Tryg

# Annual report 2019

Tryg A/S · Klausdalsbrovej 601, 2750 Ballerup, Denmark · CVR no. 26460212

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## Management's review



## Financial statements



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# Highlights

**Premium growth of 17.1% or 6.1% excluding Alka. Technical result of DKK 3,237m (DKK 2,766m) impacted positively by the growth in the private segment driven, among other things, by the highest ever customer satisfaction with a TNPS of 68 and an all-time high retention. The overall result was positively impacted by the inclusion of Alka and related synergies, a continuous improvement in the underlying claims ratio and a low level of large and weather claims. Investment income of DKK 579m (DKK -332m) driven by higher equity market returns. Profit before tax of DKK 3,628m (DKK 2,262m). Quarterly dividend of DKK 1.70 per share, supporting TryghedsGruppen's member bonus. Extraordinary dividend of DKK 1.65 per share. Solvency ratio of 162.**

## Financial highlights 2019

- Premium growth of 17.1% or 6.1% (4.1%) excluding Alka in local currencies
- Technical result of DKK 3,237m (DKK 2,766m) primarily driven by the inclusion of Alka
- Expense ratio of 14.2 (14.4)
- Combined ratio of 85.1 (85.1)
- Return on free investments portfolio of DKK 857m (DKK -33m)
- Total investment return of DKK 579m (DKK -332m)
- Profit before tax of DKK 3,628m (DKK 2,262m)
- A total annual dividend of DKK 6.80 per share and extraordinary dividend of 1.65 per share
- Solvency ratio of 162

## Financial highlights Q4 2019

- Premium growth of 10.4% or 5.6% (4.5%) excluding Alka in local currencies
- Technical result of DKK 762m (DKK 596m) driven by a combined ratio of 86.1 (88.2)
- Underlying claims ratio (Private and Group) improved by 0.5 and 0.5 percentage points
- Expense ratio of 14.6 (15.6)
- Return on free investments portfolio of DKK 226m (DKK -198m)
- Total investment return of DKK 198m (DKK -330m)
- Profit before tax of DKK 940m (DKK 149m)
- Q4 dividend of DKK 1.70 per share

## Customer highlights Q4 2019

- TNPS of 68 (67)
- Number of products per customer 3.8 (3.8)
- In Q4, awareness of TryghedsGruppen's member bonus among non-customers increased to 28%, up by 27% compared with the same period prior year

## 2020 targets

**Earnings**

Technical result
**DKK 3.3bn**

Combined ratio
**≤86**

Expense ratio
**~14**

RoE
**≥21**

**Customers**

TNPS
**70**

Number of products per customer
**+10%**

# Tryg at a glance

## Purpose

As the world changes, we make it easier to be tryg[a].

## Strong market position

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

## 4 million customers

Our 4,151 employees provide peace of mind for 4 million customers and handle approximately 1 million claims on a yearly basis.

## Attractive dividend policy

We aim to distribute a nominal, stable increase in dividend and to pay out 60-90% of our profit.

## Great diversity of products

We offer a broad range of insurance products for private individuals as well as businesses.

## Trygheds-Gruppen

TryghedsGruppen owns 60% of Tryg and contributes to projects that create peace of mind via TrygFonden. In 2020, TrygFonden will contribute with DKK 650m.


**2,650**
Employees

**1**
Market position

**21.6 %**
Market share


**1,083**
Employees

**4**
Market position

**13.1 %**
Market share


**419**
Employees

**5**
Market position

**3.3 %**
Market share

**1728**
Copenhagen experiences the largest fire in its history. The fire heightened public awareness of the need to insure oneself

**1731**
Kjøbenhavns Brand (the oldest componens in Tryg's history) was established by Royal Decree as a result of the Copenhagen fire in 1728

**2005**
Tryg was listed on OMX Nordic Stock Exchange Copenhagen on 14 October

**2009**
Tryg acquired Moderna Försäkringer

**2010**
TrygVesta simplified its name to Tryg

**2011**
Morten Hübbe appointed new Group CEO of Tryg

**2012**
New dividend policy stating a nominal, stable increasing dividend with an annual distribution of 60-90% of the profit after tax

**2014**
Tryg presented new financial targets and customer targets for 2017 at Capital Markets Day

**2015**
Tryg spilts its share 1:5, meaning each share with a nominal value of DKK 25 was replaced by 5 shares with a nominal value of DKK 5

**2016**
For the first time, TryghedsGruppen decided to pay out a bonus to its members: 8% of premiums paid to Tryg for 2015

**2017**
- Tryg presented new financial targets and customer targets for 2020 at Capital Market Day
- Tryg acquired Alka Forsikring

**2019**
- For the fourth consecutive year, TryghedsGruppen paid out member bonus: 8% premiums paid to Tryg for 2018
- Barbara Plucnar Jensen joined the Executive Board as new Group CFO in Tryg

a) 'Tryg' means: Feeling protected and cared for.

# Business areas

## Private

Private provides insurance products to private customers in Denmark and Norway. Private offers a range of insurance products including car, contents, house, accident, travel, motorcycles, pet and health.

55 %

Portfolio

Brands

1,317

Employees

Own sales agents • Call centres
Real estate agents • Internet • Car dealers
Franshises

Distribution channels

## Commercial

Commercial provides insurance products including motor, property, liability, workers' compensation, travel and health to small and medium-sized business in Denmark and Norway.

20%

Portfolio

Brands

495

Employees

Call centres • Internet
Own sales agents • Franchise offices

Distribution channels

## Corporate

Corporate provides insurance products including property, liability, workers' compensation, transport, group life etc. to corporate customers under the brand Tryg in Denmark and Norway, and Moderna in Sweden. Tryg is part of the global AXA Corporate solutions network.

18 %

Portfolio

Brands

290

Employees

Own sales agents
Insurance brokers

Distribution channels

## Sweden

Sweden provides insurance products to private individuals within car, house, pet, child, boat and accident insurance etc.

7 %

Portfolio

Brands

386

Employees

Own sales agents • Call centres • Internet

Distribution channels

# Income overview

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| **Gross premium income** | **5,479** | **5,053** | **21,741** | **18,740** | **17,963** | **17,707** | **17,977** |
| Gross claims | -3,851 | -3,485 | -14,857 | -12,636 | -11,865 | -11,619 | -13,562 |
| Total insurance operating costs | -798 | -787 | -3,081 | -2,704 | -2,516 | -2,737 | -2,720 |
| Profit/loss on gross business | 829 | 781 | 3,803 | 3,400 | 3,582 | 3,351 | 1,695 |
| Profit/loss on ceded business | -66 | -184 | -566 | -624 | -779 | -951 | 710 |
| Insurance technical interest, net of reinsurance | 0 | -1 | 1 | -10 | -14 | -10 | 18 |
| **Technical result** | **762** | **596** | **3,237** | **2,766** | **2,789** | **2,390** | **2,423** |
| Investment return after insurance technical interest | 198 | -330 | 579 | -332 | 527 | 987 | -22 |
| Other income and costs | -20 | -117 | -188 | -172 | -77 | -157 | -91 |
| **Profit/loss before tax** | **940** | **149** | **3,628** | **2,262** | **3,239** | **3,220** | **2,310** |
| Tax | -234 | -37 | -783 | -529 | -720 | -748 | -390 |
| **Profit/loss on continuing business** | **706** | **112** | **2,845** | **1,733** | **2,519** | **2,472** | **1,920** |
| Profit/loss on discontinued and divested business after tax | -1 | -2 | -2 | -2 | -2 | -1 | 49 |
| **Profit/loss** | **705** | **110** | **2,843** | **1,731** | **2,517** | **2,471** | **1,969** |
| Run-off gains/losses, net of reinsurance | 256 | 207 | 1,194 | 1,221 | 972 | 1,239 | 1,212 |
| **Key figures** | | | | | | | |
| Total equity | 12,085 | 11,334 | 12,085 | 11,334 | 12,616 | 9,437 | 9,644 |
| Return on equity after tax (%) | 23.0 | 3.9 | 24.6 | 14.9 | 28.8 | 26.2 | 20.0 |
| Number of shares 31 December (1,000) | 301,700 | 301,743 | 301,700 | 301,743 | 301,945 | 274,595 | 282,316 |
| Earnings per share (DKK) | 2.33 | 0.37 | 9.42 | 5.73 | 9.12 | 8.84 | 6.91 |
| Net asset value per share (DKK) | | | 40.05 | 37.56 | 41.78 | 34.37 | 34.16 |
| Ordinary dividend per share (DKK) | 1.70 | 1.65 | 6.80 | 6.60 | 6.40 | 6.20 | 6.00 |
| Extraordinary dividend per share (DKK) | | | 1.65 | | 3.31 | 3.54 | |
| Premium growth in local currencies | 10.4 | 13.0 | 17.1 | 6.3 | 1.7 | 0.1 | -0.8 |
| Gross claims ratio | 70.3 | 69.0 | 68.3 | 67.4 | 66.1 | 65.6 | 75.4 |
| Net reinsurance ratio | 1.2 | 3.6 | 2.6 | 3.3 | 4.3 | 5.4 | -3.9 |
| Claims ratio, net of ceded business | 71.5 | 72.6 | 70.9 | 70.7 | 70.4 | 71.0 | 71.5 |
| Gross expense ratio | 14.6 | 15.6 | 14.2 | 14.4 | 14.0 | 15.7 | 15.3 |
| **Combined ratio** | **86.1** | **88.2** | **85.1** | **85.1** | **84.4** | **86.7** | **86.8** |
| Run-off, net of reinsurance (%) | -4.7 | -4.1 | -5.5 | -6.5 | -5.4 | -7.0 | -6.7 |
| Large claims, net of reinsurance (%) | 1.8 | 1.7 | 2.1 | 2.6 | 1.4 | 2.2 | 3.4 |
| Weather claims, net of reinsurance (%) | 1.7 | 1.6 | 1.9 | 2.0 | 1.7 | 2.0 | 3.4 |
| **Combined ratio on business areas** | | | | | | | |
| Private | 83.8 | 80.1 | 83.7 | 81.6 | 82.1 | 83.8 | 85.4 |
| Commercial | 90.3 | 74.2 | 86.8 | 80.3 | 82.6 | 82.1 | 83.6 |
| Corporate | 92.6 | 111.8 | 87.6 | 95.6 | 90.0 | 88.8 | 90.7 |
| Sweden | 75.3 | 89.2 | 84.8 | 86.0 | 88.1 | 90.7 | 83.5 |

Note: Tryg´s acquisition of Alka affects the Financial Statement from closing the 8 November 2018

# Good results
## and increased customer loyalty

**Good results and increased customer loyalty**
2019 was characterised by a lot of changes, new initiatives and satisfactory financial results. Customer satisfaction reached record highs while customer retention was also at the highest level ever recorded. TryghedsGruppen paid out a member bonus for the fourth year running – now including the 380,000 Alka customers – meaning that 1.3 million customers (or approximately every fourth Dane) received a bonus equivalent to 8% of premiums paid in 2018.

**First full year with Alka**
Alka continued its positive development, producing strong earnings and healthy top-line growth in 2019. Alka is a leader in digital sales, which increased by a further 14% in 2019, while customer use of Tryg's online claims handling solutions increased from 31% to 44%. Tryg announced a DKK 300m synergies target in 2021 following the acquisition of Alka. Synergies in 2019 were DKK 90m, which is higher than the targeted level of DKK 75m after the first year of integration.

**Claims handling and prevention**
There was a strong focus on combating insurance fraud, primarily based on knowledge sharing with Alka. Alka has historically been very efficient at identifying insurance fraud at an early stage in the claims process. Prevention is key for the well-being of customers, products such as TrygDrive, a digital device that record driving behaviour, Tryg Alarm and a rat blocker, are all part of Tryg's prevention strategy.

**Digitalisation**
Good progresses were made in 2019 when it comes to liaising with customers via digital communication. Around 60% of all inquiries to Tryg were through self-service, 45% of all claims were submitted online, whereas 30% of claims were processed without the involvement of Tryg employees.

**Efficient distribution**
Tryg is progressing well in reducing distribution costs through the use of new channels such as independent insurance agents in Private and Commercial. In addition, the partnership with Danske Bank in the Private and Commercial segment started positively. In Norway good results were achieved through a deliberate focus on distribution through partnerships. Additionally, an increased level of online sales supports the focus on lowering distribution costs.

**New products and services**
Tryg has an ambition of creating DKK 1bn in gross premiums in 2020+ from profitable new products and services. In 2019, Tryg reported gross premiums of DKK 650m from new products, while the number of prevention products sold increased. In 2019, the profitable credit and surety business Tryg Garanti expanded to the Netherlands and Austria, while increasing its presence in Germany.

**Positive financial performance**
The full-year technical result was DKK 3,237m with a combined ratio of 85.1, which together with a positive investment result yielded at a total pre-tax result of DKK 3,628m, corresponding to a return on equity of 24.6% after tax.

**Stable and increasing dividend to shareholders**
Tryg has a strong focus on securing that shareholders receive a nominal and stable increase in dividends. A total dividend of DKK 6.80 per share will be paid out for 2019 (DKK 6.60 in 2018), additionally an extraordinary dividend per share of DKK 1.65 (DKK 500m) will also be paid, totalling a dividend of DKK 8.45 per share or a dividend yield of approximately 4.5%.

**Thanks to all employees**
We are very pleased to see a high level of job satisfaction in Tryg of 78 compared to 74 for Nordic financial companies. This high level of job satisfaction has been achieved in a year marked by a lot of changes, new initiatives and satisfactory financial results. The Supervisory Board and the Executive Board would like to thank all employees, including the new Alka employees, for their great efforts.

**Jukka Pertola**
**Chairman**

**Morten Hübbe**
**Group CEO**

# Events in 2019

## Q1

### New partnership with NITO

On 1 January, Tryg Norway initiated the partner agreement with members of the Norwegian Society of Engineers and Technology (NITO). NITO has approximately 90,000 members.

NITO

### New CFO in Tryg

On 1 March, Barbara Plucnar Jensen joined the Executive Board as new Group CFO in Tryg.

### New members of Tryg's Supervisory Board

At Tryg's annual general meeting, two new members, Karen Bladt and Klaus Wistoft, were elected to join the Supervisory Board as representatives of TryghedsGruppen.

### New sales channel in Commercial Denmark

In Q1, Commercial Denmark signed the first contracts with independent agents selling Tryg products exclusively. The sales agents include both customer and telephone meetings.

## Q2

### New Vet hotline

Tryg Private launched its Vet hotline for Danish cat and dog owners, who can get online advice from an authorised veterinarian for their pets via mobile or tablet. The service was launched in Norway earlier this year and has been available in Sweden for some time.

### TryghedsGruppen's member bonus

For the fourth consecutive year, TryghedsGruppen, Tryg's majority shareholder, paid out a member bonus. The total payout was DKK 925m, equivalent to 8% of premiums paid for 2018. The bonus was paid out to Tryg's and Alka's customers in Denmark on 12 June 2019.

### Strategic partnership with Danske Bank

Tryg started providing insurance solutions to Danske Bank's 3 million Nordic customers. The partnership covers all the countries and markets in which Tryg operates, i.e. both Private and Commercial in Denmark and Norway, and Private in Sweden.

Danske Bank

## Q3

### Partner agreement between Alka and DiBa

Alka entered into a new agreement with DiBa, an online car loan company, which means that Alka now provides car insurance products to DiBa customers. The partnership is well in line with Tryg's 2020 strategy and the increased focus on improving distribution agreements.

diba billån

### New agreements between Alka and HK

Alka and HK, Denmark's largest union for salaried employees, entered into a new agreement about salary insurance for HK's members. With the salary insurance the members are guaranteed up to 80% of their current salary after an unanticipated dismissal.

### Tryg Mobil

Commercial Denmark started testing a new initiative, Tryg Mobil, with the aim of increasing safety and avoiding accidents in traffic. When enabling Tryg Mobil, the driver's mobile phone will automatically block the display to disable hand-held usage of the mobile by the driver.

## Q4

### Digital insurance check-up

In October, Tryg launched an online insurance check-up feature. With this tool, customers are now able to compare their insurance cover and subsequently receive a recommendation based on products taken out by similar customers in Tryg.

### New Nordic agreement with SEB

On 1 December, Tryg and Moderna, Tryg's Swedish brand, entered into a new agreement with SEB (Skandinaviska Enskilda Banken) regarding all credit card insurance products in the Nordic region. The new contract runs for three years with an option for renewal and covers travel insurance on SEB's cards for private customers, Private Banking customers and Commercial customers in Denmark, Norway, Sweden and Finland.

### Partnership with Arbejdernes Landsbank

Commercial Denmark has signed an important strategic agreement with Arbejdernes Landsbank effective from 1 January 2020. Arbejdernes Landsbank already has a distribution agreement with Alka regarding sales to the bank's private customers.

Arbejdernes Landsbank

# Financial outlook

The trade war between the USA and China, Brexit and a general climate of political uncertainty in many European countries have dampened global growth outlooks. The Scandinavian economies remain relatively healthy, but small and open economies are not immune from global uncertainties. Expected GDP growth in 2020 (according to Nordea macroeconomic outlook) is 2.3% in Norway, 1.5% in Denmark and 1.0% in Sweden, and unemployment rates are likely to remain below 4% in Denmark and Norway, but somewhat higher in Sweden. Government indebtedness across the region remains low compared to larger European countries.

The Nordic non-life insurance markets remain relatively stable in terms of top-line growth and product offerings. The Nordic countries are characterised by a high level of non-life insurance penetration – ratios of non-life insurance premiums as % of GDP are some of the highest in the world. This is attributable to the fact that households are generally wealthy and tend to cover their insurance needs relatively well.

Retention levels are very high in the Nordic region compared to nearly everywhere else in the world. This is a key profitability driver as it helps insurers keep their overall expenses low. Retention rates hover around 90% in the Private and Commercial (SMEs) segments, which represent more than 80% of Tryg's total business. A direct distribution model also contributes importantly to the very efficient set-up. At the end of 2019, Tryg reported an expense ratio of 14.2 (14.1 excluding Alka at the end of 2018), while the target for 2020 remains an expense ratio of ~14. In the 2017-2020 period, the expense ratio will be impacted by increased IT investments, which will be offset primarily by improved distribution efficiency.

Tryg's reserves position remains strong. At the CMD in November 2017, it was disclosed that run-off gains are expected to be between 3% and 5% in 2020. Tryg's systematic claims reserving approach still includes a margin of approximately 3% on best estimate.

## Financial targets 2020

Technical result
**DKK 3.3bn**

Expense ratio
**~14**

Combined ratio
**≤86**

Return on equity
**≥21%**
after tax

### TryghedsGruppen's member bonus

**In June, Tryg's majority shareholder, TryghedsGruppen, paid out a member bonus for the fourth year running. The bonus corresponds to 8% of the premiums paid to Tryg in 2018, or the payout of DKK 925m in total to TryghedsGruppen's members, Tryg's Danish customers and for the very first time Alka's customers.**

In 2020, weather claims net of reinsurance and large claims are expected to total DKK 600m and DKK 550m, respectively.

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. An interest rate increase of 1 percentage point will increase the pre-tax result by around DKK 300m, and vice versa.

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 to be approximately zero as capital gains and losses on the assets side should be mirrored by corresponding developments on the liabilities side. The free portfolio is invested in different asset classes with a view to obtaining the best risk-adjusted return.

The return on bonds in the free portfolio (slightly above 60% of the free portfolio) will vary, but given current interest rate levels, a very low return is expected. For shares, the expected return is around 7% with the MSCI World Index as benchmark, while the expected return for property is around 5%. The investment return in the income statement also includes the cost of managing investments, the cost of currency hedges, interest expenses on subordinated loans and other minor items.

In the past few years, corporate tax rates have been lowered throughout Scandinavia. In Denmark, the rate will remain at 22% in 2020, while it is 25% in Norway and 21% in Sweden. Capital gains and losses on equities are not taxed in Norway, which reduces the expected tax payable for an average year to 22-23%.

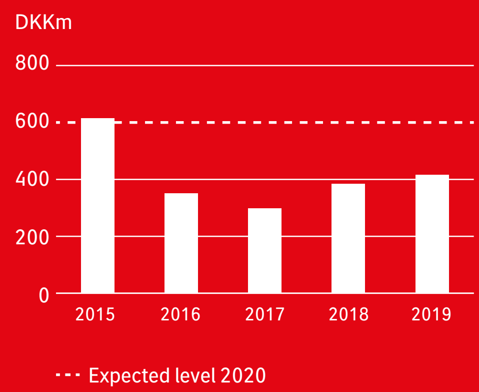
The current three-year strategy period ends in 2020, and Tryg will therefore host a new CMD towards the end of the year and launch new financial targets. Financial targets for 2020 are a technical result of 3.3bn (including DKK 150m of synergies from the Alka acquisition), an expense ratio of ~14, a combined ratio at or below 86 and a return on equity at or above 21% after tax.

## Digital insurance check-up

**In October, Tryg launched an online insurance check-up feature. With this tool, customers are able to compare their insurance cover and subsequently receive a recommendation based on the products taken out by similar customers in Tryg.**

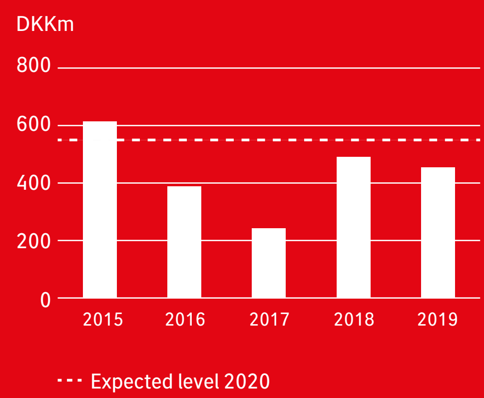
## Weather claims, net of reinsurance

Expected level 2020 (including Alka): DKK 600m




## Large claims, net of reinsurance

Expected level 2020: DKK 550m



# Targets and strategy

At the Capital Markets Day (CMD) held in November 2017 in London, Tryg announced new financial and non-financial targets for 2020. The financial targets were updated following the acquisition of Alka. Along with a new strategy, a new purpose was defined. 'As the world changes, we make it easier to be tryg' is the overarching principle guiding the realisation of our targets for 2020.

Tryg's main financial target is a technical result of DKK 3.3bn in 2020. The technical result target is underpinned by a combined ratio at or below 86, an expense ratio of ~14 and a return on equity at or above 21. Tryg's customer targets are a Transactional Net Promoter Score (TNPS) level of 70 and a 10% increase in the number of products per customer.

The targets are supported by four strategic themes: claims excellence, digital empowerment of customers, product & service innovation and distribution efficiency as well as Alka synergies, all of which are described in detail on pages 12-14. These initiatives are at the core of Tryg's 2020 strategy and should support both the financial and non-financial initiatives.

**Improving customer relations**

Customer satisfaction is of paramount importance for Tryg, and the organisation continually strives to strengthen customer relations through advisory services, products, concepts, claims handling procedures and claims prevention measures. Satisfied customers support improved retention levels, which in 2019 reached an all-time high in the Danish Private and Commercial businesses, while results in Norway were also positive.

**Employees are a key resource**

Tryg's employees are the key to achieving the overarching purpose of making it easier to be 'tryg' and to attaining the financial targets. All employees must feel that they play an integral role in supporting this overall purpose. Therefore, clear and ambitious targets must be set for each individual employee – and regular feedback must be provided.

Tryg is very pleased to see a historically high level of employee satisfaction in 2019, surpassing the general level of employee satisfaction in the financial sector in the Nordic region. Tryg is aiming for the highest level of employee satisfaction in the financial sector in the Nordic region.

**Value creation for our shareholders**

Tryg's shareholders must see Tryg as a company with a key focus on profitability and efficiency, which reflects the company's core strategy and its financial targets. Tryg's performance can be measured by its long-term total shareholder return. Tryg aims to pay a nominal, stable and increasing ordinary dividend, while maintaining stable results and a high level of return on capital employed.

## Purpose

### As the world changes, we make it easier to be tryg[a)]

**Grasping opportunities to develop rather than just defending our business**

- Digitalisation
- New products
- Analytics

**Adjusting to customer preferences and needs**

- Self-service
- Straight-through processing
- Packaging of products

**Increasing customer relevance and share of wallet**

- Product innovation
- Prevention
- Add-on services

## Tryg's business model

Tryg makes it easier to be 'tryg'[a)] for its customers by offering them insurance against risk, efficient claims handling, and advice and services to prevent claims from arising in the first place. By making it easier for our customers to feel protected and cared for, we benefit all of Tryg's stakeholders. Via TryghedsGruppen's 60% ownership of Tryg, part of the company's profit is returned to customers, who are also members of TryghedsGruppen.

Tryg's new purpose is valid for all stakeholders – our customers, our employees and our shareholders.


a) Tryg' means: feeling protected and cared for.

### Financial targets

Tryg's main target for 2020 is a technical result of DKK 3.3bn. In 2019, Tryg reported a FY technical result of DKK 3,237m. The combined ratio was 85.1, and the expense ratio 14.2. The return on equity was 24.6.

### Customer targets

Tryg maintains an intense focus on understanding customer needs, and detailed customer targets have been established, which are also important to realising the financial targets. This is reflected in an increased focus on customer satisfaction measured through the TNPS score. The TNPS target for 2020 is 70, and in 2019 a level of 68 was achieved.

There is a strong correlation between customer loyalty and the number of products per customer, and therefore a target of increasing the number of products by 10% per customer has been set, corresponding to four products per customer. In 2019, the number of products per customer was 3.8.

The customer bonus, paid by Tryghedsgruppen to the Danish customers, also supports customer loyalty, and in 2019 we saw a continued positive development in the awareness of the customer bonus. Awareness of the customer bonus among Tryg customers increased to 77% 2019 against 73% in 2018, and among non-customers we saw an increase from 22% in 2018 to 28% in 2019, corresponding to an increase of 27%.

### Strategic initiatives

Tryg has defined four strategic initiatives to support both the financial targets and customer targets for 2020. KPIs have been defined for each initiative. Furthermore, synergies ascribable to Alka will also be part of the initiatives.

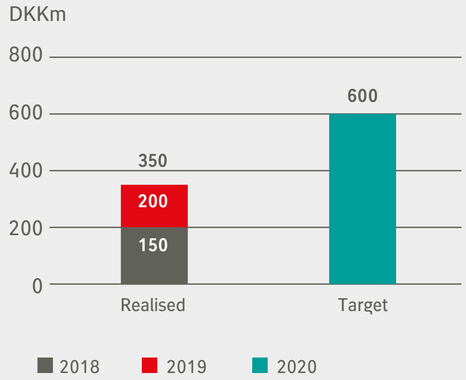
**Claims excellence** is the most important strategic initiative for improving the technical result. The target is to reduce claims costs by DKK 600m in 2020, and in 2018 and 2019 accumulated savings of DKK 350m were achieved. One of the main initiatives is to further leverage Tryg's procurement power, and in 2019 cost savings of more than DKK 200m were realised. Initiatives in 2019 included the renewal of a contract for windscreen services, a new five-year contract with Recover Nordic (the largest Nordic claims service group) and a claims agreement for electronic products in Norway and have helped to lower average claim costs in Tryg.

Fraud detection is another important initiative to be realised in 2020. Tryg has realised an increase in fraud detection, mainly due to enhanced fraud detection training and the implementation of Alka's fraud detection methodologies. Increased benefits of DKK 30m has been achieved from implementing the fraud detection methodology in 2019.

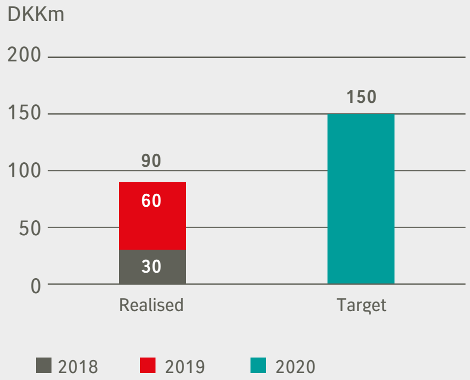
# Strategic initiatives

Tryg has defined four initiatives in support of its financial targets and customer tagets

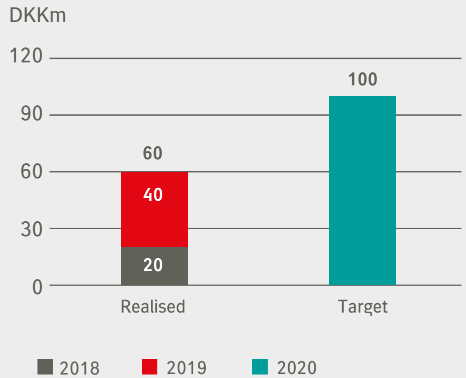
### Claims excellence



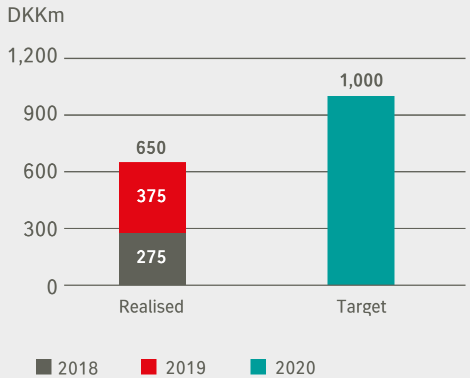

### Distribution efficiency




### Digital empowerment of customers




### Product & service innovation



Finally, Tryg's claims handling process has been improved through initiatives such as data and voice analysis. A new claims handling system, Guidewire, is being implemented in Tryg in both Denmark and Norway to improve the claims handling process further as well as customer satisfaction.

**Digital empowerment of customers** is another important initiative in Tryg. Digital services, simplification and efficient customer interaction are becoming increasingly important for customers, and Tryg is highly committed to meeting these demands. Customers in general prefer speedy processes, and therefore digital solutions also support Tryg's focus on customer satisfaction. The target for 2020 is 50% straight-through processing (STP) of claims and a self-service level of 70% for all contacts with Tryg. The focus on digital services in Tryg is expected to contribute by DKK 100m to the financial targets as well as improving customer satisfaction. In 2019, this initiative realised DKK 60m. In general, there are an increasing number of customer contacts as many customers acknowledge the new digital solutions, but still prefer personal contact. Tryg believes that the total increase in customer contact is positive and supports both sales and customer loyalty.

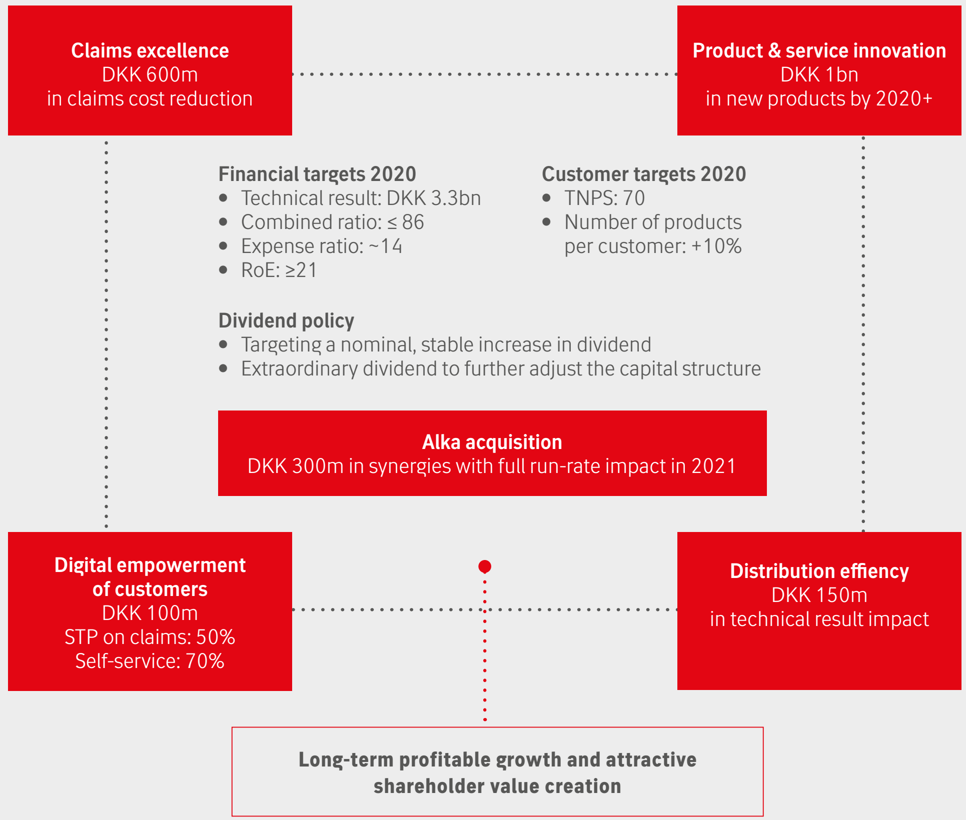
Self-service levels continued to increase in 2019. Login numbers to Tryg's digital universe for our Private customers, 'My Page', increased to approximately 3.3m logins corresponding to an increase of 30% compared to last year. New online initiatives such as digital invoicing and online insurance check-ups have also helped to further improve self-service levels. In 2019, the level of digital self-service increased to 60%.

The level of STP of claims is up thanks to the use of robots in the claims handling process. As a result 36% of claims were prossesed as STP in 2019. Additionally, Tryg's new claims handling system is now processing claims on selected products, showing improved efficiency. In the coming years, the new claims system is expected to boost STP levels in both Denmark and Norway.

**Product & service innovation** is important for Tryg to remain relevant to customers. The target is to increase premiums by DKK 1,000m from new products and services by 2020+. Tryg's primary focus is profitability, and this initiative also supports Trygs overall profitability. In 2019, the portfolio of products and services increased to DKK 650m.

## Strategy 2018-2020

Strengthening the core, while embracing the future



One of the main drivers involves innovation of new products such as the Health insurance package (covers accidents, health, dental and sickness). Other important contributions in 2019 were by product such as cyber insurance, pet insurance and child insurance.

Bundling of products is another important initiative for Tryg to reach its 2020+ targets. Bundling of products such as health and child insurance generated DKK 150m in 2019. Prevention is key for the well-being of customers and a key driver of financial results. Products such as Tryg Drive, a digital device that records driving behaviour, Tryg Alarm and a rat blocker to prevent rats from entering drains are all part of Tryg's prevention strategy.

Finally, entering new markets and increasing the profitable credit and surety business, Tryg Garanti, is also considered an important initiative for reaching Tryg's 2020 targets. In 2019, Tryg Garanti expanded to Germany, Austria and the Netherlands.

Increasing **Distribution efficiency** is a strategic priority for Tryg. The target is to generate savings of DKK 150m in 2020. In 2019, efficiency gains corresponding to approximately DKK 90m were realised.

One of the main drivers of this initiative is the mix of distribution channels in the Private and Commercial segments. Optimisation of the channel mix makes distribution to customers more efficient, improves the customer experience and lowers cost of sales. Another important element involves the introduction of independent sales agents in Private Denmark and Commercial Denmark, inspired by the franchise channel in Norway, selling exclusively on behalf of Tryg. This initiative generated positive results, resulting in a total impact of DKK 60m in 2019.

Finally, an important component for improving distribution efficiency involves partner agreements. In Norway, the partner agreement with NITO has generated very good leads, and increased sales and retention levels. The agreement with Danske Bank also got off to a good start in 2019, generating very good leads and sales both for Private and Commercial customers in Denmark and Norway. Finally, Tryg's Norwegian branch, Enter Forsikring, recently launched 'Enter Proff' selling car insurance to commercial customers.

Tryg's focus on digital empowerment of customers also supports distribution efficiency through the development of online solutions.

**Alka synergies**

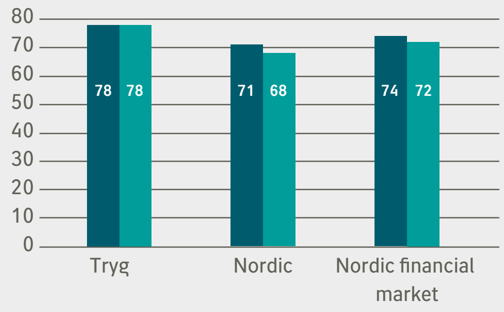
In connection with the acquisition of Alka, Tryg communicated a guidance of DKK 300m of synergies which are expected to be achieved in 2021. Tryg has announced synergies targets of DKK 75m in 2019, DKK 150m in 2020 and DKK 300m in 2021. Synergies of DKK 90m were realised in 2019 (DKK 75m target), demonstrating that Tryg is slightly ahead of the plan for delivering synergies. Approximately half of the achieved synergies relate to costs, while the inclusion of the Alka business in the large Tryg's procurement network has also helped.

**Corporate Responsibility**

Corporate Responsibility (CR) is an integrated part of Tryg's core business and is closely linked to our purpose 'as the world changes, we make it easier to be tryg[a)]'. We focus on activities related to human and labour rights, climate and environment as well as anti-corruption, and we are actively working to integrate CR into our insurance, claims handling and prevention activities. CR plays a role in our decisionmaking, our risk mitigation, the improvement and development of our products and services, the optimisation of our operations and business partners, the development of our employees, and the contributions we make to society at large through our activities and strategic partnerships. Read more about Tryg's CR activities in the sextion Corporate Responsibility on pages 23-24.

**Employee satisfaction**

Index




Tryg has an employee satisfaction level above the average of the Nordic sector.
Source: Global Employee and Leadership Index

a) Tryg' means: feeling protected and cared for.

# Tryg's results

**Premium growth of 17.1% or 6.1% excluding Alka. Technical result of DKK 3,237m (DKK 2,766m) impacted positively by the growth in the private segment driven, among other things, by the highest ever customer satisfaction with a TNPS of 68 and an all-time high retention. The overall result was positively impacted by the inclusion of Alka and related synergies, a continuous improvement in the underlying claims ratio and a low level of large and weather claims. Investment income of DKK 579m (DKK -332m) driven by higher equity market returns. Profit before tax of DKK 3,628m (DKK 2,262m). Quarterly dividend of DKK 1.70 per share, supporting TryghedsGruppen's member bonus. Extraordinary dividend of DKK 1.65 per share. Solvency ratio of 162.**

## Results 2019

Premium growth was 17.1%, or 6.1% excluding Alka. The Private segment was up 7.8% excluding Alka, while Commercial (excluding Alka and Troll) reported 4.4% growth, whereas Corporate reported a lower growth of 2.0%.

Tryg reported a technical result of 3,237m (DKK 2,826m excluding Alka). The higher technical result was impacted positively by the growth in the private segment, the inclusion of Alka and related synergies stemming from the acquisition (DKK 90m in 2019). Weather and large claims were more than DKK 250m lower than normal in 2019, it is important to keep this in mind when looking at the technical result target of DKK 3.3bn in 2020.

The Private segment reported an increased technical result, driven by an improved underlying claims ratio and the inclusion of Alka, which offset a lower run-off result. The Commercial segment reported a lower technical result, driven primarily by lower run-offs and higher large claims, while the underlying profitability was broadly unchanged. The Corporate segment reported a highly improved technical result, driven by a higher run-off result and a decrease in large claims. The underlying profitability is moving in the right direction for Corporate but still not satisfactory for the current underwriting year with normalised assumptions for especially large claims and run-off, while further profitability initiatives are planned for 2020. The technical result for Private Sweden is well above the corresponding year, driven primarily by a high level of run-off reflecting a strong reserving position in the motor third-party liability segment. The underlying profitability for the current underwriting year, especially with a normalised run-off level, is not satisfactory and initiatives, especially for the motor business, will be implemented.

The combined ratio was 85.1 (84.5 excluding Alka), driven by a claims ratio of 70.9 and an expense ratio of 14.2. The sum of large and weather claims (in per cent) was in line with 2018 (but lower than normal), while run-offs (in per cent) were lower.

The investment result was DKK 579m (DKK -332m), driven primarily by higher equity market returns.

**Financial highlights 2019 (2018 excluding Alka)**

Technical result
**DKK 3,237m**
(DKK 2,826m)

Profit before tax
**DKK 3,628m**
(DKK 2,398m)

Claims ratio, net of reinsurance
**70.9** (70.4)

Gross expense ratio
**14.2** (14.1)

Combined ratio
**85.1** (84.5)

**Financial highlights 2019 (2018 as reported)**

Technical result
**DKK 3,237m**
(DKK 2,766m)

Profit before tax
**DKK 3,628m**
(DKK 2,262m)

Claims ratio, net of reinsurance
**70.9** (70.7)

Gross expense ratio
**14.2** (14.4)

Combined ratio
**85.1** (85.1)

Equities return DKK 404m (20.5%) in 2019 vs DKK -212m (-10.8%) in 2018.

Other income and expenses were DKK -188m (DKK -172m).

The pre-tax result was DKK 3,628m (DKK 2,398m excluding Alka), while the return on equity after tax was 24.6%.

In 2019, Danish customers received the fourth member bonus payout from TryghedsGruppen (Tryg's 60% majority shareholder). The 8% bonus is appreciated by customers and seen as an important competitive advantage through boosting customer loyalty and supporting customer targets.

Tryg will be implementing price adjustments of around 3% in 2020 to mitigate claims inflation.

### Customer targets

| DKKm | Q4 2019 | Q4 2018 | Target 2020 |
|---|---|---|---|
| Transactional Net Promoter Score (TNPS) | 68 | 67 | 70 |
| Number of products per customer | 3.8 | 3.8 | 4 (+10%) |

As flagged at Q3, more profitability actions will be initiated in the Corporate segment.

**Premiums**
Premiums totalled DKK 21,741m (18,740m), representing a growth in local currencies of 17.1%, or 6.1% excluding Alka.

The Private segment reported growth of 7.8% (excluding Alka), helped by partner agreement sales, more product offerings, increased retention rates and positive support from the TrygheDs-Gruppen member bonus. Private Denmark and Private Norway are both contributing to the positive top-line performance.

The Commercial segment reported premium growth of 4.4% (excluding Alka) based on satisfactory growth both in Denmark and Norway. In Denmark, developments were positive with an improved retention rate helped by the member bonus from Tryghedsgruppen, but also by improved sales compared to previous years. In Commercial Norway, price initiatives of 7% supported growth as customers largely accepted the higher prices.

The Corporate segment reported premium growth of 2.0% in local currencies. In Corporate Denmark, the development in premium income was helped by the member bonus model. Corporate Norway premium fell approximately 5% for the full year following double-digit price increases. The surety and credit business, Tryg Garanti, grew by 12% in 2019. In 2020, more profitability actions will be initiated to continuously improve the profitability of the Corporate segment. In Denmark, high single-digit price increases are being pushed through. Tryg will continue to work to re-balance its portfolio with the aim of increasing the Private and Commercial portfolios, where profitability is higher and capital requirements lower.

The segment Sweden increased 6.1%, helped by healthy growth in the pet insurance segment and also by positive developments in the motor and accident lines of businesses.

**Claims**
The claims ratio, net of ceded business, was 70.9 (70.4 excluding Alka), while the underlying claims ratio showed an improvement of 0.5 percentage points, driven by price adjustments and claims procurement initiatives. At the CMD in November 2017, Tryg launched a new target, which includes a DKK 600m 'claims excellence' programme. In 2019, savings of DKK 200m were achieved, resulting in an accumulated total of DKK 350m for the years 2018 and 2019. It is important to note that part of the savings impacted the previous year's results (run-off gain), but not current year figures.

Claims inflation is monitored continuously using internal and external parameters, and price adjustments are pushed through accordingly. Motor insurance is one of the largest and most profitable business segments for Tryg, and claims developments are therefore carefully scrutinised. Approximately half of all new cars sold in Norway are electric/hybrid, and some of these carry different risks compared to normal vehicles, making it particularly important to monitor claims inflation and adjust prices accordingly. More recently, the building index in Norway has reported higher than previously observed inflation, and prices have been adjusted accordingly.

In 2019, large claims totalled DKK 455m (DKK 490m), while weather claims totalled DKK 416m (DKK 384m). Both the level of large claims and the level of weather claims were below normalised expectations of DKK 550m and DKK 600m a year. The overall run-off result was DKK 1,194m (DKK 1,221m), or 5.5% (6.5%) on the combined ratio. The run-off result was driven mainly by run-off gains in the long-tail segments.

**Expenses**
The expense ratio was 14.2 (14.1 adjusting for Alka). At the CMD in 2017, Tryg announced an expense ratio target of around 14 in 2020. A number of initiatives to lower distribution costs are being implemented, and some of the savings from these initiatives are being invested in new digital solutions. The expense ratio was impacted by healthy growth in the Private segment, where commissions to the various distribution channels are often paid upfront.

**Investments activities**
The investment return totalled DKK 579m (DKK -332m) and was boosted by positive equity market developments in 2019 compared to 2018. Almost two thirds of the difference in the investment result between 2019 and 2018 is attributable to the performance of equities, which was 20.5% in 2019 and -10.8% in 2018. Additionally, falling rates and narrowing credit spreads have boosted the performance of Tryg's fixed-income portfolio. Market volatility remains high due to high geopolitical risk levels although tensions around a trade war between the US and China appear to be receding.

Tryg pays a Q4 dividend per share of DKK 1.70 bringing the full-year dividend per share to DKK 6.80. Additionally an extraordinary dividend per share (for the FY 2019) of 1.65 will be paid.

The match portfolio reported an overall loss due primarily to negative developments in Q3, while other financial income and expenses ended at DKK -236m, which is in line with expectations.

**Other income and costs**

Other income and costs were DKK -188m (DKK -172m). The increase compared to 2018 was attributable primarily to the amortisation of customer relations stemming from the Alka acquisition, partly offset by a VAT compensation of DKK 45m booked in the last quarter of the year.

**Tax**

Tryg paid a total tax bill of DKK 783m (DKK 529m), or 21.5% of the profit before tax.

**Capital position**

The solvency ratio (based on Tryg's partial internal model) was 162 at year-end. Tryg will pay a Q4 dividend of DKK 1.70 per share on 27 January 2020, which is in line with the dividend paid for the first three quarters of the year and also in line with the policy of paying a stable quarterly dividend. Additionally, Tryg will pay out an extraordinary dividend of DKK 1.65 per share, amounting to a total payout of DKK 500m, also on 27 January 2020.

The solvency ratio of 162 includes the ordinary and extraordinary dividend payments.

Own funds totalled DKK 8,119m (DKK 8,058m). In 2019, own funds were positively impacted mainly by the net profit, and negatively impacted by the ordinary dividend and the extraordinary dividend payment (due to be paid on 27 January 2020).

Tryg's own funds comprise mainly shareholders' equity, intangibles (fully deducted), Tier 2 instruments (subordinated debt and the Norwgian natural perils pool), Tier 1 instruments and future profits. Most of Tryg's own funds consist of shareholders' equity. Tier 2 capacity has been fully utilised, while Tier 2 bonds in the amount of DKK 142m are currently not included in the own funds as they exceed the 50% solvency capital requirement (SCR). Tier 1 capacity has also been almost fully utilised, with DKK 17m remaining at year-end 2019.

Tryg's solvency ratio displays low sensitivities to capital market movements. The highest level of sensitivity is towards spread risk, where a widening/tightening of 100 basis points would impact the solvency ratio by approximately 14 percentage points. Sensitivities towards equity market falls and interest rate movements are low.

The Supervisory Board regularly assesses Tryg's capital position. Continuous assessments of the company's capital position are carried out, projecting SCR on the basis of Tryg's forecasts. The projections include initiatives set out in the company's strategy for the coming years, and also the most significant risks identified by the company. Adequacy is measured in relation to Tryg's strategic targets, including return on equity and dividend policy.

Tryg calculates its SCR based on a partial internal model in accordance with the Danish Financial Supervisory Authority's Executive Order on Solvency and Operating Plans for Insurance Companies. The model is based on the structure of the standard model. Tryg uses an internal model to assess insurance risks, while other risks are calculated using standard model components. Tryg's SCR, calculated using the partial internal model, was DKK 5,021m at the end of 2019 compared to DKK 4,892m at the end of 2018. The slight SCR increase in 2019 was attributable primarily to premium growth and to a modest increase in market risk. Based on the standard formula, Tryg's SCR was DKK 6,293m compared to DKK 5,980m at the end of 2018.

**Dividend policy**

Tryg's dividend policy targets a nominal, stable increase in dividend payments on a full-year basis. Tryg introduced quarterly dividends in 2017. The quarterly payment was DKK 1.70 per share, or a total of DKK 6.80 (DKK 6.60) for 2019. This equates to total dividend payments of DKK 2,056m, or 72% of the profit for the year. Additionally, an extraordinary dividend of DKK 1.65, amounting to a total payout of DKK 500m, will also be paid out.

**Events after the balance sheet date**

On January 15, Tryg announced three new Directors in its business segments. The intensified focus on improving risk selection and profitability has led to management changes in Corporate Denmark and Corporate Norway while the managing director of the business unit, Sweden, was also changed. All the changes were effective as per 15 January 2020.

The underlying claims ratio showed an improvement of 0.5 percentage points for the Group and of 0.5 percentage points for the Private segment.

## Results Q4 2019

The technical result was DKK 762m (DKK 656m excluding Alka), driven by a positive development in the underlying claims ratio, sound cost control and the inclusion of Alka and related synergies. Investment income was DKK 198m (DKK -330m), driven primarily by positive equity market developments. The claims ratio (net) was 71.5, the expense ratio was 14.6, and the combined ratio was 86.1. The underlying claims ratio improved 0.5 percentage points both for Private and for the Group. The pre-tax result was DKK 940m, and the after-tax result was DKK 705m. Tryg pays a quarterly dividend of DKK 1.70 per share (DKK 514m) and an extraordinary dividend of DKK 1.65 per share (DKK 500m) and reports a solvency ratio of 162.

**Premiums**

Premium growth was 5.6% excluding Alka, driven by good organic growth, higher retention levels and satisfactory sales of new products. Premium growth came mostly from the Private segment in Denmark and Norway, but the Commercial business also saw positive development. Corporate growth was driven mainly by Tryg Garanti and by price increases, mostly in the Norwegian part of Corporate, designed to improve the underlying profitability.

**Claims**

The claims ratio, net of ceded business, was 71.5 (71.5 excluding Alka). Large claims of DKK 98m (DKK 84m) were higher than last year, but still below a normal quarter, while weather claims of DKK 94m (DKK 82m) were also higher than last year, but also below a normal Q4 characterised by relatively harsh Scandinavian weather conditions. The run-off result was DKK 256m (DKK 207m). The underlying claims ratio improved 0.5 percentage points both for the Private segment and for the Group.

**Expenses**

The reported expense ratio was 14.6 (14.4 excluding Alka). Various initiatives aimed at lowering distribution costs are being implemented, and some of the savings from these initiatives are being invested in new digital solutions. Tryg maintains its expense ratio target of around 14.0 for FY 2020.

**Investments**

The investment return totalled DKK 198m (DKK -330m) for Q4 2019, driven by a return of DKK 226m (DKK -198m) on the free portfolio, a return of DKK 19m (DKK -42m) on the match portfolio and other financial income and expenses of DKK -47m (DKK -90m). The primary driver of the strong investment return in Q4 is the performance of equities, which were up 7.2% (-14.9%), this swing explaining more than 80% of the increased investment result.

**Other income and costs**

Other income and expenses totalled DKK -20m (DKK -117m). In Q4 2018, DKK 76m of one-off costs were booked in connection with the Alka transaction. Other income and expenses consist mainly of the amortisation of customer relations stemming from the Alka acquisition. In Q4 2019, a positive VAT compensation of DKK 45m was booked.

**Taxes**

Tryg paid taxes of DKK 234m (DKK 37m) in Q4, equating to an aggregate tax rate of 24.8%. The slightly higher than normal tax rate is attributable to expenses related to share-based employee bonuses and the revaluation of investment properties.

**Financial highlights Q4 2019 (Q4 2018 excluding Alka)**

Technical result
**DKK 762m**
(DKK 656m)

Profit before tax
**DKK 940m**
(DKK 285m)

Claims ratio, net of reinsurance
**71.5** (71.5)

Gross expense ratio
**14.6** (14.4)

Combined ratio
**86.1** (85.9)

**Financial highlights Q4 2019 (Q4 2018 as reported)**

Technical result
**DKK 762m**
(DKK 596m)

Profit before tax
**DKK 940m**
(DKK 149m)

Claims ratio, net of reinsurance
**71.5** (72.6)

Gross expense ratio
**14.6** (15.6)

Combined ratio
**86.1** (88.2)

# 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 Alka (Denmark), franchisees (Norway), interest organisations, car dealers, estate agents and Danske Bank branches.

The business area accounts for 55% of the Group's total premium income.

## Financial highlights 2019

Technical result
**DKK 1,951m**
(DKK 1,734m)

Combined ratio
**83.7**
(81.6)

Premium growth (local currencies)
**28.0%**
(8.9%)

Expense ratio
**13.7**
(13.8)

**Results 2019**
The technical result for 2019 was DKK 1,951m (DKK 1,734m), with a combined ratio of 83.7 (81.6). The improved result was driven by the inclusion of Alka (and related synergies) and by an improved underlying claims ratio.

**Premiums**
Gross premium income was up 28.0% (8.9%) in local currencies, which was ascribable primarily to the Alka acquisition. Organic premium growth excluding Alka was 7.8%. Growth was attributable mainly to improved retention levels in the Danish and Norwegian Private segments, strong partner agreements and the cross-selling of new products to existing customers in Denmark, helping to increase customer loyalty further. The partner agreements driving growth in Norway were primarily OBOS (the largest housing developer in Norway) and NITO. Growth was achieved through relevant and innovative solutions and products tailored especially to the members of the various partner organisations.

The retention rate in Denmark increased from 91.2 to 91.6, while in Norway the retention rate increased from 86.7 to 87.1. The positive development in Denmark can be ascribed to a positive impact from the member bonus model and a consistently strong focus on customer loyalty, as reflected in the TNPS score of 80. Private Norway also had a strong focus on customer loyalty with a TNPS score of 75.

**Claims**
The gross claims ratio totalled 68.1 (65.5), and the claims ratio, net of ceded business, 70.0 (67.8). The underlying claims level improved by 0.6 percentage points, which was attributable to the claims excellence programme and price adjustments aimed at mitigating increased claims inflation. Weather-related claims were on a par with 2018 levels and related primarily to Norway.

**Expenses**
The expense ratio for Private was 13.7 (13.8), which was in line with the general guidance for Tryg, reflecting investments in digital solutions financed through distribution efficiency. Total employee numbers decreased from 1,329 at the end of 2018 to 1,317 in 2019, reflecting Tryg's focus on efficiency. In Denmark, sales agents were recruited to target leads from the FDM portfolio, and furthermore around 30 independent sales agents were recruited in 2019. In Norway, the primary distribution channel is franchise agents, who are not directly employed by Tryg, and therefore not included in the employee numbers.

## Key figures – Private

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Gross premium income** | **3,059** | **2,679** | **12,021** | **9,466** |
| Gross claims | -2,075 | -1,719 | -8,185 | -6,198 |
| Gross expenses | -411 | -363 | -1,650 | -1,309 |
| Profit/loss on gross business | 572 | 597 | 2,185 | 1,959 |
| Profit/loss on ceded business | -77 | -65 | -231 | -220 |
| Insurance technical interest, net of reinsurance | -1 | -1 | -3 | -5 |
| **Technical result** | **494** | **531** | **1,951** | **1,734** |
| Run-off gains/losses, net of reinsurance | 33 | 78 | 238 | 394 |
| **Key ratios** | | | | |
| Premium growth in local currencies | 16.2 | 21.2 | 28.0 | 8.9 |
| Gross claims ratio | 67.9 | 64.2 | 68.1 | 65.5 |
| Net reinsurance ratio | 2.5 | 2.4 | 1.9 | 2.3 |
| Claims ratio, net of ceded business | 70.4 | 66.6 | 70.0 | 67.8 |
| Gross expense ratio | 13.4 | 13.5 | 13.7 | 13.8 |
| **Combined ratio** | **83.8** | **80.1** | **83.7** | **81.6** |
| Combined ratio exclusive of run-off | 84.9 | 83.0 | 85.7 | 85.8 |
| Run-off, net of reinsurance (%) | -1.1 | -2.9 | -2.0 | -4.2 |
| Large claims, net of reinsurance (%) | 0.0 | 0.0 | 0.1 | 0.0 |
| Weather claims, net of reinsurance (%) | 2.4 | 1.3 | 2.0 | 2.4 |

## Financial highlights Q4 2019

Technical result
**DKK 494m**
(DKK 531m)

Combined ratio
**83.8**
(80.1)

Claims ratio,
net of ceded business
**70.4**
(66.6)

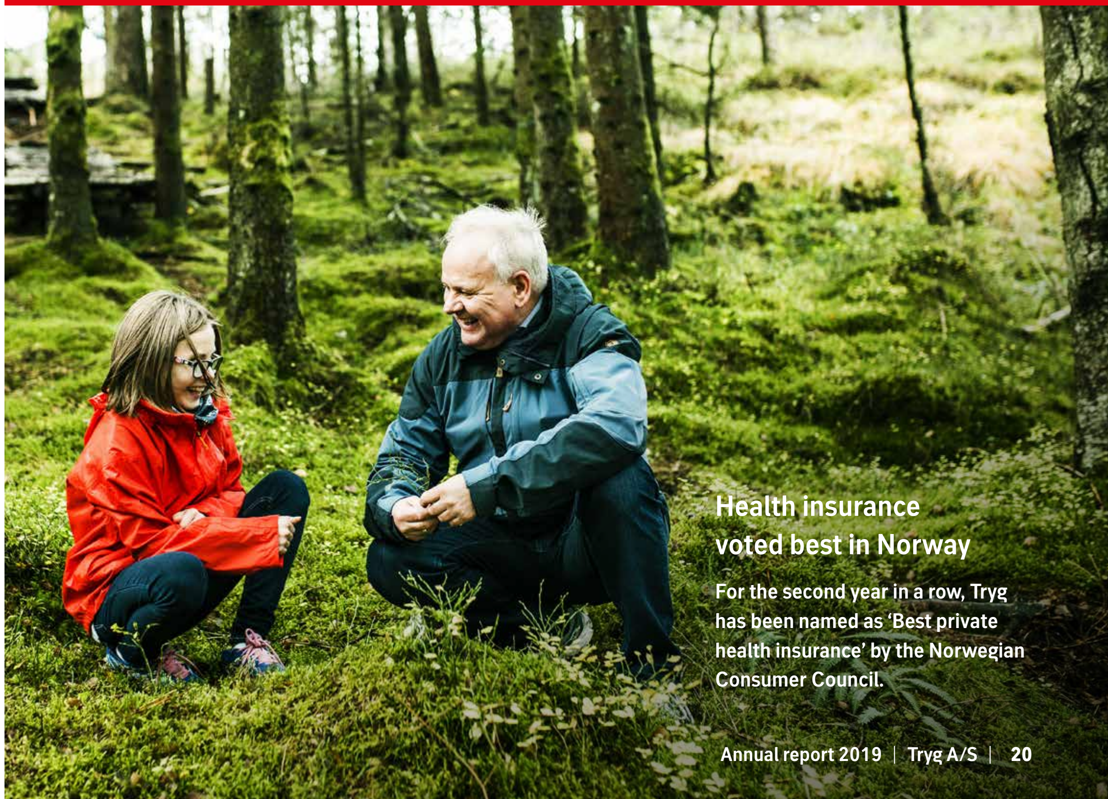
Expense ratio
**13.4**
(13.5)

**Results Q4 2019**
The technical result totalled DKK 494m (DKK 531m), with a combined ratio of 83.8 (80.1). The lower technical result is driven primarily by a lower run-off result and somewhat higher weather-related claims in Norway. The underlying claims ratio improved by 0.5 percentage points, which is in line with developments in the previous quarter and positively impacted by Alka synergies.

**Premiums**
Gross premiums increased by 16.2% (21.2%) in local currencies and were impacted by the Alka acquisition. Excluding the Alka acquisition, premium growth was 7.6%. The retention rate in Denmark increased from 91.2 to 91.6, while in Norway the retention rate increased from 86.7 to 87.1.

**Claims**
The gross claims ratio was 67.9 (64.2), and the claims ratio, net of ceded business, was 70.4 (66.6). The underlying claims ratio improved by 0.5 percentage points. It was impacted by the ongoing claims excellence programme, Alka synergies and price adjustments aimed primarily at mitigating claims inflation. Weather claims were higher than last year and were primarily related to Norway.

**Expenses**
The expense ratio was 13.4 (13.5), approximately on the same level as corresponding year.



**Health insurance voted best in Norway**
For the second year in a row, Tryg has been named as 'Best private health insurance' by the Norwegian Consumer Council.

# Commercial

**Commercial** encompasses the sale of insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected via Tryg's own sales force, brokers, Alka (Denmark), franchisees (Norway), customer centres as well as group agreements.

The business area accounts for 20% of the Group's total premium income.

**Financial highlights 2019**

Technical result
**DKK 566m**
(DKK 784m)

Combined ratio
**86.8**
(80.3)

Premium growth (local currencies)
**8.3%**
(3.7%)

Expense ratio
**17.5**
(17.5)

**Results 2019**
The technical result for 2019 was DKK 566m (DKK 784m), with a combined ratio of 86.8 (80.3). The combined ratio was affected by an increased level of large claims and a lower level of run-off. The development in premiums improved significantly due to the Alka acquisition and strong sales in Norway.

**Premiums**
The development in gross premium income was a positive 8.3% (3.7%) in local currencies, impacted by the acquisition of Alka as well as the OBOS and Troll portfolios. An underlying improvement in premium income was also seen for both the Danish and Norwegian Commercial business areas. Commercial Denmark introduced a new and more efficient sales channel inspired by the Norwegian franchise set-up, while continuing to capitalise on the TryghedsGruppen member bonus. In Norway, premium development was positively impacted by price adjustments, particularly for large commercial customers, which were widely accepting of the price increases.

The retention rate for Commercial Denmark increased from 88.0 to 88.6, while in Norway the retention rate increased from 87.7 to 89.0. The positive developments in Denmark and Norway can be ascribed to a strong customer focus, while the customer bonus model also supported the development in Denmark.

**Claims**
The gross claims ratio was 67.1 (58.6), with a claims ratio, net of ceded business, of 69.3 (62.8). The higher claims level was due to an increase in large claims and a lower level of run-off. In general, Tryg experienced an improved underlying claims ratio, primarily due to price initiatives in Norway for large customers in this segment.

**Expenses**
The expense ratio for Commercial was 17.5 (17.5). Commercial Denmark has recruited a new type of sales agents with the aim of lowering cost of sales, which has already led to a lower expense level in Denmark. The total number of employees was down from 516 at the end of 2018 to 495 in 2019.

## Key figures – Commercial

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Gross premium income** | **1,079** | **1,044** | **4,274** | **3,971** |
| Gross claims | -746 | -545 | -2,867 | -2,326 |
| Gross expenses | -188 | -183 | -749 | -696 |
| Profit/loss on gross business | 145 | 316 | 658 | 949 |
| Profit/loss on ceded business | -41 | -47 | -94 | -165 |
| Insurance technical interest, net of reinsurance | 1 | 1 | 1 | 0 |
| **Technical result** | **105** | **270** | **566** | **784** |
| Run-off gains/losses, net of reinsurance | 36 | 161 | 310 | 434 |
| **Key ratios** | | | | |
| Premium growth in local currencies | 4.8 | 6.8 | 8.3 | 3.7 |
| Gross claims ratio | 69.1 | 52.2 | 67.1 | 58.6 |
| Net reinsurance ratio | 3.8 | 4.5 | 2.2 | 4.2 |
| Claims ratio, net of ceded business | 72.8 | 56.7 | 69.3 | 62.8 |
| Gross expense ratio | 17.4 | 17.5 | 17.5 | 17.5 |
| **Combined ratio** | **90.3** | **74.2** | **86.8** | **80.3** |
| Combined ratio exclusive of run-off | 93.6 | 89.6 | 94.0 | 91.2 |
| Run-off, net of reinsurance (%) | -3.3 | -15.4 | -7.2 | -10.9 |
| Large claims, net of reinsurance (%) | 0.3 | -1.0 | 3.3 | 1.6 |
| Weather claims, net of reinsurance (%) | 1.0 | 2.3 | 2.2 | 2.3 |

## Results Q4 2019

The technical result was DKK 105m (DKK 270m), with a combined ratio of 90.3 (74.2). The result was negatively impacted by a lower run-off result and a higher large claims level. Premium growth was a positive 4.8% (6.8%), primarily due to the Alka acquisition, but also due to price adjustments in Norway.

## Premiums

Gross premiums increased by 4.8% (6.8%) in local currencies, impacted by the acquisition of Alka. Growth was 4.3% excluding Alka. The retention rate in Denmark increased to 88.6 (88.0), while the retention rate in Norway increased significantly to 89.0 (87.7) due to a strong focus on customer loyalty.

## Claims

The gross claims ratio was 69.1 (52.2), with a claims ratio, net of ceded business, of 72.8 (56.7). The higher claims ratio was driven by a lower level of run-off gains and a higher level of large claims.

## Expenses

The expense ratio was 17.4 (17.5), which was in line with the prior-year period. Going forward Commercial will continue to focus on reducing costs.

## Financial highlights Q4 2019

Technical result
**DKK 105m**
(DKK 270m)

Combined ratio
**90.3**
(74.2)

Claims ratio,
net of ceded business
**72.8**
(56.7)

Expense ratio
**17.4**
(17.5)

# 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 18% of the Group's total premium income.

**Financial highlights 2019**

Technical result
**DKK 496m**
(DKK 173m)

Combined ratio
**87.6**
(95.6)

Premium growth
(local currencies)
**2.0%**
(4.0%)

Expense ratio
**10.4**
(9.9)

**Results 2019**

The technical result was DKK 496m (DKK 173m), with a combined ratio of 87.6 (95.6). The result was positively affected by a significantly lower level of large claims and a higher run-off level. Premiums were up 2.0% (4.0%) and were impacted by price hikes, especially in Norway, and a high retention level driven by the customer bonus model in Denmark. The underlying profitability is increasing, but it is still not satisfactory, in particular when looking at current-year profitability based on normalised asumptions for large claims and run-offs. The corporate market is generally challenging in all countries, even following significant price hikes, especially in Norway. Tryg will continue to implement profitability actions in all countries in 2020, which might reduce premium income. Tryg Garanti continued its expansion to Germany, the Netherlands and Austria in line with previous communication. The result for Tryg Garanti was DKK 225m (DKK 204m).

**Premiums**

Gross premium income was up 2.0% (4.0%) in local currencies. An increase of 7.2% was seen in Denmark due to a positive development for the credit and surety business (Tryg Garanti) and a high retention level. Corporate Norway premiums decreased by 4.7%, primarily due to price hikes of approximately 14% (excluding fronting and captive agreements). In Sweden, which accounts for only 20% of the total Corporate business, premium growth was 0.8% and was also impacted by profitability initiatives resulting in a loss of customers.

**Claims**

The gross claims ratio totalled 70.8 (79.9), and the claims ratio, net of ceded business, 77.2 (85.7). As mentioned before, the lower claims level was due to a lower level of large claims and a higher level of run-off. Profitability remains challenging in the Corporate segment considering a combined ratio of 97.8 excluding run-offs, and price hikes will therefore be implemented. In the past two years, Corporate Norway has introduced profitability initiatives, but in 2020 these initiatives will be implemented in all countries. Depending on customer reactions, this may lead to a reduction in premium income, but profitability is expected to improve. Tryg expects further significant profitability initiatives to be implemented in 2021.

## Key figures – Corporate

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Gross premium income** | **987** | **987** | **3,979** | **3,897** |
| Gross claims | -850 | -915 | -2,816 | -3,114 |
| Gross expenses | -120 | -102 | -415 | -385 |
| Profit/loss on gross business | 17 | -30 | 748 | 398 |
| Profit/loss on ceded business | 56 | -87 | -255 | -225 |
| Insurance technical interest, net of reinsurance | 0 | 0 | 2 | 0 |
| **Technical result** | **73** | **-117** | **496** | **173** |
| Run-off gains/losses, net of reinsurance | 81 | -54 | 407 | 271 |
| **Key ratios** | | | | |
| Premium growth in local currencies | 1.1 | 2.9 | 2.0 | 4.0 |
| Gross claims ratio | 86.1 | 92.7 | 70.8 | 79.9 |
| Net reinsurance ratio | -5.7 | 8.8 | 6.4 | 5.8 |
| Claims ratio, net of ceded business | 80.4 | 101.5 | 77.2 | 85.7 |
| Gross expense ratio | 12.1 | 10.3 | 10.4 | 9.9 |
| **Combined ratio** | **92.6** | **111.8** | **87.6** | **95.6** |
| Combined ratio exclusive of run-off | 100.7 | 106.3 | 97.8 | 102.6 |
| Run-off, net of reinsurance (%) | -8.2 | 5.5 | -10.2 | -7.0 |
| Large claims, net of reinsurance (%) | 9.6 | 9.5 | 7.7 | 11.0 |
| Weather claims, net of reinsurance (%) | 0.9 | 2.5 | 1.8 | 1.4 |

**Expenses**
The expense ratio for Corporate was 10.4 (9.9), and it was quite stable throughout the year. The low expense ratio is driven by high average premiums in the Corporate segment, relatively low claims handling costs and the fact that brokers are paid by customers. Employee numbers increased from 265 at the end of 2018 to 290 in 2019, primarily due to the expansion of the credit and surety business.

**Results Q4 2019**
The technical result was DKK 73m (DKK -117m), with a combined ratio of 92.6 (111.8). The results were positively impacted by a higher level of run-off gains, but also by an improved underlying combined ratio due to the launch of profitability initiatives, particularly in Norway. Premium growth was a positive 1.1% (2.9%), primarily due to price hikes as well as credit and surety business growth.

**Premiums**
Gross premiums were up 1.1% (2.9%) in local currencies, primarily due to price hikes in Norway, the credit and surety business in Denmark and high retention levels, especially in the Danish business.

**Claims**
The gross claims ratio was 86.1 (92.7), and the claims ratio, net of ceded business, 80.4 (101.5). The improved claims ratio was primarily due to a much higher run-off level compared to last year. Further initiatives aimed at improving profitability were introduced in the quarter with price hikes of 14% in Norway, which was the main reason for the improved underlying profitability.

**Expenses**
The expense ratio was 12.1 (10.3) and somewhat higher than for Q4 2018.

## Financial highlights Q4 2019

Technical result
**DKK 73m**
(DKK -117m)

Combined ratio
**92.6**
(111.8)

Claims ratio, net of ceded business
**80.4**
(101.5)

Expense ratio
**12.1**
(10.3)

### Best workplace according to employees

**Tryg has been named 'best workplace' in the insurance industry according to employees in the financial sector. The survey called 'Employee image 2019' is conducted by the research company Wilke on behalf of FinansWatch, where Tryg scores 75.4 out of 100 based on 3,500 replies.**

# 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 and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres, partners and online.

The business area accounts for 7% of the Group's total premium income.

**Financial highlights 2019**

Technical result
**DKK 231m**
(DKK 201m)

Combined ratio
**84.8**
(86.0)

Premium growth (local currencies)
**6.1%**
(4.9%)

Expense ratio
**17.5**
(16.1)

**Results 2019**

Sweden reported a technical result of DKK 231m (DKK 201m) and a combined ratio of 84.8 (86.0). The improvement was driven by higher run-off gains reflecting a strong reserving position in the motor third-party liability segment. The underlying profitability for the current underwriting year with a normalised run-off level is not satisfactory. and initiatives, especially for the motor segment, will be implemented. Premium growth increased in 2019, primarily as a result of growth in the motor segment and double-digit growth for pet insurance.

**Premiums**

Gross premium income totalled DKK 1,521m (DKK 1,471m), equating to growth of 6.1% (4.9%) in local currencies. Growth was attributable especially to motor insurance, accident insurance and pet insurance. Double-digit growth was posted for pet insurance in 2019. Tryg's Swedish business, Moderna, is a small player in the Swedish market trying to grow in selected niches where it has a strong brand or through innovative solutions such as the driving app Moderna Smart Flex (a digital device for recording driving behaviour).

**Claims**

The gross claims ratio was 66.6 (69.6), and the claims ratio, net of ceded business was 67.3 (69.9). The lower claims level was primarily due to a higher run-off level derived from a solid reserves position in the long-tail motor segment. Motor insurance, which accounts for approximately one third of the private lines in Moderna, reported a higher level of small claims in 2019, and initiatives are therefore being implemented to reduce the number of motor claims.

**Expenses**

The expense ratio was 17.5 (16.1), which is a relatively stable level considering the size of the Swedish business. Employee numbers in Sweden were up 32 employees compared to the prior-year period, totalling 386 at the end of 2019.

## Key figures – Sweden

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Gross premium income** | **364** | **361** | **1,521** | **1,471** |
| Gross claims | -193 | -259 | -1,014 | -1,024 |
| Gross expenses | -78 | -62 | -267 | -237 |
| Profit/loss on gross business | 93 | 40 | 241 | 210 |
| Profit/loss on ceded business | -3 | -1 | -10 | -4 |
| Insurance technical interest, net of reinsurance | 0 | -1 | 0 | -5 |
| **Technical result** | **90** | **38** | **231** | **201** |
| Run-off gains/losses, net of reinsurance | 107 | 22 | 246 | 122 |
| **Key ratios** | | | | |
| Premium growth in local currencies | 3.3 | 7.7 | 6.1 | 4.9 |
| Gross claims ratio | 53.1 | 71.7 | 66.6 | 69.6 |
| Net reinsurance ratio | 0.8 | 0.3 | 0.7 | 0.3 |
| Claims ratio, net of ceded business | 53.8 | 72.0 | 67.3 | 69.9 |
| Gross expense ratio | 21.5 | 17.2 | 17.5 | 16.1 |
| **Combined ratio** | **75.3** | **89.2** | **84.8** | **86.0** |
| Combined ratio exclusive of run-off | 104.8 | 95.3 | 101.0 | 94.3 |
| Run-off, net of reinsurance (%) | -29.5 | -6.1 | -16.2 | -8.3 |
| Weather claims, net of reinsurance (%) | 0.1 | 0.0 | 0.7 | 0.5 |

**Results Q4 2019**
Gross premium income for Q4 2019 was DKK 364m (DKK 361m). The technical result was DKK 90m (DKK 38m), with an expense ratio of 21.5 (17.2) and a combined ratio of 75.3 (89.2).

**Premiums**
Gross premium income was DKK 364m (DKK 361m), or up 3.3% (7.7%) in local currencies. As mentioned before, the primary drivers of growth in Sweden are motor insurance, accident insurance and pet insurance. The key focus is on generating profitable growth through niche products and innovative solutions in Sweden.

**Claims**
The gross claims ratio was 53.1 (71.7) and net of ceded business 53.8 (72.0). The much lower claims level was due to a higher level of run-off gains.

**Expenses**
The expense ratio was 21.5 (17.2). The number of employees decreased by 54 compared to Q4 2018 underlining the efficiency initiatives in Moderna.

## Financial highlights Q4 2019

Technical result
**DKK 90m**
(DKK 38m)

Combined ratio
**75.3**
(89.2)

Claims ratio,
net of ceded business
**53.8**
(72.0)

Expense ratio
**21.5**
(17.2)

**Alka's car insurance is 'best in test'**

**For the third consecutive year, Alka's car insurance has been voted 'best in test' by the Danish Consumer Council, Tænk. The Consumer Council tested car insurance products from 16 different insurance companies.**

# Investment activities

The investment return totalled DKK 579m (DKK -332m) for the full year 2019, driven by a return of DKK 857m (DKK -33m) on the free portfolio, a return of DKK -42m (DKK -2m) on the match portfolio, and other financial income and expenses of DKK -236m (DKK -297m).

The total market value of Tryg's investment portfolio was DKK 40bn (DKK 40bn) at year-end 2019. The investment portfolio consists of a match portfolio of DKK 29bn (DKK 29bn) and a free portfolio of DKK 11bn (DKK 11bn). The match portfolio is composed of low-risk fixed-income assets that match the Group's insurance liabilities, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio reflects the Group's capital, which is predominantly invested in fixed-income securities with a short duration, but also in equities and properties.

**Free portfolio**

Financial markets ended the year on a positive note, driven primarily by strong equity markets in the last three months of 2019. Trades fear abated, macroeconomic data were generally positive, and central banks cut interest rates.

Tryg's equity portfolio reported a return of DKK 404m (20.5%) in 2019 vs DKK -212m (-10.8%) in 2018. The large difference in the return on equities explains around 2/3 of the difference in the Group's investment return in 2019 vs 2018. The fixed-income portfolio also produced a very good return of DKK 294m (4.4%) vs DKK -93m (-1.4%) in 2018, driven primarily by falling rates throughout most of the year and tightening credit spreads. The return on the investment property portfolio was DKK 159m (DKK 272m in 2018 driven by revaluations of DKK 155m), or 7.7%, helped by revaluations of DKK 68m in the last quarter of the year.

Equity and property investments totalled DKK 4.3bn, while approximately DKK 2.1bn were invested in corporate bonds. The remaining DKK 5.0bn were primarily invested in Nordic covered bonds and Government bonds, including inflation-linked bonds, where current yields remain negative, putting downward pressure on the return on the free portfolio and the overall investment income.

**Match portfolio**

The result of the match portfolio is the difference between the return on the match portfolio and the amount transferred to the technical result. The result can be split into a 'regulatory deviation' and a 'performance result'. The regulatory deviation was DKK -73m (DKK 31m) for the full year 2019, driven primarily by negative developments in Q3 as

**Financial highlights 2019**

Investment return
**DKK 579m**

Free portfolio result
**DKK 857m**

Match portfolio
**DKK -42m**

Other financial income and expenses
**DKK -236m**

## Key figures – investments

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| Free portfolio, gross return | 226 | -198 | 857 | -33 |
| Match portfolio, regulatory deviation and performance | 19 | -42 | -42 | -2 |
| Other financial income and expenses | -47 | -90 | -236 | -297 |
| **Total investment return** | **198** | **-330** | **579** | **-332** |

## Return – match portfolio

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| Return, match portfolio | -268 | 138 | 475 | 200 |
| Value adjustments, changed discount rate | 322 | -126 | -351 | 7 |
| Transferred to insurance technical interest | -35 | -54 | -166 | -209 |
| **Match, regulatory deviation and performance** | **19** | **-42** | **-42** | **-2** |
| Hereof: | | | | |
| Match, regulatory deviation | 23 | -19 | -73 | -2 |
| Match, performance | -4 | -23 | 31 | 0 |

a very high level of volatility at the long end of the interest rate curve drove the negative development. The performance result was DKK 31m (DKK 0m) as Nordic covered bond spreads narrowed slightly.

**Other financial income and expenses**
The other financial income and expenses component is primarily made up of interest expenses related to outstanding subordinated debt, the cost of the currency hedges to protect shareholders' equity and the cost of running the investment operations. Other financial income and expenses totalled DKK -236m (DKK -297m). Tryg has previously announced that this line should report a result of approximately DKK -60m per quarter so the overall result for 2019 is in line with expectations.

**Investment result in Q4 2019**
The last quarter of 2019 was characterised by positive developments, especially in the equity markets. Tryg's equity portfolio returned DKK 152m or 7.2%. The geo-political backdrop was positive, due primarily to eased trade discussions between China and the USA and generally positive macroeconomic data. Additionally, the UK parliamentary elections returned a clear mandate, thus removing some uncertainty. In general, the macroeconomic picture and geo-political tensions generally remain volatile and will drive most of the narrative in the capital markets also in 2020.

The fixed-income portfolio returned a negative result of DKK -19m (DKK -16m) or -0.3%, with most fixed-income asset classes posting negative returns due to increasing interest rates in Q4 with the noticeable exception of emerging-market bonds and high-yield bonds driven by narrowing credit spreads. Finally, the property portfolio booked a return of DKK 93m (DKK 102m) or 4.4% in the quarter, driven primarily by a revaluation of DKK 68m. The overall result of the free portfolio was DKK 226m (DKK -198m)

## Return – free portfolio

| | | | | | | | | | Investment assets | |
|---|---|---|---|---|---|---|---|---|---|---|
| DKKm | Q4 2019 | Q4 2019 (%) | Q4 2018 | Q4 2018 (%) | 2019 | 2019 (%) | 2018 | 2018 (%) | 31.12.2019 | 31.12.2018 |
| Government bonds | -1 | -1.8 | 4 | 0.1 | 4 | 1.9 | -3 | -2.9 | 98 | 198 |
| Covered bonds | -15 | -0.4 | 5 | 0.1 | 22 | 0.7 | 13 | 0.3 | 3,664 | 3,696 |
| Inflation-linked bonds | -19 | -3.7 | 1 | 0.2 | 23 | 4.6 | -10 | -2.0 | 498 | 493 |
| Investment-grade credit | -4 | -0.3 | -4 | -0.6 | 106 | 11.9 | -34 | -4.4 | 1,016 | 820 |
| Emerging-market bonds | 17 | 3.2 | -8 | -1.7 | 48 | 8.6 | -33 | -6.7 | 545 | 484 |
| High-yield bonds | 7 | 0.7 | -35 | -3.7 | 72 | 7.6 | -23 | -2.5 | 1,058 | 862 |
| Other[a] | -4 | | 21 | | 19 | | -3 | | 180 | 47 |
| **Interest rate and credit exposure** | **-19** | **-0.3** | **-16** | **-0.3** | **294** | **4.4** | **-93** | **-1.4** | **7,058** | **6,600** |
| **Equity exposure[b]** | **152** | **7.2** | **-284** | **-14.9** | **404** | **20.5** | **-212** | **-10.8** | **2,237** | **1,842** |
| **Investment property** | **93** | **4.4** | **102** | **4.7** | **159** | **7.7** | **272** | **13.0** | **2,141** | **2,238** |
| **Total gross return** | **226** | **2.0** | **-198** | **-1.9** | **857** | **8.0** | **-33** | **-0.4** | **11,436** | **10,680** |

a) Senior/Bank deposits less than 1 year and derivative financial instruments hedging interest rate risk and credit risk.
b) In addition to the equity portfolio exposure are derivatives contracts of DKK 168m.

The match portfolio reported an overall result of DKK 19m (DKK -42m), driven primarily by a regulatory deviation contribution of DKK 23m (DKK -19m), while Nordic covered-bond spreads were almost flat, explaining the DKK -4m (DKK -23m) performance result.

Other financial income and expenses were DKK -47m (DKK -90m), which is broadly in line with the guidances. Q4 2018 was burdened by the write-down of a couple of minor strategic investments, as explained in the annual report 2018 (page 30).

The overall investment result in Q4 was DKK 198m (DKK -330m) with more than 80% of the performance swing being explained by changes in equity markets performance, 7.2% in Q4 2019 vs -14.9% in Q4 2018.

## Financial highlights Q4 2019

Investment return
**DKK 198m**

Free portfolio result
**DKK 226m**

Match portfolio
**DKK 19m**

Other financial income and expenses
**DKK -47m**

# Capital and risk management

Risk management is based on Tryg's targets and strategies and the risk exposure limits decided by the Supervisory Board. The assessment and management of Tryg's aggregated risk and the associated capital requirement therefore constitutes a central element in the management of the company. 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.

**Solvency II**

The Solvency II regime (introduced at the beginning of 2016) emphasises the need for sound risk management and introduced additional requirements concerning risk governance, consistency across the Group and top management reporting and involvement. Tryg has implemented a risk government structure in full compliance with Solvency II.

In addition to the requirements in Solvency II Tryg has chosen to appoint a special Risk Committee consisting of members from the Supervisory Board.

Tryg has chosen to implement a – approved by the Danish FSA – partial internal model which models insurance risk while all other modules are based on the standard formula.

**Insurance risk**

The insurance risk is controlled by limiting the size of single exposures and through the use of reinsurance, thereby capping the cost of large and weather-related claims. Additionally, 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 depends on the company's choice of exposure within different segments and industries in the insurance market. Tryg operates in relatively stable markets, while slightly more than 80% of premiums are in the Private and Commercial (SMEs) segments. Quarterly fluctuations are driven mainly by large and weather-related events, and reinsurance is used extensively to stabilise the overall earnings level.

**Investment risk**

Invested assets are split into a match portfolio (DKK 29bn) and a free portfolio (DKK 11bn). The objective is for the return on the match portfolio to be as close as possible to zero as capital gains and losses on the assets side should be mirrored by corresponding developments on the liabilities side. The free portfolio is intended to produce the maximum risk-adjusted return. The investment risk associated with the free portfolio is managed through limits on exposure within single asset classes.

**Capital management**

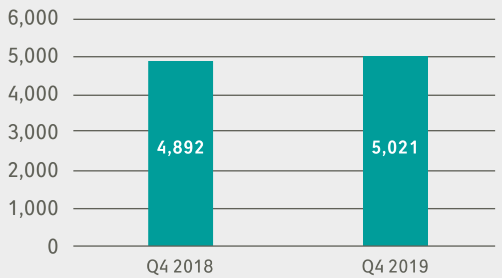
Capital management is a function of developments in Tryg's own funds and the capital requirement (based on the approved partial internal model). As mentioned previously, Tryg has modelled the insurance risk internally, while all other modules are based on the standard formula. The capital model is based on Tryg's risk profile and therefore takes into consideration the composition of Tryg's insurance portfolio, geographical diversification, its claims reserves profile, reinsurance programme, investments mix and the overall level of profitability. The solvency ratio is defined as own funds divided by the solvency capital requirement (SCR).

The key components of Tryg's own funds are shareholders' equity, qualifying debt instruments (both Tier 1 and Tier 2 debt) and future profit, while all intangibles are deducted in the calculation. The debt capacity has been fully utilised, and at the end of 2019 some DKK 142m of Tier 2 instruments are not included in the own funds as they exceed the 50% SCR limit. Own funds totalled DKK 8,119m at the end of 2019 vs DKK 8,058m at the end of 2018, the primary drivers of the own funds being profits and dividends.

The solvency capital requirement is calculated in such a way that Tryg should be able to honour its obligations in 199 out of 200 years.

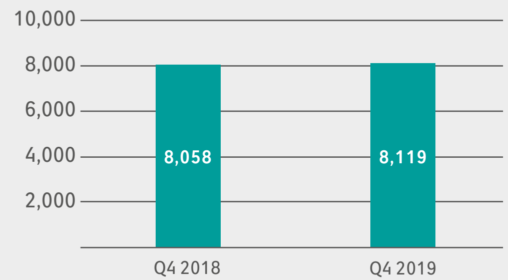
**Solvency Capital Requirement**

DKKm




**Own funds**

DKKm



## Tryg will pay a Q4 dividend and an extraordinary dividend on January 27 2020

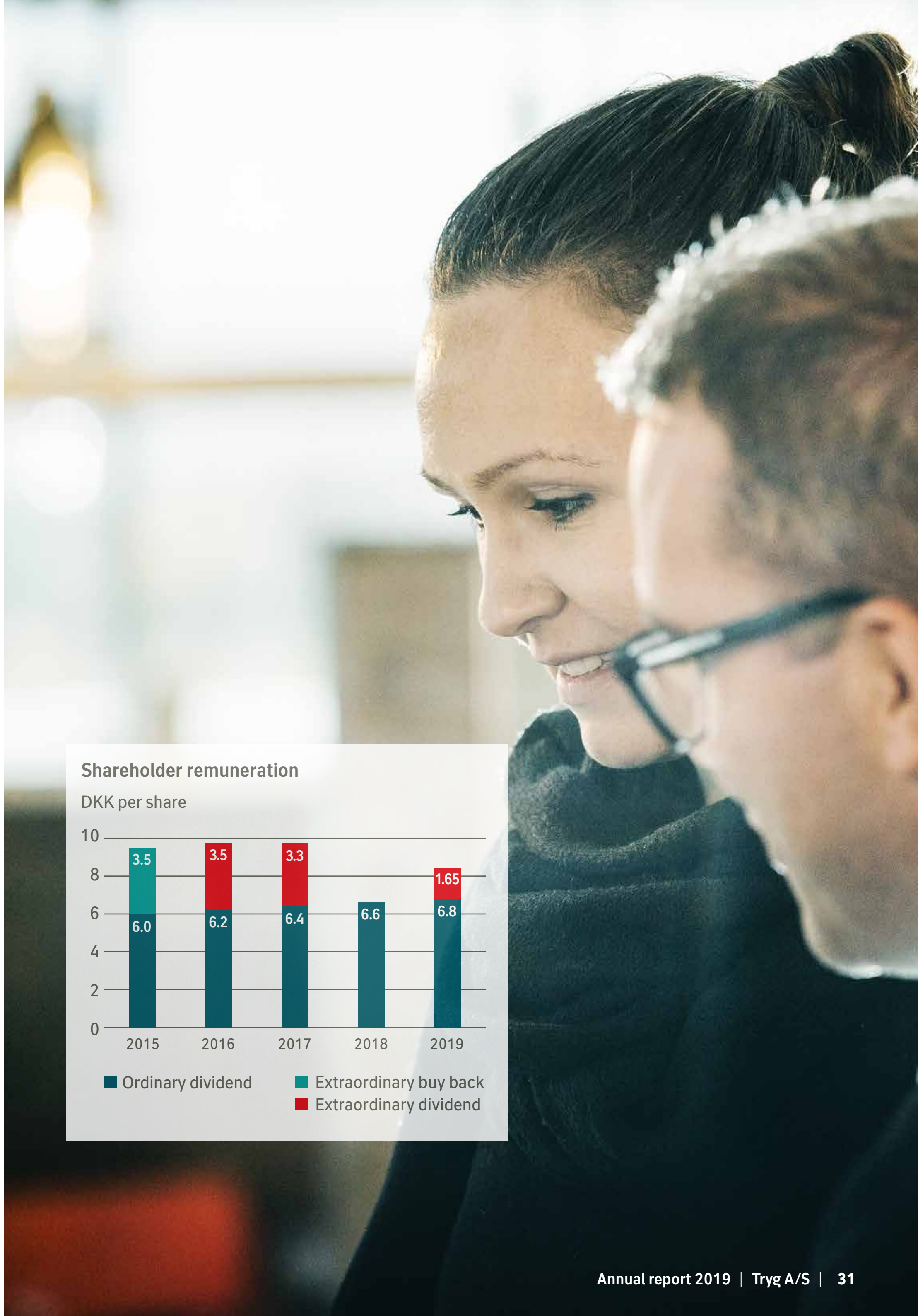
At the end of 2019, Tryg's SCR was DKK 5,021m, up approximately DKK 129m since the end of 2018. The slight SCR increase in 2019 was attributable primarily to premium growth and to a modest increase in the market risk. An application, for an updated internal model, has been submitted to the Danish FSA. The updated model will include Tryg's Swedish business and also other adjustments.

Tryg's solvency ratio displays low sensitivity towards capital market movements. Fixed-income securities represent some 90% of Tryg's invested assets, for which reason the highest solvency sensitivity is towards spread risk, where a widening/tightening of 100 basis points will impact the solvency ratio by 14 percentage points. Lower sensitivity is displayed towards equity market falls and interest rate fluctuations. Additional changes in the UFR (Ultimate Forward Rate) will have a negligible impact due to the relatively short duration of Tryg's liabilities (below four years on average).

**Ordinary and extraordinary dividend**
The Supervisory Board regularly assesses the capital structure of the company in light of future internal earnings forecasts and balance sheet needs. The projections include initiatives set out in the company's strategy for the coming years and are based 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 and dividend policy.

Tryg will pay a Q4 dividend of DKK 1.70 per share on 27 January 2020, which is in line with Tryg's policy of paying out a stable quarterly dividend. The full-year dividend is therefore DKK 6.80 per share, equivalent to the total distribution of just above DKK 2bn. In addition, Tryg will pay an extraordinary dividend of DKK 1.65 per share, equivalent to DKK 500m also on 27 January 2020.

**Moody's rating**
Tryg has an 'A1' (stable outlook) insurance financial strength rating (IFSR) from Moody's. The rating agency highlights Tryg's strong position in the Nordic P&C market, robust profitability, very good asset quality and relatively low financial leverage. Moody's also assigned an 'A3' rating to Tryg's subordinated debt and a 'Baa3' rating to Tryg's Tier 1 debt. The ratings were re-affirmed in summer 2019.



# Investor information

Investor Relations (IR) is responsible for Tryg's communication with the capital markets. It is important that investors, analysts and other stakeholders can form a true and fair view of developments, including Tryg's financial results. For this reason, Tryg's IR team strives 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 the communication with equity investors, fixed-income investors and rating agencies.

**See** Tryg's IR policy at tryg.com > Governance > Policies

After the publication of quarterly and annual reports, Tryg's management and IR team travel extensively to meet with shareholders and potential investors. Quarterly analyst presentations are held in Copenhagen and London. Tryg also attends various financial conferences. In 2019, we held around 300 investor meetings – mostly one-to-ones and some group meetings in Europe, the USA, Canada and Asia. The Tryg share is covered by 21 analysts, who continuously update their recommendations and earnings forecasts. Tryg hosts an annual Analyst Day, while more in-depth capital market days are hosted every three years.

**See** a list of analysts and their recommendations at tryg.com >Investor > Share > Analysts

**The Tryg share**
The Tryg share is listed on NASDAQ Copenhagen. Company announcements and transaction statements are published in both Danish and English, whereas interim reports and annual reports are published in English.

**Subscribe** to all financial information at tryg.com
**Follow** @TrygIR on Twitter

The Tryg share started the year at a price of DKK 164.8 and ended 2019 at DKK 197.5. The total return (price and dividends) of the share was 24%. The positive share price development was driven primarily by highly stable earnings and an improved underlying financial performance. The insurance sector's key attraction is its dividend yield. Therefore, earnings and solvency are always carefully scrutinised by investors. In the world of Solvency II, changes in solvency levels can be more difficult to predict and often also difficult to understand. Tryg has a relatively simple business model and a transparent capital position, which is highly appreciated by analysts and investors.

NASDAQ Copenhagen remains the primary exchange for trading in the Tryg share. Daily turnover on NASDAQ averaged DKK 86m, and average daily volume was 442,179.

**Share capital and ownership**
Tryg's share capital totalled DKK 1,510,739,955 on 31 December 2019. It comprises one share class (302,147,991 shares with a nominal value of DKK 5), and all shares rank pari passu. The majority shareholder, TryghedsGruppen smba, owns 60% of the shares and is the only shareholder holding 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.

**Quarterly dividends started in 2017**
Tryg started paying quarterly dividends in 2017. The Tryg share has a distinct income profile in that the business generally grows in line with GDP, producing high margins, which are mostly returned to shareholders. The prolonged period of very low interest rates in the wake of the financial crisis means that investors, all else being equal, attach even greater importance to dividends than in a more normal environment.

This is particularly true for insurance investors as insurance is one of the sectors offering the highest dividend yield. From an investment perspective,

## TrygFonden
TrygFonden is the leading and most well-known peace-of-mind supporter in Denmark, supporting around 800 activities that contribute to creating peace of mind, such as coastal lifeguards, cuddle bears for children at hospitals and defibrillators. Behind TrygFonden is TryghedsGruppen, which owns 60% of the shares in Tryg and which contributed DKK 600m to projects that create peace of mind in all parts of Denmark in 2019.

## TryghedsGruppen
In 2019 and for the fourth year running, Tryg's majority shareholder, TryghedsGruppen, paid out a member bonus to Tryg's customers in Denmark corresponding to 8% of the annual premiums paid for 2018.

a quarterly dividend is a clear reminder of the high profitability of our business and our focus on returning capital to shareholders. Tryg's dividend policy is based on the following assumptions:

- An aspiration to distribute a steadily increasing dividend in nominal terms on a full-year basis.
- A general objective of creating long-term value for the company's shareholders.
- A competitive dividend policy in comparison with those of our Nordic competitors.
- Annual distribution of 60-90% of our profit after tax.
- The capital level must at all times reflect our return-on-equity targets and statutory capital requirements.
- The capital level may be adjusted via extraordinary dividends.

**Annual general meeting**
Tryg's annual general meeting will be held on 30 March 2020 at 15:00 CET at Tryg's head office, Klausdalsbrovej 601, 2750 Ballerup, Denmark.

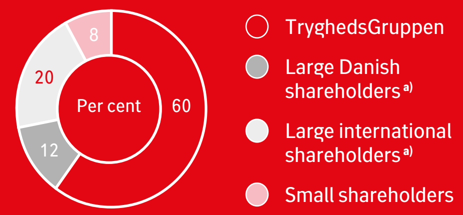
The notice will be advertised in the daily press in February 2020 and will be sent to shareholders upon request.


- The annual general meeting will also be announced at tryg.com
- The company announcements published in 2020 can be seen at tryg.com > Announcements


## Financial calendar 2020

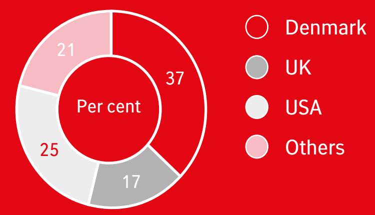
| | |
|---|---|
| **23 Jan. 2020** | Tryg shares are traded ex-dividend |
| **27 Jan. 2020** | Payment of Q4 dividend and extraordinary dividend |
| **30 Mar. 2020** | Annual general meeting |
| **21 Apr. 2020** | Interim report Q1 |
| **22 Apr. 2020** | Tryg shares are traded ex-dividend |
| **24 Apr. 2020** | Payment of Q1 dividend |
| **09 July 2020** | Interim report Q2 and H1 |
| **10 July 2020** | Tryg shares are traded ex-dividend |
| **14 July 2020** | Payment of Q2 dividend |
| **09 Oct. 2020** | Interim report Q1-Q3 |
| **12 Oct. 2020** | Tryg shares are traded ex-dividend |
| **14 Oct. 2020** | Payment of Q3 dividend |

## Shareholders at 31 December 2019




a) Shareholders holding more than 10,000 shares.

## Free float – geographical distribution at 31 December 2019




Free float is exclusive of TryghedsGruppen.

## Shareholder distribution

| DKKm | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Dividend | 2,056 | 1,994 | 1,827 | 1,770 | 1,759 |
| Dividend per share (DKK) | 6.8 | 6.6 | 6.4 | 6.2 | 6.0 |
| Payout ratio | 72% | 115% | 73% | 72% | 89% |
| Extraordinary share buy back | - | - | - | - | 1,000 |
| Extraordinary dividend | 500 | - | 1,000 | 1,000 | - |
| Extraordinary dividend per share (DKK) | 1.65 | - | 3.31 | 3.54 | - |

# 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. 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**

Tryg's Investor Relations (IR) department maintains regular contact with analysts and investors. Together with the Executive Board, IR organises investor meetings, conference calls and participates in conferences in Denmark and abroad. IR also communicates with stakeholders on social media via Twitter@TrygIR.

The Supervisory Board is informed about the dialogue with investors and other stakeholders on a regular basis. Tryg has an IR policy, which states, among other things, that all company announcements are published in Danish and English. Tryg publishes quarterly interim reports 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 and will be published on 5 February 2020.

Moreover, Tryg prepares quarterly investor presentations, which are used in the dialogue with investors and analysts. Tryg also publishes IR newsletters on relevant topics on a regular basis. 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 statements are presented in accordance with IFRS. At tryg.com, stakeholders are invited to subscribe to press releases, company announcements as well as trading announcements by insiders. A number of internal guidelines ensure that the disclosure of price-sensitive information complies with legislation and stock exchange codes of conduct. Tryg has adopted a number of policies describing the relationship between different stakeholders.

**See** the IR policy at tryg.com > Governance > Policies > IR policy

**Annual general meeting**

Tryg holds an annual general meeting (AGM) every year. As required by the Danish Companies Act and the Articles of Association, the AGM 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 AGM. The AGM 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 AGM, and may ask questions before and at the meeting. Shareholders may vote in person at the AGM, 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 AGM.

**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 the distribution of quarterly dividends, and possibly an extraordinary annual dividend if further adjustment of the capital structure is required.

**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.

The current eight members of the Supervisory Board were elected by the annual general meeting for a term of one year. Of the eight members elected at the annual general meeting, five, and thus the majority, are independent persons, thus complying with recommendation 3.2.1. in the Recommendations on Corporate Governance, while the other three members are dependent persons as they are appointed by Tryg's majority shareholder, TryghedsGruppen smba. See pages 39-41 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 twelve years. The Supervisory Board has 12 members, with an equal representation of men and women. Therefore, women are not underrepresented on Tryg's Supervisory Board, thus complying with legislation as well as Tryg's policy. The Supervisory Board has members from Denmark, Sweden and Norway.

**See** details about the independent board members in the section Supervisory Board on pages 39-41 and at tryg.com > Governance

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. In addition to the annual self-evaluation, an assessment is facilitated with external assistance as a minimum every third year to ensure objectivity in the evaluation process. The Supervisory Board focuses primarily on the following qualifications and skills: business judgement, problem solving, networking, risk management, succession management, general management, CFO/audit, people and organisation, business development, financial services, risk and regulatory, insurance – commercial and product, insurance – technical/financial modelling, digitalisation, value chain optimisation and customer journey. In 2019 the evaluation was based on the Chairman's interviews with the board members supplemented by a questionnaire focusing on board competencies. The overall conclusions from the evaluation was that the Supervisory Board is working effectively and in accordance with sound governance principles. The Supervisory Board decided to arrange a Board education day on relevant matters.

**See** CVs and descriptions of the skills in the section Supervisory Board on pages 39-41 and at tryg.com > Governance

**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 comprising 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 ascribes great 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 2019, the share of women at management level was 35% against 33% in 2018. The target for 2019 of 38% or more women at management level was therefor not met. Tryg maintains the target of increasing the total share of women at management level to 41% or more in 2020.

**See** the action plan at tryg.com

**Board committees**

Tryg has an Audit Committee, a Risk Committee, a Nomination Committee, a Remuneration Committee and an IT-Data Committee. The frameworks for the committees' work are defined in their terms of reference.

**See** 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 2019 at tryg.com > Governance > Management > Supervisory Board > Board committees

All members of the Audit Committee and three out of four members of the Risk Committee, including the chairman of the committees, are independent persons. Two out of the three members of the Remuneration Committee elected by the General Assembly are independent persons, and the fourth member is employee representative. Two out of three members of the Nomination Committee are independent, including the chairman of the committee. Two out of three General Assembly elected member of the IT-Data Committee are independent persons, including the chairman of the committee, and the fourth member is an employee representative. Board committee members are elected primarily based on special skills that are considered important by the Supervisory Board.

Involvement of the 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 Tryg in general which contains specific schemes for the Supervisory Board, the Executive Board and other employees in Tryg, whose activities have a material impact on the risk profile of the company, so-called risk takers. The remuneration policy for 2019 was adopted by the Supervisory Board in January 2019 and approved by the annual general meeting on 15 March 2019.

The Chairman of the Supervisory Board reports on Tryg's remuneration policy each year in connection with the review of the annual report at the annual general meeting. The Supervisory 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

**Remuneration of the 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 Supervisory Board is three times that received by ordinary members, while the Deputy Chairman's remuneration is twice that received by ordinary members of the Supervisory Board.

## Total remuneration of the Supervisory Board in 2019

| DKK | Fee | Audit Committee | Risk Committee | Remuneration Committee | IT-Data Committee[a] | Nomination Committee | Total |
|---|---|---|---|---|---|---|---|
| Jukka Pertola | 1,147,500 | | | 161,250 | 245,000 | 112,500 | 1,666,250 |
| Torben Nielsen | 765,000 | 236,250 | 232,500 | | | 75,000 | 1,308,750 |
| Jesper Hjulmand[b] | 90,000 | 37,500 | 35,000 | | | | 162,500 |
| Lene Skole | 382,500 | 157,500 | 155,000 | | | | 695,000 |
| Mari Thjømøe | 382,500 | 157,500 | 155,000 | | | | 695,000 |
| Carl-Viggo Östlund | 382,500 | | | 107,500 | 297,500 | | 787,500 |
| Ida Sofie Jensen | 382,500 | | | 107,500 | 245,000 | 75,000 | 810,000 |
| Tina Snejbjerg | 382,500 | | 155,000 | | | | 537,500 |
| Lone Hansen | 382,500 | | | | 245,000 | | 627,500 |
| Tom Eileng | 382,500 | | | 107,500 | | | 490,000 |
| Anders Hjulmand[b] | 90,000 | | | | | | 90,000 |
| Elias Bakk | 382,500 | | | | | | 382,500 |
| Karen Bladt[c] | 292,500 | | | | | | 292,500 |
| Claus Wistoft[c] | 292,500 | | | | | | 292,500 |

**a)** One-off fee of DKK 140,000 in 2018/2019. IT-Data Committee became permanent as of 1 April 2019.
**b)** Resigned from the Supervisory Board in March 2019
**c)** Joined the Supervisory Board in March 2019

**Remuneration of the 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 strike an appropriate balance between management remuneration, predictable risk and value creation for the company's shareholders in the short and long term.

The Executive Board's remuneration consists of a base salary, a pension contribution of 25% of the base salary and other benefits. The base salary 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 Supervisory Board can decide that the base salary should be supplemented with a variable pay element of up to 50% of the fixed salary including pension.

In 2019, the variable pay element consisted of a Matching Shares Programme. Using taxed funds, the Executive Board may in 2020 buy shares (so-called investment shares) in Tryg A/S at market price for a predefined amount, which is dependent on the member's performance for the financial year. Four years after the purchase, Tryg will grant one matching share per investment share free of charge.

Matching is conditional upon the fulfilment of additional conditions such as continued employment and back testing (testing prior to matching, to ensure that the criteria on which the variable salary is based are still met at the time of matching). The purpose of the Matching Shares Programme is to ensure alignment of the interests of the Executive Board and the company's shareholders.

Each year the Supervisory Board evaluates the performance of the Executive Board against the targets defined by the Supervisory Board for the financial year. The overall fulfilment of the weighted targets determines the number of investment shares offered to each member of the Executive Board.

The targets for 2019 were based on Tryg's technical result, Transactional Net Promoter Score, employee satisfaction levels, the implementation of Alka and the overall execution of the strategy.

**Read more** about the Matching Shares Programme in the remuneration policy at tryg.com and in the remuneration rapport for 2019, which will be available at the annual general meeting.

## Total remuneration of the Executive Board in 2019

| DKK | Base salary | Pension | Car allowance | Other benefits | Total fixed salary | One-off fee | Share-based remuneration [a] | Total fee |
|---|---|---|---|---|---|---|---|---|
| Morten Hübbe | 11,330,000 | 2,832,500 | 255,000 | 26,000 | 14,443,500 | 0 | 4,886,718 | 19,330,218 |
| Lars Bonde | 5,385,056 | 1,346,264 | 255,000 | 26,000 | 7,012,320 | 0 | 2,372,502 | 9,384,822 |
| Johan Kirstein Brammer | 5,175,000 | 1,293,750 | 255,000 | 26,000 | 6,749,750 | 0 | 2,283,665 | 9,033,415 |
| Barbara Plucnar Jensen [b] | 4,166,667 | 1,041,667 | 212,500 | 21,667 | 5,442,500 | 1,000,000 | 1,647,717 | 8,090,217 |

a) The value of Matching Shares (investment shares) at the time of allotment of the right to participate in the Matching Shares programme for the Executive Board for the 2019 performance year.
b) Barbara Plucnar Jensen took up the position as CFO on 1 March 2019, i.e. salary calculated pro rata for 2019. Was granted a sign-on bonus vesting in 2020.

From 2021, based on the performance in the financial year 2020, the variable pay is allotted as conditional shares.

**Financial reporting, risk management and auditing**

As an insurance business, Tryg is subject to the risk management requirements of the Danish Financial Business Act and Solvency II. The Supervisory Board defines Tryg's risk management framework as regards insurance risk, investment risk, compliance risk and operational risk, as well as IT security, in policies and guidelines for 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 30-31 and in Note 1 Risk management on page 58

Tryg engages in ongoing risk identification, mapping insurance risks and other risks which may endanger the realisation of Tryg's strategy, or which may potentially have a substantial impact on Tryg's financial position. The process involves identifying and continually monitoring the risks identified. As in previous years, Tryg's Supervisory Board undertook an Own Risk and Solvency Assessment (ORSA) in 2019. The purpose of the ORSA is to ensure and demonstrate a link between strategy, risk management, risk appetite, solvency and capital planning over the 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 and compliance functions.

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 30-31 and in Note 1 on page 58

**Whistleblower line**

Tryg has a whistleblower line, which allows employees, customers and business partners to report any serious wrongdoings 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

**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 on the recommendation of the Supervisory Board. 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 handles 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 on the audit work to the Supervisory Board.

**Deviations and explanations**

Tryg complies with the Recommendations on Corporate Governance with the exception of the number of independent members of board committees, with which Tryg complies partially; see recommendations 3.4.2. of the Recommendations on Corporate Governance.

The deviations are explained in Tryg's statutory corporate governance report, which is available at tryg.com > Download

# Supervisory Board

**Mari Thjømøe (1962)**
**Board member**
Has special skills in the fields of management, finance, investment management and investor relations, as well as experience from insurance and Norwegian large caps. Mari Thjømøe has special insights into the Norwegian market.

**Tina Snejbjerg (1962)**
**Employee representative**
Officer of Tryg's Personnel Department. Employed since 1987.

**Tom Eileng (1954)**
**Employee representative**
Deputy Chairman of Finansforbundet Tryg and Senior Commercial Adviser. Employed since 1986.

**Elias Bakk (1975)**
**Employee representative**
Team Manager in Tryg. Employed since 2006.

**Lene Skole (1959)**
**Board member**
Has experience from international companies, among other things through previous positions with Coloplast and Maersk Company Limited, UK. Lene Skole has particular skills in the fields of strategy, financing and risk management.

**Jukka Pertola (1960)**
**Chairman**
Has special skills in the fields of management, insurance, IT and digitalisation, communication and finance. Jukka Pertola has more than ten years of board work experience from companies, foundations and organisations.

**Lone Hansen (1966)**
**Employee representative**
Chairman of the Association for Tied Agents and Key Account Managers in Tryg. Employed since 1990.

**Torben Nielsen (1947)**
**Deputy Chairman**
Has special skills in the fields of management, finance, financial services and risk management as former Governor of Danmarks Nationalbank.

**Claus Wistoft (1959)**
**Board member**
Has special skills in the fields of management, business development and problem-solving, risk management and succession. Claus Wistoft has experience from politics.

**Karen Bladt (1967)**
**Board member**
Has 10 years of experience as a member of various supervisory boards. Karen Bladt has particular skills in the fields of business development and problem-solving.

**Ida Sofie Jensen (1958)**
**Board member**
Has experience from the healthcare sector as well as top management, strategy and communication. Chairman of TryghedsGruppen.

**Carl-Viggo Östlund (1955)**
**Board member**
Has experience from insurance, logistics, finance and banking, from leading positions in listed and non-listed companies. Carl-Viggo Östlund has special knowledge of Swedish market conditions.

# Supervisory Board

## Jukka Pertola[b)]

**Chairman**
Born in 1960. Joined the Supervisory Board in 2017. Finnish citizen.
**Career:** Professional board member. Former CEO of Siemens Denmark.
**Education:** MSc in Electrical Engineering.
**Board seats, Chairman:** Danish Academy of Technical Sciences (ATV), Gomspace Group AB and GomSpace A/S, Asetek A/S, Siemens Gamesa Renewable Energy A/S, Tryg A/S and Tryg Forsikring A/S, IoT Denmark A/S, Monsenso ApS.
**Board seats, Deputy Chairman:** Cowi Holding A/S.
**Board member:** Industriens Pensionsforsikring A/S.
**Committee membership:** Remuneration Committee (Chairman), Nomination Committee (Chairman) and IT-Data Committee in Tryg. Nomination Committee in COWI and in GomSpace. Remuneration Committee (Chairman) in Asetek.
**Experience:** More than 25 years of top management experience in the IT and telecommunication industry and electrical engineering, the latest position being the CEO of Siemens Denmark from 2002 to 2017. Broad international experience with global and regional business responsibilities in both BtC and BtB.
**Competencies:** Solid technological background in telecommunications, IT, digitalisation, business models, strategy and business development. Understanding of risk management, M&A, business know-how and judgement as well as insurance.
**Number of shares held:** 4,000
**Change in portfolio 2019:** 0

## Torben Nielsen[b)]

**Deputy Chairman**
Born in 1947. Joined the Supervisory Board in 2011. Danish citizen.
**Career:** Professional board member, Adjunct Professor at the Copenhagen Business School. Former Governor of Danmarks Nationalbank (Danish Central Bank).
**Education:** Savings bank training, Graduate Diplomas in Organisation, Work Sociology, Credit and Financing.
**Board seats, Chairman:** Investeringsforeningen Sparinvest, Vordingborg Borg Fund, Ny Holmegaard Værk Fund, Museum of South East Denmark and KTIF (Kapitalforeningen Tryg Invest Funds).
**Board seats, Deputy Chairman:** Tryg A/S and Tryg Forsikring A/S.
**Board member:** Sampension AKP Livsforsikring A/S and member of the Executive Management of Bombebøssen.
**Committee memberships:** Audit Committee (Chairman), Risk Committee (Chairman) and Nomination Committee in Tryg as well as Audit and Risk Committee of Sampension (Chairman).
**Experience:** General experience from executive level in banking. Micro and macro knowledge from membership of the board of governors in the Danish central bank. Knowledge of chairmanship from non-excecutive boards.
**Competencies:** General top management experience from the financial sector as well as experience with risk management and regulatory requirements, business know-how and judgement.
**Number of shares held:** 28,000
**Change in portfolio 2019:** +1,000

## Elias Bakk[a)]

Born in 1975. Employee representative. Joined the Supervisory Board in 2017. Swedish citizen. Employed since 2006.
**Career:** Team Manager in Moderna SE.
**Education:** Norrea Real Gymnasium, financial services & insurance at Företagsekonomiska institut Stockholm. Education at 'Forsikringsakademiet' for new board members.
**Experience:** Team Manager in Moderna Affinity for 12 years, Business development in Moderna and Affinity for 2 years
**Competencies:** Solid insurance knowledge from his years in the industry, business know-how and judgement, experience with organisation development, business development, customer-handling and interaction.
**Number of shares held:** 818
**Change in portfolio 2019:** 0

## Lone Hansen[a)]

Born in 1966. Employee representative. Joined the Supervisory Board in 2012. Danish citizen. Employed since 1990.
**Career:** Chairman of the Association for Tied Agents and Key Account Managers in Tryg.
**Education:** Certified commercial insurance agent. Various insurance and sales courses and negotiation training.
**Board member:** Tryg A/S and Tryg Forsikring A/S. Chairman of the Association for Tied Agents and Key Account Managers in Tryg.
**Committee memberships:** IT-Data Committee in Tryg.
**Experience:** Many years of insurance experience as insurance agent and Chairman of the Association for Tied Agents and Key Account Managers.
**Competencies:** Business know-how and judgement, especially within insurance, commercial and product and customer-handling as well as interaction from many years of experience in the industry. Problem-solving abilities and understanding of HR-related issues.
**Number of shares held:** 1,037
**Change in portfolio 2019:** +139

## Ida Sofie Jensen[a)]

Born in 1958. Joined the Supervisory Board in 2013. Danish citizen.
**Career:** Group Managing Director of Lif (Medicine and Healthcare Industry), CEO of the subsidiary DLI A/S (Danish Medicine Information) and the subsidiary ENLI ApS (Ethical Board for the Pharmaceutical Industry).
**Education:** MSc in Political Science (cand.scient.pol.), European Health Leadership Programme INSEAD, Executive Management Programme INSEAD, Executive Program Columbia Business School, Executive Program Singularity University.
**Board seats, Chairman:** TryghedsGruppen smba.
**Board member:** Tryg A/S, Tryg Forsikring A/S.
**Committee memberships:** Remuneration Committee, Nomination Committee and IT-Data Committee in Tryg.
**Experience:** General top management experience as CEO of Lif since 2004 and former CEO of Herlev University Hospital. Representative in TryghedsGruppen since 2010, Deputy Chairman 2014-2019 and Chairman since 2019.
**Competencies:** Solid business know-how and judgement, analytical approach to problem-solving and strategy, networking skills and the ability to evaluate succession scenarios as well as understanding of digitalisation.
**Number of shares held:** 2,905
**Change in portfolio 2018:** +537

## Lene Skole[b)]

Born in 1959. Joined the Supervisory Board in 2010. Danish citizen.
**Career:** CEO of Lundbeckfonden (+ Lundbeckfond Invest A/S).
**Education:** The A.P. Møller Group International Shipping Education, Graduate Diploma in Finance and various international management programmes.
**Board seats, Chairman:** LFI Equity A/S.
**Board seats, Deputy Chairman:** Ørsted A/S, H. Lundbeck A/S, ALK-Abelló A/S and Falck A/S.
**Board member:** Tryg A/S and Tryg Forsikring A/S.
**Committee memberships:** Audit Committee and Risk Committee in Tryg, Audit Committee, Nomination and Scientific Committee in ALK-Abelló A/S, Scientific and Remuneration Committee in H. Lundbeck A/S, Remuneration and Nomination Committee in Falck A/S and Nomination and Remuneration Committee in Ørsted A/S.
**Competencies:** Solid business know-how and judgement, risk management, business development, finance, strategy, M&A and understanding of business models.
**Experience:** Top management experience from various positions in the AP Moller-Maersk Group, CFO in Coloplast and currently CEO of Lundbeckfonden.
**Number of shares held:** 7,025
**Change in portfolio 2019:** 0

## Committee meetings overview 2019

| Name | Supervisory Board | Audit Committee | Risk Committee | Nomination Committee | Remuneration Committee | IT-Data Committee |
|---|---|---|---|---|---|---|
| Jukka Pertola | 8/8 | | | 3/3 | 6/6 | 3/3 |
| Torben Nielsen | 8/8 | 6/6 | 6/6 | 3/3 | | |
| Elias Bakk | 8/8 | | | | | |
| Lone Hansen | 8/8 | | | | | 3/3 |
| Ida Sofie Jensen | 8/8 | | | 3/3 | 6/6 | 3/3 |
| Lene Skole | 8/8 | 6/6 | 6/6 | | | |

Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years.
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

## Mari Thjømøe[b)]

Born in 1962. Joined the Supervisory Board in 2012. Norwegian citizen.
**Career:** Professional board member and independent adviser.
**Education:** MSc in Economy and Business Administration, Chartered Financial Analyst (CFA), the Senior Executive Programme from London Business School and Effective Board Management from Harvard Business School.
**Board seats, Chairman:** TF Bank AB.
**Board seats, Deputy Chairman:** Norconsult A/S and Norconsult Holding.
**Board member:** Tryg A/S, Tryg Forsikring A/S, Scatec Solar ASA, ICE ASA and Hafslund E-CO AS.
**Committee memberships:** Audit Committee and Risk Committee in Tryg, Audit Committee in Norconsult and ICE (Chairman), Remuneration Committee in TF Bank (Chairman), the Audit Committees in Scatec Solar, Hafslund E-CO and TF bank.
**Experience:** Senior management experience from large cap companies, insurance and real estate. Extensive experience from board of directors within finance, energy and renewables and is engaged in developing sustainable businesses and good governance. Headed the Norwegian IR associations for a number of years and received the Womens Board Award for Norway.
**Competencies:** Business know-how from experience with the financial sector and energy as well as risk management, strategy, restructuring, business development, M&A, IR and financial communication and working with regulatory authorities.
**Number of shares held:** 4,300
**Change in portfolio 2018:** +400

## Claus Wistoft[b+c)]

Born in 1959. Joined the Supervisory Board in 2019. Danish citizen.
**Career:** 1st Deputy Mayor, Municipality of Syddjurs and member of the finance committee. Agriculturalist, wind energy production, tenanted properties and project development of building sites. CEO in Demex Holding A/S and C.W. Holding A/S.
**Education:** Agricultural education at Bygholm Agricultural College and various business courses.
**Board seats, Chairman:** Midttrafik I/S.
**Board member:** Tryg A/S, Tryg Forsikring A/S, Syddjurs udviklingspark, Lyngfeldt A/S, Lyngfeldt Finansiering A/S, Lyngfeldt Maskinudlejning ApS, K/S Prinz Carl Anlage l, Rosenfeldt Gods, Sidelmann Holding ApS, Houmarken A/S, I/S Torntoft and TryghedsGruppen smba.
**Experience:** Top management experience from operating an own business for 35 years.
**Competencies:** Analytical approach to problem-solving, solid business know-how and business development, understanding of risk management and succession.
**Number of shares held:** 2,500
**Change in portfolio 2019:** +2,500

## Karen Bladt[b+c)]

Born in 1967. Joined the Supervisory Board in 2019. Danish citizen.
**Career:** Director/owner of HASLE Refractories A/S and member of the regional labour market council in Bornholm.
**Education:** MSc.Eng in Operations and Supply Chain. Management, Aalborg University and the CBS Executive course for Supervisory Board members in the financial sector, insurance and pension at CBS Executive.
**Board member:** Tryg A/S, Tryg Forsikring A/S, HASLE Refractories A/S, Bornholmstrafikken Holding A/S and TryghedsGruppen smba.
**Experience:** 10 years of experience as a member of various Supervisory Boards and top management experience as the owner of HASLE Refractories A/S since 2003.
**Competencies:** Business-knowhow and judgement, experienced in business development with an analytical approach to problem-solving.
**Number of shares held:** 0
**Change in portfolio 2019:** 0

## Tom Eileng[a)]

Born in 1954. Employee representative. Joined the Supervisory Board in 2016. Norwegian citizen. Employed since 1986.
**Career:** Deputy Chairman of Finansforbundet Tryg and Senior Commercial Adviser.
**Education:** Business Economist. Authorised adviser in life and non-life insurance.
**Board member:** Tryg A/S, Tryg Forsikring A/S and Vesta Støttefond.
**Committee memberships:** Remuneration Committee in Tryg.
**Experience:** As senior advisor of commercial customers, Tom Eileng is experienced in handling of and interaction with customers. In the capacity of Deputy Chairman of Finansforbundet in Tryg, Tom Eileng is also experienced in independent and autonomous management.
**Competencies:** Solid business know-how and experienced in handling customers and with interacting, understanding of risk management, insurance, sales, underwriting and reinsurance.
**Number of shares held:** 607
**Change in portfolio 2019:** +139

## Tina Snejbjerg[a)]

Born in 1962. Employee representative.  Joined the Supervisory Board in 2010. Danish citizen. Employed since 1987.
**Career:** Officer of Tryg's Personnel Department.
**Education:** Insurance training.
**Board member:** Tryg A/S, Tryg Forsikring A/S and the Central Board of Forsikringsforbundet.
**Committee memberships:** Risk Committee in Tryg.
**Experience:** From 1987 to 2001 Tina Snejbjerg has worked with sale of insurance to both private and commercial customers as well as providing insurance advice to customers.
Since 2001, Tina Snejbjerg has been the deputy chairmen of the local department of Forsikringsforbundet and since 2009 Chairman working with operations, strategy, negotiating agreements and engaged in recruiting and retaining members.
**Competencies:** From the many years of experience, Tina Snejbjerg has acquired solid business know-how and judgement, problem-solving abilities working with management and HR-related issues in the financial sector, specifically the insurance industry.
**Number of shares held:** 1,037
**Change in portfolio 2019:** +139

## Carl-Viggo Östlund[b)]

Born in 1955. Joined the Supervisory Board in 2015. Swedish citizen.
**Career:** CEO of Allert Östlund AB, professional board member and investor. Former CEO of the Swedish banks SBAB and Nordnet and the insurance company SalusAnsvar.
**Education:** BSc in International Business and Finance & Accounting.
**Board seats, Chairman:** FCG Fonder AB, Gladsheim Fastigheter AB, Hypoteket Bolån AB, IQ Chef AB, Juvinum Food & Beverage AB, Ponture AB, Wisory Group AB, Ywonn Media Group AB.
**Board member:** Tryg A/S, Tryg Forsikring A/S, DBT Capital AB.
**Committee memberships:** IT-Data Committee (Chairman) and Remuneration Committee in Tryg.
**Experience:** More than 30 years as CEO and Managing Director in local as well as in international environment in listed companies as well as banks. Experience from the following industries: manufacturing, logistics, insurance, finance and banking.
**Competencies:** Solid background from the Insurance industry, non-life as well as life. Business know-how and judgement, banking and finance know-how, understanding of digitalisation and risk management.
**Number of shares held:** 2,630
**Change in portfolio 2019:** +820

## Committee meetings overview 2019

| Name | Supervisory Board | Audit Committee | Risk Committee | Nomination Committee | Remuneration Committee | IT-Data Committee |
|---|---|---|---|---|---|---|
| Mari Thjømøe | 8/8 | 6/6 | 6/6 | | | |
| Claus Wistoft | 7/8 | | | | | |
| Karen Bladt | 7/8 | | | | | |
| Tom Eileng | 8/8 | | | | 6/6 | |
| Tina Snejbjerg | 8/8 | | 6/6 | | | |
| Carl-Viggo Östlund | 8/8 | | | | 6/6 | 3/3 |

Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years.
a) Dependent member of the Supervisory Board.
b) Independent member of the Supervisory Board, as per the definition in Recommendations on Corporate Governance.
c) Joined the supervisory board March 2019

# Executive Board

## Johan Kirstein Brammer
**Group CCO**

Born in 1976. Joined Tryg in 2015. Joined the Executive Board in 2018.

**Education:** LL.M., MBA, Graduate Diploma in Finance.
**Board member:** Insurance & Pension Denmark (IPD).

**Number of shares held:** 24,396
**Change in portfolio in 2019:** +12,907

## Barbara Plucnar Jensen
**Group CFO**

Born in 1971. Joined Tryg in 2019. Joined the Executive Board in 2019.

**Education:** MSc Economics, University of Copenhagen.
**Board member:** J. Lauritzen.
**Committee memberships:** Audit Committee in J. Lauritzen (Chairman).

**Number of shares held:** 0
**Change in portfolio in 2019:** 0

## Morten Hübbe
**Group CEO**

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

**Education:** BSc (International Business Administration and Modern Languages), MSc (Finance and Accounting), management programme at Wharton.
**Board seats, Deputy Chairman:** Kapitalforeningen Tryg Invest Funds and Simcorp A/S.
**Board member:** KBC BV.

**Number of shares held:** 196,289
**Change in portfolio in 2019:** +34,190

## Lars Bonde
**Group COO**

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

**Education:** Insurance training, LL.M.
**Board seats, Chairman:** P/F Betri Trygging, Tryg Livsforsikringsselskab A/S and Forsikringsakademiet.
**Board member:** Danish Employers' Association for the Financial Sector and cphbusiness (Copenhagen Business Academy).

**Number of shares held:** 70,408
**Change in portfolio in 2019:** +11,434

> **Read more** about the Executive Board on tryg.com

# Corporate Responsibility in Tryg

## Statutory Corporate Responsibility report

Tryg has been a signatory member to the UN Global Compact since 2008. In addition to this statutory section on Corporate Responsibility, Tryg publishes its annual Corporate Responsibility report on Tryg.com providing extensive Environmental, Social Governance (ESG) data.

**Download** Corporate Responsibility report

Tryg's 2020 Corporate Responsibility strategy is focused on four elements: Actively creating peace of mind, climate and environment, responsible workplace and business ethics. The Corporate Responsibility efforts are linked to Tryg's business model and core business (see page 10). As Tryg provides a safety net across the Nordic countries for the customers as insurance provider in case of a claim, Tryg also offers prevention initiatives to reduce and limit claims. Tryg thereby creates peace of mind before, during and after a claim.

The Corporate Responsibility Board, chaired by the CFO, supervisees our Corporate Responsibility efforts.

**Download** Corporate Responsibility policy

**Actively creating peace of mind**

Actively creating peace of mind is one of the strategic elements of our Corporate Responsibility strategy where Tryg can contribute to society through creating peace of mind as well as offering relevant products with a prevention element to our customers. In 2019, Tryg launched the 'Mobile blocker' currently offered to our Commercial customers. The Mobile blocker prevents drivers from using their mobile phone while driving, which provides employers with a tool to ensure the health and safety of their employees and other road users.

The Nightravens and lifebuoys are two initiatives that create peace of mind in society. The initiatives prevent crimes from happening by being present and making people feel safer in the night life or along the coastlines, lakes or by the harbours, which benefits customers, Tryg's business and society.

**Lifebuoys**

Since 1952, Tryg's iconic lifebuoys have provided safety along the coastlines, lakes and rivers in Norway. The lifebuoy is a vitally important rescue tool, and for decades Tryg has provided lifebuoys to the Norwegian society. Tryg has more than 47,000 lifebuoys, which are located from Lindesnes at the very south of Norway to Svalbard, the Norwegian archipelago in the Arctic Ocean.

**Read more** about the lifebuoys here

### Climate and environment

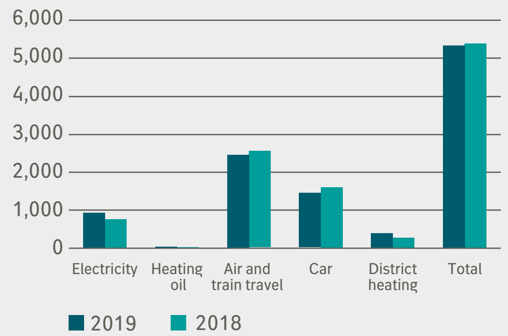
Tryg has a direct impact on the climate and the environment through its operations, and an indirect impact through its business activities. Tryg has focused its efforts on its internal operations and initiatives to improve its footprint, while also reducing costs. Although Tryg is not an energy-intensive company since its carbon emissions are mainly associated with heating and electricity use at the offices, car and air travel, Tryg acknowledges that it is part of the solution when it comes to minimising carbon emissions. Tryg encourages its building owner to make resource and efficiency improvements to the buildings and invest in renovating buildings to keep them energy-efficient.

Tryg's materiality assessment showed that the climate and the environment continue to be material issues for Tryg and its stakeholders. Extreme weather events such as flooding, cloudbursts and storms present a risk to Tryg and are a cause for concern for customers and society since environmental and climate-related events can increase the frequency of climate-related claims. Therefore, Tryg advises its customers on how to protect their homes. Tryg's Corporate Responsibility policy further outlines Tryg's commitment minimising the company's climate and environmental footprint.

**Download** Corporate Responsibility policy

**Carbon emissions**

Tonnes




The carbon emissions chart covers both Norway and Denmark; air and train travel also include Sweden while car only applies for Denmark.

**Climate and environmental initiatives**
Tryg has initiated a process which involves continuously installing more efficient and climate-friendly LED lighting at its offices, as well as installing more screens for Skype meetings to reduce air travel and offering electric cars for external meetings. In Norway, four of the office areas were moved to save energy and resource consumption per employee in 2019. In Denmark, two offices were merged as well. In Norway, Tryg removed the oil boilers, and the heating and cooling systems were connected to a heating pump system to further reduce the environmental impact, while a new ventilation system will be installed by 2020 with a higher degree of heating recovery.

One of the areas in which Tryg has a potential adverse impact on the environment is waste production, which is why Tryg is committed to reducing waste and consumption. Tryg continuously works on minimising and sorting waste at local waste stations to bring down waste volumes. In 2019, Tryg outsourced the canteen services at the head office in Denmark. The new supplier was selected due to its high food quality standards and Corporate Responsibility efforts. With the arrival of the new canteen provider, Tryg has established a new sorting system in the canteen to ensure easier sorting of food waste and ordinary waste. In collaboration with the canteen staff, Tryg is working to establish a waste target.

**Eco-Lighthouse in Norway**
Eco-Lighthouse is a climate and environmental certification scheme in Norway. Eight of the Norwegian sites are Eco-Lighthouse-certified. Tryg annually reports on progress as well as documenting the policies and procedures in place to manage the impact on the climate and the environment.

**Tryg's carbon emissions**
In 2019, Tryg's carbon emissions decreased by 1% compared to 2018. The decrease is mainly due to a new carbon emission calculation method.

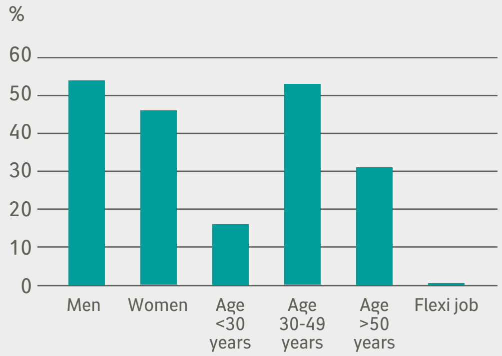
## Responsible workplace

Providing a healthy and safe working environment and ensuring the well-being of its employees is vital to Tryg. The materiality assessment indicated that there is a risk that Tryg can have adverse impacts on its employees through, for example, dissatisfaction, discrimination, or the physical or psychosocial working environment. To mitigate this risk, Tryg is continuously working to improve the conditions for the employees.

**Focus on diversity and women in management**
In 2019, Tryg's share of women in management positions was 35% compared to 33% in 2018. This indicates a stabilising tendency towards the share of women in management. However, as the target for women in management positions is 41% in 2020, further actions will be required.

Additionally, in 2019, Tryg increased diversity on its Executive Board with with the appointment of Barbara Plucnar Jensen as new CFO, thus increasing diversity on the Executive Board to 25%.

**Employee mix**




Tryg's Supervisory Board is composed of six men and six women, and under Danish law as well as Tryg's own policy, there is equality among the genders.

**Steps of action on increasing diversity**
Tryg has an action plan for diversity including women in management which guides our actions towards realising our 2020 target. In 2019, Tryg focused on reducing unconscious bias in its recruiting processes. Tryg raised awareness of why unconscious biases may be formed, and of the possible benefits of having a more diverse pool of employees.

Tryg has taken specific steps to ensure approval of all final candidates for managerial positions from the CEO and HR director, as well as ensuring that all management positions are advertised both internally and externally. Furthermore, Tryg is increasing awareness in the organisation of unconscious bias in recruiting processes.

**See** General action plan for diversity including women in management

## Business ethics

Ethics can determine a company's future and are essential to conducting business responsibly. Tryg is committed to running an ethical, transparent and responsible business. The materiality assessment showed that business ethics, GDPR and data protection are material matters to Tryg. Building knowledge and capacity in this field, for example internally among the employees through e-learning, requires continuous attention.

A commitment to ethics and strong corporate governance is the foundation on which Tryg builds its business. Tryg's Code of Conduct defines the rules which all employees and business partners are required to adhere to. Tryg's tax policy and anti-corruption policy further outline Tryg's commitment to conducting itself as a responsible company at all times.

**Download** Code of Conduct

**Data security and GDPR**

Data security and GDPR are important issues for Tryg in relation to personal data. In 2019, the online learning platform 'Safe Colleague' was introduced to educate employees and test their skills. Through gamification, the employees learn about the basics of data security. Tryg requires all new employees to do a mandatory e-learning programme on GDPR and IT security as part of their onboarding programme. In the course of the year, all new employees have completed the online training.

**Download** Personal data policy

**Whistleblower cases**

Tryg's whistleblower hotline is available for all stakeholders to report any violation of our Code of Conduct or other issues and is reviewed by the chairman of the Audit Committee, assisted by Tryg's Legal and Compliance Director. In 2019, three cases were reported and investigated compared to seven cases in 2018. No cases led to further action being taken.

**Read more** about the Whistleblower hotline

**Responsible Investments**

Tryg's responsible investment policy and policy for execution of active ownership were updated in 2019 to ensure a continuous focus on responsible investing. External portfolio managers are selected on the basis of having a responsible mindset similar to Tryg's. However, a screening of the holdings is carried out each year to ensure that individual holdings do not deviate from expectations. The portfolio holdings screening is carried out by an external screening provider. Furthermore, in 2019 Tryg launched its formal escalation process which guides the process after a screening of investments.

Responsible investing is important to Tryg as it ensures that investments are conducted in accordance with our values. The materiality assessment identified responsible investments as a material issue to Tryg. Tryg is at risk of violating international standards when investing and wants to be transparent about its efforts to mitigate this risk.

**See** Responsible investment policy
**See** Policy for execution of active ownership
**See** Process for ethical screening

Active Source Management

Tryg's initiatives on active ownership are primarily directed towards managing and monitoring Tryg's external managers' responsible investment processes. In 2019, Tryg launched a process related to ensuring compliance by external managers with Tryg's responsible investment policy called Active Source Management.

Tryg's primary focus is selecting external managers who share the principles and have policies in place to ensure that investments are managed responsibly. External asset managers are UN PRI signatories or in the process of becoming signatories. Tryg also ensures that external managers carry out active ownership on individual holdings. In 2019, Tryg further developed our external manager selection process to include a separate due diligence process on responsible investments. The due diligence process evaluates all new external managers on their commitment, processes and execution of responsible investment.

New external screening provider

Tryg conducts an ethical screening each year based on controversial behaviour and controversial weapons. In 2019, the regular screening led to one company being flagged for controversial behaviour. In line with the escalation process, a dialogue was initiated with the relevant external managers, which has yielded satisfactory explanations and actions.

**Human rights and responsible supply chain management**

Tryg is committed to respecting human rights as described in the Universal Declaration of Human Rights. Tryg's commitment is enforced through our signatory membership to the UN Global Compact and is outlined in the Corporate Responsibility policy as well as Tryg's Code of Conduct.

The materiality assessment indicated that there is a risk of violating human and labour rights in Tryg's supply chain through our outsourcing activities.

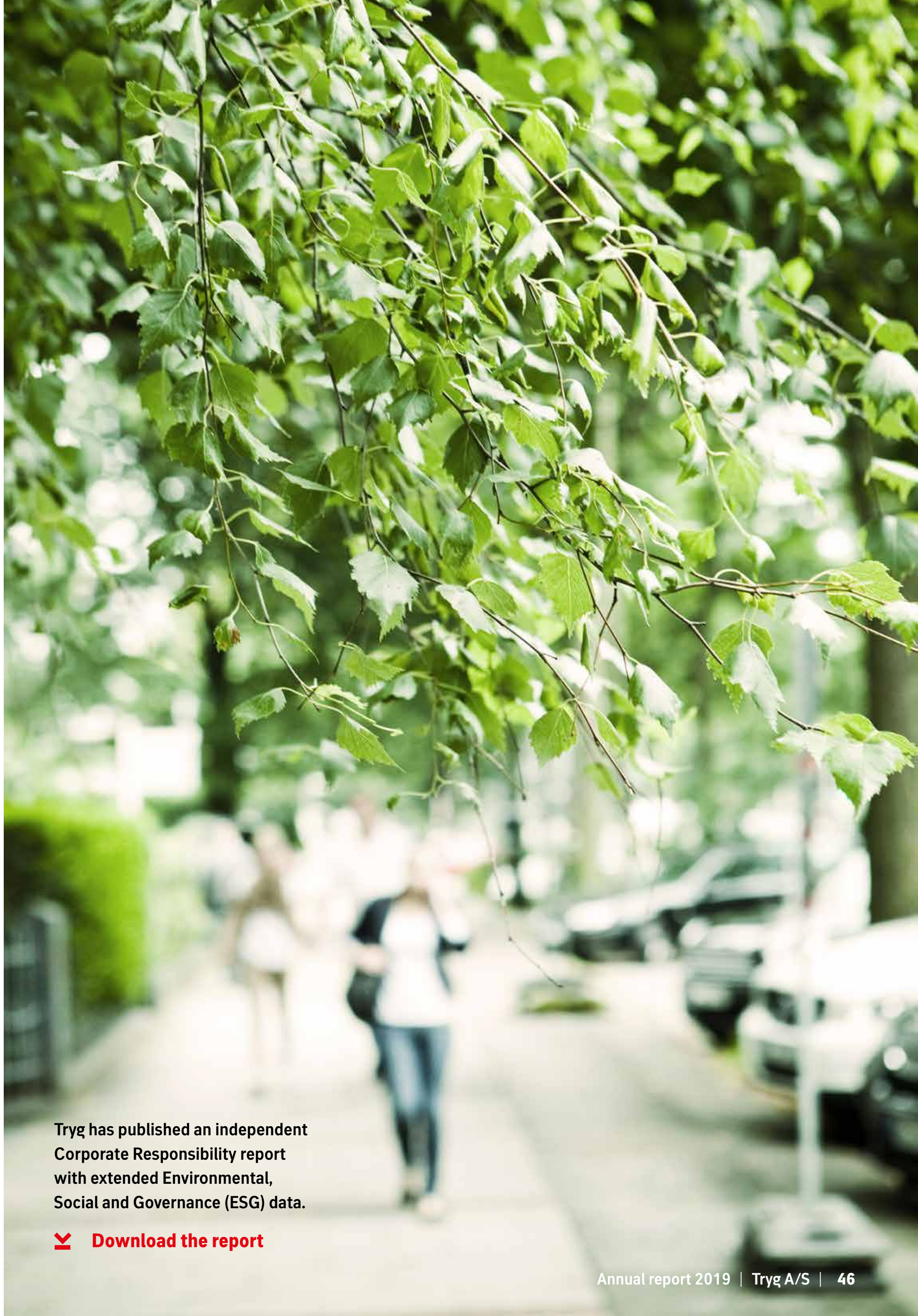
To mitigate any violations, we actively monitor our outsourcing suppliers regarding compliance of our Code of Conduct and the principles outlined in the UN Global Compact. We work closely with our suppliers to promote shared values.

In 2019, we updated our existing supply chain management process to include a Corporate Responsibility pre-assessment as a way of strengthening the focus on high-risk suppliers. The implementation of the new process has been merged with the existing compliance processes to include Corporate Responsibility risks in order to assess risks and how to work with high-risk suppliers.

Implementation of the Corporate Responsibility audit process and supplier assessment continued in 2019. The building of capacity and training of internal auditors in Corporate Responsibility audits is an ongoing effort, and during the year the training continued. The trainings are held ad hoc as needed before any audits.

In 2019, Tryg's audit revealed no violations or red flags among the audited high-risk outsourcing suppliers. The process continues in 2020, and all high-risk outsourcing suppliers are expected to be audited by 2020.

**Download** Code of Conduct
**Download** Corporate Responsibility policy



**Tryg has published an independent Corporate Responsibility report with extended Environmental, Social and Governance (ESG) data.**

**Download the report**

# Contents – Financial statements 2019

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

## Tryg Group



## Tryg A/S (parent company)



## Reporting for Q4



## Information

# Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the annual report for 2019 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 and the requirements of NASDAQ Copenhagen for the presentation of the financial statements of listed companies. 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 2019 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 2019.

Furthermore, in our opinion the management's review 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, 22 January 2020

**Executive Board**

| | | | |
|---|---|---|---|
| Morten Hübbe<br>Group CEO | Barbara Plucnar Jensen<br>Group CFO | Lars Bonde<br>Group COO | Johan Kirstein Brammer<br>Group CCO |

**Supervisory Board**

| | | | | | |
|---|---|---|---|---|---|
| Jukka Pertola<br>Chairman | Torben Nielsen<br>Deputy Chairman | Elias Bakk | Tom Eileng | Lone Hansen | Karen Bladt |
| Claus Wistoft | Ida Sofie Jensen | Lene Skole | Tina Snejbjerg | Mari Thjømøe | Carl-Viggo Östlund |

# Independent auditor's report

## To the shareholders of Tryg A/S

**Opinion**
We have audited the consolidated financial statements and the parent financial statements of Tryg A/S for the financial year 1 January to 31 December 2019, pages 52-110, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the summary of significant accounting policies, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2019 and of its financial performance and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies.

Also, in our opinion, the parent financial statements give a true and fair view of the financial position of the Parent at 31 December 2019 and of its financial performance for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the IESBA Code of Ethics for Professional Accountants and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Claims provisions

Management's estimates of the claims provisions are based on actuarial methods and involve complex statistical methods as well as estimates of future events. Changes in methods and assumptions may result in a material impact on the size of the claims provisions. Consequently, the audit of the claims provisions is considered a key audit matter.

The claims provisions amount to DKK 24,859m at 31 December 2019 (2018: DKK 24,847m).

Management has specified the risks etc. related to the estimates of the claims provisions in note 1 'Risk and capital management' on pages 58-66 and in 'Accounting policies', note 29 on pages 95-103. The principles of estimating the claims provisions have been specified in 'Accounting policies', note 29 on pages 101-102, and further specified in note 1 on pages 61-64 and in note 19 on page 87.

The estimates of the claims provisions depend on accurate and complete insurance data of current and historical claims, including the development in claims and payment patterns, as these data are used to establish the expectations for future claims for the purpose of the statistical models.

## How the matter was addressed in the audit

- Assessment and test of controls related to the processes of claims handling and the recognition and measurement of provisions for known claims.
- In cooperation with our own internationally qualified actuaries, we have tested controls related to the actuarial estimates of the claims provisions of selected lines of business.
- We have tested the accuracy and the completeness of the data that are included in the actuarial estimates of the claims provisions.
- In cooperation with our own internationally qualified actuaries and based on our knowledge of the industry, experience and historical observations, we have assessed the statistical models applied to estimate the claims provisions and we have tested significant estimates and assumptions focusing on consistency and possible changes.
- Based on the actuarial estimates of the claims provisions and analyses, and in cooperation with our own internationally qualified actuaries, we have assessed the development in the claims provisions, including run-off gains/losses and the development in the size of the margin included in Management's estimate of the claims provisions.

## The most important assessments and assumptions of future events relate to

- Estimated future claims payments, which are based on the completeness and the accuracy of historical claims and payment patterns, among other factors.
- Expectations for future inflation.
- Determination of the margin included in Management's estimate of the claims provisions to address the uncertainty related to the actuarial estimates.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Tryg A/S on 28 January 2002 for the financial year 2002 as part of the formation of the Company. However, we have been the appointed auditors of the underlying subsidiaries since before 1995. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of more than 18 years up to and including the financial year 2019.

**Statement on the management's review**
Management is responsible for the management's review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management's review.

**Management's responsibilities for the consolidated financial statements and the 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 additional Danish disclosure requirements for listed financial companies, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 22 January 2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jens Ringbæk
State Authorised Public Accountant,
MNE no 27735

Kasper Bruhn Udam
State Authorised Public Accountant,
MNE no 29421

# Financial highlights

| DKKm | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| NOK/DKK, average rate for the period | 75.80 | 77.53 | 79.99 | 80.09 | 83.52 |
| SEK/DKK, average rate for the period | 70.62 | 72.67 | 77.24 | 78.93 | 79.69 |
| **Gross premium income** | **21,741** | **18,740** | **17,963** | **17,707** | **17,977** |
| Gross claims | -14,857 | -12,636 | -11,865 | -11,619 | -13,562 |
| Total insurance operating costs | -3,081 | -2,704 | -2,516 | -2,737 | -2,720 |
| Profit/loss on gross business | 3,803 | 3,400 | 3,582 | 3,351 | 1,695 |
| Profit/loss on ceded business | -566 | -624 | -779 | -951 | 710 |
| Insurance technical interest, net of reinsurance | 1 | -10 | -14 | -10 | 18 |
| **Technical result** | **3,237** | **2,766** | **2,789** | **2,390** | **2,423** |
| Investment return after insurance technical interest | 579 | -332 | 527 | 987 | -22 |
| Other income and costs | -188 | -172 | -77 | -157 | -91 |
| **Profit/loss before tax** | **3,628** | **2,262** | **3,239** | **3,220** | **2,310** |
| Tax | -783 | -529 | -720 | -748 | -390 |
| **Profit/loss on continuing business** | **2,845** | **1,733** | **2,519** | **2,472** | **1,920** |
| Profit/loss on discontinued and divested business after tax [a)] | -2 | -2 | -2 | -1 | 49 |
| **Profit/loss** | **2,843** | **1,731** | **2,517** | **2,471** | **1,969** |
| Run-off gains/losses, net of reinsurance | 1,194 | 1,221 | 972 | 1,239 | 1,212 |
| **Statement of financial position** | | | | | |
| Total provisions for insurance contracts | 32,224 | 31,948 | 30,018 | 31,527 | 31,814 |
| Total reinsurers' share of provisions for insurance contracts | 1,501 | 1,415 | 1,366 | 2,034 | 3,176 |
| Total equity | 12,085 | 11,334 | 12,616 | 9,437 | 9,644 |
| Total assets | 59,059 | 56,545 | 51,367 | 49,861 | 51,281 |
| **Key ratios** | | | | | |
| Gross claims ratio | 68.3 | 67.4 | 66.1 | 65.6 | 75.4 |
| Net reinsurance ratio | 2.6 | 3.3 | 4.3 | 5.4 | -3.9 |
| Claims ratio, net of ceded business | 70.9 | 70.7 | 70.4 | 71.0 | 71.5 |
| Gross expense ratio | 14.2 | 14.4 | 14.0 | 15.7 | 15.3 |
| **Combined ratio** | **85.1** | **85.1** | **84.4** | **86.7** | **86.8** |
| Gross expense ratio without adjustment [b)] | | | | 15.5 | 15.1 |
| Operating ratio | 85.1 | 85.2 | 84.5 | 86.5 | 86.5 |
| Relative run-off gains/losses | 5.1 | 5.4 | 4.1 | 5.5 | 5.1 |
| Return on equity after tax (%) | 24.6 | 14.9 | 28.8 | 26.2 | 20.0 |

Note: Tryg´s acquisition of Alka affects the Financial Statement from closing the 8 November 2018.

**a)** Profit/loss on discontinued and divested business after tax includes mainly Marine Hull insurance.

**b)** Until the sale of the group occupied property in 2016, 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' issued by the Danish Finance Society. The adjustment, which is made pursuant to the Danish Financial Supervisory Authority's and the Danish Finance Societys' 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. The sale of owner-occupied property in December 2016 does not affect the calculation.

# Income statement

| Note | DKKm | 2019 | 2018 |
|---|---|---|---|
| | General insurance | | |
| | Gross premiums written | 22,563 | 18,999 |
| | Ceded insurance premiums | -1,259 | -1,362 |
| | Change in premium provisions | -143 | 85 |
| | Change in reinsurers' share of premium provisions | 38 | -47 |
| 3 | **Premium income, net of reinsurance** | **21,198** | **17,675** |
| 4 | **Insurance technical interest, net of reinsurance** | **1** | **-10** |
| | Claims paid | -15,419 | -13,294 |
| | Reinsurance cover received | 388 | 466 |
| | Change in claims provisions | 562 | 658 |
| | Change in the reinsurers' share of claims provisions | 40 | 125 |
| 5 | **Claims, net of reinsurance** | **-14,429** | **-12,045** |
| | **Bonus and premium discounts** | **-679** | **-344** |
| | Acquisition costs | -2,458 | -2,104 |
| | Administration expenses | -623 | -600 |
| | Acquisition costs and administration expenses | -3,081 | -2,704 |
| | Reinsurance commissions and profit participation from reinsurers | 227 | 194 |
| 6 | **Insurance operating costs, net of reinsurance** | **-2,854** | **-2,510** |
| 2 | **Technical result** | **3,237** | **2,766** |

| Note | DKKm | 2019 | 2018 |
|---|---|---|---|
| | **Investment activities** | | |
| 14 | Income from associates | -10 | 22 |
| | Income from investment property | 58 | 46 |
| 7 | Interest income and dividends | 534 | 580 |
| 8 | Value adjustments | 454 | -537 |
| 7 | Interest expenses | -178 | -140 |
| | Administration expenses in connection with investment activities | -114 | -94 |
| | **Total investment return** | **744** | **-123** |
| 4 | Return on insurance provisions | -166 | -209 |
| | **Total investment return after insurance technical interest** | **579** | **-332** |
| | Other income | 168 | 128 |
| 9 | Other costs | -356 | -300 |
| | **Profit/loss before tax** | **3,628** | **2,262** |
| 10 | Tax | -783 | -529 |
| | **Profit/loss on continuing business** | **2,845** | **1,733** |
| | Profit/loss on discontinued and divested business | -2 | -2 |
| | **Profit/loss for the year** | **2,843** | **1,731** |
| 24 | Earnings per share | 9.42 | 5.73 |

# Statement of comprehensive income

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| Note | **Profit/loss for the year** | **2,843** | **1,731** |
| | **Other comprehensive income** | | |
| | **Other comprehensive income which cannot subsequently be reclassified as profit or loss** | | |
| | Actuarial gains/losses on defined-benefit pension plans | -76 | -5 |
| | Tax on actuarial gains/losses on defined-benefit pension plans | 19 | 1 |
| | | -57 | -4 |
| | **Other comprehensive income which can subsequently be reclassified as profit or loss** | | |
| | Exchange rate adjustments of foreign entities for the year | 32 | -50 |
| | Hedging of currency risk in foreign entities for the year | -19 | 49 |
| | Tax on hedging of currency risk in foreign entities for the year | 4 | -11 |
| | | 18 | -12 |
| | **Total other comprehensive income** | **-39** | **-16** |
| | **Comprehensive income** | **2,804** | **1,715** |

# Statement of financial position

| Note | DKKm | 2019 | 2018 |
|---|---|---|---|
| Note | **Assets** | | |
| **11** | **Intangible assets** | **7,364** | **7,236** |
| | Operating equipment | 155 | 145 |
| | Owner-occupied property | 730 | 790 |
| **12** | **Total property, plant and equipment** | **885** | **935** |
| **13** | **Investment property** | **1,151** | **1,345** |
| 14 | Equity investments in associates | 0 | 242 |
| | **Total investments in associates** | **0** | **242** |
| | Equity investments | 1,798 | 1,149 |
| | Unit trust units | 2,424 | 1,663 |
| | Bonds | 38,814 | 38,042 |
| | Other lending | 75 | 0 |
| | Derivative financial instruments | 1,128 | 899 |
| | **Total other financial investment assets** | **44,239** | **41,753** |
| **15** | **Total investment assets** | **45,390** | **43,340** |
| | Reinsurers' share of premium provisions | 216 | 181 |
| 19 | Reinsurers' share of claims provisions | 1,285 | 1,234 |
| **16** | **Total reinsurers' share of provisions for insurance contracts** | **1,501** | **1,415** |
| | Receivables from policyholders | 1,727 | 1,476 |
| | Total receivables in connection with direct insurance contracts | 1,727 | 1,476 |
| | Receivables from insurance enterprises | 240 | 144 |
| | Other receivables | 588 | 803 |
| **15** | **Total receivables** | **2,555** | **2,423** |
| 17 | Current tax assets | 52 | 0 |
| | Cash at bank and in hand | 868 | 627 |
| | Other | 1 | 0 |
| | **Total other assets** | **921** | **627** |
| | Interest and rent receivable | 147 | 169 |
| | Other prepayments and accrued income | 296 | 400 |
| | **Total prepayments and accrued income** | **443** | **569** |
| | **Total assets** | **59,059** | **56,545** |

| Note | DKKm | 2019 | 2018 |
|---|---|---|---|
| Note | **Equity and liabilities** | | |
| 18 | **Equity** | **12,085** | **11,334** |
| 1 | **Subordinate loan capital** | **2,875** | **2,868** |
| 19 | Premium provisions | 5,996 | 5,861 |
| 19 | Claims provisions | 24,859 | 24,847 |
| | Provisions for bonuses and premium discounts | 1,370 | 1,240 |
| | **Total provisions for insurance contracts** | **32,224** | **31,948** |
| 20 | Pensions and similar obligations | 303 | 277 |
| 21 | Deferred tax liability | 911 | 912 |
| 22 | Other provisions | 86 | 111 |
| | **Total provisions** | **1,300** | **1,300** |
| | Debt relating to direct insurance | 577 | 614 |
| | Debt relating to reinsurance | 252 | 169 |
| | Amounts owed to credit institutions | 711 | 494 |
| | Debt relating to unsettled funds transactions and repos | 2,601 | 2,797 |
| 15 | Derivative financial instruments | 800 | 740 |
| 23 | Debt to group undertakings | 300 | 313 |
| 17 | Current tax liabilities | 125 | 118 |
| 23 | Other debt | 5,178 | 3,813 |
| | **Total debt** | **10,543** | **9,058** |
| | **Accruals and deferred income** | **33** | **37** |
| | **Total equity and liabilities** | **59,059** | **56,545** |

| | |
|---|---|
| 1 | **Risk and capital management** |
| 25 | **Contractual obligations, collateral and contingent liabilities** |
| 26 | **Acquisition of activities** |
| 27 | **Related parties** |
| 28 | **Financial highlights** |
| 29 | **Accounting policies** |

# Statement of changes in equity

| DKKm | Share capital | Reserve for exchange rate adjustment | Other reserves[a] | Retained earnings | Proposed dividend | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| **Equity at 31 December 2018** | **1,511** | **-41** | **1,617** | **7,748** | **499** | **0** | **11,334** |
| **2019** | | | | | | | |
| Profit/loss for the year | | | 60 | 230 | 2,553 | | 2,843 |
| Other comprehensive income | | 18 | | -57 | | | -39 |
| Total comprehensive income | 0 | 18 | 60 | 173 | 2,553 | 0 | 2,804 |
| Dividend paid | | | | | -2,040 | | -2,040 |
| Dividend own shares | | | | 1 | | | 1 |
| Purchase and sale of own shares | | | | -43 | | | -43 |
| Issue of conditional and matching shares | | | | 27 | | | 27 |
| Non-controlling interest | | | | | | 1 | 1 |
| **Total changes in equity in 2019** | **0** | **18** | **60** | **158** | **514** | **1** | **751** |
| **Equity at 31 December 2019** | **1,511** | **-23** | **1,677** | **7,906** | **1,013** | **1** | **12,085** |
| | | | | | | | |
| **Equity at 31 December 2017** | **1,511** | **-29** | **1,592** | **8,059** | **1,483** | | **12,616** |
| **2018** | | | | | | | |
| Profit/loss for the year | | | 25 | -290 | 1,996 | | 1,731 |
| Other comprehensive income | | -12 | | -4 | | | -16 |
| Total comprehensive income | 0 | -12 | 25 | -294 | 1,996 | | 1,715 |
| Dividend paid | | | | | -2,980 | | -2,980 |
| Purchase and sale of own shares | | | | -27 | | | -27 |
| Issue of share options and matching shares | | | | 10 | | | 10 |
| **Total changes in equity in 2018** | **0** | **-12** | **25** | **-311** | **-984** | **0** | **-1,282** |
| **Equity at 31 December 2018** | **1,511** | **-41** | **1,617** | **7,748** | **499** | **0** | **11,334** |

Proposed dividend per share 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 (302,147,991 shares).

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,677m (DKK 1,617m in 2018). 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 and contingency fund provisions - The contingency fund provisions DKK 809m have been reclassified from retained earnings to reflect the possible dividend is affected by the total amounts related to Norwegian Natural Perils Pool and contingency fund provisions .

# Cash flow statement

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| Note | **Cash from operating activities** | | |
| | Premiums | 21,736 | 18,712 |
| | Claims | -15,557 | -13,473 |
| | Ceded business | -651 | -725 |
| | Costs | -3,210 | -3,165 |
| | Change in other debt and other amounts receivable | 1,849 | 1,927 |
| | **Cash flow from insurance activities** | **4,167** | **3,276** |
| | Interest income | 467 | 546 |
| | Interest expenses | -169 | -138 |
| | Dividend received | 24 | 12 |
| | Taxes | -827 | -639 |
| | Other income and costs | -31 | -174 |
| | **Total cash flow from operating activities** | **3,631** | **2,883** |
| | **Investments** | | |
| | Purchase and refurbishment of property | 0 | -2 |
| | Sale of property | 357 | 117 |
| | Purchase/sale of equity investments and unit trust units (net) | 49 | 1,540 |
| | Purchase/sale of bonds (net) | -1,978 | 3,268 |
| | Deposits with credit institutions | 0 | 250 |
| | Purchase/sale of operating equipment (net) | -69 | -61 |
| | Acquisition of intangble assets | 0 | -5,671 |
| | Sale of associated | 246 | 0 |
| | Hedging of currency risk | 18 | 49 |
| | **Total investments** | **-1,376** | **-510** |
| | **Financing** | | |
| | Issue of new shares | 0 | 0 |
| | Exercise of share options/purchase of own shares (net) | -43 | -17 |
| | Subordinate loan capital | 0 | 502 |
| | Dividend paid | -2,040 | -2,980 |
| | Change in lease liabilities | -147 | -135 |
| | Change in amounts owed to credit institutions | 217 | 188 |
| | **Total financing** | **-2,013** | **-2,442** |

| DKKm | 2019 | 2018 |
|---|---|---|
| **Change in cash and cash equivalents, net** | **241** | **-69** |
| Additions relating to purchase of subsidiaries | 0 | 186 |
| Exchange rate adjustment of cash and cash equivalents, 1 January | -1 | 1 |
| **Change in cash and cash equivalents, gross** | **241** | **118** |
| Cash and cash equivalents at 1 january | 627 | 509 |
| **Cash and cash equivalents at 31 December** | **868** | **627** |

**Liabilities arising from financing activities**

| 2019 | Subordinated loans | Amounts owed to credit institutions | Total |
|---|---|---|---|
| Carrying amount at 1 January | 2,868 | 494 | 3,362 |
| Exchange rate adjustments | 6 | 0 | 6 |
| Amortisation | 2 | 0 | 2 |
| Cash flow | 0 | 217 | 217 |
| **Carrying amount at 31 December** | **2,875** | **711** | **3,586** |
| **2018** | | | |
| Carrying amount at 1 January | 2,412 | 306 | 2,718 |
| Exchange rate adjustments | -48 | 0 | -48 |
| Amortisation | 2 | 0 | 2 |
| Cash flow | 502 | 188 | 690 |
| **Carrying amount at 31 December** | **2,868** | **494** | **3,362** |

# Notes

## 1 Risk and capital management

**Risk management in Tryg**
The Supervisory Board defines the basis for the risk appetite through the business model and the current strategy. The Supervisory Board has regulated the management of risk activities through policies and guidelines to the business supported by underlying business processes and a power of attorney structure. 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.

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. The risk management function is the second level of control, supported by decentralised risk managers affiliated with the individual business areas. The risk management function ensures a consistent approach across the organisation, 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 requirement. The third level consists of the internal audit which performs independent assessments of the entire control environment.

The risk management is organised systematically in the company's committee structure via the Executive Board's own Risk Committee and the Supervisory Board's own Risk Committee. The Supervisory Board's Risk Committee is a specialist committee with intensive focus separately on risk and capital management during the year.

The Supervisory Board's Risk Committee meets minimum four 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.

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

- A solid capital base, supporting both the statutory requirements and a single 'A' rating from Moody's.
- Support of a dividend per share, with a payout ratio in the interval 60-90%.
- Return on the average equity of at least 21% after tax

### What risk profile does Tryg want?

- Business model
- Strategy
- Policies

### How is this supported?

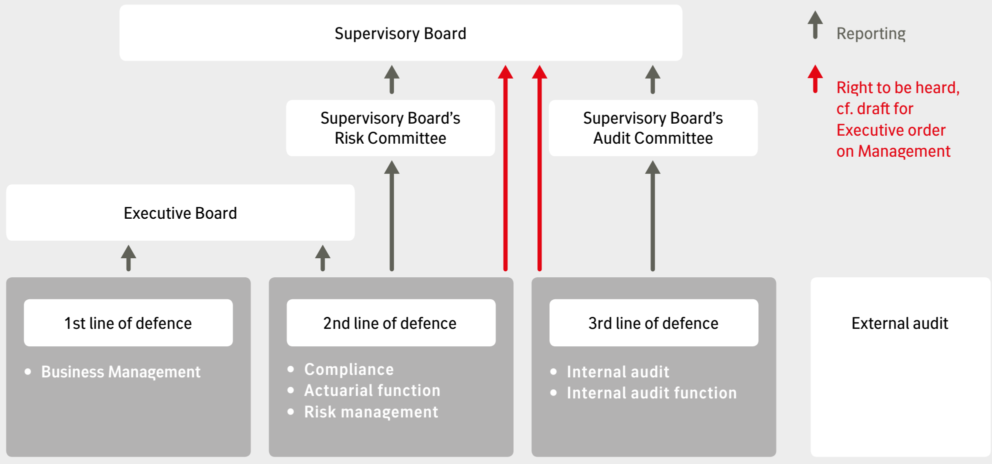
**Tactically**
- Policies
- Capital plan
- Contingency plan

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

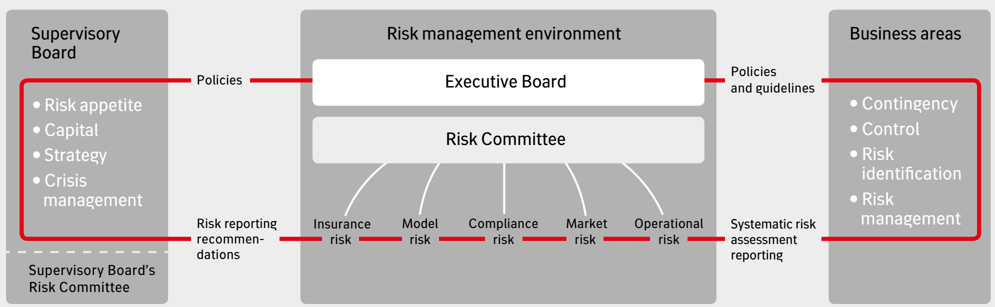
### How is the actual risk profile measured?

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

### Lines of defence




### Tryg's risk management environment



# Notes

Tryg's capital base currently consist of Tier 1 and 2 capital, such as shareholders' equity and subordinated loans.

**See** table Subordinate loan capital on page 66.

The capital base is continuously measured against the capital 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 standard formula.

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 fulfill 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.

Monitoring of the capital base also involves capital projections based on expected business plans within the strategic planning period and stress on selected scenarios.

**Company's Own Risk and Solvency Assessment (ORSA)**

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 its Risk Committee during the year. Therefore, the ORSA report is an annual summary document assessing all these processes.

**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 7.25bn, which statistically is sufficient to cover at least a 250-year event. Retention for such events is DKK 168m.

In the event of a frequency of natural disasters, Tryg is covered for up to DKK 600m, 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. The use of reinsurance creates a natural counterparty risk. This risk is handled by applying a wide range of reinsurers with at least an 'A' rating and DKK 750m 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 2019, Tryg's claims reserves net of reinsurance totalled DKK 23,574m with an average duration of approximately 4.5 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 property portfolio constitutes the company's largest investment risk. The Property portfolio comprises 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 2019, investment properties accounted for 5.5% (including property funds) and Tryg's equity portfolio accounted for 5.2% of the total investment assets.

Tryg 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 claims 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 a non-life insurance company like Tryg, liquidity risk is practically non-existent, as premium payments fall due before claims payments. The only significant asset class on Tryg's balance sheet, which by nature is somewhat illiquid is the property portfolio.

# Notes

**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 Operational risk policy and in the Information Security Policy.

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 teams 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 subject 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, regulations, market standards or internal guidelines. The handling of compliance risk is coordinated centrally via the Group's Compliance & Legal department, which, among other things, sits on industry committees in connection with legislative monitoring, ensures implementation of regulation in Tryg through business procedures, provides ongoing training in compliance matters and performs compliance controls within the organisation. Compliance risks and the result of the performed compliance controls are reported to the Supervisory Board's Risk Committee.

**Emerging risk**
Emerging risk cover new risks or known risks, with changing characteristics. The management of this type of risk is 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. Emerging risk is also a part of the systematically implemented risk identification process in Tryg.

### Sensitivity analysis

| DKKm | 2019 | 2018 |
|---|---|---|
| **Insurance risk** | | |
| **Effect of 1% change in:** | | |
| Combined ratio (1 percentage point) | +/- 217 | +/- 187 |
| Major events | -100 | -100 |
| Catastrophe event up to DKK 7,250m | -168 | -168 [a)] |
| **Reserving risk** | | |
| 1% change in inflation on person-related lines of business[b)] | +/- 412 | +/- 402 |
| 10% error in the assessment of long-tailed lines of business (workers' compensation, motor liability, liability, accident) | +/- 1,755 | +/- 1,696 |
| **Investment risk** | | |
| **Interest rate market** | | |
| **Effect of 1 % increase in interest curve:** | | |
| Impact of interest-bearing securities | -1,150 | -1,079 |
| Higher discounting of claims provisions | 1,028 | 991 |
| Net effect of interest rate rise | -122 | -88 |
| Impact of Norwegian pension obligation [c)] | 189 | 163 |
| **Equity market** | | |
| 15% decline in equity market | -367 | -288 |
| Impact of derivatives and related thereto | 25 | 36 |
| **Real estate market** | | |
| 15% decline in real estate markets | -361 | -372 |
| **Currency market** | | |
| Equity: | | |
| 15% decline in exposed currency (exclusive of EUR) relative to DKK | -883 | -1,316 |
| Impact of derivatives | 898 | 1,242 |
| Net impact of exchange rate decline | 15 | -74 |
| Technical result per year: | | |
| Impact of 15% change in NOK and SEK exchange rates relative to DKK | +/- 95 | +/- 134 |

a) Catastrophe event up to DKK 6,750m in 2018
b) Including the effect of the zero coupon inflation swap
c) Additional sensitivity information in note 20 'Pensions and similar obligations'

# Notes

**Claims provisions – estimated accumulated claims – DKKm**

| **Gross** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** [a] | **2019** [a] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated accumulated claims | | | | | | | | | | | | |
| End of year | 13,325 | 15,476 | 15,810 | 13,365 | 13,764 | 12,609 | 14,610 | 12,801 | 12,658 | 15,454 | 16,170 | |
| 1 year later | 13,933 | 15,570 | 16,190 | 13,438 | 14,026 | 12,929 | 14,550 | 12,656 | 14,323 | 15,439 | | |
| 2 year later | 13,947 | 15,523 | 16,247 | 13,396 | 13,686 | 12,747 | 14,503 | 14,119 | 14,230 | | | |
| 3 year later | 13,748 | 15,443 | 16,200 | 13,211 | 13,518 | 12,659 | 15,873 | 14,090 | | | | |
| 4 year later | 13,650 | 15,355 | 16,026 | 12,947 | 13,498 | 13,970 | 15,810 | | | | | |
| 5 year later | 13,557 | 15,280 | 16,060 | 12,859 | 14,802 | 13,813 | | | | | | |
| 6 year later | 13,527 | 15,257 | 15,926 | 14,049 | 14,591 | | | | | | | |
| 7 year later | 13,409 | 15,166 | 17,398 | 13,977 | | | | | | | | |
| 8 year later | 13,352 | 16,379 | 17,467 | | | | | | | | | |
| 9 year later | 14,531 | 16,202 | | | | | | | | | | |
| 10 year later | 14,320 | | | | | | | | | | | |
| | 14,320 | 16,202 | 17,467 | 13,977 | 14,591 | 13,813 | 15,810 | 14,090 | 14,230 | 15,439 | 16,170 | 166,109 |
| Cumulative payments to date | -13,694 | -15,401 | -16,357 | -12,926 | -13,407 | -12,419 | -14,423 | -12,431 | -12,001 | -11,811 | -8,377 | -143,246 |
| Provisions before discounting, end of year | 626 | 801 | 1,110 | 1,051 | 1,184 | 1,394 | 1,387 | 1,659 | 2,230 | 3,628 | 7,793 | 22,863 |
| Discounting | -36 | -46 | -62 | -54 | -54 | -63 | -63 | -65 | -79 | -103 | -148 | -774 |
| Reserves from 2008 and prior years | | | | | | | | | | | | 2,770 |
| Gross provisions for claims, end of year | | | | | | | | | | | | 24,859 |

a) The diagonal for 2018 and 2019 is affected by the Alka acquisition.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2019 to prevent the impact of exchange rate fluctuations.

# Notes

**Claims provisions – estimated accumulated claims – DKKm**

| **Ceded business** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** [a)] | **2019** [a)] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated accumulated claims | | | | | | | | | | | | |
| End of year | 275 | 648 | 1,452 | 223 | 1,133 | 273 | 2,077 | 202 | 287 | 632 | 371 | |
| 1 year later | 339 | 720 | 2,135 | 253 | 1,479 | 308 | 1,883 | 255 | 394 | 677 | | |
| 2 year later | 318 | 714 | 2,255 | 289 | 1,261 | 302 | 1,915 | 247 | 388 | | | |
| 3 year later | 277 | 692 | 2,294 | 282 | 1,255 | 298 | 1,890 | 246 | | | | |
| 4 year later | 281 | 701 | 2,241 | 270 | 1,271 | 319 | 1,920 | | | | | |
| 5 year later | 286 | 706 | 2,235 | 259 | 1,303 | 316 | | | | | | |
| 6 year later | 275 | 709 | 2,241 | 272 | 1,352 | | | | | | | |
| 7 year later | 274 | 701 | 2,625 | 271 | | | | | | | | |
| 8 year later | 273 | 759 | 2,619 | | | | | | | | | |
| 9 year later | 303 | 758 | | | | | | | | | | |
| 10 year later | 302 | | | | | | | | | | | |
| | 302 | 758 | 2,619 | 271 | 1,352 | 316 | 1,920 | 246 | 388 | 677 | 371 | 9,221 |
| Cumulative payments to date | -300 | -756 | -2,563 | -268 | -1,218 | -292 | -1,753 | -233 | -284 | -270 | -127 | -8,064 |
| Provisions before discounting, end of year | 2 | 1 | 56 | 3 | 134 | 24 | 167 | 14 | 104 | 407 | 243 | 1,156 |
| Discounting | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | -1 | 0 | -3 | -3 |
| Reserves from 2008 and prior years | | | | | | | | | | | | 131 |
| Provisions for claims, end of year | | | | | | | | | | | | 1,285 |

a) The diagonal for 2018 and 2019 is affected by the Alka acquisition.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2019 to prevent the impact of exchange rate fluctuations.

# Notes

**Claims provisions – estimated accumulated claims – DKKm**

| **Net of reinsurance** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** [a)] | **2019** [a)] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated accumulated claims | | | | | | | | | | | | |
| End of year | 13,049 | 14,829 | 14,358 | 13,142 | 12,631 | 12,336 | 12,533 | 12,598 | 12,370 | 14,822 | 15,799 | |
| 1 year later | 13,594 | 14,850 | 14,055 | 13,185 | 12,547 | 12,621 | 12,667 | 12,401 | 13,929 | 14,762 | | |
| 2 year later | 13,629 | 14,809 | 13,992 | 13,107 | 12,425 | 12,445 | 12,588 | 13,872 | 13,842 | | | |
| 3 year later | 13,471 | 14,751 | 13,907 | 12,928 | 12,264 | 12,361 | 13,983 | 13,843 | | | | |
| 4 year later | 13,369 | 14,654 | 13,786 | 12,677 | 12,226 | 13,651 | 13,890 | | | | | |
| 5 year later | 13,271 | 14,574 | 13,825 | 12,600 | 13,499 | 13,497 | | | | | | |
| 6 year later | 13,252 | 14,548 | 13,686 | 13,777 | 13,239 | | | | | | | |
| 7 year later | 13,135 | 14,466 | 14,773 | 13,706 | | | | | | | | |
| 8 year later | 13,078 | 15,620 | 14,848 | | | | | | | | | |
| 9 year later | 14,228 | 15,444 | | | | | | | | | | |
| 10 year later | 14,018 | | | | | | | | | | | |
| | 14,018 | 15,444 | 14,848 | 13,706 | 13,239 | 13,497 | 13,890 | 13,843 | 13,842 | 14,762 | 15,799 | 156,889 |
| Cumulative payments to date | -13,394 | -14,645 | -13,794 | -12,658 | -12,190 | -12,127 | -12,671 | -12,198 | -11,716 | -11,541 | -8,251 | -135,182 |
| Provisions before discounting, end of year | 624 | 800 | 1,055 | 1,048 | 1,049 | 1,370 | 1,220 | 1,645 | 2,126 | 3,221 | 7,549 | 21,707 |
| Discounting | -36 | -46 | -63 | -54 | -55 | -63 | -63 | -65 | -78 | -103 | -146 | -771 |
| Reserves from 2008 and prior years | | | | | | | | | | | | 2,638 |
| Provisions for claims, net of reinsurance, end of the year | | | | | | | | | | | | 23,574 |

a) The diagonal for 2018 and 2019 is affected by the Alka acquisition.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2019 to prevent the impact of exchange rate fluctuations.

**Claims provisions (continued)**

| DKKm | 0-1 year | 1-2 years | Expected cash flow, not discounted<br>2-3 years | > 3 years | Total |
|---|---|---|---|---|---|
| **2019** | | | | | |
| Premium provisions, gross | 5,851 | 72 | 45 | 28 | 5,996 |
| Premium provisions, ceded | -216 | 0 | 0 | 0 | -216 |
| Claims provisions, gross | 8,207 | 4,012 | 2,611 | 10,927 | 25,758 |
| Claims provisions, ceded | -695 | -226 | -172 | -201 | -1,293 |
| | **13,147** | **3,859** | **2,485** | **10,755** | **30,245** |
| **2018** | | | | | |
| Premium provisions, gross | 5,588 | 118 | 81 | 74 | 5,861 |
| Premium provisions, ceded | -180 | 0 | 0 | 0 | -180 |
| Claims provisions, gross | 8,025 | 3,936 | 2,643 | 11,542 | 26,146 |
| Claims provisions, ceded | -642 | -229 | -138 | -246 | -1,255 |
| | **12,791** | **3,825** | **2,586** | **11,370** | **30,572** |

# Notes

| DKKm | 2019 | 2018 |
|---|---|---|
| **Investment risk** | | |
| *The notes below are based on Tryg's investment portfolio without the external customers share.* | | |
| **Bond portfolio including interest derivatives** | | |
| Duration 1 year or less | 13,067 | 11,286 |
| Duration 1-5 years | 15,747 | 15,527 |
| Duration 5-10 years | 5,975 | 5,521 |
| Duration more than 10 years | 2,856 | 2,573 |
| **Total** | **37,645** | **34,907** |
| **Duration** | **3.4** | **3.0** |

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.

| | 2019 | 2018 |
|---|---|---|
| **Shares** | | |
| Nordic countries | 250 | 154 |
| EU ex. Nordic countries | 566 | 446 |
| North America | 2,674 | 1,995 |
| Others | 213 | 217 |
| **Total** | **3,702** | **2,812** |

The share portfolio includes property funds and exposure from share derivatives of DKK 167m (DKK 240m in 2018). Unlisted equity investments are based on an estimated market price.

**Exposure to exchange rate risk**

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Assets and debt | Hedge | Exposure | Assets and debt | Hedge | Exposure |
| USD | 3,762 | -3,794 | 32 | 3,453 | -3,467 | -14 |
| EUR [a] | 2,872 | -1,543 | 1,328 | 2,159 | -519 | 1,640 |
| GBP | 262 | -265 | 4 | 208 | -207 | 1 |
| NOK | 1,403 | -1,446 | 43 | 3,028 | -2,942 | 86 |
| SEK | 133 | -111 | 22 | 1,408 | -1,388 | 20 |
| Other | 324 | -370 | 46 | 274 | -274 | 0 |
| **Total** | | | **1,476** | | | **1,762** |

a) Due to correlation between DKK and EUR the exposure limit is DKK 3bn. All other currencies have a lower limit.

**DKKm**

**Credit risk**

| Bond portfolio by ratings | 2019 | % | 2018 | % |
|---|---|---|---|---|
| AAA | 34,281 | 91.6 | 34,112 | 89.7 |
| AA | 261 | 0.7 | 479 | 1.3 |
| A | 692 | 1.8 | 1,169 | 3.1 |
| BBB | 1,023 | 2.7 | 850 | 2.2 |
| BB | 547 | 1.5 | 583 | 1.5 |
| B or lower | 604 | 1.6 | 850 | 2.2 |
| **Total** | **37,408** | **100** | **38,042** | **100** |

| Reinsurance balances | 2019 | % | 2018 | % |
|---|---|---|---|---|
| AAA to A | 1,242 | 93.3 | 1,207 | 92.6 |
| Not rated | 89 | 6.7 | 96 | 7.4 |
| **Total** | **1,331** | **100** | **1,303** | **100** |

**Liquidity risk**

**Maturity of the Group's financial obligations including interest**

| 2019 | 0-1 years | 1-5 years | > 5 years | Total |
|---|---|---|---|---|
| Subordinate loan capital | 108 | 433 | 3,959 | 4,500 |
| Amounts owed to credit institutions | 711 | 0 | 0 | 711 |
| Debt relating to unsettled funds transactions and repos | 2,601 | 0 | 0 | 2,601 |
| Derivative financial instruments | 86 | 496 | 135 | 717 |
| Other debt | 6,131 | 0 | 0 | 6,131 |
| | **9,638** | **930** | **4,093** | **14,661** |
| **2018** | | | | |
| Subordinate loan capital | 93 | 373 | 3,799 | 4,265 |
| Amounts owed to credit institutions | 494 | 0 | 0 | 494 |
| Debt relating to unsettled funds transactions and repos | 3,408 | 0 | 0 | 3,408 |
| Derivative financial instruments | 534 | 55 | 188 | 777 |
| Other debt | 4,103 | 0 | 0 | 4,103 |
| | **8,632** | **428** | **3,987** | **13,047** |

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

| Subordinate loan capital | Bond loan NOK 800m | | Bond loan NOK 1,400m | | Bond loan SEK 1,000m | |
|---|---|---|---|---|---|---|
| DKKm | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Amortised cost value of the loan recognised in statement of financial position | 605 | 595 | 1,059 | 1,043 | 713 | 723 |
| The fair value of the loan at the statement of financial position date | 642 | 633 | 1,108 | 1,073 | 730 | 747 |
| The fair value of the loan at the statement of financial position date is based on a price of | 106 | 106 | 104 | 103 | 102 | 103 |
| Total capital losses and costs at the statement of the financial position date | 2 | 2 | 3 | 3 | 3 | 3 |
| Interest expenses for the year | 32 | 30 | 45 | 41 | 19 | 17 |
| Effective interest rate | 5.3% | 4.8% | 4.3% | 3.7% | 2.6% | 2.3% |
| **Loan terms:** | | | | | | |
| Lender | | Listed bonds | | Listed bonds | | Listed bonds |
| Principal | | NOK 800m | | NOK 1,400m | | SEK 1,000m |
| Issue price | | 100 | | 100 | | 100 |
| Issue date | | March 2013 | | November 2015 | | May 2016 |
| Maturity year | | Perpetual | | 2045 | | 2046 |
| Loan may be called by lender as from | | 2023 | | 2025 | | 2021 |
| Repayment profile | | Interest-only | | Interest-only | | Interest-only |
| Interest structure | | 3.75 % above NIBOR 3M (until 2023)<br>4.75 % above NIBOR 3M (from 2023) | | 2.75 % above NIBOR 3M (until 2025)<br>3.75 % above NIBOR 3M (from 2025) | | 2.75 % above STIBOR 3M (until 2026)<br>3.75 % above STIBOR 3M (from 2026) |

| | Bond loan SEK 700m | |
|---|---|---|
| DKKm | 2019 | 2018 |
| Amortised cost value of the loan recognised in statement of financial position | 499 | 506 |
| The fair value of the loan at the statement of financial position date | 501 | 491 |
| The fair value of the loan at the statement of financial position date is based on a price of | 100 | 96 |
| Total capital losses and costs at the statement of the financial position date | 2 | 3 |
| Interest expenses for the year | 13 | 5 |
| Effective interest rate | 2.4% | 2.1% |
| **Loan terms:** | | |
| Lender | | Listed bonds |
| Principal | | SEK 700m |
| Issue price | | 100 |
| Issue date | | April 2018 |
| Maturity year | | Perpetual |
| Loan may be called by lender as from | | 2023 |
| Repayment profile | | Interest-only |
| Interest structure | | 2.5 % above STIBOR 3M |

The share of capital included in the calculation of the capital base totals DKK 2,744m (DKK 2,740m in 2018).

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 the loans are based on actual traded prices from Bloomberg.

# Notes

| DKKm | | Private | Commercial | Corporate | Sweden | Other [a] | Group |
|---|---|---|---|---|---|---|---|
| 2 | **Operating segments** | | | | | | |
| | 2019 | | | | | | |
| | **Gross premium income** | **12,021** | **4,274** | **3,979** | **1,521** | **-54** | **21,741** |
| | Gross claims | -8,185 | -2,867 | -2,816 | -1,014 | 24 | -14,857 |
| | Gross operating expenses | -1,650 | -749 | -415 | -267 | 0 | -3,081 |
| | Profit/loss on ceded business | -231 | -94 | -255 | -10 | 23 | -566 |
| | Insurance technical interest, net of reinsurance | -3 | 1 | 2 | 0 | 0 | 1 |
| | **Technical result** | **1,951** | **566** | **496** | **231** | **-6** | **3,237** |
| | Other items | | | | | | -394 |
| | **Profit/loss** | | | | | | **2,843** |
| | Run-off gains/losses, net of reinsurance | 238 | 310 | 407 | 246 | -6 | 1,194 |
| | Intangible assets | 1,565 | 67 | 0 | 539 | 5,193 | 7,364 |
| | Reinsurers' share of premium provisions | 42 | 4 | 170 | 0 | 0 | 216 |
| | Reinsurers' share of claims provisions | 15 | 149 | 1,114 | 7 | 0 | 1,285 |
| | Other assets | | | | | 50,193 | 50,193 |
| | **Total assets** | | | | | | **59,059** |
| | Premium provisions | 2,691 | 1,351 | 1,035 | 919 | 0 | 5,996 |
| | Claims provisions | 6,201 | 6,844 | 9,055 | 2,758 | 0 | 24,859 |
| | Provisions for bonuses and premium discounts | 1,195 | 114 | 27 | 34 | 0 | 1,370 |
| | Other liabilities | | | | | 14,750 | 14,750 |
| | **Total liabilities** | | | | | | **46,974** |

**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.

Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

a) Amounts relating to eliminations and one-off items. Please refer to note 2 'Geographical segments' for details.

# Notes

| DKKm | | Private | Commercial | Corporate | Sweden | Other [a] | Group |
|---|---|---|---|---|---|---|---|
| 2 | **Operating segments** | | | | | | |
| | **2018** | | | | | | |
| | **Gross premium income** | **9,466** | **3,971** | **3,897** | **1,471** | **-65** | **18,740** |
| | Gross claims | -6,198 | -2,326 | -3,114 | -1,024 | 26 | -12,636 |
| | Gross operating expenses | -1,309 | -696 | -385 | -237 | -77 | -2,704 |
| | Profit/loss on ceded business | -220 | -165 | -225 | -4 | -10 | -624 |
| | Insurance technical interest, net of reinsurance | -5 | 0 | 0 | -5 | 0 | -10 |
| | **Technical result** | **1,734** | **784** | **173** | **201** | **-126** | **2,766** |
| | Other items | | | | | | -1,035 |
| | **Profit/loss** | | | | | | **1,731** |
| | Run-off gains/losses, net of reinsurance | 394 | 434 | 271 | 122 | 0 | 1,221 |
| | Intangible assets | 1,694 | 89 | 0 | 534 | 4,919 | 7,236 |
| | Equity investments in associates | | | | | 242 | 242 |
| | Reinsurers' share of premium provisions | 47 | 3 | 131 | 0 | 0 | 181 |
| | Reinsurers' share of claims provisions | 53 | 118 | 1,036 | 27 | 0 | 1,234 |
| | Other assets | | | | | 47,652 | 47,652 |
| | **Total assets** | | | | | | **56,545** |
| | Premium provisions | 2,672 | 1,326 | 947 | 916 | 0 | 5,861 |
| | Claims provisions | 6,259 | 6,425 | 9,352 | 2,811 | 0 | 24,847 |
| | Provisions for bonuses and premium discounts | 1,036 | 164 | 26 | 14 | 0 | 1,240 |
| | Other liabilities | | | | | 13,263 | 13,263 |
| | **Total liabilities** | | | | | | **45,211** |

Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

a) Amounts relating to eliminations and one-off items. Please refer to note 2 'Geographical segments' for details.

# Notes

| DKKm | | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| 2 | **Geographical segments** | | | | | |
| | **Danish general insurance [a)]** | | | | | |
| | **Gross premium income** | **13,204** | **10,430** | **9,606** | **9,467** | **9,346** |
| | Technical result | 2,606 | 2,007 | 1,783 | 1,587 | 1,371 |
| | Run-off gains/losses, net of reinsurance | 712 | 710 | 449 | 509 | 512 |
| | **Key ratios** | | | | | |
| | Gross claims ratio | 64.7 | 61.2 | 64.2 | 63.7 | 80.5 |
| | Net reinsurance ratio | 1.7 | 5.5 | 3.7 | 6.0 | -9.2 |
| | Claims ratio, net of ceded business | 66.4 | 66.7 | 67.9 | 69.7 | 71.3 |
| | Gross expense ratio | 13.7 | 13.9 | 13.4 | 13.4 | 13.9 |
| | **Combined ratio** | **80.1** | **80.6** | **81.3** | **83.1** | **85.2** |
| | Run-off, net of reinsurance (%) | -5.4 | -6.8 | -4.7 | -5.4 | -5.5 |
| | Number of full-time employees 31 December | 2,650 | 2,520 | 1,933 | 1,839 | 1,859 |
| | **Norwegian general insurance** | | | | | |
| | NOK/DKK, average rate for the period | 75.80 | 77.53 | 79.99 | 80.09 | 83.52 |
| | **Gross premium income** | **6,472** | **6,302** | **6,272** | **6,371** | **6,766** |
| | Technical result | 469 | 791 | 770 | 1,013 | 844 |
| | Run-off gains/losses, net of reinsurance | 283 | 520 | 422 | 678 | 492 |
| | **Key ratios** | | | | | |
| | Gross claims ratio | 73.7 | 72.6 | 67.9 | 63.9 | 70.9 |
| | Net reinsurance ratio | 5.1 | 1.2 | 5.3 | 5.1 | 2.1 |
| | Claims ratio, net of ceded business | 78.8 | 73.8 | 73.2 | 69.0 | 73.0 |
| | Gross expense ratio | 14.4 | 13.9 | 14.7 | 15.2 | 14.9 |
| | **Combined ratio** | **93.1** | **87.7** | **87.9** | **84.2** | **87.9** |
| | Run-off, net of reinsurance (%) | -4.4 | -8.3 | -6.7 | -10.6 | -7.3 |
| | Number of full-time employees 31 December | 1,083 | 1,105 | 1,042 | 1,040 | 1,113 |

a) Includes Danish general insurance and German, Dutch, Austrian and Finnish guarantee insurance. The gross premium income related those branches amounts to DKK 78m (DKKm 54 in 2018).

# Notes

| DKKm | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **2 Geographical segments** | | | | | |
| **Swedish general insurance** | | | | | |
| SEK/DKK, average rate for the period | 70.62 | 72.67 | 77.24 | 78.93 | 79.69 |
| **Gross premium income** | **2,120** | **2,073** | **2,121** | **1,888** | **1,894** |
| Technical result | 169 | 94 | 236 | 40 | 328 |
| Run-off gains/losses, net of reinsurance | 205 | -9 | 101 | 52 | 208 |
| **Key ratios** | | | | | |
| Gross claims ratio | 74.0 | 82.3 | 69.0 | 76.4 | 63.5 |
| Net reinsurance ratio | 2.0 | -1.7 | 5.0 | 3.3 | 1.7 |
| Claims ratio, net of ceded business | 75.9 | 80.6 | 74.0 | 79.7 | 65.2 |
| Gross expense ratio | 16.1 | 14.6 | 14.5 | 17.8 | 17.5 |
| **Combined ratio** | **92.0** | **95.2** | **88.5** | **97.5** | **82.7** |
| Run-off, net of reinsurance (%) | -9.7 | 0.4 | -4.8 | -2.8 | -11.0 |
| Number of full-time employees 31 December | 419 | 402 | 398 | 385 | 387 |
| **Other** [b)] | | | | | |
| **Gross premium income** | **-54** | **-65** | **-36** | **-19** | **-29** |
| Technical result | -6 | -126 | 0 | -250 | -120 |
| **Tryg** | | | | | |
| **Gross premium income** | **21,741** | **18,740** | **17,963** | **17,707** | **17,977** |
| Technical result | 3,237 | 2,766 | 2,789 | 2,390 | 2,423 |
| Investment return | 579 | -332 | 527 | 987 | -22 |
| Other income and costs | -188 | -172 | -77 | -157 | -91 |
| Profit/loss before tax | 3,628 | 2,262 | 3,239 | 3,220 | 2,310 |
| Run-off gains/losses, net of reinsurance | 1,194 | 1,221 | 972 | 1,239 | 1,212 |
| **Key ratios** | | | | | |
| Gross claims ratio | 68.3 | 67.4 | 66.1 | 65.6 | 75.4 |
| Net reinsurance ratio | 2.6 | 3.3 | 4.3 | 5.4 | -3.9 |
| Claims ratio, net of ceded business | 70.9 | 70.7 | 70.4 | 71.0 | 71.5 |
| Gross expense ratio [c)] | 14.2 | 14.4 | 14.0 | 15.7 | 15.3 |
| **Combined ratio** | **85.1** | **85.1** | **84.4** | **86.7** | **86.8** |
| Run-off, net of reinsurance (%) | -5.5 | -6.5 | -5.4 | -7.0 | -6.7 |
| Number of full-time employees, continuing business at 31 December | 4,151 | 4,027 | 3,373 | 3,264 | 3,359 |

b) Amounts relating to eliminations and one-off items. In 2018 Cost, Claims and Other Costs were negatively affected by DKK 75m, DKK 49m, DKK 76m. The costs are related to integration and transaction costs for the aquirement of Alka. In 2016 costs and claims were negatively affected by DKK 162m and DKK 88m respectively, mainly due to impairment of software. In 2015 costs and claims were negatively affected by DKK 80m and DKK 40m respectively due to provisioning for the efficiency programme.

c) The adjustment in gross expense ratio is only included in 'Tryg '. Please refer to a footnote in Financial highlights.

# Notes

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

| DKKm | Accident and health | | Health care | | Workers' compensation | | Motor TPL | | Motor comprehensive insurance | | Marine, aviation and cargo insurance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Gross premiums written** | **2,591** | **2,001** | **461** | **376** | **951** | **884** | **1,876** | **1,772** | **4,823** | **3,915** | **231** | **376** |
| Gross premium income | 2,466 | 1,951 | 445 | 379 | 935 | 884 | 1,828 | 1,771 | 4,617 | 3,781 | 222 | 401 |
| Gross claims | - 1,460 | - 1,157 | - 483 | - 402 | - 755 | - 438 | - 1,194 | - 958 | - 3,127 | - 2,672 | - 153 | - 208 |
| Gross operating expenses | - 340 | - 249 | - 52 | - 43 | - 106 | - 105 | - 296 | - 283 | - 652 | - 470 | - 33 | - 54 |
| Profit/loss on ceded business | - 15 | - 11 | - 1 | - 1 | - 14 | - 13 | - 12 | - 42 | - 44 | - 4 | 4 | - 55 |
| Insurance technical interest, net of reinsurance | - 1 | - 2 | 0 | 0 | 0 | 0 | 1 | - 1 | 1 | - 2 | 0 | 0 |
| **Technical result** | **650** | **532** | **- 91** | **- 67** | **60** | **328** | **327** | **487** | **795** | **633** | **40** | **84** |
| Gross claims ratio | 59.2 | 59.3 | 108.5 | 106.1 | 80.7 | 49.5 | 65.3 | 54.1 | 67.7 | 70.7 | 68.9 | 51.9 |
| **Combined ratio** | **73.6** | **72.6** | **120.4** | **117.7** | **93.6** | **62.9** | **82.2** | **72.4** | **82.8** | **83.2** | **82.0** | **79.1** |
| Claims frequency [a] | 3.8% | 4.5% | 93.2% | 107.1% | 21.9% | 20.8% | 6.0% | 6.0% | 21.8% | 21.4% | 18.9% | 21.3% |
| Average claims DKK [b] | 22,950 | 24,634 | 5,390 | 5,595 | 71,146 | 63,754 | 18,794 | 15,763 | 9,320 | 9,605 | 77,416 | 68,061 |
| Total claims | 73,735 | 53,060 | 84,348 | 58,510 | 12,776 | 11,779 | 87,595 | 76,710 | 342,983 | 283,335 | 2,213 | 2,492 |

| | Fire and contents (Private) | | Fire and contents (Commercial) | | Change of ownership | | Liability insurance | | Credit and guarantee insurance | | Tourist assistance insurance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Gross premiums written** | **5,444** | **4,423** | **2,758** | **2,426** | **8** | **79** | **1,100** | **1,094** | **527** | **470** | **941** | **720** |
| Gross premium income | 5,330 | 4,306 | 2,656 | 2,434 | 74 | 65 | 1,088 | 1,071 | 527 | 469 | 886 | 715 |
| Gross claims | - 3,562 | - 2,897 | - 1,894 | - 1,736 | - 11 | - 63 | - 828 | - 1,027 | - 95 | - 65 | - 775 | - 624 |
| Gross operating expenses | - 751 | - 689 | - 413 | - 391 | - 7 | - 9 | - 168 | - 155 | - 69 | - 49 | - 119 | - 100 |
| Profit/loss on ceded business | - 216 | - 152 | - 129 | - 167 | 0 | 0 | 8 | 28 | - 131 | - 167 | - 1 | - 3 |
| Insurance technical interest, net of reinsurance | - 4 | - 6 | 3 | - 1 | 0 | - 1 | 0 | - 1 | 0 | 0 | 1 | 0 |
| **Technical result** | **797** | **562** | **223** | **139** | **56** | **- 8** | **100** | **- 84** | **232** | **188** | **- 8** | **- 12** |
| Gross claims ratio | 66.8 | 67.3 | 71.3 | 71.3 | 14.9 | 96.9 | 76.1 | 95.9 | 18.0 | 13.9 | 87.5 | 87.3 |
| **Combined ratio** | **85.0** | **86.8** | **91.7** | **94.2** | **24.3** | **110.8** | **90.8** | **107.7** | **56.0** | **59.9** | **101.0** | **101.7** |
| Claims frequency [a] | 9.7% | 9.9% | 16.9% | 15.5% | 10.6% | 14.3% | 12.5% | 12.2% | 0.0% | 0.0% | 17.5% | 19.3% |
| Average claims DKK [b] | 8,743 | 8,955 | 55,018 | 65,645 | 22,639 | 21,202 | 70,030 | 71,911 | 1,872,000 | 2,866,734 | 6,390 | 5,723 |
| Total claims | 427,228 | 342,695 | 33,861 | 29,761 | 2,689 | 4,022 | 12,545 | 12,189 | 49 | 64 | 121,236 | 105,877 |

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.

# Notes

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

| DKKm | Other insurance | | Total exclusive of Group Life | | Group Life one-year policies a) | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Gross premiums written** | **49** | **59** | **21,760** | **18,595** | **803** | **404** | **22,563** | **18,999** |
| Gross premium income | 55 | 91 | 21,129 | 18,318 | 612 | 422 | 21,741 | 18,740 |
| Gross claims | - 14 | - 58 | - 14,351 | - 12,305 | - 506 | - 331 | - 14,857 | - 12,636 |
| Gross operating expenses | - 1 | - 76 | - 3,007 | - 2,673 | - 74 | - 31 | - 3,081 | - 2,704 |
| Profit/loss on ceded business | - 15 | - 43 | - 566 | - 630 | 0 | 6 | - 566 | - 624 |
| Insurance technical interest, net of reinsurance | - 1 | 3 | 0 | - 11 | 1 | 1 | 1 | - 10 |
| **Technical result** | **24** | **- 83** | **3,205** | **2,699** | **33** | **67** | **3,237** | **2,766** |
| Gross claims ratio | 25.5 | 63.7 | 67.9 | 67.2 | 82.7 | 78.4 | 68.3 | 67.4 |
| **Combined ratio** | **54.5** | **194.5** | **84.8** | **85.2** | **94.8** | **84.4** | **85.1** | **85.1** |
| Total claims | 130 | 12 | | | | | | |

a) Group Life, one-year policies related to Norwegian Group Life and Alka Group Life.

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 3 | **Premium income, net of reinsurance** | | |
| | Direct insurance | 22,353 | 19,037 |
| | Indirect insurance | 52 | 50 |
| | | 22,405 | 19,087 |
| | Unexpired risk provision | 15 | -3 |
| | | 22,420 | 19,084 |
| | Ceded direct insurance | -1,221 | -1,409 |
| | | **21,198** | **17,675** |

| Direct insurance, by location of risk | 2019 | | 2018 | |
|---|---|---|---|---|
| | Gross | Ceded | Gross | Ceded |
| Denmark | 13,649 | -524 | 10,542 | -645 |
| Other EU countries | 2,172 | -229 | 2,095 | -186 |
| Other countries [a)] | 6,547 | -468 | 6,397 | -578 |
| | **22,368** | **-1,221** | **19,034** | **-1,409** |

a) Mainly Norway

| | | 2019 | 2018 |
|---|---|---|---|
| 4 | **Insurance technical interest, net of reinsurance** | | |
| | Return on insurance provisions | 166 | 209 |
| | Discounting transferred from claims provisions | -165 | -219 |
| | | **1** | **-10** |
| 5 | **Claims, net of reinsurance** | | |
| | Claims | -16,031 | -13,872 |
| | Run-off previous years, gross | 1,173 | 1,236 |
| | | -14,857 | -12,636 |
| | Reinsurance cover received | 408 | 606 |
| | Run-off previous years, reinsurers' share | 20 | -15 |
| | | **-14,429** | **-12,045** |

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 6 | **Insurance operating costs, net of reinsurance** | | |
| | Commissions regarding direct insurance contracts | -265 | -227 |
| | Other acquisition costs | -2,193 | -1,877 |
| | Total acquisition costs | -2,458 | -2,104 |
| | Administration expenses | -623 | -600 |
| | Insurance operating costs, gross | -3,081 | -2,704 |
| | Commission from reinsurers | 227 | 194 |
| | | **-2,854** | **-2,510** |
| | *Administrative expenses include fee to the auditors appointed by the annual general meeting:* | | |
| | Deloitte | -8 | -24 |
| | | **-8** | **-24** |
| | *The fee is divided into:* | | |
| | Statutory audit | -3 | -3 |
| | Other audit assignments | -1 | -1 |
| | Tax advice | -1 | -1 |
| | Other services | -3 | -19 |
| | | **-8** | **-24** |
| | Expenses have been incurred for the Group´s Internal Audit Department. | -10 | -9 |

Fees for non-audit services provide by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 4m (DKK 20m in 2018) and consist of varius declaration tasks, mainly related to restructuring of investment setup and review of interim balances, objective tax advice and consulting services mainly related to GAP analysis and review, as well as other general accounting, consulting services and tax advice.

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 6 | **Insurance operating costs, gross, classified by type** | | |
| | Commissions | -265 | -227 |
| | Staff expenses | -2,043 | -1,740 |
| | Other staff expenses | -187 | -179 |
| | Office expenses, fees and headquarter expenses | -649 | -612 |
| | IT operating and maintenance costs, software expenses | -255 | -260 |
| | Depreciation, amortisation and impairment losses and write-downs | -71 | -69 |
| | Other income | 388 | 383 |
| | | **-3,081** | **-2,704** |

Please refer to note 12 and 23 regarding lease recognised costs according to IFRS 16.

| | 2019 | 2018 |
|---|---|---|
| *Insurance operating costs and claims include the following staff expenses:* | | |
| Salaries and wages | -2,747 | -2,227 |
| Commision | -4 | -9 |
| Allocated share options and matching shares | -27 | -10 |
| Pension plans a) | -351 | -301 |
| Other social security costs | -6 | -6 |
| Payroll tax | -491 | -470 |
| | **-3,625** | **-3,023** |

a) In 2019 defined benefit plans were included with DKK 35m (DKK 35m in 2018).

Remuneration for the Supervisory Board and Executive Board is disclosed in note 27 'Related parties'.

| | 2019 | 2018 |
|---|---|---|
| **Average number of full-time employees during the year (continuing business)** | **4,148** | **3,914** |

DKKm

**6 Matching shares and conditional shares**

| 2019 | Total numbers: Executive Board | Risk-takers | Other | Total | Fair value: Average per matching share at grant date DKK | Total value at time of allocation DKKm | Average per matching share at 31.12 DKK | Total fair value at 31.12 DKKm |
|---|---|---|---|---|---|---|---|---|
| Allocated in 2019 | | | | | | | | |
| **Matching shares allocated in 2019 at 31.12.19** | **53,308** | **0** | **0** | **53,308** | **166** | **9** | **198** | **11** |
| Allocated in 2011-2018 | 189,745 | 89,473 | 168,560 | 447,778 | 114 | 51 | 198 | 89 |
| Category changes and addition | 0 | -423 | 423 | 0 | 114 | 0 | 198 | 0 |
| Cancelled | -14,328 | -7,476 | -40,525 | -62,329 | 114 | -7 | 198 | -12 |
| Exercised | -90,826 | -9,960 | -85,561 | -186,347 | 114 | -21 | 198 | -37 |
| **Matching shares allocated in 2011-2018 at 31.12.19** | **84,591** | **71,614** | **42,897** | **199,102** | **114** | **23** | **198** | **39** |
| **Number of Matching shares exercisable 31.12.19** | **0** | **0** | **0** | **0** | | | | |
| **2018** | | | | | | | | |
| Allocated in 2018 | | | | | | | | |
| **Matching shares allocated in 2018 at 31.12.18** | **30,444** | **29,835** | **37,321** | **97,600** | **144** | **14** | **164** | **16** |
| Allocated in 2011-2017 | 150,338 | 180,944 | 18,896 | 350,178 | 105 | 37 | 164 | 57 |
| Category changes and addition | 8,963 | -121,306 | 112,343 | 0 | 105 | 0 | 164 | 0 |
| Cancelled | -14,205 | -3,788 | -9,449 | -27,442 | 105 | -3 | 164 | -4 |
| Exercised | -87,640 | -8,945 | -84,485 | -181,070 | 105 | -19 | 164 | -30 |
| **Matching shares allocated in 2011-2017 at 31.12.18** | **57,456** | **46,905** | **37,305** | **141,666** | **105** | **15** | **164** | **23** |
| **Number of Matching shares exercisable 31.12.18** | **0** | **0** | **0** | **0** | | | | |

In 2019, Tryg entered into an agreement on matching shares for the Executive Board, as a consequence of the Group's remuneration policy. Executive Board, are allocated one share in Tryg A/S for each share they acquires in Tryg A/S at market rate for liquid cash at a contractually agreed sum over the 4-year maturation period.

In 2019, the reported fair value of matching shares for the Group amounted to DKK 11m (DKK 7m in 2018). At 31 December 2019, a total amount of DKK 40m was recognised for matching shares.

**Conditional shares**

In 2017-2019, Tryg allocated conditional shares in accordance with the Group's remuneration policy. The beneficiaries will receive shares in Tryg A/S if certain conditions are fulfilled over a 2 to 3 year vesting period. In 2019, the fair value of conditional shares is prorated relative to the vesting period and recognised in the income statement amounted to DKK 16m (DKK 3m in 2018). The maximum obligation for Tryg is 188,551 shares in Tryg A/S.

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 7 | **Interest and dividends** | | |
| | *Interest income and dividends* | | |
| | Dividends | 24 | 12 |
| | Interest income, cash at bank and in hand | 1 | 0 |
| | Interest income, bonds | 509 | 568 |
| | | 534 | 580 |
| | *Interest expenses* | | |
| | Interest expenses subordinate loan capital, credit institutions and cash at bank | -117 | -88 |
| | Interest expenses, other | -61 | -52 |
| | | -178 | -140 |
| | | **356** | **440** |
| 8 | **Value adjustments** | | |
| | Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement: | | |
| | Equity investments | 463 | -64 |
| | Unit trust units | 114 | -224 |
| | Bonds | 120 | -365 |
| | Derivatives (Equity, Interest, Currency) | -103 | -149 |
| | | 594 | -801 |
| | *Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:* | | |
| | Investment property | 62 | 147 |
| | Owner-occupied property | -10 | -1 |
| | Discounting | -351 | 5 |
| | Other statement of financial position items | 159 | 113 |
| | | -140 | 264 |
| | | **454** | **-537** |

Exchange rate adjustments concerning financial assets or liabilities which can not be stated at fair value total DKK -97m (DKK -17m in 2018)

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 9 | **Other income and costs** | | |

In 2019 Other income encompasses a one-off allowance regarding VAT of DKK 45m.

Other costs DKK -356m (DKK -300m in 2018). The increase can primarily be attributed to depreciations related to trademarks, customer relationships and write-down of an agricultural portfolio DKK 157m (DKK 34m).

| | | 2019 | 2018 |
|---|---|---|---|
| 10 | **Tax** | | |
| | Tax on accounting profit/loss | -798 | -498 |
| | Difference between Danish and foreign tax rates | -40 | -19 |
| | Tax adjustment, previous years | -45 | 4 |
| | Adjustment of non-taxable income and costs | 100 | -31 |
| | Change in valuation of tax assets | 0 | 12 |
| | Change in tax rate | 0 | 3 |
| | | **-783** | **-529** |
| | **Effective tax rate** | **%** | **%** |
| | Tax on accounting profit/loss | 22.0 | 22.0 |
| | Difference between Danish and foreign tax rates | 1.0 | 0.8 |
| | Tax adjustment, previous years | 1.5 | -0.2 |
| | Adjustment of non-taxable income and costs | -3.0 | 1.4 |
| | Change in valuation of tax assets | 0.0 | -0.5 |
| | | 21.5 | 23.4 |

# Notes

DKKm

**11 Intangible assets**

| | Goodwill | Trademarks and customer relations | Software [a] | Assets under construction [a] | Total |
|---|---|---|---|---|---|
| **2019** | | | | | |
| **Cost** | | | | | |
| Cost at 1 January | 4,881 | 1,981 | 1,576 | 661 | 9,099 |
| Exchange rate adjustments | -5 | -2 | 2 | 2 | -3 |
| Transferred from assets under construction | 0 | 0 | 459 | -459 | 1 |
| Additions for the year | 0 | 0 | 174 | 244 | 418 |
| Disposals for the year | 0 | 0 | -21 | 0 | -21 |
| Cost at 31 December | 4,876 | 1,979 | 2,190 | 449 | 9,493 |
| **Amortisation and write-downs** | | | | | |
| Amortisation and write-downs at 1 January | -104 | -199 | -1,458 | -102 | -1,863 |
| Exchange rate adjustments | 0 | 2 | -2 | 0 | 0 |
| Amortisation for the year | 0 | -139 | -122 | 0 | -261 |
| Impairment losses and write-downs for the year | 0 | -18 | -7 | 0 | -24 |
| Reversed amortisation | 0 | 0 | 16 | 3 | 19 |
| Amortisation and write-downs at 31 December | -104 | -354 | -1,572 | -100 | -2,130 |
| **Carrying amount at 31 December** | **4,772** | **1,625** | **618** | **349** | **7,364** |

DKKm

**11 Intangible assets (continued)**

| | Goodwill | Trademarks and customer relations | Software [a] | Assets under construction [a] | Total |
|---|---|---|---|---|---|
| **2018** | | | | | |
| **Cost** | | | | | |
| Cost at 1 January | 656 | 300 | 1,528 | 352 | 2,836 |
| Exchange rate adjustments | -16 | -9 | -5 | -1 | -31 |
| Transferred from asset under construction | 0 | 0 | 16 | -16 | 0 |
| Additions for the year [b] | 4,241 | 1,739 | 37 | 326 | 6,343 |
| Disposals for the year | 0 | -49 | 0 | 0 | -49 |
| Cost at 31 December | 4,881 | 1,981 | 1,576 | 661 | 9,099 |
| **Amortisation and write-downs** | | | | | |
| Amortisation and write-downs at 1 January | -104 | -171 | -1,364 | -92 | -1,731 |
| Exchange rate adjustments | 0 | 6 | 5 | 0 | 11 |
| Amortisation for the year | 0 | -34 | -83 | 0 | -117 |
| Impairment losses and write-downs for the year | 0 | 0 | -16 | -10 | -26 |
| Amortisation and write-downs at 31 December | -104 | -199 | -1,458 | -102 | -1,863 |
| **Carrying amount at 31 December** | **4,777** | **1,782** | **118** | **559** | **7,236** |

a) Hereof proprietary software DKK 494m (DKK 524m at 31 December 2018)
b) Hereof Trademarks and customer relationships related to Alka DKK 1.4bn and the total goodwill DKK 4,2bn

DKKm

11 **Intangible assets (continued)**

**Impairment test**

*Goodwill*

**The value in use method is used when testing the Goodwill for impairment.**

*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 normalised large- and weather claims. 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.

**Alka**

In 2018, Tryg acquired Forsikrings- Aktieselskabet Alka . The insurance activities were incorporated into the Tryg Group's business structure from 8 November 2018.

Comprises the sale of insurance products to private and commercial customers under the 'Alka' brand.

At 31 December 2019, 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.

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 Private DK. The cash flows in the latest prognosis period have been extrapolated for financial years after the prognosis 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 26.4bn (DKK 8.5bn) relative to a recognised goodwill of DKK 4.2bn (DKK 4.2bn) and does not indicate any impairment in 2019. According to the sensitivity informations below a change in the required return rate will have the highst effect on the equity. An increase in the required return of approx. 4.5% will result in a write down of goodwill.

| DKKm | 2019 | 2018 |
|---|---|---|
| **11 Intangible assets (continued)** | | |
| - Earned premium assumed CAGR 0-10 years | 3% | |
| - Earned premium assumed CAGR > 10 years | 2% | |
| - Required return before tax | 8% | |
| - Expected level of Combined ratio | 81% | |
| **Sensitivity information** | | |
| *Impact on the calculated present value from the following changes:* | | |
| CAGR +1.0 percentage point (0-10 years) | 1.2bn | |
| CAGR -1.0 percentage point (0-10 years) | -1.0bn | |
| Required return +1.0 percentage point | -4.1bn | |
| Required return -1.0 percentage point | 6.0bn | |
| Combined ratio +1.0 percentage point | -1.2bn | |
| Combined ratio -1.0 percentage point | 1.2bn | |

The above changes have no impact on equity.

**Obos**

In 2017, Tryg acquired Obos' insurance portfolio. The insurance activities were incorporated into the Tryg Group's business structure from 1 June 2017.

Comprises the sale of insurance products to private and commercial customers under the 'Obos' brand.

At 31 December 2019, 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.

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 Obos. The cash flows in the latest prognosis period have been extrapolated for financial years after the prognosis 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 0.3bn (DKK 0.4bn) relative to a recognised goodwill of DKK 49m (DKK 49m) and does not indicate any impairment in 2019. According to the sensitivity informations below a change in the required return rate will have the highst effect on the equity. An increase in the required return of approx. 4.0% will result in a write down of goodwill.

# Notes

| DKKm | 2019 | 2018 |
|---|---|---|
| **11 Intangible assets (continued)** | | |
| - Earned premium assumed CAGR 0-10 years | 4% | 10% |
| - Earned premium assumed CAGR > 10 years | 2% | 2% |
| - Required return before tax | 13% | 11% |
| - Expected level of Combined ratio | 87% | 90% |
| **Sensitivity information** | | |
| *Impact on the calculated present value from the following changes:* | | |
| CAGR +1.0 percentage point (0-10 years) | 14 | 24 |
| CAGR -1.0 percentage point (0-10 years) | -13 | -22 |
| Required return +1.0 percentage point | -48 | -55 |
| Required return -1.0 percentage point | 58 | 52 |
| Combined ratio +1.0 percentage point | -30 | -37 |
| Combined ratio -1.0 percentage point | 30 | 37 |

The above changes have no impact on equity.

**Moderna**

In 2016, Tryg acquired Skandia's child and adult accident insurance portfolio. The insurance activities were incorporated into the Tryg Group's business structure from 1 September 2016.

In 2014, Tryg acquired Securator A/S, Optimal Djurförsäkring i Norr AB. The insurance activities were incorporated into the Tryg Group's business structure and merged into Tryg in 2015.

At 31 December 2019, 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. Moderna portfolio consists from 1 January 2017 of Moderna, Securator and Skandia, which was prior to this date three separate cash-generating units. The reasons behind the merger of Securator and Skandia into Moderna, is that they are managed together as part of the Swedish business and reported under the segment 'Sweden'. 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 prognosis period have been extrapolated for financial years after the prognosis 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 1.5bn (DKK 1.7bn) relative to a recognised goodwill of DKK 0.5bn (DKK 0.5bn) and does not indicate any impairment in 2019. According to the sensitivity informations below a change in the required return rate will have the highst effect on the equity. An increase in the required return of approx. 4.5% will result in a write down of goodwill.

| DKKm | 2019 | 2018 |
|---|---|---|
| **11 Intangible assets (continued)** | | |
| - Earned premium assumed CAGR 0-10 years | 3% | 3% |
| - Earned premium assumed CAGR > 10 years | 2% | 2% |
| - Required return before tax | 11% | 11% |
| - Expected level of Combined ratio | 91% | 92% |
| **Sensitivity information** | | |
| *Impact on the calculated present value from the following changes:* | | |
| CAGR +1.0 percentage point (0-10 years) | 45 | 34 |
| CAGR -1.0 percentage point (0-10 years) | -42 | -29 |
| Required return +1.0 percentage point | -211 | -280 |
| Required return -1.0 percentage point | 288 | 384 |
| Combined ratio +1.0 percentage point | -177 | -163 |
| Combined ratio -1.0 percentage point | 177 | 164 |

The above changes have no impact on equity.

**Trademarks and customer relations**

As at 31 December 2019 management performed a test of the carrying amounts of customer relations as an integral part of the Moderna, Obos and Alka portfolio goodwill test.

An agricultural portfolio acquired in 2014 was impaired and written down DKK 18m.

**Software and assets under construction**

As at 31 December 2019 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 indicate an impairment of DKK 7m (DKK 26m) due to revaluation of the Groups IT-systems. The write-down is due to related system development costs will be higher, while for some of the systems benefits are also expected to be lower. The cost is recognised as write-downs under depreciations in the income statement.

Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value.

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 recognised in the income statement. The recoverable amount is the higher of fair value less sales costs and value in use.

# Notes

**12 Property, plant and equipment**

| DKKm | Operating equipment | Leases ROU equipment [a] | Owner-occupied property | Leases ROU 'Group-occupied property' [b] | Total |
|---|---|---|---|---|---|
| **2019** | | | | | |
| **Cost** | | | | | |
| Cost at 1 January | 332 | 64 | 112 | 762 | 1,270 |
| Exchange rate adjustments | 1 | 0 | 0 | 2 | 3 |
| Additions for the year | 69 | 29 | 0 | 175 | 272 |
| Disposals for the year | -29 | -17 | -112 | -27 | -185 |
| Cost at 31 December | 372 | 76 | 0 | 912 | 1,360 |
| **Accumulated depreciation and value adjustments** | | | | | |
| Accumulated depreciation and value adjustments at 1 January | -231 | -20 | 0 | -84 | -335 |
| Depreciation for the year | -26 | -26 | 0 | -98 | -150 |
| Value adjustments for the year at revalued amount in income statement | 0 | 0 | -10 | 0 | -10 |
| Reversed depreciation and value adjustments | 10 | 0 | 10 | 0 | 20 |
| Accumulated depreciation and value adjustments at 31 December | -247 | -46 | 0 | -182 | -475 |
| **Carrying amount at 31 December** | **125** | **30** | **0** | **730** | **885** |
| **2018** | | | | | |
| **Cost** | | | | | |
| Cost at 1 January | 273 | 50 | 0 | 739 | 1,062 |
| Exchange rate adjustments | -3 | 0 | 0 | -10 | -13 |
| Additions for the year | 62 | 14 | 0 | 54 | 130 |
| Addition, purchase of Alka | 0 | 0 | 112 | 0 | 112 |
| Disposals for the year | 0 | 0 | 0 | -21 | -21 |
| Cost at 31 December | 332 | 64 | 112 | 762 | 1,270 |
| **Accumulated depreciation and value adjustments** | | | | | |
| Accumulated depreciation and value adjustments at 1 January | -206 | 0 | 0 | 0 | -206 |
| Depreciation for the year | -25 | -20 | 0 | -84 | -129 |
| Accumulated depreciation and value adjustments at 31 December | -231 | -20 | 0 | -84 | -335 |
| **Carrying amount at 31 December** | **101** | **44** | **112** | **678** | **935** |

a) Lease assets (Right of use-assets(ROU)) equipment only consists of leases of vehicles with a lease term of three to four years. The monthly amounts are fixed and there are no option for purchase or extension. Short term leases are not recognised as Right of use-assets.

b) Lease assets (Right of use-assets), Group occupied property concists of leases of offices buildings. Contract terms are from 2 to 17 years and with yearly rent adjustments. Tryg has no lease contracts with variable lease payments based on sale or similar.

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 13 | **Investment property** | | |
| | Fair value at 1 January | 1,345 | 1,324 |
| | Exchange rate adjustments | 6 | -5 |
| | Additions for the year | 9 | 19 |
| | Disposals for the year | -272 | -148 |
| | Value adjustments for the year | 60 | 141 |
| | Reversed on sale | 3 | 14 |
| | **Fair value at 31 December** | **1,151** | **1,345** |

Total rental income for 2019 is DKK 74m (DKK 87m in 2018).

Total expenses for 2019 are DKK 12m (DKK 20m in 2018). External experts were involved in valuing the majority of the investment properties.

| Return percentages, weighted average | 2019 | 2018 |
|---|---|---|
| Business property | 5.4 | 5.0 |
| Office property | 5.4 | 6.9 |
| Residential property | 2.3 | 3.2 |
| **Total** | **5.1** | **5.7** |

**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: | 2019 | 2018 |
|---|---|---|
| Increase in applied rate of return of 0.25% | -37 | -46 |
| Decrease in applied rate of return of 0.25% | 39 | 49 |
| Decrease in net rental income of 3% | -34 | -40 |
| Decrease in occupancy rate of 3% | -8 | -8 |

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 14 | **Equity investments in associates** | | |
| | **Cost** | | |
| | Cost at 1 January | 226 | 215 |
| | Additions for the year | 10 | 13 |
| | Disposals for the year [a)] | -202 | -2 |
| | Cost at 31 December | 34 | 226 |
| | **Revaluations at net asset value** | | |
| | Revaluations at 1 January | 16 | 10 |
| | Reversed on sale | -40 | 0 |
| | Value adjustments for the year | -10 | 6 |
| | Revaluations at 31 December | -34 | 16 |
| | **Carrying amount at 31 December** | **0** | **242** |

a) Ejendomsselskabet af 1. marts 2006 P/S, Denmark was sold in January 2019

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 15 | **Financial assets** | | |
| | Financial assets at fair value with value adjustments in the income statement | 44,239 | 41,694 |
| | Derivative financial instruments at fair value used for hedge accounting with value adjustment in other comprehensive income | 0 | 59 |
| | Receivables measured at amortised cost with value adjustment in the income statement | 3,476 | 3,050 |
| | **Total financial assets** | **47,715** | **44,803** |

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

| | | 2019 | 2018 |
|---|---|---|---|
| | **Financial liabilities** | | |
| | Derivative financial instruments at fair value with value adjustments in the income statement | 728 | 740 |
| | Derivative financial instruments at fair value used for hedge accounting with value adjustment in other comprehensive income | 72 | 0 |
| | Financial liabilities at amortised cost with value adjustment in the income statement | 12,618 | 11,186 |
| | **Total financial liabilities** | **13,418** | **11,926** |

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.

**15 Financial assets (Continued)**

**The Fair value hierarchy**

'Quoted market prices and consolidated reference prices' (level 1) consists of financial instruments that are quoted and traded in a principal and active market (markets generally accessable and with substantial volume and trade frequency).

Valuation based on observable input (level 2) consists of financial instruments that are valued substantially on the basis of observable input other than quoted price or consolidated reference price for the instrument itself. If a financial instrument is quoted in a market that is not active, Tryg bases its measurement on the most recent transaction price.

Adjustment is made for subsequent changes to market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, Tryg uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar liquid bonds.

Valuation based on significant non-observable input (level 3) consist of certain financial instruments based substantially on non-observable input.

Such instruments include unlisted shares, unit trust investments and some unlisted bonds. The fair value of Investment property is also based on non-observable input. Please refer to note 13 and accounting policies section Investment property.

If, at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date. Developments in the financial markets can result in reclassifications between the categories. Some bonds have become illiquid and have been moved from 'Quoted prices or consolidated reference prices' to the 'Observable input' category, while other bonds have become liquid and have been moved from 'Observable input' to the 'Quoted prices or consolidated reference prices' category.

| DKKm | | | | |
|---|---|---|---|---|
| **15 Financial assets (Continued)** | | | | |
| *Fair value hierarchy for financial instruments and investment property measured at fair value in the statement of financial position* | | | | |
| | **Quoted market prices or consolidated references price a)** | **Observable input** | **Non-observable input** | **Total** |
| **2019** | | | | |
| Investment property | 0 | 0 | 1,151 | 1,151 |
| Equity investments | 204 | 1,401 | 194 | 1,798 |
| Unit trust units | 2,387 | 6 | 31 | 2,424 |
| Bonds | 36,385 | 2,429 | 0 | 38,814 |
| Other lendings | 0 | 75 | 0 | 75 |
| Derivative financial instruments, assets | 1 | 1,127 | 0 | 1,128 |
| Derivative financial instruments, debt | 0 | -800 | 0 | -800 |
| | **38,978** | **4,237** | **1,375** | **44,590** |

a) Consolidated reference prices means Nasdaq consolidated reference prices

| | | | | |
|---|---|---|---|---|
| **2018** | | | | |
| Investment property | 0 | 0 | 1,345 | 1,345 |
| Equity investments | 135 | 899 | 115 | 1,149 |
| Unit trust units | 1,663 | 0 | 0 | 1,663 |
| Bonds | 30,678 | 7,302 | 62 | 38,042 |
| Derivative financial instruments, assets | 0 | 899 | 0 | 899 |
| Derivative financial instruments, debt | 0 | -740 | 0 | -740 |
| | **32,476** | **8,360** | **1,522** | **42,358** |

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 or consolidated reference prices based on actual trades are available.

| DKKm | 2019 | 2018 |
|---|---|---|
| Financial instruments transferred from 'Quoted market prices or consolidated reference prices' to 'Observable input' | 0 | 3,114 |
| Financial instruments transferred from 'Observable input' or 'Non-observable input' to 'Quoted market prices or consolidated reference prices' | 3,559 | 11,115 |

| DKKm | 2019 | 2018 |
|---|---|---|
| **15 Financial assets (Continued)** | | |
| *Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:* | | |
| Carrying amount at 1 January | 1,522 | 1,504 |
| Exchange rate adjustments | 5 | -5 |
| Addition, purchase of Alka | 0 | 138 |
| Gains/losses in the income statement a) | 66 | 210 |
| Purchases | 192 | 18 |
| Sales | -410 | -343 |
| **Carrying amount at 31 December** | **1,375** | **1,522** |
| Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments | -1 | 75 |

a) Hereof realised DKK 5m

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 -723m (DKK -521m in 2018).

**Derivative financial instruments**

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

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Nominal** | **Fair value in statement of financial position** | **Nominal** | **Fair value in statement of financial position** |
| Interest derivatives | 17,163 | 304 | 23,415 | 138 |
| Share derivatives | 167 | 3 | 235 | 10 |
| Exchange rate derivatives | 7,531 | 20 | 4,127 | 11 |
| Derivatives according to statement of financial position | 24,861 | 328 | 27,777 | 159 |
| Inflation derivatives, recognised in claims provisions | 7,741 | -724 | 7,346 | -521 |
| Total derivative financial instruments | 32,602 | -396 | 35,123 | -362 |
| Due after less than 1 year | 7,833 | -26 | 8,108 | -1,158 |
| Due within 1 to 5 years | 20,323 | 2,572 | 15,187 | 254 |
| Due after more than 5 years | 4,445 | -2,942 | 11,828 | 542 |

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

## 15 Financial assets (continued)
### Reconciliation of Tryg's Investment portfolio

| DKKm | Bond | Equity and unit trust units | Investment property | Derivatives and other items | Other lending | Total |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| Investment assets according to balance sheet | 38,814 | 4,222 | 1,151 | 1,128 | 75 | 45,390 |
| **Investment assets according to investment activities** | | | | | | |
| Other, hereof financial instrument in liabilities | -2,458 | 0 | 0 | -800 | 0 | -3,257 |
| Classified according to investment strategy | 9 | -1,444 | 1,756 | -246 | -75 | 0 |
| External customers [a] | -1,407 | -520 | -766 | 200 | 0 | -2,493 |
| **Tryg's investment portfolio [a]** | **34,959** | **2,258** | **2,141** | **282** | **0** | **39,639** |
| Match portfolio | -27,901 | -21 | 0 | -282 | 0 | -28,203 |
| **Free portfolio** | **7,058** | **2,237** | **2,141** | **0** | **0** | **11,436** |
| **2018** | | | | | | |
| Investment assets according to balance sheet | 38,042 | 3,054 | 1,345 | 899 | 0 | 43,340 |
| **Investment assets according to investment activities** | | | | | | |
| Other, hereof financial instrument in liabilities | -2,523 | 0 | 0 | -740 | 0 | -3,263 |
| Classified according to investment strategy | -223 | -1,013 | 1,376 | -140 | 0 | 0 |
| External customers [a] | -337 | -199 | -482 | 176 | 0 | -842 |
| **Tryg's investment portfolio [a]** | **34,959** | **1,842** | **2,238** | **196** | **0** | **39,235** |
| Match portfolio | -28,359 | 0 | 0 | -196 | 0 | -28,554 |
| **Free portfolio** | **6,600** | **1,842** | **2,238** | **0** | **0** | **10,680** |

a) The setup of Tryg invest is impacting Tryg's balance sheet as external customers investments are booked under "total other financial investments" with opposing liabilities entries such as "debt to group undertakings" and "other debt".

# Notes

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:*

| 2019 | Gains | Losses | Net |
|---|---|---|---|
| Gains and losses at 1 January | 3,100 | -2,890 | 210 |
| Value adjustments for the year | 191 | -209 | -19 |
| **Gains and losses at 31 December** | **3,291** | **-3,099** | **191** |

| 2018 | Gains | Losses | Net |
|---|---|---|---|
| Gains and losses at 1 January | 2,903 | -2,742 | 161 |
| Value adjustments for the year | 197 | -148 | 49 |
| **Gains and losses at 31 December** | **3,100** | **-2,890** | **210** |

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

| | 2019 | 2018 |
|---|---|---|
| Value adjustments at 1 January | -202 | -152 |
| Value adjustment for the year | 32 | -50 |
| **Value adjustments at 31 December** | **-170** | **-202** |

| DKKm | 2019 | 2018 |
|---|---|---|
| 15 **Financial assets (Continued)** | | |
| **Receivables** | | |
| Total receivables in connection with direct insurance contracts | 1,727 | 1,476 |
| Receivables from insurance enterprises | 240 | 144 |
| Unsettled transactions | 401 | 611 |
| Other receivables | 187 | 192 |
| | **2,555** | **2,423** |
| *Specification of write-downs on receivables from insurance contracts:* | | |
| Write-downs at 1 January | 139 | 115 |
| Exchange rate adjustments | 1 | -1 |
| Write-downs and reversed write-downs for the year | -3 | 25 |
| **Write-downs at 31 December** | **136** | **139** |

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 39m (DKK 52m in 2018).

Other receivables do not contain overdue receivables

16 **Reinsurer's share**
Impairment test
As at 31 December 2019, 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 0m (DKK 0m in 2018). The use of reinsurance creates a natural counterparty risk. The Risk will be handled by applying a wide range of reinsurers with at least an 'A' rating.

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| **17** | **Current tax** | | |
| | Net current tax at 1 January | -118 | -194 |
| | Exchange rate adjustments | -2 | 2 |
| | Purchase or sale of activity | 0 | -7 |
| | Current tax for the year | -734 | -583 |
| | Current tax on equity entries | 4 | -12 |
| | Adjustment of current tax in respect of previous years | -50 | 37 |
| | Tax paid regarding previous year | -3 | 0 |
| | Tax paid for the year | 830 | 639 |
| | **Net current tax at 31 December** | **-73** | **-118** |
| | *Current tax is recognised in the statement of financial position as follows:* | | |
| | Under assets, current tax | 52 | 0 |
| | Under liabilities, current tax | -125 | -118 |
| | **Net current tax** | **-73** | **-118** |

**18 Equity**

**Number of shares**

| | | Shares outstanding | | Own shares | |
|---|---|---|---|---|---|
| | **Number of shares of DKK 5 (1,000)** | **2019** | **2018** | **2019** | **2018** |
| | Number of shares at 1 January | 301,743 | 301,945 | 405 | 203 |
| | Bought during the year | -500 | -382 | 500 | 382 |
| | Used in connection with exercise of incentive programme | 457 | 180 | -457 | -180 |
| | **Number of shares at 31 December** | **301,700** | **301,743** | **448** | **405** |
| | Number of shares as a percentage of issued shares at 31 December | 99.85 | 99.87 | 0.15 | 0.13 |
| | Nominal value at 31 december (DKKm) | 1,509 | 1,509 | 2 | 2 |

Pursuant to the authorisation granted by the shareholders, Tryg may acquire up to a total face value 151m DKK of the share capital in the period up until 31 December 2020. Own shares are acquired for use in the Group's incentive programme.

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| **18** | **Solvency II – Own funds** | | |
| | Equity according to annual report | 12,085 | 11,334 |
| | Proposed dividend | -1,013 | -499 |
| | Intangible assets | -7,364 | -7,236 |
| | Profit margin, solvency purpose | 1,408 | 1,408 |
| | Taxes | 260 | 311 |
| | Subordinate loan capital | 2,744 | 2,740 |
| | **Solvency II – Own funds** | **8,119** | **8,058** |
| **19** | **Premium provisions** | | |
| | Premium provision at 1 January | 5,861 | 5,559 |
| | Addition on acquisition of Alka and Troll portfolio | 0 | 454 |
| | Value adjustments of provisions, beginning of year | 2 | -59 |
| | Paid in the financial year | 22,660 | 18,820 |
| | Change in premiums in the financial year | -22,530 | -18,921 |
| | Exchange rate adjustments | 4 | 8 |
| | **Premium provisions at 31 December** | **5,996** | **5,861** |

# Notes

DKKm

**19 Claims provisions**

| | Gross | Ceded | Net of reinsurance |
|---|---|---|---|
| **2019** | | | |
| Claims provisions at 1 January | 24,847 | -1,234 | 23,613 |
| Value adjustments of provisions, beginning of year | 65 | -7 | 58 |
| | 24,912 | -1,241 | 23,671 |
| Paid in the financial year in respect of the current year | -8,414 | 158 | -8,255 |
| Paid in the financial year in respect of prior years | -7,082 | 262 | -6,820 |
| | -15,496 | 420 | -15,076 |
| Change in claims in the financial year in respect of the current year | 16,050 | -397 | 15,653 |
| Change in claims in the financial year in respect of prior years | -1,117 | -65 | -1,182 |
| | 14,933 | -462 | 14,471 |
| Discounting and exchange rate adjustments | 510 | -1 | 509 |
| **Claims provisions at 31 December** | **24,859** | **-1,285** | **23,574** |

DKKm

**19 Claims provisions (continued)**

| | Gross | Ceded | Net of reinsurance |
|---|---|---|---|
| **2018** | | | |
| Claims provisions at 1 January | 23,925 | -1,121 | 22,804 |
| Addition, purchase of Alka and Troll portfolio | 1,626 | -37 | 1,589 |
| Value adjustments of provisions, beginning of year | -209 | 10 | -199 |
| | 25,342 | -1,148 | 24,194 |
| Paid in the financial year in respect of the current year | -7,132 | 250 | -6,882 |
| Paid in the financial year in respect of prior years | -6,125 | 310 | -5,815 |
| | -13,257 | 560 | -12,697 |
| Change in claims in the financial year in respect of the current year | 13,678 | -664 | 13,014 |
| Change in claims in the financial year in respect of prior years | -1,105 | 18 | -1,087 |
| | 12,573 | -646 | 11,927 |
| Discounting and exchange rate adjustment | 189 | 0 | 189 |
| **Claims provisions at 31 December** | **24,847** | **-1,234** | **23,613** |

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 20 | **Pensions and similar obligations** | | |
| | Jubilees | 53 | 47 |
| | **Recognised liability** | **53** | **47** |
| | *Defined-benefit pension plans:* | | |
| | Present value of pension obligations funded through operations | 51 | 40 |
| | Present value of pension obligations funded through establishment of funds | 1,139 | 1,065 |
| | Pension obligation, gross | 1,190 | 1,105 |
| | Fair value of plan assets | 940 | 875 |
| | **Pension obligation, net** | **250** | **230** |
| | *Specification of change in recognised pension obligations:* | | |
| | Recognised pension obligation at 1 January | 1,105 | 1,133 |
| | Exchange rate adjustments | 16 | -16 |
| | Present value of pensions earned during the year | 31 | 30 |
| | Capital cost of previously earned pensions | 22 | 19 |
| | Actuarial gains/losses | 73 | -4 |
| | Paid during the period | -57 | -57 |
| | **Recognised pension obligation at 31 December** | **1,190** | **1,105** |
| | *Change in carrying amount of plan assets:* | | |
| | Carrying amount of plan assets at 1 January | 875 | 885 |
| | Exchange rate adjustments | 13 | -10 |
| | Investments in the year | 72 | 31 |
| | Estimated return on pension funds | 18 | 14 |
| | Actuarial gains/losses | 0 | -8 |
| | Paid during the period | -37 | -37 |
| | **Carrying amount of plan assets at 31 December** | **940** | **875** |
| | **Total pensions and similar obligations at 31 December** | **250** | **230** |
| | **Total recognised obligation at 31 December** | **303** | **277** |

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 20 | **Pensions and similar obligations (continued)** | | |
| | *Specification of pension cost for the year:* | | |
| | Present value of pensions earned during the year | 26 | 26 |
| | Interest expense on accrued pension obligation | 21 | 18 |
| | Expected return on plan assets | -17 | -14 |
| | Accrued employer contributions | 5 | 5 |
| | **Total year's cost of defined-benefit plans** | **35** | **35** |
| | The premium for the following financial years is estimated at | 35 | 35 |
| | Number of active persons | 407 | 442 |
| | Number of pensioners | 581 | 588 |
| | Average expected remaining service time (years) | 6.29 | 7.00 |
| | **Estimated distribution of plan assets:** | **%** | **%** |
| | Shares | 10 | 10 |
| | Bonds | 75 | 77 |
| | Property | 13 | 12 |
| | Other | 2 | 1 |
| | Average return on plan assets | 1.9 | 1.7 |
| | Weighted average duration of the defined benefit obligation (years) | 13 | 13 |
| | **Assumptions used** | **%** | **%** |
| | Discount rate | 1.6 | 2.0 |
| | Estimated return on pension funds | 1.6 | 2.0 |
| | Salary adjustments | 2.3 | 2.8 |
| | Pension adjustments | 0.7 | 0.8 |
| | G adjustments | 2.0 | 2.5 |
| | Turnover | 7.0 | 7.0 |
| | Employer contributions | 19.1 | 19.1 |
| | Mortality table | K2013 | K2013 |

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 20 | **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:* | 2019 | 2018 |
|---|---|---|
| Interest rate increase of 0.3 percentage point | 57 | 49 |
| Interest rate decrease of 0.3 percentage point | -61 | -52 |
| Pay increase rate, increase of 1 percentage point | -83 | -76 |
| Pay increase rate, decrease of 1 percentage point | 74 | 66 |
| Turnover, increase of 2 percentage point | 38 | 30 |
| Turnover, decrease of 2 percentage point | -45 | -36 |

**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. The plan are closed for new business. 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 Livsforsikringsselskapet Nordea Liv AS and regulated by local legislation and practice.

**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 12m (DKK 12m in 2018), which is about 2,2 % of the annual premium in FPK(2018). FPK writes in its interim report for 2019 that it had a solvency ratio of 132 at 30 June 2019 (Solvency ratio of 141 at 30 June 2018). The Solvency Ratio is defined as the own funds relativ to the solvency capital requirement.

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 21 | **Deferred tax** | | |
| | **Tax asset** | | |
| | Operating equipment | 14 | 9 |
| | Debt and provisions | 65 | 77 |
| | Capitalised tax loss | 1 | 0 |
| | | **80** | **86** |
| | **Tax liability** | | |
| | Intangible rights | 429 | 389 |
| | Land and buildings | 77 | 105 |
| | Bonds | -59 | -61 |
| | Contingency funds | 544 | 565 |
| | | **991** | **998** |
| | **Deferred tax** | **911** | **912** |
| | **Development in deferred tax** | | |
| | Deferred tax at 1 January | 912 | 656 |
| | Exchange rate adjustments | 5 | -9 |
| | Change in deferred tax relating to change in tax rate | 0 | -3 |
| | Change in deferred tax previous years | 34 | 33 |
| | Purchase or sale of activity | 5 | 288 |
| | Change in capitalised tax loss | -1 | 38 |
| | Change in deferred tax recognised in income statement | -26 | -91 |
| | Change in deferred tax taken to equity | -18 | 0 |
| | **Deferred tax at 31 December** | **911** | **912** |
| | Tax value of non-capitalised tax loss | | |
| | Denmark | 17 | 16 |

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 and Finnish 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 22m (DKK 13m at 31 December 2018).

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 22 | **Other provisions** | | |
| | Other provisions at 1 January | 111 | 111 |
| | Exchange rate adjustment | 0 | -1 |
| | Change in provisions | -26 | 1 |
| | **Other provisions 31 December** | **86** | **111** |

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 0m and use of existing restructuring provisions amounts to DKK 26m. The balance as at 31 December 2019 excluding own insurances amounts to DKK 80m (DKK 102m at 31 December 2018).

**23 Other debt and debt to group undertakings**

Debt related to external customers investments amounts to DKK 2,493m please refer to note 15 Reconciliation of Tryg´s Investment portfolio.

| | 2019 | 2018 |
|---|---|---|
| **Other debt** | | |
| **Maturity of undiscounted lease liabilities** | | |
| Due 1 year or less | 155 | 131 |
| Due 1-5 years | 489 | 346 |
| Due more than 5 years | 476 | 496 |
| **Total Lease liabilities 31 December** | **1,121** | **973** |
| **Lease liabilities included in the statement of financial position** | | |
| Hereof future cashflow options | 64 | 4 |
| **Amounts recognised in statement of cash flow** | | |
| Total cash out-flow for leases | 147 | 135 |
| **Amounts recognised in income statement** | | |
| Interest on lease liabilities | -39 | -38 |

There are no short team-leases recognised in the financial statement. Debt related to leasing are included in Other debt. Please refer to note 12 for specification of ROU assets.

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 24 | **Earnings per share** | | |
| | Profit/loss from continuing business | 2,845 | 1,733 |
| | Profit/loss on discontinued and divested business | -2 | -2 |
| | Profit/loss for the year | 2,843 | 1,731 |
| | Average number of shares (1,000) | 301,954 | 302,043 |
| | Diluted number of shares (1,000) | 301,954 | 302,043 |
| | Earnings per share, continuing business | 9.42 | 5.74 |
| | Diluted earnings per share, continuing business | 9.42 | 5.74 |
| | Earnings per share | 9.42 | 5.73 |
| | Diluted earnings per share | 9.42 | 5.73 |

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

**Contractual obligations**

| | Obligations due by period | | | | |
|---|---|---|---|---|---|
| **2019** | **<1 year** | **1-3 years** | **3-5 years** | **> 5 years** | **Total** |
| Other contractual obligations [a)] | 616 | 497 | 141 | 4 | 1,258 |
| | **616** | **497** | **141** | **4** | **1,258** |
| **2018** | | | | | |
| Other contractual obligations [a)] | 335 | 210 | 45 | 4 | 594 |
| | **335** | **210** | **45** | **4** | **594** |

a) Other contractual obligations mainly consists of investment commitments, IT and outsourcing agreements. Please refer to note 12 for lease agreements recognised as ROU.

**2019**

*Tryg has signed the following contracts with amounts above DKK 50m:*

Tryg is comitted to invest in some investment funds. The commitment amounts to DKK 1,015m. DKK 399m are expected called during 2020 and DKK 616m within 5 years.

**2018**

Tryg is comitted to investments in some Investment funds. The commitment amounts to DKK 263m and are expected called during 2019.

# Notes

| DKKm | | 2019 | 2018[a] |
|---|---|---|---|
| **25** | **Contractual obligations, collateral and contingent liabilities (continued)** | | |
| | 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 Livsforsikring A/S and Forsikings-Aktieselskabet Alka Liv II have registered the following assets as having been held as security for the insurance provisions:* | | |
| | Equity investments | 0 | 413 |
| | Bonds | 1,096 | 27,011 |
| | Interest and rent receivable | 5 | 144 |
| | Equity investments in and receivables from Group undertakings which have been eliminated in the consolidated financial statements | 0 | 8,388 |
| | **Total** | **1,101** | **35,956** |

a) Registered assets included Tryg Forsikring A/S in 2018. As of 1 July 2019 non-life insurance companies are no longer required to have registred assets.

# Notes

DKKm

**25 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 |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| **Assets** | | | | | | |
| Derivative financial instruments | 1,128 | 0 | 1,128 | 0 | -1,247 | -119 |
| | **1,128** | **0** | **1,128** | **0** | **-1,247** | **-119** |
| Liabilities | | | | | | |
| Repo debt | 2,601 | 0 | 2,601 | -2,602 | -1 | -2 |
| Derivative financial instruments | 800 | 0 | 800 | 0 | -676 | 124 |
| Inflation derivatives, recognised in claims provisions | 724 | 0 | 724 | 0 | -656 | 68 |
| | **4,125** | **0** | **4,125** | **-2,602** | **-1,332** | **190** |
| **2018** | | | | | | |
| **Assets** | | | | | | |
| Reverse repos | 0 | 0 | 0 | 0 | -4 | -4 |
| Derivative financial instruments | 899 | 0 | 899 | 0 | -874 | 25 |
| Inflation derivatives, recognised in claims provisions | 3 | 0 | 3 | 0 | -3 | 0 |
| | **902** | **0** | **902** | **0** | **-881** | **21** |
| **Liabilities** | | | | | | |
| Repo debt | 2,797 | 0 | 2,797 | -2,797 | -2 | -2 |
| Derivative financial instruments | 740 | 0 | 740 | 0 | -740 | 0 |
| Inflation derivatives, recognised in claims provisions | 525 | 0 | 525 | 0 | -525 | 0 |
| | **4,062** | **0** | **4,062** | **-2,797** | **-1,267** | **-2** |

**Contingent liabilities**

Companies in the Tryg Group are party to a number of disputes.

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 2019.

# Notes

| DKKm | 2019 | 2018 |
|---|---|---|
| **26 Acquisition of activities** | | |
| **2019** | | |
| There have been no acquisions in 2019. | | |
| **Assets** | | |
| Intangible assets | 0 | 1,429 |
| Tangible assets | 0 | 112 |
| Financial assets | 0 | 5,680 |
| Total reinsurance of provisions | 0 | 83 |
| Receivables, other assets and accrued income | 0 | 360 |
| **Liabilities** | | |
| Total provisions for insurance contracts | 0 | 2,470 |
| Debt and accruals and deferred income | 0 | 906 |
| **Net assets acquired** | **0** | **4,288** |
| hereof cash | 0 | 187 |
| **Purchase price** | **0** | **8,532** |
| Purchase price in cash | 0 | 8,345 |
| **Goodwill** | **0** | **4,244** |

**2018**

**Alka**

In December 2017 Tryg agreed to acquire Forsikrings-Aktieselskabet Alka (Alka). The transaction was approved as per 5 November 2018 with closing 8 November 2018, whereby Tryg acquired 100% of the shares in Alka and its subsidiaries. The acquisition affects the Financial statement from 8 November 2018. The resultat will be recognised under Private Denmark and Commercial Denmark.

**FDM**

Tryg acquired FDM's insurance portfolio at 1 January 2018. In October 2017, Tryg began selling insurance products to FDM's customers, and by 1 January 2018, all current customers had been transferred to Tryg. The result will be recognised under Private Denmark.

**Troll**

In February 2018 Tryg and Troll Forsikring made a declaration of intent whereby Tryg would acquire Troll Forsikring AS. The agreement meant that Tryg would acquire the production and distribution of the insurances sold to Troll's policyholders. The agreements was signed in February 2018 and the acquisition was approved by the Danish and Norwegian FSA in March 2018.

| DKKm | 2019 | 2018 |
|---|---|---|
| **27 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.

| | 2019 | 2018 |
|---|---|---|
| **Premium income** | | |
| - Parent company (TryghedsGruppen smba) | 0.5 | 0.5 |
| - Key management | 0.4 | 0.0 |
| - Other related parties | 3.1 | 4.5 |
| **Claims payments** | | |
| - Key management | 0.2 | 0.0 |
| - Other related parties | 0.5 | 0.4 |

**Specification of remuneration**

| 2019 | Number of persons | Base salary | Share-based Variable salary[a)] | Cash Variable salary | Pension | Total |
|---|---|---|---|---|---|---|
| Supervisory Board | 14 | 9 | 0 | 0 | 0 | 9 |
| Executive Board[b)] | 4 | 27 | 5 | 0 | 7 | 39 |
| Risk-takers investment functions | 7 | 10 | 0 | 1 | 1 | 12 |
| Risk-takers staff functions | 20 | 31 | 4 | 4 | 6 | 45 |
| Risk-takers independent control functions | 5 | 8 | 0 | 0 | 1 | 9 |
| Risk-takers other functions | 19 | 43 | 4 | 6 | 7 | 60 |
| | **69** | **127** | **14** | **11** | **22** | **175** |

**a)** Total expenses recognised in 2019 for matching shares and conditional shares allocated in 2019 and previous year.
For matching shares and conditional shares allocated to Executive Board in 2019 please refer to 'Corporate governance' in Management review.

**b)** Barbara Plucnar Jensen took up the position as CFO on 1 March 2019.

| Of which retired: | Number of persons | Severance pay |
|---|---|---|
| Supervisory Board | 2 | 0 |
| Executive Board | 0 | 0 |
| Risk-takers | 4 | 0 |
| | **6** | **0** |

# Notes

DKKm

**27 Related parties (continued)**

| 2018 | Number of persons | Base salary | Share-based Variable salary[a)] | Cash Variable salary | Pension | Total |
|---|---|---|---|---|---|---|
| Supervisory Board | 13 | 8 | 0 | 0 | 0 | 8 |
| Executive Board | 4 | 25 | 3 | 3 | 6 | 37 |
| Risk-takers investment functions | 6 | 8 | 0 | 1 | 1 | 10 |
| Risk-takers staff functions | 17 | 23 | 1 | 3 | 3 | 30 |
| Risk-takers independent control functions | 4 | 6 | 0 | 0 | 1 | 7 |
| Risk-takers other functions | 18 | 35 | 3 | 6 | 4 | 48 |
| | **62** | **105** | **7** | **13** | **15** | **140** |

a) Total expenses in 2018 for matching shares programs allocated in 2018 and previous year.

| Of which retired: | Number of persons | Severance pay |
|---|---|---|
| Supervisory Board | 1 | 0 |
| Executive Management | 1 | 0 |
| Risk-takers | 5 | 0 |
| | **7** | **0** |

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

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 members of the Executive Board is paid a fixed remuneration, car allowance and pension. The variable salary is awarded in the form of share-based remuneration. Please refer to 'Corporate governance'.

Each member of the Executive Board is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contribution except Group CEO who is entitled to severance pay equal to 18 months' salary. If a change of control clause is actioned CEO and COO are entitled to severance pay equal to 36 months´salary.

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 as risk-takers.

DKKm

**27 Related parties (continued)**

**Parent company**

**TryghedsGruppen smba**

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

**2019**

In 2019 Tryg Forsikring A/S paid Tryg A/S DKK 2,039m and Tryg A/S paid TryghedsGruppen smba DKK 1,224m in dividends.

**2018**

In 2018 Tryg Forsikring A/S paid Tryg A/S DKK 1,437m and Tryg A/S paid TryghedsGruppen smba DKK 1,788m in dividends. Furthermore Tryg A/S made a capital contribution of DKK 2,000m to Tryg Forsikring A/S.

In 2018, TryghedsGruppen smba has invested DKK 313m in 'Kapitalforeningen Tryg Invest'. The amount is recognised under Other financial investment assets and Debt to Group undertakings.

The transactions between TryghedsGruppen smba and Tryg A/S is 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.

**28 Financial highlights**

Please refer to page 52.

# Notes

## 29 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 2019 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.

## Change in accounting policies

Tryg has not implemented any new significant accounting policies or IFRS standards in 2019.

**Other**

Software is amortised according to the straight-line method over the assessed economic lifetime. Going forward from 1 June 2019 certain intangible assets, such as core system software will have a depreciation period of up to 8 years. It has no bearings on prior periods, hence comparative figures have not been restated.

Except as noted above, the accounting policies have been applied consistently with last year.

## Accounting regulation

**Implementation of changes to accounting standards and interpretation in 2019**

The International Accounting Standards Board (IASB) has issued several changes to the international accounting standards, and the International Financial Reporting Interpretations Committee (IFRIC) has also issued a number of interpretations. No standards have been implemented for the first time for the accounting year that began on 1 January 2019 that will have a significant impact on the Group. See below regarding IFRS 9 'Financial instruments'.

The following interpretations have been implemented for the first time for the accounting year that began on 1 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments'

There has not been implemented any other 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 affect the Group significantly:**

- IFRS 9 'Financial Instruments' [a)]
- IFRS 17 'Insurance Contracts' [b)]

a) enters into force for the accounting year commencing 1 January 2018 – Insurance companies are allowed to postpone the implementation to 1 January 2022 if certain criteria are met.
b) Expected to enter into force for the accounting year commencing 1 January 2022.

The implementation of IFRS 9 'financial instruments' is not expected to significantly change the Group's financial position.

Regarding IFRS 9 the assessment of no significant impact on the statement of financial position or profit and loss is based on the assumption that Tryg already carry all financial instruments at fair value through profit and loss. The implementation of IFRS 9 will not affect Tryg's recognition and measurement. Tryg has postponed the implementation of IFRS 9 to 1 January 2022 when IFRS 17 'Insurance Contracts' will be applicable. Tryg can postpone IFRS 9 due to the fact that our activities are predominantly connected with insurance and that our liabilities connected with insurance is relatively greater than 80 per cent of the total liabilities. The impact of IFRS 17 is currently being assessed and is expected to be concluded in due course in time of the implementation date.

The changes will be implemented going forward from the effective date.

## 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 more 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
- Business Combinations
- Measurement of Goodwill, Trademarks and Customer relations
- Control of subsidiaries

**Liabilities under insurance contracts**

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

Claims provisions are management's best estimate based on actuarial and statistical projections of claims and administration of claims including a margin incorporating the uncertainty related to the range of actuarial scenarios and other short and long-term risks not reflected in standard actuarial models. 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 has incurred, but are not yet reported to the Group (known as IBNR reserves) and future developments in claims which are known to the Group but are not 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 about factors such as court decisions, amendments to legislation, social inflation and other economic trends, including inflation. The Group's actual liability for losses may 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 accidents, in particular.

The Financial Supervisory Authority's discount curve, which is based on EIOPA's yield curves, is used to discount Danish, Norwegian and Swedish claims provisions in relation to the relevant functional currencies.

# Notes

Several assumptions and estimates underlying the calculation of the claims provisions are mutually dependent. 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 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 several 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. 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, 13 and 15**.

**Business Combinations**
In Business combinations, significant assessments are made when considering the fair value of the assets required and liabilities assumed and when identifying intangible assets, such as trademarks, customer relations and goodwill as part of the transactions.

**Measurement of Goodwill, Trademarks and Customer relations**
Goodwill, Trademarks and customer relations were 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 several factors, including discount rates and other circumstances dependent on economic trends, such as customer behaviour and competition. **Cf. note 11**.

**Control of subsidiaries**
Control of subsidiaries is assessed yearly. Hence whether a subsidiary should still be part of the consolidation on line by line basis or as a single line item in the balance sheet.

## 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 are recognised 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 after initial recognition is affected 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

- exercises a controlling influence over the relevant activities in the enterprise in question,
- is exposed to or has the right to a variable return on its investment, and
- 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 based on 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 the acquisition. Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less cost to sell.

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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 (badwill), 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.

Generally, 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 based on 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 issued by the The Danish Finance Society 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 relates 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.

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**Claims**
Claims consists of claims paid during the year 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**
Bonus 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 costs**
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.

**Share-based payment**
The Tryg Group's incentive programmes comprise conditional share programmes, employee shares and matching shares.

**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.

**Conditional shares**
Some senior employees have been allocated shares in accordance with the conditional shares scheme. Equity-settled 'Conditional shares' are measured at the fair value at the grant date and recognised under staff costs over the period from the grant date until vesting fulfilment of certain conditions.

The shares are recognised at market value and are accrued from one to four years.

**Matching shares**
Members of Executive Board and other senior employees have been allocated shares in accordance with the 'Matching shares' scheme. Under Matching shares, the individual Executive Board member or other senior employee is allocated one share in Tryg A/S for each share he or she 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, three or four years after the time of purchase of the investment shares. 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 three and 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 the holder 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 value adjustments.

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

**Other income and costs**
Other income and costs include income and expenses which cannot be ascribed to the Group´s insurance portfolio or investment assets, including the sale of products for Velliv, Pension & Livsforsikring A/S, Danske Bank and depreciations of intangibles assets identified in Business combinations.

**Discontinued and divested business**
Discontinued and divested business is consolidated in one item in the income statement. 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 is 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 impairment at least once per year.

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### 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 5–15 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.

## Leasing
### Right-of-use assets
At inception of a contract, Tryg assesses whether a contract is, or contains, a lease. It has the following prerequisites:

- The underlying asset is identifiable
- The Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use
- The Group has the right to direct the use of the asset

Tryg recognises a right-of-use asset (ROU asset) and a corresponding lease liability with respect to all lease agreements in which it is the lessee, excluding short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

At inception or on reassessment of a contract that contains lease components, Tryg allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Right-of-use asset and lease liability are recognised at the lease commencement date. The ROU asset is initially measured the cost, which comprises the initial amount of the lease liability adjusted for

- lease payments made at or before the commencement date
- any initial direct cost incurred
- estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset
- lease incentives received

ROU assets are tested for impairment.

### Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Tryg uses its incremental borrowing rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method and is presented as part of other debt. It is remeasured when there is a change in future lease payments. A corresponding adjustment is made to the carrying amount of the ROU asset.

### Land and buildings
Land and buildings are divided into owner-occupied property and investment property. The Group's owner-occupied properties consist of an office building in Høje Taastrup 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 based on 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.

### 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

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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 model 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. **Cf. note 15**.

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 impairment has been demonstrated.

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.

When it is assessed that the parent company no longer has control over the subsidiary, it will be transferred to either assets held for sale or unquoted shares and when sold, it will be derecognised.

**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 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 because 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.

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Calculation of value is generally performed based on rates supplied by Danske Bank with relevant information providers and is checked by the Group's valuation technicians. Discounting based on 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 in other comprehensive income. 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 contains accounts receivable in connection with property.

Receivables that arise because 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 a clear indication of asset impairment is observed. 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.

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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 policyholders. 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' com-pensation 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. 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.

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 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

# Notes

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 because 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, debt to group undertakings 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.

Debt related to leasing and the external investors share of Kapitalforeningen Tryg Invest are included in Other debt. The External investors share of Kapitalforeningen Tryg Invest relates to shares, bonds and investment properties.

**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.

**Other**
The amounts in the report are disclosed in whole numbers of DKKm, unless otherwise stated. The amounts have been rounded and consequently the sum of the rounded amounts and totals may differ slightly.

# Income statement for Tryg A/S
## (parent company)

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| Note | **Investment activities** | | |
| 1 | Income from Group undertakings | 2,903 | 1,783 |
| | Administration expenses in connection with investment activities | -5 | -1 |
| | Total investment return | 2,899 | 1,782 |
| 2 | Other expenses | -74 | -65 |
| | **Profit/loss before tax** | **2,825** | **1,717** |
| 3 | Tax | 18 | 14 |
| | **Profit/loss for the year** | **2,843** | **1,731** |
| | **Proposed distribution for the year:** | | |
| | Dividend | 2,553 | 1,996 |
| | Transferred to reserve for net revaluation according to the equity method | 865 | 347 |
| | Transferred to retained earnings | -575 | -612 |
| | | **2,843** | **1,731** |

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| Note | **Statement of comprehensive income** | | |
| | Profit/loss for the year | 2,843 | 1,731 |
| | Other comprehensive income | | |
| | **Other comprehensive income which cannot subsequently be reclassified as profit or loss** | | |
| | Actuarial gains/losses on defined-benefit pension plans | -76 | -5 |
| | Tax on actuarial gains/losses on defined-benefit pension plans | 19 | 1 |
| | | -57 | -4 |
| | **Other comprehensive income which can subsequently be reclassified as profit or loss** | | |
| | Exchange rate adjustments of foreign entities for the year | 32 | -50 |
| | Hedging of currency risk in foreign entities for the year | -19 | 49 |
| | Tax on hedging of currency risk in foreign entities for the year | 4 | -11 |
| | | 18 | -12 |
| | **Total other comprehensive income** | **-39** | **-16** |
| | **Comprehensive income** | **2,804** | **1,715** |

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

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| Note | **Assets** | | |
| 4 | Intangible assets | 1 | 1 |
| 5 | Equity investments in Group undertakings | 12,234 | 11,407 |
| | **Total investments in Group undertakings** | **12,234** | **11,407** |
| | **Total investment assets** | **12,234** | **11,407** |
| 6 | Current tax assets | 17 | 14 |
| | Other | 1 | 0 |
| | **Total other assets** | **18** | **14** |
| | **Total prepayments and accrued income** | **2** | **1** |
| | **Total assets** | **12,255** | **11,422** |

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| Note | **Equity and liabilities** | | |
| | **Equity** | **12,085** | **11,334** |
| | Debt to Group undertakings | 163 | 76 |
| | Other debt | 7 | 12 |
| | **Total debt** | **170** | **88** |
| | **Total equity and liabilities** | **12,255** | **11,422** |
| 7 | **Deferred tax assets** | | |
| 8 | **Own funds** | | |
| 9 | **Contractual obligations, contingent liabilities and collateral** | | |
| 10 | **Related parties** | | |
| 11 | **Reconciliation of profit/loss and equity** | | |
| 12 | **Accounting policies** | | |

# Statement of changes in equity
## (parent company)

| DKKm | Share capital | Revaluation reserves | Retained earnings | Proposed dividend | Non-controlling interest | Total |
|---|---|---|---|---|---|---|
| **Equity at 31 December 2018** | **1,511** | **2,412** | **6,912** | **499** | **0** | **11,334** |
| **2019** | | | | | | |
| Profit/loss for the year | | 865 | -575 | 2,553 | 0 | 2,843 |
| Other comprehensive income | | -39 | | | | -39 |
| Total comprehensive income | 0 | 826 | -575 | 2,553 | 0 | 2,804 |
| Dividend paid | | | | -2,040 | | -2,040 |
| Dividend own shares | | | 1 | | | 1 |
| Purchase and sale of own shares | | | -42 | | | -42 |
| Issue of share options and matching shares | | | 27 | | | 27 |
| Non-controlling interest | | | | | 1 | 1 |
| **Total changes in equity in 2019** | **0** | **826** | **-589** | **514** | **1** | **751** |
| **Equity at 31 December 2019** | **1,511** | **3,238** | **6,323** | **1,013** | **1** | **12,085** |
| | | | | | | |
| **Equity at 31 December 2017** | **1,511** | **2,081** | **7,541** | **1,483** | **0** | **12,616** |
| **2018** | | | | | | |
| Profit/loss for the year | | 347 | -612 | 1,996 | | 1,731 |
| Other comprehensive income | | -16 | | | | -16 |
| Total comprehensive income | 0 | 331 | -612 | 1,996 | | 1,715 |
| Dividend paid | | | | -2,980 | | -2,980 |
| Purchase and sale of own shares | | | -27 | | | -27 |
| Issue of share options and matching shares | | | 10 | | | 10 |
| **Total changes in equity in 2018** | **0** | **331** | **-629** | **-984** | **0** | **-1,282** |
| **Equity at 31 December 2018** | **1,511** | **2,412** | **6,912** | **499** | **0** | **11,334** |

Proposed dividend per share 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 (302,147,991 shares).

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| **1** | **Income from Group undertakings** | | |
| | Tryg Invest A/S | 9 | 1 |
| | Tryg Forsikring A/S | 2,895 | 1,782 |
| | | **2,903** | **1,783** |
| **2** | **Other expenses** | | |
| | Administration expenses | -74 | -65 |
| | | **-74** | **-65** |
| | Remuneration for the Executive Board is paid partly by Tryg A/S and partly by Tryg Forsikring A/S and is charged to Tryg A/S via the cost allocation. Refer to Note 6 for the Tryg Group for a specification of the audit fee. | | |
| | Average number of full-time employees for the year | 9 | 13 |
| **3** | **Tax** | | |
| | Reconciliation of tax costs | | |
| | Tax on profit/loss for the year | 17 | 14 |
| | Tax adjustments, previous years | 1 | 0 |
| | | **18** | **14** |
| | **Effective tax rate** | **%** | **%** |
| | Tax on profit/loss for the year | 22 | 22 |
| | Adjustment of non-taxable income and costs | 1 | 0 |
| | | **23** | **22** |

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| **4** | **Intangible assets** | | |
| | Assets under construction | | |
| | Cost | | |
| | Cost at 1 January | 1 | 0 |
| | Additions for the year | 0 | 1 |
| | Cost at 31 December | 1 | 1 |
| | **Amortisation and write-downs** | | |
| | Amortisation and write-downs at 1 January | 0 | 0 |
| | Amortisation for the year | 0 | 0 |
| | Amortisation and write-downs at 31 December | 0 | 0 |
| | **Carrying amount at 31 December** | **1** | **1** |
| **5** | **Equity investments in Group undertakings** | | |
| | Cost | | |
| | Cost at 1 January | 8,995 | 6,995 |
| | Additions for the year | 0 | 2,000 |
| | Cost at 31 December | 8,995 | 8,995 |
| | **Revaluation and impairment to net asset value** | | |
| | Revaluation and impairment at 1 January | 2,412 | 2,081 |
| | Revaluations for the year | 2,866 | 1,768 |
| | Dividend paid | -2,039 | -1,437 |
| | Revaluation and impairment at 31 December | 3,238 | 2,412 |
| | **Carrying amount at 31 December** | **12,234** | **11,407** |

# Notes

DKKm

**5 Equity investments in Group undertakings (continued)**

| Name, registered office and activity | Ownership share in % | Profit/loss | Equity |
|---|---|---|---|
| **2019** | | | |
| Tryg Invest A/S, Ballerup | 100 | 9 | 20 |
| Tryg Forsikring A/S, Ballerup | 100 | 2,895 | 12,214 |
| **2018** | | | |
| Tryg Invest A/S, Ballerup | 100 | 1 | 11 |
| Tryg Forsikring A/S, Ballerup | 100 | 1,782 | 11,395 |

| DKKm | 2019 | 2018 |
|---|---|---|
| **6 Current tax assets** | | |
| Tax receivable at 1 January | 14 | 17 |
| Current tax for the year | 17 | 14 |
| Adjustment of current tax in respect of previous years | 1 | 0 |
| Tax paid for the year | -14 | -17 |
| **Tax receivable at 31 December** | **17** | **14** |
| **7 Deferred tax assets** | | |
| **Capitalised tax losses** | | |
| Tryg A/S | 0 | 0 |
| **Tax value of non-capitalised tax losses** | | |
| Tryg A/S | 16 | 16 |

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.

**8 Own funds**

Tryg A/S calculates solvency ratio and own funds on Group level according to Solvency II rules. Please refer to note 18 in the Tryg Group on Solvency II own funds.

**9 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 2019.

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**10 Related parties**

Tryg A/S has no related parties with a controlling influence other than the parent company, Trygheds-Gruppen smba. Related parties with a significant influence include the Supervisory Board, the Executive Board and their members' related family.

**Specification of remuneration**

| 2019 | Number of persons | Base salary incl. car allowance | Share-based variable salary a) | Cash variable salary | Pension | Total |
|---|---|---|---|---|---|---|
| Supervisory Board | 14 | 9 | 0 | 0 | 0 | 9 |
| Executive Board b) | 4 | 27 | 5 | 0 | 7 | 39 |
| Risk-takers c) | 1 | 0 | 0 | 0 | 0 | 0 |
| | **19** | **36** | **5** | **0** | **7** | **48** |

a) Total expenses recognised in 2019 for matching shares and conditional shares allocated in 2019 and previous year.
For matching shares and conditional shares allocated to Executive Board in 2019 see Section 'Corporate governance' in Management review.
b) Barbara Plucnar Jensen took up the position as CFO on 1 March 2019.
c) Risk-takers in Tryg A/S includes only one employee, wherefore salary and pension is not presented. The amounts are included in note 27 for the Group.

| Of which retired | Number of persons | Severance pay |
|---|---|---|
| Supervisory Board | 2 | 0 |
| Executive Board | 0 | 0 |
| Risk-takers | 0 | 0 |
| | **2** | **0** |

DKKm

**10 Related parties (continued)**

| 2018 | Number of persons | Base salary incl. car allowance | Share-based variable salary a) | Cash variable salary | Pension | Total |
|---|---|---|---|---|---|---|
| Supervisory Board | 13 | 8 | 0 | 0 | 0 | 8 |
| Executive Board b) | 4 | 25 | 3 | 3 | 6 | 37 |
| Risk-takers | 4 | 6 | 0 | 0 | 1 | 7 |
| | **21** | **39** | **3** | **3** | **7** | **52** |

a) Total expenses recognised in 2018 for matching shares and conditional shares allocated in 2018 and previous year.

| Of which retired | Number of persons | Severance pay |
|---|---|---|
| Supervisory Board | 1 | 0 |
| Executive Management | 1 | 0 |
| Risk-takers | 0 | 0 |
| | **2** | **0** |

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

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 Board is paid a fixed remuneration, car allowance and pension. The variable salary is awarded in the form of share-based remuneration and cash. see 'Corporate governance'.

Each member of the Executive Board 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). If a change of control clause is actioned CEO and COO are instead entitled to Severance pay equal to 36 months' salary.

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.

# Notes

| DKKm | | 2019 | 2018 |
|---|---|---|---|
| 10 | **Related parties (continued)** | | |
| | **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 and Tryg Invest A/S. In 2019 Tryg Forsikring A/S paid Tryg A/S DKK 2,039m and Tryg A/S paid TryghedsGruppen smba DKK 1,224m in dividends. | | |
| | **Intra-group trading involved** | | |
| | - Providing and receiving services | 18 | 13 |
| | - Intra-group accounts | 163 | 76 |
| | The intra-group trading is primarily against Tryg Forsikring A/S. Administration fee, etc. is settled on a cost-recovery basis. Intra-group accounts are offset and carry interest on market terms. | | |

**11 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.

There is no difference in profit/loss or equity recognised after Danish FSA and IFRS.

**12 Accounting policies**

Please refer to Tryg Group's accounting policies.

# Q4 2019 Quarterly outline

| DKKm | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 |
|---|---|---|---|---|---|---|---|---|---|
| **Private** | | | | | | | | | |
| **Gross premium income** | **3,059** | **3,055** | **3,010** | **2,897** | **2,679** | **2,309** | **2,257** | **2,221** | **2,203** |
| Technical result | 494 | 458 | 593 | 406 | 531 | 467 | 483 | 253 | 394 |
| **Key ratios** | | | | | | | | | |
| Gross claims ratio | 67.9 | 69.2 | 64.8 | 70.7 | 64.2 | 63.5 | 62.2 | 72.4 | 65.7 |
| Net reinsurance ratio | 2.5 | 1.8 | 1.8 | 1.6 | 2.4 | 2.2 | 2.5 | 2.2 | 2.6 |
| Claims ratio, net of reinsurance | 70.4 | 71.0 | 66.5 | 72.3 | 66.6 | 65.7 | 64.7 | 74.6 | 68.3 |
| Gross expense ratio | 13.4 | 13.9 | 13.8 | 13.8 | 13.5 | 13.9 | 13.9 | 14.0 | 13.7 |
| **Combined ratio** | **83.8** | **84.9** | **80.3** | **86.1** | **80.1** | **79.6** | **78.6** | **88.6** | **82.0** |
| Combined ratio exclusive of run-off | 84.9 | 85.4 | 83.1 | 89.8 | 83.0 | 84.9 | 83.5 | 92.4 | 84.2 |
| **Commercial** | | | | | | | | | |
| **Gross premium income** | **1,079** | **1,083** | **1,062** | **1,050** | **1,044** | **994** | **978** | **955** | **977** |
| Technical result | 105 | 154 | 196 | 111 | 270 | 174 | 169 | 171 | 138 |
| **Key ratios** | | | | | | | | | |
| Gross claims ratio | 69.1 | 70.6 | 60.8 | 67.6 | 52.2 | 61.0 | 59.7 | 61.9 | 66.3 |
| Net reinsurance ratio | 3.8 | -2.3 | 3.4 | 4.0 | 4.5 | 4.3 | 4.2 | 3.6 | 3.7 |
| Claims ratio, net of reinsurance | 72.8 | 68.3 | 64.2 | 71.6 | 56.7 | 65.3 | 63.9 | 65.4 | 70.0 |
| Gross expense ratio | 17.4 | 17.4 | 17.5 | 17.8 | 17.5 | 17.2 | 18.8 | 16.5 | 15.9 |
| **Combined ratio** | **90.3** | **85.7** | **81.7** | **89.4** | **74.2** | **82.5** | **82.7** | **82.0** | **85.9** |
| Combined ratio exclusive of run-off | 93.6 | 94.3 | 89.7 | 98.4 | 89.6 | 93.3 | 92.3 | 89.5 | 94.9 |
| **Corporate** | | | | | | | | | |
| **Gross premium income** | **987** | **1,032** | **994** | **966** | **987** | **991** | **977** | **942** | **965** |
| Technical result | 73 | 204 | 130 | 89 | -117 | 63 | 109 | 118 | 60 |
| **Key ratios** | | | | | | | | | |
| Gross claims ratio | 86.1 | 59.7 | 62.0 | 76.0 | 92.7 | 96.8 | 58.8 | 70.7 | 74.6 |
| Net reinsurance ratio | -5.7 | 11.6 | 14.2 | 5.2 | 8.8 | -12.3 | 20.5 | 6.4 | 9.1 |
| Claims ratio, net of reinsurance | 80.4 | 71.3 | 76.2 | 81.2 | 101.5 | 84.5 | 79.2 | 77.1 | 83.7 |
| Gross expense ratio | 12.1 | 8.9 | 11.1 | 9.6 | 10.3 | 9.3 | 9.6 | 10.3 | 10.1 |
| **Combined ratio** | **92.6** | **80.2** | **87.2** | **90.8** | **111.8** | **93.8** | **88.9** | **87.4** | **93.8** |
| Combined ratio exclusive of run-off | 100.7 | 92.1 | 93.5 | 105.3 | 106.3 | 108.2 | 95.0 | 100.4 | 100.2 |

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# Q4 2019 Quarterly outline

| DKKm | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 |
|---|---|---|---|---|---|---|---|---|---|
| **Sweden** | | | | | | | | | |
| **Gross premium income** | **364** | **422** | **392** | **343** | **361** | **411** | **375** | **324** | **355** |
| Technical result | 90 | 54 | 61 | 26 | 38 | 57 | 85 | 21 | 30 |
| **Key ratios** | | | | | | | | | |
| Gross claims ratio | 53.1 | 70.5 | 66.5 | 76.4 | 71.7 | 69.6 | 61.6 | 76.5 | 73.0 |
| Net reinsurance ratio | 0.8 | 0.3 | 1.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.6 |
| Claims ratio, net of reinsurance | 53.8 | 70.8 | 67.8 | 76.7 | 72.0 | 69.8 | 61.9 | 76.8 | 73.6 |
| Gross expense ratio | 21.5 | 16.5 | 16.6 | 15.7 | 17.2 | 16.1 | 14.7 | 16.7 | 17.7 |
| **Combined ratio** | **75.3** | **87.3** | **84.4** | **92.4** | **89.2** | **85.9** | **76.6** | **93.5** | **91.3** |
| Combined ratio exclusive of run-off | 104.8 | 98.8 | 98.2 | 102.9 | 95.3 | 94.7 | 89.7 | 98.1 | 97.2 |
| **Other** [a] | | | | | | | | | |
| **Gross premium income** | **-11** | **-9** | **-6** | **-28** | **-18** | **-9** | **-16** | **-22** | **-12** |
| Technical result | 0 | 0 | 0 | -6 | -126 | 0 | 0 | 0 | 0 |
| **Tryg** | | | | | | | | | |
| **Gross premium income** | **5,479** | **5,583** | **5,451** | **5,228** | **5,053** | **4,696** | **4,571** | **4,420** | **4,488** |
| Technical result | 762 | 870 | 979 | 626 | 596 | 761 | 846 | 563 | 622 |
| Investment return | 198 | -29 | 57 | 353 | -330 | 79 | -90 | 9 | 86 |
| Other income and costs | -20 | -62 | -57 | -49 | -117 | -15 | -21 | -19 | -23 |
| Profit/loss before tax | 940 | 779 | 979 | 930 | 149 | 825 | 735 | 553 | 685 |
| Profit/loss | 705 | 599 | 782 | 757 | 110 | 627 | 568 | 426 | 527 |
| **Key ratios** | | | | | | | | | |
| Gross claims ratio | 70.3 | 67.8 | 63.6 | 71.8 | 69.0 | 69.9 | 61.3 | 69.4 | 68.5 |
| Net reinsurance ratio | 1.2 | 2.7 | 4.3 | 2.2 | 3.6 | 0.0 | 6.0 | 3.7 | 3.8 |
| Claims ratio, net of reinsurance | 71.5 | 70.5 | 67.9 | 74.0 | 72.6 | 69.9 | 67.3 | 73.1 | 72.3 |
| Gross expense ratio | 14.6 | 13.9 | 14.2 | 14.0 | 15.6 | 13.9 | 14.1 | 14.0 | 13.7 |
| **Combined ratio** | **86.1** | **84.4** | **82.1** | **88.0** | **88.2** | **83.8** | **81.4** | **87.1** | **86.0** |
| Combined ratio exclusive of run-off | 90.7 | 89.4 | 87.4 | 95.1 | 92.3 | 92.5 | 88.2 | 93.7 | 90.9 |

a) Amounts relating to eliminations and one-off items are included under 'Other'. Please refer to note 2 Geographical segments.

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# Q4 2019 Geographical segments

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Danish general insurance [a]** | | | | |
| **Gross premium income** | **3,341** | **2,931** | **13,204** | **10,430** |
| Technical result | 544 | 555 | 2,606 | 2,007 |
| Run-off gains/losses, net of reinsurance | 118 | 178 | 712 | 710 |
| **Key ratios** | | | | |
| Gross claims ratio | 69.2 | 63.7 | 64.7 | 61.2 |
| Net reinsurance ratio | 1.6 | 3.7 | 1.7 | 5.5 |
| Claims ratio, net of ceded business | 70.8 | 67.4 | 66.4 | 66.7 |
| Gross expense ratio | 12.7 | 13.6 | 13.7 | 13.9 |
| **Combined ratio** | **83.5** | **81.0** | **80.1** | **80.6** |
| Run-off, net of reinsurance (%) | -3.5 | -6.1 | -5.4 | -6.8 |
| Number of full-time employees 31 December | | | 2,650 | 2,520 |
| **Norwegian general insurance** | | | | |
| NOK/DKK, average rate for the period | 74.07 | 77.84 | 75.80 | 77.53 |
| **Gross premium income** | **1,636** | **1,629** | **6,472** | **6,302** |
| Technical result | 153 | 242 | 469 | 791 |
| Run-off gains/losses, net of reinsurance | 44 | 98 | 283 | 520 |
| **Key ratios** | | | | |
| Gross claims ratio | 70.0 | 66.0 | 73.7 | 72.6 |
| Net reinsurance ratio | 4.2 | 5.3 | 5.1 | 1.2 |
| Claims ratio, net of ceded business | 74.2 | 71.3 | 78.8 | 73.8 |
| Gross expense ratio | 16.8 | 14.0 | 14.4 | 13.9 |
| **Combined ratio** | **91.0** | **85.3** | **93.1** | **87.7** |
| Run-off, net of reinsurance (%) | -2.7 | -6.0 | -4.4 | -8.3 |
| Number of full-time employees 31 December | | | 1,083 | 1,105 |

a) Includes Danish general insurance and German, Dutch, Austrian and Finnish guarantee insurance. The gross premium income related to those branches amounts to DKK 78m (DKK 54m in 2018).

| DKKm | Q4 2019 | Q4 2018 | 2019 | 2018 |
|---|---|---|---|---|
| **Swedish general insurance** | | | | |
| SEK/DKK, average rate for the period | 70.14 | 72.12 | 70.62 | 72.67 |
| **Gross premium income** | **512** | **511** | **2,120** | **2,073** |
| Technical result | 66 | -75 | 169 | 94 |
| Run-off gains/losses, net of reinsurance | 93 | -69 | 205 | -9 |
| **Key ratios** | | | | |
| Gross claims ratio | 79.2 | 96.9 | 74.0 | 82.3 |
| Net reinsurance ratio | -11.2 | 1.2 | 2.0 | -1.7 |
| Claims ratio, net of ceded business | 68.0 | 98.1 | 75.9 | 80.6 |
| Gross expense ratio | 19.2 | 16.4 | 16.1 | 14.6 |
| **Combined ratio** | **87.2** | **114.5** | **92.0** | **95.2** |
| Run-off, net of reinsurance (%) | -18.2 | 13.5 | -9.7 | 0.4 |
| Number of full-time employees 31 December | | | 419 | 402 |
| **Other [b]** | | | | |
| **Gross premium income** | **-10** | **-18** | **-54** | **-65** |
| Technical result | 1 | -126 | -6 | -126 |
| **Tryg** | | | | |
| **Gross premium income** | **5,479** | **5,053** | **21,741** | **18,740** |
| Technical result | 762 | 596 | 3,237 | 2,766 |
| Investment return | 198 | -330 | 579 | -332 |
| Other income and costs | -20 | -117 | -188 | -172 |
| Profit/loss before tax | 940 | 149 | 3,628 | 2,262 |
| Run-off gains/losses, net of reinsurance | 256 | 207 | 1,194 | 1,221 |
| **Key ratios** | | | | |
| Gross claims ratio | 70.3 | 69.0 | 68.3 | 67.4 |
| Net reinsurance ratio | 1.2 | 3.6 | 2.6 | 3.3 |
| Claims ratio, net of ceded business | 71.5 | 72.6 | 70.9 | 70.7 |
| Gross expense ratio | 14.6 | 15.6 | 14.2 | 14.4 |
| **Combined ratio** | **86.1** | **88.2** | **85.1** | **85.1** |
| Run-off, net of reinsurance (%) | -4.7 | -4.1 | -5.5 | -6.5 |
| Number of full-time employees, continuing business at 31 December | | | 4,151 | 4,027 |

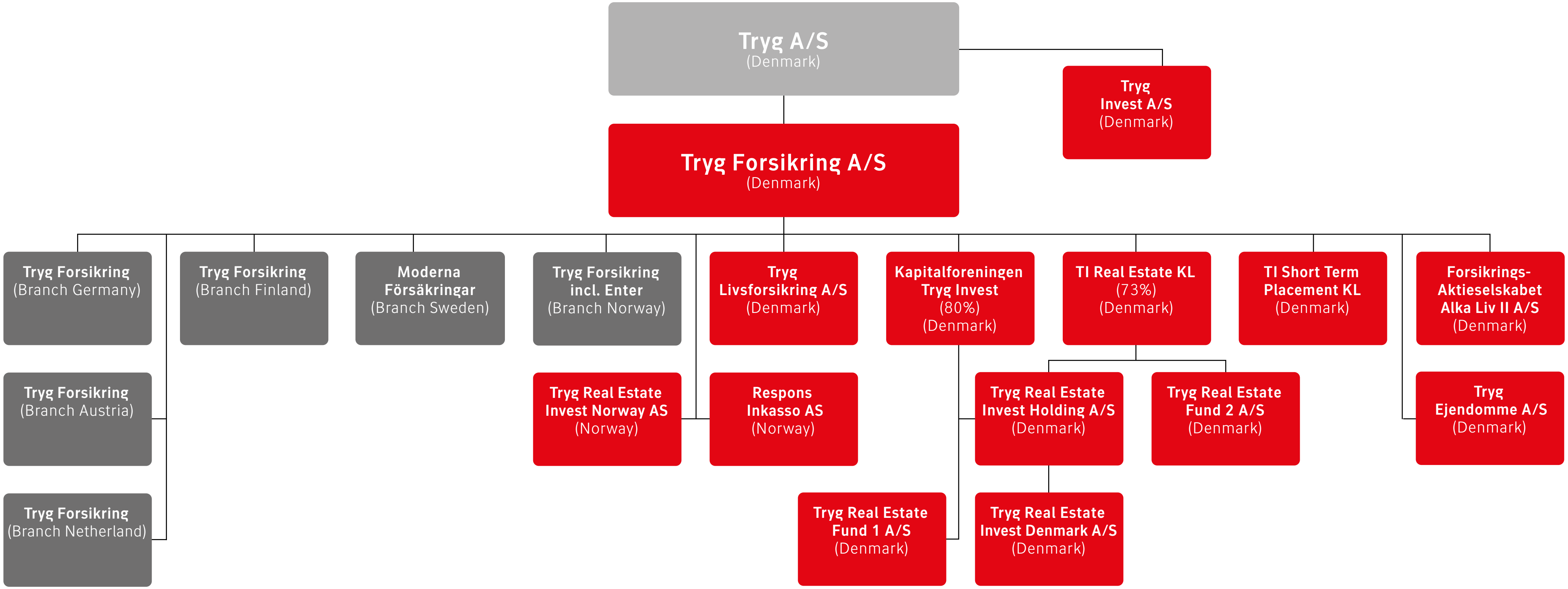
b) Amounts relating to eliminations and one-off items. In 2018 Cost, Claims and Other Costs were negatively affected by DKK 75m, DKK 49m, DKK 76m. The costs are related to integration and transaction costs for the aquirement of Alka.

# Other key figures

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Share performance** | | | | | |
| Earnings per share (DKK) | 9.42 | 5.73 | 9.12 | 8.84 | 6.91 |
| Diluted earnings per share (DKK) | 9.42 | 5.73 | 9.12 | 8.84 | 6.91 |
| Earnings per share of continuing business (DKK) | 9.42 | 5.74 | 9.12 | 8.84 | 6.74 |
| Number of shares (1,000) | 301,700 | 301,743 | 301,945 | 274,595 | 282,316 |
| Average number of shares (1,000) | 301,954 | 302,043 | 276,080 | 279,399 | 285,073 |
| Diluted average number of shares (1,000) | 301,954 | 302,043 | 276,080 | 279,399 | 285,101 |
| Share price (DKK) | 197.50 | 163.90 | 155.20 | 127.70 | 137.40 |
| Net asset value per share (DKK) | 40.05 | 37.56 | 41.78 | 34.37 | 34.16 |
| Market price/net asset value | 4.9 | 4.4 | 3.7 | 3.7 | 4.0 |
| Ordinary dividend per share (DKK) | 6.80 | 6.60 | 6.40 | 6.20 | 6.00 |
| Extraordinary dividend per share (DKK) | 1.65 | | 3.31 | 3.54 | |
| Price/Earnings | 21.0 | 28.6 | 17.0 | 14.4 | 20.4 |
| | | | | | |
| Number of full-time employees, continued business, at 31 December | 4,151 | 4,027 | 3,373 | 3,264 | 3,359 |

Key ratios are calculated in accordance with 'Recommendations & Financial Ratios' issued by the Danish Society of Financial Analysts.

# Group chart




Group chart at 1 January 2020. 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 & Ratios' issued by the CFA Society Denmark.**

**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 (including Finnish, Netherlands, Austria and German guarantee branch and Tryg Livsforsikring A/S and excluding the Norwegian and Swedish branches).

**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 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.

**Market price/net asset value**

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

**Net asset value per share**

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

**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.

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

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

**Own funds**
Equity plus share of qualifying solvency debt and profit margin (solvency purpose), less intangible assets, tax asset and proposed dividend.

**Price/Earnings**

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

**Relative run-off result**
Run-off gains/losses net of reinsurance divided by claims provisions net of reinsurance beginning of year.

**Return on equity after tax (%)**

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

**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 the part of the claims provisions at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

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

**Solvency ratio**
Ratio between own funds and capital requirement.

**Swedish general insurance**
Comprises Tryg Forsikring A/S, Swedish branch.

**Total reserve ratio**
Reserve ratio, claims provisions + premium provisions divided by premium income.

**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 30% 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 25% 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 11% 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 12% 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 4% 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.

## 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 on pages 30-31, and in Note 1 on page 58-66, for a description of some of the factors which may affect the Group's performance or the insurance industry.