

# Half-year report 2017

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

**Contents**

Company details..... 1  
Management’s report..... 2  
Statement by the Supervisory Board and the Executive Management..... 15

**Tryg Forsikring Group**

Income statement..... 16  
Statement of comprehensive income ..... 17  
Statement of financial position..... 18  
Statement of changes in equity ..... 20  
Statement of cash flow ..... 21  
Notes ..... 22

**Tryg Forsikring A/S (parent company)**

Income statement..... 25  
Statement of comprehensive income ..... 26  
Statement of financial position..... 27  
Statement of changes in equity ..... 29  
Notes..... 30

Disclaimer..... 31

## **Company details**

### **Supervisory Board**

Jørgen Huno Rasmussen, Chairman

Torben Nielsen, Deputy Chairman

Jukka Pertola, Deputy Chairman

Elias Bakk

Tom Eileng

Lone Hansen

Anders Hjulmand

Jesper Hjulmand

Ida Sofie Jensen

Lene Skole

Tina Snejbjerg

Mari Thjømmøe

Carl-Viggo Östlund

### **Executive Board**

Morten Hübbe

Christian Baltzer

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.

### **Address**

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## Management's review

### Income overview Tryg Forsikring Group

DKKm	H1 2017	H1 2016	2016
<b>Gross premium income</b>	<b>8,899</b>	<b>8,689</b>	<b>17,707</b>
Gross claims	-5,841	-5,681	-11,619
Total insurance operating costs	-1,277	-1,291	-2,737
Profit/loss on gross business	1,781	1,717	3,351
Profit/loss on ceded business	-398	-381	-951
Insurance technical interest, net of reinsurance	-5	-4	-10
<b>Technical result</b>	<b>1,378</b>	<b>1,332</b>	<b>2,390</b>
Investment return after insurance technical interest	358	201	992
Other income and costs	-7	3	-93
<b>Profit/loss before tax</b>	<b>1,729</b>	<b>1,536</b>	<b>3,289</b>
Tax	-380	-325	-763
<b>Profit/loss on continuing business</b>	<b>1,349</b>	<b>1,211</b>	<b>2,526</b>
Profit/loss on discontinued and divested business after tax	-2	0	-1
<b>Profit/loss</b>	<b>1,347</b>	<b>1,211</b>	<b>2,525</b>
Run-off gains/losses, gross	458	605	1,429
Run-off gains/losses, net of reinsurance	506	649	1,239
<b>Key figures</b>			
Total equity	8,780	9,903	10,127
Return on equity after tax (%)	29.6	24.4	25.9
Premium growth in local currencies	1.8	-0.5	0.1
Gross claims ratio	65.6	65.4	65.6
Net reinsurance ratio	4.5	4.4	5.4
Claims ratio, net of reinsurance	70.1	69.8	71.0
Gross expense ratio	14.3	15.1	15.7
<b>Combined ratio</b>	<b>84.4</b>	<b>84.9</b>	<b>86.7</b>
Run-off, net of reinsurance (%)	-5.7	-7.5	-7.0
Large claims, net of reinsurance (%)	1.2	1.8	2.2
Weather claims, net of reinsurance (%)	1.6	2.1	2.0
<b>Combined ratio on business areas</b>			
Private	83.9	86.2	83.8
Commercial	81.5	80.0	82.1
Corporate	87.8	83.9	88.8
Sweden	88.2	90.3	90.7

## **Tryg Forsikring's results**

### **H1 2017 results**

Tryg forsikring reported a profit before tax of DKK 1,729m (DKK 1,536m) and a profit after tax of DKK 1,347m (1,211m). The H1 technical result was better than in the corresponding period last year, while the investment return was higher driven primarily by a positive development in equity markets. The underlying claims ratio for Private improved 0.25%, while the group underlying claims ratio improved modestly as profitability in Corporate remains under pressure. The expense ratio improved to 14.3 (15.1) driven by lower nominal costs and better top line growth. Premiums growth was 1.8% driven primarily by Private.

### **Dividend and capital**

Tryg Forsikring will pay a half-year dividend of DKK 904m. The dividend is supported by the overall results, our ambition to grow the annual nominal dividend and a robust solvency ratio of 208 after deducting the H1 2017 dividend.

Own funds totalled DKK 10,016m at the end of H1 2017 against DKK 9,850m at the end of 2016. 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.

The solvency capital requirement calculated using the partial internal model was DKK 4,807m in Q2 2017 compared to DKK 5,064m in Q4 2016. The solvency capital requirement based on the standard formula was DKK 5,871m in Q2 2017 compared to DKK 6,243m in Q4 2016.

### **SFCR publication**

Tryg forsikring was among the first European insurers to publish its Solvency Financial Condition Report on 16 May. The SFCR contained only limited additional information, including capital charges by geography, balance sheet according to Solvency II versus IFRS (statutory financial statements) and SCR components as at Q4 2016. There was a lot of industry attention around the publication of the SFCR report with a clear focus on capital quality, including the use of transitional measures and the impact of long-term guarantee measures. Tryg Forsikring's solvency position does not include any benefit from the measures above as the company is a pure non-life insurer with a relatively short duration of the liabilities (less than four years).

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

In May 2016, Tryg Forsikring received notice of an action from Finansforbundet in Norway (Finance Sector Union of Norway) on behalf of a group of pensioners. The action concerned an adjustment in the pension schemes of Norwegian employees made in 2014. Tryg Forsikring has now received the actual lawsuit. According to Tryg Forsikring's calculation which is unchanged from previous communication, the claim will not exceed a maximum of approximately DKK 300m after tax for the persons affected by the adjustment. As previously communicated, Tryg does not agree that the adjustment was wrongful. Consequently, Tryg expects an action to be resolved in court and does not expect a ruling to be made for the next two years.

## **Business initiatives**

### **New car insurance for young drivers in Denmark**

On 15 June, Private Denmark launched a new car insurance product for young drivers under the age of 30. The driver may be rewarded with a cheaper insurance price of up to 30% depending on his/her driving style and behaviour. A dongle is installed in the car and wirelessly connected to an app which analyses the driving based on approximately 20 parameters. The driver is given a score between 1 and 15, 1 being the best after each drive. If the score is below 11, a bonus is earned. The app shows the driving behaviour and earned bonus. The bonus will be paid once a year.

### **Insurance solution for disabled people**

Commercial launched a new insurance solution for disabled citizens and their assistants priced according to the pay-per-use principle. The solution is offered in cooperation with N.T. Falke, whose customers, the disabled each month receive an invoice including both salaries and insurance for the disabled and employees of N.T. Falke. This solution makes it cheaper and easier for the disabled to administer salaries and insurance.

### **Medical hotline**

Tryg launched a medical hotline in Denmark and Norway, giving customers access to medical advice/treatment 24/7.

In Denmark, Private launched a medical hotline which is open nights and weekends via an app with video conference and manned by specialists in general medicine. This benefits customers who do not have to go to the duty doctor or the accident and emergency department. Experience shows that 70% of all calls can be resolved via the video conference by offering treatment or counselling.

Tryg Forsikring is the first insurance company in Norway to launch a medical hotline open 24/7 for private, commercial and corporate customers. Specialists in general medicine and nurses are ready to answer calls at all times – on workdays, evenings, vacations, bank holidays – counselling, answering questions, writing prescriptions or referring to a specialist.

### **Digitalisation**

In Q1, Tryg's first fully digitalised travel insurance claim was processed in Norway. Following this, many other customers have benefitted from this fully automated solution which now both covers travel and contents insurance. In Q2, approximately 20% of all travel claims in Norway were processed as fully automated claims.

In Q2, new digital solutions have been developed for motor and contents products, especially in Norway. It is now possible for customers to extend or reduce coverage as well as cancel their insurance. In Denmark, solutions for a big affinity agreement were developed.

### **E-protect**

Tryg was among the first companies to develop a cyber insurance for small and medium-sized companies and there have been a high interest for Tryg's E-protect product. In Q1, Tryg sold approximately 700 insurance policies and at the end of Q2, Tryg had sold approximately 3,500 insurance policies.

## Private

*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 branches. The business area accounts for 49% of the Group's total premium income.

### Key figures - Private

	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	<b>2016</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>DKKm</b>					
<b>Gross premium income</b>	<b>2,178</b>	<b>2,148</b>	<b>4,384</b>	<b>4,285</b>	<b>8,710</b>
Gross claims	-1,389	-1,416	-2,972	-3,002	-5,904
Gross expenses	-303	-312	-616	-617	-1,240
Profit/loss on gross business	486	420	796	666	1,566
Profit/loss on ceded business	-43	-26	-86	-73	-158
Insurance technical interest, net of reinsurance	-3	-1	-2	-2	-4
<b>Technical result</b>	<b>440</b>	<b>393</b>	<b>708</b>	<b>591</b>	<b>1,404</b>
Run-off gains/losses, net of reinsurance	79	70	178	143	312
<b>Key ratios</b>					
Premium growth in local currency (%)	1.4	0.3	1.0	0.6	0.8
Gross claims ratio	63.8	65.9	67.8	70.1	67.8
Net reinsurance ratio	2.0	1.2	2.0	1.7	1.8
Claims ratio, net of reinsurance	65.8	67.1	69.8	71.8	69.6
Gross expense ratio	13.9	14.5	14.1	14.4	14.2
<b>Combined ratio</b>	<b>79.7</b>	<b>81.6</b>	<b>83.9</b>	<b>86.2</b>	<b>83.8</b>
Combined ratio exclusive of run-off	83.3	84.9	88.0	89.5	87.4
Run-off, net of reinsurance (%)	-3.6	-3.3	-4.1	-3.3	-3.6
Large claims, net of reinsurance (%)	0.0	0.4	0.0	0.2	0.0
Weather claims, net of reinsurance (%)	1.3	1.4	2.2	3.0	2.8

### H1 2017 results

The technical result was DKK 708m (DKK 591m). The combined ratio was 83.9 (86.2) with a lower claims level and a lower expense level.

Premium growth in local currencies was 1.0 (0.6), which represented an improvement of 0.4 percentage points compared to H1 2016 due to the positive development in the Danish part of Private.

The claims ratio, net of ceded business, was 69.8 (71.8), which represented an underlying improvement of 0.2 percentage points, due to the implemented price adjustments.

### Results for Q2

Private posted a technical result of DKK 440m (DKK 393m) and a combined ratio of 79.7 (81.6). The results are positively affected by Tryg's efficiency programme and a low level of weather claims. Private reported a 0.5% improvement in the underlying claims ratio following a few quarters of deterioration and a stabilisation in Q1.

### Premiums

Gross premium income rose by 1.4% (0.3%) when measured in local currencies. The positive development continued in the Danish part of Private with premium growth of more than 3% due to a combination of price adjustments, an increasing number of customers with three or more products, a high sales level of especially packages and continued high retention levels, but also a low level of sales from the banking channel. In the Norwegian part of Private, premiums were down 1.2%, which was an improvement from Q1 2017. The main explanation is still a reduction of the portfolio throughout 2016 and somewhat higher churn in the quarter. In Q2 2017, TryghedsGruppen communicated to the Danish

customers that they will receive a bonus, which is expected to have a positive impact on customer loyalty.

The retention rate was 89.8 (90.0) for the Danish part of the business. In Norway, the retention rate was 85.5 (86.5), which both reflects a market trend and implemented price adjustments in 2017.

### **Claims**

The gross claims ratio was 63.8 (65.9). The claims ratio, net of ceded business, constituted 65.8 (67.1) and was influenced by a lower level of weather claims, but also a higher level of run-off gains of 3.6 (3.3). The underlying claims improved by 0.5 percentage points as a result of the impact of the efficiency programme, pricing adjustments and claims reduction initiatives.

### **Expenses**

The expense ratio for Private was 13.9 (14.5), which represents a satisfactory development and one that supports Tryg's target of an expense ratio at or below 14 in 2017. The development was supported by the efficiency initiatives in Norway in 2016 and the positive premium development in Denmark.

The number of employees totalled 969 at the end of the quarter against 929 at the end of 2016, reflecting an increase of 12 employees due to the OBOS acquisition. There was a reduction in Norway due to the structural initiatives in 2016 and an increase in Denmark primarily due to the hiring of trainees in the integrated customer and claims handling function.

## Commercial

*Commercial* encompasses the sale of insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected via Tryg Forsikring'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

	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
<b>DKK m</b>					
<b>Gross premium income</b>	<b>949</b>	<b>977</b>	<b>1,914</b>	<b>1,944</b>	<b>3,893</b>
Gross claims	-597	-626	-1,182	-1,173	-2,380
Gross expenses	-167	-172	-338	-341	-663
Profit/loss on gross business	185	179	394	430	850
Profit/loss on ceded business	-13	-7	-39	-43	-154
Insurance technical interest, net of reinsurance	-1	0	-1	0	-1
<b>Technical result</b>	<b>171</b>	<b>172</b>	<b>354</b>	<b>387</b>	<b>695</b>
Run-off gains/losses, net of reinsurance	58	22	140	142	304
<b>Key ratios</b>					
Premium growth in local currency (%)	-2.8	0.4	-2.3	-0.5	-1.3
Gross claims ratio	62.9	64.1	61.8	60.3	61.1
Net reinsurance ratio	1.4	0.7	2.0	2.2	4.0
Claims ratio, net of reinsurance	64.3	64.8	63.8	62.5	65.1
Gross expense ratio	17.6	17.6	17.7	17.5	17.0
<b>Combined ratio</b>	<b>81.9</b>	<b>82.4</b>	<b>81.5</b>	<b>80.0</b>	<b>82.1</b>
Combined ratio exclusive of run-off	88.0	84.7	88.8	87.3	89.9
Run-off, net of reinsurance (%)	-6.1	-2.3	-7.3	-7.3	-7.8
Large claims, net of reinsurance (%)	4.1	2.1	2.4	2.0	2.2
Weather claims, net of reinsurance (%)	1.1	0.3	1.4	1.1	1.6

### H1 2017 results

The technical result was DKK 354m (DKK 387m). The combined ratio was 81.5 (80.0) with a higher claims level and a slightly higher expense level.

Premium growth in local currencies was negative by 2.3 (-0.5), which was due to a combination of a lower retention level which was not compensated by a higher sales level. In general, the level between sales and the churn level is not satisfactory.

The claims ratio, net of ceded business, was 63.8 (62.5), which represented a higher level of weather claims and large claims, a positive effect from claims initiatives and price adjustments as well as a higher level of medium-sized claims.

### Results for Q2

Commercial posted a technical result of DKK 171m (DKK 172m) and a combined ratio of 81.9 (82.4). The results are negatively impacted by a higher level of weather claims and large claims, but also a much higher run-off result.

### Premiums

Gross premium income totalled DKK 949m (DKK 977m), which represents a 2.8% decline when measured in local currencies. The Danish part of Commercial reported a decline of 3.3% against an increase of 1.9% in Q2 2016, which, however, was due to regulations on some larger affinity agreements. In Norway, premiums dropped by 1.7% against a drop of -3.2% in Q2 2016. This improved development reflects that the acquisition of OBOS was effectuated from June with a premium income of NOK 10m for this month. In general, the underlying trend for premium growth was more positive in this quarter

compared to previous quarters.

The retention rate for Denmark was more or less unchanged, while there was a drop in Norway from 87.5 to 86.8. Sales were slightly higher in both Denmark and Norway. In Denmark, the higher sales level was mainly related to the Commercial customer centre. The higher level in Norway was due to the increase in distribution power, especially in the franchise channel due to the restructuring of Commercial Norway in 2016, but also a high sales level in the Commercial customer centre.

### **Claims**

The gross claims ratio was 62.9 (64.1), and the claims ratio, net of ceded business, was 64.3 (64.8). The lower level is composed of a higher level of run-off and a much higher level of weather claims and large claims. The claims level was positively affected by the claims efficiency programme and price adjustments, but we also saw a slightly higher level of medium-sized claims.

### **Expenses**

The expense ratio was 17.6 (17.6), which is a too high level. The expense level is composed of expense initiatives, especially in the Norwegian part of Commercial, but also reflects the drop in top line growth. In Denmark, focus is on developing straight through processes for the main products, similar to most private products, which is expected to have a positive impact on the expense level.

At the end of Q2 2017, Commercial had 490 employees, up from 474 at the end of Q4 2016, primarily due to five employees from the acquisition of OBOS and employment of trainees in Commercial Denmark.

## 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 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 22% of the Group's total premium income.

### Key figures - Corporate

	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
<b>DKKm</b>					
<b>Gross premium income</b>	<b>942</b>	<b>921</b>	<b>1,912</b>	<b>1,841</b>	<b>3,775</b>
Gross claims	-558	-558	-1,210	-1,066	-2,295
Gross expenses	-99	-100	-197	-207	-416
Profit/loss on gross business	285	263	505	568	1,064
Profit/loss on ceded business	-131	-107	-271	-273	-643
Insurance technical interest, net of reinsurance	2	0	1	0	0
<b>Technical result</b>	<b>156</b>	<b>156</b>	<b>235</b>	<b>295</b>	<b>421</b>
Run-off gains/losses, net of reinsurance	74	137	142	285	506
<b>Key ratios</b>					
Premium growth in local currency (%)	3.2	-3.7	3.3	-2.9	-1.2
Gross claims ratio	59.2	60.6	63.3	57.9	60.8
Net reinsurance ratio	13.9	11.6	14.2	14.8	17.0
Claims ratio, net of reinsurance	73.1	72.2	77.5	72.7	77.8
Gross expense ratio	10.5	10.9	10.3	11.2	11.0
<b>Combined ratio</b>	<b>83.6</b>	<b>83.1</b>	<b>87.8</b>	<b>83.9</b>	<b>88.8</b>
Combined ratio exclusive of run-off	91.5	98.0	95.2	99.4	102.2
Run-off, net of reinsurance (%)	-7.9	-14.9	-7.4	-15.5	-13.4
Large claims, net of reinsurance (%)	2.0	8.9	3.3	5.8	8.1
Weather claims, net of reinsurance (%)	0.1	0.1	0.7	1.2	1.0

### H1 2017 results

The technical result was DKK 235m (DKK 295m). The combined ratio was 87.8 (83.9), and the lower level was primarily due to a lower run-off level.

Premiums increased by 3.3 (-2.9) in local currencies, mainly due to the positive development for the guarantee business and fronting business in Sweden. In Denmark and Norway, there was a slight net increase in the portfolio based on price adjustments and loss of customers.

The claims ratio, net of ceded business, was 77.5 (72.7), and the higher level was, as mentioned above, primarily due to a lower run-off level.

### Results for Q2

The technical result amounted to DKK 156m (DKK 156m), and the combined ratio stood at 83.6 (83.1). The unchanged technical result is primarily due to a lower level of large claims and a similar lower level of run-off gains.

The guarantee business, Tryg Garanti, which is part of Corporate and has a market leading position, continues to develop positively. In Q2, the premium growth was DKK 15m – a growth of 15% – and the combined ratio was 65, reflecting a very strong profitability.

### Premiums

Gross premium income totalled DKK 942m (DKK 921m), an increase of 3.2% when measured in local

currencies. The development is attributable to a good renewal process in Denmark, where customers appreciate TryghedsGruppen's bonus model and, as mentioned, also a continued good development for the guarantee business. In Norway, there was a drop in premiums, reflecting an increase in prices and the loss of a number of large customers due to the price increases. In Sweden, growth was 20%, mainly due to a continued increase in the number of fronting agreements with very low risk. In general, the underlying premium trend, excluding the guarantee business, is negative due to implemented initiatives and the current market environment combined with Tryg's focus on profitability.

### **Claims**

The gross claims ratio stood at 59.2 (60.6), while the claims ratio, net of ceded business, was 73.1 (72.2). The total level of large claims and weather claims was somewhat lower than last year, but at the same time, the run-off level was significantly lower.

### **Expenses**

The expense ratio was 10.5 (10.9) – an improvement that underpins the corporate area's strong focus on efficiency.

The number of employees in Corporate stood at 250 against 257 at the end of 2016. The reduction of seven employees was mainly due to a reduction in the Danish part of Corporate.

## Sweden

*Sweden* comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC, Securator, Moderna Barnforsakringar and Moderna Djurforsakringar. Sales take place through its own sales force, call centres, partners and online. The business area accounts for 7% of the Group's total premium income.

### Key figures - Sweden

	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	
<b>DKKm</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>Gross premium income</b>	<b>383</b>	<b>338</b>	<b>712</b>	<b>627</b>	<b>1,348</b>
Gross claims	-270	-222	-499	-439	-964
Gross expenses	-65	-65	-126	-126	-256
Profit/loss on gross business	48	51	87	62	128
Profit/loss on ceded business	-3	-1	-3	-1	-3
Insurance technical interest, net of reinsurance	-2	-1	-3	-2	-5
<b>Technical result</b>	<b>43</b>	<b>49</b>	<b>81</b>	<b>59</b>	<b>120</b>
Run-off gains/losses, net of reinsurance	9	51	46	79	117
<b>Key ratios</b>					
Premium growth in local currency (%)	18.1	-1.8	17.6	-1.6	3.4
Gross claims ratio	70.5	65.7	70.1	70.0	71.5
Net reinsurance ratio	0.8	0.3	0.4	0.2	0.2
Claims ratio, net of reinsurance	71.3	66.0	70.5	70.2	71.7
Gross expense ratio	17.0	19.2	17.7	20.1	19.0
<b>Combined ratio</b>	<b>88.3</b>	<b>85.2</b>	<b>88.2</b>	<b>90.3</b>	<b>90.7</b>
Combined ratio exclusive of run-off	90.6	100.3	94.7	102.9	99.4
Run-off, net of reinsurance (%)	-2.3	-15.1	-6.5	-12.6	-8.7
Large claims, net of reinsurance (%)	0.0	0.0	0.0	0.0	0.0
Weather claims, net of reinsurance (%)	0.3	0.3	0.7	1.3	0.8

### H1 2017 results

The technical result was DKK 81m (DKK 59m). The combined ratio was 88.2 (90.3). The higher result was due to the inclusion of the child insurance portfolio.

Premiums increased by 17.6% (-1.6%) in local currencies, which primarily reflects the acquisition of the child insurance portfolio, but also the fact that the Swedish business has managed to compensate for the loss of some larger agreements in recent years.

The claims ratio, net of ceded business, was 70.5 (70.2), which was affected by a lower run-off level but at the same time reflected an improved underlying claims level.

### Results for Q2

Sweden posted a technical result of DKK 43m (DKK 49m) and a combined ratio of 88.3 (85.2). The weaker result can primarily be ascribed to a much lower run-off level. There was an underlying improvement in the claims level which can partly be ascribed to the inclusion of the profitable child insurance portfolio acquired from Skandia.

### Premiums

Premium income totalled DKK 383m (DKK 338m), equating to an increase of 18.1% when measured in local currencies. The premium income excluding the child insurance portfolio was somewhat unchanged.

## Claims

The gross claims ratio totalled 70.5 (65.7), while the claims ratio, net of ceded business, was 71.3 (66.0). The higher claims level was due to the lower run-off level, but was positively affected by the acquisition of the profitable child insurance portfolio and the implemented price adjustments to improve profitability.

## Expenses

The expense ratio was 17.0 (19.2), which is a positive development, also considering the integration of the child insurance portfolio.

The number of employees was 331 at the end of the quarter, which was a reduction of six employees compared to year-end 2016.

## Investment activities

Return - Investments DKKm	H1 2017	H1 2016	2016
Free portfolio, gross return	336	187	939
Match portfolio, regulatory deviation and performance	176	127	210
Other financial income and expenses	-154	-113	-157
<b>Total investment return</b>	<b>358</b>	<b>201</b>	<b>992</b>

Return - free portfolio DKKm	H1 2017	H1 2017(%)	H1 2016	H1 2016(%)	Investment assets 30.06.2017	31.12.2016
Government bonds	1	0.5	2	0.8	230	322
Covered bonds	31	0.6	46	1.2	5,111	4,464
Inflation linked bonds	-2	-0.4	39	7.7	537	539
Investment grade credit	22	3.1	4	1.9	748	546
Emerging market bonds	29	5.5	36	8.4	577	447
High-yield bonds	14	1.9	35	4.2	823	730
Other*	10		-13		300	220
<b>Interest rate and credit exposure</b>	<b>105</b>	<b>1.3</b>	<b>149</b>	<b>2.1</b>	<b>8,326</b>	<b>7,268</b>
<b>Equity exposure</b>	<b>193</b>	<b>8.3</b>	<b>-16</b>	<b>-0.6</b>	<b>2,166</b>	<b>2,187</b>
<b>Investment property</b>	<b>38</b>	<b>2.4</b>	<b>54</b>	<b>2.6</b>	<b>1,517</b>	<b>2,540</b>
<b>Total gross return</b>	<b>336</b>	<b>2.7</b>	<b>187</b>	<b>1.5</b>	<b>12,009</b>	<b>11,995</b>

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

Return - match portfolio DKKm	H1 2017	H1 2016	2016
Return, match portfolio	156	704	547
Value adjustments, changed discount rate	114	-497	-188
Transferred to insurance technical interest	-94	-80	-149
<b>Match, regulatory deviation and performance</b>	<b>176</b>	<b>127</b>	<b>210</b>
Hereof:			
Match, regulatory deviation	60	30	47
Match, performance	116	97	163

## H1 2017 results

The return of Tryg's investment activities totalled DKK 358m in H1 2017. The result is composed of a return of DKK 336m on the free portfolio, a return of DKK 176m on the match portfolio and other income and expenses of DKK -154m. Key drivers of the performance have been a strong development in equity markets (equities returned 8.3% in H1) but also a good performance of emerging market debt and corporate bonds.

## Outlook

Financial targets 2017 (unchanged)

- Return on equity of  $\geq 21\%$  after tax
- Combined ratio  $\leq 87$
- Expense ratio  $\leq 14$

The overall economic developments in Denmark and Norway remain broadly positive. The Danish economy is expected to grow 1.6%<sup>1</sup> in 2017 following growth of 1.1% in 2016. Unemployment is expected to fall from 4.2% in 2016 to 4.1% in 2017 before falling to 3.9% in 2018, while house prices are likely to continue to rise, driven by historically low interest rates and rising employment. Car sales remain dominated by small cars as car tax in Denmark remains one of the highest in the world. Total car sales were down 1.2%<sup>2</sup> in Q2 2017 on Q2 2016.

The Norwegian economy bottomed out in 2016 with GDP (mainland) growth of 0.8% and it is expected to post improved growth of 1.8% in 2017. The unemployment rate is likely to improve from 4.7% in 2016 to 4.4% in 2017. The drop in oil investments is likely to be half of what it was in 2016 (-7% compared to -14% approximately) and is being offset by strong growth in construction activity driven by new housing starts and new commercial construction activity. As mentioned previously, the turbulence in the oil sector has far-reaching implications in Norway. Tryg is mostly impacted indirectly as some industries serving the oil sector are feeling the current difficult situation. The direct impact is minimal due to Tryg's very limited exposure to the oil sector. The economic troubles in Norway are mostly affecting the overall level of premiums in our Norwegian business, which remains under some pressure. Car sales in Norway were down 2.3%<sup>3</sup>.

On 14 February 2017, Tryg announced the acquisition of OBOS Forsikring in Norway, which has a portfolio of approximately NOK 170m (approximately DKK 140m). OBOS Forsikring was included by one month in Tryg Forsikring's H1 report. TryghedsGruppen's member bonus scheme (to be paid in September) is also expected to support the long-term development in premium income.

The investment portfolio is divided into a match portfolio corresponding to the technical provisions, and a free portfolio which roughly corresponds to shareholders' equity. The objective is for the return on the match portfolio and changes in the technical provisions due to interest rate changes to be neutral when taken together.

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

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<sup>1</sup> The economic figures for Denmark and Norway are based on Economic Outlook, Nordea Markets

<sup>2</sup> The figures for car sales are based on De Danske Bilimportørers statistics

<sup>3</sup> The figures for car sales are based on Opplysningsrådet for Veitrafikken AS statistics

There has been a gradual lowering of corporate tax rates in Denmark, Norway and Sweden in recent years. In Denmark, the tax rate is expected to be 22% in 2017. In Norway, the tax rate is expected to be 25%, and in Sweden 22%. When calculating the total tax payable, it has to be remembered that gains and losses on shares are not taxed in Norway. All in all, this causes the expected tax payable for 2017 to be around 22-23%.

## **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 2017 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 2017 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, 11. July 2017

### **Executive Board**

*Morten Hübbe*  
Group CEO

*Christian Baltzer*  
Group CFO

*Lars Bonde*  
Group COO

### **Supervisory Board**

*Jørgen Huno Rasmussen*  
Chairman

*Torben Nielsen*  
Deputy Chairman

*Jukka Pertola*  
Deputy Chairman

*Elias Bakk*

*Tom Eileng*

*Lone Hansen*

*Anders Hjulmand*

*Jesper Hjulmand*

*Ida Sofie Jensen*

*Lene Skole*

*Tina Snejbjerg*

*Carl-Viggo Östlund*

*Mari Thjømøe*

# Tryg Forsikring Group

## Income statement

DKKm	H1 2017	H1 2016	2016
Notes			
<b>General insurance</b>			
Gross premiums written	10,562	10,360	17,842
Ceded insurance premiums	-708	-655	-1,210
Change in premium provisions	-1,514	-1,514	151
Change in reinsurers' share of premium provisions	143	132	13
<b>Premium income, net of reinsurance</b>	<b>8,483</b>	<b>8,323</b>	<b>16,796</b>
<b>Insurance technical interest, net of reinsurance</b>	<b>-5</b>	<b>-4</b>	<b>-10</b>
Claims paid	-6,539	-6,750	-13,947
Reinsurance cover received	700	667	1,260
Change in claims provisions	698	1,069	2,328
Change in the reinsurers' share of claims provisions	-597	-578	-1,164
<b>Claims, net of reinsurance</b>	<b>-5,738</b>	<b>-5,592</b>	<b>-11,523</b>
<b>Bonus and premium discounts</b>	<b>-149</b>	<b>-157</b>	<b>-286</b>
Acquisition costs	-963	-963	-2,029
Administration expenses	-314	-328	-708
Acquisition costs and administration expenses	-1,277	-1,291	-2,737
Reinsurance commissions and profit participation from reinsurers	64	53	150
<b>1 Insurance operating costs, net of reinsurance</b>	<b>-1,213</b>	<b>-1,238</b>	<b>-2,587</b>
<b>Technical result</b>	<b>1,378</b>	<b>1,332</b>	<b>2,390</b>
<b>Investment activities</b>			
Income from associates	7	6	42
Income from investment property	37	48	105
Interest income and dividends	315	354	671
Value adjustments	202	-46	518
Interest expenses	-53	-49	-113
Administration expenses in connection with investment activities	-55	-32	-82
<b>Total investment return</b>	<b>453</b>	<b>281</b>	<b>1,141</b>
Return on insurance provisions	-95	-80	-149
<b>Total investment return after insurance technical interest</b>	<b>358</b>	<b>201</b>	<b>992</b>
Other income	55	53	105
Other costs	-62	-50	-198
<b>Profit/loss before tax</b>	<b>1,729</b>	<b>1,536</b>	<b>3,289</b>
Tax	-380	-325	-763
<b>Profit/loss on continuing business</b>	<b>1,349</b>	<b>1,211</b>	<b>2,526</b>
Profit/loss on discontinued and divested business	-2	0	-1
<b>Profit/loss for the period</b>	<b>1,347</b>	<b>1,211</b>	<b>2,525</b>

## Statement of comprehensive income

DKKm	H1 2017	H1 2016	2016
<b>Profit/loss for the period</b>	<b>1,347</b>	<b>1,211</b>	<b>2,525</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	15	15
Sale of owner-occupied property	0	0	215
Revaluation of owner-occupied property and other adjustments	13	2	-115
Tax on revaluation of owner-occupied property	0	0	-53
Tax on revaluation of owner-occupied property from previous years	0	0	29
Actuarial gains/losses on defined-benefit pension plans	25	0	-95
Tax on actuarial gains/losses on defined-benefit pension plans	-6	0	24
	32	17	20
<b>Other comprehensive income which can subsequently be reclassified as profit or loss</b>			
Exchange rate adjustments of foreign entities	-96	35	51
Hedging of currency risk in foreign entities	90	-38	-50
Tax on hedging of currency risk in foreign entities	-20	8	11
	-26	5	12
<b>Total other comprehensive income</b>	<b>6</b>	<b>22</b>	<b>32</b>
<b>Comprehensive income</b>	<b>1,353</b>	<b>1,233</b>	<b>2,557</b>

## Statement of financial position

DKKm	30.06.2017	30.06.2016	31.12.2016
Notes			
<b>Assets</b>			
<b>Intangible assets</b>	<b>1,054</b>	<b>1,028</b>	<b>884</b>
Operating equipment	55	56	49
Owner-occupied property	0	1,155	0
<b>Total property, plant and equipment</b>	<b>55</b>	<b>1,211</b>	<b>49</b>
<b>Investment property</b>	<b>1,293</b>	<b>1,862</b>	<b>2,323</b>
Equity investments in associates	225	236	218
<b>Total investments in associates</b>	<b>225</b>	<b>236</b>	<b>218</b>
Equity investments	15	101	48
Unit trust units	4,237	3,732	3,950
Bonds	35,075	35,528	35,254
Deposits with credit institutions	59	300	0
Derivative financial instruments	997	1,403	1,000
<b>Total other financial investment assets</b>	<b>40,383</b>	<b>41,064</b>	<b>40,252</b>
<b>Total investment assets</b>	<b>41,901</b>	<b>43,162</b>	<b>42,793</b>
Reinsurers' share of premium provisions	370	305	214
Reinsurers' share of claims provisions	1,267	2,427	1,820
<b>Total reinsurers' share of provisions for insurance contracts</b>	<b>1,637</b>	<b>2,732</b>	<b>2,034</b>
Receivables from policyholders	1,858	1,790	1,108
Total receivables in connection with direct insurance contracts	1,858	1,790	1,108
Receivables from insurance enterprises	403	311	183
Receivables from Group undertakings	435	388	701
Other receivables	267	538	1,645
<b>Total receivables</b>	<b>2,963</b>	<b>3,027</b>	<b>3,637</b>
Current tax assets	0	100	1
Cash at bank and in hand	333	586	475
<b>Total other assets</b>	<b>333</b>	<b>686</b>	<b>476</b>
Interest and rent receivable	148	162	224
Other prepayments and accrued income	259	320	464
<b>Total prepayments and accrued income</b>	<b>407</b>	<b>482</b>	<b>688</b>
<b>Total assets</b>	<b>48,350</b>	<b>52,328</b>	<b>50,561</b>

## Statement of financial position

DKKm	30.06.2017	30.06.2016	31.12.2016
Notes			
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>8,780</b>	<b>9,903</b>	<b>10,127</b>
<b>Subordinated loan capital</b>	<b>2,464</b>	<b>2,539</b>	<b>2,567</b>
Premium provisions	6,974	6,999	5,487
Claims provisions	24,325	25,411	25,452
Provisions for bonuses and premium discounts	493	498	588
<b>Total provisions for insurance contracts</b>	<b>31,792</b>	<b>32,908</b>	<b>31,527</b>
Pensions and similar liabilities	274	241	345
Deferred tax liability	705	597	702
Other provisions	94	108	125
<b>Total provisions</b>	<b>1,073</b>	<b>946</b>	<b>1,172</b>
Debt relating to direct insurance	558	443	555
Debt relating to reinsurance	408	350	426
Amounts owed to credit institutions	356	290	178
Debt relating to unsettled funds transactions and repos	780	2,799	1,732
Derivative financial instruments	617	795	702
Current tax liabilities	413	314	333
Other debt	1,080	1,011	1,197
<b>Total debt</b>	<b>4,212</b>	<b>6,002</b>	<b>5,123</b>
<b>Accruals and deferred income</b>	<b>29</b>	<b>30</b>	<b>45</b>
<b>Total equity and liabilities</b>	<b>48,350</b>	<b>52,328</b>	<b>50,561</b>
2 <b>Acquisition of activities</b>			
3 <b>Related parties</b>			
4 <b>Contingent Liabilities</b>			
5 <b>Accounting policies</b>			

## Statement of changes in equity

DKK m	Share capital	Revaluation reserves	Reserve for exchange rate adjustment	Equalisation reserve	Other reserves b)	Retained earnings	Proposed dividend	Total
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>0</b>	<b>3</b>	<b>0</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		0	-26			32		6
Total comprehensive income	0	0	-26	0	-1	476	904	1,353
Dividend paid							-2,700	-2,700
<b>Total changes in equity in H1 2017</b>	<b>0</b>	<b>0</b>	<b>-26</b>	<b>0</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>0</b>	<b>-23</b>	<b>0</b>	<b>821</b>	<b>5,978</b>	<b>904</b>	<b>8,780</b>
<b>Equity at 31 December 2015</b>	<b>1,100</b>	<b>86</b>	<b>-9</b>	<b>127</b>	<b>766</b>	<b>6,600</b>	<b>1,450</b>	<b>10,120</b>
<b>H1 2016</b>								
Adjustment 1.1.2016 a)				-127		127		0
Profit/loss for the period					12	99	1,100	1,211
Other comprehensive income		2	5			15		22
Total comprehensive income	0	2	5	-127	12	241	1,100	1,233
Dividend paid							-1,450	-1,450
<b>Total changes in equity in H1 2016</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>-127</b>	<b>12</b>	<b>241</b>	<b>-350</b>	<b>-217</b>
<b>Equity at 30 June 2016</b>	<b>1,100</b>	<b>88</b>	<b>-4</b>	<b>0</b>	<b>778</b>	<b>6,841</b>	<b>1,100</b>	<b>9,903</b>
<b>Equity at 31 December 2015</b>	<b>1,100</b>	<b>86</b>	<b>-9</b>	<b>127</b>	<b>766</b>	<b>6,600</b>	<b>1,450</b>	<b>10,120</b>
<b>2016</b>								
Adjustment 1.1.2016 a)				-127		127		0
Profit/loss for the year					56	-1,331	3,800	2,525
Other comprehensive income	0	-86	12			106	0	32
Total comprehensive income	0	-86	12	-127	56	-1,098	3,800	2,557
Dividend paid							-2,550	-2,550
<b>Total changes in equity in 2016</b>	<b>0</b>	<b>-86</b>	<b>12</b>	<b>-127</b>	<b>56</b>	<b>-1,098</b>	<b>1,250</b>	<b>7</b>
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>822</b>	<b>5,502</b>	<b>2,700</b>	<b>10,127</b>

a) A new executive order from the Danish FSA from 1 January 2016 has abolished the requirements of equalisation reserves in credit and guarantee insurance.

b) Other reserves contains Norwegian Natural Perils Pool.

The possible payment of dividend is influenced by contingency fund provisions of DKK 1,611m (DKK 1,774m as at 31 December 2016). 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 2017	H1 2016	2016
<b>Cash from operating activities</b>			
Premiums	9,530	9,479	17,729
Claims	-6,467	-6,662	-13,744
Ceded business	-188	-15	340
Costs	-1,295	-1,290	-2,699
Change in other debt and other amounts receivable	-205	-93	-134
<b>Cash flow from insurance activities</b>	<b>1,375</b>	<b>1,419</b>	<b>1,492</b>
Interest income	362	470	729
Interest expenses	-53	-50	-113
Dividend received	11	19	25
Taxes	-227	-261	-548
Other income and costs	-7	3	7
<b>Cash from operating activities, continuing business</b>	<b>1,461</b>	<b>1,600</b>	<b>1,592</b>
Cash from operating activities, discontinued and divested business	-1	0	-1
<b>Total cash flow from operating activities</b>	<b>1,460</b>	<b>1,600</b>	<b>1,591</b>
<b>Investments</b>			
Acquisition and refurbishment of real property	0	-14	-122
Sale of real property	2,307	0	6
Acquisition and sale of equity investments and unit trust units (net)	-252	-43	147
Purchase/sale of bonds (net)	-1,350	-758	413
Deposits with credit institutions	-59	-300	0
Purchase/sale of operating equipment (net)	12	-5	-1
Acquisition of intangible assets	-102	0	-135
Hedging of currency risk	90	-38	-50
<b>Investments, continuing business</b>	<b>646</b>	<b>-1,158</b>	<b>258</b>
Investments, discontinued and divested business	0	0	0
<b>Total investments</b>	<b>646</b>	<b>-1,158</b>	<b>258</b>
<b>Financing</b>			
Subordinated loan capital	0	800	800
Debt and receivables, Group	0	0	-207
Loans, group	266	99	0
Dividend paid	-2,700	-1,450	-2,550
Change in amounts owed to credit institutions	178	227	115
<b>Financing, continuing business</b>	<b>-2,256</b>	<b>-324</b>	<b>-1,842</b>
<b>Total financing</b>	<b>-2,256</b>	<b>-324</b>	<b>-1,842</b>
<b>Change in cash and cash equivalents, net</b>	<b>-150</b>	<b>118</b>	<b>7</b>
Additions relating to purchase of subsidiary	13	0	0
Exchange rate adjustment of cash and cash equivalents beginning of year	-5	-2	-2
<b>Change in cash and cash equivalents, gross</b>	<b>-142</b>	<b>116</b>	<b>5</b>
Cash and cash equivalents, beginning of year	475	470	470
<b>Cash and cash equivalents, end of period</b>	<b>333</b>	<b>586</b>	<b>475</b>

## Notes

DKKm	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
<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	0	370
Reinsurers' share of claims provisions	61	207	970	29	0	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	0	6,974
Claims provisions	5,450	6,502	9,497	2,876	0	24,325
Provisions for bonuses and premium discounts	398	39	49	7	0	493
Other liabilities					7,778	7,778
<b>Total liabilities</b>						<b>39,570</b>

	Private	Commercial	Corporate	Sweden	Other a)	Group
<b>1 Operating segments</b>						
<b>H1 2016</b>						
<b>Gross premium income</b>	<b>4,285</b>	<b>1,944</b>	<b>1,841</b>	<b>627</b>	<b>-8</b>	<b>8,689</b>
Gross claims	-3,002	-1,173	-1,066	-439	-1	-5,681
Gross operating expenses	-617	-341	-207	-126	0	-1,291
Profit/loss on ceded business	-73	-43	-273	-1	9	-381
Insurance technical interest, net of reinsurance	-2	0	0	-2	0	-4
<b>Technical result</b>	<b>591</b>	<b>387</b>	<b>295</b>	<b>59</b>	<b>0</b>	<b>1,332</b>
Other items						-121
<b>Profit</b>						<b>1,211</b>
Run-off gains/losses, net of reinsurance	143	142	285	79	0	649
Intangible assets		31		577	420	1,028
Equity investments in associates					236	236
Reinsurers' share of premium provisions	53	52	199	1	0	305
Reinsurers' share of claims provisions	71	374	1,951	31	0	2,427
Other assets					48,332	48,332
<b>Total assets</b>						<b>52,328</b>
Premium provisions	2,700	1,755	1,672	872	0	6,999
Claims provisions	5,737	6,804	11,209	1,661	0	25,411
Provisions for bonuses and premium discounts	399	45	52	2	0	498
Other liabilities					9,517	9,517
<b>Total liabilities</b>						<b>42,425</b>

DKKm	Private	Commercial	Corporate	Sweden	Other a)	Group
<b>1 Operating segments 2016</b>						
<b>Gross premium income</b>	<b>8,710</b>	<b>3,893</b>	<b>3,775</b>	<b>1,348</b>	<b>-19</b>	<b>17,707</b>
Gross claims	-5,904	-2,380	-2,295	-964	-76	-11,619
Gross operating expenses	-1,240	-663	-416	-256	-162	-2,737
Profit/loss on ceded business	-158	-154	-643	-3	7	-951
Insurance technical interest, net of reinsurance	-4	-1	0	-5	0	-10
<b>Technical result</b>	<b>1,404</b>	<b>695</b>	<b>421</b>	<b>120</b>	<b>-250</b>	<b>2,390</b>
Other items						135
<b>Profit</b>						<b>2,525</b>
Run-off gains/losses, net of reinsurance	312	304	506	117	0	1,239
Intangible assets		29		596	259	884
Equity investments in associates					218	218
Reinsurers' share of premium provisions	16	24	174	0	0	214
Reinsurers' share of claims provisions	67	247	1,476	30	0	1,820
Other assets					47,425	47,425
<b>Total assets</b>						<b>50,561</b>
Premium provisions	2,236	1,292	1,092	867	0	5,487
Claims provisions	5,655	6,637	10,255	2,905	0	25,452
Provisions for bonuses and premium discounts	461	61	53	13	0	588
Other liabilities					8,907	8,907
<b>Total liabilities</b>						<b>40,434</b>

a) Amounts relating to eliminations and one-off items are included under 'Other'. In 2016 costs and claims were negatively affected by DKK 162m and DKK 88m respectively, mainly due to impairment of software. 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

Notes

2 **Acquisition of activities**

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

**Net assets acquired**

Intangible assets	51
Financial assets	121
Total reinsurance of provisions	49
Receivables, other assets and accrued income	113

**Liabilities**

Provisions for insurance contracts	143
Debt, accruals and deferred income	74

**Net assets acquired** **117**

hereof cash 13

**Purchase price** **168**

**Purchase price in cash** **155**

**Goodwill** **51**

Tryg Forsikring will 1st January 2018 acquire FDM's insurance portfolio from LB Forsikring. The acquisition have no effect to the financial statement in H1 2017.

3 **Related parties**

In H1 2017 Tryg Forsikring A/S paid Tryg A/S DKK 2,700m in dividends (in H1 2016 Tryg Forsikring A/S paid Tryg A/S DKK 1,450m in dividends). In H1 2017 Respons Inkasso AS DKK 1m dividend to Tryg Forsikring A/S. (in H1 2016 Thunesvei 2 AS, Vesta Eiendom AS, Respons Inkasso AS and Tryg Garantiforsikring A/S paid DKK 5m, DKK 23m, DKK 1m and DKK 290m in dividends to Tryg Forsikring A/S).

There have been no other material transactions with related parties.

4 **Contingent Liabilities**

In May 2016, Tryg Forsikring received notice of an action from Finansforbundet in Norway (the Finance Sector Union of Norway) on behalf of a group of pensioners. The action concerned the adjustment in the pension schemes of Norwegian employees made in 2014. Tryg Forsikring has now received the actual lawsuit. According to Tryg Forsikring's preliminary calculations, the claim will not exceed a maximum of approximately DKK 0.3bn after tax for the persons affected by the adjustment. Tryg Forsikring and its legal advisor does not agree that the adjustment was wrongful and consider the claim uncertain. Consequently, Tryg Forsikring expects an action to be resolved in court and does not expect a ruling to be made for the next 2 years.

Therefore the claim is not recognised as a liability in the financial statement, but recognised as contingent liability.

5 **Accounting policies**

Tryg Forsikring's interim report for H1 2017 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**

There have been no changes to the accounting policies or estimates in H1 2017.

# Tryg Forsikring A/S (parent company)

## Income statement

DKKm	H1 2017	H1 2016	FY 2016
Notes			
<b>General insurance</b>			
Gross premiums written	10,518	10,360	17,803
Ceded insurance premiums	-707	-655	-1,210
Change in premium provisions	-1,481	-1,447	17
Change in profit margin and risk margin	-20	-67	150
Change in reinsurers' share of premium provisions	143	132	13
<b>Premium income, net of reinsurance</b>	<b>8,453</b>	<b>8,323</b>	<b>16,773</b>
Claims paid	-6,483	-6,750	-13,894
Reinsurance cover received	700	667	1,260
Change in claims provisions	700	1,056	2,240
Change in risk margin	-10	13	41
Change in the reinsurers' share of claims provisions	-597	-578	-1,164
<b>Claims, net of reinsurance</b>	<b>-5,690</b>	<b>-5,592</b>	<b>-11,517</b>
<b>Bonus and premium discounts</b>	<b>-149</b>	<b>-158</b>	<b>-286</b>
Acquisition costs	-965	-1,011	-2,106
Administration expenses	-293	-326	-703
Acquisition costs and Administration expenses	-1,258	-1,337	-2,809
Reinsurance commissions and profit participation from reinsurers	64	53	150
<b>Insurance operating costs, net of reinsurance</b>	<b>-1,194</b>	<b>-1,284</b>	<b>-2,659</b>
<b>Technical result</b>	<b>1,420</b>	<b>1,289</b>	<b>2,311</b>
<b>Investment activities</b>			
Income from Group undertakings	-1	71	529
Income from associates	0	0	29
Income from investment property	2	12	12
Interest income and dividends	309	354	667
Value adjustments	102	451	243
Interest expenses	-53	-50	-113
Administration expenses in connection with investment activities	-55	-32	-82
<b>Total investment return</b>	<b>304</b>	<b>806</b>	<b>1,285</b>
Return and value adjustment on insurance provisions	13	-581	-360
<b>Total Investment return after return and value adjustment on insurance provisions</b>	<b>317</b>	<b>225</b>	<b>925</b>
Other income	55	54	105
Other costs	-62	-50	-198
<b>Profit/loss before tax</b>	<b>1,730</b>	<b>1,518</b>	<b>3,143</b>
Tax	-381	-307	-617
<b>Profit/loss on continuing business</b>	<b>1,349</b>	<b>1,211</b>	<b>2,526</b>
Profit/loss on discontinued and divested business	-2	0	-1
<b>Profit/loss for the period</b>	<b>1,347</b>	<b>1,211</b>	<b>2,525</b>

## Statement of comprehensive income

DKKm	H1 2017	H1 2016	FY 2016
<b>Profit/loss for the period</b>	<b>1,347</b>	<b>1,211</b>	<b>2,525</b>
<b>Other comprehensive income which cannot subsequently be reclassified as profit or loss</b>			
Sale of owner-occupied property	0	0	215
Revaluation of owner-occupied property and other adjustments	13	2	-115
Tax on sale of owner-occupied property	0	0	-53
Tax on revaluation of owner-occupied property for the year	0	0	29
Actuarial gains/losses on defined-benefit pension plans	25	0	-95
Tax on actuarial gains/losses on defined-benefit pension plans	-6	0	24
	32	2	5
<b>Other comprehensive income which can subsequently be reclassified as profit or loss</b>			
Exchange rate adjustments of foreign entities for the year	-96	35	51
Hedging of currency risk in foreign entities for the year	90	-38	-50
Tax on hedging of currency risk in foreign entities for the year	-20	8	11
	-26	5	12
<b>Total other comprehensive income</b>	<b>6</b>	<b>7</b>	<b>17</b>
<b>Comprehensive income</b>	<b>1,353</b>	<b>1,218</b>	<b>2,542</b>

## Statement of financial position

DKKm	H1 2017	H1 2016	FY 2016
Notes			
<b>Assets</b>			
<b>Intangible assets</b>	<b>1,054</b>	<b>1,029</b>	<b>884</b>
Operating equipment	54	55	49
<b>Total property, plant and equipment</b>	<b>54</b>	<b>55</b>	<b>49</b>
<b>Investment property</b>	<b>260</b>	<b>242</b>	<b>269</b>
Investments in Group undertakings	2,544	3,033	3,172
Equity investments in associates	0	14	0
<b>Total investments in Group undertakings and associates</b>	<b>2,544</b>	<b>3,047</b>	<b>3,172</b>
Equity investments	15	101	48
Unit trust units	4,237	3,732	3,950
Bonds	34,041	35,528	34,167
Deposits with credit institutions	59	300	0
Derivative financial instruments	987	1,403	971
<b>Total other financial investment assets</b>	<b>39,339</b>	<b>41,064</b>	<b>39,136</b>
<b>Total investment assets</b>	<b>42,143</b>	<b>44,353</b>	<b>42,577</b>
Reinsurers' share of premium provisions	370	305	214
Reinsurers' share of claims provisions	1,267	2,426	1,820
<b>Total reinsurers' share of provisions for insurance contracts</b>	<b>1,637</b>	<b>2,731</b>	<b>2,034</b>
Receivables from policyholders	1,846	1,787	1,108
Total receivables in connection with direct insurance contracts	1,846	1,787	1,108
Receivables from insurance enterprises	403	311	183
Receivables from Group undertakings	437	526	742
Other receivables	236	502	823
<b>Total receivables</b>	<b>2,922</b>	<b>3,126</b>	<b>2,856</b>
Current tax assets	1	100	0
Cash at bank and in hand	317	495	451
<b>Total other assets</b>	<b>318</b>	<b>595</b>	<b>451</b>
Interest and rent receivable	145	163	221
Other prepayments and accrued income	260	321	455
<b>Total prepayments and accrued income</b>	<b>405</b>	<b>484</b>	<b>676</b>
<b>Total assets</b>	<b>48,533</b>	<b>52,373</b>	<b>49,527</b>

## Statement of financial position

DKKm	H1 2017	H1 2016	FY 2016
Notes			
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>8,780</b>	<b>9,903</b>	<b>10,127</b>
<b>Subordinate loan capital</b>	<b>2,464</b>	<b>2,539</b>	<b>2,567</b>
Premium provisions	5,524	5,776	4,020
Profit margin - Non-life contracts	1,149	968	1,176
Claims provisions	22,489	24,507	23,564
Risk margin - Non-life contracts	1,242	1,159	1,254
Provisions for bonus and premium discounts	493	498	587
<b>Total provisions for insurance contracts</b>	<b>30,897</b>	<b>32,908</b>	<b>30,601</b>
Pensions and similar liabilities	274	241	345
Deferred tax liability	637	533	633
Other provisions	94	108	125
<b>Total provisions</b>	<b>1,005</b>	<b>882</b>	<b>1,103</b>
Debt relating to direct insurance	558	466	556
Debt relating to reinsurance	408	325	426
Amounts owed to credit institutions	356	291	178
Debt relating to unsettled funds transactions and repos	780	2,799	1,732
Derivative financial instruments	590	795	658
Debt to Group undertakings	1,287	257	145
Current tax liabilities	344	255	268
Other debt	1,035	923	1,121
<b>Total debt</b>	<b>5,358</b>	<b>6,111</b>	<b>5,084</b>
<b>Accruals and deferred income</b>	<b>29</b>	<b>30</b>	<b>45</b>
<b>Total equity and liabilities</b>	<b>48,533</b>	<b>52,373</b>	<b>49,527</b>
<b>1 Acquisition of activities</b>			
<b>2 Related parties</b>			
<b>3 Reconciliation of profit/loss and equity</b>			
<b>4 Contingent Liabilities</b>			
<b>5 Accounting policies</b>			
<b>6 Key ratios</b>			

## Statement of changes in equity

DKK m	Share capital	Revaluation reserves	Revaluation equity method	Equalisation reserve	Other reserves b)	Retained earnings	Proposed dividend	Total
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>0</b>	<b>192</b>	<b>0</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	0	-1	566	904	1,347
Other comprehensive income	0		-13	0		19	0	6
Total comprehensive income	0	0	-135	0	-1	585	904	1,353
Dividend paid							-2,700	-2,700
<b>Total changes in equity in H1 2017</b>	<b>0</b>	<b>0</b>	<b>-135</b>	<b>0</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>0</b>	<b>57</b>	<b>0</b>	<b>821</b>	<b>5,898</b>	<b>904</b>	<b>8,780</b>
<b>Equity at 31 December 2015</b>	<b>1,100</b>	<b>86</b>	<b>307</b>	<b>127</b>	<b>766</b>	<b>6,299</b>	<b>1,450</b>	<b>10,135</b>
<b>H1 2016</b>								
Adjustment 1.1.2016 a)				-127		127		0
Profit/loss for the period			-12	0	12	111	1,100	1,211
Other comprehensive income	0	2	5	0		0	0	7
Total comprehensive income	0	2	-7	-127	12	238	1,100	1,218
Dividend paid							-1,450	-1,450
<b>Total changes in equity in H1 2016</b>	<b>0</b>	<b>2</b>	<b>-7</b>	<b>-127</b>	<b>12</b>	<b>238</b>	<b>-350</b>	<b>-232</b>
<b>Equity at 30 June 2016</b>	<b>1,100</b>	<b>88</b>	<b>300</b>	<b>0</b>	<b>778</b>	<b>6,537</b>	<b>1,100</b>	<b>9,903</b>
<b>Equity at 31 December 2015</b>	<b>1,100</b>	<b>86</b>	<b>307</b>	<b>127</b>	<b>766</b>	<b>6,299</b>	<b>1,450</b>	<b>10,135</b>
<b>2016</b>								
Adjustment 1.1.2016 a)				-127		127		0
Profit/loss for the year			-127		56	-1,204	3,800	2,525
Other comprehensive income	0	-86	12			91	0	17
Total comprehensive income	0	-86	-115	-127	56	-986	3,800	2,542
Dividend paid							-2,550	-2,550
<b>Total changes in equity in 2016</b>	<b>0</b>	<b>-86</b>	<b>-115</b>	<b>-127</b>	<b>56</b>	<b>-986</b>	<b>1,250</b>	<b>-8</b>
<b>Equity at 31 December 2016</b>	<b>1,100</b>	<b>0</b>	<b>192</b>	<b>0</b>	<b>822</b>	<b>5,313</b>	<b>2,700</b>	<b>10,127</b>

a) A new executive order from the Danish FSA from 1 January 2016 has abolished the requirements of equalisation reserves in credit and guarantee insurance.

b) 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 1,611m (DKK 1,774m as at 31 December 2016). The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

## Notes

DKKm

**1 Acquisition of activities**

Please refer to the Note 2 "Acquisition of activities" in Tryg Forsikring Group

**2 Related parties**

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

**3 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.

No differences are recognised in 2017 and 2016.

**4 Contingent Liabilities**

Please refer to Note 4 "Contingent Liabilities" in Tryg Forsikring Group

**5 Accounting policies**

Please refer to the Note 5 "Accounting policies" in Tryg Forsikring Group.

In 2016 Tryg Garantiforsikring A/S was merged into Tryg Forsikring A/S.

The comparative figures are restated accordingly. The restatement has no effect on profit and loss for the period or equity.

**6 Key ratios**

Gross claims ratio	65.3	65.4	65.7
Net reinsurance ratio	4.5	4.4	5.4
Claims ratio, net of reinsurance	69.8	69.8	71.1
<u>Gross expense ratio</u>	<u>14.2</u>	<u>15.4</u>	<u>15.9</u>
<u>Combined ratio</u>	<u>84.0</u>	<u>85.2</u>	<u>87.0</u>

Run-off gains/losses, net of reinsurance	526	649	1,227
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## **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.