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Annual report 2020

1 January – 31 December 2020

Tryg Forsikring A/S

(CVR-no. 24260666)

Klausdalsbrovej 601

2750 Ballerup

The Annual report is presented and approved
at the company's ordinary annual general meeting
26 March 2021

Bettina Drejer Clausen, Chairman of the annual general meeting



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Company details

Supervisory Board

Jukka Pertola, Chairman
Torben Nielsen, Deputy Chairman
Charlotte Dietzer
Gert Ove Mikkelsen
Karen Bladt
Claus Wistoft
Ida Sofie Jensen
Lene Skole
Tina Snejbjerg
Mari Thjømøe
Carl-Viggo Østlund
Elias Bakk

Executive Board

Morten Hübbe, Group CEO
Barbara Plucnar Jensen, Group CFO
Lars Bonde, Group COO
Johan Kirstein Brammer, Group CCO

Internal audit

Jens Galsgaard

Independent auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Ownership

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

The annual report is included in the consolidated financial statements of TryghedsGruppen smba, Hummeltoftevej 49, 2830 Virum and Tryg A/S, Ballerup (www.Tryghedsgruppen.dk and www.Tryg.com)

Address

Tryg Forsikring A/S
Klausdalsbrovej 601
DK-2750 Ballerup

Tel. +45 70 11 20 20

www.Tryg.dk

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Management's review

Income overview Tryg Forsikring Group

DKKm	2020	2019
Gross premium income	22,653	21,741
Gross claims	-15,437	-14,857
Total insurance operating costs	-3,202	-3,081
Profit/loss on gross business	4,014	3,803
Profit/loss on ceded business	-499	-566
Insurance technical interest, net of reinsurance	-20	1
Technical result	3,495	3,237
Investment return after insurance technical interest	300	570
Other income and costs	-171	-115
Profit/loss before tax	3,624	3,693
Tax	-788	-797
Profit/loss on continuing business	2,837	2,896
Profit/loss on discontinued and divested business after tax	0	-2
Profit/loss	2,837	2,895
Run-off gains/losses, net of reinsurance	1,145	1,194
Key figures		
Total equity	12,438	12,214
Return on equity after tax (%)	21.5	23.6
Premium growth in local currencies	7.0	17.1
Gross claims ratio	68.1	68.3
Net reinsurance ratio	2.2	2.6
Claims ratio, net of ceded business	70.3	70.9
Gross expense ratio	14.1	14.2
Combined ratio	84.5	85.1
Run-off, net of reinsurance (%)	-5.1	-5.5
Large claims, net of reinsurance (%)	2.2	2.1
Weather claims, net of reinsurance (%)	1.6	1.9
COVID-19 claims, net of reinsurance (%)	-0.8	0.0
Combined ratio on business areas		
Private	83.9	83.7
Commercial	83.3	86.8
Corporate	88.0	87.6
Sweden	83.2	84.8

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Events in 2020

Group

Management changes in Corporate

In 2020, two new directors in Corporate Norway and Denmark as well as a new country manager in the Swedish business, Moderna, were appointed. The recruitment of the new management is aligned with Tryg Forsikring's ambition to increase our focus on profitability initiatives in all Corporate segments in the coming years.

Tryg works from home

For long periods from March onwards, the vast majority of Tryg Forsikring's employees in Denmark, Sweden and Norway were asked to work from home as a result of COVID-19. Throughout this period, it was a key priority to ensure strong operations and thereby maintain a high customer satisfaction. It has been very positive to see an increase in the overall TNPS score to an all-time high level under those conditions.

Norway

Renewal of big partner agreements

Tryg Forsikring renewed the big partner agreements with UDF (Union of Education Norway) and NMF (Norwegian Brand Federation) in Q4 2020 for respectively three and five years. Partner agreements are very important for the Norwegian business and Tryg Forsikring was therefore satisfied to renew these agreements with good conditions for all parties.

Tryg Smart

A number of NITO (Norwegian Engineer Organisation) members were offered to test a sensor package that will be installed in the members' leisure homes. Through an app the members can check temperature, leak, smoke and electricity consumption. The initiative is tailored to NITO's members, and supports Tryg Forsikring's strong focus on prevention and digitalisation.



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Events in Denmark

Tryg Sund

In 2020, Tryg Forsikring's self-developed app 'Tryg Sund' ('Tryg Health') was launched. Tryg Sund provides users with an overview of health insurance services, such as the Tryg Medical Hotline, as well as guidance on ways to improve their health, while also enabling customers to report claims directly from the app. In the first month following its launch, the app had more than 4,000 downloads from AppStore and GooglePlay. For the past three years, Tryg Forsikring has seen a positive development in health insurance products.

TryghedsGruppen's member bonus

For the fifth consecutive year, TryghedsGruppen, Tryg's majority shareholder, paid out a member bonus for 2020 of DKK 985m, equivalent to 8% of premiums paid for 2019. The bonus was paid to customers in Denmark, or every fourth Dane.

Tryg Bilpleje – new digitally driven prevention product

In Q1 2020, 'Tryg Bilpleje' ('Tryg Car Service') was launched in Denmark for private customers. For a monthly fee, the product offers access to a number of light car services such as car wash, change of tyres and seasonal car check-up – all in one package. Tryg Bilpleje is the first fully digitalised product. This means that customers can only buy and use the product digitally which makes it more convenient for them to use the services.

Events in Sweden

A good year for Bilsport & MC and Atlantica

Moderna's enthusiast brands – Bilsport & MC (for car and motorcycle enthusiasts) and Atlantica (for boats) – have shown that profitability and growth can co-exist. A new product offered by Bilsport & MC was the single most important contributor to delivering full-year sales targets already in Q3 2020. Atlantica has benefitted from people holidaying in Sweden and has also already met full year sales target with comfortable margins.

Strong development together with new and old partners

During 2020, existing partner channels developed and furthermore, new partnerships were launched. For example, Moderna launched Mekonomen Bilförsäkring together with the existing partner Mekonomen and broadened the product offering through Akademikerförsäkring to include the Bilsport & MC and Atlantica product ranges.

Digital seminars

During the year, Commercial and Corporate in Moderna arranged a number of digital seminars for brokers all around Sweden. They attracted more than 10,000 participants in the course of the year, and levels of engagement have been high, both internally and externally.



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Financial targets and outlook

In 2020, the outbreak of the COVID-19 across the world resulted in a lot of human pain, devastation and uncertainties, and sharply dampened the economic outlook. The Scandinavian economies entered the crisis in a better position than most countries with good growth levels, balanced public finances and low levels of unemployment.

Governments across Scandinavia have, to different extents, introduced schemes to help businesses during these very challenging times. The start of vaccination programmes towards the end of the year is expected to gradually help improve the macroeconomic outlook in 2021 but a lot of uncertainties remain and therefore the macroeconomic backdrop remains challenging.

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

Retention levels are very high in the Nordic region compared to nearly everywhere else in the world. This is a key profitability driver as it helps insurers keep their overall expenses low. Retention rates hover around 90% in the Private and Commercial (SMEs) segments, which represent more than 80% of Tryg Forsikring's total business. A direct distribution model also contributes significantly importantly to the very efficient set-up. At the end of 2020, Tryg Forsikring reported an expense ratio of 14.1 in line with the target of ~14. In comparison, most international insurers report an expense ratio between 25 and 30.

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

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

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

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

2021 Outlook

The three-years strategy period ended in 2020 with Tryg Forsikring meeting all its financial targets.

Follow-up on 2020 targets:

Financial targets

Technical result (DKK) 3,495m (2020 target: 3.3bn)

Expense ratio 14.1 (2020 target: ~14)

Combined ratio 84.5 (2020 target: ≤86)

Customer targets

TNPS 72 (2020 target: 70)

Products per customer 3.9 (2020 target: 4.0)

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Tryg Forsikring in 2021

Tryg Forsikring expects a technical result of between DKK 3.3bn and 3.7bn in 2021. The range is driven by the natural volatility of large and weather claims and the more challenging macroeconomic outlook (compared to past years), which could impact the top line especially in the Commercial and Corporate segments.

The low end of the range would imply a significantly higher level of weather and large claims compared to a normalised guidance of large claims of DKK 550m and weather claims of DKK 600m a year. Run-off gains are expected to be between 3-5%.

Tryg Forsikring has guided previously for a normalised investment income between DKK 0 and DKK 200m. The assumptions remain valid. Additionally a link on tryg.com provide daily updates on the return of the free portfolio (the capital of the company), adding more visibility to the overall investment income.

Impact for Tryg Forsikring regarding Tryg's acquisition of RSA

Tryg A/S's acquisition of RSA's Norwegian and Swedish businesses and 50% of RSA's Danish business is expected to be approved before the end of Q2. Based on this assumption, RSA's assets are expected to be 'equity-accounted' for in H2 2021 in Tryg A/S.

The acquisition will have no impact to the income statement at Tryg Forsikring before separation of RSA Scandinavian part (Trygg-Hansa and Codan Norway). Separation is expected to be completed in Q1 2022, and from this time insurance results from Trygg-Hansa and Codan Norway will be included in the income statement for Tryg Forsikring.

In 2021 expected costs for Tryg Forsikring related to RSA transaction would be 0.5 bn regarding re-structuring costs.

Please refer to annual report of Tryg A/S pages 10-12 at tryg.com

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Tryg Forsikring's results

Premium growth of 7.0% in local currencies has primarily been driven by a strong growth in Private & Commercial segments. Technical result of 3,495m (3,237m) was impacted positively by the underlying claims development, delivery of the Alka synergies, lower than normal large and weather claims which offset a negative currency development and a further drop in interest rates. Investment return after insurance technical interest amount to DKK 300m characterized by volatility throughout quarter driven by the COVID-19 outbreak and following capital markets turbulence. Pre-tax profit of DKK 3,624m. Solvency ratio of 187.

Results 2020

Premium growth was 7.0% driven primarily by a strong growth in Private and Commercial segments. The Private segment was up 9.0% while the Commercial segment was up 6.0%. Corporate reported a virtually flat top-line development.

Tryg Forsikring reported a technical result of DKK 3,495m (DKK 3,237m) impacted positively by the underlying claims development, delivery of the Alka synergies, lower-than-normal large and weather claims and lower claims frequencies driven by the COVID-19 outbreak.

The technical result was impacted negatively by currency developments and by even lower levels of interest rates. The gross impact of the COVID-19 outbreak on the technical result was close to nil, while the net impact was DKK 143m due to reinsurance cover of travel insurance.

Tryg Forsikring reported a combined ratio of 84.5% (85.1%) driven by a claims ratio of 70.3% (70.9%) and an expense ratio of 14.1% (14.2%).

The Private segment reported an increased technical result, driven by the positive top-line development, an improved underlying claims ratio and lower claims frequencies in selected lines of business following the outbreak of COVID-19.

The Commercial segment reported an increased technical result driven by the positive top-line development, an improved underlying claims ratio, lower claims frequencies in selected lines of business following the outbreak of COVID-19 and tight cost control reducing the expense ratio.

The Corporate segment reported a stable technical result, the top-line development was virtually flat as price increases (across all geographies) offset by loss of some customers, the underlying claims ratio is moving in the right direction, but more efforts are needed to produce long term sustainable returns. Further profitability actions have been put in place in 2021.

Private Sweden reported a somewhat higher technical result, top line development was positive and a modest improvement in the underlying claims ratio was recorded.

Synergies from the Alka transaction amounted to DKK 176m in 2020 with DKK 73m for claims, DKK 62m for costs and DKK 41m from revenue synergies. Targeted synergies for 2020 were DKK 150m.

The investment result was DKK 300m (DKK 570m), characterized by high volatility between quarters. The outbreak of COVID-19 caused wide-spread selling in capital markets in March, which was followed by a robust recovery in the following quarters.

The macroeconomic picture looked very bleak in March/April, improved slightly afterwards and the start of COVID-19 vaccination programmed towards the end of 2020 and beginning of 2021 is renewing hopes of stabilisation for the world economy.

Equities closed the year up 13.5% while corporate bonds also saw strong returns. In general, all assets classes in the free portfolio contributed positively to the strong performance.

Other income and expenses were DKK -171m (DKK -115m), the higher number compared to 2019 is explained by a VAT refund in the last quarter of 2019 and by a lower income from the pensions products.

The pre-tax result was DKK 3,624m (DKK 3,693m) while the net profit was DKK 2,837m (DKK 2,896m) resulting in a ROE of 21.5% (23.6%).

In 2020, Danish customers received the fifth member bonus from TryghedsGruppen (Tryg's 53% majority shareholder). The 8% bonus is appreciated by customers and seen as an important competitive advantage boosting customer loyalty and supporting customer targets.

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Premiums

Premiums totalled DKK 22,653m (DKK 21,741m) representing growth in 2020 in local currencies of 7.0%.

The Private segment had a strong growth of 9.0% (7.8% in 2019 excluding Alka) with positive impact from both Denmark and Norway. In Denmark, Tryg Forsikring continued to see strong sales through partner agreements such as FDM and Danske Bank, and at the same time upselling to existing customers of new products supported the growth. In Norway, a strong growth was driven from the partner agreements NITO and OBOS but also a very strong sale from the car sales channel (Enter).

The Commercial segment had a growth of 6.0% in 2020 (8.3% in 2019 impacted by Alka), supported by an increase in the number of customers in Denmark, helped by continued strong sales from Tryg Forsikring's independent sales agents and improved sales from the broker sales channel. In Norway the growth primarily related to price adjustments to improve profitability, which in general was accepted by the customers.

The Corporate segment had a modest growth of 1.4% (2.0%) with a loss in premium income in Norway as a result of adjusting prices for the third year in a row, while in Denmark and Sweden some growth was observed, primarily driven by price hikes, which did not impact churn much, as this was the first year in many years with significant price adjustments.

The segment Sweden had a growth of 4.9% (6.1%) helped by adjusting prices for especially motor to improved profitability, but also by strong sale in the boat sales channel Atlantica helped by many people vacationing in Sweden (as opposed to travelling abroad) through the COVID-19 period.

Claims

The claims ratio, net of ceded business, was 70.3% (70.9%), while the underlying claims ratio showed an improvement of 0.6 percentage points for the Group and 0.2 percentage points for the Private segment, driven by price adjustments and "claims excellence" initiatives.

It is worth remembering that "new" business is normally less profitable than "old" business, due to structurally higher claims frequencies of approximately 3% and higher distribution costs. The underlying claims ratio for Private is currently impacted by the initial adverse effect on profitability of the robust growth. However, in the longer term the initial drag will be offset by the higher profitability. At the same time, profitability initiatives in the Corporate segment should also help sustain the improvement in the underlying claims development. The underlying claims ratio is therefore expected to improve in 2021.

Claims inflation is monitored constantly using internal and external parameters in all lines of businesses. Motor and Property insurances represent almost 70% of the total premiums and a similar share of the technical result therefore claims patterns are carefully scrutinised.

New trends such as sales of electric cars and general developments in property markets are followed closely to anticipate pockets of claims inflation and trying to adjust prices accordingly.

In 2020, large claims totalled DKK 500m (DKK 455m), while weather claims totalled DKK 368m (DKK 416m). In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 100m for Tryg Forsikring. The level of large and weather claims were below normalized expectations of DKK 550m and DKK 600m annually.

The overall run-off result was DKK 1,145m (DKK 1,194m) or 5.1% (5.5%) on the combined ratio. The run-off result was driven mainly by run-off gains in the long-tail segments.

COVID-19 outbreak had a significant negative impact in the first quarter of 2020 due to high gross losses on travel insurance somewhat mitigated by lower claims frequencies in lines such as motor, property and accident resulting in a total negative gross impact of DKK -180m or DKK -40m after reinsurance. In the following quarters, a positive impact was recorded due to lower activity in the society leading to lower claims frequency primarily mentioned lines of business. The total impact from COVID-19 for FY 2020 was DKK 39m on a gross basis (before reinsurance) and DKK 179m on a net basis (after reinsurance).

Expenses

The expense ratio was 14.1 (14.2). A number of initiatives to lower distribution costs are being implemented, and some of the savings from these initiatives are being invested in new digital solutions. The



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expense ratio was impacted by the satisfactory growth in the Private segment especially in Norway, where commissions are paid upfront in many distribution channels. This higher level was also supported by distribution initiatives, for example the implementation and increased use of more efficient independent sales channels especially in Denmark in both Private and Commercial.

The expenses were negatively impacted by DKK 38m related to COVID-19 initiatives such as IT and increased cleaning and disinfecting of offices.

Investment activities

The investment return totalled DKK 300m (DKK 570m), with capital markets development being very volatile in 2020. During March, following the outbreak of COVID-19, an extreme sell-off in virtually all assets classes was recorded with equities dropping an unprecedented 25-30% in just a few weeks.

A recovery gradually built up in Q2 and continued gathering strength with a very robust performance in the last quarter of the year. All asset classes in the free portfolio produced good returns for the full year with equities (up 13.5%) and corporate bonds (returning 6%) leading the way. The start of COVID-19 vaccination programs towards the end of 2020 is also helping the outlook, together with a clear outcome of the US presidential elections. The match portfolio also experienced a volatile pattern during the year with a loss in Q1 followed by a recovery in the following quarters. Other financial income and expenses totalled DKK -266m (DKK -245m).

Other income and costs

Other income and costs were DKK -171m (DKK -115m). Approximately half of "other income and costs" is represented by the amortization of customer relations stemming from the Alka acquisition and additionally bancassurance fees.

Tax

Tryg paid a total tax bill of DKK 788m (DKK 797m) or 21.7% of the profit before tax.

Capital position

The solvency ratio (based on Tryg Forsikring's partial internal model) was 187 at year-end for Tryg Forsikring Group (164 in 2019).

Own Funds totalled DKK 9,058m (DKK 8,249m) at the end of 2020. Own funds were primarily positively impacted by the net profit, and negatively impacted by the ordinary dividend.

Tryg Forsikring's own funds mainly comprise of shareholders' equity, intangibles (fully deducted), Tier 2 instruments (subordinated debt and the Norwegian natural perils pool), Tier 1 instruments and future profits. Most of Tryg Forsikring's own funds consist of shareholders' equity.

Tier 2 capacity has been fully utilised, while Tier 2 bonds in the amount of DKK 147m are currently not included in the own funds, as they exceed the 50% solvency capital requirement (SCR). Tier 1 capacity has also been almost fully utilised, with DKK 305m remaining at year-end 2020.

Tryg Forsikring's solvency ratio displays low sensitivity to capital market movements. The area with the highest level of sensitivity is spread risk, where a widening/ tightening of 100 basis points would impact the solvency ratio by approximately 20 percentage points. Sensitivities towards falling equity market and interest rate movements are low. Tryg Forsikring calculates its SCR based on a partial internal model in accordance with the Danish Financial Supervisory Authority's Executive Order on Solvency and Operating Plans for Insurance Companies.

The model is based on the structure of the standard model. Tryg Forsikring uses an internal model to assess insurance risks, while other risks are calculated using standard model components. Tryg Forsikring's SCR, calculated using the partial internal model, was DKK 4,855m at the end of 2020 compared to DKK 5,021m at the end of 2019.

The lower SCR in 2020 has primarily been driven by the FSA approval of the company's revised partial internal model in April 2020, which reduced the SCR by approximately DKK 400m. The reduction in the SCR was driven by the inclusion of Sweden in the model, thereby increasing the diversification benefit, while some marginally lower capital charges for the non-life risks were also included as part of a general review and update of the model. Based on the standard formula, SCR was DKK 6,608m compared to DKK 6,293m at the end of 2019.



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Private

Private sells insurance products to private individuals in Denmark and Norway. Sales are affected via call centres, the internet, Tryg Forsikring's own agents, Alka (Denmark), franchisees (Norway), interest organisations, car dealers, estate agents and Danske Bank branches.

Key figures - Private

DKKm	2020	2019
Gross premium income	12,743	12,021
Gross claims	-8,883	-8,185
Gross expenses	-1,727	-1,650
Profit/loss on gross business	2,133	2,185
Profit/loss on ceded business	-76	-231
Insurance technical interest, net of reinsurance	-12	-3
Technical result	2,045	1,951
Run-off gains/losses, net of reinsurance	120	238
Key ratios		
Premium growth in local currencies	9.0	28.0
Gross claims ratio	69.7	68.1
Net reinsurance ratio	0.6	1.9
Claims ratio, net of ceded business	70.3	70.0
Gross expense ratio	13.6	13.7
Combined ratio	83.9	83.7
Combined ratio exclusive of run-off	84.8	85.7
Run-off, net of reinsurance (%)	-0.9	-2.0
Large claims, net of reinsurance (%)	0.2	0.1
Weather claims, net of reinsurance (%)	2.1	2.0

Results 2020

The technical result for 2020 was DKK 2,045m (DKK 1,951m), with a combined ratio of 83.9 (83.7). The result was attributable to a combination of higher premium growth in both Denmark and Norway and slightly improved underlying claims ratio development and net positive impact from COVID-19.

Premiums

Gross premium income was up 9.0% (7.8% in 2019 excluding Alka) in local currencies, which was attributable to growth in both Denmark and Norway. The growth was mainly driven by continued high retention levels in the Danish and Norwegian Private segments, strong developments in partner agreements and cross-selling to existing customers primarily in Denmark.

The partner agreements driving growth in Norway were primarily OBOS, Norwegian Society of Engineers and Technologists (NITO) and the car sales channel (Enter). Growth was achieved through the development of innovative solutions and products tailored especially to the members of the various partner organisations.

The retention rate in Denmark decreased from 91.6 to 90.1 due to the termination of the Nordea agreement which naturally led to a higher churn level. Excluding Nordea churn, the retention rate was 91.3. The higher level of churn was more than mitigated by new sales from the Danske Bank agreement. Please note that sales to customers of Danske Bank do not impact the retention rate as they are new sales and will only impact this metric in year 2. In Norway, the retention rate increased from 87.1 to an all-time high 88.4.

Claims

The gross claims ratio totalled 69.7 (68.1), while the claims ratio, net of ceded business was 70.3 (70.0). The underlying claims level improved by 0.2 percentage points, which was attributable to the claims excellence programme and price adjustments aimed at mitigating increased claims inflation. The underlying claims ratio improvement was somewhat lower than last year due to the high organic premium

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growth and the fact that new customers have an approximately 3% higher claims frequency than existing customers.

Weather-related claims were on par with 2019 levels and primarily related to Norway. COVID-19 had a limited positive impact of 1.0% with travel insurance impacting negatively and motor, content and accident insurance impacting positively. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 60m for Tryg Forsikring.

Expenses

The expense ratio for Private was 13.6 (13.7), which was in line with previous year. The expenses were impacted by commissions due to high premium growth that were mitigated through initiatives to reduce distributions costs. Among the initiative, it was key to expand the number of very efficient private sales agent and in general increased efficiency for the sales channels. Total employee numbers increased from 1,317 at the end of 2019 to 1,344 in 2020 reflecting a continued focus on efficiency but also an increase especially in distribution.

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Commercial

Commercial sells insurance products to small and medium-sized businesses in Denmark and Norway. Sales are affected via Tryg Forsikring's own sales force, brokers, Alka (Denmark), franchisees (Norway), customer centres as well as group agreements.

Key figures - Commercial

DKKm	2020	2019
Gross premium income	4,430	4,274
Gross claims	-2,786	-2,867
Gross expenses	-758	-749
Profit/loss on gross business	886	658
Profit/loss on ceded business	-147	-94
Insurance technical interest, net of reinsurance	-5	1
Technical result	735	566
Run-off gains/losses, net of reinsurance	336	310
Key ratios		
Premium growth in local currencies	6.0	8.3
Gross claims ratio	62.9	67.1
Net reinsurance ratio	3.3	2.2
Claims ratio, net of ceded business	66.2	69.3
Gross expense ratio	17.1	17.5
Combined ratio	83.3	86.8
Combined ratio exclusive of run-off	90.9	94.0
Run-off, net of reinsurance (%)	-7.6	-7.2
Large claims, net of reinsurance (%)	2.0	3.3
Weather claims, net of reinsurance (%)	1.8	2.2

Results 2020

The technical result for 2020 was DKK 735m (DKK 566m), with a combined ratio of 83.3 (86.8). The combined ratio was positively affected by an improved underlying claims ratio, a lower level of large and weather claims and lower frequency for some lines of business because of COVID-19. The development in premiums improved significantly in both Denmark and Norway, driven by improved sales level in Denmark and price adjustments in Norway to improve profitability.

Premiums

The development in gross premium income was a positive 6.0% (8.3% in 2019 impacted by Alka) in local currencies with an improvement in both the Danish and Norwegian Commercial business areas. Commercial Denmark reported a positive development in the number of customers driven by both own sales agents and improved sales from the broker sales channel.

Commercial Denmark has a strong focus on rebalancing the portfolio with a higher proportion of smaller commercial customers and a lower proportion of larger commercial customers as this supports the focus on profitability. In Norway, premium development was positively impacted by price adjustments, particularly for large commercial customers, which were widely accepted by the customers.

The retention rate for Commercial Denmark was unchanged at 88.6 compared to prior-year period, while in Norway the retention rate increased from 89.0 to 89.2. The positive developments in Denmark and Norway can be attributable to a strong customer focus, while the customer bonus model also supported the development in Denmark.

Claims

The gross claims ratio was 62.9 (67.1), with a claims ratio, net of ceded business, of 66.2 (69.3). The lower claims level was helped by an improvement in the underlying claims ratio, a lower level of large and weather claims and a positive impact from COVID-19 due to a lower level of frequencies for business lines such as motor, accident and workers compensation. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate NOK 20m for Tryg Forsikring.



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Expenses

The expense ratio for Commercial was 17.1 (17.5). The lower level was helped by improved distribution efficiency especially in Denmark with independent sales agents with much lower costs per sale. In Norway, the improved retention rate and high acceptance of price adjustments supported a positive development in the expense ratio. Total employee numbers were up from 495 at the end of 2019 to 538 in 2020.

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Corporate

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales is affected 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.

Key figures Corporate

DKKm	2020	2019
Gross premium income	3,876	3,979
Gross claims	-2,692	-2,816
Gross expenses	-440	-415
Profit/loss on gross business	743	748
Profit/loss on ceded business	-277	-255
Insurance technical interest, net of reinsurance	-2	2
Technical result	464	496
Run-off gains/losses, net of reinsurance	448	407
Key ratios		
Premium growth in local currencies	1.4	2.0
Gross claims ratio	69.5	70.8
Net reinsurance ratio	7.1	6.4
Claims ratio, net of ceded business	76.6	77.2
Gross expense ratio	11.4	10.4
Combined ratio	88.0	87.6
Combined ratio exclusive of run-off	99.5	97.8
Run-off, net of reinsurance (%)	-11.6	-10.2
Large claims, net of reinsurance (%)	10.0	7.7
Weather claims, net of reinsurance (%)	0.6	1.8

Results 2020

The technical result was DKK 464m (DKK 496m), with a combined ratio of 88.0 (87.6). The result was positively affected by an underlying improvement, a slightly higher level of large claims and a slightly higher run-off level. Premiums were up 1.4 % (2.0%) impacted by price hikes in both Norway, Denmark and Sweden to improve profitability, and a high retention level in Denmark driven by the customer bonus model. Even though the underlying profitability is increasing, Tryg Forsikring will still have to improve profitability in all countries and will therefore continue to implement profitability actions in all countries in 2021, which might reduce premium income, depending on market conditions.

Premiums

Gross premium income was up 1.4% (2.0%) in local currencies. An increase of around 3.6% was seen in Denmark impacted by price adjustments of approximately 10% and continued positive development for the credit and surety business (Tryg Garanti) and a high retention level.

In Corporate Norway, premiums decreased by 3.6%, primarily due to price hikes of approximately 14% (excluding fronting and captive agreements).

In Sweden, which accounts for only 20% of the total Corporate business, premium growth was 5.1% and was also impacted by profitability initiatives of approximately 8% resulting in a loss of customers.

Claims

The gross claims ratio totalled 69.5 (70.8), and the claims ratio, net of ceded business, was 76.6 (77.2). The claims ratio was impacted by price initiatives improving the underlying claims ratio in all countries, a higher level of large claims and a larger level of run-off gains. The claims ratio was slightly negatively impacted by COVID-19 with some positive impact for certain lines of business e.g. travel insurance and workers compensation. The claims ratio was also impacted by a few claims in

Tryg Garanti related to COVID-19. As mentioned, Tryg Forsikring will continue to focus on improving profitability in all countries as profitability remains challenging in the Corporate segment considering a combined ratio of 109.1 excluding run-offs.

Tryg Forsikring therefore plans further important profitability initiatives to be implemented in 2021.

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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.

Key figures Sweden

DKKm	2020	2019
Gross premium income	1,604	1,521
Gross claims	-1,067	-1,014
Gross expenses	-269	-267
Profit/loss on gross business	268	241
Profit/loss on ceded business	1	-10
Insurance technical interest, net of reinsurance	-1	0
Technical result	268	231
Run-off gains/losses, net of reinsurance	249	246
Key ratios		
Premium growth in local currencies	4.9	6.1
Gross claims ratio	66.5	66.6
Net reinsurance ratio	-0.1	0.7
Claims ratio, net of ceded business	66.4	67.3
Gross expense ratio	16.8	17.5
Combined ratio	83.2	84.8
Combined ratio exclusive of run-off	98.8	101.0
Run-off, net of reinsurance (%)	-15.5	-16.2
Large claims, net of reinsurance (%)	0.0	0.0
Weather claims, net of reinsurance (%)	0.1	0.7

Results 2020

Sweden reported a technical result of DKK 268m (DKK 231m) and a combined ratio of 83.2 (84.8). The slightly higher combined ratio was primarily driven by a higher expense ratio, but as planned there was also an improved underlying claims ratio due to price adjustments, especially for motor insurance. The high level of run-off gains reflects a strong reserving position in the motor third-party liability segment. The underlying profitability for the current underwriting year with a normalised run-off level is still not satisfactory.

Premium growth in 2020 was primarily a result of acceptance of price adjustments and organic growth for Atlantica, the niche area for boat insurance.

Premiums

Gross premium income totalled DKK 1,604m (DKK 1,521m), equating to growth of 4.9% (6.1%) in local currencies. Growth was especially attributable to motor insurance as a result of high acceptance of price adjustments to improve the claims ratio for this product. During the period of COVID-19, Tryg Forsikring has seen a big increase in the demand for boat insurance as many people were 'staycationing' in Sweden instead of travelling abroad. Atlantica, which is a niche brand in Private Sweden for boat insurance, is a very profitable segment.

Claims

The gross claims ratio was 66.5 (66.6), and the claims ratio, net of ceded business was 66.4 (67.3). In 2020, prices for motor insurance were adjusted to improve profitability, and this led to an improving underlying claims ratio for Private Sweden. Profitability, assuming a normalised run-off level, remains challenging, and initiatives to improve profitability will continue in 2021. The strong run-off result reflects a very solid reserves position in the long-tail motor segment.

Expenses

The expense ratio was 16.8 (17.5), which is somewhat higher level than previous year. Expenses were impacted by one-off costs related to an organisational restructuring in 2020. Employee numbers in Sweden were up 23 compared to the prior-year period, totalling 323 at the end of 2020 primarily because of increase in Inbound Sales.



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Investment activities

The investment return totalled DKK 300m (DKK570m) for the full year 2020, driven by a return of DKK 585m (DKK 857m) on the free portfolio, a return of DKK -19m (DKK -42m) on the match portfolio, and other financial income and expenses of DKK -266m (DKK -245m).

The total market value of Tryg Forsikring's investment portfolio was DKK 40.5bn (DKK 40bn) at year-end 2020. The investment portfolio consists of a match portfolio of DKK 28.1bn (DKK 29bn) and a free portfolio of DKK 12.4bn (DKK 11bn).

The match portfolio is composed of low-risk fixed-income assets that match the Group's insurance liabilities, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio reflects the Group's capital, which is predominantly invested in fixed-income securities with a short duration, but also, in equities and properties.

Key figures - Investments

DKKm	2020	2019
Free portfolio, gross return	585	857
Match portfolio, regulatory deviation and performance	-19	-42
Other financial income and expenses	-266	-245
Total investment return	300	570

Return - free portfolio

DKKm	2020	2020 (%)	2019	2019 (%)	Investment assets	
					31.12.2020	31.12.2019
Bonds	88	2.3	66	1.6	3,839	4,314
Credit bonds	136	6.3	228	10.8	2,261	2,173
Investment grade credit	70	7.2	106	11.9	908	1,016
Emerging market bonds	25	4.6	48	8.6	654	545
High-yield bonds	41	6.2	74	12.0	699	612
Diversifying Alternatives a)	20	2.1	1	0.1	935	645
Equity b)	277	13.5	403	21.4	2,588	2,164
Real Estate	64	2.7	159	7.7	2,806	2,141
Total	585	5.3	857	8.0	12,429	11,436

a) Diversifying Alternatives consists of CAT Bonds and a tactical mandate including both bonds, interest based investment funds and equity based investment funds.

b) In addition to the equity portfolio exposure is derivatives contracts of DKK 69m.

Return - match portfolio

DKKm	2020	2019
Return, match portfolio	548	475
Value adjustments, changed discount rate	-530	-351
Transferred to insurance technical interest	-37	-166
Match, regulatory deviation and performance	-19	-42
Hereof:		
Match, regulatory deviation	-48	-73
Match, performance	29	31

Free portfolio

Financial markets experienced a highly volatile year driven by the outbreak of COVID-19 in March with related macroeconomic worries followed by a strong recover in the following quarters. Equity markets were down 25-30% during the second half of March but finished the year up 13%, an unprecedented roller-coaster.

Macroeconomic worries were dominant in February and March while large Government spending across the globe have mitigated the impact on the employment levels but obviously increased public borrowing levels which in certain cases were already very high.

The start of COVID-19 vaccination programmes right after Christmas has given hope for a rapidly improved outlook for 2021 although the winter months are likely to remain very challenging.

Tryg Forsikring's equity portfolio reported a return of DKK 277m (13.5%) in 2020 vs DKK 403m (21.4%) in 2019. The considerable difference in the return on equities explains around half of the difference in the Group's investment return in 2020 and 2019. The credit bonds portfolio also produced a good return of DKK 136m (6.3%) even though it was lower than in 2019 (10.8%), driven primarily by falling rates throughout most of the year and tightening credit spreads. The return on the investment property portfolio was DKK 64m (DKK 159m in 2019 driven by revaluations of DKK 68m in Q4), or 2.7%.

Equity and property investments totalled DKK 5.4bn, while approximately DKK 2.3bn were invested in corporate bonds. Some DKK 3.8bn were primarily invested in Nordic covered bonds and Government



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bonds, including inflation-linked bonds, where current yields remain negative, putting downward pressure on the return on the free portfolio and the overall investment income. Finally, an amount corresponding to just less than DKK 1bn was invested in diversifying alternative assets.

Match portfolio

The result of the match portfolio is the difference between the return on the match portfolio and the amount transferred to the technical result. The result can be split into a 'regulatory deviation' and a 'performance result'. The regulatory deviation was DKK -48m (DKK -73m) for the full year 2020, driven primarily by the increase yield spread between the FSA/EIOPA discounting in curve (in EUR) and the assets side invested in Danish kroner. The performance result was DKK 29m (DKK 31m) as Nordic covered bond spreads narrowed slightly.

Other financial income and expenses

The other financial income and expenses component is primarily made up of interest expenses related to outstanding subordinated debt, the cost of the currency hedges to protect shareholders' equity and the cost of running the investment operations. Other financial income and expenses totalled DKK -266m (DKK -245m).

Tryg Forsikring has previously announced that this line should report a result of approximately DKK -60m per quarter which the overall amount for 2020 is broadly in line with expectations.

Solvency and dividend

Risk management is a key function in Tryg Forsikring. The assessment and management of Tryg Forsikring's aggregated risk and associated capital requirement constitutes a core element in the management of the company.

Risk management is based on Tryg Forsikring's targets and strategies and the risk exposure limits decided by the Supervisory Board. Tryg Forsikring's Supervisory Board defines the framework for the company's target risk appetite and thereby the capital which must be available to cover any losses.

Solvency II

The Solvency II regime (introduced at the beginning of 2016) emphasises the need for sound risk management and has introduced additional requirements concerning risk governance, consistency across the Group and top management reporting and involvement. Tryg Forsikring has implemented a risk governance structure in full compliance with Solvency II. In addition to the requirements in Solvency II Tryg Forsikring has chosen to appoint a special Risk Committee consisting of members from the Supervisory Board. Tryg Forsikring has chosen to implement a partial internal model, approved by the Danish FSA, which models insurance risk while all other modules are based on the standard formula.

Insurance risk

The insurance risk is controlled by limiting the size of single exposures and through the use of reinsurance, thereby capping the cost of large and weather-related claims. Additionally, the insurance risk is managed through geographical limitations and by refraining from offering certain types of insurance such as aviation and marine hull insurance. Operating within these boundaries, Tryg Forsikring's risk depends on the company's choice of exposure within different segments and industries in the insurance market.

Tryg Forsikring's operates in relatively stable markets, while slightly more than 80% of premiums are in the Private and Commercial (SMEs) segments.

Quarterly fluctuations are driven mainly by large and weather-related events, and reinsurance is used extensively to stabilise the overall earnings level.

Investment risk

Invested assets are split into a match portfolio (DKK 28.1bn) and a free portfolio (DKK 12.4bn). The objective is for the return on the match portfolio to be as close as possible to zero as capital gains and losses on the assets side should be mirrored by corresponding developments on the liabilities side.

The free portfolio is intended to produce the maximum risk-adjusted return. The investment risk associated with the free portfolio is managed through limits on exposure within single asset classes.



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Capital management

Capital management and capital modelling are key functions in Tryg Forsikring. Capital management covers broadly the company's current and future capital requirements, capital allocation to the different lines of businesses and required returns, dividends outlook, and the ability of the company to meet its own return on equity target.

Tryg Forsikring's solvency ratio is function of developments of own funds and the solvency capital requirement (based on the approved partial internal model). As mentioned previously, Tryg Forsikring has modelled the insurance risk internally, while all other modules are based on the standard formula.

The capital model is based on Tryg Forsikring's risk profile and takes into consideration the composition of Tryg Forsikring's insurance portfolio, geographical diversification, its claims reserves profile, reinsurance programme, investments mix and the overall level of profitability. The solvency ratio was 187 as per year-end 2020 up from 164 at the end of 2019.

The key components of Tryg Forsikring's own funds are shareholders' equity, qualifying debt instruments (both Tier 1 and Tier 2 debt) and future profit, while all intangibles are deducted in the calculation. The debt capacity has been virtually fully utilised, and at the end of 2020 some DKK 147m of Tier 2 instruments are not included in the own funds as they exceed the 50% SCR limit.

Own funds totalled 9,058m at the end of 2020 vs DKK 8,249m at the end of 2019, the primary drivers of the movement in own funds have been profits and dividends.

The solvency capital requirement (SCR) is calculated in such a way that Tryg Forsikring should be able to honour its obligations in 199 out of 200 years and is regularly stress tested. In other words, At the end of 2020, Tryg Forsikring's SCR was DKK 4,855m, down slightly less than DKK 200m since the end of 2019. The lower SCR is primarily driven by the Danish FSA's approval of Tryg Forsikring's updated internal model in April which included the Swedish business, thereby increasing the diversification benefit, while some marginally lower capital charges for the non-life risks were also included.

Tryg Forsikring's solvency ratio continues to display low sensitivity towards capital market movements. Fixed-income securities represent some 90% of Tryg Forsikring's invested assets, therefore the highest solvency sensitivity is towards spread risk, where a widening/tightening of 100 basis points will impact the solvency ratio by 20 percentage points. Lower sensitivity is displayed towards equity market falls and interest rate fluctuations. Additional changes in the UFR (Ultimate Forward Rate) will have a negligible impact due to the relatively short duration of Tryg Forsikring's liabilities (approximately four years on average).

Moody's rating

Tryg Forsikring has an 'A1' (stable outlook) insurance financial strength (IFSR) rating from Moody's. The rating agency highlights Tryg Forsikring's strong position in the Nordic P&C market, robust profitability, very good asset quality and relatively low financial leverage.

Moody's also assigned an 'A3' rating to Tryg Forsikring's subordinated debt and a 'Baa3' rating to Tryg Forsikring's Tier 1 debt.

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Corporate governance

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

Download Tryg Forsikring's Statutory Corporate Governance Report at tryg.com > [Download](#)

Duties, responsibilities and composition of the Supervisory Board

The Supervisory Board is responsible for the central strategic management and financial control of Tryg Forsikring and for ensuring that Tryg Forsikring's business is organised in a robust way. This is achieved by monitoring targets and frameworks on the basis of regular and systematic reviews of strategy and risks. The Executive Board reports to the Supervisory Board on strategies and action plans, market developments and Group performance, funding issues, capital resources and special risks.

The Supervisory Board holds one annual strategy seminar to decide on and/or adjust the Group's strategy with a view to sustaining value creation in the company. The Executive Board works with the Supervisory Board to ensure that the Group's strategy is developed and monitored.

The Supervisory Board ensures that the necessary skills and financial resources are available for Tryg Forsikring to achieve its strategic targets. The Supervisory Board specifies its activities in a set of rules of procedure and an annual cycle for its work.

The current eight members of the Supervisory Board were elected by the annual general meeting for a term of one year. Of the eight members elected at the annual general meeting, five, and thus the majority, are independent persons, thus complying with recommendation 3.2.1. in the

Recommendations on Corporate Governance, while the other three members are dependent persons as they are appointed by Tryg's majority shareholder, TryghedsGruppen. See page 26 for information on when the individual members joined the Supervisory Board and were re-elected.

To ensure the integration of new talent on the Supervisory Board, members elected by the annual general meeting may hold office for a maximum of twelve years. The Supervisory Board has 12 members in all, with an equal representation of men and women (currently including two male and two female employee representatives).

Women are thus not underrepresented on Tryg Forsikring's Supervisory Board, which is in compliance with legislation as well as Tryg Forsikring's policy. The Supervisory Board has members from Denmark, Sweden and Norway.

See details about the independent board members in the section Supervisory Board on pages 25-28 and at tryg.com > [Governance](#)

The Supervisory Board performs an annual evaluation of its work and skills to ensure that it possesses the expertise required to perform its duties in the best possible way. In addition to the annual self-evaluation, an assessment is facilitated with external assistance as a minimum every three years to ensure objectivity in the evaluation process. The Supervisory Board focuses primarily on the following qualifications and skills: business judgement, problem solving, networking, risk management, succession management, general management, CFO/audit, people and organisation, business development, financial services, risk and regulatory matters, insurance – commercial and product, insurance technical/financial modelling, digitalisation, value chain optimisation and customer journey.

As part of the evaluation, the Supervisory Board also focuses on other executive positions and board memberships held by the members of the Supervisory Board, including the level of commitment and workload associated with each position in order to prevent potential overboarding. The evaluation is based on the individual board members' ability to devote the necessary time for preparation, their performance, attendance and participation at committee and board meetings in Tryg Forsikring. In 2020, the Chair held five board seats in publicly listed companies. As a professional board member with more than 25 years of relevant international experience combined with a unique set of competencies, the Chair, with his role as an independent chair at Tryg Forsikring, is a very valuable presence at Supervisory Board and committee meetings.

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The Chair has been very dedicated to all board and committee meetings with a 100% attendance rate since he was elected as Chair of the Supervisory Board in 2018. The Chair has reduced the amounts of obligations in listed and non-listed companies in 2020 and is continuously assessing his capability to allocate the required time and energy to his actual Board posts.

In early 2020, an evaluation with external assistance was conducted, involving individual interviews with all board members and members of the Executive management based on a questionnaire focusing on board competencies and performance. The overall conclusion was that Tryg Forsikring has a very good, value-adding and professional Supervisory Board that works efficiently and in accordance with sound governance principles. The evaluation resulted in a continued focus on securing succession on the board, proactively trimming the reporting process on Tryg Forsikring's financial position, risk management and compliance in order to optimise meeting preparations as well as continued focus on the roles of the board committees and their output. Further, the Supervisory Board decided to arrange a board education day on relevant matters

See CVs and descriptions of the skills in the section Supervisory Board on pages 27-28 and at tryg.com > **Governance**

Duties and composition of the Executive Board

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

The Supervisory Board considers the composition, development, risk and succession plans of the Executive Board in connection with the annual evaluation of the Executive Board, and regularly in connection with board meetings. Each year, the Supervisory Board discusses Tryg Forsikring's activities to guarantee diversity at management levels. Tryg Forsikring attaches great importance to diversity at all management levels. Tryg Forsikring has prepared an action plan, which sets out specific targets to ensure diversity and equal opportunities and access to management positions for qualified men and women. While Tryg Forsikring has made progress in recent years, the target for 2020 of 41% women at management level was not met. However, 50% of new appointments in management positions were of women in 2020.

See the action plan at tryg.com

Board committees

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

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

All members of the Audit Committee and three out of four members of the Risk Committee, including the committee chair, are independent persons. Three out of the five members of the Remuneration Committee elected by the General Assembly are independent persons, including the committee chair. Two out of three members of the Nomination Committee are independent, including the committee chair. Two out of four members of the IT-Data Committee elected by the General Assembly are independent persons, including the committee chair. Board committee members are elected primarily based on special skills that are considered important by the Supervisory Board. Involvement of the employee representatives in the committees is also considered important.

The committees exclusively prepare matters for decision by the entire Supervisory Board.

The special skills of all members are also described at tryg.com



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Remuneration of management

Tryg Forsikring has adopted a remuneration policy for Tryg Forsikring in general, which contains specific schemes for the Supervisory Board, the Executive Board and other employees in Tryg Forsikring, whose activities have a material impact on the risk profile of the company, risk takers. The remuneration policy for 2020 was adopted by the Supervisory Board in January 2020 and approved by the annual general meeting on 30 March 2020.

The Chair of the Supervisory Board reports on Tryg Forsikring's remuneration policy each year in connection with the review of the annual report at the annual general meeting. The Board's proposal for the remuneration of the Supervisory Board for the current financial year is also submitted for approval by the shareholders at the annual general meeting.

See the Remuneration Policy at tryg.com

Remuneration of the Supervisory Board

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

Total remuneration of the Supervisory Board in 2020

DKK	Basic fee	Audit Committee	Risk Committee	Remuneration Committee	IT-Data Committee	"Nomination contributions (NO/ SE)"	Social contributions (NO/ SE)*	Total
Jukka Pertola, Chair	1,170,000			165,000	140,000	150,000		1,625,000
Torben Nielsen, Dep. Chair ¹⁾	780,000	240,000	240,000	82,500		100,000		1,442,500
Lene Skole	390,000	160,000	160,000					710,000
Mari Thjømøe	390,000	160,000	160,000				135,610	845,610
Carl-Viggo Østlund	390,000			110,000	210,000		140,580	850,580
Ida Sofie Jensen	390,000			110,000	140,000	100,000		740,000
Tina Snebjerg ²⁾	390,000		160,000	82,500				632,500
Lone Hansen ³⁾	97,500				35,000			132,500
Tom Eileng ³⁾	97,500			27,500			23,875	148,875
Elias Bekk ²⁾	390,000				105,000		98,010	593,010
Karen Bladt	390,000							390,000
Claus Wistoft	390,000							390,000
Gert Ove Mikkelsen ⁴⁾	292,500						55,868	348,368
Charlotte Dietzer ⁴⁾	292,500							292,500
Total								9,141,443

¹⁾ Joined the Remuneration Committee as additional member in March 2020; In 2020 Torben Nielsen furthermore received fee as chairman of the subsidiaries Tryg Invest A/S (DKK 125,000) and Kapitalforeningen Tryg Invest Funds (DKK 200,000).

²⁾ Joined as a member of the Committee in March 2020.

³⁾ Resigned from the Supervisory Board in March 2020.

⁴⁾ Joined the Supervisory Board in March 2020.

*Employer contributions to social security relating to board members from Sweden and Norway

Remuneration of the Executive Board

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

The Executive Board's remuneration consists of a fixed basic salary, a pension contribution of 25% of the base salary and other benefits. The base salary must be competitive and appropriate for the market and provide sufficient motivation for all members of the Executive Board to do their best to realise the company's defined targets.

The Supervisory Board can decide that the basic salary should be supplemented with a variable pay element of up to 50% of the fixed salary including pension.



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The variable pay is set out in an incentive programme for the Executive Board. The allocation of the variable salary components under the incentive programme is based on a result and performance assessment of each participant's work in the performance year (financial year), based on specific weighted financial and non-financial targets decided at the beginning of the performance year.

The principal purpose of the incentive programme is to ensure the congruence of the financial interest of the participants and the company's shareholders and to create a correlation between remuneration and performance results. Secondly, the programme should contribute to retaining the participants in Tryg Forsikring.

For the performance year 2020, the variable pay element was in January 2021 allotted as conditional shares. The cap for conditional shares was 32% of the fixed salary including pension in 2020.

The targets for 2020 were based on Tryg Forsikring's technical result, Transactional Net Promoter Score, employee satisfaction levels, the incorporation of Alka and the implementation of the strategy.

The allotted conditional shares are deferred for four years from the time of allotment. After the end of the deferral period, the participant will receive free shares in Tryg A/S corresponding to the numbers of conditional shares allotted. The granting of free shares is conditional upon the fulfilment of additional conditions such as continued employment and back testing (testing prior to granting, to ensure that the criteria on which the variable salary is based are still met at the time of granting of free shares).

Furthermore, all members of the Executive Board received a discretionary one-off award in December 2020 in recognition of the strategic effort to ensure, that Tryg together with Canadian Intact was able to submit a binding offer to purchase RSA. The one-off was allotted in conditional shares which are deferred for 4 years.

Read more about the incentive programme in the Remuneration policy and in the Remuneration Report at tryg.com

Financial reporting, risk management and Auditing

As an insurance business, Tryg Forsikring is subject to the risk management requirements of the Danish Financial Business Act and Solvency II. The Supervisory Board defines Tryg Forsikring's risk management framework as regards insurance risk, investment risk, compliance risk and operational risk, as well as IT security, in policies and guidelines for the Executive Board. Risks associated with new financial reporting rules and accounting policies are monitored and considered by the Audit Committee, the finance management and the internal auditors. Material legal and tax-related issues and the financial reporting of such issues are assessed on an ongoing basis.

Other risks associated with the financial reporting are described in the section **Solvency and dividend on pages 19-20 and in Note 1 Risk Management on page 49.**

Tryg Forsikring engages in ongoing risk identification, mapping insurance risks and other risks which may endanger the realisation of Tryg Forsikring's strategy, or which may potentially have a substantial impact on Tryg Forsikring's financial position. The process involves identifying and continually monitoring the risks identified. Giving the outbreak of COVID-19, specific attention has been to identify, assess and manage the risks stemming from this new situation.

The Supervisory Board and the Executive Board approve and monitor the Group's overall policies and guidelines, procedures and controls in important risk areas. They receive reports about developments in these areas and about the ways in which the frameworks are applied. The Supervisory Board checks that the company's risk management and internal controls are effective.

The Board receives reports on non-compliance with the frameworks and guidelines established by the Supervisory Board. The Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the Supervisory Board.

The Group's internal control systems are based on clear organisational structures and guidelines, general IT controls and segregation of functions, which are supervised by the internal auditors.

As part of the internal control system, Tryg Forsikring has established independent risk management, compliance and actuarial functions. The functions are reporting to the Executive Board and the Supervisory Board's Risk Committee. Tryg Forsikring has a decentralised set-up whereby risk managers in the

Tryg Forsikring, Annual report 2020, page 24



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business areas carry out monitoring and reporting of second line internal controls for the risk management and compliance functions.

Risk management is an integral part of Tryg Forsikring's business operations. The Group seeks at all times to minimise the risk of unnecessary losses in order to optimise returns on the company's capital.

Read more about Tryg Forsikring's risk management in **the section Solvency and dividend on pages 28-29 and in Note 1 on page 55.**

Whistleblower line

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

Read more about Tryg Forsikring's whistleblower line at **tryg.com**

Independent and internal audit

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

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

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

Deviations and explanations

Tryg Forsikring complies with the Recommendations on Corporate Governance except as regards the number of independent members of board committees, with which Tryg Forsikring's complies partially; see recommendation 3.4.2. of the Recommendations on Corporate Governance.

The deviations are explained in Tryg Forsikring's Statutory Corporate Governance Report, which is available at **tryg.com > Download**

Tryg Forsikring, Annual report 2020, page 25



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Supervisory Board

 1. Lene Skole Board member (2010)	 2. Claus Wistoft Board member (2019)	 3. Mari Thjømøe Board member (2012)	 4. Jukka Pertola Chair (2017)
 5. Carl-Viggo Østlund Board member (2019)	 6. Gert Ove Mikkelsen Employee representative (2020)	 7. Ida Sofie Jensen Board Member (2013)	 8. Charlotte Dietzner Employee representative (2020)
 9. Tina Snebjerg Employee representative (2010)	 10. Torben Nielsen Deputy Chair (2011)	 11. Elias Bakk Employee representative (2017)	 12. Jukka Pertola Chair (2017)



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Supervisory Board

Jukka Pertola^{b)}

Born in 1960. Joined the Supervisory Board in 2017. Finnish citizen.

Career Professional board member. Former CEO of Siemens Denmark.

Education MSc in Electrical Engineering

Board seats, Chair Tryg A/S and Tryg Forsikring A/S, Montsenso A/S (until 14.4.2021), Siemens Gamesa Renewable Energy A/S and Asetek A/S

Board seats, Deputy Chair Cowi Holding A/S, Gomspace Group AB incl. Gomspace A/S, GN Store

Committee memberships Remuneration Committee (Chair), Nomination Committee (Chair) and IT-Data Committee in Tryg A/S, Nomination Committee in COWI Holding A/S, Nomination Committee in Gomspace Group AB, Remuneration Committee (Chair) in Asetek A/S and Strategy Committee in GN Store Nord A/S

Experience More than 25 years of top management experience in the IT and telecommunication industry and electrical engineering. The latest position being CEO of Siemens Denmark from 2002 to 2017. Broad international experience with global and regional business responsibilities in both BIC and BIE.

Competencies Solid technological background in telecommunication, IT, digitalisation, business models, strategy and business development. Understanding of risk management, M&A, business know-how and judgement as well as insurance.

Number of shares 6,000

Change in portfolio since 2019 2,000

Torben Nielsen^{b)}

Born in 1947. Joined the Supervisory Board in 2011. Danish citizen.

Career Professional board member, Adjunct Professor at the Copenhagen Business School, Former Governor of Danmarks Nationalbank (Danish Central Bank)

Education Savings bank training, Graduate Diplomas in Organisation, Work Sociology, Credit and Financing.

Board seats, Chair Ny Holmegaard Værk Fund, Investmentforeningen Sparinvest, Vordineborg Bore Fund, Museum of South East Denmark, Tryg Invest A/S and KTFIF (Kapitalforeningen Tryg Invest Funds)

Board seats, Deputy Chair Tryg A/S and Tryg Forsikring A/S

Board member Sampension KP Livsforsikring A/S and a member of the Executive Management of Bombejerssen

Committee memberships Audit Committee (Chair), Risk Committee (Chair) and Nomination Committee in Tryg A/S and Audit Committee (Chair) and Risk Committee (Chair) in Sampension

Experience General experience from executive level in banking, Micro and macro knowledge from membership of the Board of Governors in the Danish Central Bank.

Competencies General top management experience from the financial sector as well as experience with risk management and regulatory requirements business know-how and judgement.

Number of shares 28,000

Change in portfolio since 2019 0

Elias Bakke^{a)}

Born in 1975. Joined the Supervisory Board in 2017. Swedish citizen.

Employed since 2006

Career Business Coordinator in Moderna SE

Education Norra Real Gymnasium, financial services & insurance at Foretagsekonomiska Institutet Stockholm, Education at Forsikringsakademiet for new board members

Board member Tryg A/S and Tryg Forsikring A/S

Experience Team Manager in Moderna Affinity for 12 years, Business developer in Moderna and Affinity for 2 years

Competencies Solid insurance knowledge from his years in industry, business know-how and judgement, experience with organisation development, business development, customer handling and interaction.

Number of shares 956

Change in portfolio since 2019 138

Charlotte Dietzer^{a***)}

Born in 1974. Joined the Supervisory Board in 2020. Danish citizen.

Employed since 1988

Career Manager advisor in Claims Denmark, Tryg A/S

Education Insurance education at Forsikringsakademiet (level 5) as well as various management and communication programmes

Board member Tryg A/S and Tryg Forsikring A/S

Committee memberships Division partner in Tryg A/S and examiner at Forsikringsakademiet.

Competencies Solid knowledge and experience within the insurance industry. Excellent interpersonal and verbal communication skills.

Number of shares 138

Change in portfolio since 2019 138

Gert Ove Mikkelsen^{a***)}

Born in 1979. Joined the Supervisory Board in 2020. Norwegian citizen.

Employed since 2011

Career Senior investigator in Tryg A/S

Education The Norwegian Police University College (BA) and Queensland University of Technology (Master of Justice), Norwegian School of Economics (Business Economics and Management Accounting). Numerous courses in insurance-related matters.

Board member Tryg A/S and Tryg Forsikring A/S

Experience Police Officer/Detective for 10 years, including Leading Investigator at Organized Crime Unit in Oslo, Norway. Joined the Special Investigation Unit at Tryg in 2011.

Competencies Broad experience with insurance-related matters from most parts of the Tryg organisation. Solid knowledge and experience with compliance/audits, impact analyses and responsive strategies. Excellent interpersonal and verbal communication skills

Number of shares 745

Change in portfolio since 2019 138

Tina Snebjerg^{a)}

Born in 1962. Joined the Supervisory Board in 2010. Danish citizen.

Employed since 1987

Career Officer of Tryg's Personnel Department

Education Insurance training

Board member The Central Board of Forsikringsforbundet, Tryg A/S and Tryg Forsikring A/S

Committee memberships Risk Committee and Remuneration Committee in Tryg A/S

Experience From 1987 to 2001, Tina Snebjerg worked with sale of insurance to both private and commercial customers as well as providing insurance advice to customers. From 2001-2009, Tina Snebjerg was the deputy chair of the local department of Forsikringsforbundet and since 2009, she has been the chair working with operations, strategy, negotiation agreements and engaged in recruiting and retaining members.

Competencies From many years of experience, Tina Snebjerg has acquired solid business know-how and judgement, problem-solving abilities working with management and HR-related issues in the financial sector, specifically the insurance industry.

Number of shares 1,175

Change in portfolio since 2019 138

Ida Sofie Jensen^{a)}

Born in 1958. Joined the Supervisory Board in 2013. Danish citizen.

Career Group Managing Director of LIF (Medicine and Healthcare Industry), CEO of the subsidiary DLIA/S (Danish Medicine Information) and the subsidiary ENLI ApS (Ethical Board for the Pharmaceutical Industry)

Education MSc in Political Science (cand.scient.pol.), European Health Leadership Programme INSEAD, Executive Management Programme INSEAD, Executive Program Columbia Business School, Executive Program Singularity University

Board seats, Chair Tryghedsgruppen smba

Board member Tryg A/S and Tryg Forsikring A/S

Committee memberships Remuneration Committee, Nomination Committee and IT-Data Committee in Tryg A/S

Experience General top management experience as CEO of LIF since 2004 and former CEO of Herlev University Hospital, Representative in Tryghedsgruppen since 2010. Deputy Chair 2014-2019 and Chair since 2019.

Competencies Solid business know-how and judgement, analytical approach to problem-solving and strategy, networking, skills and the ability to evaluate succession scenarios as well as understanding of digitalisation.

Number of shares 2,905

Change in portfolio since 2019 0



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Supervisory Board

Lene Skole^{a)}

Born in 1959. Joined the Supervisory Board in 2010. Danish citizen.

Career CEO of Lundbeckfonden (+ Lundbeck Invest A/S) Education The A. P. Møller Group International Shipping Education, Graduate Diploma in Finance and various international management programmes

Board seats, Deputy Chair Ørsted A/S, H. Lundbeck A/S, ALK Abello A/S and Falck A/S

Board member Tryg A/S and Tryg Forsikring A/S

Committee memberships Audit Committee and Risk Committee in Tryg A/S, Audit Committee, Scientific Committee and Nomination Committee in ALK-Abello A/S, Scientific Committee, Nomination Committee and Remuneration Committee in H. Lundbeck A/S, Audit Committee and Remuneration Committee in Falck A/S and Nomination Committee and Remuneration Committee in Ørsted A/S

Experience Top management experience from various positions in the AP Møller-Maersk Group, CFO in Coloplast and currently CEO of Lundbeckfonden

Competencies Solid business know-how and judgement, risk management, business development, finance, strategy, M&A, and understanding of business models

Number of shares 7,095

Change in portfolio since 2019 0

Mari Thjømøe^{b)}

Born in 1962. Joined the Supervisory Board in 2012. Norwegian citizen.

Career Professional board member and independent advisor

Education MSc. in Economy and Business Administration, Chartered Financial Analyst (CFA), Senior Executive Programme from London Business School and Effective Board Management from Harvard Business School

Board seats, Chair Billington Process Technology A/S, Sell-sport Maritim Forlag A/S and ThjømøeKranen A/S

Board member Tryg A/S and Tryg Forsikring A/S, TF Bank AB, FCG Fonder AB, Norconsult A/S and Norconsult Holding A/S, Halslund E-CO ASA and ICE ASA

Committee memberships Audit Committee and Risk Committee in Tryg A/S

Experience Senior management experience from large cap companies, insurance and real estate. Extensive experience from board of directors within finance, IT, energy and renewables and is engaged in developing sustainable businesses and good governance. Headed the Norwegian

HASLE Refractories A/S since 2003 as well as 10 years of experience as member of various supervisory boards

Competencies Business know-how and judgement, approach to problem-solving

Number of shares 269

Change in portfolio since 2019 269

Carl-Viggo Østlund^{b)}

Born in 1955. Joined the Supervisory Board in 2015. Swedish citizen.

Career CEO of Allert Östlund AB, professional board member and investor. Former CEO of Swedish banks SBAB and Noriniet and the insurance company SalusAnsvar

Education BSc. in International Business and Finance & Accounting

Board seats, Chair FCG Fonder AB, Fonda Solutions AB, Gladheim Fastigheter AB, Hypoteket Bolån, Sverige AB and Ponture AB

Board member Tryg A/S and Tryg Forsikring A/S, Allert Östlund, DBT Capital AB, Havsgaard AB, Irisande Care Group AB, Jovinum Food&Beverage AB, Newi Fastigheter AB, Picmart AB, Wonderbox AB and Ywonne Media Group AB

Committee memberships IT-Data Committee (Chair) and Remuneration Committee in Tryg A/S

Experience More than 30 years as CEO and Managing Director in local and international environment in listed companies as well as banks. Experience from the following industries: manufacturing, logistics, insurance, finance and banking

Competencies Solid background from the insurance industry, non-life as well as life. Business know-how and judgement, banking and finance know-how, understanding of digitalisation and risk management

Number of shares 3,080

Change in portfolio since 2019 450

Committee meeting overview 2020

Name	Supervisory Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee	IT-Data Committee
Jukka Pentola	22/22	15/15	7/7	8/8	11/11	4/4
Torben Nielsen	22/22	15/15	7/7	8/8		
Elias Balk	22/22					
Charlotte Dietzer	21/22					
Gert Ove Mikkelsen	21/22		7/7		10/11	
Tina Snelbjerg	22/22					
Ida Sofie Jensen	22/22	15/15	7/7		10/11	4/4
Leni Skole	22/22	15/15	7/7			
Mari Thjømøe	22/22	15/15	7/7			
Claus Wistoft	22/22					
Karen Bladt	22/22					
Carl-Viggo Østlund	22/22				10/11	4/4

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

a) Dependent member of the Supervisory Board.

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

c) Joined the Supervisory Board in March 2020



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Executive Board



Lars Bonde Group COO

Born in 1965. Joined Tryg in 1998. Joined the Executive Board in 2006.
Education: Insurance training, LL.M.
Board seats, Chair: P/F Berri Tivagang, Tryg Livforsikringselskab A/S and Forsikringsakademiet
Board member: Danish Employers' Association for the Financial Sector and Cph-business (Copenhagen Business Academy)
Number of shares held: 81,460
Change in portfolio in 2019: -11,052

Barbara Plucnar Jensen Group CFO

Born in 1971. Joined Tryg in 2019. Joined the Executive Board in 2019.
Education: MSc Economics, University of Copenhagen
Board member: J. Lauritzen, Nordøstøen and Kapitalforeningen Tryg Invest Funds
Committee memberships: Audit Committee in J. Lauritzen (Chair)
Number of shares held: 7,775
Change in portfolio in 2020: -7,775

Morten Hübbe Group CEO

Born in 1972. Joined Tryg in 2002. Joined the Executive Board in 2003.
Education: BSc in International Business Administration and Modern Languages, MSc in Finance and Accounting (CBS), management programme at Wharton
Board seats, Chair: Conscia and Steirprove
Number of shares held: 230,812
Change in portfolio in 2020: +34,573

Johan Kirstein Brammer Group CCO

Born in 1976. Joined Tryg in 2015. Joined the Executive Board in 2018.
Education: LL.M., MBA, Graduate Diploma in Finance
Board member: Insurance & Pension Denmark (IPD)
Number of shares held: 37,405
Change in portfolio in 2019: +3,215



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Corporate Responsibility in Tryg Forsikring

Tryg Forsikring has been a signatory member to the UN Global Compact since 2008. In addition to this section on Corporate Responsibility, Tryg Forsikring publishes its independent statutory Corporate Responsibility report on tryg.com. Our Corporate Responsibility report also includes extensive Environmental, Social and Governance (ESG) data.

See the ESG data on pages 35-37 in our Corporate

Download the Corporate Responsibility report:

<https://tryg.com/en/dokumenter/trygcom/corporate-responsibility-report-2020.pdf>

Tryg Forsikring's Corporate Responsibility strategy for 2020 focused on four areas: Actively creating peace of mind, Climate and environment, Responsible workplace and Business ethics. Our Corporate Responsibility efforts are linked to Tryg Forsikring's business model and core business (see page 13).

As an insurance provider, Tryg Forsikring provides a safety net for its customers across the Nordics in case of a claim and offers prevention initiatives to reduce and limit claims. Hence, Tryg Forsikring creates peace of mind before, during and after a claim. The Corporate Responsibility Board, chaired by the CFO, supervises Tryg Forsikring's Corporate Responsibility efforts.

Download the Corporate Responsibility policy:

<https://www.tryg.com/en/dokumenter/trygcom/corporate-responsibility-policy-2020.pdf>

In 2020, Tryg Forsikring conducted an extensive materiality assessment to identify the environmental, social, economic and governance issues that are perceived to be most important to Tryg Forsikring and its stakeholders. The results of the materiality assessment form the basis of our corporate responsibility approach, which ensures that we focus on the opportunities and risks in relation to Corporate Responsibility that matter most to our stakeholders.

Actively creating peace of mind

Actively creating peace of mind is one of the strategic elements of Tryg Forsikring's Corporate Responsibility strategy, through which Tryg Forsikring is contributing to society as well as offering relevant products with a preventive element to our customers.

In 2020, Tryg Forsikring launched the Tryg Sund app, which consolidates the health of our commercial customers in one app. During our busy everyday lives, it can be difficult to prioritise one's health. Via Tryg Sund, we are able to push messages to inform our customers about the health initiatives, we offer through our health portal. To increase the safety of our customers and their cars, we have launched Tryg Bilpleje, which is our new car service product that we offer to our car insurance customers. The purpose of the product is to ensure that our customers' cars are safe and ready for the seasonal changes in weather.

The Nightravens and lifebuoys are two initiatives, which create peace of mind in society in Norway. The Nightravens prevent crimes from happening by being present and making people feel safer in the night life, while the lifebuoys provide safety along the coastlines, lakes, rivers and near harbours in Norway. The lifebuoy is a vitally important rescue tool, and for decades, Tryg Forsikring has provided lifebuoys to Norwegian society. Today, Tryg Forsikring owns more than 47,000 lifebuoys.

Read more on **pages 11-14 in Corporate Responsibility report**

Climate and environment

Tryg Forsikring is not an energy-intensive company, since its carbon emissions are mainly associated with heating and electricity use at the offices in addition to car and air travel. However, we acknowledge that we are part of the solution when it comes to minimising carbon emissions. We support the Danish government's ambition to reduce carbon emissions by 70% in 2030 compared to 1990 as well as the efforts to minimise climate change and its negative impacts addressed in the Paris Agreement.

Tryg Forsikring has a direct impact on the climate and the environment through its own internal operations and an indirect impact through our business activities. Tryg Forsikring's climate and environmental policy sets out our commitment to minimizing the carbon footprint and negative impact of our own operations and enhancing a positive impact through our business activities such as product development and claims handling.

Tryg Forsikring, Annual report 2020, page 30



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Read more **on pages 15-18** in our Corporate Responsibility report.

Download the **Climate and environmental policy**:

<https://tryg.com/en/dokumenter/trygcom/corporate-responsibility-policy-2020.pdf>

Climate risks and opportunities

Environmental and climate-related issues such as climate change and natural disasters are material issues for Tryg Forsikring and for our stakeholders. The changing climate is causing harm and concern to our customers and society. Also, extreme weather events potentially represent a risk to Tryg Forsikring. Yet, it also represents several opportunities.

Physical risks and opportunities

Extreme weather events such as flooding, cloudbursts and storms as well as changing weather patterns such as milder winters represent a physical risk to Tryg Forsikring, since environmental and climate-related events can cause an increase in the frequency of climate-related claims.

A potential increase in the frequency of climate-related claims gives rise to insurance and underwriting risks. Therefore, Tryg Forsikring monitors data available on material climate changes and seeks to mitigate the risk of such possible changes by working to prevent claims by advising its customers on how to protect their homes from climate-related risks and by including it in our underwriting and reinsurance. Also, insurance risk is controlled by limiting the size of single exposures, through geographical limitations and by refraining from offering certain types of insurance.

By contributing to the prevention of climate-related claims, Tryg Forsikring is able to support society and the transition to a low-carbon economy, offer relevant products and services to our customers and increase our customers' peace of mind.

Transitional risks and opportunities

One of the main transitional risks is the potential development in climate-related policy and regulation. Future policy actions, both at a national and at EU level, may seek to either constrain actions, which contribute to the adverse effects of climate change or promote adaptation. Even though Tryg Forsikring's direct carbon footprint is limited, the implementation of such initiatives still represents a risk to Tryg Forsikring, which calls for adaptation. Also, regulatory developments that include new disclosure or reporting requirements introduced within the financial sector to address climate-related issues represent a transitional risk, to which Tryg Forsikring has to adapt to stay compliant as well as competitive.

The transition to a low-carbon economy also represents several opportunities for Tryg Forsikring. We are able to utilise new technology, knowledge and data to improve our claims prevention measures as well as implement more sustainable claims handling processes. Sustainable claims handling is a key area, in which we can become more sustainable and contribute to a low-carbon economy, while offering our customers a more sustainable claims handling process. Also, sustainable claims handling reduces the use of materials, benefitting both the environment and Tryg Forsikring's claims costs.

Carbon emissions

In 2020, Tryg Forsikring's total carbon emissions decreased by 51% compared to 2019, corresponding to a decrease of 2,626 tonnes CO₂ in total. However, 2020 was an unusual year due to the COVID-19 pandemic, which significantly affected Tryg Forsikring's carbon emissions.

From March 2020, except for business-critical travel, almost all business travel across national borders was cancelled, which led to an 81% decrease in carbon emissions from air travel compared to 2019.

Most of our employees in Denmark, Norway and Sweden were asked and advised to work from home. As a result, Tryg Forsikring's consumption of electricity at our offices decreased by 36% total compared to 2019, while the total waste production decreased by 45%, all contributing to the decrease in Tryg Forsikring's total carbon emissions.

Yet, Tryg Forsikring initiated several initiatives in 2020, which have also contributed to the decrease in our total carbon emissions. Read more under on page 17 in our Corporate Responsibility report.

Tryg Forsikring calculates carbon emissions based on the Greenhouse Gas Protocol Initiative (GHG protocol).



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Eco-lighthouse in Norway

Eco-lighthouse is a Norwegian certification scheme for companies seeking to document their environmental efforts and demonstrate social responsibility. In 2020, Tryg Forsikring initiated the recertification of its offices in Norway according to the specific criteria applicable to the insurance industry. We expect to meet the updated reporting deadlines and to obtain recertification in the first half of 2021.

Responsible workplace

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

Read more on pages 19-23 in our **Corporate Responsibility report**: <https://tryg.com/en/dokumenter/trygcom/corporate-resposibility-policy-2020.pdf>

Employee satisfaction

The annual employee satisfaction survey is key to measuring employee satisfaction and a starting point for talking about well-being in the workplace. In 2020, Tryg Forsikring's overall employee satisfaction score increased to 80, up from 78 in 2019. Despite 2020 being a different year for all employees in Tryg Forsikring due to COVID-19, the score for 2020 is record-high.

Diversity and inclusion

We believe that a diverse representation of employees and, more importantly, diversity of thought are key elements to the success of Tryg Forsikring. In 2020, Tryg Forsikring has increased the number of women in management positions from 35% in 2019 to 38% in 2020 through a successful high focus on improving gender balance. As a result, a 50/50 balance for external managerial recruitments was achieved in 2020.

While we have made significant progress in recent years, we still have some way to go before reaching our 2020 group target of 41% women in management positions.

We realise there are no quick or easy solutions and the cultural change required to meet our target will take time. Hence, further actions are needed to realise our target. This involves looking at the barriers and focusing on the underlying structures, HR processes and our organisational culture. We will continue to work towards our target of 41% women in management positions in our next strategy period towards 2023.

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

In 2020, Tryg Forsikring expanded its diversity agenda to include a broader focus by promoting diversity of thought in management teams. We will be focusing on increasing diversity for three factors: gender, age and industry/experience.

Activities to increase diversity and inclusion

To attract, hire and retain female leaders as well as increase diversity in management teams, Tryg Forsikring's action plan for diversity for 2023 focuses on eliminating bias in our recruitment and HR process.

Tryg Forsikring will recruit the candidate with the best competencies and skills for the team, and we are striving to hire candidates who will increase diversity of thought in our management teams.

We are also reducing unconscious bias in our recruitment process through data collection and through training of our recruitment managers. By raising awareness and training our leaders on how to lead diverse teams in our leadership programmes, we are focusing on building an inclusive culture.

Download General action plan for diversity including women in management:

<https://www.tryg.com/en/dokumenter/trygcom/general-action-plan-women-management.pdf>



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Business ethics

Tryg Forsikring is committed to running an ethical, transparent and responsible business. Our materiality assessment shows that business ethics, data privacy and cyber security are material matters to Tryg Forsikring. Building knowledge and capacity on these issues, not only internally among our employees through for example e-learning, but also throughout our business relations, requires continuous attention.

Our commitment to ethical and strong corporate governance is the foundation, on which we build our business. Tryg Forsikring's Code of Conduct defines the rules, which all employees are required to adhere to. Our tax policy and anti-corruption policy further outline our commitment to acting as a responsible company. Our Supplier Code of Conduct sets out minimum requirements for our suppliers and partners to operate in accordance with responsible business principles and in full compliance with all applicable laws and regulations. Tryg Forsikring's responsible investment policy outlines the principles we follow to ensure that our investments are conducted in accordance with our values.

Download Tax policy: <https://www.tryg.com/en/dokumenter/trygcom/tax-policy.pdf>

Download Anti-corruption policy: <https://www.tryg.com/en/dokumenter/trygcom/anti-corruption-policy.pdf>

Download Supplier Code of Conduct: <https://www.tryg.com/en/dokumenter/trygcom/2020-code-conduct.pdf>

Download Investment policy: <https://www.tryg.com/en/dokumenter/trygcom/responsible-investment-policy.pdf>

Read more on pages 24-28 in our Corporate Responsibility report:

<https://www.tryg.com/en/dokumenter/trygcom/corporate-responsibility-policy-2020.pdf>

Security

As an insurance company, for which digitalization and innovation are high priorities, Tryg Forsikring is exposed to several security threats that we need to mitigate. Security is crucial to Tryg Forsikring and essential for us to secure our business. A high security level creates a safe work place as well as the basis for a successful and adaptive business. This includes cyber security, as we are dependent on well-functioning IT systems to perform our work and run our business. This has especially been important during 2020, as most of our employees had to work from home for long periods of time. To uphold our security level, we test our employees in their knowledge of our security rules once a year, including rules on cyber security, confidential material, press enquiries and access to our offices.

Data

Tryg Forsikring deals with personal data on a daily basis, and it is of high priority to us that our customers' personal data are stored and handled in a lawful, secure and compliant manner. Through our personal data policy, we seek to create transparency for our customers on how we collect, process and use their personal data.

Download Personal data policy: <https://www.tryg.com/en/dokumenter/trygcom/personal-data-policy-pdf-1>

We require all new employees to do a mandatory e-learning programme on GDPR and IT security as part of their onboarding programme. Over the course of the year, all new employees completed the online training.

Data ethics

The use of data, including personal data, is essential for Tryg Forsikring's business model. Hence, using data in a responsible and ethical way is a key issue for us.

Our data ethical principles form part of Tryg Forsikring's Code of Conduct, are based on industry standards in the form of the Danish trade association, Insurance & Pension Denmark's Data Ethical Codex, relevant legal requirements as well as internationally agreed standards and outline three main principles.

- Through transparency we communicate our use of data.
- We care for personalisation and prevention.
- We strive to ensure a strong data security.

Read more about data ethics on pages 25-26 in our **Corporate Responsibility report**.

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Whistleblower cases

Tryg Forsikring's whistleblower hotline is available for all its stakeholders to report violations or potential violations of our Code of Conduct or other issues falling within the scope of Tryg Forsikring's whistleblower hotline and is reviewed by the chair of the Audit Committee, assisted by Tryg Forsikring's Legal and Compliance Director. In 2020, two cases were reported and investigated compared to three cases in 2019. One case led to a warning.

Read more about Tryg's whistleblower hotline <https://www.tryg.com/en/whistleblower-line>

Responsible investments

Tryg Forsikring wants to ensure that its assets are invested in a responsible manner. Our materiality assessment has identified responsible investment as a material issue to Tryg Forsikring, as we are at risk of violating international standards when investing.

Tryg wants to be transparent about its efforts to mitigate this risk.

Ethical screening process

In 2020, we updated our responsible investment policy to reflect our focus on especially climate and environmentally related issues as material for our investments. Our manager selection process focusses on choosing external portfolio managers with a similar responsible mindset as Tryg Forsikring. However, a screening of our holdings is carried out each year based on controversial behavior and controversial weapons to ensure that individual holdings do not deviate from expectations. Furthermore, we have formulated a formal escalation process, which guides the process after a screening of investments.

In 2020, the screening led to three companies being flagged for controversial behaviour. In line with the escalation process, dialogue was initiated with the relevant external managers, which have yielded satisfactory explanations and actions. Thus, no companies were excluded.

Download Responsible investment policy <https://www.tryg.com/en/dokumenter/trygcom/responsible-investment-policy-2020.pdf-0>

Download Process for ethical screening: <https://www.tryg.com/en/dokumenter/trygcom/process-ethical-screening.pdf>

Active source management

Tryg Forsikring's initiatives on active ownership are primarily directed towards managing and monitoring its external managers' responsible investment processes. The process related to ensuring compliance by external managers with Tryg Forsikring's responsible investment policy is called Active source management. Our primary focus is selecting external managers who share our principles and have policies in place to ensure that investments are managed responsibly.

External asset managers are UN PRI signatories or in the process of becoming signatories and are expected to incorporate ESG considerations in their investment processes.

Download the Policy for execution of active ownership <https://www.tryg.com/en/dokumenter/trygcom/active-ownership-policy-2020.pdf>

Climate risk and carbon footprint monitoring

To mitigate risk in Tryg Forsikring's investment portfolio, we monitor the carbon footprint and climate risk associated with our investments. We currently monitor our equity portfolio and parts of our credit bond portfolio and focus especially on transition risks and opportunities that arise from the transition to a low carbon economy. Our equity portfolio is characterised by having a low exposure to climate transition risks.

Responsible supply chain management

Tryg Forsikring is committed to drive positive environmental and social progress and impact in the societies, in which we operate and to respect human rights as described in the Universal Declaration of Human Rights. Our commitment is enforced through our signatory membership of the UN Global Compact and is outlined in our Corporate Responsibility policy as well as in Tryg Forsikring's Code of Conduct and Supplier Code of Conduct.

Our materiality assessment indicates that there is a risk of violations of human and labour rights in our supply chain through our outsourcing activities. To mitigate any violations, we actively monitor our outsourcing suppliers for compliance with the Ten Principles outlined in the UN Global Compact.



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In 2020, we strengthened our commitment by updating our Code of Conduct regarding suppliers and partners, implemented a Supplier Code of Conduct and designed a systematic follow-up procedure via an external supplier evaluation platform provider.

Our new Supplier Code of Conduct sets out minimum requirements for our suppliers and partners to operate in accordance with responsible business principles and in full compliance with all applicable laws and regulations.

With the implementation of a new external platform for the evaluation of suppliers on sustainability performance in 2020, we initiated an enhanced systematic ESG risk screening and supplier performance evaluation process of our suppliers.

Download Supplier Code of Conduct <https://www.tryg.com/en/dokumenter/trygcom/supplier-code-conduct-uk-2020.pdf>

Corporate Responsibility strategy 2023

Tryg Forsikring's new Corporate Responsibility strategy for 2023, "Driving sustainable impact", is based on, how Tryg Forsikring as a company and our employees can contribute to a more sustainable society, and how we can support our suppliers and help our customers to make more sustainable choices.

The strategy is characterised by a strategic, commercial and holistic approach, the purpose of which is to integrate sustainability into every corner of the company. Hence, the strategy rests on three pillars: Responsible company, Green workplace and Sustainable insurance. For each strategic pillar, we have set ambitious targets for both 2023 and 2030, as we want to contribute to an actual and measurable impact as well as monitor progress.

The strategic pillar, Responsible company, focuses on how Tryg Forsikring can raise the bar for its work with responsible procurement, responsible investment as well as diversity and inclusion. We seek to reduce the carbon intensity of our equity portfolio by at least 50% in 2030 compared to 2020. Also, we want to contribute to the green transition by divesting all our investments in fossil fuel production companies with no strategy for a green transition before 2030.

Tryg Forsikring wants to be a green workplace and have set a target to obtain carbon neutrality in 2023 in relation to the carbon emissions deriving from scope 1, scope 2 and from waste, air and train travel in scope 3 (Tryg Forsikring's carbon emission reduction targets are based on the Greenhouse Gas Protocol Initiative, GHG Protocol). We want to reduce our carbon footprint by 30% in 2023 and 50% in 2030 compared to 2019 and will compensate for the rest of our carbon emissions. However, our goal is to compensate less and reduce more over time.

The strategic pillar, Sustainable insurance, focuses on how Tryg Forsikring can support and motivate its customers on their own sustainability journey by offering sustainable products and services as well as incorporating sustainability in our claims handling process. Our ambition is to increase our sustainable claims spend by 20% compared to 2020 and achieve a total CO2 reduction effect of 10,000-15,000 tonnes CO2 in 2023 through climate-friendly claims handling.

Read more about **Tryg Forsikring's Corporate Responsibility strategy 2023 on pages 31-34** in our independent Corporate Responsibility report.

Tryg Forsikring has published an independent Corporate Responsibility report with extended Environmental, Social and Governance (ESG) data. Download the report: <https://www.tryg.com/en/dokumenter/trygcom/corporate-responsibility-policy-2020.pdf>

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Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the annual report for 2020 of Tryg Forsikring A/S and the Tryg Forsikring Group.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and the Danish disclosure requirements for issuers of listed bonds, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. The annual report of the parent company is prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA.

In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the parent company's operations and the cash flows of the Group for the financial year 1 January – 31 December 2020.

Furthermore, in our opinion the management's review gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Ballerup, 1 February 2021

Executive Board

Morten Hübbe
Group CEO

Barbara Plucnar Jensen
Group CFO

Lars Bonde
Group COO

Johan Kirstein Brammer
Group CCO

Supervisory Board

Jukka Pertola
Chairman

Torben Henning Nielsen
Deputy Chairman

Lene Skole

Elias Bakk

Charlotte Dietzer

Gert Ove Mikkelsen

Karen Bladt

Claus Wistoft

Ida Sofie Jensen

Mari Thjømøe

Tina Snebjerg

Carl-Viggo Østlund

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Independent auditor's report

To the shareholder of Tryg Forsikring A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Tryg Forsikring A/S for the financial year 1 January to 31 December 2020, pages 41-110, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the summary of significant accounting policies, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2020 and of its financial performance and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds.

Also, in our opinion, the parent financial statements give a true and fair view of the financial position of the Parent at 31 December 2020 and of its financial performance for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Business Act.

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

Basis for opinion

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

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

We were appointed auditors of Tryg A/S for the first time on 29 December 1997 for the financial year 1997 as part of the formation of the Company. However, we have been the appointed auditors of the companies merged with Tryg Forsikring A/S since before 1995. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of more than 24 years up to and including the financial year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Claims provisions</i>	<i>How the matter was addressed in the audit</i>
Management's estimates of the claims provisions are based on actuarial methods and involve complex statistical methods as well as estimates of future events. Changes in methods and assumptions may result in a material impact on the size of the claims provisions. Consequently, the audit	<ul style="list-style-type: none">• Assessment and test of controls related to the processes of claims handling and the recognition and measurement of provisions for known claims.• In cooperation with our own internationally qualified actuaries, we have tested controls

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<p>of the claims provisions is considered a key audit matter.</p> <p>The claims provisions amount to DKK 24,957m at 31 December 2020 (2019: DKK 24,859 m).</p> <p>Management has specified the risks etc. related to the estimates of the claims provisions in note 1 "Risk and capital management" on pages 47-55 and in "Accounting policies", note 27 on pages 77-79. The principles of estimating the claims provisions have been specified in "Accounting policies", note 27 on pages 88-89, and further specified in note 1 on pages 52-53 and in note 18 on page 69.</p> <p>The estimates of the claims provisions depend on accurate and complete insurance data of current and historical claims, including the development in claims and payment patterns, as these data are used to establish the expectations for future claims for the purpose of the statistical models.</p> <p>The most important assessments and assumptions of future events relate to:</p> <ul style="list-style-type: none"> • Estimated future claims payments, which are based on the completeness and the accuracy of historical claims and payment patterns, among other matters. • Expectations for future inflation. • Determination of the margin included in Management's estimate of the claims provisions to address the uncertainty related to the actuarial estimates. 	<p>related to the actuarial estimates of the claims provisions of selected lines of business.</p> <ul style="list-style-type: none"> • We have tested the accuracy and the completeness of the data that are included in the actuarial estimates of the claims provisions. • In cooperation with our own internationally qualified actuaries and based on our knowledge of the industry, experience and historical observations, we have assessed the statistical models applied to estimate the claims provisions and we have tested significant estimates and assumptions focusing on consistency and possible changes. • Based on the actuarial estimates of the claims provisions and analyses, and in cooperation with our own internationally qualified actuaries, we have assessed the development in the claims provisions, including run-off gains/losses and the development in the size of the margin included in Management's estimate of the claims provisions.
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Statement on the management's review

Management is responsible for the management's review.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the

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management's review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Copenhagen, 1 February 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jens Ringbæk
State-Authorised Public Accountant
MNE no 27735

Kasper Bruhn Udam
State-Authorised Public Accountant
MNE no 29421

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Financial highlights

26 DKKm	2020	2019	2018	2017	2016
Gross premium income	22,653	21,741	18,740	17,963	17,707
Gross claims	-15,437	-14,857	-12,636	-11,865	-11,619
Total insurance operating costs	-3,202	-3,081	-2,704	-2,516	-2,737
Profit/loss on gross business	4,014	3,803	3,400	3,582	3,351
Profit/loss on ceded business	-499	-566	-624	-779	-951
Insurance technical interest, net of reinsurance	-20	1	-10	-14	-10
Technical result	3,495	3,237	2,766	2,789	2,390
Investment return after insurance technical interest	300	570	-332	532	992
Other income and costs	-171	-115	-108	-7	-93
Profit/loss before tax	3,624	3,693	2,326	3,314	3,289
Tax	-788	-797	-542	-736	-763
Profit/loss on continuing business	2,837	2,896	1,784	2,578	2,526
Profit/loss on discontinued and divested business after tax	0	-2	-2	-2	-1
Profit/loss	2,837	2,895	1,782	2,576	2,525
Run-off gains/losses, net of reinsurance	1,145	1,194	1,221	972	1,239
Statement of financial position					
Total provisions for insurance contracts	32,488	32,224	31,948	30,018	31,527
Total reinsurers' share of provisions for insurance contracts	1,377	1,501	1,415	1,366	2,034
Total equity	12,438	12,214	11,395	9,066	10,127
Total assets	61,041	59,178	56,591	51,356	50,561
Key ratios					
Gross claims ratio	68.1	68.3	67.4	66.1	65.6
Net reinsurance ratio	2.2	2.6	3.3	4.3	5.4
Claims ratio, net of ceded business	70.3	70.9	70.7	70.4	71.0
Gross expense ratio	14.1	14.2	14.4	14.0	15.7
Combined ratio	84.5	85.1	85.1	84.4	86.7
Gross expense ratio without adjustment					15.5
Operating ratio	84.6	85.1	85.2	84.5	86.5
Relative run-off gains/losses	4.9	5.1	5.4	4.1	5.5
Return on equity after tax (%)	21.5	23.6	18.1	29.3	25.9

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



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Income statement

DKKkm		2020	2019
Note			
General insurance			
	Gross premiums written	23,652	22,563
	Ceded insurance premiums	-1,552	-1,259
	Change in premium provisions	-187	-143
	Change in reinsurers' share of premium provisions	85	38
3	Premium income, net of reinsurance	21,998	21,198
Insurance technical interest, net of reinsurance			
4		-20	1
	Claims paid	-15,542	-15,419
	Reinsurance cover received	987	388
	Change in claims provisions	105	562
	Change in the reinsurers' share of claims provisions	-187	40
5	Claims, net of reinsurance	-14,637	-14,429
Bonus and premium discounts			
		-812	-679
	Acquisition costs	-2,532	-2,458
	Administration expenses	-669	-623
	Acquisition costs and administration expenses	-3,202	-3,081
	Reinsurance commissions and profit participation from reinsurers	170	227
6	Insurance operating costs, net of reinsurance	-3,032	-2,854
2	Technical result	3,495	3,237
Investment activities			
	Income from associates	-47	-10
	Income from investment property	49	58
7	Interest income and dividends	506	534
8	Value adjustments	110	454
7	Interest expenses	-126	-178
	Administration expenses in connection with investment activities	-156	-122
	Total investment return	337	736
4	Return on insurance provisions	-37	-166
	Total investment return after insurance technical interest	300	570
	Other income	88	168
9	Other costs	-259	-282
	Profit/loss before tax	3,624	3,693
10	Tax	-788	-797
	Profit/loss on continuing business	2,837	2,896
	Profit/loss on discontinued and divested business	0	-2
	Profit/loss for the year	2,837	2,895
Statement of comprehensive income			
	Profit/loss for the year	2,837	2,895
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
	Actuarial gains/losses on defined-benefit pension plans	-68	-76
	Tax on actuarial gains/losses on defined-benefit pension plans	6	19
		-62	-57
Other comprehensive income which can subsequently be reclassified as profit or loss			
	Exchange rate adjustments of foreign entities for the year	-51	32
	Hedging of currency risk in foreign entities for the year	127	-19
	Tax on hedging of currency risk in foreign entities for the year	-28	4
		48	18
	Total other comprehensive income	-14	-39
	Comprehensive income	2,823	2,856

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Statement of financial position

DKKm		2020	2019
Note	Assets		
11	Intangible assets	7,123	7,363
	Operating equipment	147	155
	Owner-occupied property	630	730
12	Total property, plant and equipment	777	885
13	Investment property	1,117	1,151
14	Equity investments in associates	15	0
	Total investments in associates	15	0
	Equity investments	2,611	1,798
	Unit trust units	6,878	2,424
	Other lending	80	75
	Bonds	34,339	38,814
	Derivative financial instruments	1,840	1,128
	Total other financial investment assets	45,748	44,239
15	Total investment assets	46,881	45,390
	Reinsurers' share of premium provisions	291	216
18	Reinsurers' share of claims provisions	1,087	1,285
16	Total reinsurers' share of provisions for insurance contracts	1,377	1,501
	Receivables from policyholders	1,674	1,727
	Total receivables in connection with direct insurance contracts	1,674	1,727
	Receivables from insurance enterprises	270	240
	Receivables from Group undertakings	516	170
	Other receivables	667	575
15	Total receivables	3,127	2,713
17	Current tax assets	30	33
	Cash at bank and in hand	1,365	851
	Total other assets	1,395	885
	Interest and rent receivable	131	147
	Other prepayments and accrued income	229	294
	Total prepayments and accrued income	360	441
	Total assets	61,041	59,178

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Statement of financial position

DKKm		2020	2019
Note			
	Equity and liabilities		
	Equity	12,438	12,214
1	Subordinate loan capital	2,801	2,875
18	Premium provisions	6,036	5,996
18	Claims provisions	24,957	24,859
	Provisions for bonuses and premium discounts	1,495	1,370
	Total provisions for insurance contracts	32,488	32,224
19	Pensions and similar obligations	130	303
20	Deferred tax liability	851	911
21	Other provisions	57	86
	Total provisions	1,038	1,299
	Debt relating to direct insurance	516	577
	Debt relating to reinsurance	56	252
	Amounts owed to credit institutions	1,191	711
	Debt relating to repos	3,259	2,601
15	Derivative financial instruments	897	800
	Debt to group undertakings	9	304
17	Current tax liabilities	357	125
22	Other debt	5,921	5,163
	Total debt	12,205	10,532
	Accruals and deferred income	69	33
	Total equity and liabilities	61,041	59,178
1	Risk and capital management		
23	Own funds		
24	Contractual obligations, collateral and contingent liabilities		
25	Related parties		
26	Financial highlights		
27	Accounting policies		

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Statement of changes in equity

DKKm	Share rate	Reserve for exchange capital adjustment	Other reserves a)	Retained earnings	Proposed dividend	Non- controlling interest	Total
Equity at 31 December 2019	1,100	-23	1,677	8,445	1,014	1	12,214
2020							
Profit/loss for the year			29	694	2,114		2,837
Other comprehensive income	0	48		-62			-14
Total comprehensive income	0	48	29	632	2,114		2,823
Dividend paid					-2,598		-2,598
Total changes in equity in 2020	0	48	29	632	-484	0	225
Equity at 31 December 2020	1,100	25	1,706	9,077	529	1	12,438
Equity at 31 December 2018	1,100	-41	1,617	8,220	499	0	11,395
2019							
Profit/loss for the year			60	282	2,553		2,895
Other comprehensive income	0	18		-57			-39
Total comprehensive income	0	18	60	225	2,553		2,856
Dividend paid					-2,039		-2,039
Total changes in equity in 2019	0	18	60	225	515	1	819
Equity at 31 December 2019	1,100	-23	1,677	8,445	1,014	1	12,214

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,706m (DKK 1,677m in 2019). 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.



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Statement of cash flow

DKKm	2020	2019
Cash from operating activities		
Premiums	22,884	21,736
Claims paid	-15,400	-15,557
Ceded business	-634	-651
Expenses	-2,962	-3,209
Change in other payables and other amounts receivable	330	1,642
Cash flow from insurance activities	4,218	3,961
Interest income	348	459
Interest expenses	-126	-168
Dividend received	66	24
Taxes	-616	-835
Other items	-32	42
Total cash from operating activities	3,859	3,482
Cash flow from investment activities		
Sale of real property	13	357
Acquisition of equity investments and unit trust units (net)	-5,502	49
Purchase/Sale of bonds (net)	4,339	-1,978
Purchase/sale of operating equipment (net)	-37	-69
Acquisition of subsidiaries, cash and cash equivalents	0	246
Hedging of currency risk	48	18
Total cash flow from investment activities	-1,139	-1,376
Cash flow from financing activities		
Debt and receivables, Group	51	85
Dividend paid	-2,598	-2,040
Change in lease liabilities	-139	-147
Change in amounts owed to credit institutions	480	231
Total cash flow from financing activities	-2,206	-1,871
Change in cash and cash equivalents, net	514	235
Exchangerate adjustment of cash and cash equivalents, 1 January	0	-1
Change in cash and cash equivalents, gross	514	234
Cash and cash equivalents, 1 January	851	617
Cash and cash equivalents, 31 December	1,365	851

	Subordinated loans	Amounts owed to credit institutions	Total
2020			
Carrying amount at 1 January	2,875	711	3,586
Exchange rate adjustments	-76	0	-76
Amortisation	2	0	2
Cash flow	0	480	480
Carrying amount at 31 December	2,801	1,191	3,992
2019			
Carrying amount at 1 January	2,868	480	3,348
Exchange rate adjustments	6	0	6
Amortisation	2	0	2
Cash flow	0	231	231
Carrying amount at 31 December	2,875	711	3,586



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Notes

1 Risk- and capital management Risk management in Tryg Forsikring

The Supervisory Board defines the basis for the risk appetite through the business model and the current strategy. The Supervisory Board has regulated the management of risk activities through policies and guidelines to the business supported by underlying business processes and a power of attorney structure. The company's risk management forms the basis for the risk profile being in line with the specified risk appetite at all times. Risk profile is continuously measured, quantified and reported to the management and the Supervisory Board.

In Tryg Forsikring, we have adopted a three lines of defence governance model across the organisation. This is to ensure robust governance and effective communication between the business areas, key functions and internal audit as well as reporting to the Supervisory Board and the Supervisory Board's Risk Committee ("RIU").

1st line of defence is the Business Management

2nd line of defence is Compliance-, Actuarial- and Risk Management function

3rd line of defence is Internal Audit and Internal Audit function

The 1st line consists of the Business Management:

The business areas are responsible for the daily risk management and for carrying out every day work based on Tryg Forsikring's policies and instructions regarding the management of risks and are responsible for being compliant with both internal and external requirements. This means that there must be procedures and guidelines in place for vital areas, and that internal controls are carried out in such a way that risks are identified in a timely manner and necessary risk mitigation activities are implemented.

The 2nd line consists of the Compliance, Actuarial and Risk Management function:

The compliance function has the overall responsibility for overseeing and monitoring compliance with applicable laws and legislation as well as internal policies and guidelines. The key responsibility of the actuarial function is to ensure and assess the adequacy of the provisions. The risk management function is responsible for the facilitation, monitoring and implementation of effective risk management practices and reporting of adequate risk-related information throughout the organisation. The risk management function ensures a consistent approach to risk identification across the organisation, risk assessment of the most significant risks at Group level and reporting to the Supervisory Board.

What risk profile does Tryg Forsikring want?

- Business model
- Strategy
- Policies

How is this supported?

Tactically

- Policies
- Capital plan
- Contingency plan

Operationally

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

How is the actual risk profile measured?

Tactically

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

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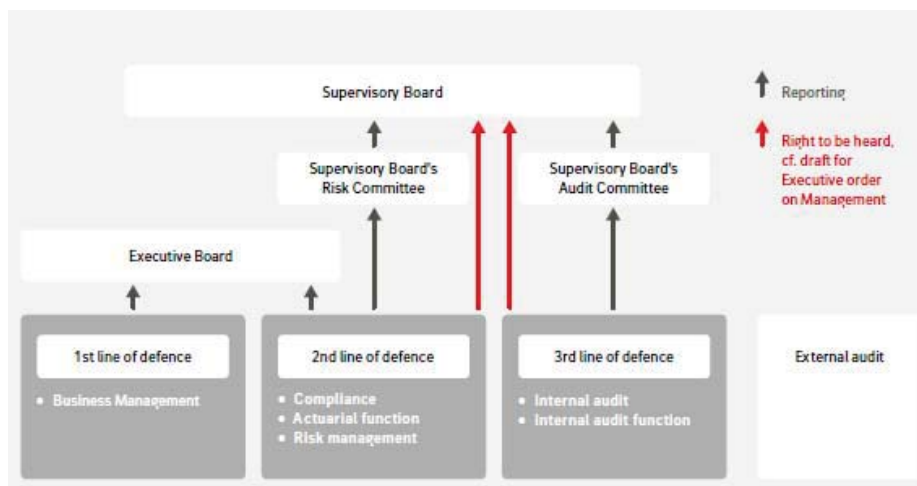
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Lines of defence



Tryg Forsikring's risk management environment



The risk management function consists of a Group risk management department and decentralized risk managers in the individual business areas. The decentralized risk managers are anchored in the respective business areas, and also have a dotted reporting line into the Group risk management. The decentralized risk managers are responsible for carrying out the activities of the risk management function in their respective business areas including the monitoring and reporting of second line internal controls.

Furthermore, the function prepares specific recommendations in relation to capital management, reinsurance, investment risk management and more. Tryg Forsikring's risk management function is also responsible for determining the company's solvency capital requirement. The functions in the second line of defence must have an overview of business processes and risks across the organization.

The 3rd line consists of internal audit:

The third line must ensure an independent and objective audit of the organization's internal controls, risk management and governance processes. Internal audit reports independently to the Supervisory Board and to its Audit Committee.

The Supervisory Board has organised their own Risk Committee consisting of 4 members of the Supervisory Board. In addition to these 4 members, the Chief Financial Officer, Chief Risk Officer and the General Counsel (in Capacity as overseeing the Compliance function) are part of the Committee. The Supervisory Board's Risk Committee was established to ensure that all risk and capital related topics are discussed thoroughly before discussed in the Supervisory Board. The Supervisory Board meets minimum 4 times annually.

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Capital management

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

- A solid capital base, supporting both the statutory requirements and a single 'A' rating from Moody's.
- Support of a steadily increasing nominal dividend per share, with a payout ratio in the interval 60-90%.

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

See table on page 54.

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

The model calculates Tryg Forsikring's capital requirement with 99.5% solvency level with a 1-year horizon, which means that Tryg Forsikring will be able to fulfil its obligations in 199 out of 200 years. The partial internal model has been used for a number of years and was approved by the Danish Financial Supervisory Authority (DFSA) in December 2015. A major model change was approved by DFSA in April 2020.

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

Company's Own Risk and Solvency Assessment (ORSA)

ORSA is the company's own risk assessment based on the Solvency II principles, which implies that Tryg must assess all material risks that the company is or may be exposed to. The ORSA report also contains an assessment of whether the calculation of solvency capital requirement is reasonable and is reflecting Tryg Forsikring's actual risk profile.

Tryg Forsikring's risk activities are implemented via continuous risk management processes, where the main results are reported to the Supervisory Board and its Risk Committee during the year. Therefore, the ORSA report is an annual summary document assessing all these processes.

Insurance risk

Insurance risk comprises two main types of risks: Underwriting risk and reserving risk.

Underwriting risk

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

Reinsurance is used to reduce the underwriting risk in situations where this cannot be achieved to a sufficient degree via ordinary diversification. In case of major events involving damage to buildings and contents, Tryg Forsikring's reinsurance programme provides protection for up to DKK 7.25bn, which statistically is sufficient to cover at least a 250-year event. Retention for such events is DKK 182.5m.

In the event of a frequency of natural disasters, Tryg Forsikring is covered for up to DKK 600m, after total annual retention of DKK 300m. Tryg has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Tryg Forsikring's largest individual building and contents risks are covered by up to DKK 2bn. Retention for large claims is DKK 100m, gradually dropping to DKK 25m. Single risks exceeding DKK 2bn are covered individually.

Tryg Forsikring has combined the minimum cover of other sectors into a joint cover with retention of DKK 100m for the first claim and DKK 25m for subsequent claims. For the individual sectors, individual cover has subsequently been taken out as needed. The use of reinsurance creates a natural counterparty risk. This risk is handled by applying a wide range of reinsurers with a suitable rating and adequate capital level as defined by the Supervisory Board.



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Reserving risk

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

Long-tailed reserves in particular are subject to interest rate and inflation risk. Interest rate risk is hedged by means of Tryg Forsikring's match portfolio which corresponds to the discounted claims reserves. In order to manage the inflation risk of Danish workers' compensation claims reserves, Tryg Forsikring has bought zero coupon inflation swaps. Tryg Forsikring determines the claims reserves via statistical methods as well as individual assessments.

At the end of 2020, Tryg Forsikring's claims reserves net of reinsurance totalled DKK 23.870m with an average duration of approximately 4,6 years.

Investment risk

The overall framework for managing investment risk is defined by the Supervisory Board in Tryg Forsikring's investment policy. In overall terms, Tryg Forsikring's investment portfolio is divided into a match portfolio and a free portfolio. The match portfolio corresponds to the value of the discounted claims reserves and is designed to hedge the interest rate sensitivity of these as closely as possible.

Tryg Forsikring carries out daily monitoring, follow-up and risk management of the Group's interest rate risk. The swap and bond portfolio is thus adjusted continuously to minimise the net interest rate risk.

The free portfolio is subject to the framework defined by the Supervisory Board through the investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. Tryg Forsikring's property portfolio constitutes the company's largest investment risk. The Property portfolio comprises investment properties, the value of which is adjusted based on the conditions on the property market through internal valuations backed by external valuations. At the end of 2020, investment properties accounted for 6.75% (including property funds) and Tryg Forsikring's equity portfolio accounted for 6.12% of the total investment assets.

Tryg Forsikring does not want to speculate in foreign currency, but since Tryg Forsikring invests and operates its insurance business in other currencies than Danish kroner, Tryg Forsikring is exposed to currency risk. Tryg Forsikring is primarily exposed to fluctuations in the other Scandinavian currencies due to its ongoing insurance activities. Premiums earned and claims paid in other currencies create a natural currency hedge, for which reason other risk mitigation measures are not required in this area. However, the part of equity held in other currencies than Danish kroner will be exposed to currency risk. This risk is hedged on an ongoing basis using currency swaps.

In addition to the above-mentioned risks, Tryg Forsikring is exposed to credit, counterparty and concentration risk. These risks primarily relate to exposures in high-yield bonds, emerging market debt exposures as well as Tryg Forsikring's investments in AAA-rated Nordic and European government and mortgage bonds. These risks are also managed through the investment policy and the framework for reinsurance defined in the insurance policy.

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

Operational risk

Operational risk relates to errors or failures in internal procedures, fraud, breakdown of infrastructure, IT security and similar factors. As operational risks are mainly internal, Tryg Forsikring focuses on an adequate control environment for its operations. In practice, this work is organised by means of procedures, controls and guidelines covering the various aspects of the Group's operations. The Supervisory Board defines the overall framework for managing operational risk in Tryg Forsikring's Operational risk policy and in the Information Security Policy.

A special crisis management structure is set up to deal with the eventuality that Tryg Forsikring is hit by major crises. This comprises a Crisis Management Team at Group level, national contingency teams at country level and finally business contingency teams in the individual areas. Tryg Forsikring has prepared contingency plans to address the most important areas. In addition, comprehensive IT contingency plans have been established, primarily focusing on the business critical systems.



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Other risks

Strategic risk

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

Compliance risk

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

Emerging risk

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

Emerging risk is also a part of the systematically implemented risk identification process in Tryg Forsikring.

Mio. DKK	2020	2019
1 Sensitivity analysis		
Insurance risk		
Effect of 1% change in:		
Combined ratio (1 percentage point)	+/-226	+/- 217
Major events	-100	-100
Catastrophe event up to DKK 7.250m	-183	-168
Reserving risk		
1% change in inflation on person-related lines of business ^{a)}	+/- 411	+/- 412
10% error in the assessment of long-tailed lines of business (workers' compensation, motor liability, liability, accident)	+/- 1.753	+/- 1.755
Investment risk		
Interest rate market		
Effect of 1 % increase in interest curve:		
Impact of interest-bearing securities	-1,159	-1,150
Higher discounting of claims provisions	1,071	1,028
Net effect of interest rate rise	-88	-122
Impact of Norwegian pension obligation ^{b)}	2	189
Equity market		
15 % decline in equity market	-471	-367
Impact of derivatives and related thereto	-11	25
Real estate market		
15 % decline in real estate markets	-294	-361
Currency market		
Equity:		
15 % decline in exposed currency (exclusive of EUR) relative to DKK	-1,485	-883
Impact of derivatives	1,486	898
Net impact of exchange rate decline	1	15
Technical result per year:		
Impact of 15% change in NOK and SEK exchange rates relative to DKK	+/- 121	+/- 95
^{a)} Including the effect of the zero coupon inflation swap		
^{b)} Part of the pension obligation has been terminated as of 1 January 2020. Additional sensitivity information in note 19 'Pensions and similar obligations.'		
Provisioning risk		



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Notes

DKKm Provisions for claims												
Gross												
	2010	2011	2012	2013	2014	2015	2016	2017	2018 a)	2019 a)	2020 a)	
1	Estimated accumulated claims											
	15,157	15,504	13,076	13,501	12,334	14,307	12,504	12,392	15,151	15,868	16,657	
End of year	15,254	15,875	13,158	13,765	12,655	14,246	12,374	14,067	15,133	15,879		
1 year later	15,209	15,939	13,116	13,426	12,478	14,204	13,843	13,976	15,109			
2 year later	15,133	15,894	12,933	13,265	12,395	15,577	13,812	13,888				
3 year later	15,047	15,722	12,680	13,245	13,704	15,512	13,794					
4 year later	14,975	15,749	12,596	14,553	13,547	15,494						
5 year later	14,952	15,617	13,786	14,341	13,289							
6 year later	14,863	17,094	13,717	14,199								
7 year later	16,077	17,169	13,620									
8 year later	15,905	16,876										
9 year later	15,829											
10 year later	15,829											
Cumulative payments to date	15,829	16,876	13,620	14,199	13,289	15,494	13,794	13,888	15,109	15,879	16,657	164,634
Provisions before discounting, end of year	-15,171	-16,141	-12,766	-13,294	-12,351	-14,402	-12,486	-12,270	-12,900	-12,050	-8,648	-142,478
Discounting	658	735	854	905	938	1,092	1,308	1,618	2,209	3,829	8,009	22,156
Reserves from 2009 and prior years	-14	-18	-15	-19	-19	-21	-26	-28	-35	-40	-44	-281
Gross provisions for claims, end of year												24,957
Ceded business												
	2010	2011	2012	2013	2014	2015	2016	2017	2018 a)	2019 a)	2020 a)	
1	Estimated accumulated claims											
End of year	639	1,435	209	1,123	259	2,052	195	277	599	357	706	
1 year later	714	2,105	238	1,455	306	1,857	244	382	646	434		
2 year later	705	2,226	274	1,240	299	1,890	239	376	673			
3 year later	683	2,262	268	1,233	295	1,867	238	387				
4 year later	691	2,210	256	1,250	316	1,897	234					
5 year later	695	2,204	246	1,284	313	1,910						
6 year later	697	2,209	259	1,332	314							
7 year later	689	2,595	258	1,287								
8 year later	747	2,588	332									
9 year later	746	2,588										
10 year later	746											
Cumulative payments to date	746	2,588	332	1,287	314	1,910	234	387	673	434	706	9,612
Provisions before discounting, end of year	-744	-2,589	-255	-1,219	-301	-1,884	-228	-324	-603	-274	-200	-8,620
Discounting	2	-1	77	68	13	27	6	62	71	161	506	992
Reserves from 2009 and prior years	0	0	1	1	0	0	0	0	0	-1	2	2
Provisions for claims, end of year												1,087
Net of reinsurance												
	2010	2011	2012	2013	2014	2015	2016	2017	2018 a)	2019 a)	2020 a)	
1	Estimated accumulated claims											
End of year	14,517	14,070	12,866	12,378	12,075	12,255	12,309	12,115	14,551	15,511	15,951	
1 year later	14,540	13,769	12,919	12,310	12,349	12,390	12,130	13,685	14,487	15,445		
2 year later	14,504	13,713	12,842	12,186	12,180	12,314	13,604	13,600	14,436			
3 year later	14,451	13,631	12,666	12,032	12,100	13,710	13,574	13,501				
4 year later	14,357	13,512	12,424	11,995	13,388	13,615	13,560					
5 year later	14,280	13,545	12,350	13,270	13,234	13,584						
6 year later	14,255	13,408	13,528	13,009	12,975							
7 year later	14,174	14,499	13,459	12,912								
8 year later	15,330	14,581	13,288									
9 year later	15,159	14,288										
10 year later	15,083											
Cumulative payments to date	15,083	14,288	13,288	12,912	12,975	13,584	13,560	13,501	14,436	15,445	15,951	155,022
Provisions before discounting, end of year	-14,427	-13,551	-12,511	-12,075	-12,050	-12,518	-12,258	-11,946	-12,297	-11,777	-8,449	-133,858
Discounting	656	736	777	837	925	1,065	1,302	1,556	2,139	3,668	7,503	21,164
Reserves from 2009 and prior years	-14	-18	-16	-20	-19	-22	-26	-28	-35	-39	-46	-281
Provisions for claims, net of reinsurance, end of the year												23,871

a) The diagonal for 2018 to 2020 is affected by the Aka acquisition

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Notes

Mio. DKK

1	2020	Expected cash flow, not discounted				Total
		0-1 year	1-2 years	2-3 years	> 3 years	
	Premium provisions, gross	5,900	74	41	21	6,036
	Premium provisions, ceded	-291	0	0	0	-291
	Claims provisions, gross	8,301	3,930	2,489	10,546	25,266
	Claims provisions, ceded	-610	-223	-118	-135	-1,086
		13,300	3,781	2,412	10,432	29,925
	2019					
	Premium provisions, gross	5,851	72	45	28	5,996
	Premium provisions, ceded	-216	0	0	0	-216
	Claims provisions, gross	8,207	4,012	2,611	10,927	25,758
	Claims provisions, ceded	-695	-226	-172	-201	-1,293
		13,147	3,859	2,485	10,755	30,245

Investment risk

The notes below are based on Tryg's investment portfolio without the external customers share

Bond portfolio including interest derivatives

	2020	2019
Duration 1 year or less	14,216	13,067
Duration 1 - 5 years	13,820	15,747
Duration 5 - 10 years	6,571	5,975
Duration more than 10 years	3,152	2,856
Total	37,760	37,645

Duration

The option adjusted duration is used to measure duration. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration-shorter option to cause the bond to be redeemed through the mortgage institution at any point in time.

Shares

	2020	2019
Nordic countries	79	250
EU ex. Nordic countries	314	566
North America	2,162	2,674
Others	643	213
Total	3,196	3,702

The share portfolio includes property funds and exposure from share derivatives of DKK 69m (DKK 167m in 2019)

Unlisted equity investments are based on an estimated market price.

Exposure to exchange rate risk

	2020			2019		
	Assets and debt	Hedge	Exposure	Assets and debt	Hedge	Exposure
USD	5,318	-5,314	3	3,762	-3,794	32
EUR a)	2,287	-2,658	372	2,872	-1,543	1,328
GBP	230	-221	9	262	-265	4
NOK	3,740	-3,749	9	1,403	-1,446	43
SEK	497	-496	1	133	-111	22
Other	446	-454	9	324	-370	46
Total			403			1,476

a) Due to correlation between DKK and EUR the exposure limit is higher than all other currencies.

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Notes

Mio. DKK

1 Credit risk		2020		2019	
Bond portfolio by ratings		DKKm	%	DKKm	%
AAA		33,515	91.7	34,281	91.6
AA		274	0.8	261	0.7
A		587	1.6	692	1.8
BBB		868	2.4	1,023	2.7
BB		476	1.3	547	1.5
B or lower		828	2.3	604	1.6
Total		36,548	100.0	37,408	100.0
Reinsurance balances					
AAA to A		969	84.5	1,242	93.3
Not rated		178	84.5	89	6.7
Total		1,147	169.0	1,331	100.0
Liquidity risk					
Maturity of the Group's financial obligations including interest					
2020		0-1 year	1-5 years	> 5 years	Total
Subordinate loan capital		95	382	3,756	4,233
Amounts owed to credit institutions		1,191	0	0	1,191
Debt relating to unsettled funds transactions and repos		3,259	0	0	3,259
Derivative financial instruments		281	325	359	965
Other debt		6,907	0	0	6,907
		11,733	707	4,115	16,555
2019		0-1 år	1-5 år	> 5 år	Total
Subordinate loan capital		108	433	3,959	4,500
Amounts owed to credit institutions		711	0	0	711
Debt relating to unsettled funds transactions and repos		2,601	0	0	2,601
Derivative financial instruments		86	496	135	717
Other debt		6,131	0	0	6,131
		9,638	930	4,093	14,661

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

Subordinate loan capital		Bond loan NOK 800m		Bond loan NOK 1,400m		Bond loan SEK 1,000m	
DKKm		2020	2019	2020	2019	2020	2019
Amortised cost value of the loan recognised in statement of financial position		563	605	985	1,059	738	713
The fair value of the loan at the statement of financial position date		589	642	1,027	1,108	745	730
The fair value of the loan at the statement of financial position date is based on a price of		105	106	104	104	101	102
Total capital losses and costs at the statement of the financial position date		1	2	2	3	2	3
Interest expenses for the year		26	32	36	45	21	19
Effective interest rate		4.6%	5.3%	3.6%	4.3%	2.8%	2.6%
Loan terms:							
Lender		Listed bonds		Listed bonds		Listed bonds	
Principal		NOK 800m		NOK 1,400m		SEK 1,000m	
Issue price		100		100		100	
Issue date		March 2013		November 2015		May 2016	
Maturity year		Perpetual		2045		2046	
Loan may be called by lender as from		2023		2025		2021	
Repayment profile		Interest-only		Interest-only		Interest-only	
Interest structure		3.75 % above NIBOR 3M (until 2023)		3.75 % above NIBOR 3M (until 2025)		2.75 % above STIBOR 3M (until 2026)	
		4.75 % above NIBOR 3M (from 2023)		3.75 % above NIBOR 3M (from 2025)		3.75 % above STIBOR 3M (from 2026)	

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Notes

Mio. DKK

1 Subordinate loan capital	Bond loan SEK 700m	
	2020	2019
DKKm		
Amortised cost value of the loan recognised in statement of financial position	516	499
The fair value of the loan at the statement of financial position date	521	501
The fair value of the loan at the statement of financial position date is based on a price of	101	100
Total capital losses and costs at the statement of the financial position date	2	2
Interest expenses for the year	14	13
Effective interest rate	2.6%	2.4%
Loan terms:		
Lender		Listed bonds
Principal		SEK 700m
Issue price		100
Issue date		April 2018
Maturity year		Perpetual
Loan may be called by lender as from		2023
Repayment profile		Interest-only
Interest structure		2.5 % above STIBOR 3M

The share of capital included in the calculation of the capital base totals DKK 2,663m (DKK 2,744m in 2019) The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost. The loans are taken by Tryg Forsikring A/S. The creditors have no option to call the loans before maturity or otherwise terminate the loan agreements. The loans are automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S. Prices used for determination of fair value in respect of the loans are based on actual traded prices from Bloomberg.

The impact of COVID-19

Following the outbreak of COVID-19, a period of high uncertainty and volatility has characterised financial markets developments. For that reason, it has been relevant to update the valuation of level 3 investments assets in the Fair Value Hierarchy. At the same time, it has also been deemed relevant to reconfirm assumptions in the valuation of claims provisions and how exchange rate fluctuations will affect Tryg Forsikring.

Valuation of investments assets

Total financial investment assets are measured at fair value with value adjustment in the income statement. Listed bonds and shares, parts of unit trust as well as derivative financial instruments are measured at the quoted price at the balance sheet date. The valuation of the investment assets can be distributed in the fair value hierarchy model, which is determined in accordance with IFRS 13. The model distributes the total investments assets based on the price at which the investment assets are set. Reference is made to note 15 for further description of the fair value hierarchy.

The main part of Tryg Forsikring's investment assets are classified as level 1 and 2 and are valued based on listed prices. This involves the bonds portfolio, the main part of shares and unit trust units as well as the statement of financial instruments. Assets, which can be classified as level 3, can be attributed to unlisted assets, specific unlisted Unit trusts and investment property. As these investment assets are not valued based on observable input, there will be a discretionary element in this hierarchy. On 31 December 2020, the value amounts to DKK 1,186m (DKK 1,375m on 31 December 2019).

Claims provisions

The volatility introduced by the outbreak of COVID-19 affects some of Tryg Forsikring's claims provisions, particularly travel insurance but also several other insurance products due to significant changes in behavior. The effects are incorporated in Tryg Forsikring's reserving models. The statistical uncertainty related to these changes is insignificant compared to the total provisions and balance sheet.

Exchange rates

Tryg Forsikring has business in three different Nordic countries meaning that Tryg Forsikring is exposed to fluctuations in the local currencies (NOK and SEK) in regard to the financial results.

Tryg Forsikring has chosen to implement a currency hedge strategy that focuses on mitigating the currencies impact on the financial results. This means that the impact on the P/L of changes in local currencies is limited. The shareholders' equity, due to the currency hedge strategy, is not sensitive to changes in the local currencies. Impairment of intangibles COVID-19 has not have any effect on the assumptions related to impairment of Goodwill, Trademarks and Brand. Reference is made to note 11 for further description on Impairment test.

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Notes

DKKm

2 Operating segments	Private	Commercial	Corporate	Sweden	Other a)	Group
2020						
Gross premium income	12,743	4,430	3,876	1,604	0	22,653
Gross claims	-8,883	-2,786	-2,692	-1,067	-9	-15,437
Gross operating expenses	-1,727	-758	-440	-269	-7	-3,202
Profit/loss on ceded business	-76	-147	-277	1	0	-499
Insurance technical interest, net of reinsurance	-12	-5	-2	-1	0	-20
Technical result	2,045	735	464	268	-16	3,495
Other items						-659
Profit/loss						2,837
Run-off gains/losses, net of reinsurance	120	336	448	249	-9	1,145
Intangible assets	5,677	60	0	533	854	7,123
Reinsurers' share of premium provisions	50	0	240	0	0	291
Reinsurers' share of claims provisions	140	114	821	12	0	1,087
Other assets					52,524	52,524
Total assets						61,041
Premium provisions	2,747	1,322	984	983	0	6,036
Claims provisions	6,348	6,829	8,884	2,896	0	24,957
Provisions for bonuses and premium discounts	1,303	118	5	69	0	1,495
Other liabilities					16,114	16,114
Total liabilities						48,602
2019						
Gross premium income	12,021	4,274	3,979	1,521	-54	21,741
Gross claims	-8,185	-2,867	-2,816	-1,014	24	-14,857
Gross operating expenses	-1,650	-749	-415	-267	0	-3,081
Profit/loss on ceded business	-231	-94	-255	-10	23	-566
Insurance technical interest, net of reinsurance	-3	1	2	0	0	1
Technical result	1,951	566	496	231	-6	3,237
Other items						-343
Profit/loss						2,895
Run-off gains/losses, net of reinsurance	238	310	407	246	-6	1,194
Intangible assets	1,565	67	0	539	5,192	7,363
Reinsurers' share of premium provisions	42	4	170	0	0	216
Reinsurers' share of claims provisions	15	149	1,114	7	0	1,285
Other assets					50,314	50,314
Total assets						59,178
Premium provisions	2,691	1,351	1,035	919	0	5,996
Claims provisions	6,201	6,844	9,055	2,758	0	24,859
Provisions for bonuses and premium discounts	1,195	114	27	34	0	1,370
Other liabilities					14,739	14,739
Total liabilities						46,964

a) Amounts relating to eliminations and one-off items. Please refer to note 2 'Geographical segments' for details. Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

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2 Geographical segments

DKKm	2020	2019	2018	2017	2016
Danish general insurance a)					
Gross premium income	14,007	13,204	10,430	9,606	9,467
Technical result	2,707	2,606	2,007	1,783	1,587
Run-off gains/losses, net of reinsurance	633	712	710	449	509
Key ratios					
Gross claims ratio	65.2	64.7	61.2	64.2	63.7
Net reinsurance ratio	1.4	1.7	5.5	3.7	6.0
Claims ratio, net of ceded business	66.5	66.4	66.7	67.9	69.7
Gross expense ratio	13.9	13.7	13.9	13.4	13.4
Combined ratio	80.5	80.1	80.6	81.3	83.1
Run-off, net of reinsurance (%)	-4.5	-5.4	-6.8	-4.7	-5.4
Number of full-time employees 31 December	2,859	2,650	2,520	1,933	1,839
Norwegian general insurance					
NOK/DKK, average rate for the period	69.63	75.80	77.53	79.99	80.09
Gross premium income	6,411	6,472	6,302	6,272	6,371
Technical result	473	469	791	770	1,013
Run-off gains/losses, net of reinsurance	247	283	520	422	678
Key ratios					
Gross claims ratio	75.3	73.7	72.6	67.9	63.9
Net reinsurance ratio	3.4	5.1	1.2	5.3	5.1
Claims ratio, net of ceded business	78.7	78.8	73.8	73.2	69.0
Gross expense ratio	14.1	14.4	13.9	14.7	15.2
Combined ratio	92.7	93.1	87.7	87.9	84.2
Run-off, net of reinsurance (%)	-3.9	-4.4	-8.3	-6.7	-10.6
Number of full-time employees 31 December	1,099	1,083	1,105	1,042	1,040
Swedish general insurance					
SEK/DKK, average rate for the period	70.95	70.62	72.67	77.24	78.93
Gross premium income	2,234	2,120	2,073	2,121	1,888
Technical result	331	169	94	236	40
Run-off gains/losses, net of reinsurance	274	205	-9	101	52
Key ratios					
Gross claims ratio	65.8	74.0	82.3	69.0	76.4
Net reinsurance ratio	4.0	2.0	-1.7	5.0	3.3
Claims ratio, net of ceded business	69.9	75.9	80.6	74.0	79.7
Gross expense ratio	15.3	16.1	14.6	14.5	17.8
Combined ratio	85.1	92.0	95.2	88.5	97.5
Run-off, net of reinsurance (%)	-12.3	-9.7	0.4	-4.8	-2.8
Number of full-time employees 31 December	441	419	402	398	385
Other b)					
Gross premium income	0	-54	-65	-36	-19
Gross claims	-9	24	26	26	-76
Gross expenses	-7	0	-77	0	-162
Profit/loss on gross business	-16	-30	-116	-10	-257
Profit/loss on ceded business	0	23	-10	10	7
Technical result	-16	-6	-126	0	-250
Tryg Forsikring					
Gross premium income	22,653	21,741	18,740	17,963	17,707
Technical result	3,495	3,237	2,766	2,789	2,390
Investment return	300	570	-332	532	992
Other income and costs	-171	-115	-108	-7	-93
Profit/loss before tax	3,624	3,693	2,326	3,314	3,289
Run-off gains/losses, net of reinsurance	1,145	1,194	1,221	972	1,239
Key ratios					
Gross claims ratio	68.1	68.3	67.4	66.1	65.6
Net reinsurance ratio	2.2	2.6	3.3	4.3	5.4
Claims ratio, net of ceded business	70.3	70.9	70.7	70.4	71.0
Gross expense ratio	14.1	14.2	14.4	14.0	15.7
Combined ratio	84.5	85.1	85.1	84.4	86.7
Run-off, net of reinsurance (%)	-5.1	-5.5	-6.5	-5.4	-7.0
Number of full-time employees, continuing business at 31 December	4,371	4,127	4,001	3,345	3,248

a) Includes Danish general insurance and German, Dutch, Austrian and Finnish guarantee insurance.

The gross premium income related those branches amounts to DKK 106m (DKK 78m in 2019)

b) In 2020, amounts primarily relates to one-off items. In 2019 - 2016, amounts primarily relates to eliminations and one-off items.



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Notes

DKK M	Accident and health		Health care		Worker's compensation		Motor TPL		Motor comprehensive insurance		Marine, aviation and cargo insurance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
2	Technical result, net of reinsurance, by line of business											
	2,736	2,591	574	461	921	951	1,917	1,876	5,136	4,823	201	231
Gross premiums written	2,565	2,466	543	445	934	935	1,874	1,828	4,897	4,617	219	222
Gross premium income	-1,400	-1,460	-467	-483	-496	-755	-1,468	-1,194	-3,380	-3,127	-67	-153
Gross claims	-378	-340	-53	-52	-88	-106	-287	-296	-691	-652	-34	-33
Gross operating expenses	-7	-15	0	-1	-22	-14	-36	-12	-53	-44	-37	4
Profit/loss on ceded business	-3	-1	-1	0	-1	0	-1	1	-4	1	0	0
Insurance technical interest, net of reinsurance												
Technical result	777	650	22	-91	327	60	82	327	769	795	81	40
Gross claims ratio	54.6	59.2	86.0	108.5	53.1	80.7	78.3	65.3	69.0	67.7	30.6	68.9
Combined ratio	69.6	73.6	95.8	120.4	64.9	93.6	95.6	82.2	84.2	82.8	63.0	82.0
Claims frequency a)	3.8%	3.8%	68.8%	93.2%	18.1%	21.9%	5.4%	6.0%	20.5%	21.8%	15.8%	18.9%
Average claims DKK b)	21,326	22,950	5,111	5,390	77,053	71,146	22,505	18,794	9,201	9,320	52,837	77,416
Total claims	78,286	73,735	94,689	84,348	10,742	12,776	79,347	87,595	364,832	342,983	1,862	2,213
	Fire and contents (Private)		Fire and contents (Commercial)		Change of ownership		Liability insurance		Credit and guarantee insurance		Tourist assistance insurance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	5,788	5,444	2,816	2,758	0	8	1,179	1,100	553	527	996	941
Gross premium income	5,589	5,330	2,769	2,656	59	74	1,163	1,088	547	527	890	886
Gross claims	-3,976	-3,562	-1,568	-1,894	-17	-11	-968	-828	-384	-95	-788	-775
Gross operating expenses	-791	-751	-430	-413	-7	-7	-192	-168	-81	-69	-125	-119
Profit/loss on ceded business	-194	-216	-344	-129	0	0	41	8	-1	-131	142	-1
Insurance technical interest, net of reinsurance	-6	-4	-2	3	0	0	-2	0	0	0	-1	1
Technical result	622	797	425	223	35	56	42	100	81	232	118	-8
Gross claims ratio	71.1	66.8	56.6	71.3	28.8	14.9	83.2	76.1	70.2	18.0	88.5	87.5
Combined ratio	88.8	85.0	84.6	91.7	40.7	24.3	96.2	90.8	85.2	56.0	86.6	101.0
Claims frequency a)	9.9%	9.7%	16.8%	16.9%	5.6%	10.6%	11.2%	12.5%	0.0%	0.0%	22.3%	17.5%
Average claims DKK b)	8,984	8,743	47,636	55,018	41,969	22,639	78,017	70,030	7,653,673	1,872,000	5,014	6,390
Total claims	442,157	427,228	34,352	33,861	1,060	2,689	11,500	12,545	55	49	156,604	121,236
	Other insurance		Total exclusive of Group Life		Group Life, one-year policies c)		Total					
	2020	2019	2020	2019	2020	2019	2020	2019				
Gross premiums written	52	49	22,869	21,760	783	803	23,652	22,563				
Gross premium income	54	55	22,103	21,129	550	612	22,653	21,741				
Gross claims	4	-14	-14,975	-14,351	-462	-506	-15,437	-14,857				
Gross operating expenses	5	-1	-3,152	-3,007	-50	-74	-3,202	-3,081				
Profit/loss on ceded business	9	-15	-502	-566	3	0	-499	-566				
Insurance technical interest, net of reinsurance	0	-1	-21	0	1	1	-20	1				
Technical result	72	24	3,453	3,205	42	33	3,495	3,237				
Gross claims ratio	-7.4	25.5	67.8	67.9	84.0	82.7	68.1	68.3				
Combined ratio	-33.3	54.5	84.3	84.8	92.5	94.8	84.5	85.1				
Total claims	8		130									

a) The claims frequency is calculated as the number of claims incurred in the year in proportion to the average number of insurance contracts in the year.
b) Average claims are total claims before run-off in the year relative to the number of claims in the year.
c) Group Life, one-year policies related to Norwegian Group Life and Aika Group Life.



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Notes

DKKm		2020	2019
3	Premium income, net of reinsurance		
	Direct insurance	23,388	22,353
	Indirect insurance	53	52
		23,441	22,405
	Unexpired risk provision	24	15
		23,465	22,420
	Ceded direct insurance	-1,467	-1,221
		21,998	21,198
	Direct insurance, by location of risk	2020	2020
		Gross	Ceded
	Denmark	14,606	-632
	Other EU countries	2,363	-282
	Other countries a)	6,443	-553
		23,412	-1,467
		2019	2019
		Gross	Ceded
	Denmark	13,649	-524
	Other EU countries	2,172	-229
	Other countries a)	6,547	-468
		22,368	-1,221
	a) Mainly Norway		
4	Insurance technical interest, net of reinsurance		
	Return on insurance provisions	37	166
	Discounting transferred from claims provisions	-57	-165
		-20	1
5	Claims, net of reinsurance		
	Claims	-16,567	-16,031
	Run-off previous years, gross	1,130	1,173
		-15,437	-14,857
	Reinsurance cover received	785	408
	Run-off previous years, reinsurers' share	15	20
		-14,637	-14,429
6	Insurance operating costs, net of reinsurance		
	Commissions regarding direct insurance contracts	-290	-265
	Other acquisition costs	-2,243	-2,193
	Total acquisition costs	-2,532	-2,458
	Administration expenses	-669	-623
	Insurance operating costs, gross	-3,202	-3,081
	Commission from reinsurers	170	227
		-3,032	-2,854
	<i>Administrative expenses include fee to the auditors appointed by the annual general meeting:</i>		
	Deloitte	-8	-8
		-8	-8
	<i>The fee is divided into:</i>		
	Statutory audit	-4	-3
	Other audit assignments	0	-1
	Tax advice	-1	-1
	Other services	-3	-3
		-8	-8
	Expenses have been incurred for the Group's Internal Audit Department.	9	-10
	Fees for non-audit services provide by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 4m (DKK 4m in 2019) and consist of various declaration tasks, mainly related to restructuring of investment setup and review of interim balances, objective tax advice and consulting services mainly related to GAP analysis and review, as well as other general accounting, consulting services and tax advice.		
	Insurance operating costs, gross, classified by type		
	Commissions	-290	-265
	Staff expenses	-1,971	-2,043
	Other staff expenses	-137	-187
	Office expenses, fees and headquarter expenses	-739	-649
	IT operating and maintenance costs, software expenses	-287	-255
	Depreciation, amortisation and impairment losses and write-downs	-106	-71
	Other income	328	388
		-3,202	-3,081
	Please refer to note 12 and 22 regarding lease recognised costs according to IFRS 16		
	<i>Insurance operating costs and claims include the following staff expenses:</i>		
	Salaries and wages	-2,796	-2,703
	Commission	-2	-4
	Allocated share options and matching shares	-18	-18
	Pension plans a)	-259	-308
	Other social security costs	-7	-6
	Payroll tax	-528	-484
		-3,610	-3,556
	a) In 2020 defined benefit plans were included with DKK 128m (DKK -35m in 2019). Remuneration for the Supervisory Board and Executive Board is disclosed in note 25 'Related parties'.		
	Average number of full-time employees during the year (continuing business)	4,278	4,123

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Notes

6 Matching shares and conditional shares

Matching shares

	Executi ve Board	Risk- takers	Other	Total	value per matching share at grant date DKK	Total value at time of allocation DKKm	Value per matching share at 31 December DKK	Total fair value at 31 December DKKm
2020								
Matching shares allocated in 2020	52,015	809	37,897	90,721	203	18	192	17
Allocated in 2011-2019	243,053	89,050	168,983	501,086	120	60	192	96
Cancelled	-14,328	-7,476	-40,572	-62,376	120	-7	192	-12
Exercised	-108,059	-12,287	-109,356	-229,702	120	-28	192	-44
Total 31.12.20	120,666	69,287	19,055	209,008	120	25	192	40

The Executive Board includes retired managers with a total of 0 units with a value of DKK 0m at 31.12.18

	Executi ve Board	Risk- takers	Other	Total	Average per matching share at grant date DKK	Total value at time of allocation DKKm	Value per matching share at 31 December DKK	Total fair value at 31 December DKKm
2019								
Matching shares allocated in 2019	53,308	0	0	53,308	166	9	198	11
Allocated in 2011-2018	189,745	89,473	168,560	447,778	114	51	198	89
Category changes and addition	0	-423	423	0	114	0	198	0
Cancelled	-14,328	-7,476	-40,525	-62,329	114	-7	198	-12
Exercised	-90,826	-9,960	-85,561	-186,347	114	-21	198	-37
Total 31.12.19	84,591	71,614	42,897	199,102	114	23	198	39

Matching shares

In 2011-2020, Tryg Forsikring entered into an agreement on matching shares, as a consequence of the Group's remuneration policy. Executive Board, Risk-takers and Other employees are allocated one share in Tryg A/S for each share they acquires in Tryg A/S at market rate for liquid cash at a contractually agreed sum over the 3- or 4-year deferral period.

In 2020, the recognised fair value of matching shares for the Group amounted to DKK 14m (DKK 11m in 2019). At 31 December 2020, a total amount of DKK 54m was recognised for matching shares.

Conditional shares

	Maximum obligation Shares	Recognised in income statement DKKm
2020		
Executive board	27,096	-5
Risk-takers	128,936	-9
Other	3,802	-1
2020 in total	159,834	-15
2018	61,833	-3
2019	83,528	-6
Total	305,195	-24

In 2018, 2019 and 2020, Tryg Forsikring allocated conditional shares in accordance with the Group's remuneration policy. The beneficiaries will receive shares in Tryg A/S if certain conditions are fulfilled over a period of up to 4 years. In 2020, the fair value of Conditional shares is prorated relative to the deferral period and recognised in the income statement amounted to DKK 24m (DKK 16m in 2019). The shares allocated in 2020 had an average weighted rate of 169 at grant date.

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Notes

DKKm	2020	2019
7 Interest and dividends		
<i>Interest income and dividends</i>		
Dividends	66	24
Interest income, cash at bank and in hand	2	1
Interest income, bonds	437	509
	506	534
<i>Interest expenses</i>		
Interest expenses subordinate loan capital and credit institutions	-95	-117
Interest expenses, other	-30	-61
	-126	-178
	380	356
8 Value adjustments		
<i>Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:</i>		
Equity investments	-153	463
Unit trust units	-358	114
Bonds	-233	120
Derivatives (Equity, Interest, Currency)	769	-103
	25	594
<i>Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:</i>		
Investment property	4	62
Owner-occupied property	0	-10
Discounting	-530	-351
Other statement of financial position items	611	159
	85	-140
	110	454
Exchange rate adjustments concerning financial assets or liabilities which cannot be stated at fair value total DKK -104m (DKK -97m in 2019)		
9 Other income and costs		
Other income amounts to DKK 88m (DKK 168m in 2019) and primarily relates to the sale of pensions products. In 2019 other income encompassed a one-off allowance regarding VAT of DKK 45m.		
Other costs amounted to DKK -259m (DKK -282m in 2019). The increase can primarily be attributed to depreciations related to trademarks, customer relationships and write-down of an agricultural portfolio by DKK 135m (DKK 157m).		
10 Tax		
Tax on accounting profit/loss	-797	-812
Difference between Danish and foreign tax rates	15	-41
Tax adjustment, previous years	10	-44
Tax on permanent differences	-56	100
Change in valuation of tax assets	53	0
Other taxes	-13	0
	-788	-797
Effective tax rate	%	%
Tax on accounting profit/loss	22.0	22.0
Difference between Danish and foreign tax rates	-0.5	1.0
Tax adjustment, previous years	0.0	1.5
Tax on permanent differences	1.5	-3.0
Change in valuation of tax assets	-1.5	0.0
Change in tax rate	0.0	0.0
Other taxes	0.0	0.0
	21.5	21.5



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Notes

DKKm

11 Intangible assets

	Goodwill	Trademarks and customer relations	Software a)	Assets under construction a)	Total
2020					
Cost					
Cost at 1 January	4,876	1,861	2,064	291	9,091
Exchange rate adjustments	9	4	-26	-6	-19
Transferred from assets under construction	0	0	249	-249	0
Additions for the year	0	0	112	188	300
Disposals for the year	0	0	-280	-3	-282
Cost at 31 December	4,885	1,864	2,120	221	9,090
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-104	-236	-1,389	1	-1,728
Exchange rate adjustments	0	-5	13	0	8
Amortisation for the year	0	-135	-193	0	-328
Impairment losses and write-downs for the year	0	0	-147	0	-147
Reversed amortisation	0	0	229	0	229
Amortisation and write-downs at 31 December	-104	-376	-1,488	1	-1,967
Carrying amount at 31 December	4,781	1,488	632	222	7,123
2019					
Cost					
Cost at 1 January	4,881	1,863	1,451	503	8,698
Exchange rate adjustments	-5	-2	2	2	-3
Transferred from asset under construction	0	0	459	-459	0
Additions for the year	0	0	173	244	418
Disposals for the year	0	0	-21	0	-21
Cost at 31 December	4,876	1,861	2,064	291	9,091
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-104	-81	-1,277	-2	-1,464
Exchange rate adjustments	0	2	-2	0	0
Amortisation for the year	0	-139	-121	0	-260
Impairment losses and write-downs for the year	0	-18	-7	0	-24
Reversed amortisation	0	0	17	3	20
Amortisation and write-downs at 31 December	-104	-236	-1,389	1	-1,728
Carrying amount at 31 December	4,772	1,625	675	292	7,363

a) Hereof proprietary software DKK 366m (DKK 494m at 31 December 2019)

Impairment test

Goodwill

The Value-in-use method is used when testing the Goodwill for impairment.

Primary assumptions for impairment test:

When assessing the cash flow management has based its estimates of premiums earned on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development from past experiences. The portfolio is indexed with the wage and salary index. Claims incurred are based on expected claims ratios, which corresponds to normalised large- and weather claims. Reinsurance is taken into account when looking at the overall technical result together with the expected cost ratio. Required returns are based on management's own requirements for returns of the individual cash generation units and are not expected to change significantly in the near future. COVID-19 has not have any effect on the assumptions related to impairment of Goodwill, Trademarks and Brand.

Alka

In 2018, Tryg Forsikring acquired Forsikrings-Aktieselskabet Alka. The insurance activities were incorporated into the Tryg Group's business structure from 8 November 2018. Comprises the sale of insurance products to private and commercial customers under the 'Alka' brand.

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

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

The impairment test shows a calculated value in use of approximately DKK 31.1bn (26.4bn) relative to a recognised goodwill of DKK 4.2bn (4.2bn) and does not indicate any impairment in 2020. According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 4.6% will result in a write down of goodwill.

	2020	2019
- Earned premium assumed CAGR 0 - 10 years	3%	3%
- Earned premium assumed CAGR > 10 years	2%	2%
- Required return before tax	7%	8%
- Expected level of Combined ratio	81%	81%

Sensitivity information

Impact on the calculated present value from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	1.4bn	1.2bn
CAGR -1.0 percentage point (0 - 10 years)	-1.3bn	-1.0bn
Required return +1.0 percentage point	-5.6bn	-4.1bn
Required return -1.0 percentage point	8.6bn	6.0bn
Combined ratio +1.0 percentage point	-1.6bn	-1.2bn
Combined ratio -1.0 percentage point	1.6bn	1.2bn

The above changes have no impact on equity.



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Notes

DKKm

11 Obos

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

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

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

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

The impairment test shows a calculated value in use of approximately DKK 0.5bn (0.3bn) relative to a recognised goodwill of DKK 49m (49m) and does not indicate any impairment in 2020.

According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 5.3% will result in a write down of goodwill.

	2020	2019
- Earned premium assumed CAGR 0 - 10 years	5%	4%
- Earned premium assumed CAGR > 10 years	2%	2%
- Required return before tax	10%	13%
- Expected level of Combined ratio	87%	87%

Sensitivity information

Impact on the calculated present value from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	25	14
CAGR -1.0 percentage point (0 - 10 years)	-23	-13
Required return +1.0 percentage point	-93	-48
Required return -1.0 percentage point	135	58
Combined ratio +1.0 percentage point	-47	-30
Combined ratio -1.0 percentage point	47	30

The above changes have no impact on equity.

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Notes

DKKm

11 Moderna

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

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

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit. Moderna portfolio consists from 1 January 2017 of Moderna, Securator and Skandia, which was prior to this date three separate cash-generating units. The reasons behind the merger of Securator and Skandia into Moderna, is that they are managed together as part of the Swedish business and reported under the segment "Sweden"

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

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

The impairment test shows a calculated value in use of approximately DKK 2.1bn (1.5bn) relative to a recognised goodwill of DKK 0.5bn (0.5bn) and does not indicate any impairment in 2020.

According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 4.1% will result in a write down of goodwill.

	2020	2019
- Earned premium assumed CAGR 0 - 10 years	2%	3%
- Earned premium assumed CAGR > 10 years	2%	2%
- Required return before tax	10%	11%
- Expected level of Combined ratio	90%	91%

Sensitivity information

Impact on the calculated present value from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	81	45
CAGR -1.0 percentage point (0 - 10 years)	-77	-42
Required return +1.0 percentage point	-337	-211
Required return -1.0 percentage point	480	288
Combined ratio +1.0 percentage point	-77	-177
Combined ratio -1.0 percentage point	81	177

The above changes have no impact on equity.

Trademarks and customer relations

As at 31 December 2020 management performed a test of the carrying amounts of customer relations as an integral part of the Moderna, Obos and Alka portfolio goodwill test.

An agricultural portfolio acquired in 2014 was impaired and written down in 2019 DKK 18m.

Software and assets under construction

As at 31 December 2020 management performed a test of the carrying amounts of software and assets under construction.

The impairment test compares the carrying amount with the estimated present value of future cash flows. The test did indicate an impairment of DKK 147m (DKK 7m) due to revaluation of the Groups IT-systems. The write-down is due to related system development costs will be higher, while for some of the systems benefits are also expected to be lower. The cost is recognised as write-downs under depreciations in the income statement.

Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value. Amortised software is assessed for impairment at the balance sheet date or when there are indications that the future cash flow cannot justify the carrying amount. In the event that the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement. The recoverable amount is the higher of fair value less sales costs and value in use.

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Notes

DKKm

12 Property, plant and equipment

	Operating equipment	Leases ROU equipment a)	Owner-occupied property	Leases ROU 'Group-occupied property b)	Total
2020					
Cost					
Cost at 1 January	360	76	0	912	1,348
Exchange rate adjustments	-4	0	0	-14	-18
Additions for the year	37	15	0	10	62
Disposals for the year	-146	-3	0	-4	-153
Cost at 31 December	247	88	0	904	1,239
Accumulated depreciation and value adjustments					
Accumulated depreciation and value adjustments at 1 January	-235	-46	0	-182	-463
Exchange rate adjustments	3	0	0	3	6
Depreciation for the year	-22	-18	0	-99	-140
Reversed depreciation and value adjustments	128	2	0	4	135
Accumulated depreciation and value adjustments at 31 December	-126	-62	0	-274	-462
Carrying amount at 31 December	121	26	0	630	777
2019					
Cost					
Cost at 1 January	320	64	112	762	1,258
Exchange rate adjustments	1	0	0	2	3
Additions for the year	69	29	0	175	272
Addition, purchase ogf Alka					0
Disposals for the year	-29	-17	-112	-27	-185
Cost at 31 December	360	76	0	912	1,348
Accumulated depreciation and value adjustments					
Accumulated depreciation and value adjustments at 1 January	-219	-20	0	-84	-323
Depreciation for the year	-26	-26	0	-98	-150
Reversed depreciation	10	0	10	0	20
Accumulated depreciation and value adjustments at 31 December	-235	-46	0	-182	-463
Carrying amount at 31 December	125	30	0	730	885

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

b) Lease assets (Right of use-assets), Group occupied property consists of leases of offices buildings. Contract terms are from 1 to 16 years and with yearly rent adjustments. Tryg has no lease contracts with variable lease payments based on sale or similar.

	2020	2019
13 Investment property		
Fair value at 1 January	1,151	1,345
Exchange rate adjustments	-30	6
Additions for the year	7	9
Disposals for the year	-15	-272
Value adjustments for the year	1	60
Reversed on sale	4	3
Fair value at 31 December	1,117	1,151

Total rental income for 2020 is DKK 65m (DKK 74m in 2019).

Total expenses for 2020 are DKK 13m (DKK 12m in 2019). External experts were involved in valuing the majority of the investment properties.

Return percentages, weighted average

Office property	5.8	5.4
Business property	7.5	5.4
Residential property	2.4	2.3
Total	5.3	5.1

Sensitivity

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

Impacts on the fair value of properties:

Increase in applied rate of return of 0.25%	-39	-37
Decrease in applied rate of return of 0.25%	42	39
Decrease in net rental income of 3%	-33	-34
Decrease in occupancy rate of 3%	-7	-8



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Notes

DKKm	2020	2019		
14 Equity investments in associates				
Cost				
Cost at 1 January	34	226		
Additions for the year	62	10		
Disposal for the year a)	0	-202		
Cost at 31 December	96	34		
Revaluations at net asset value				
Revaluations at 1 January	-34	16		
Reversed on sale	0	-40		
Value adjustments for the year	-47	-10		
Revaluations at 31 December	-81	-34		
Carrying amount at 31 December	15	0		
a) Ejendomsselskabet af 1. marts 2006 P/S, Denmark was sold in January 2019				
15 Financial assets	2020	2019		
Financial assets at fair value with value adjustments in the income statement	45,748	44,239		
Derivative financial instruments at fair value used for hedge accounting with value adjustment in other comprehensive income	0	0		
Receivables measured at amortised cost with value adjustment in the income statement	4,522	3,598		
Total financial assets	50,270	47,837		
Financial assets at amortised cost only deviate to a minor extent from fair value.				
Financial liabilities				
Derivative financial instruments at fair value with value adjustments in the income statement	990	728		
Derivative financial instruments at fair value with value adjustments in other comprehensive income	-93	72		
Financial liabilities at amortised cost with value adjustment in the income statement	14,109	12,608		
Total financial liabilities	15,007	13,408		
Information on valuation of subordinate loan capital at fair value is stated in note 1. Other financial liabilities measured at amortised cost only deviate to a minor extent from fair value.				
The Fair value hierarchy				
"Quoted market prices and consolidated reference prices" (level 1) consists of financial instruments that are quoted and traded in a principal and active market (markets generally accessible and with substantial volume and trade frequency)				
Valuation based on observable input (level 2) consists of financial instruments that are valued substantially on the basis of observable input other than quoted price or consolidated reference price for the instrument itself. If a financial instrument is quoted in a market that is not active, Tryg Forsikring bases its measurement on the most recent transaction price.				
Adjustment is made for subsequent changes to market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, Tryg Forsikring uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar liquid bonds.				
Valuation based on significant non-observable input (level 3) consist of certain financial instruments based substantially on non-observable input. Such instruments include unlisted shares, unit trust investments, some unlisted bonds and Deal Contingent Forwards.				
The fair value of Investment property is also based on non-observable input. Please refer to note 13 and accounting policies section Investment property.				
If, at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date. Developments in the financial markets can result in reclassifications between the categories. Some bonds have become illiquid and have therefore been moved from "Quoted prices or consolidated reference prices" to the "Observable input" category, while other bonds have become liquid and have been moved from "Observable input" to the "Quoted prices or consolidated reference prices" category.				
Fair value hierarchy for financial instruments and investment property measured at fair value in the statement of financial position				
	Quoted market prices or consolidated reference prices	Observable input	Non-observable input	Total
2020				
Investment property	0	0	1,117	1,117
Equity investments	177	2,399	35	2,611
Unit trust units	6,843	0	35	6,878
Bonds	31,619	2,720	0	34,339
Deposits with credit institutions	0	80	0	80
Derivative financial instruments, assets	6	1,834	0	1,840
Derivative financial instruments, debt	0	-897	0	-897
	38,645	6,136	1,186	45,968
2019				
Investment property	0	0	1,151	1,151
Equity investments	204	1,401	194	1,798
Unit trust units	2,387	6	31	2,424
Bonds	36,385	2,429	0	38,814
Deposits with credit institutions	0	75	0	75
Derivative financial instruments, assets	1	1,127	0	1,128
Derivative financial instruments, debt	0	-800	0	-800
	38,978	4,237	1,375	44,590
Bonds measured on the basis of observable inputs consist of Norwegian bonds issued by banks and to some extent Danish semi-liquid bonds, where no quoted prices based on actual trades are available.				



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DKKm		2020	2019							
15	Financial assets (continued)									
	Financial instruments transferred from "Quoted market prices or consolidated reference prices" to "Observable input"	1,021	0							
	Financial instruments transferred from "Observable input" or "Non-observable input" to "Quoted market prices or consolidated refer"	0	3,559							
	Financial instruments transferred from "Non-observable input" to "Observable input"	878	0							
	<i>Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:</i>									
	Carrying amount at 1 January	1,375	1,522							
	Exchange rate adjustments	-29	5							
	Gains/losses in the income statement a)	48	66							
	Purchases	111	192							
	Sales	-89	-410							
	Transfers to/from the group 'non-observable input'	-231	0							
	Carrying amount at 31 December	1,186	1,375							
	Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments	44	-1							
	a) Hereof realised DKK 53 (DKK 5m in 2019) Inflation derivatives are measured at fair value on the basis of non-observable input and are included under claims provisions at a fair value of DKK-709m (DKK -723m in 2019).									
	Financial assets									
	Reconciliation of Tryg Forsikring's Investment portfolio									
	2020	Bonds	Equity and unit trust units	Investment property	Derivatives and other items	Other lending	Total			
	Investment assets according to balancesheet	34,339	9,505	1,117	1,840	80	46,881			
	Investment assets according to investment activities									
	Other, hereof financial instrument in liabilities	-3,259			-630		-3,889			
	Classified according to investment strategy	4,398	-6,390	2,518	-445	-80	0			
	External clients	-1,274	-451	-829	83	0	-2,470			
	Tryg Forsikring's investment portfolio a)	34,204	2,664	2,806	849	0	40,523			
	Match portfolio	-27,169	-76		-849	0	-28,094			
	Free portfolio	7,035	2,588	2,806	0	0	12,429			
	2019									
	Investment assets according to balancesheet	38,814	4,222	1,151	1,128	75	45,390			
	Investment assets according to investment activities									
	Other, hereof financial instrument in liabilities	-2,458	0	0	-800	0	-3,257			
	Classified according to investment strategy	83	-1,517	1,756	-246	-75	0			
	External clients	-1,407	-520	-766	200	0	-2,493			
	Tryg Forsikring's investment portfolio a)	35,033	2,185	2,141	282	0	39,639			
	Match portfolio	-27,901	-21	0	-282	0	-28,203			
	Free portfolio	7,132	2,164	2,141	0	0	11,436			
	a) The setup of Tryg Invest is impacting Tryg Forsikring's balance sheet as external customers investments are booked under "total other financial investments" with opposing liabilities entries such as "debt to group undertakings" and "other debt".									
	Derivative financial instruments									
	<i>Derivatives with value adjustments in the income statement at fair value:</i>									
		2020		Fair value in statement of financial position		2019		Fair value in statement of financial position		
		Nominal		Nominal		Nominal		Nominal		
	Interest derivatives	29,420	645	17,163	304					
	Share derivatives	69	12	167	3					
	Exchange rate derivatives	12,562	286	7,531	20					
	Derivatives according to statement of financial position	42,052	943	24,861	328					
	Inflation derivatives, recognised in claims provisions	7,280	-709	7,741	-724					
	Total derivative financial instruments	49,331	234	32,602	-396					
	Due after less than 1 year	12,860	303	7,833	-26					
	Due within 1 to 5 years	24,356	-693	20,323	2,572					
	Due after more than 5 years	12,116	624	4,445	-2,942					
	Derivatives, repos and reverses are used continuously as part of the cash and risk management carried out by Tryg Forsikring and its portfolio managers.									
	Derivative financial instruments used in connection with hedging of foreign entities for accounting purposes									
	<i>Income</i>	2020		2019						
		Gains	Losses	Net	Gains	Losses	Net			
	Gains and losses at 1 January	3,291	-3,099	191	3,100	-2,890	210			
	Value adjustments for the year	463	-336	127	191	-209	-19			
	Gains and losses at 31 December	3,753	-3,435	318	3,291	-3,099	191			
	Value adjustments					2020	2019			
	<i>Value adjustments of foreign entities recognised in other comprehensive income in the amount of:</i>									
	Value adjustments at 1 January					-170	-202			
	Value adjustment for the year					-55	32			
	Value adjustments at 31 December					-225	-170			
	Financial assets (continued)									
	Receivables									
	Total receivables in connection with direct insurance contracts					1,674	1,727			
	Receivables from insurance enterprises					270	240			
	Receivables from Group undertakings					516	170			
	Unsettled transactions					120	401			
	Other receivables					547	175			
						3,127	2,713			
	<i>Specification of write-downs on receivables from insurance contracts:</i>									
	Write-downs at 1 January					136	139			
	Exchange rate adjustments					-5	1			
	Write-downs and reversed write-downs for the year					-13	-3			
	Write-downs at 31 December					118	136			
	Receivables are written down in full when submitted for debt collection. The write-down is reversed if payment is subsequently received from debt collection and amounts to DKK 37m (DKK 39m in 2019).									



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Notes

DKKm

16 Reinsurer's share

Impairment test

As at 31 December 2020, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts and receivables. The impairment test resulted in impairment charges totalling DKK 0m (DKK 0m in 2019). The use of reinsurance creates a natural counterparty risk. The Risk will be handled by applying a wide range of reinsurers" with at least an 'A' rating.

17 Current tax

	2020	2019
Net current tax at 1 January	-91	-131
Exchange rate adjustments	7	-2
Change to opening figure	95	-49
Current tax for the year	-926	-748
Current tax on equity entries	-28	4
Adjustment of current tax in respect of previous years	0	10
Tax paid for the year	616	825
Net current tax at 31 December	-327	-91

Current tax is recognised in the statement of financial position as follows:

Under assets, current tax	30	33
Under liabilities, current tax	-357	-125
Net current tax	-327	-91

Due to IFRIC 23, uncertain tax positions should be valued and recognized in the tax balance. Tryg Forsikring A/S has asked the Danish tax authorities for a repayment of tax for unused tax loss in the closed Finnish branch in 2012. 80% of the expected tax repayment has been included in the balance of actual tax.

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Notes

DKKm		2020	2019
18 Premium provisions			
Premium provision at 1 January		5,996	5,861
Value adjustments of provisions, beginning of year		-52	2
Paid in the financial year		23,820	22,660
Change in premiums in the financial year		-23,714	-22,530
Exchange rate adjustments		-13	4
		6,036	5,996
18 Claims provisions			
2020	Gross	Ceded	Net of reinsurance
Claims provisions at 1 January	24,859	-1,285	23,574
Value adjustments of provisions, beginning of year	-402	37	-365
	24,457	-1,248	23,210
Paid in the financial year in respect of the current year	-8,691	199	-8,492
Paid in the financial year in respect of prior years	-7,005	808	-6,197
	-15,695	1,006	-14,689
Change in claims in the financial year in respect of the current year	16,650	-711	15,940
Change in claims in the financial year in respect of prior years	-1,071	-91	-1,162
	15,579	-802	14,777
Discounting and exchange rate adjustments	616	-43	573
	24,957	-1,087	23,871
2019	Gross	Ceded	Net of reinsurance
Claims provisions at 1 January	24,847	-1,234	23,613
Addition, purchase of Obos portfolio	0	0	0
Value adjustments of provisions, beginning of year	65	-7	58
	24,912	-1,241	23,671
Paid in the financial year in respect of the current year	-8,414	158	-8,255
Paid in the financial year in respect of prior years	-7,082	262	-6,820
	-15,496	420	-15,076
Change in claims in the financial year in respect of the current year	16,050	-397	15,653
Change in claims in the financial year in respect of prior years	-1,117	-65	-1,182
	14,933	-462	14,471
Discounting and exchange rate adjustments	510	-1	509
	24,859	-1,285	23,574

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Notes

DKKm	2020	2019
19 Pensions and similar obligations		
Jubilees	45	53
Compensation liability	51	0
Recognised liability	96	53
<i>Defined-benefit pension plans:</i>		
Present value of pension obligations funded through operations	34	51
Present value of pension obligations funded through establishment of funds	0	1,139
Pension obligation, gross	34	1,190
Fair value of plan assets	0	940
Pension obligation, net	34	250
<i>Specification of change in recognised pension obligations:</i>		
Recognised pension obligation at 1 January	1,190	1,105
Adjustment regarding plan changes not recognised in the income statement and expected estimate deviation	-1,059	0
Exchange rate adjustments	-84	16
Present value of pensions earned during the year	0	31
Capital cost of previously earned pensions	1	22
Actuarial gains/losses	-6	73
Paid during the period	-7	-57
Recognised pension obligation at 31 December	34	1,190
<i>Change in carrying amount of plan assets:</i>		
Carrying amount of plan assets at 1 January	940	875
Adjustment regarding plan changes not recognised in the income statement and expected estimate deviation	-874	0
Exchange rate adjustments	-66	13
Investments in the year	0	72
Estimated return on pension funds	0	18
Paid during the period	0	-37
Carrying amount of plan assets at 31 December	0	940
Total pensions and similar obligations at 31 December	34	250
Total recognised obligation at 31 December	130	303
<i>Specification of pension cost for the year:</i>		
Present value of pensions earned during the year	0	26
Interest expense on accrued pension obligation	-128	21
Expected return on plan assets	1	-17
Accrued employer contributions	0	5
Total year's cost of defined-benefit plans	-128	35
The premium for the following financial years is estimated at	1	35
Number of active persons	0	407
Number of pensioners	127	581
Average expected remaining service time (years)	0	6.29
Estimated distribution of plan assets:	%	%
Shares	0	10
Bonds	0	75
Property	0	13
Other	0	2
Average return on plan assets	0.0	1.9
Weighted average duration of the defined benefit obligation (years)	8	13
<i>Assumptions used</i>		
Discount rate	%	%
Estimated return on pension funds	1.2	1.6
Salary adjustments	1.2	1.6
Pension adjustments	2.3	2.3
G adjustments	0.0	0.7
Turnover	2.0	2.0
Employer contributions	7.0	7.0
Mortality table	19.1	19.1
	K2013	K2013

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Notes

DKKm	2020	2019
19 Sensitivity information		
The sensitivity analysis is based on a change in one of the assumptions, assuming that all other assumptions remain constant. In reality, this is rarely the case, and changes to some assumptions may be subject to covariance. The sensitivity analysis has been carried out using the same method as the actuarial calculation of the pension provisions in the statement of financial position.		
<i>Impact on equity from the following changes:</i>		
Interest rate increase of 0.3 percentage point	1	57
Interest rate decrease of 0.3 percentage point	-1	-61
Pay increase rate, increase of 1 percentage point	0	-83
Pay increase rate, decrease of 1 percentage point	0	74
Turnover, increase of 2 percentage point	0	38
Turnover, decrease of 2 percentage point	0	-45
<i>Due to the termination of the largest part of the plan only minor sensitivities are left.</i>		
Description of the Norwegian plan		
In the Norwegian part of the Group, about half of the employees had a defined-benefit pension plan. The plans were based on the employees' expected final pay. The secured employee part of the plan has been terminated as of 01 January 2020. Tryg Forsikring agreed with the Norwegian employees to replace the defined benefit pension scheme (for employees with a high seniority) with a market based pension scheme in a life insurance company, this had a total positive net impact of DKK 128m.		
The pension funds and liability was transferred to Livsforsikringsselskapet Nordea Liv AS as of the termination date.		
Description of the Swedish plan		
Moderna Försäkringar, a branch of Tryg Forsikring A/S, complies with the Swedish industry pension agreement, the FTP plan, which is insured with Försäkringsbranschens Pensionskassa - FPK.		
Under the terms of the agreement, the Group's Swedish branch has undertaken, along with the other businesses in the collaboration, to pay the pensions of the individual employees in accordance with the applicable rules.		
The FTP plan is primarily a defined-benefit plan in terms of the future pension benefits. FPK is unable to provide sufficient information for the Group to use defined-benefit accounting. For this reason, the Group has accounted for the plan as if it were a defined-contribution plan in accordance with IAS 19.30.		
This year's premium paid to FPK amounted to DKK 10m (DKK 12m in 2019), which is about 2.2 % of the annual premium in FPK (2019). FPK writes in its Annual report for 2019 that it had a solvency ratio of 137 at 31 December 2019 (Solvency ratio of 134 at 31 December 2018). The Solvency Ratio is defined as the own funds relativ to the solvency capital requirement.		
20 Deferred tax		
Tax asset		
Operating equipment	11	14
Debt and provisions	77	65
Capitalised tax loss	0	1
	88	80
Tax liability		
Intangible rights	416	429
Land and buildings	79	77
Bonds	-42	-59
Contingency funds	487	544
	939	991
Deferred tax	851	911
Development in deferred tax		
Deferred tax at 1 January	911	912
Exchange rate adjustments	-30	5
Purchase or sale of activity	0	5
Change to opening figure	32	34
Change to deferred tax rate on opening figures	-3	6
Change in deferred tax recognised in income statement	-81	-32
Change in tax on tax loss to carry forward	0	-1
Change in deferred tax taken to equity	22	-18
Deferred tax at 31 December	851	911
The loss in Tryg A/S cannot be utilised in the Danish joint taxation scheme. The loss can be carried forward indefinitely. Loss determined according to Swedish, Finnish, German and Austrian rules can be carried forward indefinitely. In Netherlands tax losses can be carried forward 6 years. The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to offset the tax loss.		
The total current and deferred tax relating to items recognised in equity is recognised in the statement of financial position in the amount of DKK 50m (DKK 22m at 31 December 2019)		
21 Other provisions		
Other provisions at 1 January	86	111
Change in provisions	-29	-26
Other provisions 31 December	57	86
Other provisions relate to provisions for the Group's own insurance claims and restructuring costs. Additions to the provision for restructuring costs during the year amounts to DKK 14m (DKK 0m in 2019) and use of existing restructuring provision amounts to DKK 42m (DKK 26m in 2019). The balance as at 31 December 2020 excluding own insurances amounts to DKK 47m (DKK 80m at 31 December 2019).		



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Notes

DKKm	2020	2019			
22 Other debt and debt to group undertakings					
Debt related to external customers investments amounts to DKK 2,470m (DKK 2,493m in 2019 please refer to note 15 Tryg Forsikring's investment portfolio.)					
Other debt					
Maturity of undiscounted lease liabilities					
Due 1 year or less	134	155			
Due 1 - 5 years	345	489			
Due more than 5 years	411	476			
Total Lease Liabilities 31 December	890	1,121			
Lease liabilities included in the statement of financial position					
Hereof future cashflow Options	66	64			
Amounts recognised in statement of cash flow					
Total cash out-flow for leases	139	147			
Amounts recognised in income statement					
Interest on lease liabilities	-36	-39			
There are no short term-leases recognised in the financial statement. Debt related to Leasing are included in Other debt. Please refer to note 12 for specification of ROU assets.					
23 Solvency II - Own funds					
Equity according to annual report	12,438	12,214			
Proposed dividend	-529	-1,012			
Intangible assets	-7,123	-7,363			
Profit margin, solvency purpose	1,408	1,408			
Taxes	201	259			
Subordinate loan capital	2,663	2,744			
Solvency II - Own funds	9,058	8,249			
24 Contractual obligations, collateral and contingent liabilities					
Contractual obligations	Obligations due by period				
2020	<1 year	1-3 years	3-5 years	> 5 years	Total
Other contractual obligations ^{a)}	580	532	303	4	1,419
	580	532	303	4	1,419
2019	<1 year	1-3 years	3-5 years	> 5 years	Total
Other contractual obligations	613	497	141	4	1,255
	613	497	141	4	1,255
a) Other contractual obligations mainly consists of IT and outsourcing agreements. Please refer to note 12 for lease agreements recognised as ROU.					



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Notes

DKKm

24 2020

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

Tryg Forsikring is committed to invest in some investment funds. The commitment amounts to DKK 934m. DKK 265m are expected called during 2021 and additionally DKK 535m within 5 years. Tryg Forsikring has signed IT infrastructure agreements with commitments amounting to DKK 357m within 5 years.

2019

Tryg Forsikring is committed to invest in some investment funds. The commitment amounts to DKK 1,015m. DKK 399m are expected called during 2020 and additionally DKK 525m within 5 years.

Contractual obligations, collateral and contingent

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

Tryg Livsforsikring A/S and Forsikrings-Aktieselskabet Alka Liv II

have registered the following assets as having been held as security for the insurance provisions:

	2020	2019
Bonds	1,141	1,096
Interest and rent receivable	4	5
Total	1,145	1,101

24 Offsetting and collateral in relation to financial assets and obligations

	Gross amount before offsetting	Offsetting	According to the statement of financial position	Collateral which is not offset in the statement of financial position		Net amount
				Bonds as collateral for repos/reverse repos	Collateral in cash	
2020						
Assets						
Derivative financial instruments	1,840	0	1,840	0	-1,850	-9
Inflation derivatives, recognised in claims provisions	3	0	3	0	-3	0
	1,843	0	1,843	0	-1,852	-9
Liabilities						
Repo debt	3,259	0	3,259	-3,259	-2	-2
Derivative financial instruments	897	0	897	0	-916	-19
Inflation derivatives, recognised in claims provisions	712	0	712	0	-710	2
	4,869	0	4,869	-3,259	-1,628	-18
2019						
Assets						
Derivative financial instruments	1,128	0	1,128	0	-1,247	-119
	1,128	0	1,128	0	-1,247	-119
Liabilities						
Repo debt	2,601	0	2,601	-2,602	-1	-2
Derivative financial instruments	800	0	800	0	-676	124
Inflation derivatives, recognised in claims provisions	724	0	724	0	-656	68
	4,125	0	4,125	-2,602	-1,332	190

Contingent liabilities

Price adjustments 2016-2020

At the end of October (2020) Tryg Forsikring received the ForbrugerOmbudsmand's (FO or Consumer Ombudsman) assessment of the case. In FO's opinion Tryg was not complying with regulations on price adjustments for residential customers when increasing prices above indexation between March 2016 and February 2020. The case is related to a part of the private portfolio in Denmark.

Based on this assessment the FO is concluding that certain customers may have a recovery claim against Tryg Forsikring.

Tryg Forsikring does not agree with the FO's assessment as the company believes it has followed the guidelines stated by the Danish FSA in terms of price increases.

Tryg Forsikring is in a process with the FO in order to gain a better understanding of the FO assessment of the case.

Other

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

Management believes that the outcome of these disputes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 31 December 2020.

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Notes

DKKm

25 Related parties

Tryg Forsikring A/S has no related parties with a decisive influence other than the parent company Tryg A/S, TryghedsGruppen smba and the subsidiaries of TryghedsGruppen smba (Other related parties). Related parties with significant influence include the Supervisory board, Executive Board and their members' families.

	2020	2019
Premium income		
- Parent company (TryghedsGruppen smba)	0.5	0.5
- Key management	0.5	0.4
- Other related parties	3.4	3.1
Claims payments		
- Parent company (TryghedsGruppen smba)	0.1	0.0
- Key management	0.2	0.2
- Other related parties	0.4	0.5

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Notes

DKKm

25 Related parties (continued)

Specification of remuneration

2020	Number of persons	Share-based		Cash	Pension	Total
		Base salary	Variable salary a)	Variable salary		
Supervisory Board	14	9	0	0	0	9
Executive Board	4	29	11	0	7	47
Risk-takers investment functions	9	13	1	2	2	18
Risk-takers staff functions	20	36	5	8	6	56
Risk-takers independent control functions	5	9	0	1	1	11
Risk-takers other functions	20	42	7	7	7	63
	72	138	25	18	24	205

a) Total expenses recognised in 2020 for matching shares and conditional shares allocated in 2020 and previous year. For matching shares and conditional shares allocated to Executive Board in 2020 for fiscal year 2020, please refer to "Corporate governance" in Management review.

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

2019	Number of persons	Share-based		Cash	Pension	Total a)
		Base salary	Variable salary	Variable salary		
Supervisory Board	14	9	0	0	0	9
Executive Board	4	27	5	0	7	39
Risk-takers investment functions	7	10	0	1	1	12
Risk-takers staff functions	20	31	4	4	6	45
Risk-takers independent control functions	5	8	0	0	1	9
Risk-takers other functions	18	41	1	6	6	54
	68	126	11	11	21	169

a) Exclusive of severance pay

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

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

The members of the Supervisory Board in Tryg A/S are paid with a fixed remuneration and are not covered by the incentive schemes. The members of the Executive Board is paid a fixed remuneration, car allowance and pension. The variable salary is awarded in the form of share-based remuneration. Please refer to 'Corporate governance'.

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

Risk-takers are defined as employees whose activities have a significant influence on the company's risk profile. The Supervisory Board decides which employees should be considered as risk-takers.

Parent company

In 2020 Tryg Forsikring A/S paid Tryg A/S DKK 2,598m (2,039m in 2019)

Intra-group trading involved:

- Providing and receiving services	2020	2019
	36	18

Intra-group transactions

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

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

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

26 Financial highlights

Please refer to page 41

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Note 27

ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December 2020 and the additional Danish disclosure requirements of the Danish Financial Business Act on annual reports prepared by listed financial services companies. The annual report of the parent company is prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA. The deviations from the recognition and measurement requirements of IFRS are:

- The Danish FSA's executive order does not allow provisions for deferred tax of contingency reserves allocated from untaxed funds. Deferred tax and the other comprehensive income of the parent company have been adjusted accordingly on the transition to IFRS.

The following deviations are only relevant in relation to presentation between the group and parent:

- "The Executive order on financial reports by insurance companies and lateral pension funds" issued by the Danish FSA from 1 January 2016 implement elements from the Solvency II regime, which sets down the basic principles for calculation of insurance provisions:
 - Best estimate of the present value of expected future cash flows for incurred insurance
 - A risk margin to cover the risk of deviation between best estimate and final execution of future cash flows
 - An interest rate curve laid down for Solvency II. Tryg Forsikring uses the interest rate curve without adjustment.
- Solvency II incorporates the expected profit in the capital base at the time when insurance is incurred.
- Premium income represents gross premiums written during the year, net of reinsurance premiums and adjusted for changes in premium provisions, corresponding to an accrual of premiums to the risk period of the policies, in the reinsurers' share of the premium provisions, and the change in profit margin and risk margin.
- Technical interest, unwinding and discounting is presented as part of return and value adjustment on insurance provisions
- Changes in risk margin related to claims provisions are deducted and presented in a separate line, change in risk margin.
- Premium provisions are stated at the present value of the best estimate of the expected payments for future insurance events covered by existing insurance policies. In Tryg Forsikring insurances are mainly signed for one year. Expected payments include claims and costs for claims handling, other costs as well as bonus and discounts.
- Profit margin is the expected profit of the remaining period of cover for written insurance. Profit margin is calculated as the difference between premiums for future periods of cover for written insurance, and the expected payments included in premium provision. The profit margin is deducted with the portion of the risk margin attributable to the settlement of premium provision. If expected present value of future payments and risk margin for a portfolio of insurance policies with similar risks exceeds the premium, the profit margin for this portfolio is recognised at zero.

Changes in the present value of the expected payments as a result of the change in the yield curve, as well as unwinding of the profit margin are transferred to Return and value adjustment on insurance provisions. Claims provisions are calculated at present value of best estimate of incurred claims, covered by incurred insurance. Risk margin is the amount a business will have to pay any acquirer of an insurance portfolio for taking over the risk that the actual expenses in connection with settlement of insurance provisions deviate from best estimate. At Tryg Forsikring, the risk margin is calculated using a method equivalent to the Solvency II risk margin based on a "Cost of Capital" method.

- Depreciation related to some intangible assets, such as customer relationship and distribution will be presented in the line item "Acquisition costs and administration expenses".

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Change in accounting policies

Tryg Forsikring has not implemented any new significant accounting policies or IFRS standards in 2020. The accounting policies have been applied consistently with last year.

Accounting regulation

Implementation of changes to accounting standards and interpretation in 2020

The International Accounting Standards Board (IASB) has issued several changes to the international accounting standards, and the International Financial Reporting Interpretations Committee (IFRIC) has also issued a number of interpretations. No standards have been implemented for the first time for the accounting year that began on 1 January 2020 that will have a significant impact on the group. See below regarding IFRS 9 'Financial instruments'

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

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

There are a number of revised IFRS the Tryg Forsikring has not implemented, and which have still not entered into force:

- IFRS 9 (Financial Instruments) ¹⁾
- IFRS 17 (Insurance Contracts) ²⁾

¹⁾ Enters into force for the accounting year commencing 1 January 2018 - Insurance companies are allowed to postpone the implementation to 1 January 2023 if certain criteria are met.

²⁾ Expected to enter into force for the accounting year commencing 1 January 2023.

The implementation of IFRS 9 (Financial Instruments) is not expected to significantly change Tryg Forsikring's financial position. The assessment of no significant impact on the statement of financial position or profit and loss is based on the assumption that the Tryg Group already carries all financial instruments at fair value through profit and loss. Tryg Forsikring has postponed the implementation of IFRS 9 (Financial Instruments) to January 1, 2023 when IFRS 17 (Insurance Contracts) will be applicable.

Tryg Forsikring has postponed the implementation of IFRS 9 (Financial Instruments) due to the fact that its activities are predominantly connected with insurance and that its liabilities connected with insurance is relatively greater than 80% of the total liabilities. The impact of IFRS 17 (Insurance Contracts) is currently being assessed in a structured and formal manner and is expected to be concluded in due course ahead of the implementation date. Whilst Tryg Forsikring anticipates minor changes in certain of its key figures, such as premiums growth and claims ratio as a result of changes to the definitions of premiums and costs under IFRS 17 (Insurance Contracts), Tryg Forsikring currently expects that the implementation of IFRS (Insurance Contracts) will not significantly change Tryg Forsikring's financial position, including in relation to its technical result or profit/loss after tax.

Significant accounting estimates and assessments

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

- Liabilities under insurance contracts
- Valuation of defined benefit plans
- Fair value of financial assets and liabilities
- Valuation of property
- Business Combinations
- Measurement of goodwill, Trademarks and Customer relations
- Control of subsidiaries

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Liabilities under insurance contracts

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

Claims provisions are management's best estimate based on actuarial and statistical projections of claims and administration of claims including a margin incorporating the uncertainty related to the range of actuarial scenarios and other short and long-term risks not reflected in standard actuarial models. The projections are based on Tryg Forsikring's knowledge of historical developments, payment patterns, reporting delays, duration of the claims settlement process and other factors that might influence future developments in the liabilities.

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

The calculation of the claims provisions is therefore inherently uncertain and, by necessity, relies upon the making of certain assumptions as regards factors such as court decisions, amendments to legislation, social inflation and other economic trends, including inflation. The Group's actual liability for losses may be subject to material positive or negative deviations relative to the initially estimated claims provisions.

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

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

Several assumptions and estimates underlying the calculation of the claims provisions are mutually dependent. This has the greatest impact on assumptions regarding interest rates and inflation.

Defined benefit pension schemes

The Group has terminated our defined-benefit plan in Norway as of 01 January 2020. A defined-benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, depending on age, years of service and salary.

As part of the termination of the defined-benefit plan, an agreement of compensation to the employees covered by the plan was agreed. A liability has been established to cover the expected compensation to be paid to the employees upon retirement from the company. If the employee leaves before retirement only a part of the compensation is paid.

Fair value of financial assets and liabilities

Measurements of financial assets and liabilities for which prices are quoted in an active market or which are based on generally accepted models with observable market data are not subject to material estimates. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using a current OTC price of a similar financial instrument or using a model calculation. The valuation models include the discounting of the instrument cash flow using an appropriate market interest rate with due consideration for credit and liquidity premiums.

Valuation of property

The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return in percent. Investment property is recognised at fair value. The calculation of fair value is based on market prices, taking into consideration the type of property, location and maintenance standard, and based on a market-determined rental income as well as operating expenses in proportion to the property's required rate of return. Please refer to the note 12, 13 and 15 in Tryg Forsikring group.

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Business combinations

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

Measurement of goodwill, trademarks and customer relations

Goodwill, trademarks and customer relations were acquired in connection with acquisition of businesses. Goodwill is allocated to the cash-generating units under which management manages the investment. The carrying amount is tested for impairment at least annually. Impairment testing involves estimates of future cash flows and is affected by several factors, including discount rates and other circumstances dependent on economic trends, such as customer behaviour and competition. Please refer to the note 11.

Control of subsidiaries

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

Description of accounting policies

Recognition and measurement

The annual report has been prepared under the historical cost convention, as modified by the revaluation of owner-occupied property, where increases are recognised in other comprehensive income, and revaluation of investment property, financial assets held for trading and financial assets and financial liabilities (including derivative instruments) at fair value in the income statement.

Assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the Group, and the value of such assets can be measured reliably. Liabilities are recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the group, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost, with the exception of financial assets, which are recognised at fair value. Measurement initial recognition is affected as described below for each item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the statement of financial position date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement unless otherwise described below.

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

Consolidation

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Tryg A/S (the parent company) and the enterprises (subsidiaries) controlled by the parent company. The parent company is regarded as controlling an enterprise when it:

1. exercises a controlling influence over the relevant activities in the enterprise in question,
2. is exposed to or has the right to a variable return on its investment, and
3. can exercise its controlling influence to affect the variable return.

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

Basis of consolidation

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

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



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On consolidation, intra-group income and costs, intra-group accounts and dividends, and gains and losses arising on transactions between the consolidated enterprises are eliminated. Items of subsidiaries are fully recognised in the consolidated financial statements.

Business combinations

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

The purchase method is applied for new acquisitions if the Group gains control of the acquired enterprise. Subsequently, identifiable assets, liabilities and contingent liabilities in the acquired enterprises are measured at fair value at the date of acquisition. Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less expected selling costs. Restructuring costs are recognised in the pre-acquisition balance sheet only if they constitute an obligation for the acquired enterprise. The tax effect of revaluations is taken into account. The acquisition price of an enterprise consists of the fair value of the price paid for the acquired enterprise.

If the final determination of the price is conditional upon one or more future events, such events are recognised at their fair values at the date of acquisition. Costs relating to the acquisition are recognised in the income statement as incurred.

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

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

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

Generally, subsequent changes in estimates of conditional acquisition prices are recognised directly in the income statement.

Currency translation

A functional currency is determined for each of the reporting entities in the group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency using the exchange rate applicable at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rates applicable at the statement of financial position date. Translation differences are recognised in the income statement under price adjustments.

On consolidation, the assets and liabilities of the Group's foreign operations are translated using the exchange rates applicable at the statement of financial position date. Income and expense items are translated using the average exchange rates for the period. Exchange rate differences arising on translation are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the activities are divested. All other foreign currency translation gains and losses are recognised in the income statement. The presentation currency in the annual report is DKK.



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Segment reporting

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

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

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

Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment and those items that can be allocated to the individual segments on a reliable basis. Unallocated items primarily comprise assets and liabilities concerning investment activity managed at group level.

Key ratios

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

Income statement

Premiums

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

Premiums are calculated as premium income in accordance with the risk exposure over the cover period, calculated separately for each individual insurance contract. The calculation is generally based on the pro rata method, although this is adjusted for an unevenly divided risk between lines of business with strong seasonal variations or for policies lasting many years.

The portion of premiums received on contracts that relate to unexpired risks at the statement of financial position date is reported under premium provisions.

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

Technical interest

According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The calculated interest return for grouped classes of risks is calculated as the monthly average provision plus an actual interest from the present yield curve for each individual group of risks. The interest is applied according to the expected run-off pattern of the provisions.

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

Claims

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

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

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

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

Bonus and premium discounts

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

Insurance operating expenses

Insurance operating costs represent acquisition costs and administration expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Underwriting commission is recognised when a legal obligation occurs. Administration expenses are all other expenses attributable to the administration of the insurance portfolio. Administration expenses are accrued to match the financial year.

Share-based payment

Tryg Forsikring's incentive programmes comprise an employee bonus scheme and incentive programmes for executive board, risk takers and other employees.

Employee bonus scheme

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

Conditional shares

Other risk takers have been allotted conditional shares in accordance with the incentive programme for risk takers.

Equity-settled conditional shares are measured at the fair value at the allotment date and recognised under staff costs over the period from the allotment date until the end of the deferral period (the transfer date), where the holder receive free shares. The shares are recognised at market value and are accrued from one to four years.

Matching shares

As part of the matching shares-program for the executive board members, members of the board have bought investment shares in Tryg A/S at market price, using taxed funds, for up to the amount decided by the Supervisory Board.

Other incentive program participants who are not risk takers have also bought investment shares as part of their incentive program.

The purchase of investment shares entitles the holder to a number of matching shares, corresponding to the number of investment shares which the holder has bought. The shares (matching shares) are provided free of charge, four (Executive Board) or three years (other participants) after the time of purchase of the investment shares. The holder may not sell the shares until six months after the matching date.

The shares are recognised at market value and are accrued over the four and tree year maturation period, based on the market price at the time of acquisition. Recognition is from the end of the month of acquisition under staff expenses with a balancing entry directly in equity. If the holder retires during the maturation period but remains entitled to shares, the remaining expense is recognised in the current accounting year.

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Investment activities

Income from associates includes the group's share of the associates' net profit.

Income from investment properties before fair value adjustment represents the profit from property operations less property management expenses.

Interest and dividends represent interest earned and dividends received during the financial year. Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of investment property, foreign currency translation adjustments and the effect of movements in the yield curve used for discounting, are recognised as value adjustments.

Investment management charges represent expenses relating to the management of investments including salary and management fees on the investment area. The external investors share of the result in Kapitalforeningen Tryg Invest Funds and Tryg Invest Real Estate are either deducted (in case of a profit) from or added (in case of a loss) to the investment result.

Other income and expenses

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

Discontinued and divested business

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

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

Statement of financial position

Intangible assets

Goodwill

Goodwill is acquired in connection with acquisition of business. Goodwill is calculated as the difference between the cost of the undertaking and the fair value of acquired identifiable assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is allocated to the cash-generating units under which management manages the investment and is recognised under intangible assets. Goodwill is not amortised but is tested for impairment at least once a year.

Trademarks and customer relations

Trademarks and customer relations have been identified as intangible assets on acquisition. The intangible assets are recognised at fair value at the time of acquisition and amortised on a straight-line basis over the expected economic lifetime of 5–15 years.

Software

Acquired computer software licences are capitalised on the basis of the costs incidental to acquiring and bringing to use the specific software. The costs are amortised based on an estimated economic lifetime of up to 8 years.

Costs for group developed software that are directly connected with the production of identifiable and unique software products, where there is sufficient certainty that future earnings will exceed the costs in more than one year, are reported as intangible assets. Direct costs include personnel costs for software development and directly attributable relevant fixed costs. All other costs connected with the development or maintenance of software are continuously charged as expenses.

After completion of the development work, the asset is amortised according to the straight-line method over the assessed economic lifetime, though over a maximum of 8 years. The amortisation basis is reduced by any impairment and write-downs.



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Assets under construction

Group-developed intangibles are recorded under the entry "Assets under construction" until they are put into use, whereupon they are reclassified as software and are amortized in accordance with the amortization periods stated above.

Fixed assets

Operating equipment

Fixtures and operating equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost encompasses the purchase price and costs directly attributable to the acquisition of the relevant assets until the time when such assets are ready to be brought into use.

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

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

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

Gains and losses on disposals and retired assets are determined by comparing proceeds with carrying amounts. Gains and losses are recognised in the income statement. When revalued assets are sold, the amounts included in the revaluation reserves are transferred to retained earnings.

Leasing

Right-of-use assets

At inception of a contract, Tryg Forsikring assesses whether a contract is, or contains, a lease. It has the following prerequisites:

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

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

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

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

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

ROU assets are tested for impairment.

Lease liability

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

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Land and buildings

Land and buildings are divided into owner-occupied property and investment property. Tryg Forsikring has sold the owner-occupied property in Høje Taastrup and do no longer have any owner-occupied properties. All remaining properties are classified as investment property.

Investment property

Properties held for renting yields that are not occupied by the group are classified as investment properties.

Investment property is recognised at fair value. Fair value is based on market prices, adjusted for any differences in the nature, location or maintenance condition of specific assets. If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections and recent prices in the market.

The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the coming year. The resulting operating income is divided by the required return on the property in per cent, which is adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity. The value is subsequently adjusted with the value in use of the return on prepayments and deposits and adjustments for specific property issues such as vacant premises or special tenant terms and conditions. Please refer to the note 13 in Tryg Forsikring group.

Changes in fair values are recorded in the income statement.

Impairment test for intangible assets, property and operating equipment

Operating equipment and intangible assets are assessed at least once per year to ensure that the depreciation method and the depreciation period that is used are connected to the expected economic lifetime. This also applies to the salvage value. Write-down is performed if impairment has been demonstrated.

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

Equity investments in group undertakings

The parent company's equity investments in subsidiaries are recognised and measured using the equity method. The parent company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement. In the statement of financial position, equity investments are measured at the pro rata share of the enterprises' equity.

Subsidiaries with a negative net asset value are recognised at zero value. Any receivables from these enterprises are written down by the parent company's share of such negative net asset value where the receivables are deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of equity investments in subsidiaries is taken to reserve for net revaluation under equity if the carrying amount exceeds cost.

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

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

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



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Equity investments in associates

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

Profit after tax from equity investments in associates is included as a separate line in the income statement. Income is made up after elimination of unrealised intra-group profits and losses.

Associates with a negative net asset value are measured at zero value. If the group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities.

Investments

Investments include financial assets at fair value which are recognised in the income statement. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

Financial assets measured at fair value with recognition of value adjustments in the income statement comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment via the income statement.

Financial assets at fair value recognised in income statement

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

Realised and unrealised profits and losses that may arise because of changes in the fair value for the category financial assets at fair value are recognised in the income statement in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired, or if they have been transferred, and the group has also transferred substantially all risks and rewards of ownership. Financial assets are recognised and derecognised on a trade date basis, the date on which the group commits to purchase or sell the asset.

The fair values of quoted securities are based on stock exchange prices at the statement of financial position date. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using valuation techniques. These include the use of similar recent arm's length transactions, reference to other similar instruments or discounted cash flow analysis.

Derivative financial instruments and hedge accounting

The group's activities expose it to financial risks, including changes in share prices, foreign exchange rates, interest rates and inflation. Forward exchange contracts and currency swaps are used for currency hedging of portfolios of shares, bonds, hedging of foreign entities and insurance statement of financial position items. Interest rate derivatives in the form of futures, forward contracts, repos, swaps and FRAs are used to manage cash flows and interest rate risks related to the portfolio of bonds and insurance provisions. Share derivatives in the form of futures and options are used from time to time to adjust share exposures.

Derivative financial instruments are reported from the trading date and are measured in the statement of financial position at fair value. Positive fair values of derivatives are recognised as derivative financial instruments under assets. Negative fair values of derivatives are recognised under derivative financial instruments under liabilities. Positive and negative values are only offset when the company is entitled or intends to make net settlement of more financial instruments.

Calculation of value is generally performed based on rates supplied by Danske Bank with relevant information providers and is checked by the group's valuation technicians. Discounting based on market interest rates is applied in the case of derivative financial instruments involving an expected future cash flow.



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Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of investments in foreign entities. Changes in the fair value of derivatives that are designated and qualify as net investment hedges in foreign entities, and which provide effective currency hedging of the net investment are recognised in other comprehensive income.

The net asset value of the foreign entities estimated at the beginning of the financial year is hedged 90-100% by entering into short-term forward exchange contracts according to the requirements of hedge accounting. Changes in the fair value relating to the ineffective portion are recognised in the income statement. Gains and losses accumulated in equity are included in the income statement on disposal of the foreign entity.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurers' share of provisions for insurance contracts.

Contracts that do not meet these classification requirements are classified as financial assets.

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

Amounts receivable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Changes due to unwinding are recognised in insurance technical interest. Changes due to changes in the yield curve or foreign exchange rates are recognised as price adjustments.

The group continuously assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount. Impairment losses are recognised in the income statement.

Receivables

Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable. Other receivables primarily contain accounts receivable in connection with property.

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

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

Other assets

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

Prepayments and accrued income

Prepayments include expenses paid in respect of subsequent financial years and interest receivable. Accrued underwriting commission relating to the sale of insurance products is also included.

Equity

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Revaluation reserves

Revaluation of owner-occupied property is recognised in other comprehensive income unless the revaluation offsets a previous impairment loss.

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Foreign currency translation reserve

Assets and liabilities of foreign entities are recognised using the exchange rate applicable at the statement of financial position date. Income and expense items are recognised using the average monthly exchange rates for the period. Any resulting differences are recognised in other comprehensive income. When an entity is wound up, the balance is transferred to the income statement. The hedging of the currency risk in respect of foreign entities is also offset in other comprehensive income in respect of the part that concerns the hedge.

Contingency fund reserves

Contingency fund reserves are recognised as part of retained earnings under equity. The reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders. The Norwegian contingency fund reserves include provisions for the Norwegian Natural Perils Pool and security reserve. The Danish and Swedish provisions comprise contingency fund provisions. Deferred tax on the Norwegian and Swedish contingency fund reserves is allocated.

Dividends

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

Subordinate loan capital

Subordinate loan capital is recognised initially at fair value, net of transaction costs incurred. Subordinate loan capital is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the borrowing period using the effective interest method.

Provisions for insurance contracts

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

Claims and claims handling costs are expensed in the income statement as incurred based on the estimated liability for compensation owed to policyholders or third parties sustaining losses at the hands of the policyholders. They include direct and indirect claims handling costs that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to the group. Claims provisions are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions). The provisions include claims handling costs.

Claims provisions are discounted. Discounting is based on a yield curve reflecting duration applied to the expected future payments from the provision. Discounting affects the motor liability, professional liability, workers' compensation and personal accident and health insurance classes, in particular.

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

Claims provisions are determined for each line of business based on actuarial methods. Where such business lines encompass more than one business area, short-tailed claims provisions are distributed based on number of claims reported while long-tailed claims provisions are distributed based on premiums earned. The models currently used are Chain-Ladder, Bornhuetter-Ferguson, the Loss Ratio method. Chain-Ladder techniques are used for lines of business with a stable run-off pattern. The Bornhuetter-Ferguson method, and sometimes the Loss Ratio method, are used for claims years in which the previous run-off provides insufficient information about the future run-off performance.

The provision for annuities under workers' compensation insurance is calculated on the basis of a mortality corresponding to the G82 calculation basis (official mortality table).

In some instances, the historic data used in the actuarial models is not necessarily predictive of the expected future development of claims. For example, this is the case with legislative changes where an a priori estimate is used for premium increases related to the expected increase in claims. In connection with legislative changes, the same estimate is used for determining the change in the level of claims.



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Subsequently, this estimate is maintained until new loss history materialises which can be used for re-estimation.

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

Workers' compensation is an area in which explicit inflation assumptions are used, with annuities for the insured being indexed based on the workers' compensation index. An inflation curve that reflects the market's inflation expectations plus a real wage spread is used as an approximation to the workers' compensation index.

For other lines of business, the inflation assumptions, because present only implicitly in the actuarial models, will cause a certain lag in predicting the level of future losses when a change in inflation occurs. On the other hand, the effect of discounting will show immediately as a consequence of inflation changes to the extent that such changes affect the interest rate.

Other correlations are not deemed to be significant.

Liability adequacy test

Tests are continuously performed to ensure the adequacy of the insurance provisions. In performing these tests, current best estimates of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency results in an increase in the relevant provision, and the adjustment is recognised in the income statement.

Employee benefits Pension obligations

The Group operates various pension schemes. The schemes are funded through contributions to insurance companies or trustee-administered funds. In Norway, Tryg Forsikring operates a defined-benefit plan which was closed at 01 January 2020. In Denmark, Tryg Forsikring operates a defined-contribution plan.

A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. In Sweden, the Group complies with the industry pension agreement, FTP-Planen. FTP-Planen is primarily a defined-benefit plan as regards the future pension benefits. Försäkringsbranschens Pensionskassa (FPK) is unable to provide sufficient information for the Group to use defined-benefit accounting.

The plan is accounted for as a defined-contribution plan. As part of the termination of the defined-benefit plan in Norway, an agreement of compensation to the employees covered by the plan was agreed. A liability has been established to cover the expected compensation to be paid to the employees upon retirement from the company. If the employee leaves before retirement only a part of the compensation is paid. There are no future actuarial assumptions related to the liability, only uncertainty is whether the employees stays to retirement or not.

Other employee benefits

Employees of the group are entitled to a fixed payment when they reach retirement and when they have been employed with the group for 25 and for 40 years. The group recognises this liability at the time of signing the contract of employment.

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

Income tax and deferred tax

The Group expenses current tax according to the tax laws of the jurisdictions in which it operates. Current tax liabilities and current tax receivables are recognised in the statement of financial position as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the statement of financial position liability method on all timing differences between the tax and accounting value of assets and liabilities. Deferred income tax is measured using the tax rules and tax rates that apply in the relevant countries on the statement of financial position date when the deferred tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets, including the tax value of tax losses carried forward, are recognised to the

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extent that it is probable that future taxable profit will be realised against which the temporary differences can be offset.

Deferred income tax is provided on temporary differences concerning investments, except where Tryg Forsikring controls when the temporary difference will be realised, and it is probable that the temporary difference will not be realised in the foreseeable future.

Other provisions

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

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

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

Debt

Debt comprises debt in connection with direct insurance and reinsurance, amounts owed to credit institutions, current tax obligations, debt to group undertakings and other debt. Derivative financial instruments are assessed at fair value according to the same practice that applies to financial assets. Other liabilities are assessed at amortised cost based on the effective interest method.

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

Cash flow statement

The consolidated cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the group's cash and cash equivalents at the beginning and end of the financial year. No separate cash flow statement has been prepared for the parent company because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment as well as financial assets and deposits with credit institutions.

Cash flows from financing activities comprise changes in the size or composition of Tryg's share capital and related costs as well as the raising of loans, repayments of interest-bearing debt and the payment of dividends.

Cash and cash equivalents comprise cash and demand deposits.

Other

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



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Tryg Forsikring A/S (parent company)

Income statement

DKKm		2020	2019
Notes			
	General insurance		
	Gross premiums written	23,272	22,165
	Ceded insurance premiums	-1,552	-1,259
	Change in premium provisions	-211	339
	Change in profit margin and risk margin	17	-479
	Change in reinsurers' share of premium provisions	85	38
2	Premium income, net of reinsurance	21,610	20,805
	Claims paid	-15,317	-15,180
	Reinsurance cover received	987	388
	Change in claims provisions	28	559
	Change in risk margin	13	-65
	Change in the reinsurers' share of claims provisions	-187	40
3	Claims, net of reinsurance	-14,477	-14,258
	Bonus and premium discounts	-592	-485
	Acquisition costs	-2,532	-642
	Administration expenses	-798	-2,583
	Acquisition costs and Administration expenses	-3,330	-3,225
	Reinsurance commissions and profit participation from reinsurers	170	227
4	Insurance operating costs, net of reinsurance	-3,160	-2,998
5	Technical result	3,381	3,064
	Investment activities		
6	Income from Group undertakings	568	747
	Income from associates	-47	-10
	Income from investment property	1	-2
7	Interest income and dividends	381	442
8	Value adjustments	164	131
7	Interest expenses	-126	-168
	Administration expenses in connection with investment activities	-105	-115
	Total investment return	837	1,026
	Return and value adjustment on insurance provisions	-575	-501
	Total Investment return after insurance technical interest	263	525
	Other income	88	168
	Other costs	-124	-125
	Profit/loss before tax	3,608	3,631
9	Tax	-771	-734
	Profit/loss on continuing business	2,837	2,896
	Profit/loss on discontinued and divested business	0	-2
	Profit/loss for the year	2,837	2,895
	Proposed distribution for the year:		
	Dividend proposed not paid	-484	515
	Dividend proposed and paid during the year	2,598	2,039
	Transferred to Other reserves	29	60
	Transferred to Net revaluation as per equity method	360	353
	Transferred to Retained earnings	334	-71
		2,837	2,895
	Statement of comprehensive income		
	DKKm		
	Profit/loss for the year	2,837	2,895
	Other comprehensive income which cannot subsequently be reclassified as profit or loss		
	Actuarial gains/losses on defined-benefit pension plans	-68	-76
	Tax on actuarial gains/losses on defined-benefit pension plans	6	19
		-62	-57
	Other comprehensive income which can subsequently be reclassified as profit or loss		
	Exchange rate adjustments of foreign entities for the year	-51	32
	Hedging of currency risk in foreign entities for the year	127	-19
	Tax on hedging of currency risk in foreign entities for the year	-28	4
		48	18
	Total other comprehensive income	-14	-39
	Comprehensive income	2,823	2,856

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Statement of financial position

DKKm		2020	2019
Notes	Assets		
10	Intangible assets	7,123	7,363
11	Operating equipment	147	155
	Owner-occupied property	630	730
	Total property, plant and equipment	777	885
12	Investment property	12	25
13	Investments in Group undertakings	11,857	11,965
	Equity investments	35	413
	Unit trust units	291	31
	Bonds	28,822	29,024
	Derivative financial instruments	1,318	1,078
14	Total other financial investment assets	30,466	30,546
	Total investment assets	42,350	42,537
	Reinsurers' share of premium provisions	291	216
	Reinsurers' share of claims provisions	1,087	1,285
15	Total reinsurers' share of provisions for insurance contracts	1,377	1,501
	Receivables from policyholders	1,662	1,717
	Total receivables in connection with direct insurance contracts	1,662	1,717
	Receivables from insurance enterprises	270	240
	Receivables from Group undertakings	923	329
	Other receivables	654	459
14	Total receivables	3,509	2,746
16	Current tax assets	2	31
	Cash at bank and in hand	1,261	659
	Total other assets	1,263	690
	Interest and rent receivable	109	124
	Other prepayments and accrued income	225	294
	Total prepayments and accrued income	334	418
	Total assets	56,734	56,140

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Statement of financial position

DKK m		2020	2019
Notes	Equity and liabilities		
	Equity	12,438	12,214
1	Subordinate loan capital	2,801	2,875
	Premium provisions	3,037	3,007
	Profit margin - Non-life contracts	2,693	2,668
	Claims provisions	23,422	23,283
	Risk margin - Non-life contracts	1,107	1,128
	Provisions for bonus and premium discounts	1,136	1,063
	Total provisions for insurance contracts	31,396	31,149
17	Pensions and similar liabilities	130	303
18	Deferred tax liability	767	830
19	Other provisions	57	86
	Total provisions	955	1,218
	Debt relating to direct insurance	513	576
	Debt relating to reinsurance	55	251
	Amounts owed to credit institutions	976	576
	Debt relating to unsettled funds transactions and repos	3,259	2,601
14	Derivative financial instruments	800	713
	Debt to Group undertakings	67	1,069
16	Current tax liabilities	351	118
20	Other debt	3,054	2,747
	Total debt	9,075	8,652
	Accruals and deferred income	69	33
	Total equity and liabilities	56,734	56,140
1	Risk management and Capital management		
21	Own funds		
22	Contractual obligations, collateral and contingent liabilities		
23	Related parties		
24	The impact of COVID-19		
25	Accounting policies		

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Statement of changes in equity

DKKm	Share capital	Revaluation equity method	Other reserves a)	Retained earnings	Proposed dividend	Non-controlling interest	Total
Equity at 31 December 2019	1,100	480	1,677	7,942	1,014	1	12,214
2020							
Profit/loss for the year		360	29	334	2,114		2,837
Other comprehensive income		48		-62	0		-14
Total comprehensive income	0	408	29	272	2,114	0	2,823
Dividend paid					-2,598		-2,598
Total changes in equity in 2020	0	408	29	272	-484	0	225
Equity at 31 December 2020	1,100	888	1,706	8,214	529	1	12,438
Equity at 31 December 2018	1,100	109	1,617	8,070	499	0	11,395
2019							
Profit/loss for the year		353	60	-71	2,553		2,895
Other comprehensive income	0	18		-57	0	0	-39
Total comprehensive income	0	371	60	-128	2,553	0	2,856
Dividend paid					-2,039		-2,039
Non-controlling interest						1	1
Total changes in equity in 2019	0	371	60	-128	515	1	819
Equity at 31 December 2019	1,100	480	1,677	7,942	1,014	1	12,214

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,706m (DKK 1,677m in 2019). The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

a) Other reserves contains Norwegian Natural Perils Pool and contingency fund provisions - The contingency fund provisions DKK 809m have been reclassified from retained earnings to reflect the possible dividend is affected by the total amounts related to Norwegian Natural Perils Pool and contingency fund provisions .



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Notes

DKKm		2020		2019	
1	Risk management and Capital management Please refer to note 1 in Tryg Forsikring Group				
2	Premium income, net of reinsurance				
	Direct insurance		23,001		21,974
	Indirect insurance		52		52
			23,053		22,026
	Unexpired risk provision		24		
			23,077		22,026
	Ceded direct insurance		-1,467		-1,221
			21,610		20,805
	Direct insurance, by location of risk	2020	2020	2019	2019
		Gross	Ceded	Gross	Ceded
	Denmark	14,259	-632	13,300	-524
	Other EU countries	2,323	-282	2,127	-229
	Other countries	6,443	-553	6,547	-468
		23,025	-1,467	21,974	-1,221
3	Claims, net of reinsurance			2020	2019
	Claims			-16,447	-15,857
	Run-off previous years, gross			1,171	1,171
				-15,276	-14,686
	Reinsurance cover received			783	411
	Run-off previous years, reinsurers' share			17	17
				-14,477	-14,258
4	Insurance operating costs, net of reinsurance				
	Commission regarding direct insurance business			-291	-265
	Other acquisition costs			-2,242	-2,318
	Total acquisition costs			-2,532	-2,583
	Administration expenses			-798	-642
	Insurance operating costs, gross			-3,330	-3,225
	Commission from reinsurers			170	227
				-3,160	-2,998
	For specification of audit costs please refer to the note 6 in Tryg Forsikring Group.				
	<i>Insurance operating costs and claims include the following staff expenses:</i>				
	Salaries and wages			-2,796	-2,703
	Commission			-2	-4
	Allocated share options and matching shares			-18	-18
	Pension			-387	-308
	Defined-benefit pension plans			128	-35
	Other social security costs			-7	-6
	Payroll tax			-528	-484
				-3,610	-3,556
	Remuneration for the Supervisory Board and Executive Board is disclosed in note 23 'Related parties'.				
	Average number of full-time employees during the year (continuing business)			4,226	4,108
	Matching shares and conditional shares Please refer to the note 6 in Tryg Forsikring Group.				



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Notes

DKKm

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

	Accident and health		Healthcare		Workmen's compensation		Motor TPL		Motor comprehensive		Marine, aviation and cargo	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	2,698	2,549	574	461	921	951	1,917	1,876	5,136	4,823	201	231
Gross premium income	2,525	2,421	543	445	934	935	1,874	1,828	4,897	4,617	219	222
Bruttoerstatningsudgifter	-1,370	-1,426	-467	-483	-496	-755	-1,468	-1,194	-3,380	-3,127	-67	-153
Bruttodriftsomkostninger	-391	-355	-56	-55	-94	-112	-299	-309	-722	-687	-35	-34
Profit/loss on ceded business	-7	-15	0	-1	-22	-14	-36	-12	-53	-44	-37	4
Technical result	757	625	20	-94	322	54	71	313	742	759	80	39
Gross claims ratio	54.3	58.9	86.0	108.5	53.1	80.7	78.3	65.3	69.0	67.7	30.6	68.9
Combined ratio	70.0	74.2	96.3	121.1	65.5	94.2	96.2	82.9	84.8	83.6	63.5	82.4
Claims frequency a)	3.8%	3.8%	68.8%	93.2%	18.1%	21.9%	5.4%	6.0%	20.5%	21.8%	15.8%	18.9%
Average claims DKK b)	21,452	22,992	5,111	5,390	77,053	71,146	22,505	18,794	9,201	9,320	52,837	77,416
Total claims	77,504	71,885	94,689	84,348	10,742	12,776	79,347	87,595	364,832	342,983	1,882	2,213

	Fire & contests (Private)		Fire and contests (commercial)		Change of ownership		Liability		Credit & guarantee insurance		Tourist assistance insurance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	5,788	5,444	2,816	2,758	0	8	1,179	1,100	553	527	996	941
Gross premium income	5,589	5,330	2,769	2,656	59	74	1,163	1,088	547	527	890	886
Gross claims	-3,976	-3,562	-1,568	-1,894	-17	-11	-968	-828	-384	-95	-788	-775
Gross operating expenses	-820	-789	-447	-432	-7	-7	-200	-175	-84	-73	-131	-126
Profit/loss on ceded business	-194	-216	-344	-129	0	0	41	8	-1	-131	142	-1
Technical result	599	763	410	201	35	56	36	93	78	228	113	-16
Gross claims ratio	71.1	66.8	56.6	71.3	28.8	14.9	83.2	76.1	70.2	18.0	88.5	87.5
Combined ratio	89.3	85.7	85.2	92.4	40.7	24.3	96.9	91.5	85.7	56.7	87.3	101.8
Claims frequency a)	9.9%	9.7%	16.8%	16.9%	5.6%	10.6%	11.2%	12.5%	0.0%	0.0%	22.3%	17.5%
Average claims DKK b)	8,984	8,743	47,636	55,018	41,969	22,639	78,017	70,030	7,653,673	1,872,000	5,014	6,390
Total claims	442,157	427,228	34,352	33,861	1,060	2,689	11,500	12,545	55	49	156,604	121,236

	Other insurance		Total		Group Life, One-year policies		Total including Norwegian Group Life	
	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	52	48	22,831	21,717	441	448	23,272	22,165
Gross premium income	53	55	22,062	21,084	423	457	22,485	21,541
Gross claims	5	-14	-14,944	-14,317	-332	-369	-15,276	-14,686
Gross operating expenses	0	-7	-3,286	-3,161	-44	-64	-3,330	-3,225
Profit/loss on ceded business	11	-16	-500	-567	3	1	-498	-566
Technical result	69	18	3,332	3,039	50	25	3,381	3,064
Gross claims ratio	-9.4	25.5	67.7	67.9	78.5	80.7	67.9	68.3
Combined ratio	-30.2	67.3	84.9	85.6	88.2	94.5	85.0	85.1
Total claims	0	130						

a) The claims frequency is calculated as the number of claims incurred in the year in proportion to the average number of insurance contracts in the year.
b) Average claims are total claims before run-off in the year relative to the number of claims in the year.

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Notes

DKKm	2020	2019
6	Income from Group undertakings	
Kapitalforeningen Tryg invest	192	711
Respons Inkasso AS	1	2
Tryg Real Estate Invest Norway AS (Norway)	3	25
TI Real Estate KL	-1	-3
TI Short Term Placement KL	0	0
Forsikrings-Aktieselskabet Alka Liv II	-9	4
Kapitalforeningen Tryg invest Funds	375	0
Tryg Ejendomme A/S	-5	-4
Tryg Livsforsikring A/S	11	12
	568	747
7	Interest income and dividends	
<i>Interest income and dividends</i>		
Dividends	7	6
Interest income bonds	375	435
	382	442
<i>Interest expenses</i>		
Interest expenses subordinate loan capital and credit institutions	-95	-108
Interest expenses others	-30	-59
Interest expenses, cash at bank and in hand	-1	-1
	-126	-168
	255	274
8	Value adjustments	
<i>Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:</i>		
Equity investments	81	26
Unit trust units	-381	-15
Bonds	-194	-179
Derivatives (Equity, Interest, Currency)	650	214
	155	46
<i>Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:</i>		
Investment property	2	1
Other statement of financial position items*	7	84
	9	85
	164	131
Exchange rate adjustments concerning financial assets or liabilities which cannot be stated to fair value total DKK -126m (DKK -82m in 2019).		
9	Tax	
Tax on accounting profit/loss	-669	-797
Difference between Danish and foreign tax rates	-104	-27
Tax adjustment, previous years	10	-8
Tax on permanent differences	-55	98
Change in valuation of tax assets	53	0
Other taxes	-6	0
	-771	-734
Effective tax rate		
Tax on Profit/loss for the year	%	%
Difference between Danish and foreign tax rate	22.0	22.0
Tax adjustment, previous year	3.5	1.0
Tax on permanent differences	-0.5	0.0
Change in valuation of tax assets	1.5	-3.0
Other taxes	-1.5	0.0
	0.5	0.0
	25.5	20.0
Tax on the Profit/loss for the year in the parent company is calculated exclusive of profit/loss and tax in Group undertakings.		

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Notes

DKKmn

10 Intangible assets

2020	Goodwill	Trademarks and customer relations	Software a)	Assets under construction a)	Total
Cost					
Cost at 1 January	4,876	1,861	2,064	291	9,091
Exchange rate adjustments	9	4	-26	-6	-19
Transferred to assets held for sale	0	0	0	0	0
Transferred from asset under construction	0	0	249	-249	0
Additions for the year	0	0	112	188	300
Disposals for the year	0	0	-280	-3	-282
Cost at 31 December	4,885	1,864	2,120	221	9,090
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-104	-236	-1,389	1	-1,728
Exchange rate adjustments	0	-5	13	0	8
Amortisation for the year	0	-125	-193	0	-328
Impairment losses and write-downs for the year	0	0	-147	0	-147
Reversed amortisation	0	0	229	0	229
Amortisation and write-downs at 31 December	-104	-376	-1,488	1	-1,967
Carrying amount at 31 December	4,781	1,488	632	222	7,123

a) Hereof proprietary software DKK 366m (DKK 494m at 31 December 2019)

2019	Goodwill	Trademarks and customer relations	Software a)	Assets under construction a)	Total
Cost					
Cost at 1 January	4,881	1,863	1,451	503	8,698
Exchange rate adjustments	-5	-2	2	2	-3
Transferred from asset under construction	0	0	459	-459	0
Additions for the year	0	0	173	244	418
Disposals for the year	0	0	-21	0	-21
Cost at 31 December	4,876	1,861	2,064	291	9,091
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-104	-81	-1,277	-2	-1,464
Exchange rate adjustments	0	2	-2	0	0
Amortisation for the year	0	0	-121	0	-121
Impairment losses and write-downs for the year	0	-139	-7	0	-146
Reversed amortisation	0	-18	17	3	3
Amortisation and write-downs at 31 December	-104	-236	-1,389	1	-1,728
Carrying amount at 31 December	4,772	1,625	675	292	7,363

Intangible assets

Impairment test

Goodwill

The Value-in-use method is used when testing the Goodwill for impairment.

Primary assumptions for impairment test:

When assessing the cash flow management has based its estimates of premiums earned on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development from past experiences. The portfolio is indexed with the wage and salary index. Claims incurred are based on expected claims ratios, which corresponds to normalised large- and weather claims. Reinsurance is taken into account when looking at the overall technical result together with the expected cost ratio. Required returns are based on management's own requirements for returns of the individual cash generation units and are not expected to change significantly in the near future. COVID-19 has not have any effect on the assumptions related to impairment of Goodwill, Trademarks and Brand.

Alka

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

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

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

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

The impairment test shows a calculated value in use of approximately DKK 31.1bn (26.4bn) relative to a recognised goodwill of DKK 4.2bn (4.2bn) and does not indicate any impairment in 2020. According to the sensitivity information below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 4.6% will result in a write down of goodwill.

- Earned premium assumed CAGR 0 - 10 years	2020	2019
- Earned premium assumed CAGR > 10 years	3%	3%
- Required return before tax	2%	2%
- Expected level of Combined ratio	7%	8%
	81.0%	81.0%

Sensitivity information

Impact on the calculated present value from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	1.4bn	1.2bn
CAGR -1.0 percentage point (0 - 10 years)	-1.3bn	-1.0bn
Required return +1.0 percentage point	-5.6bn	-4.1bn
Required return -1.0 percentage point	8.6bn	6.0bn
Combined ratio +1.0 percentage point	-1.6bn	-1.2bn
Combined ratio -1.0 percentage point	1.6bn	1.2bn

The above changes have no impact on equity.



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Notes

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Obos

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

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

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

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

The impairment test shows a calculated value in use of approximately DKK 0.5bn (0.3bn) relative to a recognised goodwill of DKK 49m (49m) and does not indicate any impairment in 2020.

According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 5.3% will result in a write down of goodwill.

	2020	2019
- Earned premium assumed CAGR 0 - 10 years	5%	4%
- Earned premium assumed CAGR > 10 years	2%	2%
- Required return before tax	10%	13%
- Expected level of Combined ratio	87%	87%

Sensitivity information

Impact on the calculated present value from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	25	14
CAGR -1.0 percentage point (0 - 10 years)	-23	-13
Required return +1.0 percentage point	-93	-48
Required return -1.0 percentage point	135	58
Combined ratio +1.0 percentage point	-47	-30
Combined ratio -1.0 percentage point	47	30

The above changes have no impact on equity.

Moderna

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

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

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

Moderna portfolio consists from 1 January 2017 of Moderna, Securator and Skandia, which was prior to this date three separate cash-generating units. The reasons behind the merger of Securator and Skandia into Moderna, is that they are managed together as part of the Swedish business and reported under the segment "Sweden"

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

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

The impairment test shows a calculated value in use of approximately DKK 2.2bn (1.5bn) relative to a recognised goodwill of DKK 0.5bn (0.5bn) and does not indicate any impairment in 2020.

According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 4.1% will result in a write down of goodwill.

	2020	2019
- Earned premium assumed CAGR 0 - 10 years	2%	3%
- Earned premium assumed CAGR > 10 years	2%	2%
- Required return before tax	10%	11%
- Expected level of Combined ratio	90%	91%

Sensitivity information

Impact on the calculated present value from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	81	45
CAGR -1.0 percentage point (0 - 10 years)	-77	-42
Required return +1.0 percentage point	-337	-211
Required return -1.0 percentage point	480	288
Combined ratio +1.0 percentage point	-77	-177
Combined ratio -1.0 percentage point	81	177

The above changes have no impact on equity.

Trademarks and customer relations

As at 31 December 2020 management performed a test of the carrying amounts of customer relations as an integral part of the Moderna, Obos and Alka portfolio goodwill test. An agricultural portfolio acquired in 2014 was impaired and written down in 2019 DKK 18m.

Software and assets under construction

As at 31 December 2019 management performed a test of the carrying amounts of software and assets under construction.

The impairment test compares the carrying amount with the estimated present value of future cash flows. The test did indicate an impairment of DKK 7m (DKK 26m) due to revaluation of the Groups IT-systems. The write-down is due to related system development costs will be higher, while for some of the systems benefits are also expected to be lower. The cost is recognised as write-downs under depreciations in the income statement. Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value.

Amortised software is assessed for impairment at the balance sheet date or when there are indications that the future cash flow cannot justify the carrying amount. In the event that the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.

In the event that the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement. The recoverable amount is the higher of fair value less sales costs and value in use.

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Notes

DKK m

11	Property, plant and equipment					
		Operating equipment	Leases ROU equipment a)	Owner-occupied property	Leases ROU 'Group-occupied property b)	Total
	2020					
	Cost					
	Cost at 1 January	360	76	0	912	1,348
	Exchange rate adjustments	-4	0	0	-14	-18
	Transferred to assets held for sale	0	0	0	0	0
	Transferred from assets under construction	0	0	0	0	0
	Additions for the year	37	15	0	10	62
	Addition, purchase of Alka	0	0	0	0	0
	Disposals for the year	-146	-3	0	-4	-153
	Cost at 31 December	247	88	0	904	1,239
	Accumulated depreciation and value adjustments					
	Accumulated depreciation and value adjustments at 1 January	-235	-46	0	-182	-463
	Exchange rate adjustments	3	0	0	3	6
	Depreciation for the year	-22	-18	0	-99	-140
	Value adjustments for the year at revalued amount in income statement	0	0	0	0	0
	Value adjustments for the year at revalued amount in other comprehensive income	0	0	0	0	0
	Reversed depreciation and value adjustments	128	2	0	4	135
	Accumulated depreciation and value adjustments at 31 December	-126	-62	0	-274	-462
	Carrying amount at 31 December	121	26	0	630	777
	2019					
	Cost					
	Cost at 1 January	320	64	112	762	1,258
	Exchange rate adjustments	1	0	0	2	3
	Additions for the year	69	29	0	175	272
	Disposals for the year	-29	-17	-112	-27	-185
	Cost at 31 December	360	76	0	912	1,348
	Accumulated depreciation and value adjustments					
	Accumulated depreciation and value adjustments at 1 January	-219	-20	0	-84	-323
	Depreciation for the year	-26	-26	0	-98	-150
	Value adjustments for the year at revalued amount in income statement	0	0	-10	0	-10
	Reversed depreciation and value adjustments	10	0	10	0	20
	Accumulated depreciation and value adjustments at 31 December	-235	-46	0	-182	-463
	Carrying amount at 31 December	125	30	0	730	885
	a) Lease assets (Right of use-assets(ROU)) equipment only consists of leases of vehicles with a lease term of three to four years. The monthly amounts are fixed and there are no option for purchase or extension. Short term leases are not recognised as Right of use-assets.					
	b) Lease assets (Right of use-assets), Group occupied property consists of leases of offices buildings. Contract terms are from 1 to 16 years and with yearly rent adjustments. Tryg has no lease contracts with variable lease payments based on sale or similar.					
	12 Investment property				2020	2019
	Fair value at 1 January				25	308
	Exchange rate adjustments				-1	4
	Additions for the year				0	0
	Disposals for the year				-15	-288
	Value adjustments for the year				-1	1
	Reversed on sale				4	1
	Fair value at 31 December				12	25
	Total rental income for 2020 is DKK 0.2m (DKK 0.7m in 2019).					
	Total expenses for 2020 are DKK 1.0m (DKK 0.4m in 2019).					
	External experts were involved in valuing some of the investment property.					
	The following return percentages were used for each property category:					
	Return percentages, weighted average					
	Business property				5.0	5.0
	Office property				5.8	5.5
	Residential property				2.1	2.0
	Total				4.9	4.9

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Notes

DKKm		2020	2019				
13	Investments in Group undertakings						
	Cost						
	Cost at 1 January	13,123	11,795				
	Exchange rate adjustments	-25	1				
	Additions for the year	11,990	2,722				
	Disposals for the year	-10,799	-1,395				
	Cost at 31 December	14,290	13,123				
	Revaluations to equity value						
	Revaluations at 1 January	480	63				
	Adjustment beginning of year	0	0				
	Exchange rate adjustments	-4	1				
	Revaluations during the year	-67	418				
	Dividend paid	-1	-2				
	Revaluations at 31 December	408	480				
	Write downs						
	Write downs at 1 January	-1,638	-1,730				
	Revaluations during the year	-32	303				
	Reversal of write-downs made in the previous year (profit for the year)	-1,170	-70				
	Disposals for the year	0	-141				
	Write downs at 31 December	-2,840	-1,638				
	Carrying amount at 31 December	11,857	11,965				
	Name and registered office	Ownership share in %		Profit/loss for the year		Shareholders equity	
		2020	2019	2020	2019	2020	2019
	Kapitalforeningen Tryg Invest, Lyngby	0	80	542	719	10,569	8,663
	Respons Inkasso AS, Bergen	100	100	1	2	7	7
	Thunes Vei 2 AS, Bergen	0	100	0	25	0	400
	Tryg Real Estate Invest Norway AS (Norway)	0	100	1	0	0	0
	Forskrings-Aktieselskabet Alka Liv II, Høje Tåstrup	100	100	-9	4	117	126
	Tryg Ejendomme A/S, Ballerup	100	100	-5	-4	135	1,310
	Tryg Livsforsikring A/S, Ballerup	100	100	11	12	151	139
	TI Short Term Placement KL	100	100	0	0	76	75
	Kapitalforeningen Tryg Invest Funds, Lyngby	85	0	382	0	11,561	0
	TI Real Estate KL	0	73	92	-3	2,984	1,245

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Notes

DKKm		2020	2019
14	Financial assets		
	Financial assets at fair value with value adjustments in the income statement	42,323	42,511
	Receivables measured at amortised cost with value adjustment in the income statement	4,773	3,436
	Total financial assets	47,095	45,947
	Financial assets at amortised cost only deviate to a minor extent from fair value.		
	Financial liabilities		
	Derivative financial instruments at fair value with value adjustments in the income statement	893	641
	Derivative financial instruments at fair value with value adjustments in other comprehensive income	-93	72
	Financial liabilities at amortised cost with value adjustment in the income statement	11,076	10,814
	Total financial liabilities	11,876	11,527
	Information on valuation of subordinate loan capital at fair value is stated in note 1. Other financial liabilities measured at amortised cost only deviate to a minor extent from fair value.		
	The Fair value hierarchy		
	"Quoted market prices and consolidated reference prices" (level 1) consists of financial instruments that are quoted and traded in a principal and active market (markets generally accessible and with substantial volume and trade frequency)		
	Valuation based on observable input (level 2) consists of financial instruments that are valued substantially on the basis of observable input other than quoted price or consolidated reference price for the instrument itself. If a financial instrument is quoted in a market that is not active, Tryg Forsikring bases its measurement on the most recent transaction price.		
	Adjustment is made for subsequent changes to market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, Tryg uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar liquid bonds.		
	Valuation based on significant non-observable input (level 3) consist of certain financial instruments based substantially on non-observable input. Such instruments include unlisted shares, unit trust investments, some unlisted bonds and Deal Contingent Forwards. The fair value of Investment property is also based on non-observable input. Please refer to note 13 and accounting policies section Investment property.		
	If, at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date. Developments in the financial markets can result in reclassifications between the categories. Some bonds have become illiquid and have therefore been moved from "Quoted prices or consolidated reference prices" to the "Observable input" category, while other bonds have become liquid and have been moved from "Observable input" to the "Quoted prices or consolidated reference prices" category.		



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Notes

DKKm

14 Fair value hierarchy for financial instruments and investment property measured at fair value in the statement of financial position

	Quoted market prices or consolidated reference prices a)	Observable input	Non-observable input	Total
2020				
Investment property	0	0	12	12
Equity investments	0	0	35	35
Unit trust units	256	0	35	291
Bonds	26,429	2,393	0	28,822
Derivative financial instruments, assets	0	1,318	0	1,318
Derivative financial instruments, debt	0	-800	0	-800
	26,685	2,911	82	29,678

a) Consolidated reference prices means Nasdaq consolidated reference prices

2019				
Investment property	0	0	25	25
Equity investments	0	371	42	413
Unit trust units	0	0	31	31
Bonds	28,795	229	0	29,024
Derivative financial instruments, assets	0	1,078	0	1,078
Derivative financial instruments, debt	0	-713	0	-713
	28,795	965	98	29,858

Bonds measured on the basis of observable inputs consist of Norwegian bonds issued by banks and to some extent Danish semi-liquid bonds, where no quoted prices or consolidated reference prices based on actual trades are available.

Financial assets (continued)	2020	2019
Financial instruments transferred from "Quoted market prices or consolidated reference prices" to "Observable input"	902	0
Financial instruments transferred from "Observable input" or "Non-observable input" to "Quoted market prices or consolidated reference prices"	0	2,845

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:

Carrying amount at 1 January	98	422
Exchange rate adjustments	2	3
Gains/losses in the income statement	55	7
Purchases	9	33
Sales	-82	-366
Carrying amount at 31 December	82	98
Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments	56	-1

** Hereof realised DKK 54m

Inflation derivatives are measured at fair value on the basis of non-observable input and are included under claims provisions at a fair value of DKK -709m (DKK -723m in 2019).

Receivables

Total receivables in connection with direct insurance contracts	1,662	1,718
Receivables from insurance enterprises	270	240
Receivables from Group undertakings	923	329
Unsettled transactions	120	0
Other receivables	534	459
	3,509	2,746

Specification of write-downs on receivables from insurance contracts

Write-downs at 1 January	138	141
Exchange rate adjustments	1	1
Reversed writedowns	-3	-3
Write-downs at 31 December	136	138

Receivables are written down in full when submitted for debt collection. The write-down is reversed if payment is subsequently received from debt collection and amounts to DKK 37m (DKK 39m in 2019).

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Notes

DKKm	2020	2019
15 Reinsurer's share		
<i>Impairment test</i>		
As at 31 December 2020, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts and receivables. The impairment test resulted in impairment charges totalling DKK 0m (DKK 0m in 2019). The use of reinsurance creates a natural counterparty risk. The Risk will be handled by applying a wide range of reinsurers with at least an 'A' rating.		
16 Current tax		
Net current tax, 1 January	-86	-160
Exchange rate adjustments	7	-3
Change to opening figure	93	26
Tax on taxable income booked on equity	-28	4
Current tax for the year	-922	-693
Tax paid for the year	587	740
Net current tax at 31 December	-349	-86
<i>Current tax is recognised in the statement of financial position as follows:</i>		
Under assets, current tax	2	31
Under liabilities, current tax	-351	-118
Net current tax	-349	-87
Due to IFRIC 23, uncertain tax positions should be valued and recognized in the tax balance. Tryg Forsikring A/S has asked the Danish tax authorities for a repayment of tax for unused tax loss in the closed Finnish branch in 2012. 80% of the expected tax repayment has been included in the balance of actual tax.		
17 Pension liability		
Tryg Forsikring agreed with the Norwegian employees to replace the defined benefit pension scheme (for employees with a high seniority) with a market based pension scheme in a life insurance company, this had a total positive net impact of DKK 128m. Please refer to note 19 in Tryg Forsikring Group.		
18 Deferred tax		
Tax asset		
Operating equipment	11	20
Debt and provisions	76	64
	87	84
Tax liability		
Intangible rights	410	429
Bonds and loans secured by mortgages	-42	-59
Contingency funds	487	544
	855	914
Deferred tax	768	830
Development in deferred tax		
Deferred tax at 1 January	829	804
Exchange rate adjustments	-23	4
Purchase or sale of activity	0	-34
Change to opening figure	31	34
Change in deferred tax relating to change in tax rate	-3	0
Change in deferred tax taken to the income statement	-87	39
Change in deferred tax taken to equity	21	-18
Deferred tax at 31 December	768	829
The loss in Tryg Forsikring cannot be utilised in the Danish joint taxation scheme. The loss can be carried forward indefinitely. Loss determined according to Swedish, Finnish, German and Austrian rules can be carried forward indefinitely. In Netherlands tax losses can be carried forward 6 years. The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to offset the tax loss.		
The total current and deferred tax relating to items recognised in equity is recognised in the statement of financial position in the amount of DKK 50m (DKK 22m at 31 December 2019).		
19 Other provisions		
Other provisions 1 January	86	111
Exchange rate adjustments	-2	0
Change in provisions	-27	-26
Other provisions 31 December	57	86
Other provisions relate to provisions for the Group's own insurance claims and restructuring costs. Additions to the provision for restructuring costs during the year amounts to DKK 14m and use of existing restructuring provisions amounts to DKK 42m. The balance as at 31 December 2020 excluding own insurances amounts to DKK 47m (DKK 80m at 31 December 2019).		



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Notes

DKKm		2020	2019			
20	Other debt					
	Debt related to Leasing are included in Other Debt. Please refer to note 11 for specification of ROU assets.					
	Maturity of undiscounted lease liabilities					
	Due 1 year or less	134	155			
	Due 1 - 5 years	345	489			
	Due more than 5 years	411	476			
	Total Lease liabilities 31 December	890	1,121			
	Lease liabilities included in the statement of financial position					
	Hereof future cashflow Options	66	64			
	Amounts recognised in statement of cash flow					
	Total cash out-flow for leases	139	147			
	Amounts recognised in income statement					
	Interest on lease liabilities	-36	-39			
	There are no short term-leases recognised in the financial statement.					
21	Own funds					
	Equity according to annual report	12,438	12,214			
	Proposed dividend	-529	-1,012			
	Intangible assets	-7,123	-7,363			
	Profit margin, solvency purpose	1,408	1,408			
	Taxes	201	260			
	Subordinate loan capital	2,652	2,738			
	Own funds	9,047	8,245			
22	Contractual obligations, collateral and contingent liabilities					
	Obligations due by period					
2020		0-1 year	1-3 years	3-5 years	> 5 years	Total
	Other contractual obligations a)	288	221	71	4	584
		288	221	71	4	584
	Contractual obligations					
	Obligations due by period					
2019		0-1 year	1-3 years	3-5 years	> 5 years	Total
	Operating leases					
	Other contractual obligations	257	92	21	4	374
		257	92	21	4	374
2020						
	a) Other contractual obligations mainly consists of investments commitments, IT and outsourcing agreements. Please refer to note 11 for lease agreements recognised as ROU.					
	Tryg Forsikring has signed the following contracts with amounts above DKK 50m: Tryg has signed IT infrastructure agreements with commitments amounting to DKK 357m within 5 years.					
2019						
	Tryg Forsikring is committed to investments in some Investment funds. The commitments amount to DKK 129m and are expected to be called during 2020.					
	Collateral					
	The Danish companies in the Tryg Forsikring Group are jointly taxed with TryghedsGruppen smba. As of 1. July 2012, the companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties and dividends in respect of the jointly taxed companies.					
	Please find offsetting and collateral in relation to financial assets and obligations in Tryg Forsikring Group note 24 "Contractual obligations, collateral and contingent liabilities".					
23	Related parties					
	Tryg Forsikring A/S has no related parties with a decisive influence other than the parent company Tryg A/S, TryghedsGruppen smba and the subsidiaries of TryghedsGruppen smba (Other related parties). Related parties with significant influence include the Supervisory board, Executive Board and their families.					
	In 2020 Tryg Forsikring A/S paid dividend to Tryg A/S DKK 2,598m (DKK 2,039m in 2019)					
	Premium income					
	- TryghedsGruppen smba	0.5	0.5			
	- Key management	0.5	0.4			
	- Other related parties	3.4	3.1			
	Claims paid					
	- TryghedsGruppen smba	0.1	0.0			
	- Key management	0.2	0.2			
	- Other related parties	0.4	0.5			



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Notes

DKKm

23 Specification of remuneration please refer to note 27 in Tryg Forsikring Group

Intra-group transactions

	Tryg A/S	Group undertakings
Providing and receiving services	15	26
Intra-group account	513	340

Transactions between Tryg Forsikring A/S, Tryg A/S and group undertakings are conducted on an arm's length basis.

Tryg forsikring bought cat-bonds of DKK 268 m, in second half of 2020, from TryghedsGruppen smba.

Administration fee, ect. is fixed on a cost-recovery basis

Intra-group accounts are offset and carry interest on market terms.

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

24 **The impact of COVID-19**

Please refer to the Note 1 Risk and capital management in Tryg Forsikring Group

25 **Financial highlights**

Please refer to next page

26 **Accounting policies**

Please refer to the Note 27 Accounting policies in Tryg Forsikring Group.

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Notes

	DKKm	2020	2019	2018	2017	2016
25	Gross premium income	22,485	21,541	18,668	17,901	17,684
	Gross claims	-15,276	-14,686	-12,584	-11,785	-11,613
	Total insurance operating costs	-3,330	-3,225	-2,735	-2,491	-2,809
	Profit/loss on gross business	3,878	3,629	3,349	3,625	3,262
	Profit/loss on ceded business	-497	-566	-623	-778	-951
	Technical result	3,381	3,064	2,726	2,847	2,311
	Investment return after insurance technical interest	263	525	-409	431	925
	Other income	88	168	128	117	105
	Other costs	-124	-125	-202	-124	-198
	Profit/loss for the year before tax	3,608	3,631	2,243	3,271	3,143
	Tax	-771	-734	-459	-693	-617
	Profit/loss for the year, continuing business	2,837	2,896	1,784	2,578	2,526
	Profit/loss on discontinued and divested business after tax	0	-2	-2	-2	-1
	Profit/loss for the year	2,837	2,895	1,782	2,576	2,525
	Run-off gains/losses, net of reinsurance	1,188	1,188	1,209	1,009	1,227
	Relative run-off gains/losses	5.4	5.4	5.8	4.8	5.6
	Statement of financial position					
	Total provisions for insurance contracts	31,396	31,149	30,744	29,119	30,601
	Total reinsurers' share of provisions for insurance contracts	1,377	1,501	1,415	1,366	2,034
	Total equity	12,438	12,214	11,395	9,066	10,127
	Total assets	56,734	56,140	54,576	51,531	49,527
	Key ratios					
	Gross claims ratio	67.9	68.2	67.4	65.8	65.7
	Business ceded as a percentage of gross premiums	2.2	2.6	3.3	4.3	5.4
	Claims ratio, net of ceded business	70.2	70.8	70.7	70.1	71.1
	Gross expense ratio	14.8	15.0	14.7	13.9	15.9
	Combined ratio	85.0	85.8	85.4	84.0	87.0
	Operating ratio	85.0	85.8	85.4	84.0	87.0
	Return on equity after tax and before discontinued and divested business (%)	21.5	23.6	18.1	26.9	24.9
	Return on equity after tax and discontinued and divested business (%)	21.5	23.6	18.1	26.8	24.9

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



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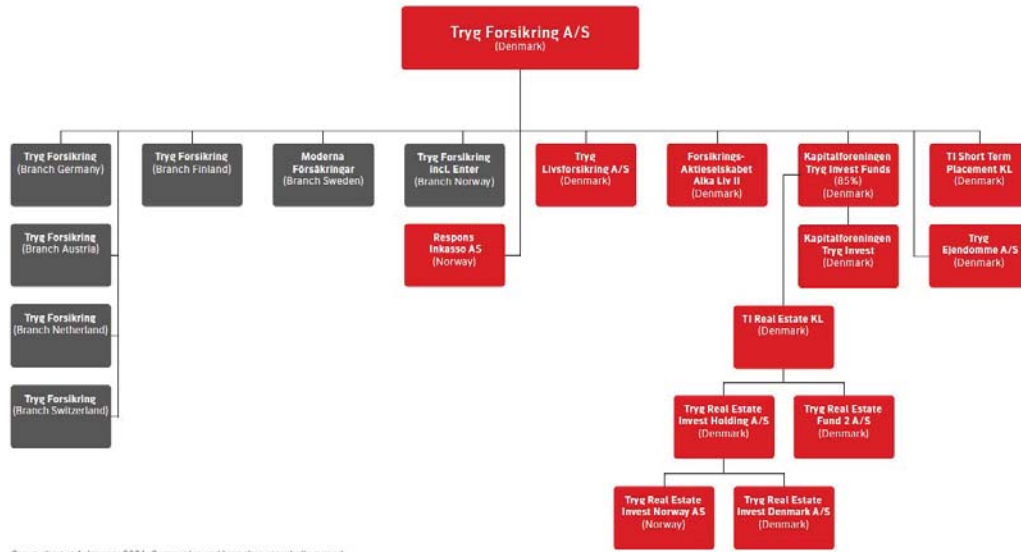
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Organisation chart



Group chart at 1 January 2021. Companies and branches are wholly owned by Danish owners and domiciled in Denmark, unless otherwise stated.

■ Company ■ Branch



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Glossary

The financial highlights and key ratios of Tryg Forsikring have been prepared in accordance with the Executive Order issued by the Danish Financial Supervisory Authority on the Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds and also comply with 'Recommendations & Ratios' issued by the Danish Finance Society.

Gross premium income

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

Gross claims ratio

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

Net reinsurance ratio

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

Gross expense ratio

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

Combined ratio

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

Operating ratio

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

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

Relative run-off gains/losses

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

Discounting

Expresses recognition in the financial statements of expected future payments at a value below the nominal amount, as the recognised amount carries interest until payment. The size of the discount depends on the market-based discount rate applied and the expected time to payment.

Claims ratio, net of ceded business

Gross claims ratio + net reinsurance ratio payment.

Unwinding

Unwinding of discounting takes place with the passage of time as the expected time to payment is reduced. The closer the time of payment, the smaller the discount. This gradual increase of the provision is not recognised under claims, but under technical interest in the income statement.

Percentage return on equity after tax

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

Danish general insurance

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

Norwegian general insurance

Comprises Tryg Forsikring A/S, Norwegian branch.

Swedish general insurance

Comprises Tryg Forsikring Forsikring A/S, Swedish branch.

Solvency II

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

Run-off gains/losses

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

Own funds

Equity plus share of qualifying subordinate loan capital and profit margin (solvency purpose), less intangible assets, tax asset and proposed dividend.

Solvency ratio

Ratio between own funds and the capital requirement

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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.

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