

Half-year report 2014

Tryg Forsikring A/S

(CVR-no. 24260666)

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Company details

Supervisory Board

Jørgen Huno Rasmussen, chairman

Torben Nielsen, deputy chairman

Lene Skole

Jesper Hjulmand

Paul Bergqvist

Ida Sofie Jensen

Anya Eskildsen

Mari Thjømøe

Bill-Owe Johansson

Vigdis Margrethe Fossehagen

Tina Snebjerg

Lone Hansen

Executive Management

Morten Hübbe

Tor Magne Lønnum

Lars Bonde

Internal audit

Jens Galsgaard

Independent auditors

Deloitte, Statsautoriseret Revisionspartnerselskab

Ownership

Tryg Forsikring A/S is part of the Tryg Forsikring Group. The company has a share capital of DKK 1,100m and is wholly-owned by Tryg A/S, Ballerup, Denmark.

The half-year report is included in the consolidated financial statements of TryghedsGruppen smba and Tryg A/S, Ballerup (www.tryghedsgruppen.dk and www.tryg.com)

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Management's report

Income overview Tryg Forsikring Group

	H1	H1	FY
DKKm	2014	2013	2013
Gross premium income	9,294	9,900	19,504
Technical result	1,464	1,184	2,496
Investment return after insurance technical interest	350	285	593
Profit/loss for the period before tax	1,779	1,476	3,050
Profit/loss for the period, continuing business	1,342	1,120	2,416
Profit/loss for the period	1,344	1,111	2,412
Gross run-off gains/losses	39	305	862
Run-off gains/losses, net of reinsurance	495	480	970
Key ratios			
Total equity	10,627	10,404	11,725
Return on equity after tax (%)	24.1	20.9	21.3
Premium growth in local currency (%)	-1.6	-2.5	-2.7
Gross claims ratio	71.2	72.5	73.9
Net reinsurance ratio	-0.5	0.3	-1.8
Claims ratio, net of reinsurance	70.7	72.8	72.1
Gross expense ratio	14.2	15.8	15.6
Combined ratio	84.9	88.6	87.7
Combined ratio exclusive of run-off	90.2	93.4	92.7
Run-off, net of reinsurance (%)	-5.3	-4.8	-5.0
Large claims, net of reinsurance (%)	3.2	2.8	2.1
Weather claims, net of reinsurance (%)	1.9	2.1	3.2
Combined ratio on business areas			
Private	83.3	87.4	86.0
Commercial	80.4	88.4	85.4
Corporate	90.6	88.0	91.7
Sweden	88.6	94.7	91.2

Tryg Forsikring's results

Results for H1 2014

Profit before tax was DKK 1,779m (DKK 1,476m). The substantial increase can be attributed both to an improved technical result and to a higher investment return. The combined ratio improved from 88.6 to 84.9, partly due to the results of the efficiency programme and partly due to the non-recurring effects from the Norwegian pension scheme and the provision for the change to the new IT operations provider.

The claims ratio, net of ceded business, was 70.7 (72.8) and was positively impacted by the efficiency programme, while the level of weather and large claims was largely in line with the prior-year period.

The measures implemented as part of the efficiency programme have been supplemented by a large number of customer-oriented initiatives, and new differentiated products have been launched in both the Danish and Norwegian markets.

Capital

Tryg Forsikring's equity totalled DKK 10,627m at the end of H1 2014. Tryg Forsikring determines the individual solvency need according to the Danish Financial Supervisory Authority's guidelines. The individual solvency need totalled DKK 6,734m at the end of H1 2014 and should be seen in relation to a capital base of DKK 11,354m.

On 19 June, the Financial Supervisory Authority of Norway made an announcement concerning issues associated with Solvency II. In the announcement, the Financial Supervisory Authority of Norway estimates that Norwegian Natural Perils Pool and the Norwegian guarantee scheme should only to a limited extent be included in the capital adequacy calculation. Tryg Forsikring's capital adequacy calculation includes about NOK 1.2bn from the Norwegian Natural Perils Pool and the Norwegian guarantee scheme. In relation to Solvency II, final clarification of expected future profit and full recognition of subordinate loan capital is still pending; the latter will obviously have a positive impact on Tryg Forsikring's capital. The final Solvency II rules will take effect from 2016.

Private

Key figures - Private

	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
DKKm					
Gross premium income	2,275	2,363	4,513	4,747	9,366
Gross claims	-1,569	-1,619	-3,183	-3,358	-6,596
Gross expenses	-281	-368	-628	-733	-1,418
Profit/loss on gross business	425	376	702	656	1,352
Profit/loss on ceded business	60	-19	50	-61	-43
Insurance technical interest, net of reinsurance	9	7	15	14	26
Technical result	494	364	767	609	1,335
Run-off gains/losses, net of reinsurance	81	96	208	180	310
Key ratios					
Premium growth in local currency (%)	0.1	-2.0	-0.2	-2.0	-2.2
Gross claims ratio	69.0	68.5	70.5	70.7	70.4
Net reinsurance ratio	-2.6	0.8	-1.1	1.3	0.5
Claims ratio, net of reinsurance	66.4	69.3	69.4	72.0	70.9
Gross expense ratio	12.4	15.6	13.9	15.4	15.1
Combined ratio	78.8	84.9	83.3	87.4	86.0
Combined ratio exclusive of run-off	82.4	89.0	87.9	91.2	89.3
Run-off, net of reinsurance (%)	-3.6	-4.1	-4.6	-3.8	-3.3
Large claims, net of reinsurance (%)	0.0	0.1	0.3	0.1	0.1
Weather claims, net of reinsurance (%)	1.8	1.9	2.5	2.2	3.2

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

Results for H1 2014

The technical result for H1 was DKK 767m (DKK 609m) and the combined ratio was 83.3 (87.4). The positive development may be attributed, in part, to non-recurring effects from the Norwegian pension scheme and the new IT provider and, in part, to Tryg Forsikring's efficiency programme. In addition, this business area has implemented a number of customer-oriented initiatives and has launched several new price-differentiated products.

Results for Q2 2014

Private posted a technical result of DKK 494m (DKK 364m) and a combined ratio of 78.8 (84.9). Results are positively influenced by the overall impact of the Norwegian pension scheme and provisions for the transition to a new IT operations provider as well as Tryg Forsikring's efficiency programme.

Premiums

Gross premium income rose by 0.1% in local currencies (-2.0%) and was impacted by a lower level of premium discounts. Adjusted for the lower level of premium discounts, premium income declined by 0.5%, reflecting a significantly improved development trend. This development should also be seen in the context that, in general, the price adjustment effected corresponds to claims inflation; moreover, a slight decline in the price of motor insurance is noted. At the same time, there has been a keen focus on the development of price-differentiated products with higher sales rates and improved risk selection. In addition, general sales trends have been positive.

Sales of the new price-differentiated motorcycle product have been very satisfactory, and almost 40% of the customers buying this insurance policy are new to Tryg Forsikring.

The Danish market is still characterised by predominant sales of small cars with many safety features, entailing that premium income is reduced, as the risk, and thus the price, of insurance is lower.

The retention rate remains high and largely unchanged from previous quarters. In Q2, the retention rate for the Danish market increased slightly, while it decreased slightly in the Norwegian market. Q2 saw satisfactory renewal of several large partnership agreements.

Claims

The gross claims ratio was 69.0 (68.5). The claims ratio, net of ceded business, improved from 69.3 to 66.4. The underlying claims ratio improved by 3.2 percentage points. Much of the improvement can be attributed to the ongoing efficiency programme, which includes both improved procurement of claims services and efficiency improvements in the claims organisation. Denmark experienced a small cloudburst in May, but due to Tryg Forsikring's sideway reinsurance agreement, this did not affect results.

Expenses

Private's expense ratio was 12.4 (15.6), affected mainly by nonrecurring effects from the Norwegian pension scheme and the new IT agreement. Adjusted for these non-recurring effects, the expense ratio was largely in line with the prior-year period, which is a satisfactory level that should be seen in light of an expense ratio target for Tryg Forsikring of less than 15 in 2015. At the end of H1, the number of employees was 908 relative to 923 at the end of 2013. Compared with the prior-year period, outbound sales resources have been expanded, while the number of employees in support functions has been reduced.

Commercial

Key figures - Commercial

DKKm	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Gross premium income	1,053	1,124	2,095	2,256	4,411
Gross claims	-759	-781	-1,425	-1,579	-2,978
Gross expenses	-133	-206	-317	-417	-820
Profit/loss on gross business	161	137	353	260	613
Profit/loss on ceded business	59	12	56	3	29
Insurance technical interest, net of reinsurance	4	4	8	4	12
Technical result	224	153	417	267	654
Run-off gains/losses, net of reinsurance	30	88	82	100	265
Key ratios					
Premium growth in local currency (%)	-3.9	-3.1	-4.2	-2.9	-2.9
Gross claims ratio	72.1	69.5	68.0	70.0	67.5
Net reinsurance ratio	-5.6	-1.1	-2.7	-0.1	-0.7
Claims ratio, net of reinsurance	66.5	68.4	65.3	69.9	66.8
Gross expense ratio	12.6	18.3	15.1	18.5	18.6
Combined ratio	79.1	86.7	80.4	88.4	85.4
Combined ratio exclusive of run-off	81.9	94.5	84.3	92.8	91.4
Run-off, net of reinsurance (%)	-2.8	-7.8	-3.9	-4.4	-6.0
Large claims, net of reinsurance (%)	6.9	11.7	3.9	8.2	4.5
Weather claims, net of reinsurance (%)	1.1	0.9	1.4	1.3	4.5

Commercial encompasses the sale of insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected by Tryg Forsikring's own sales force, brokers, franchisees (Norway), customer centres as well as through group agreements. The business area accounts for 23% of the Group's total premium income.

Results for H1 2014

Commercial posted a technical result of DKK 417m (DKK 267m) and a combined ratio of 80.4 (88.4). The improvement may be attributed to the non-recurring effects mentioned, a significantly lower level of large claims and the impact of the expense and claims initiatives implemented.

Results for Q2 2014

Commercial posted a technical result of DKK 224m (DKK 153m) and a combined ratio of 79.1 (86.7). Results were impacted by the non-recurring effects mentioned earlier related to the Norwegian pension scheme and the new IT operating contract as well as a significantly lower level of large claims than in the prior-year period.

Premiums

Gross premium income was DKK 1,053m (DKK 1,124 m), which represents a drop in premium income of 3.9% in local currencies. Adjusted for a higher level of premium discounts, the reduction was 2.4% in local currencies. The negative development in premium income is attributable, in particular, to measures implemented in prior years; the retention rate, on the other hand, showed a positive trend in Q2, improving by 0.3 percentage points in both the Danish and the Norwegian parts of Tryg Forsikring. A number of sales-oriented initiatives have been launched to increase the influx of profitable customers. These initiatives involve training of sales managers and salespeople and should be seen as part of Tryg Forsikring's customer focus. These initiatives are expected to lead to a gradual improve-

ment in premium trends over the coming quarters.

Claims

The gross claims ratio was 72.1 (69.5), and the claims ratio, net of ceded business, was 66.5 (68.4). The development in the claims ratio can be attributed, in particular, to Q2 2013, which was affected by a high level of large claims. Furthermore, the level of weather claims is also higher due to the cloudburst in Denmark, which does not, however, impact results thanks to the sideways reinsurance agreement covering weather events.

Expenses

The expense ratio was 12.6 (18.3), impacted by the one-off effects related to the Norwegian pension scheme and the provision related to the new IT operating contract. Excluding these impacts, the expense ratio would be 17.0%, representing a healthy improvement on the prior-year period.

The number of employees in Commercial was 562 at the end of H1, up by 56 since the start of 2014, when the number of employees was 506. The increase is due to the transfer of employees following the restructuring of Commercial and Corporate and to the transfer of Codan employees as part of the acquisition of the renewal right for the agricultural portfolio. Savings have been realised following the transfer of employees and customers from Corporate to Commercial, with the possibility also of an improvement in Commercial's expense ratio in future.

Corporate

Key figures - Corporate

	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
DKKm					
Gross premium income	1,030	1,062	2,019	2,108	4,158
Gross claims	-755	-940	-1,561	-1,632	-3,661
Gross expenses	-98	-116	-223	-247	-490
Profit/loss on gross business	177	6	235	229	7
Profit/loss on ceded business	-1	130	-46	24	338
Insurance technical interest, net of reinsurance	4	3	10	4	13
Technical result	180	139	199	257	358
Run-off gains/losses, net of reinsurance	40	76	185	211	375
Key ratios					
Premium growth in local currency (%)	1.8	-2.6	1.3	-3.5	-2.9
Gross claims ratio	73.3	88.5	77.3	77.4	88.0
Net reinsurance ratio	0.1	-12.2	2.3	-1.1	-8.1
Claims ratio, net of reinsurance	73.4	76.3	79.6	76.3	79.9
Gross expense ratio	9.5	10.9	11.0	11.7	11.8
Combined ratio	82.9	87.2	90.6	88.0	91.7
Combined ratio exclusive of run-off	86.8	94.4	99.8	98.0	100.7
Run-off, net of reinsurance (%)	-3.9	-7.2	-9.2	-10.0	-9.0
Large claims, net of reinsurance (%)	0.5	6.9	9.9	4.1	4.7
Weather claims, net of reinsurance (%)	0.5	0.9	1.7	2.7	2.5

Corporate sells insurance products to corporate customers under the brand 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are effected both via Tryg Forsikring'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 21% of the Group's total premium income.

Results for H1 2014

A technical result of DKK 199m (DKK 257m) was returned for H1 2014, with a combined ratio of 90.6 (88.0). The decline – despite the positive impact of non-recurring effects – is attributable in particular to the very high level of large claims in Q1 2014.

Results for Q2 2014

A technical result of DKK 180m (DKK 139m) was posted, with a combined ratio of 82.9 (87.2). The results are affected by the abovementioned non-recurring effects of the Norwegian pension scheme and a new IT operating contract and a considerably lower level of large claims, which is, however, offset to some extent by a higher level of medium-sized claims. The run-off level was 3.9 (7.2), which is considerably lower than for the same period in 2013. The generally higher run-off level for the business area should be seen in light of the fact that Corporate has a larger share of long-tailed business than other business areas.

Following the redefinition of responsibilities in relation to Commercial at the beginning of 2014, Corporate has been working to consolidate the new organisation. Among other things, this involves new processes for the cooperation between sales and underwriting functions with a view to ensuring a better customer experience and continued focus on profitability.

As a result of the customer focus initiatives, the Swedish part of Corporate was named general insurance company of the year by the Swedish insurance brokers in 2014, among other things with reference to a high level of customer service.

Premiums

Premium income totalled DKK 1,030m (DKK 1,062m), representing growth of 1.8% in local currencies. The growth in premium income is based on a modest increase in the Danish and Norwegian businesses and continued controlled growth in the Swedish business.

Claims

The gross claims ratio stood at 73.3 (88.5), while the claims ratio, net of ceded business, was 73.4 (76.3). The lower gross claims level is attributable to a very low level of large claims during the quarter compared with the same period in 2013. Weather claims totalled 0.5 (0.9) and relate to the cloud-burst in Denmark in May. The underlying claims level was at a slightly higher level than during the same period in 2013 due to a larger number of medium-sized claims.

Expenses

The expense ratio was 9.5 (10.9), and adjusted for the above-mentioned non-recurring effects, the expense ratio was more or less on a par with the same period in 2013. The number of employees in Corporate was 295 against 365 at the beginning of 2014. Sixty-five employees were transferred in connection with the redefinition of responsibilities in relation to Commercial, which means that five jobs have been cut.

Sweden

Key figures - Sweden

DKKm	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Gross premium income	358	420	675	797	1,587
Gross claims	-248	-322	-452	-607	-1,178
Gross expenses	-70	-74	-133	-148	-280
Profit/loss on gross business	40	24	90	42	129
Profit/loss on ceded business	1	0	-13	1	9
Insurance technical interest, net of reinsurance	2	4	4	8	11
Technical result	43	28	81	51	149
Run-off gains/losses, net of reinsurance	11	0	20	-11	20
Key ratios					
Premium growth in local currency (%)	-9.3	-4.3	-10.8	-2.2	-4.9
Gross claims ratio	69.3	76.7	67.0	76.2	74.2
Net reinsurance ratio	-0.3	0.0	1.9	-0.1	-0.6
Claims ratio, net of reinsurance	69.0	76.7	68.9	76.1	73.6
Gross expense ratio	19.6	17.6	19.7	18.6	17.6
Combined ratio	88.6	94.3	88.6	94.7	91.2
Combined ratio exclusive of run-off	91.7	94.3	91.6	93.3	92.5
Run-off, net of reinsurance (%)	-3.1	0.0	-3.0	1.4	-1.3
Weather claims, net of reinsurance (%)	0.3	0.0	0.7	1.9	1.4

Sweden comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands: Atlantica, Car Sports/Motorcycles and Optimal Djurförsäkringar. Sales take place through its own sales force, call centres and the Internet. The business area accounts for 7% of the Group's total premium income.

Results for H1 2014

A technical result of DKK 81m (DKK 51m) was returned for H1 2014, with a combined ratio of 88.6 (94.7). The results are positively impacted by a higher run-off level. The results of the Swedish business are satisfactory, but a reduction in premium income is still expected following the termination of the cooperation with Nordea.

Results for Q2 2014

Sweden posted a profit of DKK 43m (DKK 28m), while the combined ratio was reduced from 94.3 to 88.6. Sweden was also impacted by the non-recurring effects of the new IT operations contract. The results are satisfactory and were achieved in a quarter which saw a substantial reduction in premium income due to the termination of the distribution agreement with Nordea.

Premiums

Premium income for the quarter totalled DKK 358m (DKK 420m), down 9.3% (-4.3%) in local currencies. The negative development in premium income was expected partly as a consequence of the structural measures implemented in the form of the termination of the distribution agreement with Nordea and partly the relocation of the distribution from Luleå to Malmö. Exclusive of the termination of the agreement with Nordea, premium income grew by approx. 2%.

The structural measures contributed significantly to improving profitability. The agreement with Danske Bank is developing well, and there is a direct link from the bank's website to Moderna's online sales. The cross-selling between Moderna's niche areas (Car Sports/Motorcycles and Atlantica) and Moderna's other private insurance products is satisfactory. In June, Moderna acquired the renewal right for a small portfolio of pet insurance products, which is a good supplement to the other private products.

Claims

The gross claims ratio was 69.3 (76.7), which is an expected positive development owing to the profitability measures implemented. Moderna is characterised by highly efficient claims handling, and the further automation of the claims handling processes without the involvement of claims handlers is continuing. The claims handling is determined by the type of claim, the customer's claims history and a number of other factors. Tryg Forsikring believes that this form of claims handling has considerable potential for the Group as a whole as well as ensuring that customers are provided with very efficient claims handling services.

Expenses

The expense ratio totalled 19.6 (17.6), which can be ascribed in particular to the non-recurring effect of IT costs corresponding to 1.6 percentage points. The relocation of the organisation from Luleå to Malmö has been completed, and staffing is in place, which will positively impact sales.

The number of employees stood at 361 at the end of the half-year compared to 356 at the beginning of the year.

Investment activities

Key figures - Investments

DKKm	H1 2014	H1 2013	FY 2013
Free portfolio, gross return	373	365	891
Match portfolio, regulatory deviation and performance	126	35	40
Other financial income and expenses	-149	-115	-338
Total investment return	350	285	593

Return - free portfolio DKKm	Return	Return (%)	Investment assets	
	H1 2014	H1 2014	30.06.2014	31.12.2013
Government bonds	5	1.1	296	501
Covered bonds	46	0.9	4,776	4,736
Emerging market bonds	31	7.6	418	387
High-yield bonds	45	6.2	874	802
Other*	12	0.7	1,262	1,944
Interest rate and credit exposure	139	1.7	7,626	8,370
Equity exposure	181	6.9	2991.0	2,966
Investment property	53	2.4	2,116	2,022
Total gross return	373	2.9	12,733	13,358

*) Bank deposits and derivative financial instruments hedging interest rate risk and credit risk

Return - match portfolio

DKKm	Return H1 2014
Return, match portfolio	712
Value adjustments, changed discount rate	-354
Transferred to insurance technical interest	-232
Match, regulatory deviation and performance	126
Hereof:	
Match, regulatory deviation	46
Match, performance	80

Results for H1 2014

The investment return for H1 2014 totalled DKK 350m (DKK 285m). The return on the match portfolio totalled DKK 126m, composed of a regulatory deviation of DKK 46m and a performance component of DKK 80m. The return on the free investment portfolio totalled DKK 373m (DKK 365m), with the high return being attributable in particular to a return on equities of DKK 181m (DKK 241m).

Other financial income and expenses were negative at DKK -149m in H1 2014. This is attributable, among other things, to the currency hedging of the capital in the Swedish and Norwegian branches as well as expenses relating to Tryg' Forsikrings subordinate loans.

Outlook

Tryg Forsikring has a target of achieving a return on equity of 20% after tax, and a combined ratio of 90 or less, and from 2015 an expense ratio below 15.

In order to ensure the realisation of Tryg Forsikring's financial targets, Tryg Forsikring announced on Capital Markets Day in 2012 that it is implementing an efficiency programme, the aim being to reduce expenses and claims by a total of DKK 1bn in the period up to 2015.

Statement by the Supervisory Board and the Executive Management

The Supervisory Board and the Executive Management have today considered and adopted the interim report for the first half-year of 2014 of Tryg Forsikring A/S and the Tryg Forsikring Group.

The interim report, which is unaudited and has not been reviewed by the company's auditors, is presented in accordance with IAS 34 Interim Financial Reporting and the Danish Financial Business Act. The interim report of the parent company has been prepared in accordance with the executive order issued by the Danish FSA on the presentation of financial reports by insurance companies and profession-specific pension funds.

In our opinion, the accounting policies applied are appropriate, and the interim report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2014 and of the results of the Group's and the parent company's operations and the cash flows of the Group for the half-year.

Furthermore, in our opinion the Management's report gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the period 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.

Ballerup, 10 July 2014

Executive Management:

Morten Hübbe
Group CEO

Tor Magne Lønnum
Group CFO

Lars Bonde
Group Executive Vice president
and COO

Supervisory Board:

Jørgen Huno Rasmussen
Chairman

Torben Nielsen
Deputy chairman

Paul Bergqvist

Vigdís Fossehagen

Lone Hansen

Jesper Hjulmand

Bill-Owe Johansson

Ida Sofie Jensen

Any Eskildsen

Lene Skole

Tina Snebjerg

Mari Thjørmø

Accounts Tryg Forsikring Group

Income statement

DKKm	H1 2014	H1 2013	FY 2013
Notes			
General insurance			
Gross premiums written	11,118	11,932	19,820
Ceded insurance premiums	-690	-668	-1,220
Change in premium provisions	-1,690	-1,874	36
Change in reinsurers' share of premium provisions	114	110	24
Premium income, net of reinsurance	8,852	9,500	18,660
Insurance technical interest, net of reinsurance	37	30	62
Claims paid	-7,069	-7,150	-14,059
Reinsurance cover received	528	411	1,034
Change in claims provisions	452	-23	-352
Change in the reinsurers' share of claims provisions	48	60	406
Claims, net of reinsurance	-6,041	-6,702	-12,971
Bonus and premium discounts	-134	-158	-352
Acquisition costs	-957	-1,156	-2,227
Administration expenses	-344	-389	-781
Acquisition costs and administration expenses	-1,301	-1,545	-3,008
Reinsurance commissions and profit participation from reinsurers	51	59	105
2 Insurance operating costs, net of reinsurance	-1,250	-1,486	-2,903
1 Technical result	1,464	1,184	2,496
Investment activities			
Income from associates	6	5	6
Income from investment property	48	52	97
Interest income and dividends	503	517	1,029
Value adjustments	118	17	115
Interest expenses	-59	-49	-113
Administration expenses in connection with investment activities	-34	-25	-58
Total investment return	582	517	1,076
Return on insurance provisions	-232	-232	-483
Total investment return after insurance technical interest	350	285	593
Other income	38	47	100
Other costs	-73	-40	-139
Profit/loss before tax	1,779	1,476	3,050
Tax	-437	-356	-634
Profit/loss on continuing business	1,342	1,120	2,416
Profit/loss on discontinued and divested business	2	-9	-4
Profit/loss for the period	1,344	1,111	2,412

Statement of comprehensive income

DKKm	H1 2014	H1 2013	FY 2013
Profit/loss for the period	1,344	1,111	2,412
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Revaluation of owner-occupied property	1	8	9
Tax on revaluation of owner-occupied property	0	0	-3
Actuarial gains/losses on defined-benefit pension plans	20	70	179
Tax on actuarial gains/losses on defined-benefit pension plans	-5	-20	-54
	16	58	131
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-18	-168	-325
Hedging of currency risk in foreign entities	21	167	305
Tax on hedging of currency risk in foreign entities	-5	-42	-76
	-2	-43	-96
Total other comprehensive income	14	15	35
Comprehensive income	1,358	1,126	2,447

Statement of financial position

DKKm	30.06.2014	30.06.2013	31.12.2013
Notes			
Assets			
Intangible assets	782	727	758
Operating equipment	112	130	122
Owner-occupied property	1,300	1,418	1,304
Total property, plant and equipment	1,412	1,548	1,426
Investment property	1,834	1,864	1,831
Equity investments in associates	221	215	215
Total investments in associates	221	215	215
Equity investments	126	197	150
Unit trust units	3,905	3,525	3,741
Bonds	37,346	39,645	36,971
Deposits with credit institutions	604	774	1,301
Derivative financial instruments	918	733	692
Total other financial investment assets	42,899	44,874	42,855
Total investment assets	44,954	46,953	44,901
Reinsurers' share of premium provisions	351	337	237
Reinsurers' share of claims provisions	2,460	2,083	2,383
Total reinsurers' share of provisions for insurance contracts	2,811	2,420	2,620
Receivables from policyholders	1,703	1,841	1,088
Total receivables in connection with direct insurance contracts	1,703	1,841	1,088
Receivables from insurance enterprises	161	185	299
Receivables from Group undertakings	105	93	629
Other receivables	357	291	1,027
Total receivables	2,326	2,410	3,043
Current tax assets	57	4	131
Deferred tax assets	0	9	0
Cash at bank and in hand	681	1,008	552
Other	0	1	0
Total other assets	738	1,022	683
Interest and rent receivable	208	289	406
Other prepayments and accrued income	175	107	148
Total prepayments and accrued income	383	396	554
Total assets	53,406	55,476	53,985

Statement of financial position

DKKm	30.06.2014	30.06.2013	31.12.2013
Notes			
Equity and liabilities			
Equity	10,627	10,404	11,725
Subordinated loan capital	1,820	1,865	1,818
Premium provisions	7,889	8,305	6,212
Claims provisions	26,142	26,354	26,087
Provisions for bonuses and premium discounts	500	490	640
Total provisions for insurance contracts	34,531	35,149	32,939
Pensions and similar liabilities	313	945	791
Deferred tax liability	1,353	1,312	1,057
Other provisions	97	48	73
Total provisions	1,763	2,305	1,921
Debt relating to direct insurance	401	410	447
Debt relating to reinsurance	378	308	330
Amounts owed to credit institutions	22	199	6
Debt relating to unsettled funds transactions and repos	1,964	2,633	2,821
Derivative financial instruments	504	435	514
Current tax liabilities	19	554	409
Other debt	1,357	1,177	1,029
Total debt	4,645	5,716	5,556
Accruals and deferred income	20	37	26
Total equity and liabilities	53,406	55,476	53,985
3 Related parties			
4 Accounting policies			

Statement of changes in equity

DKKm	Share capital	Revaluation reserves	Reserve for exchange rate adjustment	Equalisation reserve	Other reserves	Retained earnings	Proposed dividend	Total
Equity at 31 December 2013	1,100	79	58	61	1,538	6,433	2,456	11,725
H1 2014								
Profit/loss for the period					-25	1,369		1,344
Revaluation of owner-occupied property		1						1
Exchange rate adjustment of foreign entities			-18					-18
Hedging of foreign currency risk in foreign entities			21					21
Actuarial gains and losses on pension obligation						20		20
Tax on changes in equity			-5			-5		-10
Total comprehensive income	0	1	-2	0	-25	1,384	0	1,358
Dividend paid							-2,456	-2,456
Total changes in equity in H1 2014	0	1	-2	0	-25	1,384	-2,456	-1,098
Equity at 30 June 2014	1,100	80	56	61	1,513	7,817	0	10,627
Equity at 31 December 2012	1,100	73	155	61	1,822	6,067	1,594	10,872
H1 2013								
Profit/loss for the period					-109	1,220		1,111
Revaluation of owner-occupied property		8						8
Exchange rate adjustment of foreign entities			-168					-168
Hedging of foreign currency risk in foreign entities			167					167
Actuarial gains and losses on pension obligation						70		70
Tax on changes in equity			-42			-20		-62
Total comprehensive income	0	8	-43	0	-109	1,270	0	1,126
Dividend paid							-1,594	-1,594
Total changes in equity in H1 2013	0	8	-43	0	-109	1,270	-1,594	-468
Equity at 30 June 2013	1,100	81	112	61	1,713	7,337	0	10,404
Equity at 31 December 2012	1,100	73	155	61	1,822	6,067	1,594	10,872
2013								
Profit/loss for the year					-284	240	2,456	2,412
Revaluation of owner-occupied property		9						9
Exchange rate adjustment of foreign entities			-326			1		-325
Hedging of foreign currency risk in foreign entities			305					305
Actuarial gains and losses on pension obligation						179		179
Tax on changes in equity		-3	-76			-54		-133
Total comprehensive income	0	6	-97	0	-284	366	2,456	2,447
Dividend paid							-1,594	-1,594
Total changes in equity in 2013	0	6	-97	0	-284	366	862	853
Equity at 31 December 2013	1,100	79	58	61	1,538	6,433	2,456	11,725

Statement of cash flow

DKKm	H1 2014	H1 2013	FY 2013
Cash from operating activities			
Premiums	10,082	11,054	19,610
Claims	-7,373	-7,154	-14,048
Ceded business	64	-80	-63
Costs	-1,455	-1,530	-3,032
Change in other debt and other amounts receivable	80	-576	-1
Cash flow from insurance activities	1,398	1,714	2,466
Interest income	691	614	1,012
Interest expenses	-59	-49	-143
Dividend received	27	10	19
Taxes	-461	-286	-1,041
Other income and costs	-35	7	-60
Cash from operating activities, continuing business	1,561	2,010	2,253
Cash from operating activities, discontinued and divested business	-21	60	25
Total cash flow from operating activities	1,540	2,070	2,278
Investments			
Acquisition and refurbishment of real property	-4	-5	-18
Sale of real property	0	0	2
Acquisition and sale of equity investments and unit trust units (net)	83	-137	-128
Purchase/sale of bonds (net)	-278	61	657
Deposits with credit institutions	695	136	-420
Purchase/sale of operating equipment (net)	-7	4	-6
Hedging of currency risk	21	166	305
Investments, continuing business	510	225	392
Investments, discontinued and divested business	0	-584	-584
Total investments	510	-359	-192
Financing			
Subordinated loan capital	0	316	316
Loans, group	524	-93	-713
Dividend paid	-2,456	-1,594	-1,594
Change in amounts owed to credit institutions	17	185	-8
Financing, continuing business	-1,915	-1,186	-1,999
Total financing	-1,915	-1,186	-1,999
Change in cash and cash equivalents, net	135	525	87
Exchange rate adjustment of cash and cash equivalents, beginning of year	-6	-21	-39
Change in cash and cash equivalents, gross	129	504	48
Cash and cash equivalents, beginning of year	552	504	504
Cash and cash equivalents, end of period	681	1,008	552

Notes

DKKm

1 Operating segments

H1 2014	Private	Commercial	Corporate	Sweden	Other	Group
Gross premium income	4,513	2,095	2,019	675	-8	9,294
Gross claims	-3,183	-1,425	-1,561	-452	4	-6,617
Gross operating expenses	-628	-317	-223	-133	0	-1,301
Profit/loss on ceded business	50	56	-46	-13	4	51
Insurance technical interest, net of reinsurance	15	8	10	4	0	37
Technical result	767	417	199	81	0	1,464
Total Investment return activities after insurance technical interest						350
Other income and costs						-35
Profit/loss before tax						1,779
Tax						-437
Profit/loss on continuing business						1,342
Profit/loss on discontinued and divested business						2
Profit						1,344
Run-off gains/losses, net of reinsurance	208	82	185	20	0	495
Intangible assets		40		440	302	782
Equity investments in associates					221	221
Reinsurers' share of premium provisions	46	59	245	1	0	351
Reinsurers' share of claims provisions	346	500	1,558	56	0	2,460
Other assets					49,592	49,592
Total assets						53,406
Premium provisions	3,128	2,001	1,913	847	0	7,889
Claims provisions	6,369	6,706	11,337	1,730	0	26,142
Provisions for bonuses and premium discounts	392	39	59	10	0	500
Other liabilities					8,248	8,248
Total liabilities						42,779

H1 2013	Private	Commercial	Corporate	Sweden	Other	Group
Gross premium income	4,747	2,256	2,108	797	-8	9,900
Gross claims	-3,358	-1,579	-1,632	-607	3	-7,173
Gross operating expenses	-733	-417	-247	-148	0	-1,545
Profit/loss on ceded business	-61	3	24	1	5	-28
Insurance technical interest, net of reinsurance	14	4	4	8	0	30
Technical result	609	267	257	51	0	1,184
Total Investment return activities after insurance technical interest						285
Other income and costs						7
Profit/loss before tax						1,476
Tax						-356
Profit/loss on continuing business						1,120
Profit/loss on discontinued and divested business						-9
Profit						1,111
Run-off gains/losses, net of reinsurance	180	100	211	-11	0	480
Intangible assets				481	246	727
Equity investments in associates					215	215
Reinsurers' share of premium provisions	43	47	247	0	0	337
Reinsurers' share of claims provisions	201	340	1,480	62	0	2,083
Other assets					52,114	52,114
Total assets						55,476
Premium provisions	3,321	1,705	2,322	957	0	8,305
Claims provisions	6,449	6,509	11,791	1,605	0	26,354
Provisions for bonuses and premium discounts	395	19	73	3	0	490
Other liabilities					9,923	9,923
Total liabilities						45,072

1 **Operating segments**

FY 2013	Private	Commercial	Corporate	Sweden	Other	Group
Gross premium income	9,366	4,411	4,158	1,587	-18	19,504
Gross claims	-6,596	-2,978	-3,661	-1,178	2	-14,411
Gross operating expenses	-1,418	-820	-490	-280	0	-3,008
Profit/loss on ceded business	-43	29	338	9	16	349
Insurance technical interest, net of reinsurance	26	12	13	11	0	62
Technical result	1,335	654	358	149	0	2,496
Total Investment return activities after insurance technical interest						593
Other income and costs						-39
Profit/loss before tax						3,050
Tax						-634
Profit/loss on continuing business						2,416
Profit/loss on discontinued and divested business						-4
Profit						2,412
Run-off gains/losses, net of reinsurance	310	265	375	20	0	970
Intangible assets				463	295	758
Equity investments in associates					215	215
Reinsurers' share of premium provisions	8	9	219	1	0	237
Reinsurers' share of claims provisions	265	404	1,641	73	0	2,383
Other assets					50,392	50,392
Total assets						53,985
Premium provisions	2,727	1,281	1,374	830	0	6,212
Claims provisions	6,377	6,462	11,491	1,757	0	26,087
Provisions for bonuses and premium discounts	507	29	94	10	0	640
Other liabilities					9,321	9,321
Total liabilities						42,260

Description of segments

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

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption. The operating business segments consist of Private, Commercial, Corporate and Sweden (Private). The distribution on segments between Commercial and Corporate as to medium sized enterprise has been altered during H1 2014. Comparative figures have been restated accordingly.

DKKm

2 Insurance operating costs, net of reinsurance

The costs are positively affected by a one-time effect regarding changed pension terms in Norway, which entails a decline in the pension provision, and they are negatively affected by a provision in connection with the transfer to the new IT-supplier. The joint effect of these two circumstances amounts to approx DKK 135m.

3 Related parties

In H1 2014 Tryg Forsikring A/S paid Tryg A/S DKK 2,456m in dividends (in H1 2013 Tryg Forsikring A/S paid Tryg A/S DKK 1,594m in dividends). In H1 2014 Tryg Ejendomme A/S paid DKK 19m in dividends (In H1 2013 Tryg Garantiforsikring A/S and Vesta Eiendom AS paid DKK 50m and DKK 59m in dividends).

There have been no other material transactions with related parties.

4 Accounting policies

Tryg Forsikring's half-year 2014 report is presented in accordance with IAS 34 Interim Financial Reporting and the financial reporting Financial Business Act.

The interim report of the parent company has been prepared in accordance with the executive order issued by the Danish FSA on the presentation of financial reports by insurance companies and profession-specific pension funds. The application of IAS 34 means that the report is limited relative to the presentation of a full annual report and that the valuation principles are in accordance with International Financial Reporting Standards (IFRS).

From 1 January 2014 the Group implemented the following standards:

- Amendments to IAS 39 'Novations of derivatives'
- IFRIC 21 'Levies'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of interests in Other Entities'
- Amendments to IFRS 10, 11 and 12 'Transitional guidance'
- Amendments to IAS 19 'Clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service'
- Amendments to IAS 32 'Offsetting of assets and liabilities'
- Amendments to IAS 36 'Recoverable Amounts Disclosures for Non financial Assets'
- IAS 27 (as revised in 2011) 'Separate Financial Statements'
- IAS 28 (as revised in 2011) 'Investments in Associates and Joint Ventures'

The implementation of the new standards has not significantly affected recognition and measurement in 2014.

Change in accounting policies

Some of the Group's assets, mainly "Investment property" of DKK 191m in 2013, have been reclassified to "Investments in associates" following the implementation of IFRS 11 and IAS 28, according to which the Group's interest in joint ventures must be accounted for using the equity method. So far, property has been recognised using the pro-rata method.

A reclassification has been made in respect of other debt of DKK 431m in 2013 (DKK 405m 30.06.13) from the main item "Accruals and deferred income" to "Total debt".

The distribution on segments between Commercial and Corporate as to medium sized enterprise has been altered during H1 2014.

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

Accounts Tryg Forsikring A/S (parent company)

Income statement

DKKm	H1 2014	H1 2013	FY 2013
Notes			
General insurance			
Gross premiums written	10,962	11,781	19,494
Ceded insurance premiums	-594	-571	-1,009
Change in premium provisions	-1,683	-1,876	46
Change in reinsurers' share of premium provisions	110	112	18
Premium income, net of reinsurance	8,795	9,446	18,549
Insurance technical interest, net of reinsurance	36	28	61
Claims paid	-6,955	-7,102	-13,605
Reinsurance cover received	438	390	693
Change in claims provisions	275	136	80
Change in the reinsurers' share of claims provisions	213	-88	-18
Claims, net of reinsurance	-6,029	-6,664	-12,850
Bonus and premium discounts	-134	-159	-352
Acquisition costs	-984	-1,182	-2,376
Administration expenses	-338	-386	-803
Acquisition costs and Administration expenses	-1,322	-1,568	-3,179
Reinsurance commissions and profit participation from reinsurers	15	24	33
Insurance operating costs, net of reinsurance	-1,307	-1,544	-3,146
Technical result	1,361	1,107	2,262
Investment activities			
Income from Group undertakings	98	76	129
Income from associates	0	0	0
Income from investment property	29	33	64
Interest income and dividends	497	509	1,013
Value adjustments	119	22	214
Interest expenses	-59	-49	-112
Administration expenses in connection with investment activities	-33	-24	-56
Total investment return	651	567	1,252
Return on insurance provisions	-231	-231	-482
Total investment return after insurance technical interest	420	336	770
Other income	38	48	99
Other costs	-73	-40	-139
Profit/loss before tax	1,746	1,451	2,992
Tax	-404	-331	-579
Profit/loss on continuing business	1,342	1,120	2,413
Profit/loss on discontinued and divested business	2	-9	-4
Profit/loss for the period	1,344	1,111	2,409

Statement of comprehensive income

DKKm	H1 2014	H1 2013	FY 2013
Profit/loss for the period	1,344	1,111	2,409
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Revaluation of owner-occupied property for the year	1	8	9
Tax on revaluation of owner-occupied property for the year	0	0	-3
Actuarial gains/losses on defined-benefit pension plans	20	70	179
Tax on actuarial gains/losses on defined-benefit pension plans	-5	-20	-54
	16	58	131
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities for the year	-18	-168	-324
Hedging of currency risk in foreign entities for the year	21	167	305
Tax on hedging of currency risk in foreign entities for the year	-5	-42	-76
	-2	-43	-95
Total other comprehensive income	14	15	36
Comprehensive income	1,358	1,126	2,445

Statement of financial position

DKKm	H1 2014	H1 2013	FY 2013
Notes			
Assets			
Intangible assets	781	725	756
Operating equipment	112	130	122
Total property, plant and equipment	112	130	122
Investment property	1,205	1,229	1,210
Investments in Group undertakings	2,707	2,600	2,612
Equity investments in associates	18	19	18
Total investments in Group undertakings and associates	2,725	2,619	2,630
Equity investments	126	197	150
Unit trust units	3,905	3,525	3,741
Bonds	36,603	38,913	36,210
Deposits with credit institutions	604	774	1,301
Derivative financial instruments	918	733	692
Total other financial investment assets	42,156	44,142	42,094
Total investment assets	46,086	47,990	45,934
Reinsurers' share of premium provisions	329	323	219
Reinsurers' share of claims provisions	2,016	1,752	1,780
Total reinsurers' share of provisions for insurance contracts	2,345	2,075	1,999
Receivables from policyholders	1,675	1,816	1,078
Total receivables in connection with direct insurance contracts	1,675	1,816	1,078
Receivables from insurance enterprises	161	184	131
Receivables from Group undertakings	145	185	884
Other receivables	351	283	1,022
Total receivables	2,332	2,468	3,115
Current tax assets	91	0	161
Cash at bank and in hand	636	968	525
Total other assets	727	968	686
Interest and rent receivable	202	283	393
Other prepayments and accrued income	175	107	147
Total prepayments and accrued income	377	390	540
Total assets	52,760	54,746	53,152

Statement of financial position

DKKm	H1 2014	H1 2013	FY 2013
Notes			
Equity and liabilities			
Share capital	1,100	1,100	1,100
Revaluation reserves	79	81	79
Revaluation equity metode	358	356	348
Equalisation reserves	61	61	61
Other reserve	1,513	1,674	1,538
Total reserves	1,932	2,091	1,947
Retained earnings	7,531	7,149	6,158
Proposed dividend	0	0	2,456
Shareholders' equity	10,642	10,421	11,740
Subordinate loan capital	1,820	1,865	1,818
Premium provisions	7,847	8,277	6,176
Claims provisions	25,495	25,804	25,270
Provisions for bonus and premium discounts	500	490	640
Total provisions for insurance contracts	33,842	34,571	32,086
Pensions and similar liabilities	313	945	791
Deferred tax liability	1,163	1,102	891
Other provisions	97	48	73
Total provisions	1,573	2,095	1,755
Debt relating to direct insurance	397	409	447
Debt relating to reinsurance	359	283	330
Amounts owed to credit institutions	22	193	0
Debt relating to unsettled funds transactions and repos	1,964	2,633	2,793
Derivative financial instruments	502	433	512
Debt to Group undertakings	278	126	245
Current tax liabilities	19	538	401
Other debt	1,322	1,142	999
Total debt	4,863	5,757	5,727
Accruals and deferred income	20	37	26
Total equity and liabilities	52,760	54,746	53,152
1 Related parties			
2 Reconciliation of profit/loss and equity			
3 Accounting policies			
4 Key ratios			

Notes

DKKm

1 Related parties

Please refer to Note 3 "Related parties" in Tryg Forsikring Group

2 Reconciliation of profit/loss and equity

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

Profit reconciliation	H1 2014	H1 2013	FY 2013
Profit - IFRS	1,344	1,111	2,411
Change during the year of deferred tax provisions for contingency funds	0	0	-2
Profit - Danish FSA executive order	1,344	1,111	2,409
Equity reconciliation			
Shareholders' equity - IFRS	10,627	10,404	11,725
Deferred tax provisions for contingency funds	15	17	17
Change during the year of deferred tax provisions for contingency funds	0	0	-2
Equity - Danish FSA executive order	10,642	10,421	11,740

3 Accounting policies

Please refer to the Note 4 "Accounting policies" in Tryg Forsikring Group.

4 Key ratios

Gross claims ratio	73.0	71.5	70.5
Net reinsurance ratio	-2.0	1.4	1.5
Claims ratio, net of reinsurance	71.0	72.9	72.0
Gross expense ratio	14.5	16.1	16.6
Combined ratio	85.5	89.0	88.6
Run-off gains/losses, net of reinsurance	487	479	970

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 the management. Such statements may constitute forward-looking statements. These forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as "targets," "believes," "expects," "aims," "intends," "plans," "seeks," "will," "may," "anticipates," "would," "could," "continues" or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

Tryg Forsikring urges readers to refer to the section on risk management available on the Group's website for a description of some of the factors that could affect the company's future performance and the industry in which it operates.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, the Tryg Forsikring Group's actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected. Tryg Forsikring Group 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.