

The background image shows a scenic view of a lake or fjord. In the foreground, a person is sitting on a rocky shore on the left. In the middle ground, two other people are standing on rocks, fishing with rods. The water is calm, reflecting the sky. In the distance, there are forested hills under a cloudy sky.

Interim report Q1-Q3 2020

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Teleconference

Tryg is hosting a teleconference on 9 October 2020 at 10.00 CET. View the audio webcast at tryg.com. Financial analysts and investors may participate on tel. +45 78 15 01 10, +44 (0) 333 300 9266 or +1 833 526 8382, where questions can be asked. The teleconference will be held in English and can subsequently be viewed at tryg.com.

Highlights

During the first nine months of 2020, Tryg reported premium growth of 6.9%, driven primarily by a strong positive momentum in the Private segment. The technical result of DKK 2,715m (DKK 2,475m) was driven by satisfactory top-line growth, a continued positive development in the core business and delivery of the Alka synergies. The outbreak of COVID-19 had a net impact of DKK -113m, including investment losses. The investment result was DKK -202m (DKK 381m) and was positively impacted by a continued market rebound after steep losses in Q1. A profit before tax of DKK 2,318m (DKK 2,688m) was reported. Tryg's solvency ratio ended at 214, positively impacted by the result for the period and by the decision announced on 27 March 2020 to move to a full-year dividend decision for 2020.

Financial highlights Q3 2020

- Premium growth of 4.9% (6.8% excluding Alka in Q3 2019) in local currencies
- Technical result of DKK 980m (DKK 870m) driven by continued positive development in core business and Alka synergies
- Combined ratio of 82.7 (84.4)
- Underlying claims ratio (Private and Group) improved by 0.2 and 0.6 percentage points
- Expense ratio of 14.1 (13.9)
- Return on free investment portfolio of DKK 266m (DKK 97m)
- Total investment return of DKK 237m (DKK -29m)
- Profit before tax of DKK 1,150m (DKK 779m)
- Solvency ratio of 214

Financial highlights Q1-Q3 2020

- Premium growth of 6.9% (6.3% excluding Alka in Q1-Q3 2019) in local currencies
- Technical result of DKK 2,715m (DKK 2,475m)
- Combined ratio of 83.9 (84.8)
- Expense ratio of 14.2 (14.0)
- Return on free investment portfolio of DKK 72m (DKK 631m)
- Total investment return of DKK -202m (DKK 381m)
- Profit before tax of DKK 2,318m (DKK 2,688m)

Customer highlights Q3 2020

- TNPS of 71 (67)
- Number of products per customer 3.9 (3.8)
- For the fifth year running, TryghedsGruppen paid out a member bonus of 8% to its members on 29 September based on dividend from Tryg, also supporting TryghedsGruppen's spend of DKK 650m on charity and prevention-related activities via TrygFonden.

2020 targets



Earnings

Technical result
DKK 3.3bn

Combined ratio
≤86

Expense ratio
~14



Customers

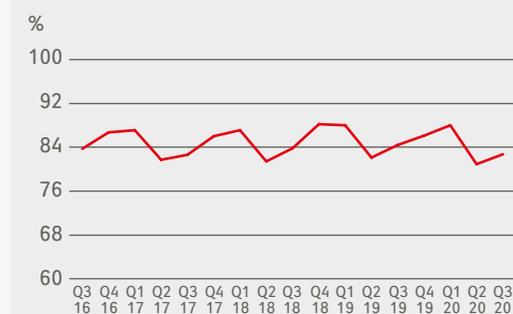
TNPS
70

Number of products
per customer
+10%

Income overview

DKKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Gross premium income	5,719	5,583	16,909	16,262	21,741
Gross claims	-3,625	-3,785	-11,474	-11,005	-14,857
Total insurance operating costs	-806	-774	-2,396	-2,283	-3,081
Profit/loss on gross business	1,288	1,025	3,039	2,974	3,803
Profit/loss on ceded business	-300	-152	-311	-500	-566
Insurance technical interest, net of reinsurance	-7	-4	-13	1	1
Technical result	980	870	2,715	2,475	3,237
Investment return after insurance technical interest	237	-29	-202	381	579
Other income and costs	-67	-62	-195	-168	-188
Profit/loss before tax	1,150	779	2,318	2,688	3,628
Tax	-220	-179	-583	-549	-783
Profit/loss on continuing business	930	600	1,735	2,139	2,845
Profit/loss on discontinued and divested business after tax	0	-1	0	-1	-2
Profit/loss	930	599	1,735	2,138	2,843
Run-off gains/losses, net of reinsurance	270	279	830	938	1,194
Key figures					
Total equity	12,783	11,897	12,783	11,897	12,085
Return on equity after tax (%)	29.9	26.8	19.2	26.4	24.6
Number of shares, end of period (1,000)	301,750	302,082	301,750	302,082	301,700
Earnings per share	3.08	2.59	5.75	5.10	9.42
Ordinary dividend per share (DKK)	0.0	1.70	0.00	3.40	6.80
Extraordinary dividend per share (DKK)	0.00	0.00	0.00	0.00	1.65
Premium growth in local currencies	4.9	20.0	6.9	19.6	17.1
Gross claims ratio	63.4	67.8	67.9	67.7	68.3
Net reinsurance ratio	5.2	2.7	1.8	3.1	2.6
Claims ratio, net of reinsurance	68.6	70.5	69.7	70.7	70.9
Gross expense ratio	14.1	13.9	14.2	14.0	14.2
Combined ratio	82.7	84.4	83.9	84.8	85.1
Run-off, net of reinsurance (%)	-4.7	-5.0	-4.9	-5.8	-5.5
Large claims, net of reinsurance (%)	1.6	0.8	1.8	2.2	2.1
Weather claims, net of reinsurance (%)	1.1	2.5	1.3	2.0	1.9
Discounting (%)	-0.2	-0.5	-0.2	-0.7	-0.7
COVID-19 claims, net of reinsurance (%)	-1.3	0.0	-0.8	0.0	0.0
Combined ratio on business areas					
Private	81.3	84.9	84.1	83.7	83.7
Commercial	82.5	85.7	82.3	85.6	86.8
Corporate	86.8	80.2	83.8	85.9	87.6
Sweden	84.2	87.3	85.8	87.8	84.8

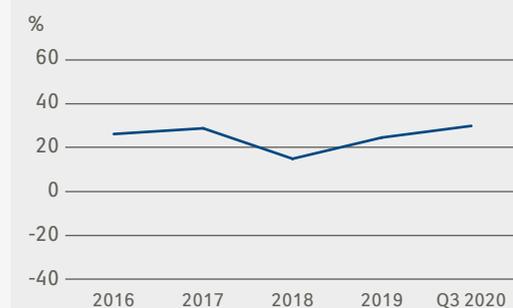
Combined ratio



Expense ratio



Return on equity



Tryg's results

Tryg reported a Q3 technical result of DKK 980m (DKK 870m), driven by strong top-line growth, particularly in the Private segment, a satisfactory development in the core business and continued delivery of the Alka synergies. COVID-19 had an impact on the technical result of DKK 72m in Q3 2020. The underlying claims ratio for Private improved by 0.2 percentage points, and for the Group by 0.6 percentage points, both figures exclude the impact of COVID-19. The combined ratio was 82.7 (84.4). The investment income amounted to DKK 237m (DKK -29m) based on positive equity markets and narrowing credit spreads. The profit before tax was DKK 1,150m (DKK 779m), while the profit after tax was DKK 930m (DKK 599m). Tryg's solvency ratio was 214 at the end of the quarter.

Results

Premium growth for the Group was 4.9% in Q3 and was impacted primarily by strong growth in the Private segment, especially in Norway, while the Private Denmark growth was impacted by profit-sharing agreements. Assuming unchanged profit sharing levels (vs Q3 2019), growth would have been 6.5% for the Group as opposed to the reported 4.9%. The combined ratio was 82.7 (84.4), driving a technical result of DKK 980m (DKK 870m). The outbreak of COVID-19 had a gross (and net) impact on the technical result of DKK 72m in Q3 2020. Weather and large claims have been lower than normal for Q3. The run-off result was 4.7% (5.0%). The underlying claims ratio for Private, adjusted for weather claims, large claims, run-offs, discount rate (for discounting claims provisions) and the impact of COVID-19, was 0.2 percentage points better than in Q3 2019. The Group's underlying claims ratio improved by 0.6 percentage points compared to Q3 2019. It is worth noting 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 strong growth, but in the longer term the initial drag will be offset by the higher profitability. At the same time, profitability initiatives in the Corporate seg-

ment should also help sustain the improvement in the Group's underlying claims. The underlying claims ratio is therefore expected to improve in 2020. The structural rebalancing of the portfolio with more Private business and less Corporate business is positive as profitability is higher and capital requirements lower for Private compared to Corporate.

After the summer holidays, COVID-19 infection rates have increased in both Denmark and Norway. To halt this development, the public authorities decided to impose new restrictions in September. For example, bars and restaurants must close at 10:00 pm, and it is strongly recommended that employees should work from home, when possible.

Synergies from the Alka transaction amounted to DKK 45m (DKK 23m), including DKK 16m from cost reductions, DKK 19m from claims and DKK 10m from revenue initiatives.

The Transactional Net Promoter Score (TNPS) improved from 67 in Q3 2019 to 71 in Q3 2020, a positive development driven by Tryg's strong customer focus. The number of products per customer increased to 3.9 (3.8). For the fifth year in a row, TryghedsGruppen, Tryg's majority shareholder, has paid out a member bonus. The bonus should be seen in connection to Tryg's dividend and was paid to Tryg and Alka customers in Denmark in September.

COVID-19 financial impact ^{a)}

DKKm	Q1	Q2	Q3	YTD
Group				
Travel	-255	10	64	-181
Motor	35	33	10	78
Property	15	11	14	40
Accident	15	19	7	41
Other	10	21	-23	8
Insurance impact excl. travel reinsurance	-180	95	72	-13
Travel reinsurance	140	-	-	140
Technical result impact, before expenses	-40	95	72	127
COVID-19 related expenses	-20	-18	0	-38
Investment result ^{b)}	-980	541	237	-202
Total impact from COVID-19	-1,040	618	309	-113

a) The impact is calculated by comparing to normalised claims frequencies and average claims levels for specific lines of business.

b) The investment results in 2020 have been strongly impacted by the financial markets' reaction to the development in COVID-19.

As disclosed in Tryg's IR newsletter (August 2019), ordinarily, the expected investment return is DKK 0-200m annually.

Customer targets (excluding Alka)

	Q3 2019	Q3 2020	Target 2020
Transactional Net Promoter Score (TNPS)	67	71	70
Products per customer	3.8	3.9	4 (+10%)

The investment return amounted to DKK 237m (DKK -29m) based on a continued strong capital market rebound following the steep losses sustained in March due to the COVID-19 outbreak and related macroeconomic concerns. The free portfolio (Tryg's capital) generated a positive result of DKK 266m (DKK 97m), driven primarily by positive equity markets, but also by strong returns from Corporate bonds and, more generally, satisfactory performances by all asset classes. The match portfolio also developed positively, driven primarily by narrowing covered-bond spreads. The overall match portfolio result was DKK 40m (DKK -69m). Other financial income and expenses totalled DKK -69m (DKK -57m). Tryg continues to pursue a relatively low-risk investment strategy with limited equity exposure and a conservative fixed-income profile (more than 90% of fixed-income securities are Nordic covered bonds). Furthermore, it is worth remembering that Tryg marks to market both assets and liabilities (following Danish Financial Supervisory Authority rules), resulting in P&L volatility in turbulent times, while other Nordic and European insurers hold to maturity large parts of their fixed-income portfolios or book most of their asset moves towards shareholders' equity. Tryg's asset allocation remained broadly unchanged in the period.

As disclosed in Tryg's IR newsletter (August 2019), the expected investment return is usually DKK 0-200m annually.

Premiums

Gross premium income was DKK 5,719m (DKK 5,583m), corresponding to 4.9% growth in local currencies. The very strong development demonstrated by the Private segment in the past few quarters continued, with growth of 6.7% being posted. In Denmark, growth is driven by a combination of cross-selling to existing customers, an inflow of new customers from partner agreements like FDM and Danske Bank, and continued strong sales from some of the newest sales channels, including Tryg's independent agents. As expected, the termination of the Nordea agreement has led to a reduction in the Nordea portfolio, which has negatively impacted overall retention levels. Growth in Private Denmark was also impacted negatively by a higher level of profit sharing (higher level of premium and bonus rebates). Adjusting for this, Private Denmark would have realised growth of 7.4%, as opposed to the reported growth of 4.1%. Private Norway reported robust growth, driven by high numbers of customers wanting to change insurer following the collapse of a couple of small players, and continued strong sales from Enter (Tryg's dedicated car brand in Norway),

which capitalised on the robust trend in sales of new and old cars. Commercial in both Denmark and Norway continued to develop positively, realising growth of 5.6%. In Commercial Denmark, the number of primarily SME customers continues to increase, while in Norway price increases are being pushed through, especially for large commercial customers. In Corporate, premiums fell by 0.9% as a result of Corporate's continued work on sustainable profitability initiatives. Improving profitability in the Corporate segment is one of Tryg's key priorities, and hence significant profitability initiatives have been implemented in Denmark and Sweden. Private in Sweden reported growth of 2.1% based on a combination of price adjustments for motor insurance and strong sales.

Claims

The claims ratio, net of ceded business, was 68.6 (70.5). The underlying claims ratio for Private, excluding large claims and weather claims, run-offs, discounting and COVID-19, was 68.9 (69.1), which was 0.2 percentage points better than the same quarter in 2019. The Group's underlying claims ratio improved to 72.1 (72.7). As previously mentioned, the COVID-19 outbreak had a gross (and net) impact of DKK 72m in Q3. In general, a lower level of economic activity had the biggest impact on frequencies in the Private segment.

This impact has been excluded from the calculation of the underlying claims ratio. It should be noted that claims frequencies started to normalise towards the end of Q2 and beginning of Q3, but that the introduction of tighter social distancing rules in Denmark and Norway (less restrictive compared to the March/April lockdown) in mid-September may impact claims frequencies for the rest of the year.

The current strong growth in the Private segment is likely to have some bearing on the underlying claims ratio development as 'new' business is generally not as profitable as 'old' business. The claims ratio for new business is approximately 3% higher than the claims ratio for existing business, primarily because new customers tend to make more frequent claims under their insurance policies during the first couple of years. At the same time, profitability initiatives in the Corporate segment should help sustain the improvement in the Group's underlying claims ratio. Tryg still expects an improved underlying claims ratio for the full year 2020.

In Scandinavia, the weather was relatively mild in Q3. Weather claims amounted to DKK 61m (DKK 141m), or 1.1% (2.5%) of the claims ratio.

Large claims amounted to DKK 93m (DKK 46m) or 1.6% (0.8%) of the claims ratio, which is below average quarterly expectations. For the full year, Tryg assumes large claims (with no quarterly seasonality) of DKK 550m and weather claims (mostly in Q1 and Q4) of DKK 600m.

Expenses

The expense ratio was 14.1 (13.9), partly impacted by high growth in Private Norway and high distribution costs. At the most recent Capital Markets Day 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 16m from the Alka transaction helped the expense ratio slightly.

Investment return

Investment income was DKK 237m (DKK -29m). The free portfolio primarily benefitted from good returns on equities and Corporate bonds, but positive returns were generally recorded in all asset classes. Equities were up almost 7% in Q3 2020, while fixed-income returns benefitted from narrowing credit spreads. The match portfolio returned a positive DKK 40m (DKK -69m), driven primarily

by narrowing covered-bond credit spreads. Other financial income and expenses totalled DKK -69m (DKK -57m).

Profit before and after tax

Profit before tax was DKK 1,150m (DKK 779m), while the profit after tax and discontinued activities was DKK 930m (DKK 599m). The total tax bill was DKK 220m (DKK 179m), equating to a tax rate of 19%, which is slightly lower than normal. This is primarily due to tax-free capital gains on equities.

Dividend and solvency

As mentioned in an announcement on 27 March 2020, Tryg has decided to move to a full-year dividend decision for 2020 as opposed to quarterly dividend payments following an intense regulatory debate in Europe. During the month of March, several authorities – starting with EIOPA followed by national financial supervisory authorities (FSAs) – expressed concern about financial institutions distributing dividend, considering the adverse capital market movements and the very challenging macroeconomic scenario ascribable to the COVID-19 outbreak. The Danish FSA made it clear that it was not in favour of dividend payments being made in what is an extraordinary climate, and Tryg therefore decided to move to a full-year dividend decision for 2020.

More recently, following a strong capital market recovery and the stabilisation of the macroeconomic environment, a number of national regulators are now looking more favourably on dividend payments from insurance companies, recognising the resilience of the insurers' business model and their healthy balance sheets and capital positions even after a tumultuous start to the year. Tryg reports a solvency ratio of 214 at the end of Q3 (193 at the end of Q2 2020). Tryg is engaged in an ongoing dialogue with the Danish FSA on the topic of dividend payments and believes that the distribution of dividend is in the clear interest of all stakeholders.

Tryg does not accrue dividend in own funds, which means that the reported net profit for the quarter improves Tryg's solvency position substantially. Own funds were DKK 9,774m at the end of Q3. The solvency capital requirement (SCR) increased by DKK 12m in the quarter, driven by a marginally higher insurance risk. The SCR was DKK 4,565m at the end of Q3. The reported solvency ratio was 214 at the end of the quarter.

Capital Markets Day

The current strategy period expires at the end of 2020, and Tryg therefore plans to host a new Capital Markets Day, which will include the

launch of Tryg's new strategy and financial targets, towards the end of the year. The second wave of COVID-19 has complicated the situation somewhat, but various options are being considered, including the possibility of hosting a virtual event. Tryg will announce a date for the CMD during the autumn based on close scrutiny of the COVID-19 situation and the recommendations of the health authorities.

Q1-Q3 2020 results

Premium growth of 6.9% when measured in local currencies was driven primarily by solid 9.0% growth in the Private segment. The technical result was DKK 2,715m, which was DKK 240m higher than for the prior-year period, while the investment return was materially lower at DKK -202m (DKK 381m) due to the unprecedented capital market developments following the start of the COVID-19 outbreak in March. Tryg reported a profit before tax of DKK 2,318m (DKK 2,688m) and a profit after tax of DKK 1,735m (DKK 2,138m).

Follow-up on strategic initiatives

supporting the CMD targets for 2020

Tryg has defined four strategic initiatives to support the delivery of its financial targets for 2020. Based on Tryg's healthy core business, the financial targets for 2020 are maintained in spite of the COVID-19 situation. The targets for the four strategic initiatives are also maintained.

Claims excellence

The claims excellence initiative focuses on bringing down claims costs by leveraging Tryg's procurement power to negotiate better contracts with suppliers, improving claims processing and reducing fraud. The claims excellence initiative is targeted to realise cost savings of DKK 600m for the 2018-2020 period. The initiative is delivering according to plan.

Sustainability has become an increasingly important priority, and Tryg is constantly looking for ways to ensure sustainability in its business model. In 2020, Tryg has continued to push for repairs over replacements, as repairing often results in substantially lower costs, a reduced environmental impact and often also a better customer experience. One example of this is the repair of windscreens over replacement, as well as the repair of electronic devices instead of offering full replacements. In 2020, approximately 40% of windscreen claims were repaired rather than being replaced.

Following the acquisition of Alka – and with its valuable examples of best practice – in 2020, there has been a particular focus in Tryg on establishing and implementing best practice fraud detection capabilities across the Nordics. This is work in progress, which, so far, has prevented an additional DKK 25m worth of fraud compared to the first three quarters of 2019.

Digital empowerment of customers

Tryg has a strong desire to offer digital self-service solutions to the customers. Many customers prefer digital communication, and Tryg aims to offer a wide range of digital self-service solutions, including solutions which enable customers to assess exactly which products and coverage they need, buy insurance products, make changes to existing products and report claims.

The financial target for digital empowerment of customers is expected to improve the technical result by DKK 100m in the strategy period.

In 2020, more than two million customers in Denmark and Norway have logged in to Tryg's digital self-service offerings. However, due to COVID-19 Tryg also received more than 200,000 additional calls in H1 2020 compared to H1 2019. The increase in calls in 2020 means that the 70%

self-service target for 2020 is challenged, with digital contacts accounting for approximately 61% compared to phone calls in the first three quarters of 2020 (61% in 2019).

Approximately 55% of claims were reported online, and the processing of 37% of these claims was fully automated. The target for the strategy period is 50%, which is expected to be met. Fully automated claims handling is partly enabled by the use of RPAs, and partly by Tryg's new claims handling system, which is in the process of being implemented.

Product & service innovation

Tryg is constantly developing new products and services, which has resulted in the launch of more than 50 new products and services since 2018. Tryg's target is to reach DKK 1bn in gross written premiums from the new initiative in 2020+. It is important to highlight that Tryg's main focus is on sustaining a profitable business, and Tryg therefore does not define a specific growth target for this initiative.

Due to COVID-19, a number of new products and services have been challenged in gaining traction in the market in Q3 2020. One example is a new travel insurance product, which includes a vaccine for each member of the household, and which offers instant access to a medical hotline manned by

Danish-speaking doctors. Due to the extremely low level of travel activity in Q3 2020, the demand for this service has been equally low. However, demand is expected to increase once travel activity levels return to normal.

In contrast, Tryg is seeing the opposite effect on other products. The new pet insurance product in Norway includes a 'First Vet' service, which is free access to veterinarians by phone. Sales of this product are up 50% compared to the same quarter last year. Total accumulated gross written premiums for this new product in the strategy period are NOK 21m.

Distribution efficiency

The initiative is aimed at increasing Tryg's distribution efficiency, with a targeted effect of DKK 150m by the end of 2020.

The focus remains on optimising the channel mix, the purpose being to ensure the most optimum customer experience across the various business segments, while at the same time ensuring distribution efficiency. The continued use of agents is the primary driver of benefits, and Private in Denmark and Norway and Commercial in Denmark have been particularly successful in using agents.

In 2020, COVID-19 has challenged sales where physical meetings used to be the norm. However, both customers and sales agents have been quick to adapt to the new reality of digital meetings.

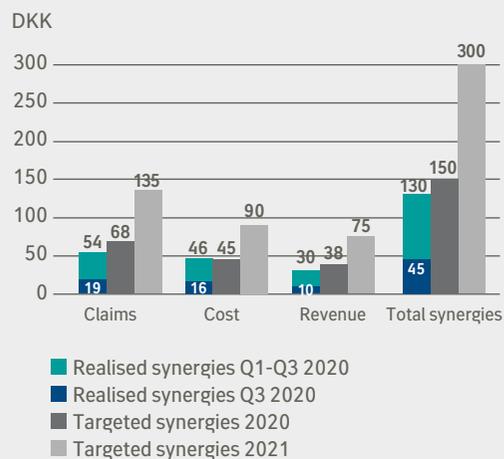
Alka synergies

In connection with the acquisition of Alka, Tryg announced expected synergies of DKK 300m at the end of 2021. The realisation of synergies is de-

veloping as expected with total realised synergies in 2019 exceeding DKK 75m. Most of the synergies are ascribable to increased efficiency in the Private segment and to procurement initiatives.

In Q3, Tryg realised total synergies of DKK 45m, comprising DKK 19m from claims, DKK 16m from cost savings and DKK 10m from revenue.

Follow-up on Alka synergies



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 Tryg and Alka customers in Denmark, the same as every fourth Dane.

Customer highlights

Member bonus

In September 2020, TryghedsGruppen, Tryg's majority shareholder, paid out a member bonus of DKK 985m, equivalent to 8% of premiums paid for 2019, to Tryg and Alka customers in Denmark.

Awareness and understanding of this model continue to increase in support, especially, of retention rates, which improved in both Private and Commercial in Denmark in Q3.

Customer targets for 2020

As part of the 2020 strategy, Tryg maintains a strong focus on customer targets. The Transactional Net Promoter Score (TNPS) improved from 67 in Q3 2019 to 71 in Q3 2020.

Also, the number of products per customer increased to 3.9 (3.8), which is a satisfactory development based on both cross-selling and new product sales.

Customer interactions have increased considerably in 2020 due to the outbreak of COVID-19. Throughout this period, maintaining the highest possible level of customer satisfaction has been a key priority for Tryg. It was therefore positive to see the increase in TNPS to 71 compared to 67 in Q3 2019.

Tryg Sund

In Q3, Tryg'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 last three years, Tryg has experienced a positive development in health insurance products. The growth is especially driven by the sale of 175,000 child insurances and 50,000 dental insurances, and more than 7,000 personal insurances every month in Denmark.

Innovative partnerships

In Q3, Tryg and PensionDanmark launched 'Behandlerbooking', a digital solution that makes it much easier for insurance and pension customers to book an appointment with a physiotherapist or a chiropractor. Going forward, customers will be able to use the digital solution to book appointments and choose between a large number of clinics in Tryg's network. Today, more than half of all health insurance claims relate to treatments, and every year Tryg customers receive a total of

UNDO

In July, Tryg increased their investment in the digital insurance start-up Undo. In the recent two years, Undo has made insurances more appealing and accessible to a younger segment with simple and 100% digital products.



100,000 physiotherapy treatments and 75,000 chiropractor treatments. Hence, the potential for straight-through processing and digitalisation of the claims process is considerable in this area.

In Q3 2020, Commercial Denmark signed a cooperation agreement with ASE, an independent unemployment insurance fund with approximately 145,000 members. Tryg will be part of a new

concept, whereby ASE will be offering different benefits to its members from different partners. Commercial Denmark will offer commercial insurance, cyber insurance, eProtect, and other relevant services to the members of ASE. This initiative is in line with Commercial Denmark's increasing focus on growing in the segment of small and medium-sized businesses.

Private

Results

Private posted a technical result of DKK 588m (DKK 458m) and a combined ratio of 81.3 (84.9). The results were positively impacted by a lower level of weather claims, higher run-off and a slightly lower claims frequency driven by the COVID-19 outbreak. The Private underlying claims ratio was 0.2 percentage points better than for the same quarter in 2019.

Premiums

Gross premium income increased by 6.7% (8.6% adjusting for Alka in Q3 2020) measured in local currencies. In Private Denmark, the positive development continued with premium growth of 4.1% (8.8%), driven by a strong performance from all sales channels and, in particular, a high level of sales to Danske Bank customers. Premium growth in Private Denmark was negatively impacted by a high level of bonus and premium rebates, representing profit sharing related to partner agreements. Excluding bonus and premiums rebates, Private Denmark would have reported a growth of 7.4%. Private Norway reported a premiums growth of 11.9% (8.2%) in local currencies, helped by continued strong sales to both NITO and OBOS customers.

Furthermore, growth was also helped by the fact that a couple of small insurance companies had to stop their activities because of financial problems,

as well as robust sales to customers via the car distribution channel Enter.

The retention rate of 90.5 (91.7) in Denmark was impacted by high churn from the cancellation of the Nordea portfolio following Tryg's new agreement with Danske Bank. Excluding the impact from the Nordea agreement retention rate was 91.5. The reduction in the Nordea portfolio has been more than outweighed by sales to Danske Bank customers, resulting in a positive net impact, but only the churn from Nordea impacts the retention rate as the Danske Bank customers are "new" and will positively impact the retention rate starting 2021. The retention rate was 88.0 (87.1) for the Norwegian part of the business, which was very positive and helped by the fact that retention levels are generally high for partner customers.

Claims

The claims ratio, net of ceded business, was 67.3 (71.0), driven by a lower level of weather claims, a higher level of run-off gains and a positive impact (2.5%) from lower claims frequencies for some lines of business following the outbreak of COVID-19. The underlying claims ratio improved by 0.2 percentage points, driven primarily by claims reduction initiatives and impacted negatively by the strong growth realised as new business comes with a slightly higher claims frequency than existing business.

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 organisations, car dealers, estate agents and Danske Bank branches.

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

Financial highlights Q3 2020

Technical result
DKK 588
(DKK 458m)

Combined ratio
81.3
(84.9)

Premium growth
(local currencies)
6.7%
(8.6% excluding
Alka in Q3 2019)

Key figures – Private

DKKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Gross premium income	3,167	3,055	9,497	8,962	12,021
Gross claims	-2,116	-2,114	-6,674	-6,110	-8,185
Gross expenses	-446	-424	-1,312	-1,239	-1,650
Profit/loss on gross business	606	517	1,511	1,612	2,185
Profit/loss on ceded business	-14	-56	4	-154	-231
Insurance technical interest, net of reinsurance	-4	-3	-7	-2	-3
Technical result	588	458	1,507	1,457	1,951
Run-off gains/losses, net of reinsurance	31	14	108	206	238
Key ratios					
Premium growth in local currency (%)	6.7	33.4	9.0	32.6	28.0
Gross claims ratio	66.8	69.2	70.3	68.2	68.1
Net reinsurance ratio	0.4	1.8	0.0	1.7	1.9
Claims ratio, net of reinsurance	67.3	71.0	70.2	69.9	70.0
Gross expense ratio	14.1	13.9	13.8	13.8	13.7
Combined ratio	81.3	84.9	84.1	83.7	83.7
Combined ratio exclusive of run-off	82.3	85.4	85.2	86.0	85.7
Run-off, net of reinsurance (%)	-1.0	-0.5	-1.1	-2.3	-2.0
Large claims, net of reinsurance (%)	0.0	0.0	0.3	0.1	0.1
Weather claims, net of reinsurance (%)	1.7	2.6	1.8	1.8	2.0

Expenses

The expense ratio was almost unchanged at 14.1 (13.9) and in line with the overall guidance of broadly unchanged expense levels in 2020. The number of employees was 1,353 at the end of the quarter against 1,317 at the end of 2019. The increased headcount is driven mainly by an increase in employees in customer centres, which is closely associated with the higher premium income.

Q1-Q3 2020 results

The technical result was DKK 1,507m (DKK 1,457m). The combined ratio was 84.1 (83.7) based on a slightly lower run-off level and a slightly positive impact from COVID-19. Premium growth was 9.0% (32.6% in Q3 2019 due to the Alka acquisition), based primarily on strong sales from partner agreements in both Denmark and Norway, and particularly in Denmark all sales channels including the independent sales channel performed strongly. The claims ratio, net of ceded business, was 70.2 (69.9), while the underlying claims ratio improved 0.2 percentage points, driven by claims initiatives but negatively impacted by the high level of growth as the claims frequency is structurally higher for new business compared to existing business.



Tryg Sund

In Q3, Tryg's self-developed app "Tryg Sund" (Tryg Health) was launched and in the first month following its launch, the app had more than 4,000 downloads from AppStore and GooglePlay. Tryg Sund provides customers with an overview of health insurance services and guidance on ways to improve their health.

Commercial

Results

Commercial posted a technical result of DKK 194m (DKK 154m) and a combined ratio of 82.5 (85.7). The higher technical result was primarily due to a lower level of weather and large claims, but also helped by a lower level of claims frequencies due to the impact of COVID-19.

Premiums

Gross premium income totalled DKK 1,118m (DKK 1,083m), which represents a 5.6% increase when measured in local currencies. Commercial Denmark reported growth of 5.8%, and in Norway premiums increased by 5.1%.

The retention rate for Denmark was 88.4 (88.6) continuously driven by Tryg's service concept and customer advice as well as the TryghedsGruppen's member bonus. In Norway, the retention rate increased to 89.3 (88.7), driven by a further strengthening of the customer focus.

Claims

The claims ratio, net of ceded business, was 66.0 (68.3). The lower level was primarily driven by lower levels of large claims and weather claims. The run-off level was down 2.4 percentage points, and the positive impact from COVID-19 was 0.6

percentage points. The underlying claims level improved as a result of the efficiency programme and price initiatives in Norway targeted, in particular, at large commercial customers.

Expenses

The expense ratio was 16.5 (17.3). Tryg's initiative aimed at improving expense levels in Commercial Denmark through the recruitment of independent sales agents costing less than traditional sales agents is seeing good traction. In Norway, the pricing initiatives for large commercial customers were widely accepted, which also had a positive impact on the expense ratio level.

At the end of the quarter, Commercial had 505 employees compared to 495 at the end of 2019, and employee numbers are therefore almost unchanged.

Q1-Q3 2020 results

The technical result was DKK 582m (DKK 461m). The combined ratio was 82.3 (85.6), primarily due to lower levels of weather claims and large claims. Premium growth was 5.6% and was impacted by favourable developments in both Denmark and Norway.

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 Q3 2020

Technical result
DKK 194m
(DKK 154m)

Combined ratio
82.5
(85.7)

Premium growth
(local currencies)
5.6%
(4.8% excluding
Alka in Q3 2019)

Key figures – Commercial

DKKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Gross premium income	1,118	1,083	3,298	3,195	4,274
Gross claims	-691	-765	-2,050	-2,122	-2,867
Gross expenses	-185	-188	-552	-560	-749
Profit/loss on gross business	242	130	695	513	658
Profit/loss on ceded business	-47	25	-110	-52	-94
Insurance technical interest, net of reinsurance	-2	-1	-3	1	1
Technical result	194	154	582	461	566
Run-off gains/losses, net of reinsurance	69	93	201	274	310
Key ratios					
Premium growth in local currency (%)	5.6	9.7	5.6	9.6	8.3
Gross claims ratio	61.8	70.7	62.2	66.4	67.1
Net reinsurance ratio	4.2	-2.3	3.3	1.6	2.2
Claims ratio, net of reinsurance	66.0	68.3	65.5	68.0	69.3
Gross expense ratio	16.5	17.3	16.8	17.5	17.5
Combined ratio	82.5	85.7	82.3	85.6	86.8
Combined ratio exclusive of run-off	88.7	94.3	88.4	94.2	94.0
Run-off, net of reinsurance (%)	-6.2	-8.6	-6.1	-8.6	-7.2
Large claims, net of reinsurance (%)	1.4	3.0	1.0	4.2	3.3
Weather claims, net of reinsurance (%)	0.3	2.5	1.3	2.7	2.2

Corporate

Results

The technical result amounted to DKK 130m (DKK 204m) with a combined ratio of 86.8 (80.2). The much lower technical result is primarily due to an increase in large claims (7.9% vs 1.3%) and a negative impact from COVID-19 claims. Underlying profitability improved primarily based on initiatives in Norway. Profitability remains challenging for Corporate, excluding Tryg Garanti, and Tryg has continued its work with significant profitability initiatives in all Corporate areas in 2020. Premiums fell by 0.9% following the above-mentioned price increases.

Premiums

Gross premium income totalled DKK 990m (DKK 1,032m), representing a decrease of 0.9% (4.5%) when measured in local currencies. Growth was impacted by profitability initiatives in Norway, which led to a decline in premiums, while the Corporate segment in Denmark still showed some growth, driven partly by Tryg Garanti. In Sweden, negative growth of around 1% was posted, impacted by profitability initiatives and pruning of the portfolio.

Claims

The claims ratio, net of ceded business, was 76.5 (71.3). The level of large claims was much higher,

while the run-off level was somewhat lower compared to last year. Both weather claims and run-off level were somewhat lower than for the same period last year. COVID-19 claims had a negative impact (1.7%), primarily due to a single claim in the credit and surety business, but it is important to mention that this area continues to see strong development and with a high level of reinsurance. The underlying claims level improved, primarily due to profitability initiatives and risk selection in Norway. In all geographical areas, profitability initiatives have been implemented in 2020 together with a risk selection focus.

Expenses

The expense ratio of 10.3 (8.9) was slightly higher compared to the prior-year period. The number of employees in Corporate was 292 against 290 at the end of 2019, due to expansion of the credit and surety business.

Q1-Q3 2020 results

The technical result was DKK 470m (DKK 423m), while the combined ratio was 83.8 (85.9). The combined ratio improved somewhat, helped by higher run-offs, which offset a higher level of large claims. Premium growth was 1.2% (2.3%) as profitability initiatives are being pushed through.

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are affected 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 Q3 2020

Technical result
DKK 130m
(DKK 204m)

Combined ratio
86.8
(80.2)

Premium growth
(local currencies)
-0.9%
(4.5%)

Key figures – Corporate

DKKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Gross premium income	990	1,032	2,903	2,992	3,979
Gross claims	-517	-616	-1,915	-1,966	-2,816
Gross expenses	-102	-92	-309	-295	-415
Profit/loss on gross business	372	324	679	731	748
Profit/loss on ceded business	-241	-120	-208	-310	-255
Insurance technical interest, net of reinsurance	-1	0	-1	2	2
Technical result	130	204	470	423	496
Run-off gains/losses, net of reinsurance	114	123	364	326	407
Key ratios					
Premium growth in local currency (%)	-0.9	4.5	1.2	2.3	2.0
Gross claims ratio	52.2	59.7	66.0	65.7	70.8
Net reinsurance ratio	24.3	11.6	7.2	10.4	6.4
Claims ratio, net of reinsurance	76.5	71.3	73.1	76.1	77.2
Gross expense ratio	10.3	8.9	10.6	9.9	10.4
Combined ratio	86.8	80.2	83.8	85.9	87.6
Combined ratio exclusive of run-off	98.3	92.1	96.3	96.8	97.8
Run-off, net of reinsurance (%)	-11.6	-11.9	-12.5	-10.9	-10.2
Large claims, net of reinsurance (%)	7.9	1.3	8.3	7.1	7.7
Weather claims, net of reinsurance (%)	0.2	3.4	0.3	2.1	1.8

Sweden

Results

Sweden posted a technical result of DKK 69m (DKK 54m) and a combined ratio of 84.2 (87.3). The lower combined ratio was composed of an improved underlying claims ratio and a higher run-off level.

Premiums

Premium income totalled DKK 443m (DKK 422m), representing an increase of 2.1% (5.1%) when measured in local currencies. Premium income was impacted by strong development for Inbound, niche areas Atlantica (specialist in boat insurance) and Bilsport/MC (specialist in insurance of vintage cars and motorcycles) as well as Danske Bank distribution.

Claims

The claims ratio, net of ceded business, was lower due to underlying improvement and higher run-off level. The claims level was positively impacted by pricing adjustments, especially for motor insurance,

resulting in an improved underlying claims level. COVID-19 related claims had a slightly positive (1.1%) impact due to a lower claims frequency level, particularly for motor. The high run-off result was driven by a strong reserving position for motor insurance.

Expenses

The expense ratio was almost unchanged at 16.6 (16.5). At the end of the quarter, the number of employees was 316, which is an increase of 16 employees compared to year-end 2019. This was primarily due to an increase in employee numbers in the inbound organisation.

Q1-Q3 2020 results

The technical result was DKK 172m (DKK 141m), while the combined ratio was 85.8 (87.8). The improvement in the result was primarily due to an improved underlying claims ratio because of motor insurance pricing adjustments and a somewhat higher run-off level.

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 Q3 2020

Technical result
DKK 69m
(DKK 54m)

Combined ratio
84.2
(87.3)

Premium growth
(local currencies)
2.1%
(5.1%)

Key figures – Sweden

DKK m	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Gross premium income	443	422	1,211	1,157	1,521
Gross claims	-301	-298	-826	-820	-1,014
Gross expenses	-74	-70	-215	-189	-267
Profit/loss on gross business	68	55	170	148	241
Profit/loss on ceded business	1	-1	3	-7	-10
Insurance technical interest, net of reinsurance	0	0	-1	0	0
Technical result	69	54	172	141	231
Run-off gains/losses, net of reinsurance	56	49	165	139	246
Key ratios					
Premium growth in local currency (%)	2.1	5.1	4.7	7.0	6.1
Gross claims ratio	67.9	70.5	68.2	70.9	66.6
Net reinsurance ratio	-0.3	0.3	-0.2	0.6	0.7
Claims ratio, net of reinsurance	67.6	70.8	68.0	71.5	67.3
Gross expense ratio	16.6	16.5	17.7	16.3	17.5
Combined ratio	84.2	87.3	85.8	87.8	84.8
Combined ratio exclusive of run-off	96.8	98.8	99.4	99.8	101.0
Run-off, net of reinsurance (%)	-12.5	-11.5	-13.6	-12.0	-16.2
Weather claims, net of reinsurance (%)	0.0	0.1	0.1	0.9	0.7

Investment activities

Investment income totalled DKK 237m (DKK -29m) in Q3 2020, driven by a return of DKK 266m (DKK 97m) on the free portfolio, a return of DKK 40m (DKK -69m) on the match portfolio and other financial income and expenses of DKK -69m (DKK -57m).

The total market value of Tryg's investment portfolio was DKK 41.2bn at 30 September 2020. The investment portfolio consists of a match portfolio of DKK 30.1bn and a free portfolio of DKK 11.1bn. 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

Following an extremely challenging Q1 after the COVID-19 outbreak, capital markets in Q2 and Q3 recovered fully the losses booked in the first three months of the year. Macroeconomic forecasts continue to paint a very difficult situation for 2020 but also a volatile one reflecting a re-opening of most societies during the summer but additional restric-

tions in the last few weeks. Equity markets tend to anticipate some of these trends and produced a good performance in Q3. Tryg's free portfolio was up 2.4% (1.0%) in Q3 2020 with equities returning approximately 6.6% (0.3%) while credit bonds posted a return of 2.4% in the quarter driven primarily by a good performance of the high yield bonds portfolio (a small asset class for Tryg). In general, all asset classes posted positive returns continuing the positive trend seen in Q2.

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" reported only a modest positive contribution of DKK 11m (DKK -56m), driven by a nearly unchanged EUR-DKK yield spreads. The "performance" result represented a positive contribution of DKK 29m (DKK -13m) as Nordic covered-bond spreads narrowed against the swap curve driven by a substantial quantitative easing exercise from leading central banks. Currently covered bonds spreads are lower than the pre COVID-19 outbreak level.

Financial highlights Q3 2020

Investment return
DKK 237m
(DKK -29m)

Free portfolio result
DKK 266m
(DKK 97m)

Match portfolio
DKK 40m
(DKK -69m)

Other financial income
and expenses
DKK -69m
(DKK -57m)

Key figures – investments

DKKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Free portfolio, gross return	266	97	72	631	857
Match portfolio, regulatory deviation and performance	40	-69	-36	-61	-42
Other financial income and expenses	-69	-57	-238	-189	-236
Total investment return	237	-29	-202	381	579

Return – match portfolio

DKKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Return, match portfolio	86	215	581	743	475
Value adjustments, changed discount rate	-45	-253	-578	-673	-351
Transferred to insurance technical interest	-1	-31	-39	-131	-166
Match, regulatory deviation and performance	40	-69	-36	-61	-42
Hereof:					
Match, regulatory deviation	11	-56	-52	-96	-73
Match, performance	29	-13	16	35	31

Other financial income and expenses

Other financial income and expenses totalled DKK -69m (DKK -57m). 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.

In challenging times and markets, the cost and the efficiency of the currencies hedge may be more volatile than normal while also other items such as investments management variable fees and costs and other smaller lines may reflect a slightly higher volatility. Importantly, as previously written, long-term expectations for this line are unchanged at slightly more than DKK -60m on a quarterly basis.

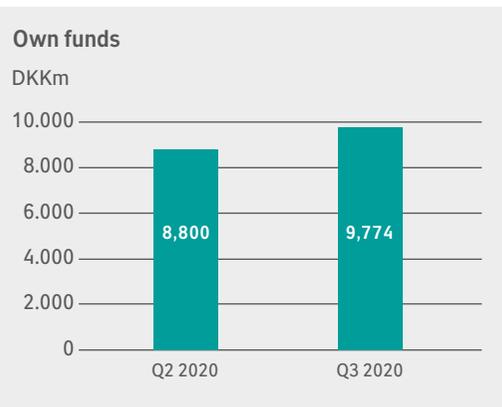
Return – free portfolio

DKKm	Q3 2020	Q3 2020(%)	Q3 2019	Q3 2019(%)	Q1-Q3 2020	Q1-Q3 2020(%)	Q1-Q3 2019	Q1-Q3 2019 (%)	Investment assets	
									30.09.2020	31.12.2019
Bonds	10	0.3	25	0.6	73	1.9	109	2.6	3,729	4,314
Credit bonds	54	2.4	42	2.0	23	1.1	201	9.6	2,306	2,173
Investment grade credit	21	2.0	34	3.4	58	5.9	109	12.1	1,013	1,016
Emerging market bonds	3	0.7	-10	-1.8	-19	-3.7	31	5.5	527	545
High-yield bonds	30	4.1	18	2.9	-16	-2.5	61	9.7	766	612
Diversifying Alternatives^{a)}	20	3.1	6	0.5	14	2.2	4	0.8	653	645
Equity^{b)}	137	6.6	6	0.3	-30	-1.5	251	13.6	2,031	2,164
Real Estate	45	2.0	20	1.1	-8	-0.3	66	3.3	2,349	2,141
Total	266	2.4	97	1.0	72	0.7	631	5.9	11,068	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 are derivatives contracts of DKK 40m.

Solvency and dividend



The solvency ratio (based on Tryg's partial internal model) was 214 at the end of Q3 2020, compared to 193 at the end of Q2 2020. On 27 March 2020, Tryg announced a move to a full-year dividend decision for 2020, meaning that the strong Q3 result has fully improved Own funds. It is important to highlight that Tryg does not accrue dividends in its own funds.

Own funds

Own funds totalled DKK 9,774m at the end of Q3 (DKK 8,800m at the end of Q2 2020). Own funds were positively impacted by the strong Q3 organic capital generation and by the move to a full-year dividend decision for 2020, meaning that no quarterly dividend has been announced. Tryg's own funds are predominantly made up of shareholders' equity and subordinated loans.

Solvency capital requirement

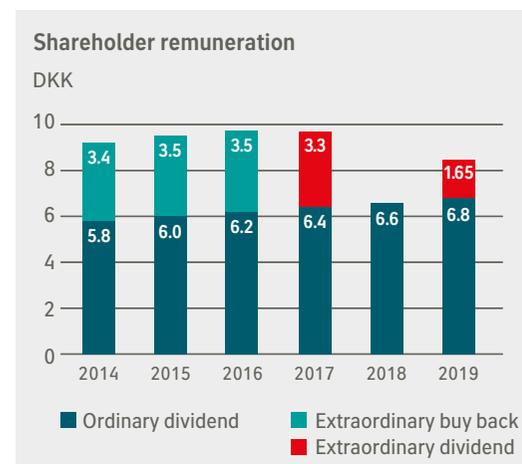
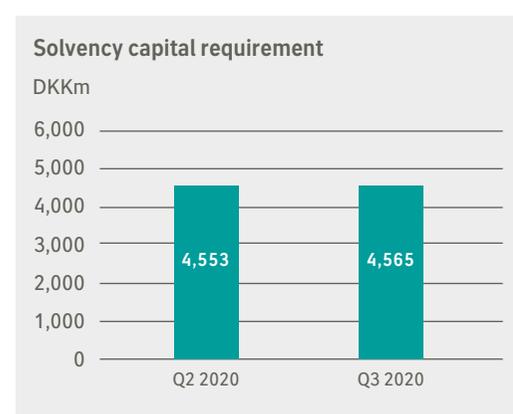
Tryg calculates its individual solvency capital requirement based on a partial internal model in accordance with the Danish Financial Supervisory Authority's Executive Order on Solvency and Operating Plans for Insurance Companies.

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 4,565m (DKK 4,553m at the end of Q2 2020). The modest upward move was driven primarily by a marginally higher insurance risk. The solvency capital requirement based on the standard formula was DKK 6,353m against DKK 6,291m at the end of Q2 2020.

Moody's rating

Tryg has an '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.



Tryg moves to FY dividend decision for 2020.

Financial outlook

In the first half of 2020, the world economy was heavily impacted by the COVID-19 outbreak and the lockdown of societies across the globe. Significant monetary and fiscal easing has been implemented worldwide to prevent the global economies from grinding to a complete halt, and macroeconomic forecasts for 2020 have been revised down dramatically. However, the general macroeconomic outlook in Scandinavia is currently rebounding following a significant setback in the first half of 2020, although it is too early to assess the possible impact of the second wave of COVID-19. Government indebtedness remains comparatively low, unemployment rates are expected to improve, and GDP growth is expected to be close to 2-3% across Scandinavia in 2021. The forecasts remain somewhat sensitive, as they are highly dependent on COVID-19 developments, including the ability of governments to control the situation.

Tryg's underlying business has continued to perform in line with expectations despite the extremely difficult economic conditions. The travel insurance segment (premiums of DKK 886m at the end of 2019) has been impacted by a lot of travel cancellations (resulting in very high claims costs in Q1), while a low claims frequency level

was seen in Q2 and Q3. Tryg Garanti (the credit and surety business) is likely to see some impact from adverse macroeconomic developments. At the same time, lower levels of economic activity are improving the performance of lines of businesses such as motor insurance (lower claims frequencies), accident insurance and contents insurance (fewer break-ins). In general, Tryg's reinsurance programme protects the business well in these turbulent periods.

Tryg's financial targets for 2020 are re-confirmed: a technical result of DKK 3.3bn (including DKK 150m of synergies from the Alka acquisition), an expense ratio of ~14 and a combined ratio at or below 86. The ROE target at or above 21% has been suspended for 2020, as communicated in the stock exchange announcement on 27 March 2020, considering the mark-to-market investment losses in Q1 2020. It should be noted that Tryg reported an average ROE for the past five years (2015-2019) of almost 23%. Furthermore, on 27 March 2020 Tryg announced that it was moving to a full-year dividend decision for 2020 (as opposed to the normal quarterly dividend) following the investment loss caused by unprecipitated capital market turbulence in Q1. The overall dividend policy is unchanged.

The Nordic countries are characterised by a high level of non-life insurance penetration – ratios of non-life insurance premiums to GDP are among the highest in the world. This is attributable to households being relatively wealthy and tending to cover their insurance needs relatively well.

Premium growth for full year 2020 and beyond is likely to be impacted negatively by the COVID-19 outbreak. It is extremely difficult to precisely predict top-line development as this is linked to general economic developments, especially in the Commercial and Corporate segments, less so in the Private segment. Nevertheless, some negative developments following this period of very challenging economic conditions and a likely increase in bankruptcies must be expected.

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. Tryg has an expense ratio target for 2020 of ~14. In the 2017-2020 period, the expense ratio will be impacted by increased IT investments, which will be offset primarily by improved distribution efficiency.

Financial targets 2020



Earnings

Technical result
DKK 3.3bn

Combined ratio
≤86

Expense ratio
~14

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 long-term systematic claims reserving approach still includes a margin of approximately 3% on best estimate.

In 2020, weather claims, net of reinsurance, and large claims are expected to total DKK 600m and DKK 550m, respectively.

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

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 the current interest rate levels, a very low return is expected. For shares, the expected normalised 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.

In the past few years, corporate tax rates have been lowered throughout Scandinavia. In Denmark, the rate will remain at 22% in 2020, while it is 25% in Norway and 21% 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%.

The current three-year strategy period ends in 2020, and Tryg therefore plans to host a new CMD towards the end of the year. The COVID-19 outbreak has complicated the situation but a number of different CMD scenarios are being considered. Tryg will disclose a precise date for the CMD during the autumn based on the development of the second wave of COVID-19, including the health authorities' recommendations.

Partnership with ASE

In Q3, Commercial Denmark signed a cooperation agreement with ASE, an independent unemployment insurance fund with approximately 145,000 members. This initiative is in line with Commercial Denmark's increasing focus on growing in the segment of small and medium-sized business.



Financial calendar

Annual report	26 January 2021
Annual general meeting	26 March 2021
Interim report Q1	16 April 2021
Interim report Q2 and H1	9 July 2021
Interim report Q1-Q3	12 October 2021

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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 Q1-Q3 2020 for Tryg A/S.

The report, which is unaudited and has not been reviewed by the company's auditors, is presented 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.

In our opinion, the report gives a true and fair view of the Group's assets, liabilities and financial position at 30 September 2020 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, the results for the period and of the Group's financial position in general and describes the principal risks and uncertainties that the Group face.

Ballerup, 9 October 2020

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

Gert Ove Mikkelsen

Charlotte Dietzer

Karen Bladt

Claus Wistoft

Ida Sofie Jensen

Lene Skole

Tina Snebjerg

Mari Thjørnøe

Carl-Viggo Östlund

Financial highlights

	Q3 2020	Q3 2019	Q1 - Q3 2020	Q1 - Q3 2019	2019
DKKm					
NOK/DKK, average rate for the period	69.65	75.89	70.09	76.38	75.80
SEK/DKK, average rate for the period	71.93	69.82	70.66	70.78	70.62
Gross premium income	5,719	5,583	16,909	16,262	21,741
Gross claims	-3,625	-3,785	-11,474	-11,005	-14,857
Total insurance operating costs	-806	-774	-2,396	-2,283	-3,081
Profit/loss on gross business	1,288	1,025	3,039	2,974	3,803
Profit/loss on ceded business	-300	-152	-311	-500	-566
Insurance technical interest, net of reinsurance	-7	-4	-13	1	1
Technical result	980	870	2,715	2,475	3,237
Investment return after insurance technical interest	237	-29	-202	381	579
Other income and costs	-67	-62	-195	-168	-188
Profit/loss before tax	1,150	779	2,318	2,688	3,628
Tax	-220	-179	-583	-549	-783
Profit/loss, continuing business	930	600	1,735	2,139	2,845
Profit/loss on discontinued and divested business after tax	0	-1	0	-1	-2
Profit/loss for the period	930	599	1,735	2,138	2,843
Other comprehensive income					
Other comprehensive income which cannot subsequently be reclassified as profit or loss	0	-67	-22	-107	-57
Other comprehensive income which can subsequently be reclassified as profit or loss	-3	-10	1	7	18
Other comprehensive income	-3	-77	-22	-100	-39
Comprehensive income	927	522	1,714	2,038	2,804
Run-off gains/losses, net of reinsurance	270	279	830	938	1,194
Statement of financial position					
Total provisions for insurance contracts	33,105	33,954	33,105	33,954	32,224
Total reinsurers' share of provisions for insurance contracts	1,343	1,493	1,343	1,493	1,501
Total equity	12,783	11,897	12,783	11,897	12,085
Total assets	58,577	59,169	58,577	59,169	59,059
Key ratios					
Gross claims ratio	63.4	67.8	67.9	67.7	68.3
Net reinsurance ratio	5.2	2.7	1.8	3.1	2.6
Claims ratio, net of reinsurance	68.6	70.5	69.7	70.7	70.9
Gross expense ratio	14.1	13.9	14.2	14.0	14.2
Combined ratio	82.7	84.4	83.9	84.8	85.1

Income statement

DKKm	Q1 - Q3 2020	Q1 - Q3 2019	2019
Notes			
General insurance			
Gross premiums written	18,688	17,907	22,563
Ceded insurance premiums	-1,271	-1,006	-1,259
Change in premium provisions	-1,205	-1,192	-143
Change in reinsurers' share of premium provisions	197	110	38
2 Premium income, net of reinsurance	16,409	15,819	21,198
3 Insurance technical interest, net of reinsurance	-13	1	1
Claims paid	-11,541	-10,900	-15,419
Reinsurance cover received	947	318	388
Change in claims provisions	67	-105	562
Change in the reinsurers' share of claims provisions	-301	-35	40
4 Claims, net of reinsurance	-10,828	-10,722	-14,429
Bonus and premium discounts	-574	-454	-679
Acquisition costs	-2,001	-1,792	-2,458
Administration expenses	-394	-491	-623
Acquisition costs and administration expenses	-2,396	-2,283	-3,081
Reinsurance commissions and profit participation from reinsurers	116	115	227
Insurance operating costs, net of reinsurance	-2,279	-2,169	-2,854
1 Technical result	2,715	2,475	3,237

DKKm	Q1 - Q3 2020	Q1 - Q3 2019	2019
Notes			
Investment activities			
Income from associates	-30	-10	-10
Income from investment property	37	28	58
Interest income and dividends	386	402	534
5 Value adjustments	-368	305	457
Interest expenses	-100	-125	-178
Administration expenses in connection with investment activities	-88	-88	-117
Total investment return	-163	512	744
3 Return on insurance provisions	-39	-131	-166
Total Investment return after insurance technical interest	-202	381	579
Other income	64	88	168
Other costs	-259	-256	-356
Profit/loss before tax	2,318	2,688	3,628
Tax	-583	-549	-783
Profit/loss on continuing business	1,735	2,139	2,845
Profit/loss on discontinued and divested business	0	-1	-2
Profit/loss for the period	1,735	2,138	2,843
Earnings/ diluted earnings per share	5.75	7.09	9.42

Statement of comprehensive income

DKKm	Q1 - Q3 2020	Q1 - Q3 2019	2019
Profit/loss for the period	1,735	2,138	2,843
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Actuarial gains/losses on defined-benefit pension plans	-30	-142	-76
Tax on actuarial gains/losses on defined-benefit pension plans	7	35	19
	-22	-107	-57
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-188	5	32
Hedging of currency risk in foreign entities	241	2	-19
Tax on hedging of currency risk in foreign entities	-53	0	4
	1	7	18
Total other comprehensive income	-22	-100	-39
Comprehensive income	1,713	2,038	2,804

Statement of financial position

DKKm	30.09.2020	30.09.2019	31.12.2019	
Notes				
Assets				
6	Intangible assets	7,141	7,317	7,364
	Operating equipment	127	189	155
	Group-occupied property	637	762	730
	Total property, plant and equipment	763	951	885
	Investment property	1,074	577	1,151
	Equity investments in associates	5	0	0
	Total investments in associates	5	0	0
	Equity investments	2,529	1,568	1,223
	Unit trust units	6,547	6,615	6,916
	Bonds	33,562	34,824	34,896
	Other lending	75	60	75
	Derivative financial instruments	1,376	1,254	1,128
	Total other financial investment assets	44,088	44,322	44,239
7	Total investment assets	45,167	44,898	45,390
	Reinsurers' share of premium provisions	389	288	216
	Reinsurers' share of claims provisions	954	1,206	1,285
	Total reinsurers' share of provisions for insurance contracts	1,343	1,493	1,501
	Receivables from policyholders	1,876	2,059	1,727
	Total receivables in connection with direct insurance contracts	1,876	2,059	1,727
	Receivables from insurance enterprises	532	247	240
	Other receivables	689	684	588
	Total receivables	3,098	2,990	2,555
	Current tax assets	4	69	52
	Cash at bank and in hand	661	992	868
	Other	1	1	1
	Total other assets	666	1,062	921
7	Interest and rent receivable	117	138	147
	Other prepayments and accrued income	282	320	296
	Total prepayments and accrued income	398	458	443
	Total assets	58,577	59,169	59,059

DKKm	30.09.2020	30.09.2019	31.12.2019	
Notes				
Equity and liabilities				
	Equity	12,783	11,897	12,085
	Subordinated loan capital	2,665	2,835	2,875
	Premium provisions	6,932	7,019	5,996
	Claims provisions	24,536	25,694	24,859
	Provisions for bonuses and premium discounts	1,637	1,241	1,370
	Total provisions for insurance contracts	33,105	33,954	32,224
8	Pensions and similar liabilities	155	367	303
	Deferred tax liability	905	895	911
	Other provisions	76	94	86
	Total provisions	1,136	1,356	1,300
	Debt relating to direct insurance	531	474	577
	Debt relating to reinsurance	322	452	252
	Amounts owed to credit institutions	693	492	711
7	Debt relating to repos	723	1,253	2,601
7	Derivative financial instruments	782	840	800
	Debt to Group undertakings	1	299	300
	Current tax liabilities	379	335	125
	Other debt	5,421	4,957	5,178
	Total debt	8,853	9,102	10,543
	Accruals and deferred income	35	24	33
	Total equity and liabilities	58,577	59,169	59,059

Additional notes

- 9 Related parties**
- 10 Contingent Liabilities**
- 11 Accounting policies**
- 12 The impact of the outbreak of COVID-19**

Statement of changes in equity

DKKm	Share capital	Reserve for exchange rate adjustment	Other reserves ^{a)}	Retained earnings	Proposed dividend	Non-controlling interest	Total
Equity at 31 December 2019	1,511	-23	1,677	7,906	1,013	1	12,085
Q1 - Q3 2020							
Profit/loss for the period			-78	1,813	0		1,735
Other comprehensive income		1		-22			-22
Total comprehensive income	0	1	-78	1,790	0		1,713
Dividend paid					-1,013		-1,013
Dividend, own shares				1			1
Purchase and sale of own shares				-14			-14
Issue of conditional shares and matching shares				11			11
Total changes in equity in Q1 - Q3 2020	0	1	-78	1,789	-1,013	0	699
Equity at 30 September 2020	1,511	-22	1,599	9,695	0	1	12,783
Equity at 31 December 2018	1,511	-41	1,617	7,748	499	0	11,334
Q1 - Q3 2019							
Profit/loss for the period			34	563	1,541		2,138
Other comprehensive income		7		-107			-100
Total comprehensive income	0	7	34	456	1,541	0	2,038
Dividend paid					-1,526		-1,526
Dividend, own shares				1			1
Purchase and sale of own shares				33			33
Issue of conditional shares and matching shares				17			17
Total changes in equity in Q1 - Q3 2019	0	7	34	507	15	0	563
Equity at 30 September 2019	1,511	-34	1,651	8,255	514	0	11,897

a) Other reserves contains Norwegian Natural Perils Pool and contingency fund provisions. The provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured and are not available for dividends.

Statement of changes in equity

DKKm	Share capital	Reserve for exchange rate adjustment	Other reserves ^{a)}	Retained earnings	Proposed dividend	Non-controlling interest	Total
Equity at 31 December 2018	1,511	-41	1,617	7,748	499	0	11,334
2019							
Profit/loss for the year			60	230	2,553		2,843
Other comprehensive income		18		-57			-39
Total comprehensive income	0	18	60	173	2,553	0	2,804
Dividend paid					-2,040		-2,040
Dividend, own shares				1			1
Purchase and sale of own shares				-43			-43
Issue of conditional shares and matching shares				27			27
Non-controlling interest						1	1
Total changes in equity in 2019	0	18	60	158	514	1	751
Equity at 31 December 2019	1,511	-23	1,677	7,906	1,013	1	12,085

a) Other reserves contains Norwegian Natural Perils Pool and contingency fund provisions. The provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured and are not available for dividends.

Cash flow statement

DKK m	Q1 - Q3	Q1 - Q3	
	2020	2019	2019
Cash from operating activities			
Premiums	17,942	16,814	21,736
Claims	-11,895	-10,428	-15,557
Ceded business	-349	-383	-651
Costs	-2,172	-2,364	-3,210
Change in other debt and other amounts receivable	637	1,749	1,849
Cash flow from insurance activities	4,162	5,388	4,167
Interest income	311	372	467
Interest expenses	-100	-125	-169
Dividend received	53	11	24
Taxes	-271	-254	-827
Other income and costs	-90	-169	-31
Cash from operating activities, continuing business	4,065	5,223	3,631
Investments			
Sale of real property	13	0	357
Acquisition and sale of equity investments and unit trust units (net)	-5,197	-674	49
Purchase/sale of bonds (net)	2,060	-2,532	-1,978
Purchase/sale of operating equipment (net)	-1	-54	-69
Sale of associated	0	0	246
Hedging of currency risk	1	2	18
Investments, continuing business	-3,124	-3,258	-1,376

DKK m	Q1 - Q3	Q1 - Q3	
	2020	2019	2019
Financing			
Exercise of share options/purchase of treasury shares (net)	-14	33	-43
Dividend paid	-1,013	-1,526	-2,040
Change in lease liabilities	-105	-102	-147
Change in amounts owed to credit institutions	-18	-2	217
Financing, continuing business	-1,150	-1,598	-2,013
Change in cash and cash equivalents, net	-208	367	241
Exchange rate adjustment of cash and cash equivalents, 1 January	1	-2	-1
Change in cash and cash equivalents, gross	-207	365	241
Cash and cash equivalents, beginning of year	868	627	627
Cash and cash equivalents, end of period	661	992	868

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other ^{a)}	Group
1 Operating segments						
Q1 - Q3 2020						
Gross premium income	9,497	3,298	2,903	1,211		16,909
Gross claims	-6,674	-2,050	-1,915	-826	-9	-11,474
Gross operating expenses	-1,312	-552	-309	-215	-7	-2,396
Profit/loss on ceded business	4	-110	-208	3		-311
Insurance technical interest, net of reinsurance	-7	-3	-1	-1		-13
Technical result	1,507	582	470	172	-16	2,715
Other items					-980	-980
Profit/loss						1,735
Run-off gains/losses, net of reinsurance	108	201	364	165	-9	830
Intangible assets	1,466	57		529	5,089	7,141
Reinsurers' share of premium provisions	84	28	277	1		389
Reinsurers' share of claims provisions	160	109	673	12		954
Other assets					50,093	50,093
Total assets						58,577
Premium provisions	3,090	1,599	1,299	944		6,932
Claims provisions	6,242	6,788	8,686	2,820		24,536
Provisions for bonuses and premium discounts	1,453	125	10	49		1,637
Other liabilities					12,688	12,688
Total liabilities						45,794

a) Amounts relating to 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						
Q1 - Q3 2019						
Gross premium income	8,962	3,195	2,992	1,157	-44	16,262
Gross claims	-6,110	-2,122	-1,966	-820	13	-11,005
Gross operating expenses	-1,239	-560	-295	-189		-2,283
Profit/loss on ceded business	-154	-52	-310	-7	25	-499
Insurance technical interest, net of reinsurance	-2	1	2			1
Technical result	1,457	461	423	141	-6	2,475
Other items					-337	-337
Profit/loss						2,138
Run-off gains/losses, net of reinsurance	206	274	326	139	-6	938
Intangible assets	1,598	86		528	5,105	7,317
Reinsurers' share of premium provisions	81	35	171	1		288
Reinsurers' share of claims provisions	43	161	994	8		1,206
Other assets					50,359	50,359
Total assets						59,169
Premium provisions	3,075	1,639	1,381	924		7,019
Claims provisions	6,320	7,001	9,529	2,844		25,694
Provisions for bonuses and premium discounts	1,088	107	23	22		1,241
Other liabilities					13,318	13,318
Total liabilities						47,272

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						
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		-3,081
Profit/loss on ceded business	-231	-94	-255	-10	23	-566
Insurance technical interest, net of reinsurance	-3	1	2			1
Technical result	1,951	566	496	231	-6	3,237
Other items						-394
Profit/loss						2,843
Run-off gains/losses, net of reinsurance	238	310	407	246	-6	1,194
Intangible assets	1,565	67		539	5,193	7,364
Reinsurers' share of premium provisions	42	4	170			216
Reinsurers' share of claims provisions	15	149	1,114	7		1,285
Other assets					50,193	50,193
Total assets						59,059
Premium provisions	2,691	1,351	1,035	919		5,996
Claims provisions	6,201	6,844	9,055	2,758		24,859
Provisions for bonuses and premium discounts	1,195	114	27	34		1,370
Other liabilities					14,750	14,750
Total liabilities						46,974

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	Q3 2020	Q3 2019	Q1 - Q3 2020	Q1 - Q3 2019	2019
1 Geographical segments					
Danish general insurance^{a)}					
Gross premium income	3,482	3,350	10,467	9,863	13,204
Technical result	622	570	1,997	2,062	2,606
Run-off gains/losses, net of reinsurance	111	123	396	594	712
Key ratios					
Gross claims ratio	63.0	67.2	65.6	63.2	64.7
Net reinsurance ratio	4.7	1.5	1.2	1.7	1.7
Claims ratio, net of reinsurance	67.7	68.6	66.7	64.9	66.4
Gross expense ratio	14.2	14.0	14.0	14.0	13.7
Combined ratio	81.9	82.7	80.7	78.9	80.1
Run-off, net of reinsurance (%)	-3.2	-3.7	-3.8	-6.0	-5.4
Number of full-time employees, end of period	2,789	2,682	2,789	2,682	2,650
Norwegian general insurance					
Gross premium income	1,637	1,667	4,772	4,835	6,472
Technical result	234	202	433	316	469
Run-off gains/losses, net of reinsurance	88	100	197	239	283
Key ratios					
Gross claims ratio	68.2	70.9	76.3	74.9	73.7
Net reinsurance ratio	4.0	4.6	0.9	5.4	5.1
Claims ratio, net of reinsurance	72.2	75.5	77.2	80.3	78.8
Gross expense ratio	13.5	12.9	13.9	13.6	14.4
Combined ratio	85.7	88.3	91.1	93.9	93.1
Run-off, net of reinsurance (%)	-5.4	-6.0	-4.1	-4.9	-4.4
Number of full-time employees, end of period	1,085	1,088	1,085	1,088	1,083

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

Notes

DKKm	Q3 2020	Q3 2019	Q1 - Q3 2020	Q1 - Q3 2019	2019
1 Geographical segments					
Swedish general insurance					
Gross premium income	600	575	1,670	1,607	2,120
Technical result	125	98	301	103	169
Run-off gains/losses, net of reinsurance	71	56	246	112	205
Key ratios					
Gross claims ratio	52.6	62.9	57.7	72.3	74.0
Net reinsurance ratio	11.6	4.5	8.6	6.2	2.0
Claims ratio, net of reinsurance	64.2	67.4	66.3	78.4	75.9
Gross expense ratio	14.9	15.6	15.6	15.1	16.1
Combined ratio	79.1	82.9	81.9	93.5	92.0
Run-off, net of reinsurance (%)	-11.8	-9.6	-14.8	-6.9	-9.7
Number of full-time employees, end of period	435	415	435	415	419
Other ^{a)}					
Gross premium income	0	-9	0	-44	-54
Technical result	0	0	-16	-6	-6
Run-off gains/losses, net of reinsurance	-1	0	-9	-6	-6
Tryg					
Gross premium income	5,719	5,583	16,909	16,262	21,741
Technical result	980	870	2,715	2,475	3,237
Investment return activities	237	-29	-202	381	579
Other income and costs	-67	-62	-195	-168	-188
Profit/loss before tax	1,150	779	2,317	2,688	3,628
Run-off gains/losses, net of reinsurance	270	279	830	938	1,194
Key ratios					
Gross claims ratio	63.4	67.8	67.9	67.7	68.3
Net reinsurance ratio	5.2	2.7	1.8	3.1	2.6
Claims ratio, net of reinsurance	68.6	70.5	69.7	70.7	70.9
Gross expense ratio	14.1	13.9	14.2	14.0	14.2
Combined ratio	82.7	84.4	83.9	84.8	85.1
Run-off, net of reinsurance (%)	-4.7	-5.0	-4.9	-5.8	-5.5
Number of full-time employees, end of period	4,309	4,185	4,309	4,185	4,151

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

Notes

DKKm	Q1 - Q3 2020	Q1 - Q3 2019	2019
2 Premium income, net of reinsurance			
Direct insurance	17,418	16,665	22,353
Indirect insurance	41	39	52
	17,459	16,704	22,405
Unexpired risk provision	24	12	15
	17,483	16,716	22,420
Ceded direct insurance	-1,074	-897	-1,221
	16,409	15,819	21,198
3 Insurance technical interest, net of reinsurance			
Return on insurance provisions	39	131	166
Discounting transferred from claims provisions	-52	-130	-165
	-13	1	1
4 Claims, net of reinsurance			
Claims	-12,280	-11,907	-16,031
Run-off gains/losses, gross	806	902	1,173
	-11,474	-11,005	-14,857
Reinsurance cover received	622	247	408
Run-off gains/losses, reinsurers' share	24	36	20
	-10,828	-10,722	-14,429

DKKm	Q1 - Q3 2020	Q1 - Q3 2019	2019
5 Value adjustments			
<i>Value adjustments related to financial assets or liabilities at fair value with value adjustment in the income statement:</i>			
Equity investments	-102	94	463
Unit trust units	-617	650	117
Bonds	-306	8	120
Derivatives (Equity, Interest, Currency)	823	455	-103
	-202	1,207	598
<i>Value adjustments related to assets or liabilities that cannot be attributed to IAS 39:</i>			
Investment property	-17	7	62
Owner-occupied property	0	-10	-10
Discounting	-578	-673	-351
Other statement of financial position items	429	-226	159
	-166	-902	-140
	-368	305	457
6 Intangible assets			
Certain intangible assets (software) have been written down at the amount of DKK 107m due to uncertainty about future use.			

Notes

DKKm	Q1 - Q3	Q1 - Q3	
	2020	2019	2019
7 Tryg's investment portfolio			
Total investment assets	45,167	44,898	45,390
Other, hereof financial instrument in liabilities*	-1,612	-1,246	-3,257
External customers	-2,372	-2,326	-2,493
Tryg's investment portfolio**	41,184	41,326	39,639
Hereof match portfolio	30,116	30,578	28,203
Hereof free portfolio	11,068	10,748	11,436

*Primarily debt relating to repos and derivatives.

**The setup of Tryg Invest is impacting Tryg'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"

8 Pension liability

Tryg 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.

9 Related parties

In Q1-Q3 2020 dividend of DKK 1,013m to shareholders of which 60% has been paid to TryghedsGruppen SMBA. In Q1-Q3 2020 dividend of DKK 1,013m has been paid from Tryg Forsikring A/S to Tryg A/S.

There have been no other significant transactions.

10 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 September 2020.

11 Accounting policies

Tryg's interim report for Q1-Q3 2020 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).

Changes in accounting policies

There have been no changes to the accounting policies or accounting estimates in Q1-Q3 2020.

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.

12 The impact of the outbreak 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 also how exchange rate fluctuations will affect Tryg.

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 trusts 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 the annual report 2019, note 15, for further description of the fair value hierarchy.

The main part of Tryg'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 30 September 2020, the value amounts to DKK 1,354m (DKK 1,375m on 31 December 2019).

12 The impact of the outbreak of COVID-19 (continued)

Claims provisions

The volatility introduced by the outbreak of COVID-19 affects some of Tryg's claims provisions, particularly travel insurance but also several other insurance products due to significant changes in behavior. The effects are incorporated in Tryg's reserving models.

The statistical uncertainty related to these changes is insignificant compared to the total provisions and balance sheet.

Exchange rates

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

Tryg 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.

Quarterly outline

DKKm	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Private									
Gross premium income	3,167	3,169	3,162	3,059	3,055	3,010	2,897	2,679	2,309
Technical result	588	607	313	494	458	593	406	531	467
Key ratios									
Gross claims ratio	66.8	65.0	79.1	67.9	69.2	64.8	70.7	64.2	63.5
Net reinsurance ratio	0.4	2.1	-2.7	2.5	1.8	1.8	1.6	2.4	2.2
Claims ratio, net of reinsurance	67.3	67.1	76.4	70.4	71.0	66.5	72.3	66.6	65.7
Gross expense ratio	14.1	13.7	13.7	13.4	13.9	13.8	13.8	13.5	13.9
Combined ratio	81.3	80.8	90.1	83.8	84.9	80.3	86.1	80.1	79.6
Combined ratio exclusive of run-off	82.3	82.2	91.1	84.9	85.4	83.1	89.8	83.0	84.9
Commercial									
Gross premium income	1,118	1,068	1,112	1,079	1,083	1,062	1,050	1,044	994
Technical result	194	212	176	105	154	196	111	270	174
Key ratios									
Gross claims ratio	61.8	60.1	64.6	69.1	70.6	60.8	67.6	52.2	61.0
Net reinsurance ratio	4.2	3.4	2.4	3.8	-2.3	3.4	4.0	4.5	4.3
Claims ratio, net of reinsurance	66.0	63.5	67.0	72.8	68.3	64.2	71.6	56.7	65.3
Gross expense ratio	16.5	16.5	17.2	17.4	17.4	17.5	17.8	17.5	17.2
Combined ratio	82.5	80.0	84.1	90.3	85.7	81.7	89.4	74.2	82.5
Combined ratio exclusive of run-off	88.7	83.4	92.8	93.6	94.3	89.7	98.4	89.6	93.3
Corporate									
Gross premium income	990.32	945	968	987	1,032	994	966	987	991
Technical result	130	195	145	73	204	130	89	-117	63
Key ratios									
Gross claims ratio	52.2	59.4	86.5	86.1	59.7	62.0	76.0	92.7	96.8
Net reinsurance ratio	24.3	8.9	-12.1	-5.7	11.6	14.2	5.2	8.8	-12.3
Claims ratio, net of reinsurance	76.5	68.3	74.4	80.4	71.3	76.1	81.2	101.5	84.5
Gross expense ratio	10.3	11.0	10.6	12.1	8.9	11.0	9.6	10.3	9.3
Combined ratio	86.8	79.3	85.0	92.6	80.2	87.2	90.8	111.8	93.8
Combined ratio exclusive of run-off	98.3	87.1	103.3	100.7	92.1	93.5	105.3	106.3	108.2

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

Quarterly outline

DKKm	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Sweden									
Gross premium income	443	415	353	364	422	392	343	361	411
Technical result	69	67	35	90	54	61	26	38	57
Key ratios									
Gross claims ratio	67.9	64.0	73.5	53.1	70.5	66.5	76.4	71.7	69.6
Net reinsurance ratio	-0.3	1.0	-1.6	0.8	0.3	1.3	0.3	0.3	0.2
Claims ratio, net of reinsurance	67.6	65.1	71.9	53.8	70.8	67.8	76.7	72.0	69.8
Gross expense ratio	16.6	18.6	18.1	21.5	16.5	16.6	15.7	17.2	16.1
Combined ratio	84.2	83.7	90.0	75.3	87.3	84.4	92.4	89.2	85.9
Combined ratio exclusive of run-off	96.8	97.4	105.1	104.8	98.8	98.2	102.9	95.3	94.7
Other^{a)}									
Gross premium income	0	0	0	-11	-9	-6	-28	-18	-9
Technical result	0	-18	2	0	0	0	-6	-126	0
Tryg									
Gross premium income	5,719	5,595	5,595	5,479	5,583	5,451	5,228	5,053	4,696
Technical result	980	1,063	672	762	870	979	626	596	761
Investment return	237	541	-980	198	-29	57	353	-330	79
Profit/loss before tax	1,150	1,539	-372	940	779	979	930	149	825
Profit/loss	930	1,246	-442	705	599	782	757	110	627
Key ratios									
Gross claims ratio	63.4	63.2	77.1	70.3	67.8	63.6	71.8	69.0	69.9
Net reinsurance ratio	5.2	3.4	-3.2	1.2	2.7	4.3	2.2	3.6	0.0
Claims ratio, net of reinsurance	68.6	66.6	73.9	71.5	70.5	67.9	74.0	72.6	69.9
Gross expense ratio	14.1	14.3	14.1	14.6	13.9	14.2	14.0	15.6	13.9
Combined ratio	82.7	80.9	88.0	86.1	84.4	82.1	88.0	88.2	83.8
Combined ratio exclusive of run-off	87.4	84.6	94.4	90.7	89.4	87.4	95.1	92.3	92.5

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

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 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 30-31, and in Note 1 on page 58 in the Annual report 2019, for a description of some of the factors which may affect the Group's performance or the insurance industry.](#)

