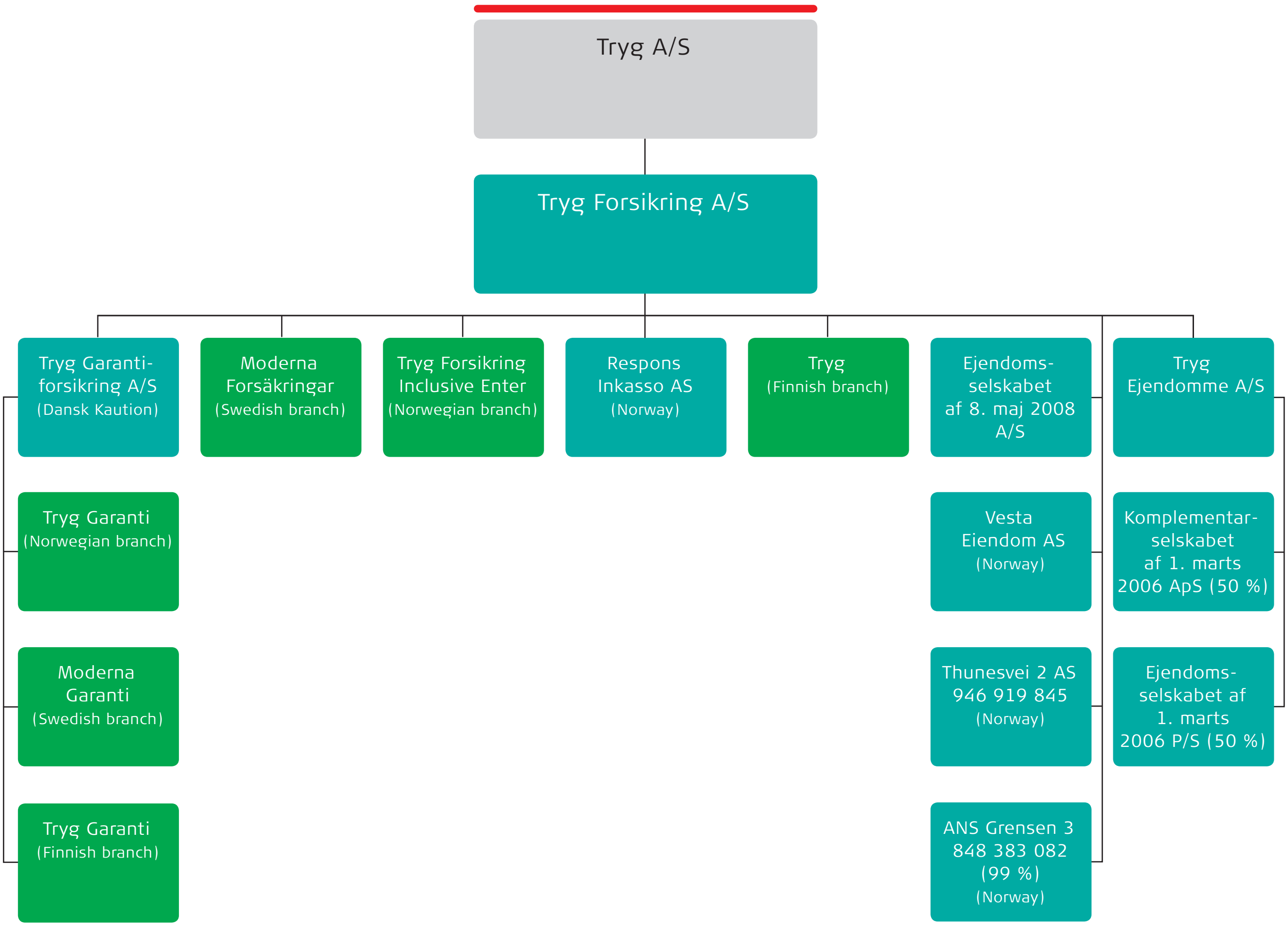
A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive envrironment, developments in the financial markets, extra ordinary 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 anticiparted, 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 2012. Companies and branches are wholly-owned by Danish owners and placed in Denmark unless otherwise stated.

Company Branch

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