

Interim report Q2 and H1 2019



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Teleconference

Tryg is hosting a teleconference on 10 July 2019 at 10.00 CET. View the audio webcast at tryg.com. Financial analysts and investors may participate on tel. +44 (0) 203 194 0544 or +45 35 44 55 83, where questions can be asked. The teleconference will be held in English and can subsequently be viewed at tryg.com.

Highlights

Premium growth of 19.7%, or 5.9% excluding Alka (4.9% in Q2 2018). Technical result of DKK 979m (DKK 846m) was positively impacted by Alka result, and slightly lower level of large and weather claims than in Q2 2018. Investment income of DKK 57m (DKK -90m) driven primarily by positive equity returns and strong returns from all fixed-income asset classes. Profit before tax of DKK 979m (DKK 735m). Quarterly dividend of DKK 1.70 per share, supporting TryghedsGruppen's member bonus. Solvency ratio of 171.

Financial highlights Q2 2019

- Premium growth of 19.7% or 5.9% (4.9%) excluding Alka in local currencies
- Technical result of DKK 979m (DKK 846m), positively impacted by Alka result
- Combined ratio of 82.1% (81.4%)
- Underlying claims ratio improved by 0.5% both for Private and the Group including Alka in the corresponding period in Q2 2018
- Expense ratio of 14.2 (14.1)
- Return on free investments portfolio of DKK 161m (DKK 10m)
- Total investment return of DKK 57m (DKK -90m)
- Profit before tax of DKK 979m (DKK 735m)
- Q2 dividend of DKK 1.70 per share and solvency ratio of 171

Customer highlights Q2 2019

- Transactional Net Promoter Score (TNPS) of 67 (64)
- Number of products per customer increased to 3.8 (3.6)
- For the fourth consecutive year, TryghedsGruppen paid out a member bonus of 8% to its members

Financial highlights H1 2019

- Premium growth of 19.4% or 6.0% (3.5%) excluding Alka in local currencies
- Technical result of DKK 1,605m (DKK 1,409m) positively impacted by Alka result
- Combined ratio of 85.0% (84.3%)
- Underlying claims ratio (Private and Group) improved by 0.5%
- Expense ratio of 14.1 (14.1)
- Return on free investments portfolio of DKK 534m (DKK 64m)
- Investment return of DKK 410m (DKK -81m)
- Profit before tax of DKK 1,909m (DKK 1,288m)
- H1 dividend of DKK 3.40 per share (DKK 1.70 paid in April. DKK 1.70 to be paid on 15 July)

2020 targets



Earnings

Technical result
DKK 3.3bn

Combined ratio
≤86

Expense ratio
~14

RoE
≥21



Customers

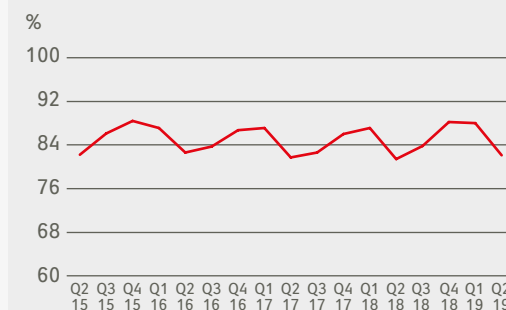
TNPS
70

Number of products
per customer
+10%

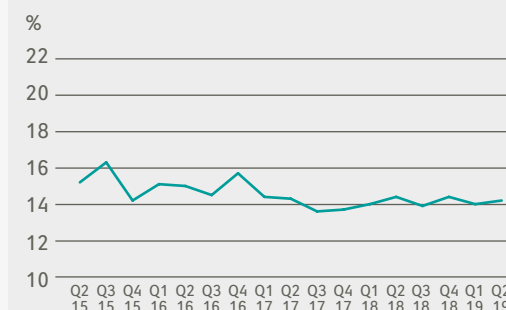
Income overview

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Gross premium income	5,451	4,571	10,679	8,991	18,740
Gross claims	-3,466	-2,801	-7,221	-5,870	-12,636
Total insurance operating costs	-775	-646	-1,509	-1,266	-2,704
Profit/loss on gross business	1,210	1,124	1,949	1,855	3,400
Profit/loss on ceded business	-234	-274	-348	-439	-624
Insurance technical interest, net of reinsurance	4	-4	5	-7	-10
Technical result	979	846	1,605	1,409	2,766
Investment return after insurance technical interest	57	-90	410	-81	-332
Other income and costs	-57	-21	-106	-40	-172
Profit/loss before tax	979	735	1,909	1,288	2,262
Tax	-197	-167	-370	-294	-529
Profit/loss on continuing business	782	568	1,539	994	1,733
Profit/loss on discontinued and divested business after tax	0	0	0	0	-2
Profit/loss	782	568	1,539	994	1,731
Run-off gains/losses, net of reinsurance	287	313	659	606	1,221
Key figures					
Total equity	11,882	11,697	11,882	11,697	11,334
Return on equity after tax (%)	26.8	18.9	26.4	16.4	14.9
Number of shares, end of period (1,000)	302,082	302,124	302,082	302,124	301,743
Earnings per share	2.59	1.88	5.10	3.29	5.73
Ordinary dividend per share (DKK)	1.70	1.65	3.40	3.30	6.60
Premium growth in local currencies	19.7	4.9	19.4	3.5	6.3
Gross claims ratio	63.6	61.3	67.6	65.3	67.4
Net reinsurance ratio	4.3	6.0	3.3	4.9	3.3
Claims ratio, net of reinsurance	67.9	67.3	70.9	70.2	70.7
Gross expense ratio	14.2	14.1	14.1	14.1	14.4
Combined ratio	82.1	81.4	85.0	84.3	85.1
Run-off, net of reinsurance (%)	-5.3	-6.8	-6.2	-6.7	-6.5
Large claims, net of reinsurance (%)	2.4	2.9	2.9	2.0	2.6
Weather claims, net of reinsurance (%)	0.9	1.4	1.7	2.3	2.0
Combined ratio on business areas					
Private	80.3	78.6	83.1	83.5	81.6
Commercial	81.7	82.7	85.5	82.4	80.3
Corporate	87.2	88.9	88.9	88.1	95.6
Sweden	84.4	76.6	88.1	84.4	86.0

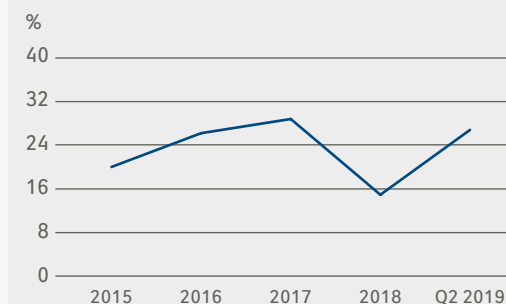
Combined ratio



Expense ratio



Return on equity



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

Tryg's results

Tryg reported a technical result of DKK 979m (DKK 846m) driven by positive developments in the core business, the inclusion of Alka and a slightly lower level of large and weather claims than in Q2 2018. The underlying claims ratio improved for both Private and the Group by 0.5 percentage points. The combined ratio was 82.1 (81.4) with run-off gains weighing positively for 5.3% (6.8%). The investment return was DKK 57m (DKK -90m) as equities generated a good return, while fixed-income assets benefitted from falling rates. Tryg will pay a quarterly dividend of DKK 1.70 per share based on aggregate results, Tryg's dividend policy and a solvency ratio of 171.

Premium growth was 19.7% in local currencies, or 5.9% when adjusting for Alka. The combined ratio was 82.1 (81.4 excluding Alka in Q2 2018). The sum of large and weather claims was slightly lower than in Q2 2018, while run-off gains were also down. The Private underlying claims ratio, adjusted for weather and large claims, run-off and discount rate (to discount the claims provisions), was 68.3 (68.8 including Alka in Q2 2018), showing that underlying profitability continues to improve. The Group's underlying claims ratio also improved by 0.5 percentage points to 70.6 (71.1), whereas profitability in Corporate remains under pressure. Tryg continues to actively reduce exposure to unprofitable segments and expects an improved underlying claims ratio for the full year 2019. Synergies from the Alka transaction were DKK 22m in Q2.

The investment return totalled DKK 57m (DKK -90m). The free portfolio benefitted from good returns from equities and fixed-income asset classes. Equities were up 2% in Q2 2019, and fixed-income returns benefitted from falling interest rates. The match portfolio produced a result of DKK -43m. Taking into account the fact that the match portfolio represents more than DKK 30bn, the result is close to the target of a zero result as Nordic covered-bonds spreads were broadly stable, and Nordic swap rates were also broadly stable versus

EUR swap rates. Tryg continues to pursue a low-risk investment strategy, which seems apt in a period of high volatility, and the asset allocation remained broadly unchanged in the period.

The Transactional Net Promoter Score (TNPS) improved from 64 in Q2 2018 to 67 in Q2 2019, a positive development driven by Tryg's strong customer focus. The number of products per customer increased by approximately 6% in Q2 2019.

For the fourth consecutive year, TryghedsGruppen, Tryg's majority shareholder, paid a member bonus (12 June) equivalent to 8% of premiums paid for 2018. The member bonus included Alka's customers, as previously communicated. The bonus should be seen in conjunction with Tryg's dividend policy, and following the payment of member bonus, awareness of the bonus model continued to increase among both customers and non-customers.

Premiums

Gross premium income totalled DKK 5,451m (DKK 4,571m), corresponding to growth of 19.7% in local currencies, or 5.9% when adjusted for Alka. The Private segment grew by 7.9% (adjusting for Alka), driven primarily by positive sales developments in the recently acquired portfolios and partner agreements (NITO and OBOS in Norway

and FDM in Denmark), positive developments in sales of new products and a further improvement of retention rates. Commercial was up 3.4% (adjusting for Alka) due to high sales, improved retention rates and price adjustments in Commercial Norway.

Corporate reported modest positive topline growth driven by a positive renewal in Corporate Denmark, broadly offset by the loss of unprofitable customers in Corporate Norway due to price initiatives. In Norway, price increases of approximately 11% and pruning of the portfolio have been pushed through to improve profitability.

Claims

The claims ratio, net of ceded business, was 67.9 (67.3), the sum of large and weather claims was 1.0 percentage points lower than in the corresponding quarter in 2018, while run-off gains were 1.5 percentage points lower. The Private under-

lying claims ratio, excluding run-offs, large and weather claims and discounting, was 68.3, which was 0.5 percentage points better than in Q2 2018 (including Alka). The Group's underlying claims ratio was 70.6%, also 0.5 percentage points better compared to Q2 2018 (including Alka). To meet the financial targets for 2020, Tryg continues to expect an improvement in the underlying claims ratio going forward.

In Scandinavia, the weather in Q2 2019 was slightly better than in Q2 2018. Even though a few heavy downpours and a high number of lightning strikes were registered, these did not materially impact the Q2 2019 figures. Weather claims were DKK 50m or 0.9% (1.4%) on the claims ratio. Large claims impacted the claims ratio negatively by 2.4% (2.9%), which is slightly below the normal run-rate. Tryg's assumptions for 2019 are based on large claims of DKK 550m (with no seasonality) and weather claims of DKK 600m (mostly in Q1 and Q4 2019).

Customer targets (excluding Alka)

	Q2 2019	Q2 2018	Target 2020
Transactional Net Promoter Score (TNPS)	67	64	70
Products per customer	3.8	3.6	4 (+10%)



Tryg will pay a quarterly dividend of DKK 1.70 per share on 15 July 2019.

Expenses

The expense ratio was 14.2 (14.1). At the most recent CMD in 2017, Tryg announced an expense ratio target for 2020 of around 14 as IT investments and an increase in employee numbers (especially in the short term) will be broadly offset by continuous efficiency improvements, driven primarily by lower distribution costs. Cost synergies of DKK 12m from the Alka transaction helped the expense ratio slightly.

Investment return

Investment income was DKK 57m (DKK -90m). The free portfolio benefitted from good returns from equities and fixed-income asset classes. Equities were up 2% in Q2 2019, while fixed-income returns benefitted from falling interest rates. The match portfolio generated a negative result as decreasing interest rates provided a more negative result on the provisions than the positive return on the match portfolio could offset. Other financial income and expenses were DKK -61m (DKK -85m).

Profit before and after tax

Profit before tax was DKK 979m (DKK 735m), while the profit after tax and discontinued activities was DKK 782m (DKK 568m). The total tax bill was DKK 197m (DKK 167m), equating to a tax rate of 20%.

Dividend and solvency

Tryg will pay a quarterly dividend of DKK 1.70 per share, or DKK 514m in total. The dividend is driven by the overall results and the ambition to grow the annual nominal dividend. The reported solvency ratio at the end of Q2 2019 was 171. The solvency capital requirement (SCR) was roughly flat in the period, while own funds developed positively, driven by the difference between reported net profit and dividend.

H1 2019 results

Premium growth of 6.0% (excluding Alka) when measured in local currencies was primarily driven by satisfactory growth in the Private segment and portfolio acquisitions. The H1 technical result was better than the prior-year period, while the investment return was also markedly up. The underlying claims ratio for Private improved by 0.5 percentage points and the Group improved by 0.5 percentage points. The expense ratio was 14.1 (14.1) driven by improved top-line growth and cost control despite an increase in the number of employees. Tryg reported a profit before tax of DKK 1,909m (DKK 1,288m) and a profit after tax of DKK 1,539m (DKK 994m).

Vet hotline

In June, Tryg Private launched its Vet hotline for Danish cat and dog owners. The Vet hotline makes it possible to seek online advice from an authorised veterinarian for your pet via mobile or tablet. Earlier this year, the service was launched in Norway, while it has been available in Sweden for many years.



Follow-up on strategic initiatives

supporting the CMD targets for 2020

Tryg has defined four strategic initiatives for realising its financial targets for 2020. In connection with the acquisition of Alka, the financial targets were updated, and the CMD initiatives therefore include the Alka synergies.

Claims excellence

A critical driver for improving the technical result is Tryg's claims excellence initiative. This initiative is targeted at reducing claims costs by DKK 600m in 2020. The initiative realised estimated cost savings of approximately DKK 200m in H1 2019.

The drivers of the claims excellence initiative are:

- Further leverage of Tryg's procurement power, which reduced costs by approximately DKK 110m in H1 2019. Examples of initiatives in this area are a new five-year contract with Recover Nordic (the largest Nordic claims service group), and better contracts regarding windshield repairs in Denmark and Norway.
- Increased fraud detection expertise, which has ensured a higher level of fraud detection, corresponding to realised cost savings of approximately DKK 20m. The improvement can be ascribed to enhanced fraud identification training in the Tryg organisation and the application of Alka's fraud detection method to Tryg claims.

- Improvement of the claims handling process. The claims handling process has been improved through several initiatives, including notably continued improvements of the quality of Tryg's claim assessment and regression management. The improvements resulted in cost savings of DKK 70m in H1 2019.

Digital empowerment of customers

Tryg is committed to satisfying customer preferences for digital and efficient communication solutions. Tryg's target for 2020 is 50% Straight Through Processing (STP) of claims, a self-service level of 70% for all contacts with Tryg, and financial gains of DKK 100m from digital initiatives. In H1 2019, the share of STP increased to 24%, the use of digital self-service increased to 59%, while financial gains totalling DKK 40m were realised from the initiatives.

The drivers of the results are:

- STP. Tryg has further increased and improved the use of robots and scripts in its claims handling process. As a result, more than 25,000 claims were processed as STP in H1 2019. Some were processed by the new claims handling system, which is now processing claims on selected products.

- Self-service. In H1 2019, the number of digital self-service interactions was increased further following the introduction of more digital self-service options for customers. Examples of digital self-service solutions are digital invoicing on 'My page' as well as an improved chatbot functionality, which has moved a significant number of calls to digital channels.

Product & service innovation

Tryg has a strong focus on developing and offering new products and services as a way of remaining relevant for customers. The target for 2020+ is gross premiums of DKK 1,000m. In H1 2019, the new products and services portfolio grew from approximately DKK 250m to a total of DKK 475m. The primary focus of the initiative is profitability, hence a specific growth target for the period has not been defined.

The portfolio of new products and services is comprised of:

- New products such as Cyber, Undo (digital start-up in which Tryg has a stake) and Pet insurance. The products in this category generated gross written premiums of DKK 125m in H1 2019.
- New bundling of products such as health and child insurance. The products in this category generated gross written premiums of DKK 75m in H1 2019.

- Prevention elements in products such as Tryg Drive, Alarm and Rat Blocker. Products including these elements generated gross written premiums of DKK 50m in H1 2019.

Distribution efficiency

Increasing distribution efficiency is a strategic priority for Tryg. The target is savings of DKK 150m in 2020. In H1 2019, efficiency improvements corresponding to an estimated value of approximately DKK 30m were implemented, while at the same time increasing customer loyalty.

The primary drivers of this initiative are:

- Continued optimisation of the mix of distribution channels in the Private and Commercial segments to lower cost of sales. In Private Denmark, Tryg works with independent sales agents selling exclusively for Tryg. Commercial Norway employs a similar franchise concept. In Commercial Denmark, a new type of sales agent is now operating which combines the traditional sales agent and customer centre sales functions.
- Continued development of digital sales solutions to lower cost of sales.
- Utilisation of new partner agreements.

Customer highlights

Member bonus

In June 2019, TryghedsGruppen, Tryg's majority shareholder, paid out a member bonus of DKK 925m to Tryg's customers in Denmark.

Awareness and understanding of this model continues to increase, and especially supports the retention rates, which improved in both Private and Commercial in Q2 2019.

Awareness of the member bonus increased among customers from 68% in Q2 2018 to 81% in Q2 2019. Additionally, awareness among non-customers also increased considerably from 20% in Q2 2018 to 25% in Q2 2019.

Customer targets for 2020

As part of our 2020 strategy, Tryg maintains a strong focus on customer targets. The Transactional Net Promoter Score (TNPS) improved from 64 in Q2 2018 to 67 in Q2 2019 (excluding Alka).

Also, the number of products per customer increased to 3.8 in Q2 2019 from 3.6 in Q2 2018 (excluding Alka), which is a satisfactory development based on both cross-selling and new product sales.

Innovative partnerships

Q2 2019 was marked by a series of innovative partnerships with well-established companies and new start-ups, which strengthens distribution and customer experience.

Tryg launched a pension brand, Tryg Pension, with the life and pension company Danica as service the provider. Tryg also started providing insurance solutions to Danske Bank's 3 million Nordic customers. Tryg delivers digital health insurance in the pension app, Granthood, as well as a new innovative insurance solution in the bank app, Lunar Way, targeted at young people.

TryghedsGruppen's member bonus

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



Private

Results

Private posted a technical result of DKK 593m (DKK 483m) and a combined ratio of 80.3 (78.6). The result is impacted by the inclusion of Alka in Q2 2019 (Alka was not consolidated in Q2 2018), which in conjunction with an improvement in the underlying claims ratio and higher premium volume led to a technical result of DKK 593m. The Q2 technical result is up DKK 110m compared to Q2 2018.

Premiums

Gross premium income increased by 33.6% (5.0%) including Alka and measured in local currencies. Growth was 7.9% excluding Alka. The positive development continued in Private Denmark with premium growth of 8.2% (6.5%) excluding Alka, driven mostly by a high sales level and further improvement of retention levels helped by the member bonus from TryghedsGruppen. In Private Norway, premiums increased by 7.4% (2.9%) in local currencies, helped by the agreement with NITO (Norwegian Society of Engineers and Technologists), both the collective agreement for NITO customers (approximately DKK 25m), but also very strong sales to both NITO and OBOS (Oslo Housing and Savings Society) customers.

The retention rate developed favourably, reaching 91.6 (90.8) for Private Denmark (excluding Alka) and 87.2 (86.5) for Private Norway.

Claims

The claims ratio, net of ceded business, was 66.5 (64.7) and was influenced by a lower level of run-off gains. The underlying claims ratio improved by 0.5 percentage points driven primarily by claims reduction initiatives and price adjustments which were broadly in line with inflation.

Expenses

The expense ratio was 13.8 (13.9) and in line with the overall guidance of a broadly unchanged expense level in 2019. The number of employees was 1,387 at the end of the quarter against 1,329 at the end of 2018. The increase in headcounts is mainly driven by an increase in customer centre employees, closely linked to the higher premium income level.

H1 2019 results

The technical result was DKK 999m (DKK 736m). The combined ratio was 83.1 (83.5) with a slightly lower claims level, due mainly to an improved underlying claims level. Premium growth was 32.2% (4.4%) due to the Alka business, while excluding Alka, growth was 7.5% based primarily on strong sales under the new partner agreements. The claims ratio, net of ceded business, was 69.3 (69.6), while the underlying claims ratio improved by 0.5 percentage points, primarily driven by claims initiatives.

Private encompasses the sale of insurance products to private individuals in Denmark and Norway. Sales are distributed via call centres, the Internet, Tryg's own agents, Alka (Denmark), franchisees (Norway), interest groups, car dealers, estate agents and Danske Bank branches.

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

Financial highlights Q2 2019

Technical result
DKK 593
(DKK 483m)

Combined ratio
80.3
(78.6)

Premium growth
(local currencies)
33.6% (5.0%)
or **7.9%**
(adjusting for Alka)

Key figures – Private

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Gross premium income	3,010	2,257	5,907	4,478	9,466
Gross claims	-1,949	-1,404	-3,996	-3,012	-6,198
Gross expenses	-415	-313	-815	-624	-1,309
Profit/loss on gross business	646	540	1,096	842	1,959
Profit/loss on ceded business	-53	-56	-98	-104	-220
Insurance technical interest, net of reinsurance	0	-1	1	-2	-5
Technical result	593	483	999	736	1,734
Run-off gains/losses, net of reinsurance	84	110	191	194	394
Key ratios					
Premium growth in local currency (%)	33.6	5.0	32.2	4.4	8.9
Gross claims ratio	64.7	62.2	67.6	67.3	65.5
Net reinsurance ratio	1.8	2.5	1.7	2.3	2.3
Claims ratio, net of reinsurance	66.5	64.7	69.3	69.6	67.8
Gross expense ratio	13.8	13.9	13.8	13.9	13.8
Combined ratio	80.3	78.6	83.1	83.5	81.6
Combined ratio exclusive of run-off	83.1	83.5	86.3	87.8	85.8
Run-off, net of reinsurance (%)	-2.8	-4.9	-3.2	-4.3	-4.2
Large claims, net of reinsurance (%)	0.3	0.0	0.1	0.0	0.0
Weather claims, net of reinsurance (%)	1.0	1.8	1.5	2.8	2.4

Commercial

Results

Commercial posted a technical result of DKK 196m (DKK 169m) and a combined ratio of 81.7 (82.7). The results are positively impacted by underlying improvements and improved expense ratio.

Premiums

Gross premium income totalled DKK 1,062m (DKK 978m), which represents a 8.6% increase when measured in local currencies. Alka contributed to growth of approximately 5%. Excluding Alka, Commercial Denmark reported growth of 2.4%, and in Commercial Norway premiums increased by 6.0%.

The retention rate for Commercial Denmark (excluding Alka) was 88.5 (88.1), which can be ascribed both to an improved service concept and the member bonus from TryghedsGruppen. In Norway, the retention rate increased to 88.4 (88.2), driven by a continued strengthening of the customer focus.

Claims

The claims ratio, net of ceded business, was 64.2 (63.9). The higher level was due to a slightly lower run-off level, while large and weather claims were merely unchanged. The claims level was also positively affected by the claims efficiency programme leading to an improved underlying claims level.

Expenses

The expense ratio was 17.5 (18.8). To improve the expense level, Commercial Denmark has started recruiting independent sales agents selling exclusively for Tryg. These sales agents have lower costs than traditional sales agents and also a very high Transactional Net Promotor Score (TNPS).

At the end of the quarter, Commercial had 515 employees, down from 516 at the end of 2018, and thus almost unchanged.

H1 2019 results

The technical result was DKK 307m (340m). The combined ratio was 85.5 (82.4) based on a higher large claims level and a somewhat lower run-off level. Premium growth was 9.5% (2.5%), or 4.2% when excluding Alka.

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

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

Financial highlights Q2 2019

Technical result
DKK 196m
(DKK 169m)

Combined ratio
81.7
(82.7)

Premium growth
(local currencies)
8.6% (4.0%)
or **3.4%**
(adjusting for Alka)

Key figures – Commercial

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Gross premium income	1,062	978	2,112	1,933	3,971
Gross claims	-646	-584	-1,356	-1,175	-2,326
Gross expenses	-186	-184	-373	-342	-696
Profit/loss on gross business	230	210	383	416	949
Profit/loss on ceded business	-36	-41	-78	-75	-165
Insurance technical interest, net of reinsurance	1	0	1	-1	0
Technical result	196	169	307	340	784
Run-off gains/losses, net of reinsurance	86	94	181	166	434
Key ratios					
Premium growth in local currency (%)	8.6	4.0	9.5	2.5	3.7
Gross claims ratio	60.8	59.7	64.2	60.8	58.6
Net reinsurance ratio	3.4	4.2	3.7	3.9	4.2
Claims ratio, net of reinsurance	64.2	63.9	67.9	64.7	62.8
Gross expense ratio	17.5	18.8	17.6	17.7	17.5
Combined ratio	81.7	82.7	85.5	82.4	80.3
Combined ratio exclusive of run-off	89.7	92.3	94.1	91.0	91.2
Run-off, net of reinsurance (%)	-8.1	-9.6	-8.6	-8.6	-10.9
Large claims, net of reinsurance (%)	4.3	3.8	4.9	1.9	1.6
Weather claims, net of reinsurance (%)	0.9	1.3	2.5	2.4	2.3

Corporate

Results

The technical result amounted to DKK 130m (DKK 109m) with a combined ratio of 87.2 (88.9). The higher technical result is primarily due to a lower level of large claims, but also to an underlying improvement due to continued profitability initiatives primarily in Norway. The credit and surety business, Tryg Garanti, which is included in the Corporate segment, posted satisfactory growth of approximately 10% and a combined ratio around 60.

Premiums

Gross premium income totalled DKK 994m (DKK 977m), representing an increase of 1.9% (6.1%) when measured in local currencies. Growth was impacted by profitability initiatives in Norway, which led to a net reduction in premium income of approximately 9%. In Denmark, growth was approximately 10%, partly due to the increased expansion of the guarantee business, but also due to TryghedsGruppen's bonus model. In Sweden, growth was around 4%, impacted by profitability initiatives and pruning of the portfolio.

Claims

The claims ratio, net of ceded business, was 76.1 (79.3). The total level of large claims and weather claims was somewhat lower than last year, and the run-off level was almost unchanged. The underlying claims level improved, primarily due to profitability initiatives in Norway.

Expenses

The expense ratio was slightly higher at 11.0 (9.6), not reflecting any specific trends, but normal volatility between the quarters. At the end of the quarter, the number of employees in Corporate was 277 against 265 at the end of 2018, solely due to the expansion of the guarantee business.

H1 2019 results

The technical result was DKK 219m (DKK 227m), while the combined ratio was 88.9 (88.1). The slightly higher combined ratio was primarily due to a higher level of large claims. Premiums increased by 1.2% (3.4%) when measured in local currencies, mainly due to a loss of business in the Norwegian part, profitability initiatives and growth in corporate Denmark for both Tryg Garanti and corporate customers in general.

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are distributed both via Tryg's own sales force and via insurance brokers. Moreover, customers with international insurance needs are served by Corporate through its cooperation with the AXA Group.

The business area accounts for 18% of the Group's total premium income.

Financial highlights Q2 2019

Technical result
DKK 130m
(DKK 109m)

Combined ratio
87.2
(88.9)

Premium growth
(local currencies)
1.9%
(6.1%)

Key figures – Corporate

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Gross premium income	994	977	1,960	1,919	3,897
Gross claims	-616	-574	-1,350	-1,240	-3,114
Gross expenses	-110	-94	-203	-191	-385
Profit/loss on gross business	268	309	407	488	398
Profit/loss on ceded business	-141	-200	-191	-260	-225
Insurance technical interest, net of reinsurance	2	0	2	-1	0
Technical result	130	109	219	227	173
Run-off gains/losses, net of reinsurance	63	60	203	182	271
Key ratios					
Premium growth in local currency (%)	1.9	6.1	1.2	3.4	4.0
Gross claims ratio	62.0	58.8	68.9	64.6	79.9
Net reinsurance ratio	14.2	20.5	9.7	13.5	5.8
Claims ratio, net of reinsurance	76.1	79.3	78.6	78.1	85.7
Gross expense ratio	11.0	9.6	10.3	10.0	9.9
Combined ratio	87.2	88.9	88.9	88.1	95.6
Combined ratio exclusive of run-off	93.5	95.0	99.3	97.6	102.6
Run-off, net of reinsurance (%)	-6.4	-6.1	-10.4	-9.5	-7.0
Large claims, net of reinsurance (%)	7.6	9.9	10.2	7.3	11.0
Weather claims, net of reinsurance (%)	0.9	0.9	1.5	1.5	1.4

Sweden

Results

Sweden posted a technical result of DKK 61m (DKK 85m) and a combined ratio of 84.4 (76.6). The reduced technical result is mainly due to a higher level of medium-sized claims for house insurance and a negative trend for motor insurance claims.

Premiums

Premium income totalled DKK 392 (DKK 375m), representing an increase of 6.4% (4.6%) when measured in local currencies. Growth remains balanced in Sweden, which is in line with the plans for this area, yet still with a strong focus on profitability.

Claims

The claims ratio, net of ceded business, was 67.8 (61.9). The higher claims level was, as mentioned, primarily due a higher level of medium-sized claims for house insurance and a negative trend for motor insurance. Measures have been taken to improve the claims development for motor insurance.

Expenses

The expense ratio was 16.6 (14.7), which is an acceptable level considering the limited size of the business in the Swedish market. At the end of the quarter, the number of employees was 374, which is an increase from 354 at the end of 2018 and primarily due to an increase in the claims organisation.

H1 2019 results

The technical result was DKK 87m (DKK 106m), while the combined ratio was 88.1 (84.4). The deterioration was primarily due to a higher level of medium-sized claims and the above-mentioned negative trend for motor claims compared to the prior-year period.

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

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

Financial highlights Q2 2019

Technical result
DKK 61m
(DKK 85m)

Combined ratio
84.4
(76.6)

Premium growth
(local currencies)
6.4%
(4.6%)

Key figures – Sweden

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Gross premium income	392	375	735	699	1,471
Gross claims	-261	-231	-523	-479	-1,024
Gross expenses	-65	-55	-119	-109	-237
Profit/loss on gross business	66	89	93	111	210
Profit/loss on ceded business	-5	-1	-6	-2	-4
Insurance technical interest, net of reinsurance	0	-3	0	-3	-5
Technical result	61	85	87	106	201
Run-off gains/losses, net of reinsurance	54	49	90	64	122
Key ratios					
Premium growth in local currency (%)	6.4	4.6	8.2	3.3	4.9
Gross claims ratio	66.5	61.6	71.1	68.5	69.6
Net reinsurance ratio	1.3	0.3	0.8	0.3	0.3
Claims ratio, net of reinsurance	67.8	61.9	71.9	68.8	69.9
Gross expense ratio	16.6	14.7	16.2	15.6	16.1
Combined ratio	84.4	76.6	88.1	84.4	86.0
Combined ratio exclusive of run-off	98.2	89.7	100.4	93.6	94.3
Run-off, net of reinsurance (%)	-13.8	-13.1	-12.3	-9.2	-8.3
Weather claims, net of reinsurance (%)	0.4	0.5	1.4	1.1	0.5

Investment activities

Investment income totalled DKK 57m (DKK -90m) in Q2 2019, driven by a return of DKK 161m (DKK 10m) on the free portfolio, a return of DKK -43m (DKK -15m) on the match portfolio and other financial income and expenses of DKK -61m (DKK -85m).

The total market value of Tryg's investment portfolio was DKK 41bn (DKK 45bn) at 30 June 2019. The investment portfolio consists of a match portfolio of DKK 30bn and a free portfolio of DKK 11bn. The match portfolio is composed of low-risk fixed-income assets that mirror the Group's insurance liabilities, and fluctuations resulting from interest rate changes are therefore offset to the greatest possible extent. The free portfolio reflects the Group's capital, which is predominantly invested in fixed-income securities with a short duration, but also in equities and properties.

Free portfolio

In Q2, financial markets were somewhat volatile due to concerns about the resurfaced trade tension and fear of recession as the economic indicators were weak, and central banks changed rhetoric and signalled interest rate cuts.

Government bonds in many large economies fell yet again in Q2 and as an example, the German government has been selling 10-year bonds at a yield of -0.24%, which is the lowest on record.

Tryg's equity portfolio posted a return of DKK 39m (DKK 20m) or 2.0%, while the free portfolio was also positively impacted by falling rates and narrowing credit spreads in most fixed-income asset classes. Corporate bonds (primarily investment grades), emerging-market debt and inflation-linked bonds produced high returns, and it is important to remember that these remain small asset classes for Tryg. The return on the investment property portfolio was DKK 28m (DKK 24m) or 1.2%. The overall return of the free portfolio was 1.5% (0.1%).

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'.

Financial highlights Q2 2019

Investment return
DKK 57m
(DKK -90m)

Free portfolio result
DKK 161m
(DKK 10m)

Match portfolio
DKK -43m
(DKK -15m)

Key figures – investments

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Free portfolio, gross return	161	10	534	64	-33
Match portfolio, regulatory deviation and performance	-43	-15	8	15	-2
Other financial income and expenses	-61	-85	-132	-160	-297
Total investment return	57	-90	410	-81	-332

Return – match portfolio

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
Return, match portfolio	223	107	528	90	200
Value adjustments, changed discount rate	-218	-70	-420	28	7
Transferred to insurance technical interest	-48	-52	-100	-103	-209
Match, regulatory deviation and performance	-43	-15	8	15	-2
Hereof:					
Match, regulatory deviation	-39	6	-40	2	-2
Match, performance	-4	-21	48	13	0

The 'regulatory deviation' reported a negative contribution of DKK -39m (DKK 6m). Yields fell to the lowest level in years, and the sudden move caused the value of provisions to increase more than the return on our model portfolio.

Yearly regulatory deviation has been DKK 47m, DKK 98m and DKK -2m in the past three years, and a result of DKK -39m is not exceptional. The 'performance' result was DKK -4m (DKK -21m) as Nordic covered-bond spreads were almost

unchanged against the swap curve after a lot of fluctuations.

Other financial income and expenses

Other financial income and expenses totalled DKK -61m (DKK -85m) in Q2 2019. This item consists of a number of elements, the largest being the interest expenses associated with Tryg loans (Tier 2 and Tier 1 loans), the hedging of foreign currency exposure and expenses related to the investment management team.



Return – free portfolio

DKKm	Q2 2019	Q2 2019(%)	Q2 2018	Q2 2018(%)	H1 2019	H1 2019(%)	H1 2018	H1 2018 (%)	Investment assets	
									30.06.2019	31.12.2018
Government bonds	1	0.5	4	1.7	8	4.2	3	1.0	187	198
Covered bonds	13	0.4	-3	-0.1	37	1.0	11	0.3	3,643	3,696
Inflation-linked bonds	11	2.3	-3	-0.4	22	4.4	-5	-0.8	500	493
Investment-grade credit	32	3.7	-11	-1.5	75	8.8	-29	-4.0	879	820
Emerging-market bonds	20	3.5	-26	-5.7	41	7.2	-38	-7.3	587	484
High-yield bonds	4	0.4	6	0.6	40	4.3	9	1.0	976	862
Other ^{a)}	13		-1		18		-21		109	47
Interest rate and credit exposure	94	1.4	-34	-0.5	241	3.6	-70	-1.0	6,881	6,600
Equity exposure	39	2.0	20	1.1	248	12.9	3	0.1	1,948	1,842
Investment property	28	1.2	24	1.2	45	2.0	131	6.6	2,025	2,238
Total gross return	161	1.5	10	0.1	534	4.9	64	0.6	10,854	10,680

a) Senior/bank deposits less than one year and derivative financial instruments hedging interest rate risk and credit risk.

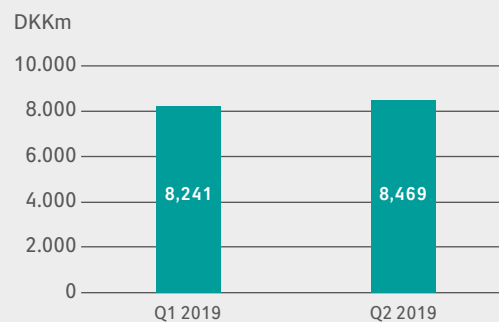
Solvency and dividend

The solvency ratio (based on Tryg's partial internal model) was 171 at the end of Q2 2019. Tryg will pay a Q2 dividend of DKK 1.70 per share on 15 July 2019, which is in line with Tryg's policy of paying stable quarterly dividends. The Q2 dividend has already been deducted from the reported solvency ratio of 171.

Own funds

Own funds totalled DKK 8,469m at the end of Q2 (DKK 8,241m at the end of Q1 2019). Own funds were positively impacted by the net profit for the quarter and negatively impacted by the announced quarterly dividend. Tryg's own funds are predominantly made up of shareholders' equity and subordinated loans, while all intangibles are deducted.

Own funds



Solvency capital requirement

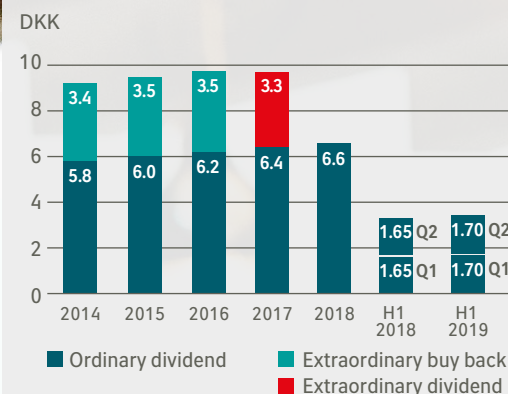
Tryg calculates its individual solvency capital requirement based on a partial internal model in accordance with the Danish Financial Supervisory Authority's Executive Order on Solvency and Operating Plans for Insurance Companies. The model is based on the structure of the standard model. Tryg uses an internal model to evaluate insurance risks, while other risks are calculated using standard model components.

The solvency capital requirement, calculated using the partial internal model, was DKK 4,948m (DKK 4,914m at the end of Q1 2019) and the small increase was primarily due to growth in premiums. The solvency capital requirement based on the standard formula was DKK 6,227m against DKK 6,069m at the end of Q1 2019.

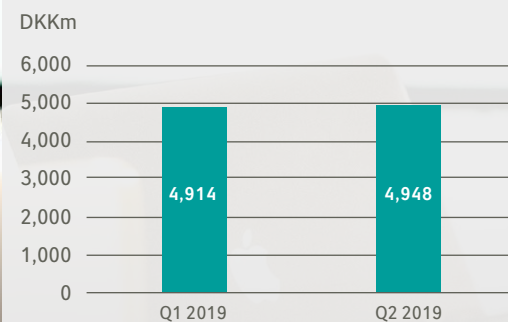
Rating

Tryg has a 'A1' (stable outlook) insurance financial strength rating (IFSR) from Moody's. The rating agency highlights Tryg's strong position in the Nordic P&C market, robust profitability, very good asset quality and relatively low financial leverage. Moody's also assigned an 'A3' rating to Tryg's subordinated debt and a 'Baa3' rating to the Tier 1 notes. All ratings were confirmed following the announcement of the Alka acquisition.

Shareholder remuneration



Solvency capital requirement



Financial outlook

The general macroeconomic outlook remains relatively positive in Scandinavia, especially compared to the Euro zone. Government indebtedness is low, unemployment rates are expected to be below 4% at the end of 2019 in Denmark and Norway and just above 6% in Sweden, while GDP growth is expected to average close to 2% in the region.

Tryg expects organic growth to be broadly in line with GDP in a normal year. During 2019, portfolio acquisitions, new partner agreements and selected price adjustments will push top-line growth above GDP growth. Exposure to the Corporate segment is likely to be reduced, driven by an increased focus on profitability. Long-term growth expectations are unchanged.

Tryg's reserves position remains strong. At the CMD in November 2017, it was disclosed that run-off gains are expected to be between 3% and 5% in 2020. Tryg's systematic claims-reserving approach continues to include a margin of approximately 3% based on best estimate. In 2019, weather claims net of reinsurance and large

claims are expected to be DKK 550m and DKK 600m, respectively.

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

The investment portfolio is divided into a match portfolio corresponding to the technical provisions, and a free portfolio. The objective is for the return on the match portfolio 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 possible risk-adjusted return.

The return on bonds in the free portfolio (approximately 65% of the free portfolio) will vary, but given current interest rate levels, a very low return is expected. Equities, as an asset class, are expected to provide a return of around 7% annually. The MSCI World Index is the chosen

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 and interest expenses on subordinated loans.

In the past few years, corporate tax rates have been lowered throughout Scandinavia. In Denmark, the rate will remain at 22% in 2019, while it is 25% in Norway and 22% in Sweden. Capital gains and losses on equities are not taxed in Norway, which reduces the expected tax payable for an average year to 22-23%.

Alka has produced a stand-alone technical result of approximately DKK 300m in the past few years. Synergies are expected to be realised in the amounts of DKK 75m in 2019, DKK 150m in 2020 and DKK 300m in 2021. Following the approval of the acquisition, Tryg will book an annual depreciation charge of DKK 127m pertaining to the DKK 1.4bn value of customer relations and branding.

Financial targets 2020



Earnings

Technical result
DKK 3.3bn

Combined ratio
≤86

Expense ratio
~14

RoE
≥21



Financial calendar

Tryg shares are traded ex-dividend	11 July 2019
Payment of Q2 dividend	15 July 2019
Interim report Q3 and Q1-Q3	10 October 2019
Tryg shares are traded ex-dividend	11 October 2019
Payment of Q3 dividend	15 October 2019
Annual report 2019	22 January 2020
Annual general meeting	30 March 2020
Interim report Q1	21 April 2020
Interim report Q2 and H1	9 July 2020
Interim report Q3 and Q1-Q3	9 October 2020

Contact

Tryg A/S

Klausdalsbrovej 601
2750 Ballerup, Denmark
+45 70 11 20 20
CVR no. 26460212

Gianandrea Roberti

Investor Relations Officer
+45 20 18 82 67
gianandrea.roberti@tryg.dk

Peter Brondt

Investor Relations Manager
+45 22 75 89 04
peter.brondt@tryg.dk

Tanja Frederiksen

Head of Communications
+45 51 95 77 78
tanja.frederiksen@tryg.dk

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

Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the interim report for Q2 and H1 2019 for Tryg A/S.

The report, which is unaudited and has not been reviewed by the company's auditors, is prepared in accordance with IAS 34 Interim Financial Reporting, the Danish Financial Business Act

and the requirements of NASDAQ Copenhagen for the presentation of financial statements of listed companies.

The report for the parent company is presented in accordance with the Danish Financial Supervisory Authorities regulations on financial reports for insurance companies and transverse pension funds.

In our opinion, the report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2019 and of the results of the Group's activities and cash flows for the period for the Group.

We are furthermore of the opinion that the management's review includes a fair review of

the developments in the activities and financial position of the Group and parent company, the results for the period and of the Group's and parent company's financial position in general and describes the principal risks and uncertainties that the Group and parent company face.

Ballerup, 10 July 2019

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 Nielsen
Deputy Chairman

Elias Bakk

Tom Eileng

Lone Hansen

Karen Bladt

Claus Wistoft

Ida Sofie Jensen

Lene Skole

Tina Snejbjerg

Mari Thjømmøe

Carl-Viggo Østlund

Financial highlights

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
NOK/DKK, average rate for the period	77.00	77.49	76.62	77.26	77.53
SEK/DKK, average rate for the period	70.60	71.98	71.27	73.60	72.67
Gross premium income	5,451	4,571	10,679	8,991	18,740
Gross claims	-3,466	-2,801	-7,221	-5,870	-12,636
Total insurance operating costs	-775	-646	-1,509	-1,266	-2,704
Profit/loss on gross business	1,210	1,124	1,949	1,855	3,400
Profit/loss on ceded business	-234	-274	-348	-439	-624
Insurance technical interest, net of reinsurance	4	-4	5	-7	-10
Technical result	979	846	1,605	1,409	2,766
Investment return after insurance technical interest	57	-90	410	-81	-332
Other income and costs	-57	-21	-106	-40	-172
Profit/loss before tax	979	735	1,909	1,288	2,262
Tax	-197	-167	-370	-294	-529
Profit/loss, continuing business	782	568	1,539	994	1,733
Profit/loss on discontinued and divested business after tax	0	0	0	0	-2
Profit/loss for the period	782	568	1,539	994	1,731
Other comprehensive income					
Other comprehensive income which cannot subsequently be reclassified as profit or loss	-26	-35	-40	11	-4
Other comprehensive income which can subsequently be reclassified as profit or loss	-1	16	17	19	-12
Other comprehensive income	-27	-19	-23	30	-16
Comprehensive income	755	549	1,516	1,024	1,715
Run-off gains/losses, net of reinsurance	287	313	659	606	1,221
Statement of financial position					
Total provisions for insurance contracts	34,441	31,266	34,441	31,266	31,948
Total reinsurers' share of provisions for insurance contracts	1,540	1,505	1,540	1,505	1,415
Total equity	11,882	11,697	11,882	11,697	11,334
Total assets	57,919	54,440	57,919	54,440	56,545
Key ratios					
Gross claims ratio	63.6	61.3	67.6	65.3	67.4
Net reinsurance ratio	4.3	6.0	3.3	4.9	3.3
Claims ratio, net of reinsurance	67.9	67.3	70.9	70.2	70.7
Gross expense ratio	14.2	14.1	14.1	14.1	14.4
Combined ratio	82.1	81.4	85.0	84.3	85.1

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

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

Income statement

DKKm	H1 2019	H1 2018	2018
Notes			
General insurance			
Gross premiums written	13,046	10,727	18,999
Ceded insurance premiums	-785	-815	-1,362
Change in premium provisions	-2,069	-1,575	85
Change in reinsurers' share of premium provisions	203	191	-47
2 Premium income, net of reinsurance	10,395	8,528	17,675
3 Insurance technical interest, net of reinsurance	5	-7	-10
Claims paid	-7,392	-6,320	-13,294
Reinsurance cover received	249	173	466
Change in claims provisions	171	450	658
Change in the reinsurers' share of claims provisions	-91	-55	125
4 Claims, net of reinsurance	-7,063	-5,752	-12,045
Bonus and premium discounts	-299	-161	-344
Acquisition costs	-1,192	-984	-2,104
Administration expenses	-317	-282	-600
Acquisition costs and administration expenses	-1,509	-1,266	-2,704
Reinsurance commissions and profit participation from reinsurers	77	67	194
Insurance operating costs, net of reinsurance	-1,433	-1,199	-2,510
1 Technical result	1,605	1,409	2,766

DKKm	H1 2019	H1 2018	2018
Notes			
Investment activities			
Income from associates	-20	14	22
Income from investment property	22	31	46
Interest income and dividends	271	290	580
5 Value adjustments	363	-202	-537
Interest expenses	-81	-59	-140
Administration expenses in connection with investment activities	-46	-52	-94
Total investment return	510	22	-123
3 Return on insurance provisions	-100	-103	-209
Total Investment return after insurance technical interest	410	-81	-332
Other income	70	64	128
Other costs	-176	-104	-300
Profit/loss before tax	1,909	1,288	2,262
Tax	-370	-294	-529
Profit/loss on continuing business	1,539	994	1,733
Profit/loss on discontinued and divested business	0	0	-2
Profit/loss for the period	1,539	994	1,731
Earnings/ diluted earnings per share	5.10	3.29	5.73

Statement of comprehensive income

DKKm	H1 2019	H1 2018	2018
Profit/loss for the period	1,539	994	1,731
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Actuarial gains/losses on defined-benefit pension plans	-53	15	-5
Tax on actuarial gains/losses on defined-benefit pension plans	13	-4	1
	-40	11	-4
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	48	39	-50
Hedging of currency risk in foreign entities	-40	-25	49
Tax on hedging of currency risk in foreign entities	9	5	-11
	17	19	-12
Total other comprehensive income	-23	30	-16
Comprehensive income	1,516	1,024	1,715

Statement of financial position

DKK M	30.06.2019	30.06.2018	31.12.2018
Notes			
Assets			
Intangible assets	7,271	1,413	7,236
Operating equipment	131	99	145
Group-occupied property	792	698	790
Total property, plant and equipment	923	797	935
Investment property	849	1,437	1,345
Equity investments in associates	0	239	242
Total investments in associates	0	239	242
Equity investments	1,667	543	1,149
Unit trust units	1,926	4,744	1,663
Bonds	38,133	37,952	38,042
Derivative financial instruments	1,100	797	899
Total other financial investment assets	42,825	44,036	41,753
Total investment assets	43,675	45,712	43,340
Reinsurers' share of premium provisions	384	437	181
Reinsurers' share of claims provisions	1,156	1,068	1,234
Total reinsurers' share of provisions for insurance contracts	1,540	1,505	1,415
Receivables from policyholders	2,348	2,051	1,476
Total receivables in connection with direct insurance contracts	2,348	2,051	1,476
Receivables from insurance enterprises	245	411	144
Other receivables	645	968	803
Total receivables	3,238	3,430	2,423
Current tax assets	183	0	0
Deferred tax assets	24	0	0
Cash at bank and in hand	610	1,208	627
Total other assets	817	1,208	627
Interest and rent receivable	104	137	169
Other prepayments and accrued income	352	238	400
Total prepayments and accrued income	456	375	569
Total assets	57,919	54,440	56,545

DKK M	30.06.2019	30.06.2018	31.12.2018
Notes			
Equity and liabilities			
Equity	11,882	11,697	11,334
Subordinated loan capital	2,885	2,922	2,868
Premium provisions	7,969	7,156	5,861
Claims provisions	25,342	23,637	24,847
Provisions for bonuses and premium discounts	1,130	473	1,240
Total provisions for insurance contracts	34,441	31,266	31,948
Pensions and similar liabilities	273	261	277
Deferred tax liability	917	616	912
Other provisions	106	107	111
Total provisions	1,296	984	1,300
Debt relating to direct insurance	517	537	614
Debt relating to reinsurance	407	708	169
Amounts owed to credit institutions	412	499	494
Debt relating to unsettled funds transactions and repos	1,084	1,711	3,408
Derivative financial instruments	651	599	740
Debt to Group undertakings	295	319	313
Current tax liabilities	312	177	118
Other debt	3,707	2,983	3,202
Total debt	7,384	7,533	9,058
Accruals and deferred income	30	38	37
Total equity and liabilities	57,919	54,440	56,545

- 6 Related parties
- 7 Contingent Liabilities
- 8 Accounting policies

Statement of changes in equity

DKKm	Share capital	Reserve for exchange rate adjustment	Other reserves ^{a)}	Retained earnings	Proposed dividend	Total
Equity at 31 December 2018	1,511	-41	1,617	7,748	499	11,334
H1 2019						
Profit/loss for the period			42	470	1,027	1,539
Other comprehensive income		17		-40		-23
Total comprehensive income	0	17	42	430	1,027	1,516
Dividend paid					-1,012	-1,012
Dividend, own shares				1		1
Purchase and sale of own shares				33		33
Issue of conditional shares and matching shares				10		10
Total changes in equity in H1 2019	0	17	42	474	15	548
Equity at 30 June 2019	1,511	-24	1,659	8,222	514	11,882
The possible payment of dividend is influenced by contingency fund provisions and Norwegian Natural Perils Pool of DKK 1,659m (DKK 1,617m as at 31 December 2018). The provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.						
Equity at 31 December 2017	1,511	-29	1,592	8,059	1,483	12,616
H1 2018						
Profit/loss for the period			48	-52	998	994
Other comprehensive income		19		11		30
Total comprehensive income	0	19	48	-41	998	1,024
Dividend paid					-1,982	-1,982
Purchase and sale of own shares				35		35
Issue of conditional shares and matching shares				4		4
Total changes in equity in H1 2018	0	19	48	-2	-984	-919
Equity at 30 June 2018	1,511	-10	1,640	8,057	499	11,697

a) Other reserves contains Norwegian Natural Perils Pool and contingency fund provisions.

Statement of changes in equity

DKKm	Share capital	Reserve for exchange rate adjustment	Other reserves ^{a)}	Retained earnings	Proposed dividend	Total
Equity at 31 December 2017	1,511	-29	1,592	8,059	1,483	12,616
2018						
Profit/loss for the year			25	-290	1,996	1,731
Other comprehensive income		-12		-4		-16
Total comprehensive income	0	-12	25	-294	1,996	1,715
Dividend paid					-2,980	-2,980
Purchase and sale of own shares				-27		-27
Issue of conditional shares and matching shares				10		10
Total changes in equity in 2018	0	-12	25	-311	-984	-1,282
Equity at 31 December 2018	1,511	-41	1,617	7,748	499	11,334

a) Other reserves contains Norwegian Natural Perils Pool and contingency fund provisions.

Cash flow statement

DKKm	H1 2019	H1 2018	2018
Cash from operating activities			
Premiums	11,791	9,987	18,712
Claims	-7,134	-6,221	-13,473
Ceded business	-328	-382	-725
Costs	-1,545	-1,575	-3,165
Change in other debt and other amounts receivable	746	1,052	1,927
Cash flow from insurance activities	3,531	2,861	3,276
Interest income	304	343	546
Interest expenses	-81	-59	-138
Dividend received	8	8	12
Taxes	-245	-325	-639
Other income and costs	-104	-40	-174
Cash from operating activities, continuing business	3,413	2,788	2,883
Cash from operating activities, discontinued and divested business	0	-1	0
Total cash flow from operating activities	3,413	2,787	2,883
Investments			
Acquisition and refurbishment of real property	0	-2	-2
Sale of real property	0	0	117
Acquisition and sale of equity investments and unit trust units (net)	-120	-322	1,540
Purchase/sale of bonds (net)	-2,173	-743	3,268
Deposits with credit institutions	0	250	250
Purchase/sale of operating equipment (net)	12	-4	-61
Acquisition of intangible assets	0	0	-5,671
Hedging of currency risk	-23	-25	49
Total investments	-2,304	-846	-510

DKKm	H1 2019	H1 2018	2018
Financing			
Exercise of share options/purchase of treasury shares (net)	31	39	-17
Subordinated loan capital	0	502	502
Dividend paid	-1,012	-1,982	-2,980
Change in lease liabilities	-61	-40	-135
Change in amounts owed to credit institutions	-83	193	188
Financing, continuing business	-1,126	-1,288	-2,442
Total financing	-1,126	-1,288	-2,442
Change in cash and cash equivalents, net	-17	653	-69
Additions relating to purchase of subsidiary	0	42	186
Exchange rate adjustment of cash and cash equivalents, 1 January	0	4	1
Change in cash and cash equivalents, gross	-17	699	118
Cash and cash equivalents, beginning of year	627	509	509
Cash and cash equivalents, end of period	610	1,208	627

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other ^{a)}	Group
1 Operating segments						
H1 2019						
Gross premium income	5,907	2,112	1,960	735	-35	10,679
Gross claims	-3,996	-1,356	-1,350	-523	4	-7,221
Gross operating expenses	-815	-373	-203	-119		-1,509
Profit/loss on ceded business	-98	-78	-191	-6	24	-348
Insurance technical interest, net of reinsurance	1	1	2			5
Technical result	999	307	219	87	-7	1,605
Other items					-66	-66
Profit						1,539
Run-off gains/losses, net of reinsurance	191	181	203	90	-6	659
Intangible assets	1,630	88		536	5,016	7,271
Reinsurers' share of premium provisions	85	45	252	2		384
Reinsurers' share of claims provisions	45	104	999	8		1,156
Other assets					49,108	49,108
Total assets						57,919
Premium provisions	3,243	1,977	1,796	953		7,969
Claims provisions	6,218	6,772	9,536	2,816		25,342
Provisions for bonuses and premium discounts	988	98	27	18		1,130
Other liabilities					11,596	11,596
Total liabilities						46,037

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

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption.

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other ^{a)}	Group
1 Operating segments						
H1 2018						
Gross premium income	4,478	1,933	1,919	699	-38	8,991
Gross claims	-3,012	-1,175	-1,240	-479	36	-5,870
Gross operating expenses	-624	-342	-191	-109		-1,266
Profit/loss on ceded business	-104	-75	-260	-2	2	-439
Insurance technical interest, net of reinsurance	-2	-1	-1	-3		-7
Technical result	736	340	227	106		1,409
Other items					-415	-415
Profit						994
Run-off gains/losses, net of reinsurance	194	166	182	64		606
Intangible assets	286	96		540	491	1,413
Equity investments in associates					239	239
Reinsurers' share of premium provisions	131	46	258	2		437
Reinsurers' share of claims provisions	65	129	847	27		1,068
Other assets					51,283	51,283
Total assets						54,440
Premium provisions	2,703	1,793	1,710	950		7,156
Claims provisions	5,178	6,488	9,207	2,764		23,637
Provisions for bonuses and premium discounts	364	70	30	9		473
Other liabilities					11,477	11,477
Total liabilities						42,743

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

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption.

Notes

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

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

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption.

Notes

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
1 Geographical segments					
Danish general insurance^{a)}					
Gross premium income	3,301	2,495	6,513	4,987	10,430
Technical result	763	565	1,492	993	2,007
Run-off gains/losses, net of reinsurance	180	191	471	305	710
Key ratios					
Gross claims ratio	59.5	52.4	61.1	58.9	61.2
Net reinsurance ratio	3.3	10.1	1.8	7.0	5.5
Claims ratio, net of reinsurance	62.8	62.5	62.9	65.9	66.7
Gross expense ratio	14.0	14.7	14.1	13.9	13.9
Combined ratio	76.8	77.3	77.0	79.8	80.6
Run-off, net of reinsurance (%)	-5.5	-7.7	-7.2	-6.1	-6.8
Number of full-time employees, end of period	2,665	1,968	2,665	1,968	2,520
Norwegian general insurance					
Gross premium income	1,611	1,569	3,168	3,040	6,302
Technical result	180	274	115	367	791
Run-off gains/losses, net of reinsurance	68	139	138	265	520
Key ratios					
Gross claims ratio	69.7	63.3	77.1	69.4	72.6
Net reinsurance ratio	5.8	5.9	5.8	4.5	1.2
Claims ratio, net of reinsurance	75.5	69.2	82.9	73.9	73.8
Gross expense ratio	13.8	13.6	13.9	14.3	13.9
Combined ratio	89.3	82.8	96.8	88.2	87.7
Run-off, net of reinsurance (%)	-4.2	-8.9	-4.4	-8.7	-8.3
Number of full-time employees, end of period	1,092	1,087	1,092	1,087	1,105

a) Comprises Danish general insurance, Finnish and German guarantee insurance.

Notes

DKKmn	Q2 2019	Q2 2018	H1 2019	H1 2018	2018
1 Geographical segments					
Swedish general insurance					
Gross premium income	545	523	1,032	1,002	2,073
Technical result	37	7	5	49	94
Run-off gains/losses, net of reinsurance	39	-17	56	36	-9
Key ratios					
Gross claims ratio	70.3	94.3	77.5	85.5	82.3
Net reinsurance ratio	6.3	-8.6	7.1	-4.5	-1.7
Claims ratio, net of reinsurance	76.6	85.7	84.6	81.0	80.6
Gross expense ratio	16.5	12.6	14.8	13.8	14.6
Combined ratio	93.1	98.3	99.5	94.8	95.2
Run-off, net of reinsurance (%)	-7.2	3.3	-5.4	-3.6	0.4
Number of full-time employees, end of period	417	390	417	390	402
Other^{a)}					
Gross premium income	-6	-16	-34	-38	-65
Technical result	0	0	-6	0	-126
Tryg					
Gross premium income	5,451	4,571	10,679	8,991	18,740
Technical result	979	846	1,605	1,409	2,766
Investment return activities	57	-90	410	-81	-332
Other income and costs	-57	-21	-106	-40	-172
Profit/loss before tax	979	735	1,909	1,288	2,262
Run-off gains/losses, net of reinsurance	287	313	659	606	1,221
Key ratios					
Gross claims ratio	63.6	61.3	67.6	65.3	67.4
Net reinsurance ratio	4.3	6.0	3.3	4.9	3.3
Claims ratio, net of reinsurance	67.9	67.3	70.9	70.2	70.7
Gross expense ratio	14.2	14.1	14.1	14.1	14.4
Combined ratio	82.1	81.4	85.0	84.3	85.1
Run-off, net of reinsurance (%)	-5.3	-6.8	-6.2	-6.7	-6.5
Number of full-time employees, end of period	4,174	3,445	4,174	3,445	4,027

a) Amounts relating to eliminations and one-off items.

Notes

DKKm	H1 2019	H1 2018	2018
2 Premium income, net of reinsurance			
Direct insurance	10,944	9,136	19,037
Indirect insurance	26	24	50
	10,970	9,160	19,087
Unexpired risk provision	8	-8	-3
	10,978	9,152	19,084
Ceded direct insurance	-582	-624	-1,409
	10,395	8,528	17,675
3 Insurance technical interest, net of reinsurance			
Return on insurance provisions	100	103	209
Discounting transferred from claims provisions	-95	-110	-219
	5	-7	-10
4 Claims, net of reinsurance			
Claims	-7,844	-6,549	-13,872
Run-off gains/losses, gross	624	679	1,236
	-7,221	-5,870	-12,636
Reinsurance cover received	122	191	606
Run-off gains/losses, reinsurers' share	35	-73	-15
	-7,063	-5,752	-12,045

DKKm	H1 2019	H1 2018	2018
5 Value adjustments			
<i>Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:</i>			
Equity investments	277	48	-64
Unit trust units	114	-53	-224
Share derivatives	-2	6	12
Bonds	83	-126	-364
Interest derivatives	330	-62	-38
	802	-187	-678
<i>Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:</i>			
Investment property	8	118	147
Owner-occupied property	0	0	-1
Discounting	-420	28	5
Other statement of financial position items	-27	-161	-10
	-439	-15	141
	363	-202	-537

Notes

DKKm

6 Related parties

Dividend of DKK 1,012m per 30 June 2019 to shareholders of which 60% has been paid to TryghedsGruppen SMBA.
Dividend of DKK 1,012m per 30 June 2019 has been paid from Tryg Forsikring A/S to Tryg A/S.
There has been no other significant transactions.

7 Contingent Liabilities

Companies in the Tryg Group are party to a number of other disputes in Denmark, Norway and Sweden, which management believes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 30 June 2019.

8 Accounting policies

Tryg's interim report for H1 2019 is presented in accordance with IAS 34 Interim Financial Reporting and the requirements of the NASDAQ Copenhagen for the presentation of financial statements of listed companies.

The application of IAS 34 means that the report is limited relative to the presentation of a full annual report and that the valuation principles are in accordance with International Financial Reporting Standards (IFRS).

The interim report for H1 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.

Changes in accounting policies

Software is amortised according to the straight-line method over the assessed economic lifetime. Going forward from 01.06.2019 certain intangible assets, such as core system software will have a depreciation period of up to 8 years. It has no bearings on prior periods, hence comparative figures have not been restated.

There have been no other changes to the accounting policies or accounting estimates in H1 2019.

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.

Quarterly outline

DKKmn	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Private									
Gross premium income	3,010	2,897	2,679	2,309	2,257	2,221	2,203	2,211	2,178
Technical result	593	406	531	467	483	253	394	463	440
Key ratios									
Gross claims ratio	64.7	70.7	64.2	63.5	62.2	72.4	65.7	62.7	63.8
Net reinsurance ratio	1.8	1.6	2.4	2.2	2.5	2.2	2.6	3.1	2.0
Claims ratio, net of reinsurance	66.5	72.3	66.6	65.7	64.7	74.6	68.3	65.8	65.8
Gross expense ratio	13.8	13.8	13.5	13.9	13.9	14.0	13.7	13.2	13.9
Combined ratio	80.3	86.1	80.1	79.6	78.6	88.6	82.0	79.0	79.7
Combined ratio exclusive of run-off	83.1	89.8	83.0	84.9	83.5	92.4	84.2	82.6	83.3
Commercial									
Gross premium income	1,062	1,050	1,044	994	978	955	977	971	949
Technical result	196	111	270	174	169	171	138	175	171
Key ratios									
Gross claims ratio	60.8	67.6	52.2	61.0	59.7	61.9	66.3	61.1	62.9
Net reinsurance ratio	3.4	4.0	4.5	4.3	4.2	3.6	3.7	3.2	1.4
Claims ratio, net of reinsurance	64.2	71.6	56.7	65.3	63.9	65.5	70.0	64.3	64.3
Gross expense ratio	17.5	17.8	17.5	17.2	18.8	16.5	15.9	17.7	17.6
Combined ratio	81.7	89.4	74.2	82.5	82.7	82.0	85.9	82.0	81.9
Combined ratio exclusive of run-off	89.7	98.4	89.6	93.3	92.3	89.5	94.9	92.4	88.0
Corporate									
Gross premium income	994	966	987	991	977	942	965	975	942
Technical result	130	89	-117	63	109	118	60	91	156
Key ratios									
Gross claims ratio	62.0	76.0	92.7	96.8	58.8	70.7	74.6	69.3	59.2
Net reinsurance ratio	14.2	5.2	8.8	-12.3	20.5	6.4	9.1	11.1	13.9
Claims ratio, net of reinsurance	76.1	81.2	101.5	84.5	79.3	77.1	83.7	80.4	73.1
Gross expense ratio	11.0	9.6	10.3	9.3	9.6	10.3	10.1	10.1	10.5
Combined ratio	87.2	90.8	111.8	93.8	88.9	87.4	93.8	90.5	83.6
Combined ratio exclusive of run-off	93.5	105.3	106.3	108.2	95.0	100.4	100.2	94.1	91.5

A further detailed version of the presentation can be downloaded from tryg.com/uk>investor>Downloads>tables

Quarterly outline

DKKm	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Sweden									
Gross premium income	392	343	361	411	375	324	355	420	383
Technical result	61	26	38	57	85	21	30	60	43
Key ratios									
Gross claims ratio	66.5	76.4	71.7	69.6	61.6	76.5	73.0	70.7	70.5
Net reinsurance ratio	1.3	0.3	0.3	0.2	0.3	0.3	0.6	0.0	0.8
Claims ratio, net of reinsurance	67.8	76.7	72.0	69.8	61.9	76.8	73.6	70.7	71.3
Gross expense ratio	16.6	15.7	17.2	16.1	14.7	16.7	17.7	14.8	17.0
Combined ratio	84.4	92.4	89.2	85.9	76.6	93.5	91.3	85.5	88.3
Other ^{a)}									
Gross premium income	-6	-28	-18	-9	-16	-22	-12	-1	-11
Technical result	0	-6	-126	0	0	0	0	0	0
Tryg									
Gross premium income	5,451	5,228	5,053	4,696	4,571	4,420	4,488	4,576	4,441
Technical result	979	626	596	761	846	563	622	789	810
Investment return	57	353	-330	79	-90	9	86	87	131
Profit/loss before tax	979	930	149	825	735	553	685	860	915
Profit/loss	782	757	110	627	568	426	527	671	714
Key ratios									
Gross claims ratio	63.6	71.8	69.0	69.9	61.3	69.4	68.5	64.4	63.4
Net reinsurance ratio	4.3	2.2	3.6	0.0	6.0	3.7	3.8	4.6	4.0
Claims ratio, net of reinsurance	67.9	74.0	72.6	69.9	67.3	73.1	72.3	69.0	67.4
Gross expense ratio	14.2	14.0	15.6	13.9	14.1	14.0	13.7	13.6	14.3
Combined ratio	82.1	88.0	88.2	83.8	81.4	87.1	86.0	82.6	81.7
Combined ratio exclusive of run-off	87.4	95.1	92.3	92.5	88.2	93.7	90.9	88.0	86.7

a) Amounts relating to eliminations and one-off items are included under 'Other'.

Income statement for Tryg A/S

(parent company)

DKKm	H1 2019	H1 2018	2018
Notes			
Investment activities			
Income from subsidiaries	1,572	1,016	1,783
Value adjustment	1	0	0
Investment management charges	-3	0	-1
Total return on investment activities	1,570	1,016	1,782
Other expenses	-40	-29	-65
Profit before tax	1,531	987	1,717
Tax	9	7	14
Profit on continuing business	1,540	994	1,731
Profit for the period	1,540	994	1,731

DKKm	H1 2019	H1 2018	2018
Statement of comprehensive income			
Profit/loss for the period	1,540	994	1,731
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Actuarial gains/losses on defined-benefit pension plans	-53	15	-5
Tax on actuarial gains/losses on defined-benefit pension plans	13	-4	1
	-40	11	-4
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	48	39	-50
Hedging of currency risk in foreign entities	-40	-25	49
Tax on hedging of currency risk in foreign entities	9	5	-11
	17	19	-12
Total other comprehensive income	-23	30	-16
Comprehensive income	1,517	1,024	1,715

Statement of financial position for Tryg A/S

(parent company)

DKKm	30.06.2019	30.06.2018	31.12.2018
Notes			
Assets			
Intangible assets	1	0	1
Investments in subsidiaries	11,946	11,683	11,407
Total investments in subsidiaries	11,946	11,683	11,407
Total investment assets	11,946	11,683	11,407
Current tax assets	23	23	14
Cash in hand and at bank	0	1	0
Total other assets	23	24	14
Total assets	11,969	11,707	11,422
Liabilities			
Share capital	1,511	1,511	1,511
Revaluation reserves	2,939	2,681	2,412
Total reserves	2,939	2,681	2,412
Proposed dividends	1,027	998	1,996
Retained earnings	6,405	6,507	5,415
Shareholders' equity	11,882	11,697	11,334
Debt to subsidiaries	80	1	76
Other debt	7	9	12
Total debt	87	10	88
Total liabilities and equity	11,969	11,707	11,422

DKKm

1 Related parties

Please refer to note 6 in Tryg Group

2 Contingent Liabilities

Please refer to note 7 in Tryg Group

3 Accounting policies

Please refer to note 8 in Tryg Group

4 Reconciliation of profit/loss and equity

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

No differences are recognised in 2019 and 2018.

Disclaimer

Certain statements in this interim report are based on the beliefs of our management as well as assumptions made by and information currently available to management. Statements regarding Tryg's future operating results, financial position, cash flows, business strategy, plans and future objectives other than statements of historical fact can generally be identified by the use of words such as 'targets', 'believes', 'expects', 'aims', 'intends', 'plans', 'seeks', 'will', 'may', 'anticipates', 'would', 'could', 'continues' or similar expressions. A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance. Should one or more of these risks or uncertainties materialise, or should any under-

lying assumptions prove to be incorrect, Tryg's actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected. Tryg is not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

i [Read more](#) in the chapter [Capital and risk management](#) on pages 31-32, and in [Note 1](#) on page 60 in the [Annual report 2018](#), for a description of some of the factors which may affect the Group's performance or the insurance industry.

