

# Half-year report 2018

**Tryg Forsikring A/S**  
(CVR-no. 24260666)

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## **Company details**

### **Supervisory Board**

Jukka Pertola, Chairman  
Torben Nielsen, Deputy Chairman  
Elias Bakk  
Tom Eileng  
Lone Hansen  
Anders Hjulmand  
Jesper Hjulmand  
Ida Sofie Jensen  
Lene Skole  
Tina Snejbjerg  
Mari Thjømøe  
Carl-Viggo Östlund

### **Executive Board**

Morten Hübbe  
Christian Baltzer  
Lars Bonde  
Johan Kirstein Brammer

### **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.

### **Address**

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## Management's review

### Income overview Tryg Forsikring Group

DKKm	H1 2018	H1 2017	2017
<b>Gross premium income</b>	<b>8,991</b>	<b>8,899</b>	<b>17,963</b>
Gross claims	-5,870	-5,841	-11,865
Total insurance operating costs	-1,266	-1,277	-2,516
Profit/loss on gross business	1,855	1,781	3,582
Profit/loss on ceded business	-439	-398	-779
Insurance technical interest, net of reinsurance	-7	-5	-14
<b>Technical result</b>	<b>1,409</b>	<b>1,378</b>	<b>2,789</b>
Investment return after insurance technical interest	-88	358	532
Other income and costs	-10	-7	-7
<b>Profit/loss before tax</b>	<b>1,311</b>	<b>1,729</b>	<b>3,314</b>
Tax	-300	-380	-736
<b>Profit/loss on continuing business</b>	<b>1,011</b>	<b>1,349</b>	<b>2,578</b>
Profit/loss on discontinued and divested business after tax	0	-2	-2
<b>Profit/loss</b>	<b>1,011</b>	<b>1,347</b>	<b>2,576</b>
Run-off gains/losses, gross	679	458	939
Run-off gains/losses, net of reinsurance	606	506	972
<b>Key figures</b>			
Total equity	11,668	8,780	9,066
Return on equity after tax (%)	19.6	29.6	29.3
Premium growth in local currencies	3.5	1.8	1.7
Gross claims ratio	65.3	65.6	66.1
Net reinsurance ratio	4.9	4.5	4.3
Claims ratio, net of reinsurance	70.2	70.1	70.4
Gross expense ratio	14.1	14.3	14.0
<b>Combined ratio</b>	<b>84.3</b>	<b>84.4</b>	<b>84.4</b>
Run-off, net of reinsurance (%)	-6.7	-5.7	-5.4
Large claims, net of reinsurance (%)	2.0	1.2	1.4
Weather claims, net of reinsurance (%)	2.3	1.6	1.7
<b>Combined ratio on business areas</b>			
Private	83.5	83.9	82.1
Commercial	82.4	81.5	82.6
Corporate	88.1	87.8	90.0
Sweden	84.4	88.2	88.1

## **Tryg Forsikring's results**

### **H1 2018 results**

Tryg Forsikring reported a technical result of DKK 1,409m (DKK 1,378m) impacted by a DKK 73m increase in large claim levels compared with the prior-year period.

Premium growth of 3.5% when measured in local currencies was primarily driven by the Private segment and portfolio acquisitions. The H1 technical result was better than the corresponding period in 2017, while the investment return was markedly lower, driven by less positive returns in equity markets, but also turbulence in the fixed-income markets. The underlying claims ratio for Private improved 0.5 percentage points and the Group improved by 0.4 percentage points. The expense ratio was 14.1 (14.3) driven by better top-line growth and strict cost control despite an increase in the number of employees. Tryg reported a profit before tax of DKK 1,311m (DKK 1,729m) and a profit after tax of DKK 1,011m (DKK 1,347m).

### **Dividend and capital**

Tryg Forsikring will pay a half-year dividend of DKK 939m.

Own funds totaled DKK 13,704m at the end of H1 2018 against DKK 11,095m at the end of 2017. Own funds were positively impacted by the net profit for the half-year and negatively impacted by the announced half-year dividend. Tryg's own funds are predominantly made up of shareholders' equity and subordinated loans.

In H1, Tryg issued a SEK 700m (approximately DKK 500m) Restricted Tier 1 note and received DKK 2bn in capital contribution from Tryg A/S to help fund the Alka acquisition.

The solvency capital requirement calculated using the partial internal model was DKK 4,701m in Q2 2018 compared to DKK 4,684m in Q4 2017.

Tryg Forsikring Group has a solvency ratio of 292 (207 when adjusted for the capital increase to fund the Alka acquisition). Tryg Forsikring Group has previously announced that the solvency ratio will be approximately 170 when Alka is fully consolidated.

Tryg Forsikring A/S (Solo) has a solvency ratio of 293 (238 at Q4 2017)

### **Update on pension obligations in Norway**

On 22 May 2018, Tryg announced that it had won a ruling in Norway concerning an adjustment in the pension schemes of Norwegian employees made in 2014. Four weeks have now passed and the verdict has not been appealed. The matter is therefore now final and any uncertainty related to this matter is removed.

## **Business initiatives**

### **Claims excellence**

Claims excellence is an important driver for improving the technical results. Tryg has many agreements with auto repair shops, which are monitored closely. Increasing the number of claims handled by the repair shops is a key driver for improving the overall financial result. This number of claims handled by the repair shops were 74% in H1 2018 compared with 68% in H1 2017. Repairing windscreens is expensive and a high frequency claim for motor insurance. Consequently, Tryg focuses on increasing the level of repairs instead of replacing the windscreens. In Q2 2018, 46% of all car glass claims were repaired compared to 38% in 2017.

### **Digital empowerment of customers**

Digital solutions have proven to be very important when entering into new partner agreements. This was a key contributing factor when Tryg took over the agreement with NITO (Norwegian Society of Engineers and Technologists), and in connection with the acquisitions of FDM in Denmark and OBOS in Norway.

Tryg has seen an increase in the number of logins on 'My Page'. Private and Commercial customers in Denmark and Norway logged on to 'My Page' 1.4 million times in H1 2018 – an increase of approximately 45% compared to H1 2017. The high level was supported by TryghedsGruppen's payment of the member bonus in Denmark.

There is a clear interest in digital communication as preferred channel, as 85% of Private customers in both Denmark and Norway have indicated their preference for digital communication. This is also supported by the fact that 57% of all communication with Tryg is digital – an increase of 5 percentage points from Q1 2018.

In H1 2018, the number of claims reported online increased from 29% to 35% in Denmark, and from 37% to 40% in Norway. Customer satisfaction is important, and Tryg can see that when reporting claims online, customer satisfaction is around 10 percentage points higher than for traditional channels. In H1 2018, the use of robots was intensified in Denmark, meaning that almost 70% of all car glass claims are now approved without the involvement of employees in Tryg.

### **Product & service innovation**

Tryg has launched a number of motor insurance solutions with Greater Than in Sweden and Tryg Drive in Denmark. Both concepts are based on innovative pricing, where the main factor determining the price is the driving behaviour. In Denmark, young drivers have shown great interest in this product, which accounts for approximately 50% of the motor insurance sold to this segment.

The Tryg Garanti (Credit & Surety) business is very profitable, primarily due to a cost-efficient distribution model, and at its CMD in November Tryg therefore announced the extension of the business to Germany. Tryg has recruited a strong team, and is in the process of starting up the German operations.

### **TrygExplore – expands collaboration with international startups**

As part of our innovation strategy, Tryg has expanded the collaboration with international startups through a new concept: TrygXplore in Norway. TrygXplore is offering training programs for startups to gain new vantage points of world class customer experience. So far, this agreement has led to collaboration with 3 startups from Germany, Norway and Sweden and pilot projects will be launched in H2 2018. All the startups represent as of claim prevention, and Tryg is counting on these projects will reduce the number of claims in the future.

### **Distribution efficiency**

Improving distribution is of paramount importance to Tryg. In the past, Tryg has improved efficiency in staff functions and claims areas. In the coming years, Tryg will have a strong focus on distribution efficiency. The acquisitions of FDM and OBOS support an improved distribution with very good leads being made available to the sales organisation. In Denmark, the continued integration of customer service and claims handling, with sales to customers reporting claims, also supports distribution efficiency.

Additionally, Tryg has strengthened its presence in the car dealership segment, with new agreements having been signed with a number of large Danish car dealers. The car dealers are already part of the existing Tryg workshop repair set-up, and now they have the opportunity to offer and sell Tryg-branded motor insurance products to their customers. The IT infrastructure behind the set-up is unique in the market, and more distribution agreements are in the pipeline.

## **Customer highlights**

### **Member bonus**

In June, TryghedsGruppen paid out a member bonus of 8% to Tryg's Danish customers based on the premium income for 2017. Knowledge and understanding of this model continue to increase, and especially support the retention rates, which increased in both Private and Commercial in Q2. Awareness of the member bonus model increased with more than 10% after customers received the bonus in June 2018.

### **Tryg and NITO have entered a partner agreement**

Tryg has entered a partner agreement with NITO (Norwegian association for engineers and technologists)– the largest partner agreement in Norway in 17 years. The agreement will be effective as of 1 January 2019. Tryg was chosen because of the ability to develop new and tailor-made digital solutions to NITO's members. NITO has 84,000 members.

### **Tryg Health – new prevention concept**

In Q2, Commercial in Denmark launched a new digital health prevention concept to minimise and prevent illness. Tryg Health is an app that provides the customer with an overview of health-related services. The concept also includes a health screening, and based on a number of questions related to the customer's mental and physical situation, a health report is prepared. A professional set-up is in place to inform and help customers prevent illness. The new solution allows employees to do the statutory workplace risk assessment and the health screening at the same time, resulting in fewer sick days and higher productivity.

## Private

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

### Key figures - Private

	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
<b>DKKm</b>					
<b>Gross premium income</b>	<b>2,257</b>	<b>2,178</b>	<b>4,478</b>	<b>4,384</b>	<b>8,798</b>
Gross claims	-1,404	-1,389	-3,012	-2,972	-5,807
Gross expenses	-313	-303	-624	-616	-1,208
Profit/loss on gross business	540	486	842	796	1,783
Profit/loss on ceded business	-56	-43	-104	-86	-211
Insurance technical interest, net of reinsurance	-1	-3	-2	-2	-7
<b>Technical result</b>	<b>483</b>	<b>440</b>	<b>736</b>	<b>708</b>	<b>1,565</b>
Run-off gains/losses, net of reinsurance	110	79	194	178	306
<b>Key ratios</b>					
Premium growth in local currency (%)	5.0	1.4	4.4	1.0	1.1
Gross claims ratio	62.2	63.8	67.3	67.8	66.0
Net reinsurance ratio	2.5	2.0	2.3	2.0	2.4
Claims ratio, net of reinsurance	64.7	65.8	69.6	69.8	68.4
Gross expense ratio	13.9	13.9	13.9	14.1	13.7
<b>Combined ratio</b>	<b>78.6</b>	<b>79.7</b>	<b>83.5</b>	<b>83.9</b>	<b>82.1</b>
Combined ratio exclusive of run-off	83.5	83.3	87.8	88.0	85.6
Run-off, net of reinsurance (%)	-4.9	-3.6	-4.3	-4.1	-3.5
Weather claims, net of reinsurance (%)	1.8	1.3	2.8	2.2	1.9

### H1 2018 results

The technical result was DKK 736m (DKK 708m). The combined ratio was 83.5 (83.9) with a slightly lower claims and expense level. Premium growth was 4.4 (1.0), primarily driven by portfolio acquisitions, improved retention level. The claims ratio, net of ceded business, was 69.6(69.8), while the underlying claims ratio improved by 0.5 percentage points, primarily driven by price adjustments and claims procurement initiatives.

### Results for Q2

Private posted a technical result of DKK 483m (DKK 440m) and a combined ratio of 78.6 (79.7). Private reported a 0.4% improvement in the underlying claims ratio, but also higher weather-related claims in Norway.

### Premiums

Gross premium income increased by 5.0% (1.4%) when measured in local currencies or less than 1.0% when adjusted for portfolio acquisitions. The positive development continued in the Danish part of Private with premium growth of more than 6% driven mostly by the FDM acquisition, a high and improved retention level, which was impacted by the bonus payment from TryghedsGruppen, and a strong sales level. In the Norwegian part of Private, premiums increased by 2.9% (-1.2%) in local currencies, helped by portfolio acquisitions, but also reflecting the positive trend seen in the past few quarters. The improved development is attributable to the higher retention level and strong sales performance related to the OBOS portfolio.

The retention rate developed favourably, reaching 90.8 (89.8) for the Danish part of the business and 86.5 (85.5) for the Norwegian part.



**Claims**

The claims ratio, net of ceded business, was 64.7 (65.8) and was influenced by a slightly higher level of weather claims related to flooding in Norway after a very cold Q1, but also a higher level of run-off gains of 4.9 (3.6). The underlying claims ratio improved by 0.4 percentage points driven by claims reduction initiatives and price adjustments broadly in line with inflation.

**Expenses**

The expense ratio was 13.9 (13.9) and in line with the overall guidance of a broadly unchanged expense level in 2018. The number of employees was 1,014 against 1,000 at the end of 2017. The increase in headcounts is mainly driven by the integration of Troll in Norway.

## Commercial

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

### Key figures - Commercial

DKKm	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
<b>Gross premium income</b>	<b>978</b>	<b>949</b>	<b>1,933</b>	<b>1,914</b>	<b>3,862</b>
Gross claims	-584	-597	-1,175	-1,182	-2,423
Gross expenses	-184	-167	-342	-338	-665
Profit/loss on gross business	210	185	416	394	774
Profit/loss on ceded business	-41	-13	-75	-39	-106
Insurance technical interest, net of reinsurance	0	-1	-1	-1	-1
<b>Technical result</b>	<b>169</b>	<b>171</b>	<b>340</b>	<b>354</b>	<b>667</b>
Run-off gains/losses, net of reinsurance	94	58	166	140	329
<b>Key ratios</b>					
Premium growth in local currency (%)	4.0	-2.8	2.5	-2.3	-0.7
Gross claims ratio	59.7	62.9	60.8	61.8	62.7
Net reinsurance ratio	4.2	1.4	3.9	2.0	2.7
Claims ratio, net of reinsurance	63.9	64.3	64.7	63.8	65.4
Gross expense ratio	18.8	17.6	17.7	17.7	17.2
<b>Combined ratio</b>	<b>82.7</b>	<b>81.9</b>	<b>82.4</b>	<b>81.5</b>	<b>82.6</b>
Combined ratio exclusive of run-off	92.3	88.0	91.0	88.8	91.1
Run-off, net of reinsurance (%)	-9.6	-6.1	-8.6	-7.3	-8.5
Large claims, net of reinsurance (%)	3.8	4.1	1.9	2.4	3.1
Weather claims, net of reinsurance (%)	1.3	1.1	2.4	1.4	1.8

### H1 2018 results

The technical result was DKK 340m (354m). The combined ratio was 82.4 (81.5) with a higher claims level and unchanged expense level. Premium growth increased by 2.5% (-2.3%) when measured in local currencies due to acquisition of the OBOS portfolio and an improved retention level. The claims ratio, net of ceded business, was 64.7 (63.8), representing a higher level of weather claims and a higher level of medium-sized claims.

### Results for Q2

Commercial posted a technical result of DKK 169m (DKK 171m) and a combined ratio of 82.7 (81.9). The results are negatively impacted by a higher level of weather claims (in Norway) offset by a higher run-off result.

### Premiums

Gross premium income totalled DKK 978m (DKK 949m), which represents a 4.0% increase when measured in local currencies. Commercial Denmark reported growth of 2.1% against a decrease of 3.3% in Q2 2017. In Norway, premiums increased by almost 9%, primarily due to the acquisition of OBOS.

The retention rate for Denmark was 88.1 (86.9) which can be ascribed to both an improved service concept and the member bonus payment from TryghedsGruppen. In Norway, the retention rate increased to 88.2 (86.8) driven by continued strengthening of the customer focus.

### Claims

The claims ratio, net of ceded business, was 63.9 (64.3). The almost unchanged level is the result of a higher level of weather claims in Norway offset by a higher run-off level. The claims level was positively affected by the claims efficiency programme, but Tryg also experienced a somewhat higher level of medium-sized claims.

## **Expenses**

The expense ratio was 18.8 (17.6) which is a too high level. To improve the expenses, level the number of agreements with different organisations was reduced. In Denmark the reduction is due to the fact that some of these agreements have too low insurance penetration with their members. This move will improve efficiency and thereby reduce the overall expense level.

Commercial had 491 employees, up from 479 at the end of 2017, primarily due to an increase in the number of employees in the customer centres in Denmark to improve distribution power.

## 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 21% of the Group's total premium income.

### Key figures - Corporate

DKKm	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
<b>Gross premium income</b>	<b>977</b>	<b>942</b>	<b>1,919</b>	<b>1,912</b>	<b>3,852</b>
Gross claims	-574	-558	-1,240	-1,210	-2,606
Gross expenses	-94	-99	-191	-197	-392
Profit/loss on gross business	309	285	488	505	854
Profit/loss on ceded business	-200	-131	-260	-271	-467
Insurance technical interest, net of reinsurance	0	2	-1	1	-1
<b>Technical result</b>	<b>109</b>	<b>156</b>	<b>227</b>	<b>235</b>	<b>386</b>
Run-off gains/losses, net of reinsurance	60	74	182	142	239
<b>Key ratios</b>					
Premium growth in local currency (%)	6.1	3.2	3.4	3.3	2.1
Gross claims ratio	58.8	59.2	64.6	63.3	67.7
Net reinsurance ratio	20.5	13.9	13.5	14.2	12.1
Claims ratio, net of reinsurance	79.3	73.1	78.1	77.5	79.8
Gross expense ratio	9.6	10.5	10.0	10.3	10.2
<b>Combined ratio</b>	<b>88.9</b>	<b>83.6</b>	<b>88.1</b>	<b>87.8</b>	<b>90.0</b>
Combined ratio exclusive of run-off	95.0	91.5	97.6	95.2	96.2
Run-off, net of reinsurance (%)	-6.1	-7.9	-9.5	-7.4	-6.2
Large claims, net of reinsurance (%)	9.9	2.0	7.3	3.3	3.2
Weather claims, net of reinsurance (%)	0.9	0.1	1.5	0.7	1.2

### H1 2018 results

The technical result was DKK 227m (DKK 235m), while the combined ratio was 88.1 (87.8). The slightly higher level was primarily due to a higher large claims level. Premiums increased by 3.4% (3.3%) when measured in local currencies, mainly due to the positive development of Tryg Garanti and the fronting business in Sweden. The claims ratio, net of ceded business, was 78.1 (77.5), and the higher level was, as mentioned, due to a high large claims level.

### Results for Q2

The technical result amounted to DKK 109m (DKK 156m) with a combined ratio of 88.9 (83.6). The lower technical result is primarily due to a higher level of large claims, but also a lower run-off result due to a few particularly large claims related to prior years. The credit and surety business, Tryg Garanti, which is part of Corporate and has a leading market position, continues to develop positively. In Q2, the premium growth was DKK10m – an increase of 8% – while profitability remained very strong.

### Premiums

Gross premium income totalled DKK 977m (DKK 942m), an increase of 6.1% when measured in local currencies. The growth is impacted by adjustments of a number of accounts in Q2 2017 and the positive development in Tryg Garanti. Underlying growth was around 1%. The underlying development was negative in Norway due to profitability initiatives, including pruning of unprofitable customers. In Denmark, the growth was approximately 6%, primarily due to increase in the expansion of the guarantee business, but also because of customers appreciating TryghedsGruppen's bonus model. In Sweden, growth was around 2%, mainly due to the increase in the number of fronting agreements in H2 2017.

**Claims**

The claims ratio, net of ceded business, was 79.3 (73.1). The total level of large claims and weather claims was much higher than last year, and the run-off level was significantly lower. The claims level was negatively impacted by adjustments of specific prior-year large claims.

**Expenses**

The expense ratio was 9.6 (10.5) supported by increased fronting business and efficiency improvements which underpin the corporate area's focus on efficiency. The number of employees in Corporate was 243 against 250 at the end of 2017.

## Sweden

Sweden sells 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 8% of the Group's total premium income.

### Key figures - Sweden

	Q2 2018	Q2 2017	H1 2018	H1 2017	2017
<b>DKKm</b>					
<b>Gross premium income</b>	<b>375</b>	<b>383</b>	<b>699</b>	<b>712</b>	<b>1,487</b>
Gross claims	-231	-270	-479	-499	-1,055
Gross expenses	-55	-65	-109	-126	-251
Profit/loss on gross business	89	48	111	87	181
Profit/loss on ceded business	-1	-3	-2	-3	-5
Insurance technical interest, net of reinsurance	-3	-2	-3	-3	-5
<b>Technical result</b>	<b>85</b>	<b>43</b>	<b>106</b>	<b>81</b>	<b>171</b>
Run-off gains/losses, net of reinsurance	49	9	64	46	98
<b>Key ratios</b>					
Premium growth in local currency (%)	4.6	18.1	3.3	17.6	12.5
Gross claims ratio	61.6	70.5	68.5	70.1	70.9
Net reinsurance ratio	0.3	0.8	0.3	0.4	0.3
Claims ratio, net of reinsurance	61.9	71.3	68.8	70.5	71.2
Gross expense ratio	14.7	17.0	15.6	17.7	16.9
<b>Combined ratio</b>	<b>76.6</b>	<b>88.3</b>	<b>84.4</b>	<b>88.2</b>	<b>88.1</b>
Combined ratio exclusive of run-off	89.7	90.6	93.6	94.7	94.7
Run-off, net of reinsurance (%)	-13.1	-2.3	-9.2	-6.5	-6.6
Weather claims, net of reinsurance (%)	0.5	0.3	1.1	0.7	0.9

### H1 2018 results

The technical result was DKK 106m (DKK 81m), while the combined ratio was 84.4 (88.2). The improved result was primarily due to a higher run-off result compared to the corresponding prior-year period.

### Results for Q2

Sweden posted a technical result of DKK 85 (DKK 43m) and a combined ratio of 76.6 (88.3). The improved result is mainly due to a higher run-off level of 13.1 (2.3), which can be ascribed to the motor insurance area.

### Premiums

Premium income totalled DKK 375m (DKK 383m), an increase of 4.6% when measured in local currencies. The growth is primarily driven by a positive development in the pet insurance segment.

### Claims

The claims ratio, net of ceded business, was 61.9 (71.3). The lower claims level was primarily due to the higher run-off level related to motor insurance.

### Expenses

The expense ratio was 14.7 (17.0), which is a positive development reflecting an organisation with a firm focus on efficiency. The number of employees was 344 at the end of the quarter, which is a reduction of nine employees compared to year-end 2017.

## Investment activities

Return - Investments DKKm	H1 2018	H1 2017	2017
Free portfolio, gross return	64	336	598
Match portfolio, regulatory deviation and performance	15	176	227
Other financial income and expenses	-167	-154	-293
<b>Total investment return</b>	<b>-88</b>	<b>358</b>	<b>532</b>

Return - free portfolio DKKm	H1 2018	H1 2018(%)	H1 2017	H1 2017(%)	Investment assets	
					30.06.2018	31.12.2017
Government bonds	3	1.0	1	0.5	239	327
Covered Bonds	11	0.3	31	0.6	4,204	4,111
Inflation-linked bonds	-5	-0.8	-2	-0.4	504	547
Investment grade credit	-29	-4.0	22	3.1	807	935
Emerging-market bonds	-38	-7.3	29	5.5	438	595
High-yield bonds	9	1.0	14	1.9	927	791
Other a)	-21	0.0	10	0.0	87	159
<b>Interest rate and credit exposure</b>	<b>-70</b>	<b>-1.0</b>	<b>105</b>	<b>1.3</b>	<b>7,206</b>	<b>7,465</b>
<b>Equity exposure</b>	<b>3</b>	<b>0.1</b>	<b>193</b>	<b>8.3</b>	<b>1,909</b>	<b>2,185</b>
<b>Investment property</b>	<b>131</b>	<b>6.6</b>	<b>38</b>	<b>2.4</b>	<b>2,175</b>	<b>1,715</b>
<b>Total gross return</b>	<b>64</b>	<b>0.6</b>	<b>336</b>	<b>2.7</b>	<b>11,290</b>	<b>11,365</b>

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

Return - match portfolio DKKm	H1 2018	H1 2017	2017
Return, match portfolio	90	156	289
Value adjustments, changed discount rate	28	114	122
Transferred to insurance technical interest	-103	-94	-184
<b>Match, regulatory deviation and performance</b>	<b>15</b>	<b>176</b>	<b>227</b>
Hereof:			
Match, regulatory deviation	2	60	98
Match, performance	13	116	129

### H1 2018 results

Investment income totaled DKK -88m (DKK 358m) in H1 2018, driven by a return of DKK 64m (DKK 336m) on the free portfolio, a return of DKK 15m (DKK 176m) on the match portfolio and other financial income and expenses of DKK -167m (DKK -154m).

The total market value of Tryg's investment portfolio was DKK 44bn (DKK 41bn) on 30 June 2018. The investment portfolio consists of a match portfolio of DKK 33bn (DKK 29bn) and a free portfolio of DKK 11bn (DKK 12bn). The match portfolio is composed of 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 is the Group's capital, which is predominantly invested in fixed-income securities with a short duration, but also inequities and properties. Other financial income and expenses primarily consist of interest expenses related to outstanding subordinated debt, the cost of the currency hedge to protect the Norwegian shareholders' equity and the cost of running the investment operations.

### Outlook

The general macroeconomic outlook remains relatively positive in Scandinavia, although the region is clearly not immune to potential external shocks such as increased protectionism or a downturn in the US economy. Government indebtedness is low, unemployment rates are expected to be below 4% at the end of 2018, while GDP growth is expected to be close to 2%.

In 2018, Tryg expects organic growth in gross premium income of 0-2% when measured in local currencies (excluding portfolio acquisitions and Alka). Starting 1 January 2018, the FDM portfolio was consolidated, while the OBOS portfolio in Norway was consolidated starting June 2017. Consolidation of the Troll portfolio began in Q2 2018. Troll Forsikring wrote approximately NOK 120m of premiums in 2017,

of which more than 70% were ceded to reinsurers. Going forward, Tryg plans to gradually reduce premiums ceded to reinsurers.

Tryg's reserves position remains strong. At the CMD for Tryg A/S in November 2017, it was announced that run-off gains are expected to be between 3 and 5% in 2020. Tryg's systematic claims-reserving approach continues to include a margin of approximately 3% based on best estimate.

In 2018, weather claims net of reinsurance and large claims are expected to be DKK 500m and DKK 550m, respectively, which is unchanged compared to previous years.

The interest rate used to discount Tryg's technical provisions remains very low. A 100-basis point increase of the interest rate curve will improve the profit before tax by around DKK 300m.

The investment portfolio is divided into a match portfolio corresponding to the technical provisions and a free portfolio. The objective is for the return on the match portfolio and changes in the technical provisions due to interest rate changes to be close to zero.

The return on bonds in the free portfolio (approximately 70% of the free portfolio) will vary, but given current interest rate levels, a very low return is expected. Equities, as an asset class, are expected to return around 7% annually. The MSCI World Index is the chosen benchmark. The return on the property portfolio is expected to be around 5%. The investment return in the income statement also includes the cost of managing investments, the cost of currency hedges and interest expenses on subordinated loans.

The overall tax rate is expected to be 22-23% for the full year 2018. Capital gains and losses on equities are not taxable in Norway.

The financial guidance does not include the acquisition of Alka. Figures will be updated once the acquisition has been approved by the authorities. As disclosed in the annual report for 2017, the Alka acquisition will result in the annual depreciation of customer relations in the amount of approximately DKK 100-150m (before tax) within a five to seven-year period. This item will be booked under other income and costs in the income statement. More details will be released after closing.



## Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the interim report for the first half-year of 2018 for Tryg Forsikring A/S and the Tryg Forsikring Group.

The report, which is unaudited and have not been reviewed by the company's auditors, is prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements of the parent company is prepared in accordance with the executive order issued by the Danish Financial Business Act.

In our opinion, the report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2018 and of the results of the Group's and the parent company's operations for the period and the cash flows of the Group for the period.

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 period 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 2018

### Executive Board

*Morten Hübbe*  
Group CEO

*Christian Baltzer*  
Group CFO

*Lars Bonde*  
Group COO

*Johan Kirstein Brammer*  
Group CCO

### Supervisory Board

*Jukka Pertola*  
Chairman

*Torben Nielsen*  
Deputy Chairman

*Mari Thjømmøe*

*Elias Bakk*

*Tom Eileng*

*Lone Hansen*

*Anders Hjulmand*

*Jesper Hjulmand*

*Ida Sofie Jensen*

*Lene Skole*

*Tina Snejbjerg*

*Carl-Viggo Östlund*

# Tryg Forsikring Group

## Income statement

DKKm	H1 2018	H1 2017	2017
Notes			
<b>General insurance</b>			
Gross premiums written	10,727	10,562	18,358
Ceded insurance premiums	-815	-708	-1,255
Change in premium provisions	-1,575	-1,514	-145
Change in reinsurers' share of premium provisions	191	143	16
<b>Premium income, net of reinsurance</b>	<b>8,528</b>	<b>8,483</b>	<b>16,974</b>
<b>Insurance technical interest, net of reinsurance</b>	<b>-7</b>	<b>-5</b>	<b>-14</b>
Claims paid	-6,320	-6,539	-12,807
Reinsurance cover received	173	700	1,029
Change in claims provisions	450	698	942
Change in the reinsurers' share of claims provisions	-55	-597	-729
<b>Claims, net of reinsurance</b>	<b>-5,752</b>	<b>-5,738</b>	<b>-11,565</b>
<b>Bonus and premium discounts</b>	<b>-161</b>	<b>-149</b>	<b>-250</b>
Acquisition costs	-984	-963	-1,902
Administration expenses	-282	-314	-614
Acquisition costs and administration expenses	-1,266	-1,277	-2,516
Reinsurance commissions and profit participation from reinsurers	67	64	160
<b>Insurance operating costs, net of reinsurance</b>	<b>-1,199</b>	<b>-1,213</b>	<b>-2,356</b>
<b>1 Technical result</b>	<b>1,409</b>	<b>1,378</b>	<b>2,789</b>
<b>Investment activities</b>			
Income from associates	14	7	3
Income from investment property	31	37	69
Interest income and dividends	290	315	624
Value adjustments	-202	202	225
Interest expenses	-59	-53	-107
Administration expenses in connection with investment activities	-59	-55	-98
<b>Total investment return</b>	<b>15</b>	<b>453</b>	<b>716</b>
Return on insurance provisions	-103	-95	-184
<b>Total investment return after insurance technical interest</b>	<b>-88</b>	<b>358</b>	<b>532</b>
Other income	64	55	117
Other costs	-74	-62	-124
<b>Profit/loss before tax</b>	<b>1,311</b>	<b>1,729</b>	<b>3,314</b>
Tax	-300	-380	-736
<b>Profit/loss on continuing business</b>	<b>1,011</b>	<b>1,349</b>	<b>2,578</b>
Profit/loss on discontinued and divested business	0	-2	-2
<b>Profit/loss for the period</b>	<b>1,011</b>	<b>1,347</b>	<b>2,576</b>

## Statement of comprehensive income

DKKm	H1 2018	H1 2017	2017
<b>Profit/loss for the period</b>	<b>1,011</b>	<b>1,347</b>	<b>2,576</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income which cannot subsequently be reclassified as profit or loss</b>			
Change in equalisation provision and other provisions	0	0	4
Revaluation of owner-occupied property and other adjustments	0	13	0
Actuarial gains/losses on defined-benefit pension plans	15	25	-7
Tax on actuarial gains/losses on defined-benefit pension plans	-4	-6	2
	11	32	-1
<b>Other comprehensive income which can subsequently be reclassified as profit or loss</b>			
Exchange rate adjustments of foreign entities	40	-96	-137
Hedging of currency risk in foreign entities	-25	90	135
Tax on hedging of currency risk in foreign entities	5	-20	-30
	20	-26	-32
<b>Total other comprehensive income</b>	<b>31</b>	<b>6</b>	<b>-33</b>
<b>Comprehensive income</b>	<b>1,042</b>	<b>1,353</b>	<b>2,543</b>

## Statement of financial position

DKKm	30.06.2018	30.06.2017	31.12.2017
Notes			
<b>Assets</b>			
<b>Intangible assets</b>	<b>1,413</b>	<b>1,054</b>	<b>1,105</b>
Operating equipment	99	55	67
Owner-occupied property	698	0	0
<b>Total property, plant and equipment</b>	<b>797</b>	<b>55</b>	<b>67</b>
<b>Investment property</b>	<b>1,437</b>	<b>1,293</b>	<b>1,324</b>
Equity investments in associates	239	225	225
<b>Total investments in associates</b>	<b>239</b>	<b>225</b>	<b>225</b>
Equity investments	543	15	179
Unit trust units	4,744	4,237	4,852
Bonds	37,952	35,075	37,151
Deposits with credit institutions	0	59	250
Derivative financial instruments	797	997	1,079
<b>Total other financial investment assets</b>	<b>44,036</b>	<b>40,383</b>	<b>43,511</b>
<b>Total investment assets</b>	<b>45,712</b>	<b>41,901</b>	<b>45,060</b>
Reinsurers' share of premium provisions	437	370	245
Reinsurers' share of claims provisions	1,068	1,267	1,121
<b>Total reinsurers' share of provisions for insurance contracts</b>	<b>1,505</b>	<b>1,637</b>	<b>1,366</b>
Receivables from policyholders	2,051	1,858	1,471
Total receivables in connection with direct insurance contracts	2,051	1,858	1,471
Receivables from insurance enterprises	411	403	300
Receivables from Group undertakings	5	435	4
Other receivables	957	267	952
<b>Total receivables</b>	<b>3,424</b>	<b>2,963</b>	<b>2,727</b>
Cash at bank and in hand	1,198	333	499
<b>Total other assets</b>	<b>1,198</b>	<b>333</b>	<b>499</b>
Interest and rent receivable	137	148	197
Other prepayments and accrued income	237	259	335
<b>Total prepayments and accrued income</b>	<b>374</b>	<b>407</b>	<b>532</b>
<b>Total assets</b>	<b>54,423</b>	<b>48,350</b>	<b>51,356</b>

## Statement of financial position

DKKm		30.06.2018	30.06.2017	31.12.2017
Notes				
	<b>Equity and liabilities</b>			
	<b>Equity</b>	<b>11,668</b>	<b>8,780</b>	<b>9,066</b>
2	<b>Subordinated loan capital</b>	<b>2,922</b>	<b>2,464</b>	<b>2,412</b>
	Premium provisions	7,156	6,974	5,559
	Claims provisions	23,637	24,325	23,925
	Provisions for bonuses and premium discounts	473	493	534
	<b>Total provisions for insurance contracts</b>	<b>31,266</b>	<b>31,792</b>	<b>30,018</b>
	Pensions and similar liabilities	261	274	290
	Deferred tax liability	616	705	656
	Other provisions	107	94	111
	<b>Total provisions</b>	<b>984</b>	<b>1,073</b>	<b>1,057</b>
	Debt relating to direct insurance	537	558	498
	Debt relating to reinsurance	708	408	454
	Amounts owed to credit institutions	498	356	306
	Debt relating to unsettled funds transactions and repos	1,711	780	1,711
	Derivative financial instruments	599	617	746
	Debt to Group undertakings	319	0	3,530
	Current tax liabilities	198	413	211
	Other debt	2,975	1,080	1,304
	<b>Total debt</b>	<b>7,545</b>	<b>4,212</b>	<b>8,760</b>
	<b>Accruals and deferred income</b>	<b>38</b>	<b>29</b>	<b>43</b>
	<b>Total equity and liabilities</b>	<b>54,423</b>	<b>48,350</b>	<b>51,356</b>
3	<b>Acquisition of activities</b>			
4	<b>Related parties</b>			
5	<b>Accounting policies</b>			

## Statement of changes in equity

DKKm	Share capital	Reserve for exchange rate adjustment	Other reserves a)	Retained earnings	Proposed dividend	Total
<b>Equity at 31 December 2017</b>	<b>1,100</b>	<b>-29</b>	<b>783</b>	<b>7,212</b>	<b>0</b>	<b>9,066</b>
<b>H1 2018</b>						
Profit/loss for the period			39	33	939	1,011
Other comprehensive income		20		11		31
Total comprehensive income	0	20	39	44	939	1,042
Capital contribution				2,000		2,000
Dividend paid					-440	-440
<b>Total changes in equity in H1 2018</b>	<b>0</b>	<b>20</b>	<b>39</b>	<b>2,044</b>	<b>499</b>	<b>2,602</b>
<b>Equity at 30 June 2018</b>	<b>1,100</b>	<b>-9</b>	<b>822</b>	<b>9,256</b>	<b>499</b>	<b>11,668</b>
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>3</b>	<b>822</b>	<b>5,502</b>	<b>2,700</b>	<b>10,127</b>
<b>H1 2017</b>						
Profit/loss for the period			-1	444	904	1,347
Other comprehensive income		-26		32		6
Total comprehensive income	0	-26	-1	476	904	1,353
Dividend paid					-2,700	-2,700
<b>Total changes in equity in H1 2017</b>	<b>0</b>	<b>-26</b>	<b>-1</b>	<b>476</b>	<b>-1,796</b>	<b>-1,347</b>
<b>Equity at 30 June 2017</b>	<b>1,100</b>	<b>-23</b>	<b>821</b>	<b>5,978</b>	<b>904</b>	<b>8,780</b>
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>3</b>	<b>822</b>	<b>5,502</b>	<b>2,700</b>	<b>10,127</b>
<b>2017</b>						
Profit/loss for the year			-39	1,711	904	2,576
Other comprehensive income	0	-32	0	-1	0	-33
Total comprehensive income	0	-32	-39	1,710	904	2,543
Dividend paid					-3,604	-3,604
<b>Total changes in equity in 2017</b>	<b>0</b>	<b>-32</b>	<b>-39</b>	<b>1,710</b>	<b>-2,700</b>	<b>-1,061</b>
<b>Equity at 31 December 2017</b>	<b>1,100</b>	<b>-29</b>	<b>783</b>	<b>7,212</b>	<b>0</b>	<b>9,066</b>

a) Other reserves contains Norwegian Natural Perils Pool.

The possible payment of dividend is influenced by contingency fund provisions of DKK 1,640m (DKK 1,592m as at 31 December 2017). 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.

## Statement of cash flow

DKKm	H1 2018	H1 2017	2017
<b>Cash from operating activities</b>			
Premiums	9,987	9,530	17,600
Claims	-6,221	-6,467	-13,205
Ceded business	-382	-188	-139
Costs	-1,574	-1,295	-2,642
Change in other debt and other amounts receivable	1,057	-205	497
<b>Cash flow from insurance activities</b>	<b>2,867</b>	<b>1,375</b>	<b>2,111</b>
Interest income	337	362	626
Interest expenses	-59	-53	-107
Dividend received	8	11	19
Taxes	-325	-227	-859
Other income and costs	-11	-7	-6
<b>Cash from operating activities, continuing business</b>	<b>2,817</b>	<b>1,461</b>	<b>1,784</b>
Cash from operating activities, discontinued and divested business	-1	-1	-1
<b>Total cash flow from operating activities</b>	<b>2,816</b>	<b>1,460</b>	<b>1,783</b>
<b>Investments</b>			
Acquisition and refurbishment of real property	-2	0	-10
Sale of real property	0	2,307	2,307
Acquisition and sale of equity investments and unit trust units (net)	-322	-252	-978
Purchase/sale of bonds (net)	-743	-1,350	-3,578
Deposits with credit institutions	250	-59	-250
Purchase/sale of operating equipment (net)	-4	12	-38
Acquisition of intangible assets	0	-102	-102
Hedging of currency risk	-25	90	135
<b>Investments, continuing business</b>	<b>-846</b>	<b>646</b>	<b>-2,514</b>
Investments, discontinued and divested business	0	0	0
<b>Total investments</b>	<b>-846</b>	<b>646</b>	<b>-2,514</b>
<b>Financing</b>			
Capital contribution	2,000	0	0
Subordinated loan capital	502	0	0
Debt and receivables, Group	-3,531	266	4,227
Dividend paid	-440	-2,700	-3,604
Change in lease liabilities	-40	0	0
Change in amounts owed to credit institutions	192	178	128
<b>Financing, continuing business</b>	<b>-1,317</b>	<b>-2,256</b>	<b>751</b>
<b>Total financing</b>	<b>-1,317</b>	<b>-2,256</b>	<b>751</b>
<b>Change in cash and cash equivalents, net</b>	<b>653</b>	<b>-150</b>	<b>20</b>
Additions relating to purchase of subsidiary	41	13	13
Exchange rate adjustment of cash and cash equivalents beginning of year	5	-5	-9
<b>Change in cash and cash equivalents, gross</b>	<b>699</b>	<b>-142</b>	<b>24</b>
Cash and cash equivalents, beginning of year	499	475	475
<b>Cash and cash equivalents, end of period</b>	<b>1,198</b>	<b>333</b>	<b>499</b>

## Notes

DKK M	Private	Commercial	Corporate	Sweden	Other a)	Group
<b>1 Operating segments</b>						
<b>H1 2018</b>						
<b>Gross premium income</b>	<b>4,478</b>	<b>1,933</b>	<b>1,919</b>	<b>699</b>	<b>-38</b>	<b>8,991</b>
Gross claims	-3,012	-1,175	-1,240	-479	36	-5,870
Gross operating expenses	-624	-342	-191	-109	0	-1,266
Profit/loss on ceded business	-104	-75	-260	-2	2	-439
Insurance technical interest, net of reinsurance	-2	-1	-1	-3	0	-7
<b>Technical result</b>	<b>736</b>	<b>340</b>	<b>227</b>	<b>106</b>	<b>0</b>	<b>1,409</b>
Other items					-398	-398
<b>Profit</b>						<b>1,011</b>
Run-off gains/losses, net of reinsurance	194	166	182	64		606
Intangible assets	286	96		540	491	1,413
Equity investments in associates					239	239
Reinsurers' share of premium provisions	131	46	258	2		437
Reinsurers' share of claims provisions	65	129	847	27		1,068
Other assets					51,266	51,266
<b>Total assets</b>						<b>54,423</b>
Premium provisions	2,703	1,793	1,710	950		7,156
Claims provisions	5,178	6,488	9,207	2,764		23,637
Provisions for bonuses and premium discounts	364	70	30	9		473
Other liabilities					11,489	11,489
<b>Total liabilities</b>						<b>42,755</b>

	Private	Commercial	Corporate	Sweden	Other a)	Group
<b>1 Operating segments</b>						
<b>H1 2017</b>						
<b>Gross premium income</b>	<b>4,384</b>	<b>1,914</b>	<b>1,912</b>	<b>712</b>	<b>-23</b>	<b>8,899</b>
Gross claims	-2,972	-1,182	-1,210	-499	22	-5,841
Gross operating expenses	-616	-338	-197	-126	0	-1,277
Profit/loss on ceded business	-86	-39	-271	-3	1	-398
Insurance technical interest, net of reinsurance	-2	-1	1	-3	0	-5
<b>Technical result</b>	<b>708</b>	<b>354</b>	<b>235</b>	<b>81</b>	<b>0</b>	<b>1,378</b>
Other items					-31	-31
<b>Profit</b>						<b>1,347</b>
Run-off gains/losses, net of reinsurance	178	140	142	46		506
Intangible assets	16	112		597	329	1,054
Equity investments in associates					225	225
Reinsurers' share of premium provisions	77	56	236	1		370
Reinsurers' share of claims provisions	61	207	970	29		1,267
Other assets					45,434	45,434
<b>Total assets</b>						<b>48,350</b>
Premium provisions	2,547	1,794	1,668	965		6,974
Claims provisions	5,450	6,502	9,497	2,876		24,325
Provisions for bonuses and premium discounts	398	39	49	7		493
Other liabilities					7,778	7,778
<b>Total liabilities</b>						<b>39,570</b>



DKKm	Private	Commercial	Corporate	Sweden	Other a)	Group
<b>1 Operating segments 2017</b>						
<b>Gross premium income</b>	<b>8,798</b>	<b>3,862</b>	<b>3,852</b>	<b>1,487</b>	<b>-36</b>	<b>17,963</b>
Gross claims	-5,807	-2,423	-2,606	-1,055	26	-11,865
Gross operating expenses	-1,208	-665	-392	-251	0	-2,516
Profit/loss on ceded business	-211	-106	-467	-5	10	-779
Insurance technical interest, net of reinsurance	-7	-1	-1	-5	0	-14
<b>Technical result</b>	<b>1,565</b>	<b>667</b>	<b>386</b>	<b>171</b>	<b>0</b>	<b>2,789</b>
Other items					-213	-213
<b>Profit</b>						<b>2,576</b>
Run-off gains/losses, net of reinsurance	306	329	239	98		972
Intangible assets	14	106		575	410	1,105
Equity investments in associates					225	225
Reinsurers' share of premium provisions	47	22	176			245
Reinsurers' share of claims provisions	53	172	867	29		1,121
Other assets					48,660	48,660
<b>Total assets</b>						<b>51,356</b>
Premium provisions	2,358	1,277	1,008	916		5,559
Claims provisions	5,197	6,527	9,317	2,884		23,925
Provisions for bonuses and premium discounts	432	60	35	7		534
Other liabilities					12,272	12,272
<b>Total liabilities</b>						<b>42,290</b>

a) Amounts relating to eliminations and one-off items are included under 'Other'. Other assets and liabilities are managed at Group level and are 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.

**DKKm****30.06.2018****30.06.2017****31.12.2017**

Notes

**2 Subordinate loan capital**

Tryg Forsikring has in April issued a new restricted tier 1 subordinated loan

**Bond loan SEK 700m**

Amortised cost value of the loan recognised in the

Statement of financial position:

496

-

-

The fair value of the loan at the statement

of financial position date:

498

-

-

The fair value of the loan at the statement of financial position

date is based on a price of:

100

-

-

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 total share of capital included in the calculation of the capital base totals DKK 2,6bn (DKK 2,2bn in 2017). The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost. 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.

**3 Acquisition of activities**

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 agreement was signed in February and the acquisition was approved by the Danish and Norwegian FSA in March 2018.

In March 2017 Tryg and OBOS BBL signed an agreement whereby Tryg acquired OBOS Forsikring AS. The agreement was approved by the Danish and Norwegian FSA end of May and implemented 1 June 2017.

1st January 2018 Tryg Forsikring acquired FDM's insurance portfolio from LB Forsikring. The acquisition gives rights to the renewal of the portfolio.

#### 4 **Related parties**

In H1 2018 Tryg Forsikring A/S paid Tryg A/S DKK 440m in dividends and received 2.000m in capital contribution (in H1 2017 Tryg Forsikring A/S paid Tryg A/S DKK 2,700m in dividends). In H1 2018 Tryg ejendomme A/S paid DKK 1,080m in dividend to Tryg Forsikring A/S. (In H1 2017 Respons Inkasso AS paid DKK 1m in dividend to Tryg Forsikring A/S). Tryg Forsikring has i Q2 transferred DKK 9,160m to Kapitalforeningen Tryg invest. Tryg Forsikring has i Q2 transferred DKK 488m to its subsidiary Tryg Real estate Fund A/S. Tryghedsgruppen has transferred DKK 318m to Kapitalforeningen Tryg Invest.

There have been no other material transactions with related parties.

#### 5 **Accounting policies**

Tryg Forsikring's interim report for H1 2018 report is presented in accordance with IAS 34 Interim Financial Reporting. The interim report of the parent company has been prepared in accordance with the executive order issued by the Danish FSA's regulations on financial reports for insurance companies and transverse 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).

##### **Changes in accounting policies**

Tryg Forsikring has applied IFRS 16 earlier and will recognise lease assets and lease liabilities in the balance sheet. The change is not expected to have a significant impact on either profit/loss or equity. Lease assets are recognised in 'Group-occupied property' and 'Operating equipment'. Lease liabilities are recognised in 'Other debt'. Earlier application of IFRS 16 is only possible because Tryg Forsikring also applies IFRS 15 'Revenue from Contracts with Customers', however applying IFRS 15 have no significant impact on the statement of financial position or profit/loss due to Tryg Forsikring's income is primarily related to premiums accounted for under IFRS 4. Tryg Forsikring has used the simplified approach.

Going forward from 01.01.2018 Tryg Forsikring has classified depreciation related to some intangible assets, such as customer relationship and distribution. The classification will not affect Profit/Loss or Equity but it will be presented in the line item "other costs" instead of the previous line item Acquisition costs and administration expenses.

Comparative figures has not been restated due to immateriality.

There have been no other changes to the accounting policies or accounting estimates in H1 2018.

The accounting policy changes have not been applied in the parent company, due to restrictions in the executive order issued by the Danish Financial Business Act.

# Tryg Forsikring A/S (parent company)

## Income statement

### INCOME STATEMENT AND BALANCE SHEET FOR TRYG FORSIKRING A/S (PARENT COMPANY)

#### INCOME STATEMENT

DKKm	H1 2018	H1 2017	FY 2017
Notes			
<b>General insurance</b>			
Gross premiums written	10,704	10,518	18,283
Ceded insurance premiums	-814	-707	-1,254
Change in premium provisions	-2,469	-1,481	-237
Change in profit margin and risk margin	891	-20	105
Change in reinsurers' share of premium provisions	191	143	16
<b>Premium income, net of reinsurance</b>	<b>8,503</b>	<b>8,453</b>	<b>16,913</b>
Claims paid	-6,271	-6,483	-12,723
Reinsurance cover received	172	700	1,029
Change in claims provisions	576	700	899
Change in risk margin	-157	-10	39
Change in the reinsurers' share of claims provisions	-55	-597	-729
<b>Claims, net of reinsurance</b>	<b>-5,735</b>	<b>-5,690</b>	<b>-11,485</b>
<b>Bonus and premium discounts</b>	<b>-161</b>	<b>-149</b>	<b>-250</b>
Acquisition costs	-968	-965	-1,903
Administration expenses	-324	-293	-588
Acquisition costs and Administration expenses	-1,292	-1,258	-2,491
Reinsurance commissions and profit participation from reinsurers	67	64	160
<b>Insurance operating costs, net of reinsurance</b>	<b>-1,225</b>	<b>-1,194</b>	<b>-2,331</b>
<b>Technical result</b>	<b>1,382</b>	<b>1,420</b>	<b>2,847</b>
<b>Investment activities</b>			
Income from Group undertakings	77	-1	-8
Income from associates	0	0	-14
Income from investment property	6	2	10
Interest income and dividends	275	309	611
Value adjustments	-290	102	109
Interest expenses	-40	-53	-104
Administration expenses in connection with investment activities	-43	-55	-98
<b>Total investment return</b>	<b>-15</b>	<b>304</b>	<b>506</b>
Return and value adjustment on insurance provisions	-76	13	-75
<b>Total Investment return after return and value adjustment on insurance provisions</b>	<b>-91</b>	<b>317</b>	<b>431</b>
Other income	64	55	117
Other costs	-62	-62	-124
<b>Profit/loss before tax</b>	<b>1,293</b>	<b>1,730</b>	<b>3,271</b>
Tax	-282	-381	-693
<b>Profit/loss on continuing business</b>	<b>1,011</b>	<b>1,349</b>	<b>2,578</b>
Profit/loss on discontinued and divested business	0	-2	-2
<b>Profit/loss for the period</b>	<b>1,011</b>	<b>1,347</b>	<b>2,576</b>

## Statement of comprehensive income

DKKm	H1 2018	H1 2017	FY 2017
<b>Profit/loss for the period</b>	<b>1,011</b>	<b>1,347</b>	<b>2,576</b>
<b>Other comprehensive income which cannot subsequently be reclassified as profit or loss</b>			
Change in equalisation provision and other provisions	0	0	4
Revaluation of owner-occupied property and other adjustments	0	13	0
Actuarial gains/losses on defined-benefit pension plans	15	25	-7
Tax on actuarial gains/losses on defined-benefit pension plans	-4	-6	2
	11	32	-1
<b>Other comprehensive income which can subsequently be reclassified as profit or loss</b>			
Exchange rate adjustments of foreign entities for the year	40	-96	-137
Hedging of currency risk in foreign entities for the year	-25	90	135
Tax on hedging of currency risk in foreign entities for the year	5	-20	-30
	20	-26	-32
<b>Total other comprehensive income</b>	<b>31</b>	<b>6</b>	<b>-33</b>
<b>Comprehensive income</b>	<b>1,042</b>	<b>1,353</b>	<b>2,543</b>

## Statement of Financial position

DKKm	H1 2018	H1 2017	FY 2017
Notes			
<b>Assets</b>			
<b>Intangible assets</b>	<b>1,413</b>	<b>1,054</b>	<b>1,105</b>
Operating equipment	59	54	66
<b>Total property, plant and equipment</b>	<b>59</b>	<b>54</b>	<b>66</b>
<b>Investment property</b>	<b>312</b>	<b>260</b>	<b>276</b>
Investments in Group undertakings	10,567	2,544	2,529
<b>Total investments in Group undertakings and associates</b>	<b>10,567</b>	<b>2,544</b>	<b>2,529</b>
Equity investments	43	15	179
Unit trust units	67	4,237	4,781
Bonds	32,188	34,041	36,199
Deposits with credit institutions	0	59	250
Derivative financial instruments	773	987	1,056
<b>Total other financial investment assets</b>	<b>33,071</b>	<b>39,339</b>	<b>42,465</b>
<b>Total investment assets</b>	<b>43,950</b>	<b>42,143</b>	<b>45,270</b>
Reinsurers' share of premium provisions	405	370	245
Reinsurers' share of claims provisions	1,051	1,267	1,121
<b>Total reinsurers' share of provisions for insurance contracts</b>	<b>1,456</b>	<b>1,637</b>	<b>1,366</b>
Receivables from policyholders	2,009	1,846	1,459
Total receivables in connection with direct insurance contracts	2,009	1,846	1,459
Receivables from insurance enterprises	411	403	300
Receivables from Group undertakings	79	437	45
Other receivables	932	236	903
<b>Total receivables</b>	<b>3,431</b>	<b>2,922</b>	<b>2,707</b>
Current tax assets	0	1	0
Cash at bank and in hand	991	317	487
<b>Total other assets</b>	<b>991</b>	<b>318</b>	<b>487</b>
Interest and rent receivable	120	145	194
Other prepayments and accrued income	239	260	336
<b>Total prepayments and accrued income</b>	<b>359</b>	<b>405</b>	<b>530</b>
<b>Total assets</b>	<b>51,659</b>	<b>48,533</b>	<b>51,531</b>

## Statement of Financial position

DKKm	H1 2018	H1 2017	FY 2017
Notes			
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>11,668</b>	<b>8,780</b>	<b>9,066</b>
1 <b>Subordinate loan capital</b>	<b>2,922</b>	<b>2,464</b>	<b>2,412</b>
Premium provisions	4,856	5,524	4,184
Profit margin - Non-life contracts	1,973	1,149	1,086
Claims provisions	21,995	22,489	22,116
Risk margin - Non-life contracts	1,045	1,242	1,199
Provisions for bonus and premium discounts	473	493	534
<b>Total provisions for insurance contracts</b>	<b>30,342</b>	<b>30,897</b>	<b>29,119</b>
Pensions and similar liabilities	261	274	290
Deferred tax liability	565	637	555
Other provisions	107	94	111
<b>Total provisions</b>	<b>933</b>	<b>1,005</b>	<b>956</b>
Debt relating to direct insurance	537	558	498
Debt relating to reinsurance	687	408	455
Amounts owed to credit institutions	487	356	306
Debt relating to unsettled funds transactions and repos	1,381	780	1,710
Derivative financial instruments	578	590	707
Debt to Group undertakings	187	1,287	4,746
Current tax liabilities	214	344	250
Other debt	1,698	1,035	1,263
<b>Total debt</b>	<b>5,769</b>	<b>5,358</b>	<b>9,935</b>
<b>Accruals and deferred income</b>	<b>25</b>	<b>29</b>	<b>43</b>
<b>Total equity and liabilities</b>	<b>51,659</b>	<b>48,533</b>	<b>51,531</b>
2 <b>Acquisition of activities</b>			
3 <b>Related parties</b>			
4 <b>Accounting policies</b>			
5 <b>Key ratios</b>			

## Statement of changes in equity

DKKm	Share capital	Revaluation equity method	Other reserves a)	Retained earnings	Proposed dividend	Total
<b>Equity at 31 December 2017</b>	<b>1,100</b>	<b>46</b>	<b>783</b>	<b>7,137</b>	<b>0</b>	<b>9,066</b>
<b>H1 2018</b>						
Profit/loss for the period			39	33	939	1,011
Other comprehensive income	0	20		11	0	31
Total comprehensive income	0	20	39	44	939	1,042
Capital contribution				2,000		2,000
Dividend paid					-440	-440
<b>Total changes in equity in H1 2018</b>	<b>0</b>	<b>20</b>	<b>39</b>	<b>2,044</b>	<b>499</b>	<b>2,602</b>
<b>Equity at 30 June 2018</b>	<b>1,100</b>	<b>66</b>	<b>822</b>	<b>9,181</b>	<b>499</b>	<b>11,668</b>
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>192</b>	<b>822</b>	<b>5,313</b>	<b>2,700</b>	<b>10,127</b>
<b>H1 2017</b>						
Profit/loss for the period		-122	-1	566	904	1,347
Other comprehensive income	0	-13		19	0	6
Total comprehensive income	0	-135	-1	585	904	1,353
Dividend paid					-2,700	-2,700
<b>Total changes in equity in H1 2017</b>	<b>0</b>	<b>-135</b>	<b>-1</b>	<b>585</b>	<b>-1,796</b>	<b>-1,347</b>
<b>Equity at 30 June 2017</b>	<b>1,100</b>	<b>57</b>	<b>821</b>	<b>5,898</b>	<b>904</b>	<b>8,780</b>
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>192</b>	<b>822</b>	<b>5,313</b>	<b>2,700</b>	<b>10,127</b>
<b>2017</b>						
Adjustment 1.1.2017**						0
Profit/loss for the year		-114	-39	1,825	904	2,576
Other comprehensive income	0	-32		-1	0	-33
Total comprehensive income	0	-146	-39	1,824	904	2,543
Dividend paid					-3,604	-3,604
<b>Total changes in equity in 2017</b>	<b>0</b>	<b>-146</b>	<b>-39</b>	<b>1,824</b>	<b>-2,700</b>	<b>-1,061</b>
<b>Equity at 31 December 2017</b>	<b>1,100</b>	<b>46</b>	<b>783</b>	<b>7,137</b>	<b>0</b>	<b>9,066</b>

a) Other reserves contains Norwegian Natural Perils Pool.

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,640m (DKK 1,592m as at 31 December 2017). The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.



## Notes

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### DKKm

<b>1 Subordinate loan capital</b>			
Please refer to the Note 2 "Subordinated loan" in Tryg Forsikring Group.			
<b>2 Acquisition of activities</b>			
Please refer to the Note 3 "Acquisition of activities" in Tryg Forsikring Group			
<b>3 Related parties</b>			
Please refer to Note 4 "Related parties" in Tryg Forsikring Group			
<b>4 Accounting policies</b>			
Please refer to the Note 5 "Accounting policies" in Tryg Forsikring Group.			
<b>5 Key ratios</b>			
Gross claims ratio	65.3	65.3	65.8
Net reinsurance ratio	4.9	4.5	4.3
Claims ratio, net of reinsurance	70.2	69.8	70.1
<u>Gross expense ratio</u>	<u>14.4</u>	<u>14.2</u>	<u>13.9</u>
<u>Combined ratio</u>	<u>84.6</u>	<u>84.0</u>	<u>84.0</u>
Run-off gains/losses, net of reinsurance	603	526	1,009

## **Disclaimer**

Certain statements in this interim 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.