Annual report **2015**

Contents – Management's review

Learn more

Reference to further information at tryg.com.
Reference to further information in the annual report.
Reference to contents.

Tryg is the second-largest non-life insurance company in the Nordic region. We are the largest player in Denmark and the third-largest in Norway. In Sweden, we are the fifth-largest company in the market.

We offer a broad range of insurance products to both private individuals and businesses.

Our 3,400 employees provide peace of mind for 2.8 million customers and handle approximately 950,000 claims on a yearly basis.

Our ambition is to become the world's best insurance company.

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Income overview

DKKm	Q4 2015	Q4 2014	2015	2014	2013	2012	2011
Gross premium income	**4,393**	**4,646**	**17,977**	**18,652**	**19,504**	**20,314**	**19,948**
Gross claims	-2,988	-2,976	-13,562	-12,650	-14,411	-14,675	-15,783
Total insurance operating costs	-615	-684	-2,720	-2,689	-3,008	-3,295	-3,271
Profit/loss on gross business	790	986	1,695	3,313	2,085	2,344	894
Profit/loss on ceded business	-272	-220	710	-341	349	86	507
Insurance technical interest, net of reinsurance	4	9	18	60	62	62	171
Technical result	**522**	**775**	**2,423**	**3,032**	**2,496**	**2,492**	**1,572**
Investment return after insurance technical interest	201	13	-5	360	588	585	61
Other income and costs	-19	-20	-91	-90	-91	-60	-30
Profit/loss before tax	**704**	**768**	**2,327**	**3,302**	**2,993**	**3,017**	**1,603**
Tax	11	-135	-395	-755	-620	-837	-455
Profit/loss on continuing business	**715**	**633**	**1,932**	**2,547**	**2,373**	**2,180**	**1,148**
Profit/loss on discontinued and divested business after tax	6	7	49	10	-4	28	-8
Profit/loss	**721**	**640**	**1,981**	**2,557**	**2,369**	**2,208**	**1,140**
Run-off gains/losses, net of reinsurance	241	338	1,212	1,131	970	1,015	944
Key figures							
Total equity	9,831	11,119	9,831	11,119	11,107	10,979	9,007
Return on equity after tax (%)	27.5	23.0	18.9	23.0	21.5	22.1	13.1
Number of shares at 31 December (1,000)	282,316	289,120	282,316	289,120	296,870	303,474	301,866
Earnings per share	2.53	2.19	6.95	8.74	7.88	7.30	3.77
Net asset value per share (DKK)			34.82	38.46	37.41	36.18	29.84
Dividend per share (DKK)			6.00[a)]	5.80	5.40	5.20	1.30
Premium growth in local currencies	-1.6	-0.1	-0.8	-1.1	-2.7	-0.1	3.6
Gross claims ratio	68.0	64.1	75.4	67.8	73.9	72.2	79.1
Net reinsurance ratio	6.2	4.7	-3.9	1.8	-1.8	-0.4	-2.5
Claims ratio, net of ceded business	74.2	68.8	71.5	69.6	72.1	71.8	76.6
Gross expense ratio	14.2	14.9	15.3	14.6	15.6	16.4	16.6
Combined ratio	**88.4**	**83.7**	**86.8**	**84.2**	**87.7**	**88.2**	**93.2**
Run-off, net of reinsurance (%)	-5.5	-7.3	-6.7	-6.1	-5.0	-5.0	-4.7
Large claims, net of reinsurance (%)	3.1	4.3	3.4	3.1	2.1	2.3	2.7
Weather claims, net of reinsurance (%)	5.4	2.6	3.4	2.4	3.2	1.8	3.6
Combined ratio on business areas							
Private	87.0	82.4	85.4	82.5	86.0	87.7	92.7
Commercial	85.0	74.5	83.6	79.4	85.4	81.3	89.6
Corporate	99.4	90.4	90.7	89.8	91.7	91.4	93.6
Sweden	73.2	98.3	83.5	92.0	91.2	95.3	102.9

a) Dividend per share in 2015 includes dividend paid out in July of DKK 2.50 and proposed dividend of DKK 3.50.

Customer focus and increasing dividend

Enhanced customer experience

In 2015, we continued our efforts to improve customer experience. Focus has most importantly been on improving our customer services, for example through the increased empowerment of front-line staff as a way of increasing first-contact resolution. We are continuously following up on our customers' assessment of their contact with Tryg. We are therefore pleased to note a significant improvement in our NPS score, up from 11 at the Capital Markets Day in November 2014 to 22 in Q4 2015 and with more than 78% of our customers returning ratings of 9 or 10 in the text message surveys used to capture customer feedback after each customer contact. It is also good news for Tryg's customers that TryghedsGruppen, which owns 60% of Tryg, has decided to pay out a bonus to Tryg's Danish customers from 2016.

Efficient insurance operations

A profit of DKK 1,981m was returned, equivalent to a return on equity of 18.9%, together with a combined ratio of 86.8 and an expense ratio of 14.9 before one-off costs. The return on equity was below target due to very low investment income and one-offs. Tryg met the combined ratio and expense ratio targets for 2015. Tryg aims to achieve efficiency improvements of DKK 750m in the period up until 2017, and the delivery of savings of DKK 165m in 2015 exceeded the target for the year. The efficiency programme will be key to improving results and reaching an expense ratio of 14 or below in 2017.

Efficient risk management

Risk management is essential for an insurance company – spanning from the overall risk management of Tryg to the pricing of our products. A milestone in 2015 was the Danish Financial Supervisory Authority's approval of Tryg's internal capital model, which means that Tryg is well-prepared for the implementation of the Solvency II regulatory regime from 2016. Risk management is also important in relation to individual products, and in 2015 a small number of products, in particular contents and property, did not develop satisfactorily. Minor price adjustments and improved claims assessment procedures will therefore be introduced. Tryg continuously assesses developments in the number and size of claims.

Stable and increasing dividend for shareholders

Being a shareholder in Tryg must be attractive, and in accordance with Tryg's dividend policy, we strive to ensure that a steadily increasing dividend is paid to Tryg's shareholders. The Supervisory Board proposes that a dividend of DKK 3.50 be paid for the second half of the year, bringing the dividend paid out for 2015 to DKK 6.00 per share. Tryg also assesses the relevance of extraordinary share buy backs as a way of increasing value creation for our shareholders. In 2015, we completed a DKK 1bn share buy back programme, and in 2016 we will execute a similar programme, while at the same time ensuring a solid capital base. The total yield to shareholders was 6.9% for 2015.

Thank-you to employees

The delivery of an enhanced customer experience and the financial results has only been possible through the committed efforts of Tryg's employees, and the Supervisory Board and the Executive Board would like to thank all for their hard work.

Morten Hübbe
Group CEO

Jørgen Huno Rasmussen
Chairman

Events in 2015

Share buy back programme initiated
On 2 January, Tryg initiated an extraordinary share buy back of DKK 1bn, which was completed on 18 December 2015.

Contents insurance 'Best in Test'
Tryg's contents insurance was named 'Best in Test' by the Danish Consumer Council's magazine TÆNK. The criteria tested are coverage, customer satisfaction, number of appeals and price.

New car insurance product
Tryg launched a new car insurance product in Denmark. The product provides basic coverage, and in addition customers can buy add-on products to cover their exact insurance needs. Read about the car insurance at tryg.dk.

Tryg's 'A-' rating maintained
The credit rating agency Standard & Poor's reconfirmed Tryg and Tryg Garanti's 'A-/stable' rating.

New car insurance in Sweden
Moderna, Tryg's Swedish branch, launched a new car insurance product, 'Moderna Smart'. The price of the new product is differentiated depending on the driver's driving style, which is recorded by a mobile app. Read more about the insurance on modernaforsakringar.se.

Acquisition of Swedish child insurance portfolio
Tryg acquired Skandia's child and adult insurance portfolio with a premium volume of approximately SEK 250m. The portfolio will be integrated into Tryg's Swedish branch Moderna in H1 2016.

TryghedsGruppen's members' bonus scheme approved
Tryg's majority shareholder TryghedsGruppen's member bonus scheme was approved by the Danish Business Authority. The scheme allows TryghedsGruppen to pay out some of its profit to members (policyholders of Tryg Forsikring A/S in Denmark).

New health insurance in Denmark
A new health insurance product was launched in Denmark, which includes a prevention app named 'TrygHealth'. The app provides access to a medical hotline via mobile video conferencing and includes Healthcare profile Plus cover, which allows the insured to hold video conferences with a dietitian or physiotherapist. Read more about the new health insurance at tryg.dk.

January | February | March | April | May | June | July | August | September | October | November | December

Tryg share split 1:5
On 12 May, Tryg split its share in 1:5, meaning each share with a nominal value of DKK 25 was replaced by five shares with a nominal value of DKK 5. The Tryg share was split as the price was up to more than DKK 600 in 2014, making it the second-most expensive share in the C20 index.

Tryg's car insurance Best in Test
Tryg's new car insurance product launched in March 2015 was recommended as 'Best in Test' by the Danish Consumer Council. The test also showed that Tryg is the company with the lowest number of complaints tried before the appeals board.

Launch of change of car ownership insurance
Tryg was the first company to introduce a change of car ownership insurance product in Denmark. The product is for customers buying and selling cars privately and covers mechanical damage for the first six months. Read more about the insurance at tryg.dk.

Launch of new accident insurance
Tryg launched new personal accident products in Denmark and Norway. The products provide basic cover with the option of taking out additional cover, for example for critical illness for children and young people. Read more about the products at tryg.dk and tryg.no.

Moderna – insurance broker of the year
For the third year running, Tryg's branch in Sweden, Moderna, was named insurance broker of the year within the commercial and corporate segments.

CFO resigning
Group CFO Tor Magne Lønnum is resigning to take up a position as CFO of Aimia Inc in Montreal, Canada. He will stay on as CFO of Tryg until the end of April 2016.

Denmark hit by storm
On 29 November, Denmark was hit by a storm, named Gorm. Tryg received approximately 9,000 claims, of which 24% were reported within the first 24 hours, and 20% were reported online.

Flooding in parts of Norway
The eastern parts of Norway were hit by severe floods. Tryg received approx. 500 claims.

Internal capital model
Tryg's internal capital model in relation to Solvency II was approved by the Danish FSA.

New bond issue
Tryg Forsikring A/S entered into an agreement on the issuance of Solvency II-compliant Tier 2 capital in the form of a bond issue in the amount of NOK 1.4bn (DKK 1.1bn) in the Norwegian market.

Organisational change
Tryg announced an organisational change of its daily management structure as of 1 January 2016. The Nordic business areas are transferred to national business areas with new directors. The new structure replaces the Group Executive Management and top management comprise an Executive Board comprising CEO, CFO and COO.

Targets and strategy

Our purpose

We create peace of mind and value for customers, employees and shareholders.

Our ambition

To become the world's best insurance company.

Our values

Our values are highly integrated in our culture and consistent with our purpose.

- We meet people with respect, openness and trust
- We show initiative, share knowledge and take responsibility
- We deliver solutions based on quality and simplicity
- We create sustainable results

Tryg's purpose is to create peace of mind and value for customers, employees and shareholders, and this must be at the core of everything we do.

Tryg's ambition is to become the world's best insurance company. This ambition lies at the heart of all the strategic measures implemented by Tryg. Tryg has identified its fundamental corporate values, which will help us meet our targets and support the company's ambition.

Our customers – our most important asset

Our customers are our most important asset. Tryg strives to continuously strengthen customer relations through our advisory services, products, concepts, claims handling procedures and claims prevention measures. In 2015, we had a strong focus on initiatives supporting the customer targets for 2017.

Our employees – our most important resource

Our employees are our most important resource and key to realising our vision of becoming the world's best insurance company. As an important step towards achieving this, all our employees must feel that they have an opportunity to be successful. Clear and ambitious targets must be set for each individual employee, and regular feedback must be provided. Aiming for the highest level of employee satisfaction in the financial sector in the Nordic region, Tryg was pleased to note a continued increase in employee satisfaction in 2015, with Tryg surpassing the general level of employee satisfaction in the financial sector in the region.

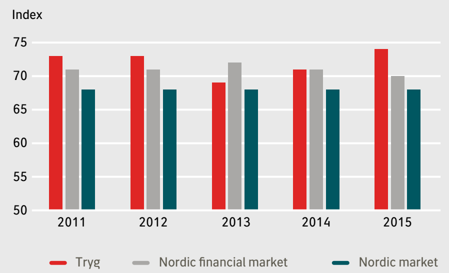
Value creation for our shareholders

Tryg's shareholders must see Tryg as a company with ambitious targets disbursing stable and increasing dividends. In 2015, Tryg did not meet its return on equity target due to very low investment income and one-off costs. Tryg met the combined ratio and expense ratio targets for 2015 and is on track to achieving the ambitious financial targets set for the period up until 2017.

Stable Nordic insurance market

The Nordic insurance market is characterised by consumers and businesses that have largely covered their insurance needs, combined with relatively low rates of economic growth. Profitability in the insurance industry is generally high as the vast majority of companies focus on earnings rather than growth. However, competition remained fierce in 2015 in both the Danish and Norwegian markets. In Denmark, the situation is impacted by the high profitability of car insurance combined with high sales of smaller and safer cars. Generally speaking, this development in car sales is leading to a lowering of insurance risk and a corresponding reduction in average premiums, reducing total premium income. Tryg has developed a new price-differentiated car product which partly mitigates this development through a slightly higher average premium. In Norway, the weakened economy affected the market somewhat, while a number of minor competitors actively gained market share. In general, the impact of aggregators was limited in both Denmark and Norway. Overall, Tryg's retention rate was quite stable, indicating that customers are generally satisfied with their insurance company. In Denmark, the retention rate increased somewhat, while a slight drop was seen in Norway.

Employee satisfaction 2011-2015



Market developments differed in Denmark and Norway in 2015. In Denmark, consumer optimism increased, leading to increasing real estate prices and a lower unemployment rate of around 4.6% at the end of 2015. Total car sales were up 9.9% in 2015 compared with 2014 and were characterised, in particular, by increased sales of small cars.

The Norwegian economy deteriorated in 2015 primarily due to the significant drop in oil prices although the Norwegian economy is generally very strong. The unemployment rate increased to around 4.4%. Car sales in Norway were up 4.5% in 2015.

Targets

Tryg has a strong focus on both financials and customers, and targets have therefore been set for both areas. Financial and customer targets are inextricably linked. Loyal customers mean high retention rates, keeping the expenses associated with attracting new customers low, thereby contributing to a low expense ratio. With the financial results posted for 2015, Tryg is on track to meeting the financial targets for 2017.

In 2015, Tryg improved its performance on all customer-related parameters as a result of a strong focus on improving customer experience in all parts of the organisation.

Financial targets 2015

- Return on equity of 20% after tax
- Combined ratio ≤90
- Expense ratio <15

Financial targets 2017

- Return on equity of ≥21% after tax
- Combined ratio ≤87
- Expense ratio ≤14

Customer targets 2017

- NPS + 100%
- Retention rate + 1 pp
- Customers ≥3 products + 5 pp

Strategic initiatives

Tryg has set up four strategic initiatives to support its financial and customer targets. The strategic initiatives for 2016 are unchanged from 2015.

Strategic initiatives 2016

- Next level pricing
- Customer journey & success culture
- Leading in efficiency
- IT stability and digitalisation

Next level pricing

Next level pricing (price differentiation) has been an ongoing initiative and Tryg's most important initiative in recent years. By the end of 2015, Tryg had developed 33 new price-differentiated products, and it is estimated that 85% of Tryg's tariffs are at peer level. This development supports the target of being ahead of peers for 25% of products and on a par with peers for the remaining products in 2017.

In 2016, as an important part of the next level pricing initiative, the portfolio will be converted to the new price-differentiated products. This will positively impact both profitability and efficiency, especially in claims handling through the standardised handling of insurance agreements with similar terms and conditions.

Customer journey & success culture

In 2015, Tryg implemented the Net Promoter Score (NPS) system in all sales and claims teams across Denmark, Norway and Sweden. In just one year, we have sent more than 600,000 automated text messages to customers after they have been in contact with us and received more than 200,000 replies. 78% rated their experience with Tryg between 9 and 10 on a scale of 1-10. Tryg's overall NPS score has almost doubled since the Capital Markets Day in November 2014, from 11 to 22, which means that our 2017 target of an NPS score of 22 has been achieved. Concurrently with the implementation of automated NPS data, all managers and front-line employees have received training and coaching in delivering a superior customer dialogue as close relations and the sense of genuinely being listened to are two of the factors which our customers rate most highly in the overall customer experience.

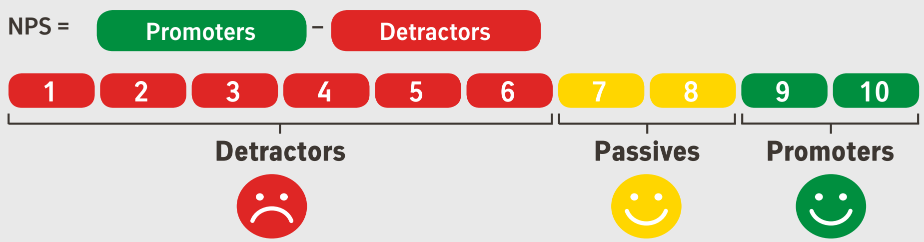
To increase employee competences and motivation, Tryg implemented the SuccessFactors tool in 2015, which allows corporate KPIs to be cascaded down throughout all management and employee levels. This creates clarity in terms of how the individual employee contributes to the overall corporate targets, which in turn leads to a more structured and continuous dialogue regarding the employee's own personal development.

Leading in efficiency

After having delivered on the previous efficiency programme targets, Tryg launched its new efficiency programme in 2015 with the aim of further reducing claims and direct costs by DKK 750m by the end of 2017, with DKK 500m relating to claims and DKK 250m to expenses. As regards the claims costs, a further consolidation of Tryg's Nordic procurement volume and the dedication of more resources to combatting fraud will be among the primary drivers, while outsourcing, digitalisation and process optimisation will contribute positively to reducing

How is the NPS defined?

The basic principle of the recommendation rate, the Net Promoter Score (NPS)®, is that each customer can be divided into three categories: Promoters, Passives and Detractors. **The NPS is based on the following question:** Would you recommend Tryg to a friend or colleague? The NPS is expressed as a value between -100 and 100. **Example:** If we ask 100 customers, and we score 9-10 with 50 customers and 1-6 with 40 customers, our NPS will be: 50-40 = 10



expenses and supporting the expense ratio target of 14 or below in 2017. During 2015, the outsourcing programme continued as planned, with 46 employees being outsourced, primarily in Finance. The potential of the outsourcing programme is deemed to be significant.

IT stability and digitalisation

IT stability is extremely important for an insurance company which is very dependent on IT systems for its customer communications within both sales and claims handling. Following the switch to TCS Tata Consultancy, Tryg has seen a continuous improvement in IT stability and is now within sight of the maximum downtime target. This is due to the joint efforts of Tryg and its partners, encompassing the transition of services, process optimisation, monitoring, upgrades and simplification of the IT structure and systems.

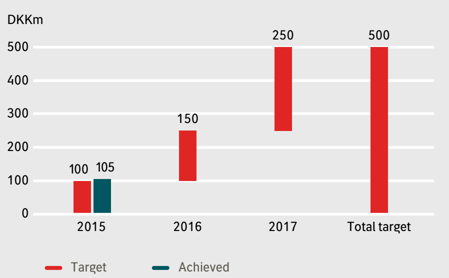
Digitalisation is very important and will become even more important in future. An expansion of Tryg's digital communication with customers requires the necessary acceptance by customers that we communicate digitally. In Denmark, 80% of customers have agreed to all future communications with Tryg being solely digital, while the figure for Norway is 63%. The digitalisation programme has focused on creating a better customer experience in Tryg's claims handling and services, and secondly on automation, also in the claims division. The programme is swiftly gaining momentum, having already released a number of new solutions. For 2016, the focus will be on self-service, automation, lead generation and cross sales. The target for 2017 is for 90% of our customers to be digital and for 80% of claims notifications from digital customers to be reported via Tryg's webpages.

Corporate Social Responsibility

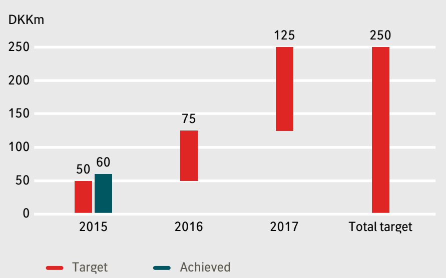
Corporate Social Responsibility is an integrated part of Tryg's core business, which is to create peace of mind and value for our customers, employees and shareholders. This means that Corporate Social Responsibility plays a constant role in the decisions which we make, in the improvement and development of our products and services, in the optimisation of our operations and in the positive contributions which we make to society at large through our activities.

Read more about Tryg's CSR activities on pages 35-36.

Efficiency programme – claims procurement



Efficiency programme – expenses



Change of car ownership insurance

Tryg was the first company to introduce a change of car ownership insurance product in Denmark. The product is for customers buying and selling cars privately and consists of a car test and a change of car ownership insurance.

Financial targets and outlook

Financial targets 2017

- Return on equity of ≥21% after tax
- Combined ratio ≤87
- Expense ratio ≤14

The return on equity for 2015 was below target due to very low investment income and one-off costs. Tryg met the combined ratio and expense ratio targets for 2015 and is well positioned for meeting the targets for 2017.

Tryg expects growth in gross premium income of 0-2% in local currencies in 2016. From 2017, we expect premium growth to be in line with GDP. The size of the motor market will generally be negatively impacted by technological developments, and Tryg has therefore announced that we will be taking a more active approach to acquiring smaller portfolios and developing the market for products which are expected to see higher growth rates such as pet insurance and child insurance. In general, acquisitions should support value creation through integration into Tryg's efficient and highly skilled organisation.

Tryg has a solid reserve position, and at the Capital Markets Day in November 2014, Tryg therefore announced that the run-off level was likely to be higher than the run-off level during the pre-2015 period. Tryg expects this to be the case until the end of 2017, after which we expect a long-term run-off level of 2.5-3%.

In 2016, weather claims net of reinsurance and large claims are expected to be DKK 500m and DKK 550m, respectively, which is unchanged relative to 2015.

The interest rate used to discount Tryg's technical provisions is historically low. An interest rate increase will have a positive effect on Tryg's results. Generally speaking, an interest rate increase of 1 percentage point will increase the pre-tax result by around DKK 300m and vice versa.

For the purpose of realising the financial targets, Tryg launched an efficiency programme aimed at realising savings of DKK 750m, with DKK 500m relating to the procurement of claims services and administration and DKK 250m relating to expenses. The target is DKK 225m for 2016 and DKK 375m in 2017.

The investment portfolio is divided into a match portfolio corresponding to the technical provisions and a free portfolio. The objective is for the return on the match portfolio and changes in the technical provisions due to interest rate changes to be neutral when taken together. From 2016, the curve used for discounting technical provisions will change due to the implementation of the Solvency II directive, and this might result in slightly more volatile match portfolio net results. The new curve increases the interest rate risk of the technical provisions, thereby introducing a larger difference between the match return and the changes in the technical provisions. Moreover, the curve introduces a component, 'Credit Risk Adjustment – or CRA', which cannot be hedged, and the impact from this component can only be negative.

The return on bonds in the free portfolio will vary, but given current interest rate levels, a low return is expected. For shares, the expected return is around 7% with the MSCI world index as the benchmark, while the expected return for property is around 6%. Investment activities also include other types of investment income and expenses, especially the cost of managing investments, the cost of currency hedges and interest paid on loans.

There has been a gradual lowering of tax rates in Denmark, Norway and Sweden in recent years. In Denmark, the tax rate was 23.5% in 2015 and will be reduced to 22% in 2016. The Norwegian tax rate was 27% in 2015 and will be reduced to 25% in 2016, while the Swedish rate was 22%. When calculating the total tax payable, account should also be taken of the fact that gains and losses on shareholdings are not taxed in Norway. All in all, this causes the expected tax payable for an average year to be reduced from around 22-23% to around 21% in 2016.

The value of the NOK fell in 2015, which had a negative impact on Tryg's operating profit. The share of equity held in NOK and SEK is continuously hedged in the financial markets.

Tryg's results

A result of DKK 1,981m affected by one-off costs and a low investment return. Proposed dividend of DKK 3.50 per share equivalent to a dividend of DKK 6 per share for 2015. A share buy back programme of DKK 1,000m is planned for 2016.

Financial highlights 2015

- Profit after tax of DKK 1,981m (DKK 2,557m)
- Return on equity after tax of 18.9% (23.0%)
- Technical result of DKK 2,423m (DKK 3,032m)
- Combined ratio of 86.8 (84.2)
- Premium income reduced by 0.8% (-1.1%)
- Claims ratio, net of ceded business, of 71.5 (69.6)
- Expense ratio of 15.3 (14.6) and 14.9 (15.3) before one-off effects
- Investment return, after transfer to insurance, of DKK -5m (DKK 360m)
- Proposed dividend of DKK 3.5 per share and DKK 6.0 when including H1 dividend
- DKK 1bn share buy back completed and a new DKK 1bn programme planned in 2016

Results

Reporting a return on equity of 18.9%, a combined ratio of 86.8 and an expense ratio of 15.3, Tryg met its combined ratio and expense ratio targets. The target was a combined ratio below 90 and an expense ratio below 15, and adjusted for one-off costs of DKK 120m relating to the ongoing efficiency programme, an expense ratio of 14.9 was realised. Due to the above-mentioned one-off costs and the very low investment result, Tryg did not meet the target of the return on equity of 20%.

Profit after tax was DKK 1,981m (DKK 2,557m), positively affected by the ongoing efficiency programme, which contributed savings of DKK 165m in 2015 against a target of DKK 150m. Profit after tax was adversely impacted by a low level of investment income and one-off costs relating to the efficiency programme. The total effect of weather claims, large claims and run-off was somewhat higher than in 2014. A slightly negative development was observed during the year, especially for the property lines across the different business areas, and this will be mitigated through price increases to the tune of 3% and new targeted claims assessment initiatives in 2016.

The one-off costs of DKK 120m incurred in Q3 2015 were in line with Tryg's statement at the Capital Markets Day (CMD) in November 2014 and relate primarily to Tryg's sourcing programme, but also to initiatives designed to achieve our first-contact resolution targets and improve our digital solutions. As communicated at the CMD, a thorough analysis undertaken by Tryg in cooperation with its sourcing partner has identified a significant sourcing potential both in the claims and in the administration parts of the business areas.

In 2015, Tryg maintained a strong focus on the customer targets for 2017. The Net Promoter Score (NPS) improved from 11 at the CMD to 22 by the end of 2015. Improving in all business areas in the course of the year, the NPS has proven to be a strong driver for improving customer loyalty. In 2015, the score improved very significantly, especially for Tryg's Norwegian business. At the end of 2015, the NPS was also implemented by Corporate with very high scores, with a particularly high score of 63 being achieved by our Guarantee business. At 88.1, the retention rate was up from 87.9 at the CMD. In 2015, we saw a significant improvement in Commercial Denmark from 86.6 at CMD to 87.9 in Q4 2015.

Customer highlights 2015

- NPS improved from 11 to 22
- Retention rate improved from 87.9 to 88.1
- Number of customers with three or more products up from 56.3% to 56.7%
- TryghedsGruppen's members' bonus scheme approved by the Danish Business Authority

The share of customer with three or more products increased from 56.3% to 56.7%. Increasing the number of products per customer is an effective way of improving customer loyalty and has been a focus area in all parts of the organisation.

In August, the Danish Business Authority approved the members' bonus scheme of TryghedsGruppen, Tryg's majority shareholder. Tryg expects the bonus scheme and the expected disbursement of bonus corresponding to 5-8% of the prior-year premium to support our customer targets and especially customer retention. The first bonus will be disbursed in spring 2016.

Customer targets

DKKm	CMD (Nov. 2014)	2015	Target 2017
Net Promoter Score (NPS)	11	22	22
Retention rate	87.9	88.1	88.9
Customers with ≥3 products (%)	56.3	56.7	61.3

As part of Tryg's customer focus, Commercial radically changed its structure in 2015 through increased empowerment of the front-line organisation and a reduction in back-office functions. This change will support first-contact resolution by removing a lot of unnecessary stops in connection with the selling of insurance. In Q4, Commercial also introduced Tryg Plus for commercial customers with many customer advantages.

Within Private, many new initiatives were introduced to improve first-contact resolution through new customer centre workflows. In Denmark, a significant improvement was achieved, with a first-contact resolution rate of 83% being realised, which is close to the target of 90%. In Private Norway, first-contact resolution stood at 75%, and with many initiatives in the pipeline for 2016.

In 2015, Tryg also had a strong focus on claims prevention. In 2014, Tryg was the first insurance company to start offering synthetic DNA marking in Denmark. The scheme was further rolled out in both Denmark and Norway in 2015 with good results, leading to a significant drop in break-ins in the targeted areas and also very positive customer responses, which attracted new customers to Tryg.

The development of price-differentiated products continued in 2015, and in March Tryg launched a new car insurance product in Denmark. This was the most important product launch since the start of Tryg's strategic initiative to develop price-differentiated products in 2012. The new product improved Tryg's competitive position in this very important market, and the Danish Consumer Council recommended Tryg's new car insurance product as being 'Best in Test'. Tryg also launched new house insurance, travel insurance, accident insurance and pet insurance products in Norway, while in Denmark we launched a new accident insurance product along with many products for our largest affinity agreement, including house, pet and motorcycle insurance.

In Q4 2015, Moderna launched the Moderna Smart motor app, which from the start has received much attention from customers and generated very strong sales. The app records the driver's driving style, and the car insurance price is then differentiated accordingly.

In 2015, a number of old products were converted to new and more up-to-date products. The conversion process was generally successful with a high hit rate. In 2016, the conversion of products will be a very important focus area. Tryg will convert almost 1 million insurance policies in 2016 primarily within the main areas of activity – motor, house and accident. This will contribute to increasing efficiency as old products can then be phased out. It also ensures that employees will only have one product to consider in their advisory and claims handling functions.

Digitalisation is a key strategic initiative for Tryg. In 2015, Tryg further increased the number of customers we contact digitally, both in our daily dealings with customers, but also as part of preparing for the customer bonus scheme. Tryg has digitalised 80% of its Danish and more than 60% of its Norwegian customers.

We know that many customers prefer self-service solutions, and we have therefore developed a self-service solution for our most important product, motor, in both Denmark and Norway, which allows customers to register their current kilometre readings and yearly mileages.

Claims reporting is one of the most important parameters for customers, and in Q4 a solution for the digital reporting of private contents claims was launched in Denmark. Tryg will continue to develop user-friendly solutions in 2016. To increase the number of products per customer, Tryg will also, as part of the digitalisation programme, encourage customers to buy new products through Tryg's 'My page' online solution in both Denmark and Norway.

Premiums

Premium income totalled DKK 17,977m (DKK 18,652m), representing a fall of 0.8% (-1.1%) when measured in local currencies. The development in premium income improved for Private and Sweden, but was somewhat lower for Commercial and Corporate. In 2015, Private saw an improved development trend, and the development in both customer numbers and sales improved in 2015 relative to 2014. The improvements were primarily due to a strengthened customer focus and new price-differentiated products with improved coverage, which had a positive effect on the development in premium income. Premium income in Commercial was down by 2.9% (-3.0%) in local currencies. In 2015, the Commercial retention rate improved in Denmark, but dropped in Norway. There is a general need to improve the balance between sales and retention rates in Commercial to achieve a positive development in the portfolio. Corporate posted premium growth of 0.0% (1.1%) in local currencies. For this business area, Tryg is prepared for more substantial fluctuations in premium income due to the competitive situation and the focus on having a profitable portfolio. The Swedish business saw a 3.1% (-7.4%) drop in premium income in local currencies. After the implementation of significant structural changes in recent years, the Swedish business generated higher-level sales in 2015 compared to sales levels under the distribution agreement with Nordea.

In Norway, Tryg's child insurance was acclaimed as Best in Test by the Norwegian Family Economy (Norsk Familieøkonomi). In 2015, Tryg made an agreement to acquire Skandia's child insurance portfolio. The portfolio is worth around SEK 250m, and the transaction is expected to take effect in H1 2016. Tryg generally views child insurance as a future growth area.

Claims

The gross claims ratio was 75.4 (67.8), with a claims ratio, net of ceded business, which covers both claims and business ceded as a percentage of gross premiums, of 71.5 (69.6). The claims level was positively impacted by the efficiency programme in the amount of DKK 105m due to combination of the improved procurement of claims services and claims administration. The net impact from weather claims, large claims and run-off impacted the claims ratio negatively by 0.1 percentage points. Apart from this, an increase was seen in the level of medium-sized claims as well as a higher claims level especially for the property lines across the different areas. The development in property insurance claims will be offset by minor price adjustments, but also through improved quality control for certain types of claims such as, for example, claims relating to pipes. Tryg saw an increase in such claims in 2015. We also saw an increase in the level of travel insurance claims, highlighting the fact that the price increases introduced in August 2014 in connection with the extension of cover for health-related issues no longer covered under the public health insurance schemes were too low. This development will be mitigated through price adjustments.

The claims-related measures implemented in 2015 included improved agreements on the procurement of claims services within contents insurance, including an agreement with Scalepoint and the gradual implementation of the IN4MO system for the management of all processes and deliveries in connection with building claims. Most agreements with claims service companies are based on a general model of fixed prices for specific tasks. This approach is easy to manage and encourages the swift handling of reported claims.

Tryg renewed a horizontal reinsurance agreement for the period from 1 July 2015 to 30 June 2016. In the event of total storm and cloudburst claims expenses in excess of DKK 300m, the agreement will cover the next DKK 600m. Only claims events in excess of DKK 20m are covered by the agreement. In H2 2015, storm and cloudburst claims totalled approximately DKK 190m, which means that after claims for another approximately DKK 110m, the agreement will provide cover in H1 2016.

Large claims amounted to 3.4% (3.1%) in 2015 and weather claims to 3.4% (2.4%). Large claims and weather claims totalled DKK 1,227m, which is somewhat higher than the average level of DKK 1,050m a year. The run-off level stood at 6.7% (6.1%), which underlines Tryg's solid provisions.

Expenses

The expense ratio was 15.3 (14.6). Adjusted for one-off costs of DKK 120m relating to the efficiency programme, the expense ratio was 14.9 and in line with the target of an expense ratio below 15 in 2015.

The efficiency programme contributed DKK 60m in 2015, corresponding to an impact on the expense ratio of 0.3 percentage points. The initiatives comprised cuts in Finance and IT as part of the outsourcing programme, but the changed Commercial structure also had a positive impact. Going forward, outsourcing in the various business areas will play an important role in meeting the DKK 250m target for the period up until 2017.

In 2015, the number of employees was reduced from 3,599 to 3,359.

Investment return

The investment return was negative by DKK 5m (DKK 360m) in 2015. The match portfolio totalled DKK 28.1bn and is made up of bonds which match the insurance provisions so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. At 31 December 2015, the value of the free portfolio totalled DKK 10.7bn.

The return on the match portfolio was DKK 1m (DKK 181m) after transfer to insurance technical interest. The return on the free investment portfolio was DKK 232m (DKK 548m). The return on the equity portfolio was positive at 3.4%, which was significantly lower than in 2014, which saw a return of 10% and was impacted by a volatile development for equities especially in Q3, which saw a significant drop leading to a negative return of 10.3%. Bonds produced a negative return of 0.1% (2.1%), with the total return being impacted especially by a negative return of 0.6% on covered bonds.

Profit/loss on discontinued business

A profit of DKK 49m (DKK 10m) was realised on discontinued business, comprising gains on provisions, primarily relating to the marine run-off business.

Tax

Tax on profit for the year totalled DKK 395m, or 17% of the profit before tax. The relatively low tax rate was due to a lower Norwegian tax rate and a merger of Tryg's property companies, which meant that a tax deficit in one of Tryg's properties could be utilised. In 2015, Tryg paid DKK 765m in income tax as well as various payroll taxes totalling DKK 362m, resulting in total tax payments of DKK 1.127m in 2015.

Capital position

Tryg's equity totalled DKK 9,831m (DKK 11,119m) at the end of 2015. Tryg determines the individual solvency requirement according to the Danish Financial Supervisory Authority's guidelines. The individual solvency requirement was DKK 6,193m at the end of 2015, and is measured based on the adequate capital base, which amounted to DKK9,525m. After recognition of a share buy back in 2015, Tryg's surplus cover is DKK 3,332m, corresponding to 54%.

Tryg's capital adequacy calculation includes approximately NOK 1.2bn after tax from the Norwegian Natural Perils Pool and the Norwegian guarantee scheme. On 26 August 2015, the Norwegian Ministry of Justice and Public Security started a consultation in relation to the use of the Norwegian Natural Perils Pool (NNP) as an Own Funds item under the Solvency II scheme. The most important message in the consultation material is that the classification of the Natural Perils Pool will be allowed as a Tier 2 capital item. Tryg expects a final solution to be announced in Q1 2016. The inclusion of the Natural Perils Pool as Tier 2 capital will lead to a potential for issuing future subordinated debt of approximately DKK 1bn.

On 2 January 2015, Tryg initiated a buy back of own shares for an amount of DKK 1,000m, which was finalised on 18 December 2015.

As earlier mentioned, Tryg has acquired Skandia's child insurance portfolio. This will lead to a capital impact of DKK 400-500m, both due to the price paid for the portfolio and the capital requirement relating to the portfolio.

In general, Tryg wants to acquire small portfolios which can be integrated in an effective way and support Tryg's financial targets over a three-year horizon, supporting a return on equity of 21%.

The transition to Solvency II from 1 January 2016 will have a positive impact on Tryg's capital position. Tryg has a Solvency II ratio of 176 on 1 January 2016.

Dividend policy

According to Tryg's dividend policy, the aim is for the dividend to be steadily increased. For H2 2015, a dividend of DKK 3.5 per share is proposed, corresponding to a total dividend per share based on the 2015 results of DKK 6 (DKK 5.8), representing total dividend payments of DKK 1,759 or 89% of the profit for the year.

In 2015, a DKK 1bn share buy back was completed, and Tryg has planned a DKK 1bn share buy back programme once approved by the Danish Financial Supervisory Authority.

The total yield for shareholders was 6.9% in 2015.

Events after balance sheet date

The introduction of Solvency II will have a significant impact on Tryg's capital position in various areas and will be taken in to account as of 1 January 2016. Read more on in the section Capital and risk management on pages 24-25 and Download the newsletter at Tryg.com

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.

Results for Q4 2015

The profit after tax totalled DKK 721m (DKK 640m) based on a technical result of DKK 522m (DKK 775m) and an investment result of DKK 201m (DKK 13m).

Profit after tax was positively affected by the ongoing efficiency programme which had an impact of DKK 32m in the quarter. The investment income rebounded somewhat from the very negative development in Q3 2015 with a result of DKK 201m. The net effect of weather claims, large claims and run-off was up by 3 percentage points in the quarter, with weather claims being especially high. The claims level was also impacted by a higher claims level from the property lines across the different business areas.

Premiums

Premiums developed negatively by 1.6% (-0.1%) in local currencies. In Private, the positive development continued with growth of 1.1% (-0.2%) in local currencies, reflecting both a strong development in sales and stable retention rates. In Commercial, premiums dropped by 5.0% (-1.8%) in local currencies, reflecting a competitive Norwegian market which was also impacted by the economic situation, whereas Commercial in Denmark saw stable development but was impacted by the individual regulation of a number of large accounts. In Corporate, premium growth was negative at 2.1% (1.5%) in local currencies, reflecting a more competitive Norwegian market. The Swedish business saw a drop in premium income of 6.1% (1.6%) in local currencies following the termination of a large affinity agreement.

Claims

The gross claims ratio was 68.0 (64.1), with a claims ratio, net of ceded business, which covers both claims and business ceded as a percentage of gross premiums, of 74.2 (68.8). The higher level of claims can be ascribed especially to a high level of weather claims of 5.4% (2.6%). Sweeping across Denmark at the end of November, the storm Gorm resulted in claims of approximately DKK 120m, while the flooding caused by the storm Synne in Norway at the beginning of December led to claims of approximately NOK 215m, of which Tryg covers approximately NOK 23m. In addition to these specific weather claims came the usual winter claims, especially in Norway. The high level of weather claims means that Tryg will be covered under a horizontal reinsurance agreement after further weather claims of DKK 110m.

In Q4, claims levels generally remained high for the property lines, which will be mitigated through minor price adjustments and claims initiatives. Claims initiatives will include more thorough investigations, in particular of pipe-related claims.

Expenses

The expense ratio was 14.2 (14.9).The efficiency programme contributed DKK 15m in the quarter, corresponding to an impact on the expense ratio of 0.3 percentage points. Apart from the contribution from the efficiency programme, the low expense ratio was also due to the organisation's efforts to meet the overall target for 2015 of an expense ratio below 15.

The number of employees was further reduced in the quarter by 66 full-time employees, leaving 3,359 full-time employees at the end of the year.

Investments

The investment return was DKK 201m (DKK 13m) with a result from the match portfolio of DKK 44m (DKK 39m), a result from the free portfolio of DKK 201m (154m) and other financial income and expenses totalling DKK -44m. The high return on the free portfolio was due to a rebound in the equity market reflected in a return on equities of DKK 111m (DKK 75m) or 4.5% (3.2%). The return on Investment property was DKK 71m (DKK 50m) following a positive revaluation for some investment properties.

Financial highlights Q4 2015

- Profit after tax of DKK 721m (DKK 640m)
- Technical result of DKK 522m (DKK 775m)
- Combined ratio of 88.4 (83.7)
- Weather claims impacting the combined ratio by 5.4 percentage points (2.6)
- Large claims impacting the combined ratio by 3.1 percentage points (4.3)
- Expense ratio of 14.2 (14.9)
- Investment return of DKK 201m (DKK 13m)
- Proposed dividend of DKK 3.5 per share and DKK 6.0 when including H1 dividend
- DKK 1bn share buy back completed and a new DKK 1bn programme planned in 2016

Private

Private encompasses the sale of insurance products to private individuals in Denmark and Norway. Sales are effected via call centres, the Internet, Tryg's own agents, franchisees (Norway), interest organisations, car dealers, estate agents and Nordea's branches. The business area accounts for 49% of the Group's total premium income.

Results

The technical result for 2015 was DKK 1,298m (DKK 1,612m), with a combined ratio of 85.4 (82.5). The development was attributable to a combination of a positive impact from the efficiency programme, a higher level of weather claims and a higher level of claims especially from the property lines of business. The development in premiums was slightly positive and improved compared to 2014. Adjusted for the one-off effects in 2014 of Norwegian pension and IT costs, the expense ratio improved by 0.6 percentage points.

Financial highlights 2015

- Technical result of DKK 1,298m (DKK 1,612m)
- Combined ratio of 85.4 (82.5)
- Gross premiums in local currencies increased by 0.3% (0.0%)
- Expense ratio of 14.7 (14.5)

Premiums

The development in gross premium income improved by 0.3% in local currencies against an unchanged level in 2014 and a 2.2% drop in 2013. Premiums increased by 0.4% in Denmark, which was very satisfactory given also that the average price of the motor product fell by a further 2.6 percentage points due to higher sales of smaller and safer cars. In Norway, premium income increased by 0.3% in local currencies, which was acceptable, considering the competitive market situation and the weakened Norwegian economy.

The improved premium development can be ascribed to a strong customer focus, which has resulted in a significant improvement in the Net Promoter Score (NPS) from 21 in 2014 to 26 in 2015. The development was significant in both Denmark and Norway. In Denmark, the NPS improved from 25 to 29, while an improvement from 15 to 22 was seen in Norway. The development in the NPS also supported a positive development in the retention rate in Denmark, which improved from 89.6 to 89.9. In Norway, the retention rate dropped from 87.0 to 86.4 due to the above-mentioned developments in the Norwegian economy and the competitive market situation.

Sales and customer numbers developed positively, which can also be ascribed to the increased customer focus. Sales in Denmark were 7% higher than in 2014, and Norwegian sales were also slightly higher, especially due to strong sales via the franchise sales channel.

Claims

The gross claims ratio amounted to 69.0 (67.7), with a claims ratio, net of ceded business, of 70.7 (68.0). The increase was ascribable to the efficiency programme and a higher level of weather claims related to the storm Gorm in Denmark but also flooding in Norway and higher claims levels for some lines of business.

House insurance saw a particularly negative development in claims, as did some minor lines of business such as travel insurance. Tryg constantly monitors developments in claims, and steps are taken to counter any consistently negative trends. Initiatives will often be a combination of minor price adjustments and claims prevention.

Expenses

The expense ratio was 14.7 (14.5). Adjusted for the one-off effects of the Norwegian pension scheme and the change of IT suppliers in 2014, the expense

Key figures – Private

DKKm	Q4 2015	Q4 2014	2015	2014
Gross premium income	**2,172**	**2,249**	**8,803**	**9,051**
Gross claims	-1,548	-1,468	-6,074	-6,129
Gross expenses	-290	-337	-1,291	-1,311
Profit/loss on gross business	334	444	1,438	1,611
Profit/loss on ceded business	-51	-48	-148	-23
Insurance technical interest, net of reinsurance	2	4	8	24
Technical result	**285**	**400**	**1,298**	**1,612**
Run-off gains/losses, net of reinsurance	49	47	324	357
Key ratios				
Premium growth in local currencies	1.1	-0.2	0.3	0.0
Gross claims ratio	71.3	65.3	69.0	67.7
Net reinsurance ratio	2.3	2.1	1.7	0.3
Claims ratio, net of ceded business	73.6	67.4	70.7	68.0
Gross expense ratio	13.4	15.0	14.7	14.5
Combined ratio	**87.0**	**82.4**	**85.4**	**82.5**
Run-off, net of reinsurance (%)	-2.3	-2.1	-3.7	-3.9
Large claims, net of reinsurance (%)	0.4	0.0	0.3	0.1
Weather claims, net of reinsurance (%)	7.6	2.6	4.5	2.5

ratio improved by 0.6 percentage points. This development was the result of a consistent focus on improving expense levels, and in 2015 outsourcing initiatives were implemented in Private. The initiatives centred on reducing expense levels in the back-office functions and improving sales efficiency through improved management and training.

The number of employees was reduced from 903 at the end of 2014 to 837 in 2015, mainly through job cuts in the administration.

Financial highlights Q4 2015

- Technical result of DKK 285m (DKK 400m)
- Combined ratio of 87.0 (82.4)
- Claims ratio, net of ceded business, of 73.6 (67.4)
- Expense ratio of 13.4 (15.0)

Results Q4 2015

The technical result totalled DKK 285m (DKK 400m), with a combined ratio of 87.0 (82.4), and was negatively affected by a significantly higher level of weather claims than in 2014. The expense level was very low at 13.4 (15.0).

Premiums

Gross premiums increased by 1.1% (-0.2%) in local currencies. Premium growth in Denmark was 2.6%, partly due to a low level of bonus and premium rebates, while premium growth in Norway was negative at -0.7% in local currencies, still reflecting a competitive market situation and the weakened Norwegian economy. The positive development in the NPS continued in Q4 with an improvement of 1 point to 29 in Denmark and an unchanged level of 22 in Norway. The positive development in customer numbers continued with a significant increase in Denmark and a slight reduction in Norway. Sales were high in both Denmark and Norway. In Denmark, all channels contributed positively to the development, and in Norway the franchise sales channel posted consistently high sales levels.

The retention rate in Denmark increased to 89.9 (89.6), and the retention rate in Norway was 86.4 (87.0). The high level in Denmark was probably partly due to awareness of the customer bonus that will be implemented from spring 2016.

Claims

The gross claims ratio was 71.3 (65.3), and the claims ratio, net of ceded business, was 73.6 (67.4). The high level was primarily due to the weather in Denmark and Norway. A storm in Denmark resulted in more than 9,000 claims, and in Norway severe flooding caused damage of an estimated NOK 215m for the market as a whole, on top of which came the impact from winter claims. We saw a slight increase in property claims in Denmark, which underpins the importance of implementing both price and claims prevention initiatives from 2016.

Expenses

In Denmark, the expense ratio was 13.4 (15.0), reflecting a strong focus on efficiency and a lower level of commissions and marketing spend. The number of employees was reduced by 15 in Q4.

Prevention creates peace of mind and increases sales Tryg is the first insurance company to actively use DNA marking in an effort to prevent break-ins.

The DNA marking technology consists of an invisible and synthetic liquid which can be applied to all valuables. The liquid is visible under UV light and cannot be removed.

Tryg first carried out a trial in a residential district in the town of Sønderborg in southern Denmark with a particularly high incidence of break-ins, and 90 residents said yes to the DNA kit. Police data show that the number of break-ins in the Sønderborg area in general has fallen by 26%, while Tryg's data from the test area show a 53% decline in break-ins for the home-owners using DNA marking. Tryg extended the trial to Norway, distributing DNA kits to 280 households in Hasleåsen in Sandefjord, another residential area plagued by high break-in rates. In addition to reducing the number of break-ins, the initiative has attracted more than 50 new customers in the area.

Studies show that synthetic DNA marking has a clearly preventive effect on burglary rates. Read more about Tryg's DNA marking initiative at tryg.dk.

Commercial

Commercial encompasses the sale of insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected by Tryg's own sales force, brokers, franchisees (Norway), customer centres and through group agreements. The business area accounts for 22% of the Group's total premium income.

Results

The technical result for 2015 was DKK 658m (DKK 875m), with a combined ratio of 83.6 (79.4). The combined ratio was negatively affected by a higher level of weather and large claims and a higher level of claims from especially property lines of business. The development in premiums was negative with a reduction of 2.9% (-3.0%) and was more or less in line with the development in 2014.

Financial highlights 2015

- Technical result of DKK 658m (DKK 875m)
- Combined ratio of 83.6 (79.4)
- Gross premiums reduced by 2.9% (-3.0%)
- Expense ratio of 17.1 (15.8)

Adjusted for the one-off effects of the Norwegian pension and IT costs in 2014, the expense ratio was at a slightly higher level.

Premiums

The development in gross premium income was negative by 2.9% in local currencies, which was in line with the development in 2014, but at the same time an unsatisfactory development. Premiums decreased by around 2.6% in Denmark, due to a generally competitive market situation and selective price hikes. In Norway, premium income declined by 3.6% in local currencies due to the competitive situation and the weakened Norwegian economy.

The Net Promoter Score (NPS) improved from 0 in 2014 to 12 in 2015. The development in the NPS was significant in both Denmark and Norway. In Denmark, the NPS improved from 5 to 18, and in Norway an improvement from -11 to -1 was seen.

The development in the NPS also supported a positive development in the retention rate in Denmark, which improved from 87.0 to 87.9. In Norway, the retention rate fell slightly due to the above-mentioned development in the Norwegian economy and a competitive market situation.

The development in sales improved in 2015, which can also be ascribed to the increased customer focus during the year. Sales in Denmark were 2 percentage points higher than in 2014, and in Norway sales were also at a slightly higher level, especially due to strong sales via the franchise sales channel. Overall, the sales level was, however, too low to secure stable premium growth through the year.

Claims

The gross claims ratio amounted to 65.4 (63.8), with a claims ratio, net of ceded business, of 66.5 (63.6). The higher level was ascribable to a combination of higher weather and large claims and a higher claims level, especially for the property lines of business. The very high level of large claims related to fires in both Denmark and Norway.

The high level of property claims was, among other things, also due to an increase in fire-related claims, especially in Denmark and Norway. The agriculture segment also saw a high level of claims. Based on the development in property, selective price adjustments will be initiated.

Expenses

The expense ratio was 17.1 (15.8). Adjusted for the one-off effects of the Norwegian pension scheme and the change of IT suppliers in 2014, the expense ratio increased slightly by 0.2 percentage points.

Key figures – Commercial

DKKm	Q4 2015	Q4 2014	2015	2014
Gross premium income	**970**	**1,050**	**3,992**	**4,190**
Gross claims	-604	-580	-2,612	-2,673
Gross expenses	-167	-164	-683	-664
Profit/loss on gross business	199	306	697	853
Profit/loss on ceded business	-53	-39	-44	8
Insurance technical interest, net of reinsurance	1	3	5	14
Technical result	**147**	**270**	**658**	**875**
Run-off gains/losses, net of reinsurance	61	126	388	310
Key ratios				
Premium growth in local currencies	-5.0	-1.8	-2.9	-3.0
Gross claims ratio	62.3	55.2	65.4	63.8
Net reinsurance ratio	5.5	3.7	1.1	-0.2
Claims ratio, net of ceded business	67.8	58.9	66.5	63.6
Gross expense ratio	17.2	15.6	17.1	15.8
Combined ratio	**85.0**	**74.5**	**83.6**	**79.4**
Run-off, net of reinsurance (%)	-6.3	-12.0	-9.7	-7.4
Large claims, net of reinsurance (%)	1.9	4.2	6.7	4.3
Weather claims, net of reinsurance (%)	4.8	2.6	2.8	1.9

This development was a result of a consistent focus on improving expense levels, which, however, could not fully make up for the drop in premium income.

The number of employees was reduced from 559 at the end of 2014 to 527 in 2015 following a restructuring move seeing greater empowerment of front-line staff and job cuts among the administrative personnel.

Financial highlights Q4 2015

- Technical result of DKK 147m (DKK 270m)
- Combined ratio of 85.0 (74.5)
- Claims ratio, net of ceded business, of 67.8 (58.9)
- Expense ratio of 17.2 (15.6)

Results Q4 2015

The technical result totalled DKK 147m (DKK 270m), with a combined ratio of 85.0 (74.5), and was negatively affected by a significant increase in weather claims relative to 2014. Premium growth was negative by 5.0% (-1.8%). The expense level was 17.2 (15.6) following the drop in premium income.

Premiums

Gross premiums dropped by 5.0% (-1.8%) in local currencies with a drop in Denmark of 5.8% and a drop in Norway of 2.8% in local currencies as a result of the competitive market situation in general and the weakened Norwegian economy. The positive development in the NPS continued in Q4 with an improvement to 18 from 15 in Q3 in Denmark and an improvement in Norway to -1 from -4 in Q3. Sales were higher than in the prior-year quarter in both Denmark and Norway.

In Denmark, the increase was generated in particular by the partner channel, while sales via the franchise sales channel remained at a high level in Norway, whereas sales by agents were at a low level. However, the challenge is still that sales are too low to outweigh the decline in retention levels in Norway, which led to a drop in premium income.

The retention rate in Denmark increased to 87.9 (87.0), while the retention rate in Norway was 87.1 (87.8).

Claims

The gross claims ratio was 62.3 (55.2), with a claims ratio, net of ceded business, of 67.8 (58.9). The high level was primarily due to the weather in both Denmark and Norway. Denmark was hit by a storm, and in Norway flooding caused damage worth an estimated NOK 215m for the market as a whole, on top of which came the impact from winter claims. Q4 2015 also saw an increase in property claims levels for Commercial.

Expenses

In Denmark, the expense ratio was 17.2 (15.6), primarily due to reduced premiums. The number of employees was reduced by 21 to 527 in Q4.

Fire at Copenhagen Experimentarium: Fast and professional handling.
In April 2015, a fire broke out at one of the most popular tourist attractions in Denmark, Experimentarium in Copenhagen. The damage ran into tens of millions of Danish kroner.

"In connection with some construction work, the roof structure caught fire, and it quickly became clear that one of our most popular and treasured exhibitions, the Water exhibition, was beyond rescue.

At the emergency meeting held the following day, I was still severely shaken by the experience, and so I was extremely pleased to have Tryg on board to provide a professional overview of the situation," says Experimentarium's Executive Director Kim Gladstone Herlev. In addition to covering the actual claims, Tryg handled the dialogue with the relevant parties and provided advice and guidance on the handling of the situation.

PHOTO: METTE BROKSØ

Corporate

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are effected both via Tryg's own sales force and via insurance brokers. Moreover, customers with international insurance needs are served by Corporate through its cooperation with the AXA Group. The business area accounts for 22% of the Group's total premium income.

Results

The technical result for 2015 was DKK 369m (DKK 427m), with a combined ratio of 90.7 (89.8). The result was negatively affected by a high level of large claims and a lower level of run-off. With a higher proportion of long-tailed business than the other business areas, Corporate is characterised by somewhat higher capital requirements. To contribute to Tryg's overall ambition of a return of equity of 21%, Corporate must therefore realise a lower combined ratio than the Tryg Group. In that respect, the results are not satisfactory.

Financial highlights 2015

- Technical result of DKK 369m (DKK 427m)
- Combined ratio of 90.7 (89.8)
- Gross premiums unchanged (1.1%)
- Expense ratio of 10.8 (11.1)

The moderate development in premiums seen in recent years continued in 2015 at an unchanged level (1.1%), measured in local currencies. This was an acceptable development in a year impacted, among other things, by the weakened Norwegian economy.

Adjusted for the one-off effects of the Norwegian pension and IT costs in 2014, the expense ratio was at a significantly lower level.

Premiums

The development in gross premium income was unchanged compared to 2014 in local currencies. Premiums increased by around 1.6% in Denmark, whereas in Norway premium income declined by 3.3% in local currencies due to the competitive market situation, especially for the broker channel, and the weakened Norwegian economy. In Sweden, which accounts for only 20% of the total Corporate business, continued growth of 6.2% in local currencies was posted.

The Net Promoter Score (NPS) was also implemented in Corporate in 2015 and generally with good results. In Denmark, the NPS was 15, and in Norway 20. In Sweden, the NPS has not been implemented, but for the third year running, Swedish brokers ranked Corporate Sweden as the best company.

Corporate had a particular focus on international customers in 2015 and made arrangements with some large international customers in cooperation with both the AXA network and some large European reinsurance groups. The international business accounts for around 15% of Corporate premium income.

Claims

The gross claims ratio amounted to 102.4 (71.2), with a claims ratio, net of ceded business, of 79.9 (78.7). The high claims level was due to a high level of large claims, and claims relating to business interruption were generally at a high level. Because of this development, Corporate will be implementing price adjustments for the property business.

In Denmark, the motor line of business developed negatively, with a high claims frequency, which will also lead to the introduction of targeted initiatives such as higher excess and price increases.

Key figures – Corporate

DKKm	Q4 2015	Q4 2014	2015	2014
Gross premium income	**949**	**1,015**	**3,894**	**4,033**
Gross claims	-657	-682	-3,987	-2,872
Gross expenses	-92	-108	-420	-446
Profit/loss on gross business	200	225	-513	715
Profit/loss on ceded business	-195	-128	877	-304
Insurance technical interest, net of reinsurance	0	1	5	16
Technical result	**5**	**98**	**369**	**427**
Run-off gains/losses, net of reinsurance	65	162	351	421
Key ratios				
Premium growth in local currencies	-2.1	1.5	0.0	1.1
Gross claims ratio	69.2	67.2	102.4	71.2
Net reinsurance ratio	20.5	12.6	-22.5	7.5
Claims ratio, net of ceded business	89.7	79.8	79.9	78.7
Gross expense ratio	9.7	10.6	10.8	11.1
Combined ratio	**99.4**	**90.4**	**90.7**	**89.8**
Run-off, net of reinsurance (%)	-6.8	-16.0	-9.0	-10.4
Large claims, net of reinsurance (%)	11.3	15.4	8.2	9.4
Weather claims, net of reinsurance (%)	2.0	2.9	2.2	3.0

New and more flexible car insurance In March 2015, Tryg launched a brand new car product.

Customers are automatically granted elite status once they reach the age of 30 and after three years of no claims. In addition to good basic cover, our new car insurance product also offers a number of new types of optional covers, allowing customers to tailor their insurance to their exact needs. In June 2015, the Danish Consumer Council TÆNK carried out a review of car insurance policies from 11 different companies, which resulted inTryg coming out Best in Test. Tryg's car insurance product was named the best in the market based on a combined value-for-money rating of price and cover. Read more about the car insurance at tryg.dk.

In the Swedish business, profitability was improved through a number of initiatives. In 2015, a negative development was, however, also seen in the motor lines in Sweden where the portfolio of large trucks, in particular, showed an increasing claims trend. Substantial selected price hikes will therefore be introduced in this segment.

Expenses

The expense ratio was 10.8 (11.1). Adjusted for the one-off effects of the Norwegian pension scheme and the change of IT suppliers in 2014, the expense ratio improved by 0.8 percentage points. This was achieved through a continued focus on improving expense levels, and in 2015 Corporate also started a number of outsourcing initiatives aimed reducing expense levels in the back-office functions.

The number of employees was reduced from 279 at the end of 2014 to 265 in 2015.

Financial highlights Q4 2015

- Technical result of DKK 5m (DKK 98m)
- Combined ratio of 99.4 (90.4)
- Claims ratio, net of ceded business, of 89.7 (79.8)
- Expense ratio of 9.7 (10.6)

Results Q4 2015

The technical result totalled DKK 5m (DKK 98m), with a combined ratio of 99.4 (90.4), and was negatively affected by a high level of large claims and a significantly lower level of run-off compared to Q4 2014. Premium growth was negative by 2.1% (1.5%). The expense level was very low at 9.7 (10.6), reflecting a strong cost focus.

Premiums

Gross premiums dropped by 2.1% (1.5%) in local currencies based on an increase in Denmark of 2.0% and an 8.1% drop in local currencies in Norway, still reflecting a competitive market situation and the weakened Norwegian economy. Competition remains more pronounced in the broker channel, in Norway another sign of the weakened Norwegian economy. In addition, the quarter was also affected by volume adjustments under a number of major agreements.

The quarter was, as always, impacted by the preparations for the renewals process starting on 1 January 2016, where approximately 48% of customers are renewed.

Claims

The gross claims ratio was 69.2 (67.2), with a claims ratio, net of ceded business, of 89.7 (79.8). The high level was primarily due to a high level of large and medium-sized claims. Claims level, were high for property in both Denmark and Norway, whereas in Sweden motor insurance claims were high.

Expenses

The expense ratio was 9.7 (10.6), reflecting a strong focus on efficiency, and was achieved despite a drop in premium income. The number of employees was reduced by 5 in Q4.

Sweden

Sweden comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC, Securator and Moderna Djurförsäkringar. Sales are effected via Tryg's own salespeople, call centres and online. The business area accounts for 7% of the Group's total premium income.

Results

Sweden's results have improved significantly in recent years, and a strong result of DKK 218m was posted for 2015. The combined ratio was 83.5 (92.0) and was impacted by a very high level of run-off gains of DKK 149m due to the harmonisation of the reserving models across Tryg. Premium income dropped by 3.1% (-7.4%), which was a significant improvement compared with 2014.

In 2015, the new structure with only one call centre in Malmö was fully implemented, and the acquired company Securator, which insures electrical goods, and the pet insurance portfolio, which was also acquired in 2014, were fully integrated.

Premiums

Premium income declined by 3.1% (-7.4%) in local currencies. The improved development was due to high sales, which were even higher than when Tryg had the partner agreement with Nordea. There was a strong performance by all sales channels – inbound, web, aggregator and the niche sales channels. The strong sales performance has mitigated the effects of the reduction in the portfolio following the termination of the agreement with Nordea and Villaägerne. In Q4 2015, the portfolio was further impacted by the termination of the agreement with the ICA supermarket chain. Sales of pet insurance were at a high level in 2015, this being a significant growth segment.

In Q4 2015, Moderna launched an app, Moderna Smart, which from the start has received much attention from customers and generated very high sales.

Claims

The gross claims ratio amounted to 64.7 (71.3), with a claims ratio, net of ceded business, of 64.8 (72.8). The significant improvement can be ascribed to the harmonisation of the claims reserving model, which led to a high level of run-off gains in 2015. Weather claims were at a slightly higher level. In general, the claims ratio improved due to the termination of the agreements with both Nordea and Villaägerne, where profitability was not satisfactory.

Expenses

The expense ratio was 18.7 (19.2) or 18.8 in 2014 excluding one-off effects. The lower expense level can be ascribed to a more efficient sales set-up and the restructuring of the business to include one call centre as well as a generally strong focus on efficiency.

The number of employees was 333 at the end of 2015, down 49 from 382 at the end of 2014.

Financial highlights 2015

- Technical result of DKK 218m (DKK118m)
- Combined ratio of 83.5 (92.0)
- Gross premiums reduced by 3.1% (-7.4%)
- Expense ratio of 18.7 (19.2)

Key figures – Sweden

DKKm	Q4 2015	Q4 2014	2015	2014
Gross premium income	**313**	**338**	**1,317**	**1,399**
Gross claims	-162	-252	-852	-998
Gross expenses	-66	-75	-246	-268
Profit/loss on gross business	85	11	219	133
Profit/loss on ceded business	-1	-5	-1	-21
Insurance technical interest, net of reinsurance	1	1	0	6
Technical result	**85**	**7**	**218**	**118**
Run-off gains/losses, net of reinsurance	66	3	149	43
Key ratios				
Premium growth in local currencies	-6.1	1.6	-3.1	-7.4
Gross claims ratio	51.8	74.6	64.7	71.3
Net reinsurance ratio	0.3	1.5	0.1	1.5
Claims ratio, net of ceded business	52.1	76.1	64.8	72.8
Gross expense ratio	21.1	22.2	18.7	19.2
Combined ratio	**73.2**	**98.3**	**83.5**	**92.0**
Run-off, net of reinsurance (%)	-21.1	-0.9	-11.3	-3.1
Weather claims, net of reinsurance (%)	1.6	1.5	1.7	1.5

Results Q4 2015

The technical result totalled DKK 85m (DKK 7m), with a combined ratio of 73.2 (98.3), and was positively impacted by the harmonisation of claims reserving models. The harmonisation led to a run-off of approximately DKK 70m. Weather claims were at a slightly higher level due to storm claims and a mild winter. Premium growth was negative by 6.1% (1.6%). The expense level improved to 21.1 (22.2) as a result of a strong cost focus.

Premiums

Gross premiums dropped by 6.1% (1.6%), in local currencies which was partly due to the termination of the ICA agreement from Q4 2015. The premium development was also affected by a very low level of activity in the niche areas – yacht insurance and Bilsport/MC – which posted significant growth in Q2 and Q3. The premium income for Q4 2015 was also impacted by the above-mentioned Moderna Smart car insurance product, the price of which is based on how safely the customer is driving. Since the launch, more than 1,000 customers a day have taken out an insurance policy, and on average with a higher insurance premium.

Claims

The gross claims ratio was 51.8 (74.6), with a claims ratio, net of ceded business, of 52.1 (76.1). The low claims ratio was due to the harmonisation of the models used to calculate the claims reserves. Since Moderna has been included in Tryg's common reserving models and applies the same methods, a run-off gain of around DKK 70m was identified.

Expenses

The expense ratio was 21.1 (22.2), reflecting a strong focus on efficiency, and was achieved despite a drop in premium growth. The number of employees was reduced by 3 in Q4 2015.

Financial highlights Q4 2015

- Technical result of DKK 85m (DKK 7m)
- Combined ratio of 73.2 (98.3)
- Claims ratio, net of ceded business, of 52.1 (76.1)
- Expense ratio of 21.1 (22.2)

Acquisition of Swedish child insurance portfolio

In August 2015, Tryg acquired Skandia's child and adult insurance portfolio with a premium volume of approximately SEK 250m. The portfolio will be integrated into Tryg's Swedish branch Moderna in H1 2016.

Investment activities

Key figures – investments

DKKm	Q4 2015	Q4 2014	2015	2014
Free portfolio, gross return	201	154	232	548
Match portfolio, regulatory deviation and performance	44	39	1	181
Other financial income and expenses	-44	-180	-238	-369
Total investment return	**201**	**13**	**-5**	**360**

The purpose of Tryg's investment activities is primarily to support its insurance business by creating an optimum and robust return on its capital in the long term. Through a relatively conservative and diversified approach to risk, the overall strategy is to minimise and match the impact from interest and exchange rate fluctuations on the balance sheet.

The total market value of Tryg's investment portfolio was DKK 38.8bn as of 31 December 2015. The investment portfolio consists of a match portfolio of DKK 28.1bn and a free portfolio of DKK 10.7bn. The match portfolio is composed of fixed income assets that match the insurance liabilities, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio is primarily the Group's shareholders' equity, which is invested in fixed income securities with a short duration, properties, equities and some high-yield bonds.

Financial highlights 2015

- Investment return of DKK -5m (DKK 360m)
- Net return on match portfolio of DKK 1m (DKK 181m)
- Gross return on free portfolio of DKK 232m (DKK 548m)
- Volatile equity market

Financial markets in 2015

In 2015, the financial markets were characterised by a considerable degree of volatility. Worries about a Greek exit from the Euro zone in the first half of the year, as well as Chinese devaluation and falling growth expectations in emerging-market nations in Q3 led to the highest level of volatility in equity markets in four to five years. This increase in market uncertainty led to substantial fluctuations in equity prices and interest rates. One driver behind this was the expected divergence of the monetary policies of the European and American central banks, the ECB and the FED.

These worries became a reality in December when the FED increased its policy rate by 0.25 percentage points, while the ECB lowered rates by 0.10 percentage points in December.

From a Scandinavian point of view, 2015 was also an eventful year. The Danish, Swedish and Norwegian central banks lowered their lending rates by 0.15 percentage points, 0.35 percentage points and 0.50 percentage points, respectively. The reduction in the Danish lending rate took place concurrently with a reduction in the deposit rate of 0.75 percentage points, which still has not been normalised, even though the foreign reserve has been brought down to the normal level. While short interest rates decreased during 2015, longer interest rates in Denmark and Euroland went up. Furthermore, the FSA yields increased more than local swap rates in Denmark. The Danish 10-year FSA yield increased by 0.33 percentage points, while the 10-year swap rate increased by 0.19 percentage points. The reduction of the Norwegian lending rate followed significant drops in the oil price, which has led to bleaker expectations for the Norwegian economy. Despite the falling lending rate, Norwegian covered bonds experienced significant yield increases.

Investment return 2015

The total investment return in 2015 was DKK -5m. The return on the free portfolio was DKK 232m, and the return on the match portfolio less the amount transferred to the insurance business was DKK 1m. Deducting financial income and expenses of DKK -238m, the return on investment activities was DKK -5m.

The return of the match portfolio consists of a regulatory deviation of DKK 29m and a performance of DKK -28m. The positive regulatory deviation was caused by the previously discussed yield difference between the FSA and local swap rates. The negative performance was due to the stressed covered bond market in Norway in Q3.

Responsible investments

Tryg uses external portfolio managers and observes rules not to invest in controversial activities. Together with our external managers, we constantly seek to comply with international regulations. In 2015, we have screened for new UN and EU regulation on certain financial sanctions against countries and individuals.

Return – match portfolio

DKKm	Q4 2015	Q4 2014	2015	2014
Return, match portfolio	63	340	140	1,336
Value adjustments, changed discount rate	45	-217	120	-741
Transferred to insurance technical interest	-64	-84	-259	-414
Match, regulatory deviation and performance	**44**	**39**	**1**	**181**
Hereof:				
Match, regulatory deviation	35	31	29	77
Match, performance	9	8	-28	104

The state of the financial markets resulted in close to zero returns on the equity and bond index MSCI World All Countries and the 1-year Mortgage Bond Index by Nordea, of -0.7% and 0.3%, respectively. The BofA Merrill Lynch US High Yield index – DKK-hedged saw a return of -5.6%. By comparison, the free portfolio generated an equity return of DKK 91m (3.4 %) and an interest and credit exposure return of DKK -10m (-0.1%). Investment properties provided a net return of DKK 151m (7.2%).

Other financial income and expenses

Other financial income and expenses amounted to DKK -238m in 2015, comprising a number of elements, the main ones being the expenses from the hedging of the foreign currency exposure on Tryg's equity, consisting of DKK -60m in 2015, and expenses regarding Tryg's subordinated loans of DKK -86m.

Investment activities in Q4 2015

Q4 was characterised by risk aversion and nervousness amongst investors, stemming from the terror attack in Paris in November as well as the continuing divergence among monetary policy makers. This has led to falls in commodity prices and the associated emerging-market currencies, while the US dollar appreciated by almost 3% in Q4, or 12% in total in 2015. Due to our low emerging-markets exposure, this only had a limited impact on the investment result. Despite the risk aversion, the free portfolio made the most of the positive equity market. All in all, the free portfolio provided a gross return of DKK 201m (1.8%) in Q4.

In addition to the free portfolio return, the match portfolio generated a net return of DKK 44m, with DKK 35m coming from regulatory deviation and DKK 9m from match performance. The positive regulatory deviation stemmed from Norway as well as Denmark. In Norway, our local hedge benefitted from decreasing interest rates coinciding with increasing FSA discounting rates.

In Denmark, the FSA rates just increased less than the swap rates. The positive performance was due to a positive Danish covered bonds environment. Deducting financial income and expenses of DKK -44m, the return on Tryg's investment activities in Q4 was DKK 201m.

Financial highlights Q4 2015

- Investment return of DKK 201m (DKK 13m)
- Net return on match portfolio of DKK 44m (DKK 39m)
- Return on free portfolio of DKK 201m (DKK 154m)

Return – free portfolio

DKKm	Q4 2015	Q4 2015 (%)	Q4 2014	Q4 2014 (%)	2015	2015 (%)	2014	2014 (%)	Investment assets 30.12.2015	Investment assets 31.12.2014
Government bonds	4	1.6	9	3.3	4	1.4	15	4.7	265	279
Covered bonds	7	0.2	24	0.5	-26	-0.6	78	1.6	3,602	5,188
Inflation linked bonds	-4	-0.9	0	-	-1	-0.2	-	-	484	0
Emerging market bonds	6	1.5	-3	-0.6	2	0.5	23	5.9	412	410
High-yield bonds	-4	-0.5	4	0.5	-8	-0.8	35	5.2	837	910
Other [a]	10	1.4	-5	-0.5	19	2.1	17	1.4	712	1,085
Interest rate and credit exposure	**19**	**0.3**	**29**	**0.4**	**-10**	**-0.1**	**168**	**2.1**	**6,312**	**7,872**
Equity exposure [b]	**111**	**4.5**	**75**	**3.2**	**91**	**3.4**	**250**	**10.0**	**2,374**	**2,470**
Investment property	**71**	**3.5**	**50**	**2.4**	**151**	**7.2**	**130**	**6.4**	**2,052**	**2,099**
Total gross return	**201**	**1.8**	**154**	**1.2**	**232**	**1.9**	**548**	**4.4**	**10,738**	**12,441**

a) Bank deposits and derivative financial instruments hedging interest rate risk and credit risk. b) In addition to the equity portfolio exposure is futures contracts of DKK 47m.

Capital and risk management

The main purpose of insurance is the spreading of risk. By pooling risks from large numbers of customers, an insurance company's risks are spread more evenly, and its results should become more predictable. The assessment and management of Tryg's aggregated risk and the associated capital requirements therefore constitute a central element in the management of the company.

Risk profile, appetite and management

Tryg's Supervisory Board defines the framework for the company's target risk appetite and thereby the capital which must be available to cover any losses. The risk appetite is set out in Tryg's policies in the form of a qualitative risk strategy and quantitative exposure limits for different types of risk.

The insurance risk is managed through limits for the size of single large commitments and via the use of reinsurance, thus curtailing the maximum cost of large claims. Furthermore, the insurance risk is managed through geographical limitations and by refraining from offering certain types of insurance such as aviation and marine hull insurance. Operating within these boundaries, Tryg's risk will depend on the company's choice of exposure within different segments and industries in the insurance market. The impact from large claims and adverse weather events is mitigated through reinsurance.

The investment risk appetite is managed by means of exposure and capital consumption limits for different asset classes (shares, property etc.) combined with management of the total interest risk via Tryg's match strategy. This prescribes that Tryg's investment assets corresponding to the technical provisions must be invested in interest-bearing assets, the interest rate sensitivity of which matches and thereby hedges the interest rate sensitivity of the discounted provisions as closely as possible.

The Solvency II regime emphasises the need for sound risk management and introduces additional requirements concerning risk governance, consistency across the Group and top management reporting and involvement.

Night Ravens celebrated 25th anniversary

CEO Morten Hübbe attended the Night Ravens' 25th anniversary in March 2015 and donated NOK 1m to the project, which creates peace of mind for young people in the streets at night and prevents violence and vandalism. **Read more about the Night Ravens on page 35.**

Tryg has worked towards the principles of Solvency II for years and has, among other things, carried out risk identification routines, written ORSA (Own Risk and Solvency Assessment) reports, acted in a set-up comprising three lines of defence and appointed a special Risk Committee under the Supervisory Board which focuses on capital and risk management. Read more about Tryg's risk management in Note 1 on page 46.

Capital requirement and management

Capital management is based on Tryg's internal capital model, which was approved by the supervisory authorities in November 2015 for use going forward as Solvency II came into force as of 1 January 2016. The capital model is based on the risk profile, and thus takes account of the composition of Tryg's insurance portfolio, geographical spread, provisions profile, reinsurance programme, investment portfolio and Tryg's profitability in general. The model calculates the statutory capital requirement (Individual Solvency Requirement/Solvency capital requirement going forward) with a certainty of 99.5%, such that Tryg would statistically be able to honour its obligations in 199 out of 200 years.

At the end of 2015, the Individual Solvency Requirement totalled DKK 6,193m (DKK 6,560m in 2014). For 2015, this is measured against the adequate capital base. At the end of 2015, this totalled DKK 9,525m after dividend, corresponding to a surplus cover of DKK 3,332m or 54%.

The introduction of Solvency II will have a major influence on Tryg's capital position in various areas and is taken into account as of 1 January 2016. The Solvency capital requirement will decrease by approximately DKK 1,200m due to the inclusion of the loss absorbency capacity of deferred tax. The capital base will increase by approximately DKK 400m due to the inclusion of expected future profits (DKK 600m) and the transition to a new discounting curve (DKK -200m). The net effect from these new elements will result in a relative large increase in the capital buffer, but at the same time the core equity will constitute a smaller part of the capital base. Read more about Tryg's capitalisation after the introduction of Solvency II in the newsletter at tryg.com.

Tryg's capital base consists of equity and subordinate loan capital. The relative sizes of these two categories are subject to ongoing assessment with a view to maintaining an optimum structure which takes account of target return on equity, capital costs and maintaining the desired financial flexibility. In connection with this assessment, Tryg's subordinate loan of EUR 150m was refinanced with a new subordinated loan of NOK 1,400m. By structuring the terms of the subordinated loan in accordance with the Solvency II principles, Tryg has ensured that the loan will be eligible as a Tier II capital element. The NOK 800m subordinate loan which was issued in 2013 will be grandfathered according to Solvency II and treated as Tier 1. At the end of 2015, Tryg's total subordinate loan capital amounted to 17% of equity, with total interest expenses of DKK 86m. Read more about Tryg's subordinated loans in Note 1 on page 46.

The Supervisory Board regularly assesses the need for capital adjustments. In practice, extraordinary adjustments are made through share buy backs assessed in the company's capital plan, in which the Individual Solvency Requirement is projected on the basis of Tryg's forecasts. The projections are based partly on the need to accommodate the initiatives set out in the company's strategy for the coming years, and also on the most significant risks identified by the company. The adequacy is measured in relation to Tryg's strategic targets, including return on equity, capital buffer and dividend policy.

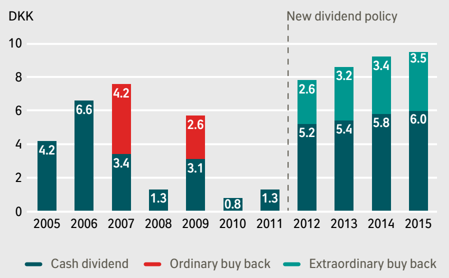
At the annual general meeting to be held on 16 March 2016, Tryg's Supervisory Board will propose a dividend per share of DKK 3.5, corresponding to the distribution of DKK 1,013m.
In 2015, Tryg paid out its first semi-annual dividend of DKK 2.5 per share. Thus, the aggregated annual dividend pay-out for 2015 will be DKK 6.00 per share, equivalent to the total distribution of DKK 1,759m.

In conjunction with the capital plan, a contingency plan is made. It describes specific measures that may be introduced in the near term, should the company's desired capital position be threatened. Tryg's Supervisory Board has approved both the capital plan and the contingency plan. Read more about Tryg's risk management and Solvency II in Note 1 on page 46.

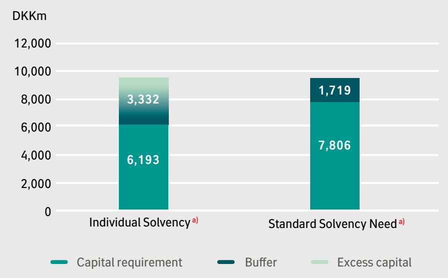
Standard & Poor's

In 2015, Tryg's 'A-' rating from the credit rating agency Standard & Poor's was confirmed, and Tryg aims to maintain this rating.

Shareholder remuneration since IPO



Capital



a) Share buy back deducted.

Shareholder information

Investor Relations (IR) is responsible for Tryg's communication with the capital markets. It is important that investors, analysts and other stakeholders are able to form a true and fair view of developments, including Tryg's financial results. For this reason, we strive to be as open and transparent as possible to ensure that stakeholders' information requirements are met at the highest possible level. IR is in charge of communications with equity investors, fixed-income investors and also rating agencies. Tryg's IR policy is available at tryg.com/investor.

After the publication of quarterly and annual reports, Tryg's management and IR team hold meetings to discuss the company's financial development with investors and analysts. Tryg also participates in a number of financial conferences. In 2015, we held investor meetings in Europe, the USA, Canada and Asia. The Tryg share is followed by 21 analysts, who continuously update their expectations and views on the share. See a list of analysts and their recommendations at tryg.com/investor.

The Tryg share

The Tryg share is listed on NASDAQ Copenhagen and is included in the C20 index (OMX C20 CAP), comprising the 20 most traded shares on the exchange. In accordance with the recommendations issued by NASDAQ Copenhagen, Tryg does not comment on the company's financial results or outlook two weeks before the publication of interim reports and four weeks before the publication of the annual report. Company announcements, press releases and transaction statements are published in both Danish and English, whereas interims and annual report are published in English. All financial information is published at tryg.com in English. It is possible to subscribe to the interim and annual reports and all financial information. It is also possible to follow @TrygIR on Twitter.

The Tryg share started the year at a price of 137.8 and ended 2015 at 137.4. Including a combined (annual and semi-annual) dividend of DKK 8.3, the share was up 5.7% during 2015, and including the effect of buy back, the share price increased by 8.3%. Especially during the first four months of 2015, the share price development was heavily impacted by European macroeconomic developments, and the ECB announcement in September 2014 of an asset-backed securities programme to fight deflation pushed share prices higher and generally led to an increased demand for high-dividend shares like Tryg. During the period from 1 January to 14 April, the Tryg share rose by some 30% (Tryg share was up 58% between 1 September 2014 and 14 April 2015), while the share fell almost by the same amount in the two months from mid-April to mid-June due to the distribution of dividend and because the Q1 figures were burdened by relatively high winter claims in Norway. A similar trend was seen for the European insurance sector as a whole, which was up 23% between 1 January and 14 April 2015, and 30% between 1 September 2014 and 14 April 2015. The OMX C20 CAP index rose by 36.2% in 2015.

NASDAQ Copenhagen is still the primary exchange for trading the Tryg share. In 2015, NASDAQ Copenhagen accounted for 50% of the turnover of the Tryg share. In addition, 15% of trading in 2015 was carried out on alternative exchanges (MTF trades), led by BATS Chi-X as the largest alternative exchange. This means that NASDAQ and the alternative exchanges account for two thirds of the trading that impacts the liquidity of the share, thereby determining the price of the Tryg share. Other trading platforms such as OTC (over-the-counter) and dark pools account for a large share of the remaining trading of the share, but as this takes place outside of the established exchanges and MTFs, it does not directly impact the price and liquidity of the share. In 2015, a share buy back programme totalling DKK1bn, corresponding to 7 million shares, was completed. This had a positive impact on turnover of the Tryg share. Total turnover (including OTC trades) of the share was 280 million shares in 2015.

Share capital and ownership

Tryg had a total share capital of DKK 1,447,798 on 31 December 2015. This comprised one share class (289,559,550 shares with a nominal value of DKK 5), and all shares rank pari passu. The majority shareholder, TryghedsGruppen smba, Denmark, owns 60% of the shares and is the only shareholder owning more than 5% of the share capital. TryghedsGruppen invests in peace-of-mind and healthcare providers in the Nordic region, and supports non-profit-making activities.

TrygFonden

TrygFonden works actively to create peace of mind in Denmark, supporting around 800 activities that contribute to this, such as coastal lifeguards to prevent drowning accidents on Danish beaches. Behind TrygFonden is TryghedsGruppen, which owns 60% of the shares in Tryg and contributes approximately DKK 500m every year to projects that create peace of mind throughout Denmark.

TryghedsGruppen

Tryg's majority shareholder, TryghedsGruppen, has decided to pay out some of its profit to members, policyholders of Tryg Forsikring A/S in Denmark, from 2016. The members' bonus scheme will equate to around 5-8% of the annual price customers pay for their insurance products.

At Tryg's annual general meeting on 25 March 2015, a share split was approved, involving the splitting of each share of DKK 25 into five shares of DKK 5. The reason for this was the positive development seen in the Tryg share, taking the price up to more than DKK 600 and making it the second-most expensive share in the C20 index. In addition, the share split was intended to help increase the liquidity of the share. At the end of 2015, there was a free float of 40% of the shares, held by approximately 36,000 registered shareholders. The 200 largest shareholders owned 67% of the shares.

At the end of 2015, and after the share buy back programme, Tryg held 7,243,126 own shares, corresponding to 2.4% of the share capital. At the coming annual general meeting, the Supervisory Board will propose the cancellation of the repurchased shares.

Semi-annual dividend from 2015

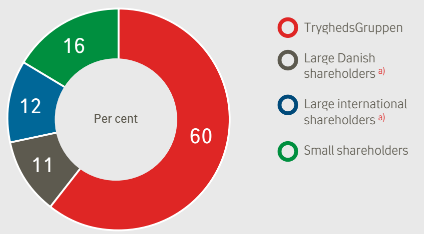
In connection with Tryg's Capital Markets Day in November 2014, it was announced that the Supervisory Board had decided to pay out semi-annual dividend from H2 2015. The object of Tryg's dividend policy is to ensure a stable distribution on a full-year basis. The dividend policy reflects our expectations of high earnings in the insurance business and a low risk profile for our investment activities, as well as the requirement of a solid capital position based on Tryg's internal capital model (Individual Solvency). Tryg's internal capital model, which constitutes the framework for calculating the company's capital requirement, is calibrated on the Solvency II rules, which came into effect on 1 January 2016.

Tryg's dividend policy is based on the following assumptions:

- A general objective of creating long-term value for the company's shareholders.
- A competitive dividend policy in comparison with the policies of our Nordic competitors.
- An aspiration to distribute a dividend which is steadily increasing in nominal terms on a full-year basis.
- Distribution of 60-90% of the profit after tax.

Shareholders

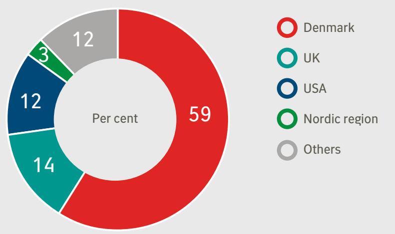
At 31 December 2015



a) Shareholders holding more than 10,000 shares.

Free float – geographical distribution

At 31 December 2015



Free float is exclusive of TryghedsGruppen.

Distribution

DKKm	2015[a]	2014	2013	2012	2011
Dividend	1,759	1,731	1,656	1,594	400
Dividend per share (DKK)	6.0	5.8	5.4	5.2	1.3
Payout ratio	89%	68%	70%	72%	35%
Extraordinary share buy back[b]	1,000	1,000	1,000	800	0

a) Dividend per share includes dividend for H1 of DKK 2.50 paid out in July 2015 and dividend of DKK 3.50 proposed by the Supervisory Board for adoption by the annual general meeting.
b) Subject to approval by the Danish Financial Supervisory Authorities.

- The capital level must at all times reflect the return on equity targets and the statutory capital requirements.
- The capital level may extraordinarily be adjusted through a share buy back.

Based on Tryg's dividend policy and the satisfactory 2015 results, at the 2016 annual general meeting the Supervisory Board will propose that a dividend of DKK 3.50 be paid per share, corresponding to DKK 1,013m.

The full-year dividend corresponds to a payout of 89% of the profit after tax. Furthermore, it has been decided to initiate an extraordinary share buy back of DKK 1bn awaiting approval by the Danish Financial Supervisory Authority. This decision was made against the background of Tryg's solid capital position and expected earnings.

Annual general meeting

Tryg's annual general meeting will be held on 16 March 2016 at 14:00 at Falkoner Centret, Falkoner Allé 9, 2000 Frederiksberg, Denmark. The notice will be advertised in the daily press in February 2016 and will be sent to shareholders upon request. The annual general meeting will also be announced at tryg.com.

The company announcements issued in 2015 can be seen at tryg.com > Investor > News.

Financial calendar 2016

16 March 2016	Annual general meeting
17 March 2016	Tryg shares trade ex-dividend
21 March 2016	Payment of dividend based on H2 2015 results
12 April 2016	Interim report for Q1 2016
12 July 2016	Half-year report 2016
13 July 2016	Tryg shares trade ex-dividend
15 July 2016	Payment of dividend based on H1 2016 results
11 October 2016	Interim report for Q1-Q3 2016

Corporate governance

Tryg focuses on managing the company in accordance with the principles of good corporate governance and generally complies with the Danish recommendations prepared by the Committee on Corporate Governance and most recently updated in 2014. The Recommendations on Corporate Governance are available at corporategovernance.dk. At tryg.com, Tryg has published its statutory corporate governance report based on the 'comply-or-explain' principle for each individual recommendation. This section on corporate governance is an excerpt of the corporate governance report.

Download Tryg's statutory corporate governance report at tryg.com > Investor > Download.

Dialogue between Tryg, shareholders and other stakeholders

The Investor Relations (IR) department maintains regular contact with analysts and investors. Together with the Executive Board, IR organises investor meetings and conference calls and participates in conferences in Denmark and abroad. IR also communicates with stakeholders in the social media via Twitter@TrygIR. The Supervisory Board is informed about the dialogue with investors and other stakeholders on a regular basis.

Tryg has adopted an IR policy, which states, among other things, that all company announcements are published in Danish and English. Tryg publishes interim reports each quarter, and reports are published in English. Furthermore, Tryg publishes an annual profile in Danish, English and Norwegian. The profile is addressed to Tryg's private shareholders, customers, employees and other stakeholders. The purpose is to give a broad picture of what it is like being a customer, an employee and a shareholder in Tryg. The annual profile is published on 28 January 2016. Moreover, Tryg prepares quarterly investor presentations, which are used in the dialogue with investors and analysts. All announcements, financial reports, presentations and newsletters are available at tryg.com. This material provides all stakeholders with a comprehensive picture of Tryg's position and performance. The consolidated financial reports are presented in accordance with IFRS. At tryg.com, stakeholders are able to subscribe to press releases, company announcements as well as insider trading announcements. A number of internal guidelines ensure that the disclosure of price-sensitive information complies with legislation and the stock exchange's codes of conduct. Tryg has adopted a number of policies describing the relationship between different stakeholders.

See the IR policy at tryg.com > Investor > IR contacts > IR policy, and the CSR policy at tryg.com > CSR > CSR strategy > CSR policy.

Annual general meeting

Tryg holds an annual general meeting every year. As required by the Danish Companies Act and the Articles of Association, the annual general meeting is convened via a company announcement and at tryg.com subject to at least three weeks' notice. Shareholders may also opt to receive the notice by post or email. The notice contains information about time and venue as well as an agenda for the meeting.

All shareholders are encouraged to attend the annual general meeting. The annual general meeting is held by personal attendance as the Supervisory Board values personal contact with the Group's shareholders. Shareholders may propose items to be included on the agenda for the annual general meeting, and may ask questions before and at the meeting. Shareholders may vote in person at the annual general meeting, by post or appoint the Supervisory Board or a third party as their proxy. Shareholders may consider each item on the agenda. The proxy form and form for voting by post are available at tryg.com prior to the annual general meeting.

Share and capital structure

Tryg's share capital comprises a single share class, and all shares rank pari passu. The majority shareholder, TryghedsGruppen smba, owns 60% of the shares and is the only shareholder owning more than 5% of the company's shares. The Supervisory Board ensures that Tryg's capital structure is aligned with the needs of the Group and the interests of its shareholders and that it complies with the requirements applicable to Tryg as a financial undertaking. Tryg has adopted a capital plan and a contingency capital plan, which are reviewed annually by the Supervisory Board.

Depending on the development in results, each year the Supervisory Board proposes a dividend and possibly an extraordinary share buy back, if further adjustment of the capital structure is required. From H2 2015, Tryg introduced a semi-annual dividend. At the annual general meeting in 2015, the shareholders authorised the Supervisory Board to allow Tryg to acquire own shares amounting to up to 10% of the share capital during the period up until 25 March 2020. On 2 January 2015, Tryg initiated a share buy back programme, which ran until 18 December 2015. Tryg acquired own shares for an amount of DKK 1bn. Once approved by the Danish Financial Supervisory Authority, Tryg will initiate a new share buy back programme totalling DKK 1bn, which will run until the end of 2016.

Duties, responsibilities and composition of the Supervisory Board

The Supervisory Board is responsible for the central strategic management and financial control of Tryg and for ensuring that the business is organised in a sound way. This is achieved by monitoring targets and frameworks on the basis of regular and systematic reviews of the strategy and risks. The Executive Board reports to the Supervisory Board on strategies and action plans, market developments and Group performance, funding issues, capital resources and special risks. The Supervisory Board holds one annual strategy seminar to decide on and/or adjust the Group's strategy with a view to sustaining value creation in the company. The Executive Board works with the Supervisory Board to ensure that the Group's strategy is developed and monitored. The Supervisory Board ensures that the necessary skills and financial resources are available for Tryg to achieve its strategic targets. The Supervisory Board specifies its activities in a set of rules of procedure and an annual cycle for its work.

Eight members of the Supervisory Board are elected by the annual general meeting for a term of one year. Of the eight members elected at the annual general meeting, four are independent persons as stated in recommendation 3.2.1 in Recommendations on Corporate Governance, while the other four members are dependent persons as they are appointed by the majority shareholder TryghedsGruppen. See pages 32-33 for information on when the individual members joined the Supervisory Board, were re-elected and when their current election period ends. To ensure the integration of new talent on the Supervisory Board, members elected by the annual general meeting may hold office for a maximum of nine years. Furthermore, members of the Supervisory Board must retire at the first annual general meeting following their 70th birthday. The Supervisory Board has 12 members, five men and seven women (including one male and three female employee representatives). Women are thus not underrepresented on Tryg's Supervisory Board. The Supervisory Board has members from Denmark, Sweden and Norway. See details about the independent board members in the section Supervisory Board on pages 32-33 and at tryg.com > Governance > Management > Supervisory Board.

The Supervisory Board performs an annual evaluation of its work and skills to ensure that it possesses the expertise required to perform its duties in the best possible way. The Supervisory Board focuses primarily on the following qualifications and skills: management experience, financial insight, organisation, IT, product development, communication, market insight, international experience, knowledge of insurance, reinsurance, capital requirements, general accounting insight and accounting principles (GAAP), including regulations and principles designed for the insurance industry and M&A experience. See CVs and descriptions of the skills in the section Supervisory Board on pages 32-33 and at tryg.com > Governance > Management > Supervisory Board.

Duties and composition of the Executive Board

Each year, the Supervisory Board reviews and adopts the rules of procedure of the Supervisory Board and the Executive Board with relevant policies, guidelines and instructions describing reporting requirements and requirements for communication with the Executive Board. Financial legislation also requires the Executive Board to disclose all relevant information to the Supervisory Board and report on compliance with limits defined by the Supervisory Board and in legislation.

The Supervisory Board considers the composition, development, risk and succession plans of the Executive Board in connection with the annual evaluation of the Executive Board, and regularly in connection with board meetings.

Each year, the Supervisory Board discusses Tryg's activities to guarantee diversity at management levels. Tryg attaches importance to diversity at all management levels. Tryg has prepared an action plan, which sets out specific targets to ensure diversity and equal opportunities and access to management positions for qualified men and women. In 2015, the proportion of women at management level was 35.4% against 36.4% in 2014. The target for 2015 of 38% or more women at management level was therefore not met. Tryg maintains the target to increase the total proportion of women at management level to 38% or more in 2016. See the action plan at tryg.com > CSR > Thematic areas > People.

Board committees

Tryg has an Audit, a Risk, a Nomination and a Remuneration Committee. The framework of the committees' work is defined in their terms of reference.

The board committees' terms of reference can be found at tryg.com > Governance > Management > Supervisory Board > Board committees, including descriptions of members, meeting frequency, responsibilities and activities during the year. See the tasks of the board committees in 2015 at tryg.com > Governance > Management > Supervisory Board > Board committees.

Three out of four members of the Audit Committee and three out of five members of the Risk Committee, including the chairman of the committees, are independent persons. Of the four members of the Remuneration Committee, one member is an independent person, while one out of two members of the Nomination Committee is independent. Board committee members are elected primarily based on special skills that are considered important by the Supervisory Board. Involvement of the

Total remuneration of the Supervisory Board in 2015

DKK	Fee	Audit Committee	Risk Committee	Remuneration Committee	Total
Jørgen Huno Rasmussen	990,000			135,000	1,125,000
Torben Nielsen	660,000	225,000	150,000		1,035,000
Anya Eskildsen	330,000			90,000	420,000
Vigdis Fossehagen	330,000			90,000	420,000
Ida Sofie Jensen	330,000				330,000
Bill-Owe Johansson	330,000				330,000
Lone Hansen	330,000				330,000
Jesper Hjulmand	330,000	150,000	100,000		580,000
Lene Skole	330,000	150,000	100,000		580,000
Tina Snejbjerg	330,000		100,000		430,000
Mari Thjømøe	330,000	150,000	100,000		580,000
Carl Viggo Östlund [a]	258,145			68,952	327,097
Paul Bergqvist [b]	71,855			21,048	92,903

a) Joined the Supervisory Board in March 2015 b) Resigned from the Supervisory Board in March 2015

Total remuneration of the Executive Management in 2015

DKK	Basic salary	Pension	Car/ car allowance	Total fixed salary	Value of matching shares a)	Total fee
Morten Hübbe	9,419,270	2,354,817	255,000	12,029,087	1,100,000	13,129,087
Tor Magne Lønnum	6,026,452 b)	1,342,553	154,564	7,523,569	650,000	8,173,569
Lars Bonde	4,538,766	1,134,691	255,000	5,928,457	500,000	6,428,457

a) At time of allocation b) Tor Lønnum's basic salery includes a non-pensionable relocation allowance of DKK 656,239.

employee representatives in the committees is also considered important. The committees exclusively prepare matters for decision by the entire Supervisory Board. The special skills of all members are also described at tryg.com.

Remuneration of Management

Tryg has adopted a remuneration policy for the Supervisory Board and the Executive Board, including general guidelines for incentive pay. The remuneration policy for 2015 was adopted by the Supervisory Board in December 2014 and by the annual general meeting on 25 March 2015.

The Chairman of the Supervisory Board reports on Tryg's remuneration policy each year in connection with the consideration of the annual report at the annual general meeting. The Board's proposal for the remuneration of the Supervisory Board for the current financial year is also submitted for approval by the shareholders at the annual general meeting. See the remuneration policy at tryg.com > Governance > Remuneration.

Remuneration of Supervisory Board

Members of Tryg's Supervisory Board receive a fixed fee and are not comprised by any form of incentive or severance programme or pension scheme. Their remuneration is based on trends in peer companies, taking into account the required skills, efforts and the scope of the Supervisory Board's work, including the number of meetings held. The remuneration received by the Chairman of the Board is triple that received by ordinary members, while the Deputy Chairman's remuneration is double that received by ordinary members of the Supervisory Board.

Remuneration of Executive Board

Members of the Executive Board are employed on a contractual basis, and all terms of their remuneration are established by the Supervisory Board within the framework of the approved remuneration policy. Tryg wants to ensure an appropriate and balanced combination between management remuneration, predictable risk and value creation for the shareholders in the short and long term.

The Executive Board's remuneration consists of a fixed pay element, a pension and a variable pay element. The fixed pay element must be competitive and appropriate for the market and provide sufficient motivation for all members of the Executive Board to do their best to achieve the company's defined targets. The variable pay element constitutes only a limited part of the overall remuneration. The Supervisory Board can decide that the fixed pay be supplemented with a variable pay element of up to 12.5% of the fixed basic pay including pension at the time of allocation. The variable pay element consists of a matching shares programme. Four years after the purchase by a member of the Executive Board of a specified number of shares, such member is granted a corresponding number of free shares in Tryg. The purpose of the matching shares programme is both to retain members of the Executive Board, and to create a joint financial interest between the Executive Board and the shareholders. Read more about the matching shares programme in the remuneration policy at tryg.com > Governance > Remuneration.

Each member of the Executive Board is entitled to 12 months' notice of termination and 12 months' severance pay. However, the Group CEO is entitled to 12 months' notice of termination and 18 months' severance pay. Each member of the Executive Board has 25% of the basic salary paid into a pension scheme.

Financial reporting, risk management and auditing

Being an insurance business, Tryg is subject to the risk management requirements of the Danish Financial Business Act and Solvency II. In its policies, the Supervisory Board defines Tryg's risk management framework as regards insurance risk, investment risk and operational risk, as well as IT security. The Supervisory Board issues guidelines to the Executive Board. Risks associated with new financial reporting rules and accounting policies are monitored and considered by the Audit Committee, the finance management and the internal auditors. Material legal and tax-related issues and the financial reporting of such issues are assessed on an ongoing basis. Other risks associated with the financial reporting are described in the section Capital and risk management on pages 24-25 and in Note 1 Risk management on page 46.

Tryg engages in ongoing risk identification, mapping insurance risks and other risks which may endanger the realisation of the Group's strategy or which may have a potentially substantial impact on the Group's financial position. The process involves identifying and continually monitoring the risks identified. As in previous years, Tryg undertook an Own Risk and Solvency Assessment (ORSA) in 2015. The purpose of the ORSA is to link strategy, risk management and appetite and solvency, as the aim of the ORSA is to ensure a sensible correlation between the strategy for assuming risks and the available capital over the business planning period.

The Supervisory Board and the Executive Board approve and monitor the Group's overall policies and guidelines, procedures and controls in important risk areas. They receive reports about developments in these areas and about the ways in which the frameworks are applied. The Supervisory Board checks that the company's risk management and internal controls are effective. The Board receives reports on non-compliance with the frameworks and guidelines established by the Supervisory Board. The Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the Supervisory Board.

The Group'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.

As part of the internal control system, Tryg has established independent risk management, compliance and actuarial functions. The functions report to the Executive Board and the Supervisory Board's Risk Committee. Tryg has a decentralised set-up whereby risk managers in the business areas carry out controlling tasks for the risk management environment and Tryg's compliance function.

The Executive Board has established a formal process for the Group comprising monthly reporting, including for example budget and deviation reports.

Risk management is an integral part of Tryg's business operations. The Group seeks at all times to minimise the risk of unnecessary losses in order to optimise returns on the company's capital.
Read more about Tryg's risk management in the section Capital and risk management on pages 24-25 and in Note 1 on page 46.

Whistleblower line

Tryg has a whistleblower line, which allows employees, customers and business partners to report any serious wrongdoing or suspected irregularities. Reporting takes place in confidence to the Chairman of the Audit Committee and the Head of Compliance.

Read more about Tryg's whistleblower line at tryg.com > Governance > Whistleblower line

Independent and internal audit

The Supervisory Board ensures monitoring by competent and independent auditors. The Group's internal auditor attends all Board meetings. The independent auditor attends the annual Board meeting at which the annual report is presented.

The annual general meeting annually appoints an independent auditor recommended by the Supervisory Board. The internal and independent auditors attend the Audit Committee meetings and at least once a year, the auditors meet with the Audit Committee without the presence of the Executive Board. The Chairman of the Audit Committee deals with any matters that need to be reported to the Supervisory Board.

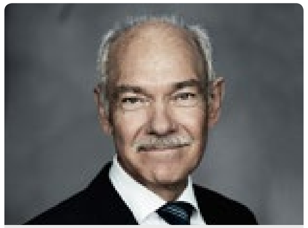
Tryg's internal audit department regularly reviews the quality of the Group's internal control systems and business procedures. It is responsible for planning, performing and reporting the audit work to the Supervisory Board.

Deviations and explanations

Tryg complies with the Recommendations on Corporate Governance with the exception of the recommendation concerning the number of independent members of the board committees, with which Tryg complies partially; see item 3.4.2 of the Recommendations on Corporate Governance.
The deviation is explained in Tryg's statutory corporate governance report, which is available at tryg.com > Investor > Download.

Tryg has published its statutory corporate governance report based on the 'comply-or-explain' principle for each individual recommendation. **Download the report at tryg.com > Investor > Download.**

Supervisory Board



Jørgen Huno Rasmussen [a]

Chairman
Born in 1952. Joined: 2012. Danish citizen. Professional board member. Adjunct Professor, CBS. Former CEO of the FLSmidth Group.

Education: Graduate Diploma in Organisation, MSc (Civ. Eng.) and PhD.
Chairman: Tryg A/S, Tryg Forsikring A/S, TryghedsGruppen smba, Lundbeckfonden and LundbeckFond Invest A/S.
Deputy Chairman: Terma A/S, Rambøll Group A/S and Haldor Topsøe A/S.
Board member: Bladt Industries A/S, Otto Mønsted A/S and Thomas B. Thriges Fond.
Committee memberships: Chairman of Remuneration Committee, Nomination Committee and the Remuneration Committee in Haldor Topsøe A/S.
Number of shares held:1,830
Change in portfolio 2015: 0

As former CEO of FLSmidth, Jørgen Huno Rasmussen has experience in international management of listed companies and special skills within strategy, business development, communication, risk management and finance.

Torben Nielsen [b]

Deputy Chairman
Born in 1947. Joined: 2011. Danish citizen. Professional board member, Adjunct Professor, CBS. Former Governor of Danmarks Nationalbank (Danish Central Bank).

Education: Savings bank training, Graduate Diplomas in Organisation, Work Sociology, Credit and Financing.
Chairman: Sydbank A/S, Investeringsforeningen Sparinvest, Investeringsforeningen Sparinvest Sicav, Luxembourg, EIK banki p/f, Capital Market Partners and Museum South East Denmark.
Deputy Chairman: Tryg A/S and Tryg Forsikring A/S.
Board member: Sampension KP Livsforsikring A/S, Dansk Landbrugs Realkredit and a member of the Executive Management of Bombebøssen.
Committee memberships: Audit Committee (Chairman), Risk Committee (Chairman) and Remuneration Committee.
Number of shares held: 19,000
Change in portfolio 2015: +1,500

Torben Nielsen has special skills in the fields of management, finance, financial services and risk management as former Governor of Danmarks Nationalbank.

Anya Eskildsen [a]

Born 1968. Joined: 2013. Danish citizen. CEO at Niels Brock Copenhagen Business College

Education: MSc in political Science, business college teaching degree, certified IoD Board Programme.
Board member: Tryg A/S and Tryg Forsikring A/S, Trygheds-Gruppen smba, California International Business University (CIBU), USA and Learn for Life (Egmont Fonden).
Committee memberships: Remuneration Committee, member of Nykredits Regionsråd, Danish Chinese Business Forum, GSK coordinator apointed by minister and NOCA.
Number of shares held: 250
Change in portfolio 2015: +250

Anya Eskildsen has experience within financial management, strategic management, communication and marketing, innovation and ideas generation and international system exports.

Vigdis Fossehagen

Employee representative
Born in 1955. Joined: 2012. Norwegian citizen. Employed since 1996.

Education: Educated in the area of agricultural mechanics.
Chairman: Finansforbundet Tryg, Norway.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Remuneration Committee and lay judge in the District Court of Bergen.
Number of shares held: 265
Change in portfolio 2015: +165

Lone Hansen

Employee representative
Born in 1966. Joined: 2012. Danish citizen. Employed since 1990.

Education: Certified commercial insurance agent. Various insurance and sales courses and negotiation training.
Chairman: The Association for Tied Agents and Key Account Managers in Tryg.
Board member: Tryg A/S and Tryg Forsikring A/S.
Member of the Tied Agents' District Board of the Financial Services Union Denmark.
Number of shares held: 695
Change in portfolio 2015: +165

Bill-Owe Johansson

Employee representative
Born in 1959. Joined: 2010. Swedish citizen. Claims handler in Moderna (Swedish branch). Employed since 2002.

Education: Insurance training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Number of shares held: 1,265
Change in portfolio 2015: +165

Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years. The next election of employee representatives will be held in 2016.

a) Dependent member of the Supervisory Board.
b) Independent member of the Supervisory Board, as per the definition in Recommendations on Corporate Governance.

Supervisory Board

Jesper Hjulmand [a)]

Born in 1963. Joined: 2010. Danish citizen. CEO of SEAS-NVE A.m.b.A.

Education: MSc in Economics and Business Administration, Lieutenant-Colonel Royal in the Danish Air Force Reserve, pathfinder.
Chairman: Association of Danish Energy and Distribution Companies (DEA), Energi Danmark A/S, Fibia P/S, and SEAS-NVE Net A/S.
Deputy Chairman: TrygheдsGruppen smba.
Board member: Tryg A/S, Tryg Forsikring A/S, DI General Council and Dansk Energi.
Committee memberships: Audit Committee and Risk Committee, Executive Director Committee of Dansk Energi (Chairman), Green Committee in Region Zeland (Chairman) and member of the Board of Representatives of TryghedsGruppen.
Number of shares held: 8,750
Change in portfolio 2015: 0

From his positions with SEAS-NVE, Jesper Hjulmand has experience within M&A, strategy, organisational and management development, communication and business development.

Lene Skole [b)]

Born in 1959. Joined: 2010. Danish citizen. CEO of the Lundbeck Foundation and Lundbeckfond Invest A/S.

Education: The A.P. Møller Group's international shipping education, Graduate Diploma in Financing and various international management programmes.
Deputy Chairman: Dong Energy A/S, H. Lundbeck A/S, ALK-Abelló A/S and Falck A/S (Falck Holding A/S, Falck Danmark A/S).
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Audit Committee and Risk Committee, the Audit Committee in ALK-Abelló A/S and H. Lundbeck A/S.
Number of shares held: 5,525
Change in portfolio 2015: +1,800

Lene Skole has experience from international companies, among other things through her previous work in Coloplast and The Maersk Company Ltd., UK. Lene Skole has skills within strategy, finance, financing and communication.

Mari Thjømøe [b)]

Born in 1962. Joined: 2012. Norwegian citizen. Professional board member and independent advisor.

Education: Master of Economics and Business Administration, Financial Analyst (CFA) and executive programmes, London Business School and Harvard Business School.
Chairman: Seilsport Maritimt Forlag AS.
Board member: Tryg A/S, Tryg Forsikring A/S, Argentum Fondsinvesteringer as, Nordic Mining ASA, Forskningskonsernet Sintef, E-CO Energi, Scatec Solar ASA, Avinor, Sevan Marine ASA.
Committee memberships: Audit Committee and Risk Committee Member of Audit Committee in Sevan Marine ASA and E-CO (Chairman), Scatec Solar ASA and Remuneration Committee in Argentum.
Number of shares held: 1,800
Change in portfolio 2015: +300

Mari Thjømøe has experience from finance, investor relations, international management, strategy, branding and a special knowledge of the insurance market and special insights into Norwegian market conditions as a Norwegian citizen.

Carl-Viggo Östlund [b)]

Born in 1955. Joined: 2015. Swedish citizen. Professional board member and independent advisor. Former CEO of the Swedish banks SBAB and Nordnet as well as the insurance company SalusAnsvar.

Education: Bachelor of Science, education in International Business and Finance & Accounting.
Chairman: Beyond Clean Water AB, Creador AB, Plus Bolån/MA 2 AB, SFM Stockholm AB, PAUSE Foundation
Board member: Tryg A/S, Tryg Forsikring A/S, Culture Vision and Organisation Sweden AB,
Committee memberships: Remuneration Committee.
Number of shares held: 0

From a number of leading positions in listed as well as privately held companies, Carl-Viggo Östlund has experience from the packaging industry, logistics, insurance, finance and banking. As a Swedish citizen, Carl-Viggo Östlund has special knowledge of Swedish market conditions.

Ida Sofie Jensen [a)]

Born in 1958. Joined: 2013. Danish citizen. Director General of Lif (Danish Assosiation of the Pharmaceutical Industry) and the subsidiary DLI A/S Dansk Lægemiddel Information A/S.

Education: MSc in Political Science, European Health Leadership Programme INSEAD, Executive Management Programme INSEAD, Executive Programme Columbia Business School.
Board member: Tryg A/S and Tryg Forsikring A/S, TrygheдsGruppen smba, Plougmann & Vingtoft A/S and Hans Knudsen Instituttet (business trust).
Number of shares held: 1,175
Change in portfolio 2015: +310

Ida Sofie Jensen has experience from business operations and the health sector as well as management, strategy, politics and finance.

Tina Snejbjerg

Employee representative
Born in 1962. Joined: 2010. Danish citizen. Employed since 1987. Head of Section in Tryg's staff association.

Education: Insurance training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Audit Committee and Central Board of DFL.
Number of shares held: 695
Change in portfolio 2015: +165

Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years. The next election of employee representatives will be held in 2016.

a) Dependent member of the Supervisory Board.
b) Independent member of the Supervisory Board, as per the definition in Recommendations on Corporate Governance.

Executive Board

On 1 January 2016, Tryg changed the daily management structure. The Nordic business areas are transferred to national business areas with new directors heading the areas. The new structure replaces the Group Executive Management, and the top management is constituted by an Executive Board comprising CEO, CFO and COO.

The former Group Executive Vice Presidents either continue as directors of one of the newly established business areas or in other positions within the organisation. Trond Bøe Svestad, former Group Executive Vice President of Commercial, left Tryg in connection with the organisational change.

See organisational chart at tryg.com

Morten Hübbe
Group CEO

Born in 1972. Joined Tryg in 2002.
Joined the Executive Board in 2003.

Education: BSc in International Business Administration and Modern Languages, MSc in Finance and Accounting and management programme at Wharton.
Board member: Tjenestemændenes Forsikring, KMD A/S and KMD Holding A/S.

Number of shares held: 85,740
Change in portfolio in 2015: +18,475

Tor Magne Lønnum
Group CFO

Born in 1967. Joined Tryg in 2011.
Joined the Executive Board in 2011.

Education: State-authorised public accountant, Executive Master of Business and Administration from University of Bristol and Ecole Nationale des Ponts et Chaussées.
Board member: Tryg Garantiforsikring A/S, Thermopylae AS (Chairman) and Finansnæringens Fellesorganisasjon, TGS Nopec ASA and P/f Bakkafrost.

Number of shares held: 34,150
Change in portfolio in 2015: +4.150

Lars Bonde
Group COO

Born in 1965. Joined Tryg in 1998.
Joined the Executive Board in 2006.

Education: Insurance training, LL.M.
Board member: Danish Employers' Association for the Financial Sector, Tjenestemændenes Forsikring, Forsikringsakademiet, the Danish Insurance Association and Cphbusiness.

Number of shares held: 36,845
Change in portfolio in 2015: +9.790

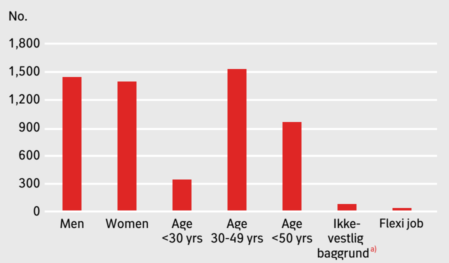
Corporate Social Responsibility in Tryg

Statutory Corporate Social Responsibility report

Tryg's ambition is to be the world's best insurance company. Realising this ambition means operating in a responsible manner and taking care of society. For this purpose steps have been taken to link Corporate Social Responsibility (CSR) more closely to Tryg's core business. Thus, the ambition for 2016 is for the CSR department to work closer with Tryg's Claims Prevention department to introduce new activities equally beneficial to society and to our customers. Read more at tryg.com > CSR.

Our efforts focus on climate, people, business ethics and peace of mind. We comply with all aspects of Danish legislation, but our efforts are also based on the principles of the UN Global Compact, UN Guiding Principles on Business and Human Rights, and Global Reporting Initiative. The Supervisory Board approves Tryg's CSR policy annually. Download the policyat tryg.com > CSR > CSR strategy > CSR policy Read more about Tryg's CSR KPIs at tryg.com > CSR > CSR strategy > CSR KPIs.

Employee mix

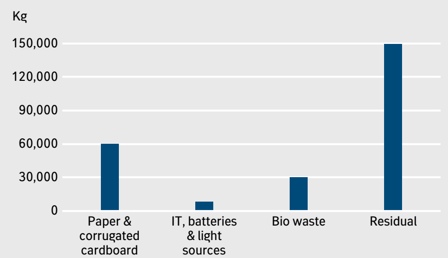


a) Non-Western background has been compiled by Statistics Denmark.

Climate

The global climate is changing, and we are seeing an increase in climate-related claims. In 2014-2015, an increase of 103.2% was seen in the number of weather property insurance claims compared to 2012-2013 (excluding storm claims). Because of the more extreme weather, we want to devise solutions which prevent damage in the first place.

Waste



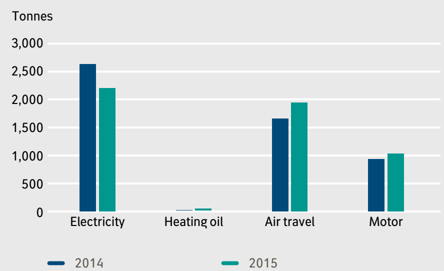
SMS pilot to prevent storm claims

In 2015, Tryg launched an SMS pilot which sent 10,000 text messages to customers living in areas in which cloudbursts were forecast. Customer feedback was extremely positive with 77% rating the service 9 or 10 on a scale of 0-10. In 2016, we will investigate the possibility of introducing a more permanent SMS solution.

Carbon emissions

Our carbon emissions are mainly associated with heating and electricity use at our offices, as well as car and air travel. We have already introduced a variety of climate-friendly initiatives. These include the installation of 82 video conference rooms in order to minimise travel between offices as well as replacing traditional light bulbs with LED light. We also work to minimise other greenhouse gas emissions. In 2015, we replaced our old Freon 22-based cooling system with a new and more effective system running on ammonia. In 2016, our ambition is to introduce even more climate-friendly solutions in our daily operations.

Carbon emissions



The carbon emissions chart covers both Norway and Denmark; air travel also includes Sweden.

In 2015, we reduced our carbon emissions by 48.8% compared to 2007. Thus, we did not achieve our goal of a 50% reduction. This was to be expected as an increased level of travel activity was necessary to ensure the smooth transition of tasks to our offshoring partners in Asia. However, emissions were reduced by 0.48% compared to 2014. Our target for 2016 is a 1% reduction compared to 2015. Read more at tryg.com > CSR > Thematic areas > Climate.

People

At Tryg, we focus on the well-being of our employees and their right to a healthy and safe workplace. We welcome diversity and ensure non-discrimination through equal treatment of all our employees regardless of gender, age, disabilities, ethnic origin, sexual orientation and religion. We see our different perspectives as an asset that increases the quality of our services through a better understanding of our customer needs.

In collaboration with the Municipality of Ballerup, Tryg helps prepare refugees for entering the Danish labour market. In 2016, we hope to be able to offer an introductory course for refugees.

In Tryg, we attach importance to striking a healthy work/life balance and support our employees by offering flexible working hours and the option of working from home. Each year, we conduct an internal employee satisfaction survey. The result was index 74 in 2015 compared to 71 in 2014. Read more at tryg.com > CSR > Thematic area > People.

Equal opportunities

In Tryg, processes are in place to ensure that men and women enjoy equal treatment in terms of pay levels and career opportunities. To comply with section 99b of the Danish Financial Statements Act on equal gender representation at management level, our initiatives include an action plan aimed at ensuring the recruitment and promotion of more women in management roles. Internal recruiters as well as external agencies are instructed to work actively to present qualified candidates of both genders.

In 2015, our ambitious target of 38% or more women at management level was not achieved as the share of women in management positions stood at 35.4%. Not meeting our target can be ascribed to the fact that even though we want both genders to be represented in the recruitment process, we are at the same time interested in appointing the person best qualified for the job, whether a man or a woman. The result shows that we were not able to attract enough of the qualified women in 2015, an issue which we will strive to address in 2016. To qualify and motivate more women to apply for management jobs, we are maintaining our focus on the issue in 2016, and planning a number of events targeted at high-potential women in Tryg. The target for 2016 is 38% or more women in management position. Read more at tryg.com > CSR > Thematic area > People.

Business ethics

In Tryg, we respect human rights in everything we do, and we want to improve our preventive efforts to minimise the risk of human rights violations. To ensure that Tryg's values are part of our suppliers' mindset, all our suppliers have to comply with our CSR reporting guidelines. Therefore, we have introduced a new reporting system. Trialling the new system, 124 automobile suppliers reported on their CSR efforts in 2015. Read more at tryg.com > CSR > Thematic area > Business ethics.

As a part of Tryg's business ethics including anti-corruption, we have a code of ethics which all employees must know and adhere to. At the same time, our employees are obliged to report any activities that do not comply with our code of ethics or applicable legislation. For this purpose, Tryg has set up a whistleblower line, where it is possible for employees and external stakeholders to report such instances in confidentiality. The whistleblower line was used once in 2015. In 2016, we will work to further increase awareness of the code of ethics among our employees. Read more at tryg.com > Governance > Whistleblower line Read our code of ethics at tryg.com > CSR > Thematic areas > Business ethics.

Taxes

Tryg's tax policy is adopted by the Supervisory Board once a year and anchored in the Audit Committee. The tax policy includes guidelines ensuring that Tryg pays all relevant taxes.

Responsible offshoring

In 2015, Tryg extended its offshoring programme to include accounting. In its choice of partners, Tryg has paid much attention to working conditions, wanting to ensure that our partners respect human and labour rights. At the same time, a risk analysis of each partner is performed before signing the contract. Tryg also wants to make sure that workers receive the necessary training, which is why our partners' employees have been visiting Tryg to learn about our systems and processes. Tryg employees have also visited our partners to get a better understanding of their operations and to support them during the first few weeks after taking over the new processes. Partners are asked to submit an annual CSR report. Read more at tryg.com > CSR > Thematic area > Business ethics.

The offshoring programme has resulted in redundancies. Tryg has made a new-placement agreement with the stated objective that at least 90% of the affected employees must have found a new job, started studying or in some other way clarified their career path within 12 months of leaving Tryg. Preliminary results show that in Denmark 94% of those made redundant in February 2015 have found new opportunities.

Peace of mind

In Tryg, we want to help create peace of mind in society. This is our reason for engaging in a number of activities to prevent claims. One initiative is to offer synthetic DNA marking as a way of preventing break-ins. The initiative started in 2014 in Sønderborg, Denmark. In 2015, Tryg distributed 280 marking kits in Sandefjord, Norway. In October 2015, preliminary results from Sønderborg showed a 50% decline in the number of break-ins for the 90 properties using DNA marking compared to a 26% decline in the area in general. In 2016, we will be able to conclude on the long-term preventive effect of synthetic DNA marking in Sønderborg. Read more at tryg.com > CSR > Thematic areas > Peace of mind.

Engagement with the local community

To create peace of mind and share our knowledge about prevention, we invited 120 students from the local community in Ballerup to participate in two workshops. One focused on bicycle safety and the other one on prevention of fire. Both workshops received positive feedback, and we are planning to host at least one workshop in 2016. To increase our engagement with the local community, we will also re-launch a financial training course in 2016 aimed at enabling young people to assume responsibility for their finances. Read more at tryg.com > CSR > Thematic areas > Peace of mind.

Night Ravens

In 2015, Tryg celebrated the 20th anniversary collaboration with the Night Ravens in Norway. The Night Ravens are volunteers who walk the streets at night to prevent violence and crime. To mark the anniversary, a conference was held in Bergen which was attended by the Norwegian Prime Minister Erna Solbjerg. At the conference, Tryg's CEO Morten Hübbe donated NOK 1m to enable the Night Ravens to continue their valuable work. At the end of 2015, there were approximately 370 active groups of Night Ravens in Norway. Read more at tryg.com > CSR > Thematic areas > Peace of mind.

Lifebuoys

The red-and-white lifebuoy has become a symbol of safety along the coastlines in Denmark, Norway and Sweden. Since 1952, more than 39,000 lifebuoys have been installed in Norway alone, and every year they help prevent drownings. In 2015, the demand for more lifebuoys increased as Tryg distributed over 2,000 compared to around 1,000 in 2014. In 2016, Tryg will continue to donate lifebuoys to enhance safety at the seaside. Read more at tryg.com > CSR > Thematic areas > Peace of mind.

Menu – Financial statements 2015

Tryg's Group consolidated financial statements are prepared in accordance with IFRS.

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 2015 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 2015 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 2015.

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, 21 January 2016

Executive Board

Morten Hübbe
Group CEO

Tor Magne Lønnum
Group CFO

Lars Bonde
Group COO

Supervisory Board

Jørgen Huno Rasmussen
Chairman

Torben Nielsen
Deputy Chairman

Anya Eskildsen

Vigdis Fossehagen

Lone Hansen

Jesper Hjulmand

Ida Sofie Jensen

Bill-Owe Johansson

Lene Skole

Tina Snejbjerg

Mari Thjømøe

Carl-Viggo Östlund

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 2015, page 40-99, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes, including the accounting policies, for the Group as well as for the parent company, 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 2015, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2015 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 company's financial position at 31 December 2015, and of the results of its operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial services companies.

Statement on the management's review

Pursuant to the Danish Financial Business Act, we have read the management's review. 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's review is consistent with the consolidated and parent financial statements.

Ballerup, 21 January 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 96 35 56

Jens Ringbæk
State Authorised Public Accountant

Lone Møller Olsen
State Authorised Public Accountant

Financial highlights

DKKm	2015	2014	2013	2012	2011
Gross premium income	**17,977**	**18,652**	**19,504**	**20,314**	**19,948**
Gross claims	-13,562	-12,650	-14,411	-14,675	-15,783
Total insurance operating costs	-2,720	-2,689	-3,008	-3,295	-3,271
Profit/loss on gross business	1,695	3,313	2,085	2,344	894
Profit/loss on ceded business	710	-341	349	86	507
Insurance technical interest, net of reinsurance	18	60	62	62	171
Technical result	**2,423**	**3,032**	**2,496**	**2,492**	**1,572**
Investment return after insurance technical interest	-5	360	588	585	61
Other income and costs	-91	-90	-91	-60	-30
Profit/loss before tax	**2,327**	**3,302**	**2,993**	**3,017**	**1,603**
Tax	-395	-755	-620	-837	-455
Profit/loss on continuing business	**1,932**	**2,547**	**2,373**	**2,180**	**1,148**
Profit/loss on discontinued and divested business after tax [a]	49	10	-4	28	-8
Profit/loss	**1,981**	**2,557**	**2,369**	**2,208**	**1,140**
Run-off gains/losses, net of reinsurance	1,212	1,131	970	1,015	944
Statement of financial position					
Total provisions for insurance contracts	31,571	31,692	32,939	34,355	34,220
Total reinsurers' share of provisions for insurance contracts	3,176	1,938	2,620	2,317	2,067
Total equity	9,831	11,119	11,107	10,979	9,007
Total assets	51,281	52,224	53,371	55,022	53,362
Key ratios					
Gross claims ratio	75.4	67.8	73.9	72.2	79.1
Net reinsurance ratio	-3.9	1.8	-1.8	-0.4	-2.5
Claims ratio, net of ceded business	71.5	69.6	72.1	71.8	76.6
Gross expense ratio	15.3	14.6	15.6	16.4	16.6
Combined ratio	**86.8**	**84.2**	**87.7**	**88.2**	**93.2**
Gross expense ratio without adjustment	15.1	14.4	15.4	16.2	16.4
Operating ratio	86.5	83.8	87.2	87.8	92.2
Relative run-off gains/losses	4.8	4.8	3.9	4.1	4.0
Return on equity after tax (%)	18.9	23.0	21.5	22.1	13.1
Solvency ratio (Solvency I – ratio between base capital and weighted assets)	108	87	90	90	112

The gross expense ratio without adjustment is calculated as the ratio of actual gross insurance operating costs to gross premium income.

Other key ratios are calculated in accordance with "Recommendations & Financial Ratios 2015" 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' definitions of expense ratio and combined ratio, involves the addition of a calculated expense (rent) in respect of 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 mainly Marine Hull insurance and the Finnish branch of Tryg Forsikring, which was sold in 2012.

Income statement

DKKm		2015	2014
Note	**General insurance**		
	Gross premiums written	18,150	18,672
	Ceded insurance premiums	-1,165	-1,059
	Change in premium provisions	61	268
	Change in reinsurers' share of premium provisions	1	-57
3	**Premium income, net of reinsurance**	**17,047**	**17,824**
4	**Insurance technical interest, net of reinsurance**	**18**	**60**
	Claims paid	-13,095	-13,695
	Reinsurance cover received	471	1,361
	Change in claims provisions	-467	1,045
	Change in the reinsurers' share of claims provisions	1,301	-688
5	**Claims, net of reinsurance**	**-11,790**	**-11,977**
	Bonus and premium discounts	**-234**	**-288**
	Acquisition costs	-2,042	-1,955
	Administration expenses	-678	-734
	Acquisition costs and administration expenses	-2,720	-2,689
	Reinsurance commissions and profit participation from reinsurers	102	102
6	**Insurance operating costs, net of reinsurance**	**-2,618**	**-2,587**
2	**Technical result**	**2,423**	**3,032**

DKKm		2015	2014
Note	**Investment activities**		
14	Income from associates	42	10
	Income from investment property	94	94
7	Interest income and dividends	794	949
8	Value adjustments	-493	-95
7	Interest expenses	-95	-115
	Administration expenses in connection with investment activities	-88	-69
	Total investment return	**254**	**774**
4	Return on insurance provisions	-259	-414
	Total investment return after insurance technical interest	**-5**	**360**
	Other income	81	81
	Other costs	-172	-171
	Profit/loss before tax	**2,327**	**3,302**
9	Tax	-395	-755
	Profit/loss on continuing business	**1,932**	**2,547**
10	Profit/loss on discontinued and divested business	49	10
	Profit/loss for the year	**1,981**	**2,557**
25	Earnings per share – continuing business	6.77	8.70
	Diluted earnings per share – continuing business	6.77	8.70
	Earnings per share	6.95	8.74
	Diluted earnings per share	6.95	8.73

Statement of comprehensive income

DKKm		2015	2014
Note	**Profit/loss for the year**	**1,981**	**2,557**
	Other comprehensive income		
	Other comprehensive income which cannot subsequently be reclassified as profit or loss		
	Change in equalisation provision and other provisions	21	26
	Change in taxes on security provisions	141	0
	Revaluation of owner-occupied property for the year	4	2
	Tax on revaluation of owner-occupied property for the year	2	0
	Actuarial gains/losses on defined-benefit pension plans	-12	-46
	Tax on actuarial gains/losses on defined-benefit pension plans	3	12
		159	-6
	Other comprehensive income which can subsequently be reclassified as profit or loss		
	Exchange rate adjustments of foreign entities for the year	-89	-178
	Hedging of currency risk in foreign entities for the year	86	191
	Tax on hedging of currency risk in foreign entities for the year	-21	-47
		-24	-34
	Total other comprehensive income	**135**	**-40**
	Comprehensive income	**2,116**	**2,517**

Statement of financial position

DKKm		2015	2014
Note	**Assets**		
11	**Intangible assets**	**1,038**	**984**
	Operating equipment	62	97
	Owner-occupied property	1,144	1,153
	Assets under construction	2	11
12	**Total property, plant and equipment**	**1,208**	**1,261**
13	**Investment property**	**1,838**	**1,828**
14	Equity investments in associates	229	225
	Total investments in associates	**229**	**225**
	Equity investments	138	128
	Unit trust units	3,589	3,884
	Bonds	35,705	37,175
	Deposits with credit institutions	0	667
	Derivative financial instruments	843	1,318
	Total other financial investment assets	**40,275**	**43,172**
15	**Total investment assets**	**42,342**	**45,225**
	Reinsurers' share of premium provisions	173	219
19	Reinsurers' share of claims provisions	3,003	1,719
16	**Total reinsurers' share of provisions for insurance contracts**	**3,176**	**1,938**
	Receivables from policyholders	1,261	1,232
	Total receivables in connection with direct insurance contracts	1,261	1,232
	Receivables from insurance enterprises	199	208
	Other receivables	871	222
15	**Total receivables**	**2,331**	**1,662**
17	Current tax assets	118	0
	Cash at bank and in hand	471	505
	Total other assets	**589**	**505**
	Interest and rent receivable	281	337
	Other prepayments and accrued income	316	312
	Total prepayments and accrued income	**597**	**649**
	Total assets	**51,281**	**52,224**

DKKm		2015	2014
Note	**Equity and liabilities**		
18	**Equity**	**9,831**	**11,119**
1	**Subordinate loan capital**	**1,698**	**1,768**
19	Premium provisions	5,571	5,810
19	Claims provisions	25,427	25,272
	Provisions for bonuses and premium discounts	573	610
	Total provisions for insurance contracts	**31,571**	**31,692**
20	Pensions and similar obligations	264	342
21	Deferred tax liability	701	1,022
22	Other provisions	132	83
	Total provisions	**1,097**	**1,447**
	Debt relating to direct insurance	603	565
	Debt relating to reinsurance	330	188
23	Amounts owed to credit institutions	64	116
24	Debt relating to unsettled funds transactions and repos	4,074	2,902
15	Derivative financial instruments	612	799
17	Current tax liabilities	357	429
	Other debt	1,001	1,153
	Total debt	**7,041**	**6,152**
	Accruals and deferred income	**43**	**46**
	Total equity and liabilities	**51,281**	**52,224**

1 **Risk and capital management**
26 **Contractual obligations, collateral and contingent liabilities**
27 **Acquisition of subsidiaries**
28 **Related parties**
29 **Financial highlights**
30 **Accounting policies**

Statement of changes in equity

DKKm	Share capital	Revaluation-reserves	Reserve for exchange rate adjustment	Equalisation-reserve	Other reserves[a)]	Retained earnings	Proposed dividend	Total
Equity at 31 December 2014	**1,492**	**80**	**15**	**106**	**848**	**6,847**	**1,731**	**11,119**
2015								
Profit/loss for the year				22	-104	304	1,759	1,981
Other comprehensive income		6	-24	-1	22	132		135
Total comprehensive income	0	6	-24	21	-82	436	1,759	2,116
Nullification of own shares	-44					44		0
Dividend paid							-2,477	-2,477
Dividend own shares						97		97
Purchase and sale of own shares						-1,044		-1,044
Exercise of share options						13		13
Issue of employee shares						2		2
Issue of share options and matching shares						5		5
Total changes in equity in 2015	**-44**	**6**	**-24**	**21**	**-82**	**-447**	**-718**	**-1,288**
Equity at 31 December 2015	**1,448**	**86**	**-9**	**127**	**766**	**6,400**	**1,013**	**9,831**
Equity at 31 December 2013	**1,533**	**78**	**49**	**61**	**888**	**6,842**	**1,656**	**11,107**
2014								
Profit/loss for the year				60	-81	847	1,731	2,557
Other comprehensive income		2	-34	-15	41	-34		-40
Total comprehensive income	0	2	-34	45	-40	813	1,731	2,517
Nullification of own shares	-41					41		0
Dividend paid							-1,656	-1,656
Dividend, own shares						59		59
Purchase and sale of own shares						-1,005		-1,005
Exercise of share options						49		49
Issue of employee shares						45		45
Issue of share options and matching shares						3		3
Total changes in equity in 2014	**-41**	**2**	**-34**	**45**	**-40**	**5**	**75**	**12**
Equity at 31 December 2014	**1,492**	**80**	**15**	**106**	**848**	**6,847**	**1,731**	**11,119**

Dividend per share in 2015 includes dividend paid out in July of DKK 2.5 and proposed dividend of DKK 3.5, totalling DKK 6.0 (DKK 5.8 in 2014). Proposed dividend per share of DKK 3.50 is calculated as the total dividend proposed by the Supervisory Board after the end of the financial year divided by the total number of shares at the end of the year (289,559,550 shares). The dividend is not paid until approved by the shareholders at the annual general meeting.

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 2,516m (DKK 2,622m in 2014) The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

a) Other reserves contains Norwegian Natural Perils Pool

Cash flow statement

Note	DKKm	2015	2014
Note	**Cash from operating activities**		
	Premiums	17,721	18,139
	Claims	-13,040	-13,584
	Ceded business	-412	229
	Costs	-2,771	-2,862
	Change in other debt and other amounts receivable	-158	-190
	Cash flow from insurance activities	**1,340**	**1,732**
	Interest income	807	995
	Interest expenses	-95	-115
	Dividend received	47	39
	Taxes	-765	-512
	Other income and costs	-91	-90
	Cash from operating activities, continuing business	**1,243**	**2,049**
	Cash from operating activities, discontinued and divested business	-32	-58
	Total cash flow from operating activities	**1,211**	**1,991**
	Investments		
	Purchase and refurbishment of property	-46	-14
	Sale of property	10	7
	Purchase/sale of equity investments and unit trust units (net)	480	291
	Purchase/sale of bonds (net)	1,070	-386
	Deposits with credit institutions	641	630
	Purchase/sale of operating equipment (net)	0	-17
	Acquisition of intangible assets	0	-228
	Hedging of currency risk	86	191
	Investments, continuing business	**2,241**	**474**
	Investments, discontinued and divested business	-37	0
	Total investments	**2,204**	**474**

Note	DKKm	2015	2014
Note	**Financing**		
	Exercise of share options/purchase of own shares (net)	-1,031	-956
	Subordinate loan capital	12	0
	Dividend paid	-2,380	-1,656
	Change in amounts owed to credit institutions	-53	110
	Financing, continuing business	**-3,452**	**-2,502**
	Total financing	**-3,452**	**-2,502**
	Change in cash and cash equivalents, net	**-37**	**-37**
	Additions relating to purchase of subsidiaries	0	14
	Exchange rate adjustment of cash and cash equivalents, 1 January	3	-25
	Change in cash and cash equivalents, gross	**-34**	**-48**
	Cash and cash equivalents at 1 January	505	553
	Cash and cash equivalents at 31 December	**471**	**505**

Notes

1 Risk and capital management

Risk management in Tryg
The Supervisory Board defines the company's risk appetite through its business model and strategy, and this is operationalised through the company's policies. The company's risk management forms the basis for the risk profile being in line with the specified risk appetite at all times.

Tryg's risk profile is continuously measured, quantified and reported to the management and the Supervisory Board. Given the extensive requirements for the Supervisory Board's involvement in capital and risk management, Tryg's Supervisory Board has decided to set up a special Risk Committee to address these topics separately during the year. The Committee meets five times a year for a detailed review of various risk management topics and regularly keeps the entire Supervisory Board up-to-date on the status.

Tryg's risk management is organised into three levels of control. The first level of control is handled in the business where the company's policies are implemented, and day-to-day compliance is verified. This is supported by decentralised risk managers affiliated with the individual areas. The risk management function is the second level of control, and ensures a consistent approach across the organization, risk assessment at group level and reporting to the management and the Supervisory Board. This involves an ongoing identification and assessment of the most significant risks in the company. Furthermore, the function prepares specific recommendations in relation to capital management, reinsurance, investment risk management and more. Tryg's risk management function is also responsible for determining the company's capital.

The third level consists of the internal audit which performs independent assessments of the entire control environment.

Capital management
Tryg's capital management is based on the key business objectives:

- A solid capital base, supporting both the statutory requirements and a 'A-' rating from Standard & Poor's.
- Support of a steadily rising nominal dividend per share, where 60-90% of the annual net profit is paid out in two instalments.
- Return on the average equity of at least 20% after tax. However 21% from 2017.

What risk profile does Tryg want?

- Business model
- Strategy
- Policies

How is this supported?

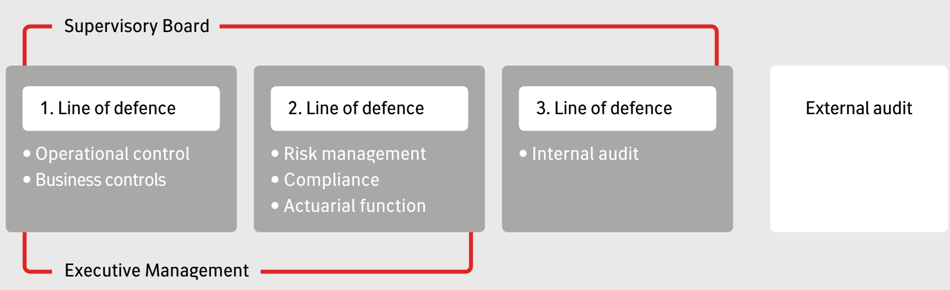
Tactically
- Policies
- Capital plan
- Contingency plan

Operationally
- Frameworks
- Limitations
- Instructions
- Allocated capital
- Contingency plans

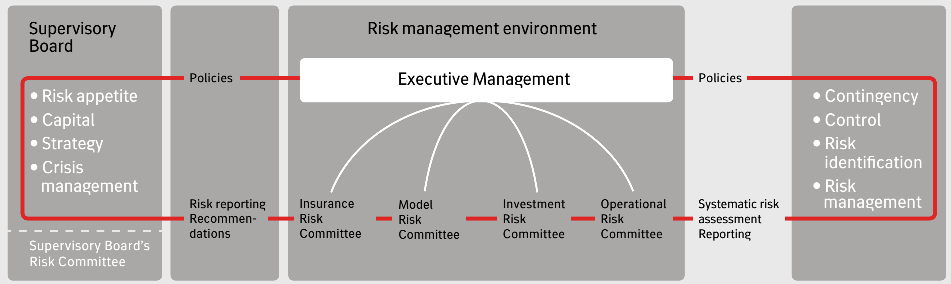
How is the actual risk profile measured?

Tactically
- Risk reports
- Internal controls
- Capital model
- Stress tests

Lines of defence



Tryg's risk management environment



Notes

Viewed in isolation, in order to fulfil the first two objectives, the company's capital buffer must be as large as possible, while the third objective is best achieved by keeping the capital buffer to a minimum or by ensuring that the capital base is mainly made up of subordinate loan capital. The balance between the different objectives and the resulting capital requirement is assessed in the company's capital plan.

The capital base is continuously measured against the individual solvency requirement calculated on the basis of Tryg's partial internal model, where insurance risks are modelled using an internal model, while other risks are described using the Solvency II standard model.

The model calculates Tryg's capital requirement with 99.5% solvency level with a 1-year horizon, which means that Tryg will be able to fulfil its obligations in 199 out of 200 years. The partial internal model has been used for a number of years, and was approved by the Danish Financial Supervisory Authority in 2015 which means that the present solvency requirement will be maintained as Solvency II has come into force as of 1 January 2016.

The introduction of Solvency II will have a major influence on Tryg's capital position in various areas from 1 January 2016. The Solvency capital requirement will decrease by approximately DKK 1.200m due to the inclusion of the loss absorbency capacity of deferred tax. The capital base will increase by approximately DKK 400m due to the inclusion of expected future profits (DKK 600m) and the transition to a new Solvency II discounting curve (DKK -200m). The net effect form these new elements will result in a relative large increase in the capital buffer, where the core equity will constitute a lesser part of the capital base.

Tryg has two subordinated loans that amount to DKK 1,707m. The first is a NOK 1,400m loan that was issued in November 2015 and is classified as a Tier 2 element under Solvency II. The second is a NOK 800m loan that was issued in March 2013 and is accordingly to the grandfathering rules treated as a Tier 1 element under Solvency II.

Read more about Tryg's capitalisation after the introduction of Solvency II in the newsletter.

Company's own risk assessment 'ORSA' (Own Risk and Solvency Assessment)

ORSA is the company's own risk assessment based on the Solvency II principles, which implies that Tryg must assess all material risks that the company is or may be exposed to. The ORSA report also contains an assessment of whether the calculation of solvency capital requirement is reasonable and is reflecting Tryg's actual risk profile. Moreover, the projected capital requirement is also assessed over the company's strategic planning period. Tryg's risk activities are implemented via continuous risk management processes, where the main results are reported to the Supervisory Board and the risk committee during the year, while the ORSA report is an annual summary document assessing all these processes and presenting the total risk picture to Tryg's Supervisory Board.

Insurance risk

Insurance risk comprises two main types of risks: underwriting risk and provisioning risk.

Underwriting risk

Underwriting risk is the risk that insurance premiums will not be sufficient to cover the compensations and other costs associated with the insurance business. Underwriting risk is managed primarily through the company's insurance policy defined by the Supervisory Board, and administered through business procedures, underwriting guidelines etc. Underwriting risk is assessed in Tryg's capital model, determining the capital impact from insurance products.

Reinsurance is used to reduce the underwriting risk in situations where this can not be achieved to a sufficient degree via ordinary diversification. In case of major events involving damage to buildings and contents, Tryg's reinsurance programme provides protection for up to DKK 5.75bn, which statistically is sufficient to cover at least a 250-year event. Retention for such events is DKK 150m. In the event of a frequency of natural disasters, Tryg is covered for up to DKK 600m for, after total annual retention of DKK 300m. Tryg has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Tryg's largest individual building and contents risks are covered by up to DKK 2bn. Retention for large claims is DKK 100m, gradually dropping to DKK 25m. Single risks exceeding DKK 2bn are covered individually. Tryg has combined the minimum cover of other sectors into a joint cover with retention of DKK 100m for the first claim and DKK 25m for subsequent claims. For the individual sectors, individual cover has subsequently been taken out as needed.

For Tryg's subsidiary Tryg Garantiforsikring A/S, the maximum retention is DKK 30m. The use of reinsurance creates a natural counterparty risk. This risk be handled by applying a wide range of reinsurers with at least an 'A' rating and USD 100m in capital.

Reserving risk

Reserving risk relates to the risk of Tryg's insurance provisions being inadequate. The Supervisory Board lays down the overall framework for the handling of reserving risk in the insurance policy, while the overall risk is measured in the capital model. The uncertainty associated with the calculation of claims reserves affects Tryg's results through the run-off on reserves.

Long-tailed reserves in particular are subject to interest rate and inflation risk. Interest rate risk is hedged by means of Tryg's match portfolio which corresponds to the discounted claims reserves. In order to manage the inflation risk of Danish workers' compensation claims reserves, Tryg has bought zero coupon inflation swaps. Tryg determines the claims reserves via statistical methods as well as individual assessments. At the end of 2015, Tryg's claims reserves totalled DKK 25,427m with an average duration of 4,0 years.

Investment risk

The overall framework for managing investment risk is defined by the Supervisory Board in Tryg's investment policy. In overall terms, Tryg's investment portfolio is divided into a match portfolio and a free portfolio. The match portfolio corresponds to the value of the discounted claims reserves and is designed to hedge the interest rate sensitivity of these as closely as possible. Tryg carries out daily monitoring, follow-up and risk management of the Group's interest rate risk. The swap and bond portfolio is thus adjusted continuously to minimise the net interest rate risk.

The free portfolio is subject to the framework defined by the Supervisory Board through the investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. Tryg's equity portfolio constitutes the company's largest investment risk. At the end of 2015, the equity portfolio accounted for 5.9% of the total investment assets. This share is expected to be at a similar level in 2016. Tryg's property portfolio mainly comprises owner-occupied and investment properties, the value of which is adjusted based on the conditions on the property market through internal valuations backed by external valuations. At the end of 2015, investment properties accounted for 5.1%, while owner-occupied properties accounted for 3.0% of the total investment assets.

Notes

Property investments are expected to be at a similar level in 2016. Tryg's does not wish to speculate in foreign currency, but since Tryg invests and operates its insurance business in other currencies than Danish kroner, Tryg is exposed to currency risk. Tryg is primarily exposed to fluctuations in the other Scandinavian currencies due to its ongoing insurance activities.

Premiums earned and compensation paid in other currencies create a natural currency hedge, for which reason other risk mitigation measures are not required in this area. However, the part of equity held in other currencies than Danish kroner will be exposed to currency risk. This risk is hedged on an ongoing basis using currency swaps. In addition to the above-mentioned risks, Tryg is exposed to credit, counterparty and concentration risk. These risks primarily relate to exposures in high-yield bonds, emerging market debt exposures as well as Tryg's investments in AAA-rated Nordic and European government and mortgage bonds. These risks are also managed through the investment policy and the framework for reinsurance defined in the insurance policy. For an insurance company like Tryg, liquidity risk is practically non-existent, as premium payments fall due before claims payments. The only significant assets on Tryg's balance sheet, which by nature is somewhat illiquid, are the property portfolio.

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 an adequate control environment for its operations. In practice, this work is organised by means of procedures, controls and guidelines covering the various aspects of the Group's operations. The Supervisory Board defines the overall framework for managing operational risk in Tryg's IT security policy and operational risk policy. These risks are controlled via the Operational Risk Committee. A special crisis management structure is set up to deal with the eventuality that Tryg is hit by major crises. This comprises a Crisis Management Team at Group level, national contingency teams at country level and finally business contingency in the individual areas. Tryg has prepared contingency plans to address the most important areas. In addition, comprehensive IT contingency plans have been established, primarily focusing on the business-critical systems.

Other risks

Strategic risk
The strategic risk is the risk of loss as a result of Tryg's chosen strategic position. The strategic position covers both business transactions, IT strategy, choice of business partners and changed market conditions. Tryg's strategic position is determined by Tryg's Supervisory Board in close collaboration with the Executive Board. Before determining the strategic position, the strategic decisions are subjected to a risk assessment, explaining the risk of the chosen strategy to Tryg's Supervisory Board and Executive Board.

Compliance risk
Compliance risk is the risk of loss as a result of lack of compliance with rules and regulations. The handling of compliance risk is coordinated centrally via the Group's legal department, which, among other things, sits on industry committees in connection with legislative monitoring, ensures implementation in Tryg through business procedures and participates in the ongoing training of the organisation.

Emerging risk
Emerging risk cover new risks or known risks, with changing characteristics. The management of this type of risk will be handled in the individual business areas, which monitor the market and adapt the products as the conditions change. In the event of a change in insurance terms, it is ensured that Tryg's reinsurance cover is consistent with the new conditions.

Sensitivity analysis

Insurance risk

DKKm	2015	2014
Effect of 1 percentage point change in:		
Combined ratio (1 percentage point)	+/- 177	+ / -184
Claim frequency (1 percentage point)	+/- 1,450	+/- 1,369
Average claim	+/- 132	+/-122
Premium rates	+/-175	+/- 190
Provisioning risk		
1% change in inflation on person-related lines of business [a]	+/- 476	+/- 300
10% error in the assessment of long-tailed lines of business (workers' compensation, motor liability, liability, accident)	+/- 1,671	+/- 1,752

Investment risk

Interest rate market		
Effect of 1 % increase in interest curve:		
Impact of interest-bearing securities	-940	-880
Higher discounting of claims provisions	947	793
Net effect of interest rate rise	7	-87
Impact of Norwegian pension obligation [b]	153	87
Equity market		
15 % decline in equity market	-341	-393
Impact of derivatives	-7	-72
Real estate market		
15 % decline in real estate markets	-480	-488
Currency market		
Equity:		
15 % decline in exposed currency (exclusive of EUR) relative to DKK	-647	-835
Impact of derivatives	614	791
Net impact of exchange rate decline	-33	-44
Technical result per year:		
Impact of 15% change in NOK and SEK exchange rates relative to DKK	+/- 176	+/- 230

a) Including the effect of the zero coupon inflation swap.
b) Additional sensitivity information in note 20 'Pensions and similar obligations'.

Notes

Claims provisions – estimated accumulated claims – DKKm

Gross	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Estimated accumulated claims												
End of year	10,935	10,711	11,629	12,162	13,534	15,782	16,126	13,659	13,532	12,841	14,853	
1 year later	10,825	10,972	12,199	13,500	14,189	15,884	16,516	13,644	13,845	13,188		
2 year later	10,685	10,515	12,773	13,383	14,204	15,836	16,515	13,581	13,682			
3 year later	10,315	10,743	12,752	13,396	14,002	15,718	16,466	13,431				
4 year later	10,460	10,679	12,755	13,357	13,884	15,631	16,304					
5 year later	10,405	10,671	12,661	13,262	13,787	15,567						
6 year later	10,311	10,649	12,535	13,231	13,770							
7 year later	10,323	10,612	12,529	12,981								
8 year later	10,294	10,428	12,461									
9 year later	10,189	10,361										
10 year later	10,020											
	10,020	10,361	12,461	12,981	13,770	15,567	16,304	13,431	13,682	13,188	14,853	146,618
Cumulative payments to date	-9,746	-9,771	-11,610	-11,796	-12,386	-13,967	-14,383	-11,187	-11,048	-9,504	-6,714	-122,112
Provisions before discounting, end of year	273	589	851	1,185	1,384	1,600	1,921	2,245	2,634	3,685	8,139	24,506
Discounting	-41	-68	-99	-138	-156	-161	-159	-174	-167	-205	-193	-1,561
Reserves from 2004 and prior years												2,127
Other reserves												355
Gross provisions for claims, end of year												25,427

Claims provisions – estimated accumulated claims – DKKm

Ceded business	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Estimated accumulated claims												
End of year	915	272	498	155	284	668	1,449	228	550	250	2,068	
1 year later	811	272	465	220	354	748	2,145	259	961	302		
2 year later	816	259	480	189	332	738	2,267	297	942			
3 year later	811	292	485	179	289	714	2,307	304				
4 year later	840	293	505	179	292	723	2,271					
5 year later	836	288	476	166	297	744						
6 year later	822	287	505	171	292							
7 year later	822	288	496	165								
8 year later	814	286	496									
9 year later	826	286										
10 year later	823											
	823	286	496	165	292	744	2,271	304	942	302	2,068	8,695
Cumulative payments to date	-811	-278	-483	-159	-283	-685	-2,176	-264	-642	-213	-41	-6,034
Provisions before discounting, end of year	12	8	14	7	10	60	95	40	300	88	2,027	2,660
Discounting	-1	-1	-1	0	0	-1	-1	-1	-3	-2	-7	-17
Reserves from 2004 and prior years												210
Other reserves												151
Provisions for claims, end of year												3,003

Claims provisions – estimated accumulated claims – DKKm

Net of reinsurance	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Estimated accumulated claims												
End of year	10,020	10,439	11,131	12,007	13,250	15,115	14,677	13,432	12,982	12,591	12,786	
1 year later	10,014	10,700	11,734	13,280	13,835	15,137	14,370	13,386	12,884	12,886		
2 year later	9,869	10,256	12,293	13,194	13,872	15,098	14,248	13,284	12,740			
3 year later	9,504	10,450	12,267	13,217	13,713	15,004	14,160	13,127				
4 year later	9,619	10,386	12,250	13,178	13,592	14,907	14,033					
5 year later	9,569	10,383	12,186	13,096	13,491	14,823						
6 year later	9,489	10,362	12,030	13,059	13,477							
7 year later	9,502	10,323	12,033	12,816								
8 year later	9,481	10,142	11,965									
9 year later	9,363	10,075										
10 year later	9,196											
	9,196	10,075	11,965	12,816	13,477	14,823	14,033	13,127	12,740	12,886	12,786	137,924
Cumulative payments to date	-8,935	-9,493	-11,128	-11,637	-12,103	-13,282	-12,206	-10,923	-10,406	-9,290	-6,675	-116,079
Provisions before discounting, end of year	261	582	837	1,179	1,374	1,540	1,826	2,204	2,334	3,596	6,112	21,846
Discounting	-40	-68	-98	-138	-156	-160	-157	-173	-164	-204	-186	-1,543
Reserves from 2004 and prior years												1,917
Other reserves												204
Provisions for claims, net of reinsurance, end of the year												22,424

Other provisions comprise the claims provisions for Tryg Garantiforsikring A/S.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2015 to prevent the impact of exchange rate fluctuations.

Claims provisions (continued)

DKKm	Expected cash flow, not discounted 0-1 year	1-2 years	2-3 years	> 3 years	Other	Total
2015						
Premium provisions, gross	5,149	126	67	87	142	5,571
Premium provisions, ceded	-146	0	0	0	-28	-174
Claims provisions, gross	9,045	4,029	2,646	11,150	357	27,227
Claims provisions, ceded	-1,959	-395	-213	-311	-151	-3,029
	12,089	**3,760**	**2,500**	**10,926**	**320**	**29,595**
2014						
Premium provisions, gross	5,337	130	124	133	86	5,810
Premium provisions, ceded	-156	0	0	0	-22	-178
Claims provisions, gross	9,041	4,282	2,716	9,945	678	26,662
Claims provisions, ceded	-529	-311	-199	-263	-451	-1,753
	13,693	**4,101**	**2,641**	**9,815**	**291**	**30,541**

Other comprises Tryg Garantiforsikring A/S and premium provisions in Securator A/S.

DKKm	2015	2014
Investment risk		
Bond portfolio including interest derivatives		
Duration 1 year or less	14,856	16,622
Duration 1 year-5 years	13,011	13,925
Duration 5-10 years	4,175	4,129
Duration more than 10 years	2,363	2,836
Total	**34,405**	**37,512**
Duration	**2.5**	**2.2**

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.

Listed shares	2015	2014
Nordic countries	52	413
United Kingdom	90	207
Rest of Europe	501	674
United States	1,165	1,096
Asia etc.	516	563
Total	**2,324**	**2,953**
The portfolio of unlisted shares totals	138	128

The share portfolio includes exposure from share derivatives of DKK 47m (DKK 477m in 2014)
Unlisted equity investments are based on an estimated market price.

Exposure to exchange rate risk

	2015			2014		
	Assets and debt	Hedge	Exposure	Assets and debt	Hedge	Exposure
USD	2,355	-2,313	42	1,952	-1,918	34
EUR	633	-524	109	530	706	1,236
GBP	197	-189	8	79	-69	10
NOK	1,991	-1,867	124	3,701	-3,507	194
SEK	1,114	-1,007	107	1,076	-998	78
Other	477	-429	48	541	-474	67
Total			**438**			**1,619**

Impact of exchange rate fluctuations in SEK and NOK on technical result

	2015	2014	Change	Currency effect	Change excl. currency effect
Gross premium income	**17,977**	**18,652**	**-675**	**-534**	**-141**
Gross claims	-13,562	-12,650	-912	374	-1,286
Total insurance operating costs	-2,720	-2,689	-31	81	-112
Profit/loss on gross business	1,695	3,313	-1,618	-79	-1,539
Profit/loss on ceded business	710	-341	1,051	11	1,040
Insurance technical interest, net of reinsurance	18	60	-42	-2	-40
Technical result	**2,423**	**3,032**	**-609**	**-70**	**-539**

	2014	2013	Change	Currency effect	Change excl. currency effect
Gross premium income	**18,652**	**19,504**	**-852**	**-642**	**-210**
Gross claims	-12,650	-14,411	1,761	437	1,324
Total insurance operating costs	-2,689	-3,008	319	86	233
Profit/loss on gross business	3,313	2,085	1,228	-119	1,347
Profit/loss on ceded business	-341	349	-690	10	-700
Insurance technical interest, net of reinsurance	60	62	-2	-3	1
Technical result	**3,032**	**2,496**	**536**	**-112**	**648**

Impact of exchange rate fluctuations in SEK and NOK on the statement of financial position

DKKm	2015	2014	Change	Currency effect	Change excl. currency effect
Assets					
Intangible assets	1,038	984	54	12	42
Total property, plant and equipment	1,208	1,261	-53	-26	-27
Investment property	1,838	1,828	10	-20	30
Investments in associates	229	225	4	-1	5
Other financial investment assets	40,275	43,172	-2,897	-704	-2,193
Reinsurers' share of provisions for insurance contracts	3,176	1,938	1,238	-45	1,283
Receivables	2,331	1,662	669	-19	688
Other assets	589	505	84	0	84
Prepayments and accrued income	597	649	-52	-3	-49
Total assets	**51,281**	**52,224**	**-943**	**-806**	**-137**
Equity and liabilities					
Equity	9,831	11,119	-1,288	0	-1,288
Subordinate loan capital	1,698	1,768	-70	-82	12
Provisions for insurance contracts	31,571	31,692	-121	-518	397
Total provisions	1,097	1,447	-350	-43	-307
Other debt	7,041	6,152	889	-163	1,052
Accruals and deferred income	43	46	-3	0	-3
Total equity and liabilities	**51,281**	**52,224**	**-943**	**-806**	**-137**

Credit risk

Bond portfolio by ratings	2015 DKKm	%	2014 DKKm	%
AAA to A	35,181	98.5	36,930	99.3
Other	523	1.5	244	0.7
Not rated	1	-	1	0.0
Total	**35,705**	**100.0**	**37,175**	**100.0**
Reinsurance balances				
AAA to A	2,772	95.9	1,447	90.7
Other	0	-	1	0.1
Not rated	120	4.1	147	9.2
Total	**2,892**	**100.0**	**1,595**	**100.0**

Liquidity risk

Maturity of the Group's financial obligations including interest

2015	0-1 years	1-5 years	> 5 years	Total
Subordinate loan capital	66	263	3,362	3,691
Amounts owed to credit institutions	64	0	0	64
Debt relating to unsettled funds transactions and repos	4,074	0	0	4,074
Derivative financial instruments	181	219	259	659
Other debt	2,291	0	0	2,291
	6,676	**482**	**3,621**	**10,779**
2014				
Subordinate loan capital	87	243	2,209	2,539
Amounts owed to credit institutions	116	0	0	116
Debt relating to unsettled funds transactions and repos	2,902	0	0	2,902
Derivative financial instruments	428	225	189	842
Other debt	2,335	0	0	2,335
	5,868	**468**	**2,398**	**8,734**

Interest on loans for a perpetual term has been recognised for the first fifteen years.

Notes

Subordinate loan capital	2015	Bond loan EUR 150m 2014	2015	Bond loan NOK 800m 2014	Bond loan NOK 1,400 2015
The fair value of the loan at the statement of financial position date	-	1,106	671	714	1,086
The fair value of the loan at the statement of financial position date is based on a price of	-	99	108	108	100
Total capital losses and costs at the statement of the financial position date	-	3	4	4	6
Interest expenses for the year	49	50	34	40	3
Effective interest rate	-	4.5%	3.6%	3.6%	3.9%

Loan terms:			
Lender	Listed bonds	Listed bonds	Listed bonds
Principal	EUR 150m	NOK 800m	NOK 1,400m
Issue price	99.017	100	100
Issue date	December 2005	March 2013	November 2015
Maturity year	2025	Perpetual	2045
Loan may be called by lender as from	Called by Tryg in December 2015	2023	2025
Repayment profile	Interest-only	Interest-only	Interest-only
Interest structure	4.5% (until 2015)	3.75 % above NIBOR 3M (until 2023)	2.75 % above NIBOR 3M (until 2025)
	2.1% above EURIBOR 3M (from 2015)	4.75 % above NIBOR 3M (from 2023)	3.75 % above NIBOR 3M (from 2025)

The share of capital included in the calculation of the capital base total DKK 1,707m (DKK 1,496m in 2014) The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost.

The loans are taken by Tryg Forsikring A/S.
The creditors have no option to call the loans before maturity or otherwise terminate the loan agreements. The loans are automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S.

Prices used for determination of fair value in respect of both loans are based on actual traded prices from Bloomberg.

DKKm		Private	Commercial	Corporate	Sweden	Other [a]	Group
2	**Operating segments**						
	2015						
	Gross premium income	**8,803**	**3,992**	**3,894**	**1,317**	**-29**	**17,977**
	Gross claims	-6,074	-2,612	-3,987	-852	-37	-13,562
	Gross operating expenses	-1,291	-683	-420	-246	-80	-2,720
	Profit/loss on ceded business	-148	-44	877	-1	26	710
	Insurance technical interest, net of reinsurance	8	5	5	0	0	18
	Technical result	**1,298**	**658**	**369**	**218**	**-120**	**2,423**
	Other items						-442
	Profit/loss						**1,981**
	Run-off gains/losses, net of reinsurance	324	388	351	149	0	1,212
	Intangible assets		33		597	408	1,038
	Equity investments in associates					229	229
	Reinsurers' share of premium provisions	17	16	140	0	0	173
	Reinsurers' share of claims provisions	141	408	2,422	32	0	3,003
	Other assets					46,838	46,838
	Total assets						**51,281**
	Premium provisions	2,342	1,318	1,062	849	0	5,571
	Claims provisions	5,791	6,566	11,357	1,713	0	25,427
	Provisions for bonuses and premium discounts	457	54	50	12	0	573
	Other liabilities					9,879	9,879
	Total liabilities						**41,450**

Description of segments
Please refer to the accounting principles for a description of operating segments.

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

a) Amounts relating to eliminations and in 2015 also restructuring expenses are included under 'Other'. Details of amounts in note 2 Geographical segments. Other assets and liabilities are managed at Group level and are therefore not allocated to the individual segments but are included under 'Other'.

DKKm		Private	Commercial	Corporate	Sweden	Other [a)]	Group
2	**Operating segments**						
	2014						
	Gross premium income	**9,051**	**4,190**	**4,033**	**1,399**	**-21**	**18,652**
	Gross claims	-6,129	-2,673	-2,872	-998	22	-12,650
	Gross operating expenses	-1,311	-664	-446	-268	0	-2,689
	Profit/loss on ceded business	-23	8	-304	-21	-1	-341
	Insurance technical interest, net of reinsurance	24	14	16	6	0	60
	Technical result	**1,612**	**875**	**427**	**118**	**0**	**3,032**
	Other items						-475
	Profit/loss						**2,557**
	Run-off gains/losses, net of reinsurance	357	310	421	43	0	1,131
	Intangible assets		37		600	347	984
	Equity investments in associates					225	225
	Reinsurers' share of premium provisions	10	12	197	0	0	219
	Reinsurers' share of claims provisions	154	346	1,181	38	0	1,719
	Other assets					49,077	49,077
	Total assets						**52,224**
	Premium provisions	2,423	1,425	1,163	799	0	5,810
	Claims provisions	6,062	6,742	10,754	1,714	0	25,272
	Provisions for bonuses and premium discounts	488	51	62	9	0	610
	Other liabilities					9,413	9,413
	Total liabilities						**41,105**

Notes

DKKm	2015	2014	2013	2012	2011
2 Geographical segments					
Danish general insurance[a)]					
Gross premium income	**9,346**	**9,361**	**9,534**	**9,910**	**10,019**
Technical result	1,371	1,510	1,202	1,441	1,033
Run-off gains/losses, net of reinsurance	512	564	566	571	770
Key ratios					
Gross claims ratio	80.5	66.9	79.5	71.1	83.3
Net reinsurance ratio	-9.2	2.1	-7.0	-0.2	-8.1
Claims ratio, net of ceded business	71.3	69.0	72.5	70.9	75.2
Gross expense ratio	13.9	15.1	15.0	14.5	15.1
Combined ratio	**85.2**	**84.1**	**87.5**	**85.4**	**90.3**
Number of full-time employees 31 December	1,859	2,007	2,046	2,187	2,315
Norwegian general insurance					
Gross premium income	**6,766**	**7,337**	**7,819**	**8,239**	**7,916**
Technical result	844	1,478	1,258	1,017	598
Run-off gains/losses, net of reinsurance	492	501	387	465	181
Key ratios					
Gross claims ratio	70.9	66.5	65.1	72.4	73.2
Net reinsurance ratio	2.1	1.4	4.1	-1.0	3.2
Claims ratio, net of ceded business	73.0	67.9	69.2	71.4	76.4
Gross expense ratio	14.9	12.5	15.3	16.8	17.0
Combined ratio	**87.9**	**80.4**	**84.5**	**88.2**	**93.4**
Number of full-time employees 31 December	1,113	1,167	1,199	1,282	1,338

a) Includes Danish general insurance and Finnish guarantee insurance.

Notes

DKKm		2015	2014	2013	2012	2011
2	**Geographical segments**					
	Swedish general insurance					
	Gross premium income	**1,894**	**1,975**	**2,169**	**2,183**	**2,050**
	Technical result	328	44	36	131	-59
	Run-off gains/losses, net of reinsurance	208	66	17	-21	-7
	Key ratios					
	Gross claims ratio	63.5	77.6	80.6	75.3	82.0
	Net reinsurance ratio	1.7	2.2	0.7	1.5	2.6
	Claims ratio, net of ceded business	65.2	79.8	81.3	76.8	84.6
	Gross expense ratio	17.5	18.4	17.6	18.6	20.3
	Combined ratio	**82.7**	**98.2**	**98.9**	**95.4**	**104.9**
	Number of full-time employees 31 Dec.	387	425	458	444	423
	Other [b]					
	Gross premium income	**-29**	**-21**	**-18**	**-18**	**-37**
	Technical result	-120	0	0	-97	0
	Tryg					
	Gross premium income	**17,977**	**18,652**	**19,504**	**20,314**	**19,948**
	Technical result	2,423	3,032	2,496	2,492	1,572
	Investment return	-5	360	588	585	61
	Other income and costs	-91	-90	-91	-60	-30
	Profit/loss before tax	2,327	3,302	2,993	3,017	1,603
	Run-off gains/losses, net of reinsurance	1,212	1,131	970	1,015	944
	Key ratios					
	Gross claims ratio	75.4	67.8	73.9	72.2	79.1
	Net reinsurance ratio	-3.9	1.8	-1.8	-0.4	-2.5
	Claims ratio, net of ceded business	71.5	69.6	72.1	71.8	76.6
	Gross expense ratio [c]	15.3	14.6	15.6	16.4	16.6
	Combined ratio	**86.8**	**84.2**	**87.7**	**88.2**	**93.2**
	Number of full-time employees, continuing business at 31 Dec.	3,359	3,599	3,703	3,913	4,076
	Number of full-time employees, discontinued and divested business at 31 Dec.	0	0	0	189	242

b) Amounts relating to eliminations. In 2012 discontinued business and restructuring expenses were included under 'Other'. In 2014 the costs were positively affected by a one-time effect regarding changed pension terms in Norway and they were negatively affected by a provision in connection with the transfer to the new it-supplier. The joint effect was approx DKK 135m. In 2015 costs and claims were negatively effected by DKK 80m and DKK 40m respectively due to provisioning for the efficiency programme.

c) Adjustment of gross expense ratio included only in 'Tryg '. The adjustment is explained in a footnote to Financial highlights.

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

DKKm	Accident and health		Health care		Worker's compensation		Motor TPL		Motor comprehensive insurance		Marine, aviation and cargo insurance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross premiums written	**1,652**	**1,692**	**321**	**313**	**890**	**951**	**1,980**	**2,098**	**3,680**	**3,747**	**332**	**353**
Gross premium income	1,629	1,663	316	314	893	970	1,963	2,134	3,573	3,715	337	320
Gross claims	- 1,026	- 1,212	- 255	- 223	- 85	- 155	- 1,164	- 1,556	- 2,446	- 2,295	- 218	- 256
Gross operating expenses	- 219	- 224	- 32	- 37	- 103	- 108	- 339	- 337	- 542	- 555	- 41	- 39
Profit/loss on ceded business	- 4	- 7	- 1	- 1	- 10	- 8	- 33	- 51	- 2	16	- 53	21
Insurance tech. interest, net of reinsurance	2	5	0	1	1	3	2	7	3	11	1	1
Technical result	**382**	**225**	**28**	**54**	**696**	**702**	**429**	**197**	**586**	**892**	**26**	**47**
Gross claims ratio	63.0	72.9	80.7	71.0	9.5	16.0	59.3	72.9	68.5	61.8	64.7	80.0
Combined ratio	**76.7**	**86.8**	**91.1**	**83.1**	**22.2**	**27.9**	**78.2**	**91.1**	**83.7**	**76.3**	**92.6**	**85.6**
Claims frequency [a]	4.4%	4.5%	130.3%	128.3%	17.6%	17.4%	5.5%	5.6%	17.9%	18.1%	21.2%	19.8%
Average claims DKK [b]	29,968	33,560	3,905	4,334	65,254	79,102	17,846	22,248	10,110	10,376	75,653	111,361
Total claims	40,135	37,228	56,697	50,173	10,469	9,463	77,164	72,195	241,311	224,791	2,871	2,470

	Fire and contents (Private)		Fire and contents (Commercial)		Change of ownership		Liability insurance		Credit and guarantee insurance		Tourist assistance insurance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross premiums written	**4,363**	**4,453**	**2,427**	**2,556**	**62**	**62**	**962**	**985**	**352**	**338**	**610**	**573**
Gross premium income	4,328	4,492	2,442	2,535	64	65	958	979	347	327	607	568
Gross claims	- 3,130	- 3,139	- 3,750	- 1,957	- 118	- 63	- 612	- 917	247	16	- 580	- 450
Gross operating expenses	- 647	- 671	- 363	- 376	- 10	- 12	- 153	- 148	- 45	- 45	- 81	- 79
Profit/loss on ceded business	- 117	22	1,438	- 113	0	0	- 67	- 10	- 392	- 188	- 2	- 2
Insurance tech. interest, net of reinsurance	2	12	2	7	0	0	1	3	0	1	1	2
Technical result	**436**	**716**	**- 231**	**96**	**- 64**	**- 10**	**127**	**- 93**	**157**	**111**	**- 55**	**39**
Gross claims ratio	72.3	69.9	153.6	77.2	184.4	96.9	63.9	93.7	-71.2	-4.9	95.6	79.2
Combined ratio	**90.0**	**84.3**	**109.5**	**96.5**	**200.0**	**115.4**	**86.8**	**109.8**	**54.8**	**66.4**	**109.2**	**93.5**
Claims frequency [a]	7.9%	7.6%	16.1%	15.8%	9.9%	9.2%	10.2%	11.3%	0.1%	0.1%	19.6%	19.4%
Average claims DKK [b]	8,742	9,615	116,003	62,035	26,008	20,263	68,006	81,763	790,685	1,068,663	5,893	5,673
Total claims	370,685	333,943	32,331	29,686	4,275	4,255	10,454	10,454	111	83	96,774	79,007

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 in the year.

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

DKKm	Other insurance [c]		Total exclusive of Norwegian Group Life		Norwegian Group Life one-year policies		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Gross premiums written	**59**	**75**	**17,690**	**18,196**	**460**	**476**	**18,150**	**18,672**
Gross premium income	60	84	17,517	18,166	460	486	17,977	18,652
Gross claims	- 46	- 14	- 13,183	- 12,221	- 379	- 429	- 13,562	- 12,650
Gross operating expenses	- 95	- 15	- 2,670	- 2,646	- 50	- 43	- 2,720	- 2,689
Profit/loss on ceded business	- 46	- 20	711	- 341	- 1	0	710	- 341
Insurance tech. interest, net of reinsurance	1	1	16	54	2	6	18	60
Technical result	**- 126**	**36**	**2,391**	**3,012**	**32**	**20**	**2,423**	**3,032**
Gross claims ratio	76.7	16.7	75.3	67.3	82.4	88.3	75.4	67.8
Combined ratio	**311.7**	**58.3**	**86.4**	**83.7**	**93.5**	**97.1**	**86.8**	**84.2**
Average claims DKK [b]	392,147	59,818						
Total claims	34	220						

b) Average claims are total claims before run-off in the year relative to the number of claims in the year.
c) Other insurance, gross claims and gross operating expenses include restructuring costs of DKK 40m and DKK 80m, respectively, in 2015.

DKKm		2015	2014
3	**Premium income, net of reinsurance**		
	Direct insurance	18,166	18,872
	Indirect insurance	44	67
		18,210	18,939
	Unexpired risk provision	1	1
		18,211	18,940
	Ceded direct insurance	-1,103	-1,067
	Ceded indirect insurance	-61	-49
		17,047	**17,824**

Direct insurance, by location of risk	2015		2014	
	Gross	Ceded	Gross	Ceded
Denmark	9,419	-625	9,488	-689
Other EU countries	1,893	-46	1,943	-30
Other countries [a)]	6,855	-432	7,442	-348
	18,167	**-1,103**	**18,873**	**-1,067**

a) Mainly Norway

DKKm		2015	2014
4	**Insurance technical interest, net of reinsurance**		
	Return on insurance provisions	259	414
	Discounting transferred from claims provisions	-241	-354
		18	60
5	**Claims, net of reinsurance**		
	Claims	-15,063	-13,376
	Run-off previous years, gross	1,500	726
		-13,563	-12,650
	Reinsurance cover received	2,061	268
	Run-off previous years, reinsurers' share	-288	405
		-11,790	**-11,977**

DKKm		2015	2014
6	**Insurance operating costs, net of reinsurance**		
	Commissions regarding direct insurance contracts	-368	-395
	Other acquisition costs	-1,674	-1,560
	Total acquisition costs	-2,042	-1,955
	Administration expenses	-678	-734
	Insurance operating costs, gross	-2,720	-2,689
	Commission from reinsurers	102	102
		-2,618	**-2,587**
	Administrative expenses include fee to the auditors appointed by the annual general meeting:		
	Deloitte	-7	-11
		-7	**-11**
	The fee is divided into:		
	Statutory audit	-3	-3
	Tax advice	-2	-1
	Other services	-2	-7
		-7	**-11**
	Expenses have been incurred for the Group´s Internal Audit Department.	-9	-10

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 36m. (DKK 38m in 2014)

DKKm		2015	2014
6	**Insurance operating costs, gross, classified by type**		
	Commissions	-368	-395
	Staff expenses	-1,680	-1,463
	Other staff expenses	-179	-213
	Office expenses, fees and headquarter expenses	-364	-459
	IT operating and maintenance costs, software expenses	-261	-272
	Depreciation, amortisation and impairment losses and write-downs	-102	-108
	Other income	234	221
		-2,720	**-2,689**

Total lease expenses amount to DKK 27m (DKK 26m in 2014)

Insurance operating costs and claims include the following staff expenses:		
Salaries and wages	-2,108	-2,098
Commission	-6	-7
Allocated share options and matching shares	-5	-3
Pension plans [a)]	-300	143
Other social security costs	-4	-5
Payroll tax	-371	-351
	-2,794	**-2,321**

a) In 2015 defined benefit plans were included with DKK 40m.

Remuneration for the Supervisory Board and Executive Management is disclosed in note 28 'Related parties'.

Average number of full-time employees during the year (continuing business)	**3,472**	**3,639**

DKKm

6 Share option programmes

Spec. of outstanding options:

	TOTAL NUMBERS [a]						FAIR VALUE	
2015	**Group Executive Management**	**Other senior employees**	**Other employees**	**Total**	**Per option at time of allocation DKK**	**Total value at time of allocation DKKm**	**Per option at 31 Dec. DKK**	**Total value at 31 Dec. DKKm**
Allocation 2010-2011								
Allocated in 2010-2011, 1 January	113,450	132,860	20,590	266,900	15/14	4	55/44	14
Exercised	-113,450	-120,775	-13,570	-247,795	15/14	-4	55/44	-13
Expired	0	0	-3,335	-3,335	15/14	0	55/44	0
Outstanding options from 2010-2011 allocation 31 Dec. 2015	**0**	**12,085**	**3,685**	**15,770**		**0**		**1**
Number of options exercisable 31 Dec. 2015	0	12,085	3,685	15,770				
2014								
Allocation 2009-2011								
Allocated in 2009-2011, 1 January	245,205	739,950	164,260	1,149,415	19/15/14	18	55/52	50
Exercised	-131,755	-599,090	-130,420	-861,265	19/15/14	-13	55/52	-36
Expired	0	-1,600	-2,650	-4,250	19/15/14	0	55/52	0
Outstanding options from 2009-2011 allocation 31 Dec. 2014	**113,450**	**132,860**	**20,590**	**266,900**		**5**		**14**
Number of options exercisable 31 Dec. 2014	113,450	132,860	20,590	266,900				

a) In May 2015 each share with a nominal value of DKK 25 was replaced by five new shares with a nominal value of DKK 5.
The share split does not change the Group's share capital. Comparative figures have been restated to reflect the change in trading unit.

Tryg did not allocate share options in 2015.
At 31 December 2015, the share option plan comprised 15,770 share options (266,900 share options at 31 December 2014). Each share option entitles the holder to acquire one existing share with a nominal value of DKK 5 in Tryg A/S. The share option plan entitles the holders to buy 0.01 % of the share capital in Tryg A/S if all share options are exercised.

In 2015, the fair value of share options recognised in the consolidated income statement amounted to DKK 0m (DKK 0m in 2014). At 31 December 2015, a total amount of DKK 78m 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.

There are no resigned Group Executive Managers with outstanding options at 31 December 2015. Risk-takers are included under 'Other 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 term is 4 years, corresponding to the average 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 term are based on the same principles as for the market value at the time of allocation.

DKKm

6 Share option programmes (continued)

Spec. of outstanding options:

Year of allocation	Years of exercise	1 Jan. 2015	Allocation	Exercised	Cancelled	Expired	31 Dec. 2015
2010	2013-2015	220,220	0	-216,885	-3,335	0	0
2011	2014-2016	46,680	0	-30,910	0	0	15,770
Outstanding options 31 December 2015		**266,900**	**0**	**-247,795**	**-3,335**	**0**	**15,770**

The assumptions by calculating the market value at time of allocation

Year of allocation	Years of exercise	Average share price at time of allocation DKK	Expected Volatility	Expected maturity	Risk-free interest rate	Average term to maturity 31 Dec. 2015	Average exercise share price 31 Dec. 2015
2010	2013-2015	64.01	29.20%	4 years	2.70%	0.00	0.00
2011	2014-2016	59.17	30.00%	4 years	3.00%	0.05	44.08

DKKm

6 Matching shares

	TOTAL NUMBERS					FAIR VALUE	
	Group Executive Management	Other senior employees	Total	Average per matching share at grant date DKK	Total value at time of allocation DKKm	Average per matching share at 31 Dec. DKK	Total fair value at 31 Dec. DKKm
2015							
Allocated in 2015	14,415	33,740	48,155	88	4	137	7
Matching shares allocated in 2015 at 31.12.15	**14,415**	**33,740**	**48,155**	**88**	**4**	**137**	**7**
Allocated in 2011-2014	91,630	78,675	170,305	77	14	137	23
Cancelled	0	-5,780	-5,780	77	0	137	-1
Exercised	-18,000	-19,540	-37,540	77	-3	137	-5
Matching shares allocated in 2011-2014 at 31.12.15	**73,630**	**53,355**	**126,985**	**77**	**10**	**137**	**17**
Number of Matching shares exercisable 31 Dec. 2015	6,895	5,500	12,395				
2014							
Allocated in 2014	17,355	30,055	47,410	103	5	138	1
Matching shares allocated in 2014 at 31.12.14	**17,355**	**30,055**	**47,410**	**103**	**5**	**138**	**1**
Allocated in 2011-2013	74,275	61,840	136,115	68	9	138	19
Cancelled	0	-13,220	-13,220	68	0	138	-2
Matching shares allocated in 2011-2013 at 31.12.14	**74,275**	**48,620**	**122,895**		**9**	**138**	**17**

In 2011-2015, Tryg entered into an agreement on matching shares for the Executive Management and selected other senior employees as a consequence of the Group's remuneration 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 4-year maturation period. In 2015, the reported fair value of matching shares for the Group amounted to DKK 5m (DKK 3m in 2014). At 31 December 2015, a total amount of DKK 12m was recognised for matching shares.

Notes

DKKm		2015	2014
7	**Interest and dividends**		
	Interest income and dividends		
	Dividends	47	39
	Interest income, cash at bank and in hand	2	8
	Interest income, bonds	742	893
	Interest income, other	3	9
		794	949
	Interest expenses		
	Interest expenses subordinate loan capital and credit institutions	-89	-90
	Interest expenses, other	-6	-25
		-95	-115
		699	**834**
8	**Value adjustments**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	13	-18
	Unit trust units	57	354
	Share derivatives	14	17
	Bonds	-608	-129
	Interest derivatives	-42	596
	Other loans	0	2
		-566	822
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	17	23
	Owner-occupied property	0	-106
	Discounting	120	-741
	Other statement of financial position items	-64	-93
		73	-917
		-493	**-95**

Exchange rate adjustments concerning financial assets or liabilities which cannot be stated at fair value total DKK 58m (DKK -179m in 2014)

DKKm		2015	2014
9	**Tax**		
	Tax on accounting profit/loss	-548	-809
	Difference between Danish and foreign tax rates	-26	-58
	Tax adjustment, previous years	0	-8
	Adjustment of non-taxable income and costs	-15	140
	Change in valuation of tax assets	129	-24
	Change in tax rate	65	6
	Other taxes	0	-2
		-395	**-755**
	Effective tax rate	**%**	**%**
	Tax on accounting profit/loss	23.5	24.5
	Difference between Danish and foreign tax rates	1.0	1.5
	Tax adjustment, previous years	0.0	0.5
	Adjustment of non-taxable income and costs	1.0	-4.0
	Change in valuation of tax assets	-5.5	1.0
	Change in tax rate	-3.0	-0.5
		17.0	**23.0**
10	**Profit/loss on discontinued and divested business**		
	Gross premium income	3	-3
	Gross claims	54	31
	Total insurance operating costs	7	-14
	Profit/loss before tax	64	14
	Tax	-15	-4
	Profit/loss on discontinued and divested business	**49**	**10**

Profit/loss on discontinued and divested business primarily relates to Marine Hull Insurance.

DKKm

11 Intangible assets

	Goodwill	Trademarks and customer relations	Software a)	Assets under construction a)	Total
2015					
Cost					
Cost at 1 January	546	200	1,028	290	2,064
Exchange rate adjustments	12	5	-9	0	8
Transferred from assets under construction	0	0	127	-127	0
Additions for the year	0	0	7	134	141
Cost at 31 December	558	205	1,153	297	2,213
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-4	-104	-880	-92	-1,080
Exchange rate adjustments	0	-3	8	0	5
Amortisation for the year	0	-22	-78	0	-100
Amortisation and write-downs at 31 December	-4	-129	-950	-92	-1,175
Carrying amount at 31 December	**554**	**76**	**203**	**205**	**1,038**

DKKm

11 Intangible assets

	Goodwill	Trademarks and customer relations	Software a)	Assets under construction a)	Total
2014					
Cost					
Cost at 1 January	381	171	936	270	1,758
Exchange rate adjustments	-23	-11	-14	-1	-49
Transferred from asset under construction	0	0	86	-86	0
Additions for the year	188	40	28	107	363
Disposals for the year	0	0	-8	0	-8
Cost at 31 December	546	200	1,028	290	2,064
Amortisation and write-downs					
Amortisation and write-downs at 1 January	0	-89	-819	-92	-1,000
Exchange rate adjustments	0	5	12	0	17
Amortisation for the year	-4	-20	-82	0	-106
Reversed amortisation	0	0	9	0	9
Amortisation and write-downs at 31 December	-4	-104	-880	-92	-1,080
Carrying amount at 31 December	**542**	**96**	**148**	**198**	**984**

a) Hereof proprietary software DKK 317m (DKK 245m at 31 December 2014)

DKKm

11 Intangible assets (continued)

Impairment test

Goodwill

In 2014, Tryg acquired Securator A/S, Optimal Djurförsäkring i Norr AB and Codan's agricultural portfolio. The insurance activities were incorporated into the Tryg Group's business structure and merged into Tryg in 2015. At 31 December 2015, 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, which consists of Moderna and Securator, respectively.

The Value-in-use method is used.

Primary assumptions for impairment test:
When assessing the cash flow management has based its estimates of premiums earned on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development from past experiences. The portfolio is indexed with the wage and salary index. Claims incurred are based on expected claims ratios, which corresponds to current levels. Moderna is adjusted for weather and large-scale claims as well. Reinsurance is taken into account when looking at the overall technical result together with the expected cost ratio. Required returns are based on management's own requirements for returns of the individual cash generation units and are not expected to change significantly in the near future.

Moderna

Comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres and online.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters are used when calculating the value in use of Moderna. The cash flows in the latest budget period have been extrapolated for financial years after the budget periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.

The impairment test shows a calculated value in use of approximately DKK 1.3bn (1.4 bn) relative to a recognised goodwill of DKK 368m (358m) and Equity of DKK 0.6bn (0.5bn) and does not indicate any impairment in 2015.

DKKm	2015	2014
- Earned premium assumed CAGR 0-10 years	2%	2%
- Earned premium assumed CAGR >10 years	1%	1%
- Required return before tax	13%	12%
- Expected level of Combined ratio	93%	93%
Sensitivity information		
Impact on equity from the following changes:		
CAGR +1.0 percentage point (0-10 years)	25	15
CAGR -1.0 percentage point (0-10 years)	-24	-12
Required return +1.0 percentage point	-161	-172
Required return -1.0 percentage point	189	202
Combined ratio +1.0 percentage point	-24	-27
Combined ratio -1.0 percentage point	25	27

Securator

In 2014, Tryg acquired Securator A/S. The insurance activities were incorporated into the Tryg Group's business structure in 2014 and are reported under Sweden. In 2015, Securator was merged into Tryg Forsikring A/S and is reported as part of the Swedish affinity portfolio. Securator is a Danish market leader within the sale and brokering of multi-annual product insurance via dealers in the electronics and telecommunications sector and supermarket chains.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters are used when calculating the value in use of Securator. The cash flows in the latest budget period have been extrapolated for financial years after the budget periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.

The impairment test shows a calculated value in use of approximately DKK 184m (238m)relative to a recognised Goodwill of DKK 184m (184m) and equity of DKK 174m (174m) and does not indicate any impairment in 2015.

DKKm	2015	2014
- Earned premium assumed CAGR 0-10 years	13%	12%
- Earned premium assumed CAGR >10 years	3%	3%
- Required return before tax	11%	11%
- Expected level of Combined ratio	83-91%	79-91 %
Sensitivity information		
Impact on equity from the following changes:		
CAGR +1.0 percentage point (0-10 years)	6	9
CAGR -1.0 percentage point (0-10 years)	-5	-9
Required return +1.0 percentage point	-35	-49
Required return -1.0 percentage point	48	70
Combined ratio +1.0 percentage point	-16	-18
Combined ratio -1.0 percentage point	17	18

A decline in the growth rate of more than 1% per cent will result in a write-down of the goodwill associated with Securator. We do not expect a decline in the growth rate due to an expected expansion of the Securator business to Norway and Sweden.

Correction

During a partial supervisory review the Danish Financial Supervisory Authority (DFSA) has found that the consolidated financial statements for 2014 for Tryg A/S were insufficient as these statements do not provide sufficient information on goodwill and the impairment test made for this purpose. It has no effect on profit for the year, total assets, liabilities or shareholders' equity in the 2014 Annual Report nor in the 2015 interim and annual reports. The lack of information required in accordance with IAS 36, Impairment of assets, covers all primary assumptions to which the calculation of the future cash flow is most sensitive, the method used to set these assumptions and information on the growth rate used in the terminal period. On the basis of the DFSA's partial supervisory review, Tryg has chosen to include the required information for 2015 and 2014 in the note on intangible asset, including goodwill, in the 2015 Annual Report.

Trademarks and customer relations

As at 31 December 2015, management performed a test of the carrying amounts of trademarks and customer relations as an integral part of the Moderna goodwill test. The impairment test of the acquired agricultural portfolio is based on renewal and retention rates, which are on the expected level.

The test did not indicate any impairment.

DKKm

Software and assets under construction

As at 31 December 2015, management performed a test of the carrying amounts of software and assets under construction.

The impairment test compares the carrying amount with the estimated present value of future cash flows. The test did not indicate any impairment. Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value. Software with a limited useful life-time is amortised over 4 years using the straight-line method. Amortised software is assessed for impairment at the balance sheet date or when there are indications that the future cash flow cannot justify the carrying amount. In the event that the recoverable amount is lower than the carrying amount, the difference is recog-nised in the income statement. The recoverable amount is the higher of fair value less sales costs and value in use.

12 Property, plant and equipment DKKm	Operating equipment	Owner-occupied property	Assets under construction	Total
2015				
Cost				
Cost at 1 January	241	1,711	94	2,046
Exchange rate adjustments	-2	-22	-2	-26
Transferred from assets under construction	0	11	-11	0
Additions for the year	0	15	2	17
Disposals for the year	-4	0	0	-4
Cost at 31 December	235	1,715	83	2,033
Accumulated depreciation and value adjustments				
Accumulated depreciation and value adjustments at 1 January	-144	-558	-83	-785
Exchange rate adjustments	1	-3	2	0
Depreciation for the year	-34	-14	0	-48
Value adjustments for the year at revalued amount in other comprehensive income	0	4	0	4
Reversed depreciation	4	0	0	4
Accumulated depreciation and value adjustments at 31 December	-173	-571	-81	-825
Carrying amount at 31 December	**62**	**1,144**	**2**	**1,208**
2014				
Cost				
Cost at 1 January	237	1,738	85	2,060
Exchange rate adjustments	-5	-29	-2	-36
Additions for the year	9	2	11	22
Cost at 31 December	241	1,711	94	2,046
Accumulated depreciation and value adjustments				
Accumulated depreciation and value adjustments at 1 January	-115	-434	-85	-634
Exchange rate adjustments	2	-5	2	-1
Depreciation for the year	-31	-15	0	-46
Value adjustments for the year at revalued amount in income statement	0	-106	0	-106
Value adjustments for the year at revalued amount in other comprehensive income	0	2	0	2
Accumulated depreciation and value adjustments at 31 December	-144	-558	-83	-785
Carrying amount at 31 December	**97**	**1,153**	**11**	**1,261**

The following return percentages have been applied:

Return percentages	**2015**	**2014**
Klausdalsbrovej 601, Ballerup	6.8	6.8
Folke Bernadottesvei 50, Bergen	6.5	6.5
Office property, weighted average	6.7	6.7

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

Impairment test

Property, plant and equipment

A valuation of the owner-occupied property has been carried out, including the improvements made, and a revaluation of DKK 4m relating to the domicile in Bergen was subsequently included in other comprehensive income (DKK 2m in 2014). The value of the domicile in Ballerup was not changed in 2015 (DKK -106m in 2014). The impairment test performed for operating equipment did not indicate any impairment.

In determining the fair value of the properties, not only publicly available market data are included, corresponding to the 'non-observable input' in the fair value hierarchy. No reclassifications have been made between this category and other categories in the fair value hierarchy during the year.

DKKm		2015	2014
12	**Property, plant and equipment (continued)**		

Sensitivity

Tryg's property valuations are based on the market-based rental income and operating expenses of the individual property relative to the required rate of return. The most important factors impacting the valuations are the applied rates of return, annual net rental income and occupancy rates. The average rates of return applied are stated above.

Impacts on the fair value of properties	2015	2014
Increase in applied rate of return of 0.25%	-41	-46
Decrease in applied rate of return of 0.25%	45	42
Decrease in net rental income of 3%	-35	-36
Decrease in occupancy rate of 3%	-8	-8

13	**Investment property**	2015	2014
	Fair value at 1 January	1,828	1,831
	Exchange rate adjustments	-19	-30
	Additions for the year	31	12
	Disposals for the year	-17	-7
	Value adjustments for the year	8	23
	Reversed on sale	7	-1
	Fair value at 31 December	**1,838**	**1,828**

Total rental income for 2015 is DKK 120m (DKK 124m in 2014).

Total expenses for 2015 are DKK 31m (DKK 30m in 2014). Of this amount, expenses for non-let property total DKK 0m (DKK 4m in 2014), total expenses for the income-generating investment property are DKK 31m (DKK 26m in 2014).

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

In determining the fair value of the properties, not only publicly available market data are included, corresponding to the 'non-observable input' in the fair value hierarchy. No reclassifications have been made between this category and other categories in the fair value hierarchy during the year.

DKKm		2015	2014
13	**Investment property (continued)**		
	The following return percentages were used for each property category:		
	Return percentages, weighted average		
	Business property	7.0	7.0
	Office property	6.5	6.5
	Residential property	6.0	6.0
	Total	**6.5**	**6.5**

Sensitivity

Tryg's property valuations are based on the market-based rental income and operating expenses of the individual property relative to the required rate of return. The most important factors impacting the valuations are the applied rates of return, annual net rental income and occupancy rates. The average rates of return applied are stated above.

Impacts on the fair value of properties	2015	2014
Increase in applied rate of return of 0.25%	-77	-81
Decrease in applied rate of return of 0.25%	82	85
Decrease in net rental income of 3%	-50	-61
Decrease in occupancy rate of 3%	-9	-11

14	**Equity investments in associates**	2015	2014
	Cost		
	Cost at 1 January	201	201
	Cost at 31 December	201	201
	Revaluations at net asset value		
	Revaluations at net asset value		
	Revaluations at 1 January	24	14
	Exchange rate adjustments	-2	-1
	Dividend received, this year	-32	0
	Reversed on sale	-4	-1
	Value adjustments for the year	42	12
	Revaluations at 31 December	28	24
	Carrying amount at 31 December	**229**	**225**

DKKm

14 Equity investments in associates (continued)
Shares in associates according to the latest annual report:

Name and registered office	Assets	Liabilities	Equity	Revenue	Profit/loss for the year	Ownership share in %
2015						
Komplementarselskabet af 1. marts 2006 ApS, Denmark	0	0	0	0	0	50
Ejendomsselskabet af 1. marts 2006 P/S, Denmark	1,107	248	859	60	150	25
AS Eidsvåg Fabrikker, Norway	47	7	40	16	5	28
2014						
Komplementarselskabet af 1. marts 2006 ApS, Denmark	0	0	0	0	0	50
Ejendomsselskabet af 1. marts 2006 P/S, Denmark	936	240	696	47	36	30
AS Eidsvåg Fabrikker, Norway	44	6	39	15	3	28

Individual estimates are made of the degree of influence under the contracts made.

Notes

DKKm		2015	2014
15	**Financial assets**		
	Financial assets at fair value with value adjustments in the income statement	40,220	43,030
	Derivative financial instruments at fair value used for hedge accounting with value adjustment in other comprehensive income	55	142
	Receivables measured at amortised cost with value adjustment in the income statement	2,920	2,167
	Total financial assets	**43,195**	**45,339**

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

	2015	2014
Financial liabilities		
Derivative financial instruments at fair value with value adjustments in the income statement	598	799
Derivative financial instruments at fair value with value adjustments in other comprehensive income	14	0
Financial liabilities at amortised cost with value adjustment in the income statement	8,127	7,121
Total financial liabilities	**8,739**	**7,920**

Information on valuation of subordinate loan capital at fair value is stated in note 1.
Other financial liabilities measured at amortised cost only deviate to a minor extent from fair value.

DKKm

15 Financial assets (Continued)

Fair value hierarchy for financial instruments measured at fair value in the statement of financial position

	Quoted market price	Observable input	Non-observable input	Total
2015				
Equity investments	0	0	138	138
Unit trust units	3,589	0	0	3,589
Bonds	18,254	17,450	1	35,705
Derivative financial instruments, assets	0	843	0	843
Derivative financial instruments, debt	0	-612	0	-612
	21,843	**17,681**	**139**	**39,663**
2014				
Equity investments	0	0	128	128
Unit trust units	3,884	0	0	3,884
Bonds	22,259	14,915	1	37,175
Deposits with credit institutions	667	0	0	667
Derivative financial instruments, assets	0	1,318	0	1,318
Derivative financial instruments, debt	0	-799	0	-799
	26,810	**15,434**	**129**	**42,373**

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:	2015	2014
Carrying amount at 1 January	129	150
Exchange rate adjustments	-1	-4
Gains/losses in the income statement	3	-18
Purchases	11	8
Sales	-3	-8
Transfers to/from the group 'non-observable input'	0	1
Carrying amount at 31 December	**139**	**129**
Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments	2	-18

Bonds measured on the basis of observable inputs 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. No significant reclassifications have been made between the categories 'Quoted prices' and 'Observable input' in 2015. Inflation derivatives are measured at fair value on the basis of non-observable input and are included under claims provisions at a fair value of DKK -417m (DKK -438m in 2014).

DKKm	2015	2014

15 Financial assets (continued)

Sensitivity information

Impact on equity from the following changes:

	2015	2014
Interest rate increase of 0.7-1.0 percentage point	-153	34
Interest rate fall of 0.7-1.0 percentage point	-161	-95
Equity price fall of 12 %	-297	-371
Fall in property prices of 8 %	-239	-239
Exchange rate risk (VaR 99)	-14	-11
Loss on counterparties of 8 %	-372	-399

The impact on the income statement is similar to the impact on equity. The statement complies with the disclosure requirements set out in the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds issued by the Danish FSA.

Derivative financial instruments

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

	2015		2014	
	Nominal	Fair value in statement of financial position	Nominal	Fair value in statement of financial position
Interest derivatives	27,415	283	25,882	434
Share derivatives	47	0	477	0
Exchange rate derivatives	8	-52	7,790	85
Derivatives according to statement of financial position	27,470	231	34,149	519
Inflation derivatives, recognised in claims provisions	5,366	-417	3,221	-438
Total derivative financial instruments	32,836	-186	37,370	81
Due after less than 1 year	9,210	-56	16,592	86
Due within 1 to 5 years	10,638	-106	11,121	-70
Due after more than 5 years	12,988	-24	9,657	65

Derivatives, repos and reverses are used continuously as part of the cash and risk management carried out by Tryg and its portfolio managers.

DKKm

15 Financial assets (continued)

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

Gains and losses on hedges charged to other comprehensive income:

2015	Gains	Losses	Net
Gains and losses at 1 January	2,152	-2,162	-10
Value adjustments for the year	344	-258	86
Gains and losses at 31 December	**2,496**	**-2,420**	**76**

2014	Gains	Losses	Net
Gains and losses at 1 January	1,787	-1,988	-201
Value adjustments for the year	365	-174	191
Gains and losses at 31 December	**2,152**	**-2,162**	**-10**

Value adjustments

Value adjustments of foreign entities recognised in other comprehensive income in the amount of:

	2015	2014
Value adjustments at 1 January	23	201
Value adjustment for the year	-89	-178
Value adjustments at 31 December	**-66**	**23**

DKKm		2015	2014
15	**Financial assets (continued)**		
	Receivables		
	Total receivables in connection with direct insurance contracts	1,261	1,232
	Receivables from insurance enterprises	199	208
	Unsettled transactions	120	0
	Reverse repos	370	0
	Other receivables	381	222
		2,331	**1,662**
	Specification of write-downs on receivables from insurance contracts:		
	Write-downs at 1 January	107	112
	Exchange rate adjustments	-3	-4
	Write-downs and reversed write-downs for the year	12	-1
	Write-downs at 31 December	**116**	**107**

Receivables are written down in full when submitted for debt collection. The write-down is reversed if payment is subsequently received from debt collection and amounts to DKK 53m (DKK 54m in 2014).

		2015	2014
	Receivables in connection with insurance contracts include overdue receivables totalling:		
	Falling due:		
	Within 90 days	116	164
	After 90 days	135	122
		251	**286**

Other receivables do not contain overdue receivables

		2015	2014
16	**Reinsurer's share**		
	Reinsurers' share	3,179	1,958
	Write-downs after impairment test	-3	-20
		3,176	**1,938**

Impairment test

As at 31 December 2015, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts and receivables. The impairment test resulted in impairment charges totalling DKK 3m (DKK 20m in 2014). Write-downs for the year include reversed write-downs totalling DKK 30m (DKK 0m in 2014). There is no overdue reinsurers' share other than the share already provided for.

DKKm		2015	2014
17	**Current tax**		
	Net current tax at 1 January	-429	-264
	Exchange rate adjustments	16	26
	Current tax for the year	-495	-632
	Current tax on equity entries	-96	-47
	Adjustment of current tax in respect of previous years	0	-24
	Tax paid for the year	765	512
	Net current tax at 31 December	**-239**	**-429**
	Current tax is recognised in the statement of financial position as follows:		
	Under assets, current tax	118	0
	Under liabilities, current tax	-357	-429
	Net current tax	**-239**	**-429**

18 Equity

Number of shares

	Shares outstanding		Own shares	
Number of shares of DKK 5 (1,000)	**2015**	**2014**	**2015**	**2014**
Number of shares at 1 January	289,120	296,870	9,358	9,711
Bought during the year	-7,074	-8,963	7,074	8,963
Cancellation in connection with buyback programme	0	0	-8,919	-8,103
Used in connection with exercise of incentive programme	270	1,213	-270	-1,213
Number of shares at 31 December	**282,316**	**289,120**	**7,243**	**9,358**
Number of shares as a percentage of issued shares at 31 December	97.50	96.86	2.50	3.14
Nominal value at 31 December (DKKm)	1,412	1,446	36	47

In May 2015 each share with a nominal value of DKK 25 was replaced by five new shares with a nominal value of DKK 5. The share split did not change the Group's share capital. Comparative figures have been restated to reflect the change in trading unit.

Pursuant to the authorisation granted by the shareholders, Tryg may acquire up to 10.0% of the share capital in the period up until 25 March 2020.Own shares are acquired for use in the Group's incentive programme and as part of the share buyback programme.

Notes

DKKm		2015	2014
18	**Equity (continued)**		
	Capital adequacy		
	Equity according to annual report	9,831	11,119
	Proposed dividend	-1,013	-1,731
	Solvency requirements of subsidiaries – 50%	-3,868	-2,353
	Tier 1 Capital	**4,950**	**7,035**
	Subordinate loan capital	1,707	1,496
	Solvency requirements of subsidiaries – 50%	-3,868	-2,353
	Capital base	**2,789**	**6,178**
	Weighted assets	**2,571**	**7,122**
	Solvency ratio		
	(Solvency I – ratio between capital base and weighted assets)	**108**	**87**

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

DKKm		2015	2014
19	**Premium provisions**		
	Premium provision at 1 January	5,724	6,176
	Adjustment regarding Norwegian Group life beginning of year	-124	0
	Value adjustments of provisions, beginning of year	-53	-202
	Paid in the financial year	17,311	17,692
	Change in premiums in the financial year	-17,416	-17,951
	Exchange rate adjustments	-13	9
	Premium provisions at 31 December	5,429	5,724
	Other a)	142	86
		5,571	**5,810**

a) Comprises premium provisions for Tryg Garantiforsikring A/S and Securator A/S.

DKKm		Gross	Ceded	Net of reinsurance
19	**Claims provisions**			
	2015			
	Claims provisions at 1 January	24,601	-1,272	23,329
	Adjustment regarding Norwegian Group life beginning of year	124	0	124
	Value adjustments of provisions, beginning of year	-464	32	-432
		24,261	-1,240	23,021
	Paid in the financial year in respect of the current year	-6,676	37	-6,639
	Paid in the financial year in respect of prior years	-6,011	414	-5,597
		-12,687	451	-12,236
	Change in claims in the financial year in respect of the current year	14,606	-2,021	12,585
	Change in claims in the financial year in respect of prior years	-1,232	15	-1,217
		13,374	-2,006	11,368
	Discounting and exchange rate adjustments	124	-57	67
	Claims provisions at 31 December	25,072	-2,852	22,220
	Other a)	355	-151	204
		25,427	**-3,003**	**22,424**
	2014			
	Claims provisions at 1 January	25,271	-1,780	23,491
	Value adjustments of provisions, beginning of year	-839	58	-781
		24,432	-1,722	22,710
	Paid in the financial year in respect of the current year	-6,215	90	-6,125
	Paid in the financial year in respect of prior years	-6,917	1,143	-5,774
		-13,132	1,233	-11,899
	Change in claims in the financial year in respect of the current year	12,835	-251	12,584
	Change in claims in the financial year in respect of prior years	-638	-481	-1,119
		12,197	-732	11,465
	Discounting and exchange rate adjustment	1,104	-51	1,053
	Claims provisions at 31 December	24,601	-1,272	23,329
	Other a)	671	-447	224
		25,272	**-1,719**	**23,553**

a) Comprises claims provisions for Tryg Garantiforsikring A/S.

Notes

DKKm		2015	2014
20	**Pensions and similar obligations**		
	Jubilees	50	62
	Recognised liability	**50**	**62**
	Defined-benefit pension plans:		
	Present value of pension obligations funded through operations	62	63
	Present value of pension obligations funded through establishment of funds	1,130	1,227
	Pension obligation, gross	1,192	1,290
	Fair value of plan assets	978	1,010
	Pension obligation, net	**214**	**280**
	Specification of change in recognised pension obligations:		
	Recognised pension obligation at 1 January	1,290	1,756
	Adjustment regarding plan changes not recognised in the income statement and expected estimate deviation [a]	-10	-421
	Exchange rate adjustments	-74	-123
	Present value of pensions earned during the year	35	41
	Capital cost of previously earned pensions	29	38
	Acturial gains/losses	-23	58
	Paid during the period	-55	-59
	Recognised pension obligation at 31 December	**1,192**	**1,290**
	Change in carrying amount of plan assets:		
	Carrying amount of plan assets at 1 January	1,010	1,033
	Exchange rate adjustments	-58	-72
	Investments in the year	91	57
	Estimated return on pension funds	25	32
	Acturial gains/losses	-49	4
	Paid during the period	-41	-44
	Carrying amount of plan assets at 31 December	**978**	**1,010**
	Total pensions and similar obligations at 31 December	**214**	**280**
	Total recognised obligation at 31 December	**264**	**342**

a) The change of the pension scheme in Norway is carried out in the same way as has been done for other major financial companies in Norway and causes a reduction in the provision.

DKKm		2015	2014
20	**Pensions and similar obligations (continued)**		
	Specification of pension cost for the year:		
	Present value of pensions earned during the year	31	38
	Interest expense on accrued pension obligation	30	39
	Expected return on plan assets	-26	-33
	Accrued employer contributions	5	6
	Effect associated with change in agreement	0	-421
	Total year's cost of defined-benefit plans	**40**	**-371**
	The premium for the following financial years is estimated at:	53	53
	Number of active persons	595	714
	Number of pensioners	586	575
	Average expected remaining service time (years)	7.81	8.09
	Estimated distribution of plan assets:	**%**	**%**
	Shares	10	10
	Bonds	73	73
	Property	15	15
	Other	2	2
	Average return on plan assets	2.6	2.7
	Weighted average duration of the defined benefit obligation	18	18
	Assumptions used		
	Discount rate	1.9	2.1
	Estimated return on pension funds	1.9	2.1
	Salary adjustments	2.5	3.3
	Pension adjustments	0.0	0.1
	G adjustments	2.3	3.0
	Turnover	7.0	7.0
	Employer contributions	14.1	14.1
	Mortality table	K2013	K2013

DKKm	2015	2014

20 Pensions and similar obligations (continued)

Sensitivity information

The sensitivity analysis is based on a change in one of the assumptions, assuming that all other assumptions remain constant. In reality, this is rarely the case, and changes to some assumptions may be subject to covariance. The sensitivity analysis has been carried out using the same method as the actuarial calculation of the pension provisions in the statement of financial position.

Impact on equity from the following changes:	2015	2014
Interest rate increase of 0.3 percentage point	46	27
Interest rate decrease of 0.3 percentage point	-49	-30
Pay increase rate, increase of 1 percentage point	-99	-55
Pay increase rate, decrease of 1 percentage point	83	45
Turnover, increase of 2 percentage point	25	49
Turnover, decrease of 2 percentage point	-29	-61

Description of the Norwegian plan

In the Norwegian part of the Group, about half of the employees have a defined-benefit pension plan. The plans are based on the employees' expected final pay, providing the members of the plan with a guaranteed level of pension benefits throughout their lives. The pension benefits are determined by the employees' term of employment and salary at the time of retiring. Employees having made contributions for a full period of contribution are guaranteed a pension corresponding to 66% of their final pay. As of 2014, pensions being disbursed are no longer regulated in step with the basic amount of old-age pension paid in Norway (G regulation), but are subject to a minimum regulation.

Under the present defined-benefit plan, members earn a free policy entitlement comprising disability cover, spouse and cohabitant cover and children's pension.

The pension funds are managed by Nordea Liv & Pension and regulated by local legislation and practice.

DKKm

20 Pensions and similar obligations (continued)

Description of the Swedish plan

Moderna Försäkringar, a 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 18m, which is about 4 % of the annual premium in FPK (2014). FPK writes in its interim report for 2015 that it had a collective consolidation ratio of 114 at 30 June 2015 (consolidation ratio of 110 at 30 June 2014). The collective consolidation ratio is defined as the fair value of the plan assets relative to the total collective pension obligations.

DKKm		2015	2014
21	**Deferred tax**		
	Tax asset		
	Operating equipment	8	11
	Debt and provisions	35	60
	Capitalised tax loss	1	1
		44	**72**
	Tax liability		
	Intangible rights	77	77
	Land and buildings	96	229
	Bonds	-40	3
	Contingency funds	612	785
		745	**1,094**
	Deferred tax	**701**	**1,022**
	Unaccrued timing differences of statement of financial position items	20	146
	Development in deferred tax		
	Deferred tax at 1 January	1,022	1,057
	Exchange rate adjustments	-116	-62
	Change in deferred tax relating to change in tax rate	13	-6
	Change in deferred tax previous years	0	-16
	Change in capitalised tax loss	0	6
	Change in deferred tax taken to the income statement	-58	22
	Change in valuation of tax asset	-128	24
	Change in deferred tax taken to equity	-32	-3
	Deferred tax at 31 December	**701**	**1,022**
	Tax value of non-capitalised tax loss		
	Denmark	16	18
	Sweden	0	2

The loss in Tryg A/S cannot be utilised in the Danish joint taxation scheme. The loss can be carried forward indefinitely. Loss determined according to Swedish rules 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 offset the tax loss. The total current and deferred tax relating to items recognised in equity is recognised in the statement of financial position in the amount of DKK 32m (DKK14m at 31 December 2014).

DKKm		2015	2014
22	**Other provisions**		
	Other provisions at 1 January	83	73
	Change in provisions	49	10
	Other provisions 31 December	**132**	**83**

Other provisions relate to provisions for the Group's own insurance claims and restructuring costs. Additions to the provision for restructuring costs during the year amounts to DKK 120m and reassessment of the beginning of year balance amounts to DKK -69m. The balance as at 31 December 2015 amounts to DKK 130m (DKK79m at 31 December 2014).

23	**Amounts owed to credit institutions**		
	Overdraft facilities	64	116
		64	**116**
24	**Debt relating to unsettled funds transactions and repos**		
	Unsettled fund transactions	290	885
	Repo debt	3,784	2,017
		4,074	**2,902**

Unsettled fund transactions include debt for bonds purchased in 2014 and 2015; however, with settlement in 2015 and 2016, respectively.

25	**Earnings per share**		
	Profit/loss from continuing business	1,932	2,547
	Profit/loss on discontinued and divested business	49	10
	Profit/loss for the year	1,981	2,557
	Average number of shares (1,000)	285,073	292,521
	Diluted number of shares (1,000)	28	267
	Diluted average number of shares (1,000)	285,101	292,788
	Earnings per share, continuing business	6.77	8.70
	Diluted earnings per share, continuing business	6.77	8.70
	Earnings per share	6.95	8.74
	Diluted earnings per share	6.95	8.73
	Earnings per share, discontinued and divested business	0.18	0.04
	Diluted earnings per share, discontinued and divested business	0.18	0.03

DKKm

26 Contractual obligations, collateral and contingent liabilities

Contractual obligations

2015	Obligations due by period <1 year	1-3 years	3-5 years	> 5 years	Total
Operating leases	66	110	76	56	308
Other contractual obligations	282	103	0	0	385
	348	**213**	**76**	**56**	**693**
2014					
Operating leases	62	101	71	67	301
Other contractual obligations	410	83	0	0	493
	472	**184**	**71**	**67**	**794**

In august 2015 Tryg and Skandia have signed an agreement whereby Tryg will acquire Skandia's activities within child and adult accident insurance and integrate them into its Swedish business, Moderna Försäkringar. The transaction is subject to regulatory approvals and the parties expect it to be completed in second half 2016. Hereafter Tryg will take over the control of the portfolios. The acquisition has no effect on the financial statement for 2015.

Tryg has signed the following contracts with amounts above DKK 50m:
Outsourcing agreement with TCS for DKK 156m for a 4 year period, which expires in 2017.
Lease contracts on premises for DKK 265m. The contracts expire after 5 years.

DKKm	2015	2014
26 Contractual obligations, collateral and contingent liabilities (continued)		
Collateral		

The Danish companies in the Tryg Group are jointly taxed with TryghedsGruppen smba. The companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties, dividends and income taxes etc. in respect of the jointly taxed companies.

Tryg Forsikring A/S and Tryg Garantiforsikring A/S have registered the following assets as having been held as security for the insurance provisions:	2015	2014
Equity investments in associates	14	15
Equity investments	138	128
Unit trust units	3,589	3,884
Bonds	32,121	34,273
Deposits with credit institutions	0	667
Receivables relating to reinsurance	0	439
Interest and rent receivable	281	337
Equity investments in and receivables from Group undertakings which have been eliminated in the consolidated financial statements	2,706	1,730
Total	**38,849**	**41,473**

DKKm

26 Contractual obligations, collateral and contingent liabilities (continued)
Offsetting and collateral in relation to financial assets and obligations

	Gross amount before offsetting	Offsetting	According to the statement of financial position	Collateral which is not offset in the statement of financial position: Bonds as collateral for repos/reverse repos	Collateral which is not offset in the statement of financial position: Collateral in cash	Net amount
2015						
Assets						
Reverse repos	370	0	370	-370	0	0
Derivative financial instruments	843	0	843	0	-940	-97
	1,213	**0**	**1,213**	**-370**	**-940**	**-97**
Liabilities						
Repo debt	3,784	0	3,784	-3,784	-1	-1
Derivative financial instruments	612	0	612	0	-641	-29
Inflation derivatives, recognised in claims provisions	417	0	417	0	-421	-4
	4,813	**0**	**4,813**	**-3,784**	**-1,063**	**-34**
2014						
Assets						
Derivative financial instruments	1,318	0	1,318	0	-1,324	-6
	1,318	**0**	**1,318**	**0**	**-1,324**	**-6**
Liabilities						
Repo debt	2,017	0	2,017	-2,017	-1	-1
Derivative financial instruments	799	0	799	0	-767	32
Inflation derivatives, recognised in claims provisions	438	0	438	0	-448	-10
	3,254	**0**	**3,254**	**-2,017**	**-1,216**	**21**

Contingent liabilities
Companies in the Tryg Group are party to a number of disputes in Denmark, Norway and Sweden.

Management believes that the outcome of these disputes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 31 December 2015.

DKKm	2015

27 Acquisition of subsidiaries

2015

In august 2015 Tryg and Skandia have signed an agreement whereby Tryg will acquire Skandia's activities within child and adult accident insurance. See note 26 for further information.

2014

In 2014 the Tryg Group has taken control of Securator A/S and of Optimal Djurförsäkring i Norr AB by acquiring all shares in the companies. Securator A/S is a Danish market leader within the sale and brokering of multi-annual product insurance via dealers in the electronics and telecommunications sector and supermarket chains. The acquisition is expected to increase Tryg's market share within product insurance by providing access to Securator A/S's customer portfolio and distribution channels. Optimal Djurförsäkring i Norr AB is a Swedish market leader within the sale of pet insurance. Tryg also expects to realise cost savings through synergies.

Net assets acquired	2014
Intangible assets	0
Equipment	1
Receivables, other assets and accrued income	65
Provisions for insurance contracts	-37
Debt and accruals and deferred income	-40
Net assets acquired	**-11**
Goodwill	188
Purchase price	**177**
hereof cash	14
Purchase price in cash	**163**

The Group has not incurred any significant acquisition costs in connection with the acquisition. The purchase price is final. In connection with the acquisitions, a sum was paid which exceeds the fair value of the identifiable acquired assets, liabilities and contingent liabilities. This positive balance is mainly attributable to expected synergies between the activities in the acquired enterprises and the Group's existing activities, future growth opportunities as well as the staff of the acquired enterprises. These synergies have not been recognised separately from goodwill as they are not separately identifiable. Goodwill is not expected to be deductible for tax purposes.

The enterprises are included in premium income and in the results for the year with an insignificant amount due to the short ownership period and the Management believes that these pro forma figures reflect the Group's earnings level after the acquisition of the enterprises and that the amounts may therefore form the basis for comparisons in subsequent financial years.

DKKm	2015	2014

27 Acquisition of subsidiaries (continued)

The determination of the pro forma amounts for premium income and profit for the period is based on the following significant assumptions:

- Premiums and claims have been calculated on the basis of the fair values determined in the pre-acquisition balance sheets for premium and claims provisions, rather than the original carrying amounts.

- Other costs, including depreciation of property, plant and equipment and amortisation of intangible assets, have been calculated on the basis of the fair values determined in the pre-acquisition balance sheets, rather than the original carrying amounts.

28 Related parties

The group has no related parties with a decisive influence other than the parent company, TryghedsGruppen smba and the subsidiaries of TryghedsGruppen smba (other related parties). Related parties with significant influence include the Supervisory Board, the Executive Management and their members' family.

	2015	2014
Premium income		
- Parent company (TryghedsGruppen smba)	0.3	0.3
- Key management	0.3	0.3
- Other related parties	1.9	2.5
Claims payments		
- Parent company (TryghedsGruppen smba)	0.1	0.1
- Key management	0.0	0.1
- Other related parties	0.5	0.3

DKKm

28 **Related parties (continued)**

Specification of remuneration

2015	Number of persons	Basis salary	Variable salary	Pension	Total a)
Supervisory Board	13	6	0	0	6
Executive Management	3	21	2	5	28
Risk-takers	8	19	1	5	25
	24	**46**	**3**	**10**	**59**

a) Exclusive of severance pay

Of which retired:	Number of persons	Severance pay
Supervisory Board	1	0
Risk-takers	3	14
	4	**14**

The maximum amount paid in severance pay to an individual is DKK 7m.

2014	Number of persons	Basis salary	Variable salary	Pension	Total a)
Supervisory Board	12	7	0	0	7
Executive Management	3	19	2	4	25
Risk-takers	10	22	1	5	28
	25	**48**	**3**	**9**	**60**

a) Exclusive of severance pay

Of which retired:	Number of persons	Severance pay
Risk-takers	2	0
	2	**0**

There has not been paid any severance pay of more than DKK 1m.

Fees are charges incurred during the financial year. Variable salary includes the charges for matching shares, which are recognised over 4 years and share options, which are recognised over 3 years. Reference is made to section 'Corporate governance' of the management's review on the corresponding disbursements. The Executive Management and risk-takers are included in incentive programmes. Please refer to note 6 for information concerning this.

DKKm

28 **Related parties (continued)**

The members of the Supervisory Board in Tryg A/S are paid with a fixed remuneration and are not covered by the incentive schemes.

The Executive Management is paid a fixed remuneration and pension. The variable salary is awarded in the form of a matching share programme, see 'Corporate governance'. Besides this, the directors have free car appropriate to their position as well as other market conformal employee benefits

Each member of the Executive Management is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contribution (Group CEO is entitled to severance pay equal to 18 months' salary). Members of the Executive Management can assert no further claims in this respect, for example claims for compensation pursuant to Sections 2a and/or 2b of the Danish Salaried Employees Act, as such claims are regarded as being included in the severance pay.

Risk-takers are defined as employees whose activities have a significant influence on the company's risk profile.

The Supervisory Board decides which employees should be considered to be risk-takers.

Parent company

Tryghedsgruppen smba

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

Intra-group trading involved::	2015	2014
- Providing and receiving services	0	1

Transactions between TryghedsGruppen smba and Tryg A/S are conducted on an arm's length basis.

Intra-group transactions:

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

The companies in the Tryg Group have entered into reinsurance contracts on market terms.

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

29 **Financial highlights**

Please refer to page 40.

30 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 2015 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:

- 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.

The accounting policies have been applied consistently with last year.

Correction
During a partial supervisory review the Danish Financial Supervisory Authority (DFSA) has found that the consolidated financial statements for 2014 for Tryg A/S were insufficient as these statements do not provide sufficient information on goodwill and the impairment test made for this purpose.

It has no effect on profit for the year, total assets, liabilities or shareholders' equity in the 2014 Annual Report nor in the 2015 interim and annual reports.

The lack of information required in accordance with IAS 36, Impairment of assets, covers all primary assumptions to which the calculation of the future cash flow is most sensitive, the method used to set these assumptions and information on the growth rate used in the terminal period.

On the basis of the DFSA's partial supervisory review, Tryg has chosen to include the required information for 2015 and 2014 in the note on intangible asset, including goodwill, in the 2015 Annual Report.

Accounting regulation

Implementation of changes to accounting standards and interpretation in 2015
The International Accounting Standards Board (IASB) 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 2015 that will have a significant impact on the group.

There has not been implemented any new or amended standards and interpretations that have affected the group significantly.

Future orders, standards and interpretations that the group has not implemented and which have still not entered into force but could effect the group significantly:

- Executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA[1]
- IFRS 15 'Revenue from Contracts with Customers'[2]
- IFRS 9 'Financial Instruments'[2]

1) enters into force for the accounting year commencing 1 January 2016.
2) enters into force for the accounting year commencing 1 January 2018 or later.

The changes will be implemented going forward from the effective date

The new executive order will only have effect on recognition and measurement in the Group's financial reporting in the following area.

Claims provisions
The executive order prescribes a change from applying a yield curve issued by the Danish Financial Supervisory Authority to applying a new yield curve published by EIOPA – the new yield curve is expected to be at a lower level. The change will amount to approx. DKK 240m.

It is Tryg's assessment that the amendments to the Executive Order from 2016 can be accommodated within IFRS, therefore it is not expected that there are any major differences between the Parent Company and the consolidated financial statements as a result of the new accounting regulation.

Changes to accounting estimates
There have been no changes to the accounting estimates in 2015.

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 judgement 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, Trademarks and Customer relations

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.

Claims provisions are estimated based on actuarial and statistical projections of claims and the administration of claims. The projections are based on Tryg's knowledge of historical developments, payment patterns, reporting delays, duration of the claims settlement process and other factors that might influence future developments in the liabilities.

The Group makes claims provisions, in addition to provisions for known claims, which cover estimated compensation for losses that have been incurred, but not yet reported to the Group (known as IBNR reserves) and future developments in claims which are known to the Group but have not been finally settled. Claims provisions also include direct and indirect claims settlement costs or loss adjustment expenses that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to Tryg.

The calculation of the claims provisions is therefore inherently uncertain and, by necessity, relies upon the making of certain assumptions as regards factors such as court decisions, amendments to legislation, 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 claims provisions.

Claims provisions are discounted. As a result, initial changes in discount rates or changes in the duration of the claims provisions could have positive or negative effects on earnings. Discounting affects the motor third-party liability, general third-party liability, workers' compensation classes, including sickness and personal accident, in particular.

Notes

The Financial Supervisory Authority's adjusted discount curve, which is based on euro swap rates, national spreads and Danish swap rates, and also an option-adjusted mortgage interest rate spread, is used to discount Danish claims provisions.

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

Several assumptions and estimates underlying the calculation of the claims provisions are mutually d ependent. This has the greatest impact on assumptions regarding 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 salary.

The net obligation with respect to the defined- benefit plan is based on actuarial calculations involving a number of assumptions. The assumptions include discount interest rate, expected future salary and pension adjustments, turnover, mortality and disability.

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 for 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 depreciation 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 in per cent. Investment property is recognised at fair value. The calculation of fair value is based on market prices, taking into consideration the type of property, location and maintenance standard, and based on a market- determined rental income as well as operating expenses in proportion to the property's required rate of return. Cf. note 12 and 13.

Measurement of goodwill, Trademarks and Customer relations
Goodwill, Trademarks and customer relations 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. Cf. note 11.

Description of accounting policies

Recognition and measurement
The annual report has been prepared under the historical cost convention, as modified by the revaluation of owner-occupied property, where increases are recognised in 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 in 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 such assets can be measured reliably. 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 such 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 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 statement of financial position 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 recognised in the income statement unless otherwise described below.

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

Consolidation

Consolidated financial statements
The consolidated financial statements comprise the financial statements of Tryg A/S (the parent company) and the enterprises (subsidiaries) controlled by the parent company. The parent company is regarded as controlling an enterprise when it i) exercises a controlling influence over the relevant activities in the enterprise in question, ii) is exposed to or has the right to a variable return on its investment, and iii) can exercise its controlling influence to affect the variable return.

Enterprises in which the Group directly or indirectly holds between 20% and 50% of the voting rights and exercises significant influence but no controlling influence are classified as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Tryg A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature.

The financial statements used for the consolidation are prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and costs, intra-group accounts and dividends, and gains and losses arising on transactions between the consolidated enterprises are eliminated.

Items of subsidiaries are fully recognised in the consolidated financial statements.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition and the date of formation, respectively. The date of acquisition is the date on which control of the acquired enterprise actually passes to Tryg. Divested or discontinued enterprises are recognised in the consolidated statement of comprehensive income up to the date of disposal or the settlement date. The date of disposal is the date on which control of the divested enterprise actually passes to a third party.

The purchase method is applied for new acquisitions if the Group gains control of the acquired enterprise. Subsequently, identifiable assets, liabilities and contingent liabilities in the acquired enterprises are measured at fair value at the date of acquisition. Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less expected selling costs. Restructuring costs are recognised in the pre-acquisition balance sheet only if they constitute an obligation for the acquired enterprise. The tax effect of revaluations is taken into account. The acquisition price of an enterprise consists of the fair value of the price paid for the acquired enterprise. If the final determination of the price is conditional upon one or more future events, such events are recognised at their fair values at the date of acquisition. Costs relating to the acquisition are recognised in the income statement as incurred.

Any positive balances (goodwill) between the acquisition price of the acquired enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired equity investments, on the one hand, and the fair value of the acquired assets, liabilities and contingent liabilities, on the other hand, are recognised as an asset under intangible assets, and are tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, it is impaired to the lower recoverable amount.

In the event of negative balances (negative goodwill), the calculated fair values, the calculated acquisition price of the enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired equity investments are revalued. If the balance is still negative, the amount is recognised as income in the income statement.

If, at the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the acquisition price, initial recognition is based on a preliminary determination of values. The preliminarily determined values may be adjusted or additional assets or liabilities may be recognised up to 12 months after the acquisition, provided that new information has come to light regarding matters existing at the date of acquisition which would have affected the determination of the values at the date of acquisition, had such information been known.

As a general rule, subsequent changes in estimates of conditional acquisition prices are recognised directly in the income statement.

Currency translation

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used 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 using the exchange rate applicable at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rates applicable at the statement of financial position date. Translation differences are recognised in the income statement under price adjustments.

On consolidation, the assets and liabilities of the Group's foreign operations are translated using the exchange rates applicable at the statement of financial position date. Income and expense items are translated using the average exchange rates for the period. Exchange rate 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 activities are divested. All other foreign currency translation gains and losses are recognised in the income statement. The presentation currency in the annual report is DKK.

Segment reporting

Segment information is based on the Group's management and internal financial reporting system and supports the management decisions on allocation of resources and assessment of the Group's results divided into segments.

The operational business segments in the Tryg are Private, Commercial, Corporate and Sweden. Private encompasses the sale of insurances to private individuals in Denmark and Norway. Commercial encompasses the sale of insurances to small and medium sized businesses, in Denmark and Norway. Corporate sells insurances to industrial clients primarily in Denmark, Norway and Sweden. In addition, Corporate handles all business involving brokers. Sweden encompasses the sale of insurance products to private individuals in Sweden as well as sale of Product insurances in the nordic region.

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

Key ratios

Earnings per share (EPS) are calculated according to IAS 33. This and other key ratios are calculated in accordance with Recommendations and Ratios 2015 issued by the Danish Society of Financial Analysts and the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds issued by the Danish Financial Supervisory Authority.

Income statement

Premiums

Premium income represents gross premiums written during the year, net of reinsurance premiums and adjusted for changes in premium provisions, corresponding to an accrual of premiums to the risk period of the policies, and in the reinsurers' share of the premium provisions.

Premiums are calculated as premium income in accordance with the risk exposure over the cover period, calculated separately for each individual insurance contract. The calculation is generally based on 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 relate to unexpired risks at the statement of financial position date is reported under premium provisions.

The portion of premiums paid to reinsurers that relate to unexpired risks at the statement of financial position date is reported as the reinsurers' share of premium provisions.

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 an actual interest from the present yield curve for each individual group of risks. The interest is applied according to the expected run-off pattern of the provisions.

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

Claims
Claims are claims paid during the year and adjusted for changes in claims provisions less the reinsurers' share. In addition, the item includes run-off gains/ losses in respect of previous years. The portion of the increase in provisions which can be ascribed to unwinding is transferred to insurance technical interest.

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

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

Tryg hedges the risk of changes in future pay and price figures for provisions for workers' compensation. Tryg uses zero coupon inflation swaps acquired with a view to hedging the inflation risk. Value adjustments of these swaps are included in claims, thereby reducing the effect of changes to inflation expectations under claims.

Bonus and premium discounts
Bonuses and premium discounts represent anticipated and refunded premiums to policyholders, where the amount refunded depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the insurance was taken out.

Insurance operating expenses
Insurance operating costs represent acquisition costs and administration 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. Administration expenses are all other expenses attributable to the administration of the insurance portfolio. Administration expenses are accrued to match the financial year.

Leasing
Leases are classified either as operating or finance leases. The assessment of the lease is based on 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 lifetime 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 share option programme was closed in 2012

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 fair value at the time of allocation and recognised under staff expenses over the period from the time of allocation until vesting. The balancing item is recognised directly in equity.

The options are issued at an exercise price that corresponds to the market price of the Group's shares at the time of allocation plus 10%. 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 contract of employment. 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 13-day period, which starts the day after 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 own shares is reserved for settlement of the options allocated.

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

Employee shares
According to established rules, the Group's employees can be granted a bonus in the form of employee shares. When the bonus is granted, employees can choose between receiving shares or cash. The expected value of the shares will be expensed over the vesting period. The scheme will be treated as a complex financial instrument, consisting of the right to cash settlement and the right to request delivery of shares. The difference between the value of shares and the cash payment is recognised in equity and is not remeasured. The remainder is treated as a liability and is remeasured until the time of exercise, such that the total recognition is based on the actual number of shares or the actual cash amount.

Matching shares
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 or risk takers 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 holder acquires the shares in the open window following publication of the annual report for the previous year. The shares (matching shares) are provided free of charge, four years after the time of purchase. 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 is from the end of the month of acquisition under staff expenses with a balancing entry directly in equity. If an Executive Management member or risk-taker retires during the maturation period but remains 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 property, foreign currency translation adjustments and the effect of movements in the yield curve used for discounting, are recognised as price adjustments.

Investment management charges represent expenses relating to the management of investments including salary and management fees on the investment area.

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 & Pension.

Discontinued and divested business
Discontinued and divested business is consolidated in one item in the income statement and supplemented with disclosure of the discontinued and divested business in a note to the financial statements. Discontinued and divested business includes gross premiums, gross claims, gross costs, profit/loss on ceded business, insurance technical interest net of reinsurance, investment return after insurance technical interest, other income and costs and tax in respect of the discontinued business. Any reversal of earlier impairment is recognised under other income and costs.

The statement of financial position items concerning discontinued activities are reported unchanged under the respective entries whereas assets and liabilities concerning divested activities are consolidated under one item as assets held for sale and liabilities held for sale.

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 run-off for the marine hull business and the divested activities in the Finnish branch. Discontinued business also comprises the Tryg Forsikring A/S run-off business.

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 incidental to acquiring and bringing to use the specific software. The costs are amortised based on an estimated economic lifetime of up to 4 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 amortised according to the straight-line method over the assessed economic lifetime, though over a maximum of 4 years. The amortisation basis is reduced by any impairment and 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 such assets are ready to be brought into use.

Depreciation of operating equipment is calculated using the straight-line method over its estimated economic lifetime as follows:

- IT, 4 – 8 years
- Vehicles, 5 years
- Furniture, fittings and equipment, 5-10 years

Leasehold improvements are depreciated over the expected economic lifetime, however maximally the term of the lease.

Gains and losses on disposals and retired assets are determined by comparing proceeds with carrying amounts. 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 Group’s owner-occupied properties consist of the head office buildings in Ballerup and Bergen and a small number of holiday homes. The remaining properties are classified as investment property.

Owner-occupied property
Owner-occupied property is property that is used in the Group’s operations. Owner-occupied properties are measured in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed regularly to avoid material differences between the carrying amounts and fair values of owner-occupied property at the statement of financial position date. The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the coming year. The resulting operating income is divided by the required return on the property in per cent, which is adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity.

Increases in the revalued carrying amounts of owner-occupied property are recognised in the revaluation reserve in equity. Decreases that offset previous revaluations of the same asset are charged against the revaluation reserves directly in equity; all other decreases are charged to the income statement.

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 measured reliably. Ordinary repair and maintenance costs are expensed in the income statement when incurred.

Depreciation on owner-occupied property is calculated based on the straight-line method and using an estimated economic lifetime of up to 50 years. Land is not depreciated.

Assets under construction
In connection with the refurbishment of owner-occupied property, costs to be capitalised are recognised at cost under owner-occupied property. On completion of the project, it is reclassified as owner-occupied property, and depreciation is 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 recognised at fair value. Fair value is based on market prices, adjusted for any differences in the nature, location or maintenance condition of specific assets. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections and recent prices in the market.

The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the coming year. The resulting operating income is divided by the required return on the property in per cent, which is 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 adjustments 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.

Goodwill is tested annually for impairment, or more often if there are indications of impairment, and impairment testing is performed for each cash-generating unit to which the asset belongs. The present value is normally established using budgeted cash flows based on business plans. The business plans are based on past experience and expected market developments.

Equity investments in Group undertakings
The parent company's equity investments in subsidiaries are recognised and measured using 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, equity investments are measured at the pro rata share of the enterprises' equity.

Subsidiaries with a negative net asset value are recognised 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 equity investments in subsidiaries is taken to reserve for net revaluation under equity if the carrying amount exceeds cost.

The results of foreign subsidiaries are based on translation of the items in the income statement using average exchange rates for the period unless they deviate significantly from the transaction day exchange rates. Income and costs in domestic enterprises denominated in foreign currencies are translated using the exchange rates applicable on the transaction date.

Statement of financial position items of foreign subsidiaries are translated using the exchange rates applicable at the statement of financial position date.

Equity investments in associates
Associates are enterprises in which the Group has significant influence but not control, generally in the form of an ownership interest of between 20% and 50% of the voting rights. Equity investments in associates are measured using the equity method so that the carrying amount of the investment represents the Group's proportionate share of the enterprises' net assets.

Profit after tax from equity 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 which are recognised in 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 adjustments in the income statement comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment via the income statement.

Financial assets at fair value recognised in income statement
Financial assets are recognised at fair value on initial recognition if they are entered in a portfolio that is managed in accordance with fair value. Derivative financial instruments are similarly classified as financial assets held for sale, unless they are classified as security.

Realised and unrealised 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 assets 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.

The fair values of quoted securities are based on stock exchange prices at the statement of financial position date. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using valuation techniques. These include the use of similar recent arm's length transactions, reference to other similar instruments or 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 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 statement of financial position 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 insurance provisions. Share derivatives in the form of futures and options are used from time to time to adjust share exposures.

Derivative financial instruments are reported from the trading date and are measured in the statement of financial position at fair value. Positive fair values of derivatives are recognised as derivative financial instruments under assets. Negative fair values of derivatives are recognised under derivative financial instruments under liabilities. 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 Danske Bank with relevant information providers 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 involving an expected future cash flow.

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 entities. 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 entity.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurers' share of provisions for insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

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

Amounts receivable 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 insurance technical interest. Changes due to changes in the yield curve or foreign exchange rates are recognised as price adjustments.

The Group continuously assesses 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 losses 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.

Receivables that arise as a result of insurance contracts are classified in this category and are reviewed for impairment as a part of the impairment test of accounts receivable.

Receivables are recognised initially at fair value and are subsequently assessed at amortised cost. The income statement includes an estimated reservation for expected unobtainable sums when there is a clear indication of asset impairment. The reservation entered is assessed as the difference between the carrying amount of an asset and the present value of expected future cash flows.

Other assets

Other assets include current tax assets and cash at bank and in hand. Current tax assets are receivables concerning tax for the year adjusted for on-account payments and any prior-year adjustments. Cash at bank and in hand is recognised at nominal value at the statement of financial position 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 products is also included.

Equity

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. 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 property is recognised in other comprehensive income unless the revaluation offsets a previous impairment loss.

Foreign currency translation reserve

Assets and liabilities of foreign entities are recognised using the exchange rate applicable at the statement of financial position date. Income and expense items are recognised using the average monthly exchange rates for the period. Any resulting 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 currency risk in respect of foreign entities is also offset in other comprehensive income 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 reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders. The Norwegian contingency fund reserves include provisions for the Norwegian Natural Perils Pool and security reserve. The Danish and Swedish provisions comprise contingency fund provisions. Deferred tax on the Norwegian and Swedish contingency fund reserves is allocated.

Dividends

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

Own shares

The purchase and sale sums of own shares and dividends thereon are taken directly to retained earnings under equity. Own shares include shares acquired for incentive programmes and share buyback programme.

Proceeds from the sale of own shares in connection with the exercise of share options or matching 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 borrowing period using the effective interest method.

Provisions for insurance contracts

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

Claims and claims handling costs are expensed in the income statement as incurred based on the estimated liability for compensation owed to policyholders or third parties sustaining losses at the hands of the policy- holders. They include direct and indirect claims handling costs that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to the Group. Claims provisions 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.

Claims provisions 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 and health insurance classes, in particular.

Provisions for bonuses and premium discounts etc. represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

Claims provisions are determined for each line of business based on actuarial methods. Where such business lines encompass more than one business area, short-tailed claims provisions are distributed based on number of claims reported while long-tailed claims provisions 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 lines of business 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 under 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. In connection with legislative changes, the same estimate is used for determining the change in the level of claims. Subsequently, this estimate is maintained until new loss history materialises which can be used for re-estimation.

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

Workers' compensation is an area in which explicit inflation assumptions are used, with annuities for the insured being indexed based on 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 change in inflation occurs. On the other hand, the effect of discounting will show immediately as a consequence of inflation changes to the extent that such changes affect the interest rate.

Other correlations are not deemed to be significant.

Liability adequacy test

Tests are continuously performed to ensure the adequacy of the insurance 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 results in an increase in 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 contributions to insurance companies or trustee-administered funds. In Norway, the Group operates a defined-benefit plan. 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. FTP-Planen is primarily a defined-benefit plan as regards 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.

For the defined-benefit plan recognised in the statement of financial position, an annual actuarial calculation is made of the capital value of the future benefits to which employees are entitled as a result of their employment with the group so far and which must be disbursed according to the plan. The capital value is calculated using the Projected Unit Credit Method, which are based on input Cf. note 20.

The capital value of the pension obligations less the fair value of any plan assets is recognised in the statement of financial position under pension assets and pension obligations, respectively, depending on whether the net amount is an asset or a liability.

In case of changes to assumptions concerning the discounting factor, inflation, mortality and disability or in case of differences between expected and realised returns on pension assets, actuarial gains or losses ensue. These gains and losses are recognised under other comprehensive income.

In case of changes to the benefits stemming from the employees' employment with the group so far, a change is seen in the actuarially calculated capital value which is considered as pension costs for previous financial years. The change is recognised in the results immediately. Net finance costs for the year are recognised in the investment return. All other costs are recognised under insurance operating costs. 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 at the time of signing the contract of employment.

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

Income tax and deferred tax

The Group expenses current tax according to the tax laws of the jurisdictions 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 statement of financial position liability method on all timing differences between the tax and accounting value of assets and liabilities. Deferred income tax is measured using the tax rules and tax rates that apply in the relevant countries on the statement of financial position 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 realised against which the temporary differences can be offset.

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
Provisions are recognised when the Group has a legal or constructive obligation as a result of an event prior to or at the statement of financial position date, and it is probable that future economic benefits will flow out of the Group. Provisions are measured at the best estimate by management of the expenditure required to settle the present obligation.

Provisions for restructurings are recognised as obligations when a detailed formal restructuring plan has been announced prior to or at the statement of financial position date at the latest to the persons affected by the plan.

Own insurance is included under other provisions. The provisions apply to the Group's own insurance claims and are reported when the damage occurs according to the same principle as the Group's other claims provisions.

Debt
Debt comprises debt in connection with direct insurance and reinsurance, amounts owed 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 liabilities are assessed at amortised cost based on the effective interest method.

Cash flow statement
The consolidated cash flow statement 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 end of the financial year. No separate cash flow statement has been prepared for the parent company because it is included in the consolidated cash flow statement.

Cash flows from 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 the purchase and sale of intangible assets, property, plant and equipment as well as financial assets and deposits with 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, repayments of interest-bearing debt and the payment of dividends.

Cash and cash equivalents comprise cash and demand deposits.

Income statement for Tryg A/S (parent company)

Note	DKKm	2015	2014
Note	**Investment activities**		
1	Income from Group undertakings	2,044	2,600
	Interest expenses	1	0
	Administration expenses in connection with investment activities	-7	-7
	Total investment return	2,038	2,593
2	Other expenses	-75	-51
	Profit/loss before tax	**1,963**	**2,542**
3	Tax	18	15
	Profit/loss on continuing business	**1,981**	**2,557**
	Profit/loss for the year	**1,981**	**2,557**
	Proposed distribution for the year:		
	Dividend	1,759	1,731
	Transferred to reserve for net revaluation according to the equity method	-1,656	143
	Transferred to retained earnings	1,878	683
		1,981	**2,557**

Note	DKKm	2015	2014
Note	**Statement of comprehensive income**		
	Profit/loss for the year	1,981	2,557
	Other comprehensive income		
	Other comprehensive income which cannot subsequently be reclassified as profit or loss		
	Change in equalisation provision and other provisions	21	26
	Change in taxes on security provisions	141	0
	Revaluation of owner-occupied property for the year	4	2
	Tax on revaluation of owner-occupied property for the year	2	0
	Actuarial gains/losses on defined-benefit pension plans	-12	-46
	Tax on actuarial gains/losses on defined-benefit pension plans	3	12
		159	-6
	Other comprehensive income which can subsequently be reclassified as profit or loss		
	Exchange rate adjustments of foreign entities for the year	-89	-178
	Hedging of currency risk in foreign entities for the year	86	191
	Tax on hedging of currency risk in foreign entities for the year	-21	-47
		-24	-34
	Total other comprehensive income	**135**	**-40**
	Comprehensive income	**2,116**	**2,517**

Statement of financial position for Tryg A/S (parent company)

Note	DKKm	2015	2014
Note	**Assets**		
4	Equity investments in Group undertakings	10,322	11,843
	Total investments in Group undertakings	**10,322**	**11,843**
	Total investment assets	**10,322**	**11,843**
5	Current tax assets	18	14
	Cash at bank and in hand	1	0
	Total other assets	**19**	**14**
	Total assets	**10,341**	**11,857**
	Equity and liabilities		
	Equity	**9,846**	**11,134**
	Debt to Group undertakings	487	718
	Other debt	8	5
	Total debt	**495**	**723**
	Total equity and liabilities	**10,341**	**11,857**

6 **Deferred tax assets**
7 **Capital adequacy**
8 **Contractual obligations, contingent liabilities and collateral**
9 **Related parties**
10 **Reconciliation of profit/loss and equity**
11 **Accounting policies**

Statement of changes in equity (parent company)

DKKm	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Total
Equity at 31 December 2014	**1,492**	**4,856**	**3,055**	**1,731**	**11,134**
2015					
Profit/loss for the year		-1,656	1,878	1,759	1,981
Other comprehensive income		135			135
Total comprehensive income	0	-1,521	1,878	1,759	2,116
Nullification of own shares	-44		44		0
Dividend paid				-2,477	-2,477
Dividend own shares			97		97
Purchase and sale of own shares			-1,044		-1,044
Exercise of share options			13		13
Issue of employee shares			2		2
Issue of share options and matching shares			5		5
Total changes in equity in 2015	**-44**	**-1,521**	**995**	**-718**	**-1,288**
Equity at 31 December 2015	**1,448**	**3,335**	**4,050**	**1,013**	**9,846**
Equity at 31 December 2013	**1,533**	**4,753**	**3,180**	**1,656**	**11,122**
2014					
Profit/loss for the year		143	683	1,731	2,557
Other comprehensive income		-40			-40
Total comprehensive income	0	103	683	1,731	2,517
Nullification of own shares	-41		41		0
Dividend paid				-1,656	-1,656
Dividend, own shares			59		59
Purchase and sale of own shares			-1,005		-1,005
Exercise of share options			49		49
Issue of employee shares			45		45
Issue of share options and matching shares			3		3
Total changes in equity in 2014	**-41**	**103**	**-125**	**75**	**12**
Equity at 31 December 2014	**1,492**	**4,856**	**3,055**	**1,731**	**11,134**

Dividend per share in 2015 includes dividend paid out in July of DKK 2.50 and proposed dividend of DKK 3.50, totalling DKK 6.00 (DKK 5.80 in 2014). Proposed dividend per share of DKK 3.50 is calculated as the total dividend proposed by the Supervisory Board after the end of the financial year divided by the total number of shares at the end of the year (289,559,550 shares). The dividend is not paid until approved by the shareholders at the annual general meeting.

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 2,516m (DKK 2,622m in 2014) The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

Notes

DKKm		2015	2014
1	**Income from Group undertakings**		
	Tryg Forsikring A/S	2,044	2,600
		2,044	**2,600**

DKKm		2015	2014
2	**Other expenses**		
	Administration expenses	-75	-51
		-75	**-51**

Remuneration for the Executive Management is paid partly by Tryg A/S and partly by Tryg Forsikring A/S and Tryg Forsikring, a Norwegian branch of Tryg Forsikring A/S and is charged to Tryg A/S via the cost allocation.

Remuneration for the Supervisory Board, the Executive Management and risk-takers can be seen from note 28 concerning related parties of the Tryg Group. Refer to Note 6 of the consolidated financial statements for a specification of the audit fee.

		2015	2014
	Average number of full-time employees for the year	15	13

DKKm		2015	2014
3	**Tax**		
	Reconciliation of tax costs		
	Tax on profit/loss for the year	19	14
	Tax adjustments, previous years	-1	1
		18	**15**
	Effective tax rate	**%**	**%**
	Tax on profit/loss for the year	23.5	24.5
	Tax adjustment, previous years	-1.0	0.5
		22.5	**25.0**

DKKm		2015	2014
4	**Equity investments in Group undertakings**		
	Cost		
	Cost at 1 January	6,987	6,987
	Cost at 31 December	**6,987**	**6,987**
	Revaluation and impairment to net asset value		
	Revaluation and impairment at 1 January	4,856	4,753
	Revaluations for the year	2,179	1,759
	Dividend paid	-3,700	-1,656
	Revaluation and impairment at 31 December	3,335	4,856
	Carrying amount at 31 December	**10,322**	**11,843**

Name and registered office	Ownership share in %	Equity
2015		
Tryg Forsikring A/S, Ballerup	100	10,322
2014		
Tryg Forsikring A/S, Ballerup	100	11,843

DKKm		2015	2014
5	**Current tax assets**		
	Tax receivable at 1 January	14	14
	Current tax for the year	18	14
	Tax paid for the year	-14	-14
	Tax receivable at 31 December	**18**	**14**

DKKm		2015	2014
6	**Deferred tax assets**		
	Capitalised tax losses		
	Tryg A/S	0	0
	Non-capitalised tax losses		
	Tryg A/S	16	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 offset the tax losses.

DKKm		2015	2014
7	**Capital adequacy**		
	Equity according to annual report	9,846	11,134
	Proposed dividend	-1,013	-1,731
	Solvency requirements of subsidiaries – 50%	-3,868	-2,353
	Tier 1 capital	**4,965**	**7,050**
	Subordinate loan capital	1,707	1,496
	Solvency requirements of subsidiaries – 50%	-3,868	-2,353
	Capital base	**2,804**	**6,193**
	Weighted items	**2,586**	**7,137**
	Solvency ratio (Solvency I – ratio between capital base and weighted assets)	**108**	**87**

DKKm — 2015 — 2014

8 Contractual obligations, contingent liabilities and collateral

The Danish companies in the Tryg Group are jointly taxed with TryghedsGruppen smba. The companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties, dividends and income taxes etc. in respect of the jointly taxed companies.

Companies in the Tryg Group are party to a number of disputes in Denmark, Norway and Sweden. Management believes that the outcome of these disputes will not affect the Group's financial position over and above the receivables and liabilities recognised in the statement of financial position at 31 December 2015.

9 Related parties

Tryg A/S has no related parties with a controlling influence other than the parent company, TryghedsGruppen smba. Related parties with a significant influence include the Supervisory Board, the Executive Management and their members' related family. Related parties are the same as for the Tryg Group; please see Note 28 in the consolidated financial statements.

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

Transactions with Group undertakings and associates
Tryg A/S exercises full control over Tryg Forsikring A/S.

DKKm	2015	2014
Intra-group trading involved		
- Providing and receiving services	-13	-15
- Intra-group accounts	-487	-718

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

DKKm		2015	2014

10 **Reconciliation of profit/loss and 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 profit/loss and equity.

	2015	2014
Reconciliation of profit/loss		
Profit/loss – IFRS	1,981	2,557
Profit/loss – Danish FSA executive order	**1,981**	**2,557**

	2015	2014
Reconciliation of equity		
Equity – IFRS	9,831	11,119
Deferred tax provisions for contingency funds	15	15
Equity – Danish FSA executive order	**9,846**	**11,134**

11 **Accounting policies**

Please refer to Tryg Group's accounting policies.

Q4 2015 | Quarterly outline

DKKm	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Private									
Gross premium income	**2,172**	**2,211**	**2,226**	**2,194**	**2,249**	**2,289**	**2,275**	**2,238**	**2,290**
Technical result	285	398	434	181	400	445	494	273	286
Key ratios									
Gross claims ratio	71.3	65.1	63.3	76.5	65.3	64.6	69.0	72.1	75.6
Net reinsurance ratio	2.3	2.3	2.1	0.0	2.1	1.1	-2.6	0.4	-2.5
Claims ratio, net of reinsurance	73.6	67.4	65.4	76.5	67.4	65.7	66.4	72.5	73.1
Gross expense ratio	13.4	14.7	15.3	15.3	15.0	15.1	12.4	15.5	14.6
Combined ratio	**87.0**	**82.1**	**80.7**	**91.8**	**82.4**	**80.8**	**78.8**	**88.0**	**87.7**
Combined ratio exclusive of run-off	89.3	86.5	83.7	96.8	84.5	85.3	82.4	93.7	90.8
Commercial									
Gross premium income	**970**	**1,022**	**997**	**1,003**	**1,050**	**1,045**	**1,053**	**1,042**	**1,080**
Technical result	147	136	220	155	270	188	224	193	157
Key ratios									
Gross claims ratio	62.3	77.1	55.7	66.3	55.2	63.9	72.1	63.9	73.8
Net reinsurance ratio	5.5	-6.8	5.2	0.9	3.7	0.9	-5.6	0.3	-5.9
Claims ratio, net of reinsurance	67.8	70.3	60.9	67.2	58.9	64.8	66.5	64.2	67.9
Gross expense ratio	17.2	16.6	17.2	17.4	15.6	17.5	12.6	17.7	17.9
Combined ratio	**85.0**	**86.9**	**78.1**	**84.6**	**74.5**	**82.3**	**79.1**	**81.9**	**85.8**
Combined ratio exclusive of run-off	91.3	98.6	84.5	98.9	86.5	92.1	81.9	86.9	92.8
Corporate									
Gross premium income	**949**	**984**	**993**	**968**	**1,015**	**999**	**1,030**	**989**	**1,025**
Technical result	5	195	99	70	98	130	180	19	59
Key ratios									
Gross claims ratio	69.2	99.9	170.5	67.6	67.2	63.0	73.3	81.5	75.0
Net reinsurance ratio	20.5	-30.1	-91.2	13.4	12.6	13.0	0.1	4.6	7.6
Claims ratio, net of reinsurance	89.7	69.8	79.3	81.0	79.8	76.0	73.4	86.1	82.6
Gross expense ratio	9.7	10.6	11.0	11.9	10.6	11.5	9.5	12.6	12.1
Combined ratio	**99.4**	**80.4**	**90.3**	**92.9**	**90.4**	**87.5**	**82.9**	**98.7**	**94.7**
Combined ratio exclusive of run-off	106.2	98.1	94.5	100.1	106.4	94.9	86.8	113.4	102.2

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Q4 2015 | Quarterly outline

DKKm	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Sweden									
Gross premium income	**313**	**373**	**342**	**289**	**338**	**386**	**358**	**317**	**348**
Technical result	85	38	72	23	7	30	43	38	44
Key ratios									
Gross claims ratio	51.8	73.2	61.1	72.0	74.6	76.2	69.3	64.4	71.8
Net reinsurance ratio	0.3	0.5	0.0	-0.7	1.5	0.8	-0.3	4.4	-2.9
Claims ratio, net of reinsurance	52.1	73.7	61.1	71.3	76.1	77.0	69.0	68.8	68.9
Gross expense ratio	21.1	15.8	17.8	20.8	22.2	15.5	19.6	19.9	19.3
Combined ratio	**73.2**	**89.5**	**78.9**	**92.1**	**98.3**	**92.5**	**88.6**	**88.7**	**88.2**
Combined ratio exclusive of run-off	94.3	92.4	93.2	100.1	99.2	97.7	91.7	91.5	94.5
Other [a]									
Gross premium income	**-11**	**-7**	**-8**	**-3**	**-6**	**-7**	**-5**	**-3**	**-6**
Technical result	0	-120	0	0	0	0	0	0	0
Tryg									
Gross premium income	**4,393**	**4,583**	**4,550**	**4,451**	**4,646**	**4,712**	**4,711**	**4,583**	**4,737**
Technical result	522	647	825	429	775	793	941	523	546
Investment return	201	-383	-84	261	13	-1	259	89	154
Other income and costs	-19	-20	-27	-25	-20	-10	-50	-10	-61
Profit/loss before tax	704	244	714	665	768	782	1,150	602	639
Profit/loss	721	580	525	640	593	869	455	565	
Key ratios									
Gross claims ratio	68.0	76.6	84.8	72.0	64.1	64.9	70.7	71.7	74.9
Net reinsurance ratio	6.2	-6.8	-17.8	3.1	4.7	3.7	-2.6	1.6	-1.2
Claims ratio, net of reinsurance	74.2	69.8	67.0	75.1	68.8	68.6	68.1	73.3	73.7
Gross expense ratio	14.2	16.3	15.2	15.6	14.9	15.1	12.6	15.9	15.4
Combined ratio	**88.4**	**86.1**	**82.2**	**90.7**	**83.7**	**83.7**	**80.7**	**89.2**	**89.1**
Combined ratio exclusive of run-off	93.9	94.9	87.1	98.5	91.0	90.0	84.1	96.5	94.3

The distribution on segments between Commercial an Corporate as to medium sized enterprise has been altered during Q1 2014.

Comparative figures have been restated accordingly.

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

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Q4 2015 | Geographical segments

DKKm	Q4 2015	Q4 2014	2015	2014
Danish general insurance [a]				
Gross premium income	**2,330**	**2,346**	**9,346**	**9,361**
Technical result	289	651	1,371	1,510
Run-off gains/losses, net of reinsurance	116	262	512	564
Key ratios				
Gross claims ratio	65.2	52.1	80.5	66.9
Net reinsurance ratio	9.3	7.9	-9.2	2.1
Claims ratio, net of ceded business	74.5	60.0	71.3	69.0
Gross expense ratio	13.1	12.4	13.9	15.1
Combined ratio	**87.6**	**72.4**	**85.2**	**84.1**
Number of full-time employees 31 Dec.			1,859	2,007
Norwegian general insurance				
Gross premium income	**1,611**	**1,839**	**6,766**	**7,337**
Technical result	124	190	844	1,478
Run-off gains/losses, net of reinsurance	44	86	492	501
Key ratios				
Gross claims ratio	74.4	73.1	70.9	66.5
Net reinsurance ratio	4.3	0.9	2.1	1.4
Claims ratio, net of ceded business	78.7	74.0	73.0	67.9
Gross expense ratio	13.8	16.0	14.9	12.5
Combined ratio	**92.5**	**90.0**	**87.9**	**80.4**
Number of full-time employees 31 Dec.			1,113	1,167
Swedish general insurance				
Gross premium income	**463**	**467**	**1,894**	**1,975**
Technical result	109	-66	328	44
Run-off gains/losses, net of reinsurance	81	-10	208	66
Key ratios				
Gross claims ratio	54.6	89.1	63.5	77.6
Net reinsurance ratio	3.0	3.9	1.7	2.2
Claims ratio, net of ceded business	57.6	93.0	65.2	79.8
Gross expense ratio	19.0	21.4	17.5	18.4
Combined ratio	**76.6**	**114.4**	**82.7**	**98.2**
Number of full-time employees 31 Dec.			387	425

DKKm	Q4 2015	Q4 2014	2015	2014
Other [b]				
Gross premium income	**-11**	**-6**	**-29**	**-21**
Technical result	0	0	-120	0
Tryg				
Gross premium income	**4,393**	**4,646**	**17,977**	**18,652**
Technical result	522	775	2,423	3,032
Investment return	201	13	-5	360
Other income and costs	-19	-20	-91	-90
Profit/loss before tax	704	768	2,327	3,302
Run-off gains/losses, net of reinsurance	241	338	1,212	1,131
Key ratios				
Gross claims ratio	68.0	64.1	75.4	67.8
Net reinsurance ratio	6.2	4.7	-3.9	1.8
Claims ratio, net of ceded business	74.2	68.8	71.5	69.6
Gross expense ratio [c]	14.2	14.9	15.3	14.6
Combined ratio	**88.4**	**83.7**	**86.8**	**84.2**
Number of full-time employees, continuing business at 31 Dec.			3,359	3,599
Number of full-time employees, discontinued and divested business at 31 Dec.			0	0

a) Includes Danish general insurance and Finnish guarantee insurance.

b) Amounts relating to eliminations. In 2015 also restructuring expenses are included under 'Other'. In 2014 the costs were positively affected by a one-time effect regarding changed pension terms in Norway and they were negatively affected by a provision in connection with the transfer to the new it-supplier. The joint effect was approx DKK 135m. In 2015 costs and claims were negatively effected by DKK 80m and DKK 40m respectively due to provisioning for the efficiency programme.

c) Adjustment of gross expense ratio included only in 'Tryg '. The adjustment is explained in a footnote to Financial highlights.

Other key figures

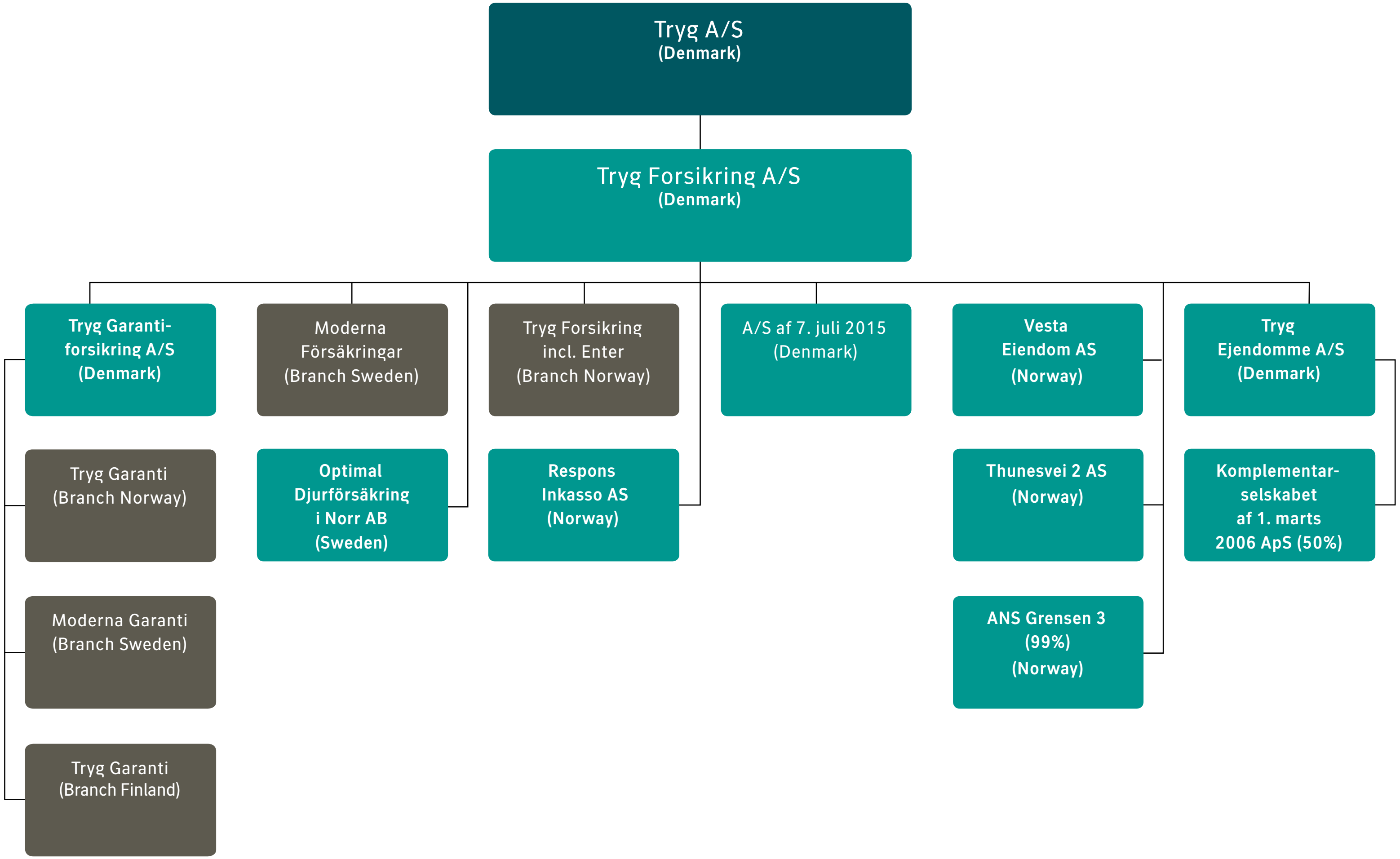
	2015	2014	2013	2012	2011
Claims ratio, net	70.1	68.3	70.8	70.7	75.7
Expense ratio, net with adjustment	15.8	15.0	16.1	16.9	17.0
Combined ratio, net with adjustment	85.9	83.3	86.9	87.6	92.7
Expense ratio, net without adjustment	15.6	14.8	15.9	16.6	16.9
Gross profit ratio	13.5	16.3	12.8	12.3	7.9
Profit ratio, net of reinsurance	14.4	17.3	13.6	13.0	8.3
Gross technical interest ratio	0.1	0.3	0.3	0.3	0.9
Technical interest ratio, net of reinsurance	0.1	0.3	0.3	0.3	0.9
Return on equity before tax on continuing business (%)	22.2	29.7	27.1	30.2	18.4
Return on equity after tax on continuing business (%)	18.4	22.9	21.5	21.8	13.1
Average premium provisions	5,691	6,012	6,450	6,810	6,876
Average claims provisions	25,350	25,680	26,665	27,073	25,894
Average reinsurers' share of provisions for insurance contracts	2,557	2,279	2,469	2,192	1,828
Reserve ratio, premium provisions (%)	31.0	31.2	31.8	32.9	34.8
Reserve ratio, claims provisions (%)	141.4	135.5	133.8	134.1	134.9
Total reserve ratio	172.4	166.7	165.6	167.0	169.7
Number of full-time employess, continued business, at 31 December	3,359	3,599	3,703	3,913	4,076
Number of full-time employess, discontinued and divested business, at 31 December	0	0	0	189	242
Share performance					
Earnings per share (DKK)	6.95	8.74	7.88	7.30	3.77
Diluted earnings per share (DKK)	6.95	8.73	7.86	7.27	3.77
Earnings per share of continuing business (DKK)	6.77	8.70	7.89	7.21	3.80
Number of shares (1,000)	282,316	289,120	296,870	303,474	301,866
Average number of shares (1,000)	285,073	292,521	300,777	302,455	302,003
Diluted average number of shares (1,000)	285,101	292,788	301,295	303,571	302,003
Share price (DKK)	137.40	137.80	104.90	85.30	63.80
Net asset value per share (DKK)	34.82	38.46	37.41	36.18	29.84
Market price/net asset value	4.0	3.6	2.8	2.4	2.1
Dividend per share (DKK)	6.00	5.80	5.40	5.20	1.30
Price/Earnings	20.3	15.8	13.3	11.8	16.8

In May 2015 each share with a nominal value of DKK 25 was replaced by five new shares with a nominal value of DKK 5. The share split did not change the Group's share capital. Comparative figures have been restated to reflect the change in trading unit.

The expense ratio, net without adjustment, is calculated as the ratio of actual insurance operating costs, net of reinsurance to premium income, net of reinsurance. Other key ratios are calculated in accordance with "Recommendations & Financial Ratios 2015" 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' definitions of expence ratio and combined ratio, involves the addition of a calculated cost (rent) in respect of owner-occupied property based on a calculated market rent and the deduction of actual depreciation and operating costs on owner-occupied property.

Group chart



Group chart at 1 January 2016. Companies and branches are wholly owned by Danish owners and domiciled in Denmark, unless otherwise stated.

Company

Branch

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 Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds and also comply with 'Recommendations & Financial Ratios 2015' issued by the Danish Society of Financial Analysts.

Capital base
Equity plus share of subordinate loan capital and less intangible assets, tax asset, discounting, equalisation reserve and proposed dividend.

Claims ratio, net of ceded business
Gross claims ratio + net reinsurance ratio

Combined ratio
The sum of the gross claims ratio, the net reinsurance ratio and the gross expense ratio.

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

Diluted average 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.

Dividend per share

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

Earnings per share

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

Earnings per share of continuing business

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

Gross claims ratio

$$\frac{\text{Gross claims x 100}}{\text{Gross premium income}}$$

Gross expense ratio
Calculated as the ratio of gross insurance operating costs, including adjustment and gross premium income. 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.

$$\frac{\text{Gross insurance operating costs with adjustment x 100}}{\text{Gross premium income}}$$

Gross expense ratio without adjustment

$$\frac{\text{Gross insurance operating costs x 100}}{\text{Gross premium income}}$$

Gross premium income
Calculated as gross premium income adjusted for change in gross premium provisions, less bonuses and premium discounts.

Gross profit ratio

$$\frac{\text{Technical result x 100}}{\text{Gross premium income}}$$

Gross technical interest ratio

$$\frac{\text{Insurance technical interest net of reinsurance x 100}}{\text{Gross premium income}}$$

Individual solvency
New Danish solvency requirements for insurance companies comprising the companies' own determination of their capital requirements calculated using their own methods.

The rules entered into force on 1 January 2008, and the figures must be reported to the Danish Financial Supervisory Authority four times a year.

Market price/net asset value

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

Net asset value per share

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

Net reinsurance ratio

$$\frac{\text{Profit or loss from reinsurance x 100}}{\text{Gross premium income}}$$

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

Operating ratio
Calculated as the combined ratio plus insurance technical interest in the denominator.

$$\frac{\text{Claims + insurance operating costs + profit or loss from reinsurance x 100}}{\text{Gross premium income + insurance technical interest}}$$

Percentage return on equity after tax

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

Price/Earnings

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

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

Reserve ratio, claims provisions

$$\frac{\text{Claims provisions x 100}}{\text{Gross premium income}}$$

Reserve ratio, premium provisions

$$\frac{\text{Premium provisions x 100}}{\text{Gross premium income}}$$

Run-off gains/losses
The difference between the claims provisions at the beginning of the financial year (adjusted for foreign currency translation adjustments and discounting effects) and the sum of the claims paid during the financial year and that part of the claims provisions at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

Tier 1 capital
Equity less proposed dividend and share of capital claims in subsidiaries.

Total reserve ratio
Reserve ratio, claims provisions + premium provisions

Solvency II
New solvency requirements for insurance companies issued by the EU Commission. The new rules comes into force at 1 January 2016.

Solvency ratio (Solvency I)
Ratio between capital base and weighted assets.

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

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 under technical interest in the income statement.

Product overview

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 continuously develops new products and adapts existing peace of mind solutions to customer requirements and developments in society. Also, Tryg focuses strongly at all times on striking a better balance between price and risk.

Tryg sells its products primarily via its own sales channels such as call centres, the Internet, tied agents, franchisees (Norway), interest organisations, car dealers, real estate agents, insurance brokers and Nordea branches. Moreover, Tryg engages in international cooperation with the AXA Group. 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.

Motor insurance

Motor insurance accounts for 31% 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 and contents – Private

Fire and contents insurance for private customers represents 24% of total premium income and includes, for example, house and contents insurance.

House insurance covers damage to properties caused by, for example, fire, storm or water, legal assistance and the customer's liability as owner of the property. The contents insurance covers loss of or damage to private household contents and covers in and outside of the home. Moreover, the insurance includes liability and legal assistance, to which can be added a number of supplementary covers, for example cover of sudden damage and damage to electronic equipment.

Personal accident insurance

Personal accident insurance accounts for 9% of total premium income and covers accidental bodily injury and death resulting from accidents.

Compensation takes the form of a lump sum intended to help the customer cope with the financial consequences of an accident, thereby making their daily lives easier. The insurance can include a number of supplementary covers, including treatment by a physiotherapist or chiropractor.

Fire and contents – Commercial

Commercial fire and contents 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. Moreover, Tryg provides cover for operating losses in connection with covered claims.

Workers' compensation insurance

Workers' compensation insurance accounts for 5% of total premium income and covers employees against bodily injury sustained at work (in Norway, also occupational diseases). Workers' compensation insurance is mandatory and covers a company's employees (except for public sector employees and persons working for sole proprietors).

General third-party liability insurance

General third-party liability insurance represents 5% 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 third-party liability for professionals.

Transport insurance

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

Health insurance

Health insurance represents 2% of total premium income. The insurance covers the costs of examinations, treatment, medicine, surgery and rehabilitation at a private health facility.

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 operating results, financial position, cash flows, business strategy, plans and future objectives other than statements of historical fact can generally be identified by the use of words such as 'targets', 'believes', 'expects', 'aims', 'intends', 'plans', 'seeks', 'will', 'may', 'anticipates', 'would', 'could', 'continues' or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance. 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 anticipated, 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. Read more in the chapter Capital and risk management in the annual report on page 24-25, and in Note 1 on page 46, for a description of some of the factors which may affect the Group's performance or the insurance industry.