

Interim report Q2 and H1 2020



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Teleconference

Tryg is hosting a teleconference on 9 July 2020 at 10.00 CET. View the audio webcast at tryg.com. Financial analysts and investors may participate on tel. +45 78 15 01 08, +44 (0) 333 300 9031 or +1 833 526 8398, where questions can be asked. The teleconference will be held in English and can subsequently be viewed at tryg.com.

Highlights

Premiums growth of 7.9% in H1, driven primarily by a positive development in the Private segment. Technical result of DKK 1,735m (DKK 1,605m), driven by the continued positive developments in the core business and delivery of the Alka synergies. The outbreak of COVID-19 had a negative H1 impact of DKK -422m including investment losses, the core business was negatively impacted by DKK -85m on a gross basis. Investment income of DKK -439m (DKK 410m) characterised by highly positive equity markets and narrowing credit spreads in Q2, following an extremely challenging capital markets development in Q1. Profit before tax of DKK 1,167m (DKK 1,909m). Solvency ratio was 193, positively impacted by the Q2 result and by moving dividend decision for 2020 at year-end as announced on 27 March.

Financial highlights Q2 2020

- Premium growth of 7.0% (5.9 % excluding Alka in Q2 2019) in local currencies
- Technical result of DKK 1,063m (DKK 979m), positively impacted by core business and Alka synergies
- Combined ratio of 80.9% (82.1%)
- Underlying claims ratio (Private and Group) improved by 0.2 and 0.6 percentage points with the Group being helped by profitability initiatives in the Corporate segment
- Large claims at 1.3% (2.4%) and weather claims at 0.9% (0.9%)
- Expense ratio of 14.3 (14.2)
- Return on free investments portfolio of DKK 519m (DKK 161m)
- Total investment return of DKK 541m (DKK 57m)
- Profit before tax of DKK 1,539m (DKK 979m)
- Solvency ratio of 193

Financial highlights H1 2020

- Premium growth of 7.9% (6.0% excluding Alka in Q2 2019) in local currencies
- Technical result of DKK 1,735m (DKK 1,605m) positively impacted by Alka result
- Combined ratio of 84.4 (85.0)
- Large claims at 1.8% (2.9%) and weather claims at 1.4% (1.7%)
- Expense ratio of 14.2 (14.1)
- Return on free investments portfolio of DKK -194m (DKK 534m)
- Investment return of DKK -439m (DKK 410m)
- Profit before tax of DKK 1,167m (DKK 1,909m)

Customer highlights H1 2020

- Transactional Net Promoter Score (TNPS) of 70 (67)
- Number of products per customer increased to 3.9 (3.8)
- For the fifth year running, TryghedsGruppen will pay out a member bonus of 8% to its members

2020 targets



Earnings

Technical result
DKK 3.3bn

Combined ratio
≤86

Expense ratio
~14



Customers

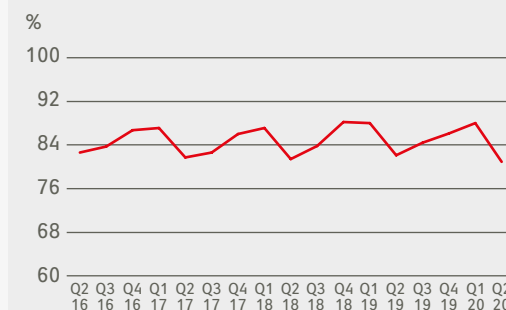
TNPS
70

Number of products
per customer
+10%

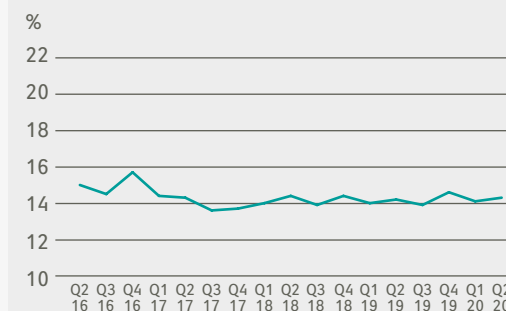
Income overview

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Gross premium income	5,595	5,451	11,190	10,679	21,741
Gross claims	-3,534	-3,466	-7,850	-7,221	-14,857
Total insurance operating costs	-802	-775	-1,589	-1,509	-3,081
Profit/loss on gross business	1,260	1,210	1,752	1,949	3,803
Profit/loss on ceded business	-192	-234	-11	-348	-566
Insurance technical interest, net of reinsurance	-5	4	-6	5	1
Technical result	1,063	979	1,735	1,605	3,237
Investment return after insurance technical interest	541	57	-439	410	579
Other income and costs	-64	-57	-129	-106	-188
Profit/loss before tax	1,539	979	1,167	1,909	3,628
Tax	-293	-197	-363	-370	-783
Profit/loss on continuing business	1,246	782	804	1,539	2,845
Profit/loss on discontinued and divested business after tax	0	0	0	0	-2
Profit/loss	1,246	782	804	1,539	2,843
Run-off gains/losses, net of reinsurance	204	287	561	659	1,194
Key figures					
Total equity	11,854	11,882	11,854	11,882	12,085
Return on equity after tax (%)	42.9	26.8	13.9	26.4	24.6
Number of shares, end of period (1,000)	301,734	302,082	301,734	302,082	301,700
Earnings per share	4.13	2.59	2.67	5.10	9.42
Ordinary dividend per share (DKK)	0.00	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	7.0	19.7	7.9	19.4	17.1
Gross claims ratio	63.2	63.6	70.1	67.6	68.3
Net reinsurance ratio	3.4	4.3	0.1	3.3	2.6
Claims ratio, net of reinsurance	66.6	67.9	70.2	70.9	70.9
Gross expense ratio	14.3	14.2	14.2	14.1	14.2
Combined ratio	80.9	82.1	84.4	85.0	85.1
Run-off, net of reinsurance (%)	-3.6	-5.3	-5.0	-6.2	-5.5
Large claims, net of reinsurance (%)	1.3	2.4	1.8	2.9	2.1
Weather claims, net of reinsurance (%)	0.9	0.9	1.4	1.7	1.9
Discounting (%)	-0.1	-0.7	-0.2	-0.8	-0.7
COVID-19 claims, net of reinsurance (%)	-1.7	0.0	-0.5	0.0	0.0
Combined ratio on business areas					
Private	80.8	80.3	85.4	83.1	83.7
Commercial	80.0	81.7	82.1	85.5	86.8
Corporate	79.3	87.2	82.2	88.9	87.6
Sweden	83.7	84.4	86.6	88.1	84.8

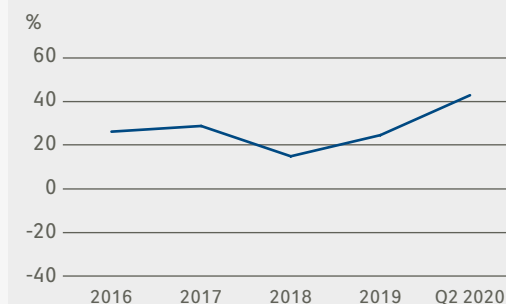
Combined ratio



Expense ratio



Return on equity



Tryg's results

Tryg reported a technical result of DKK 1,063m (DKK 979m) in Q2, driven by a strong top-line development, particularly in the Private segment, good developments in the core business and continued delivery of the Alka synergies. COVID-19 had a gross (and net) impact on the technical result (before operating expenses) of DKK 95m in Q2 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 80.9% (82.1%). The investment return was DKK 541m (DKK 57m) as capital markets rebounded sharply following the steep losses in Q1. The pre-tax result was DKK 1,539m (DKK 979m), while the after-tax result was DKK 1,246m (DKK 782m). Solvency ratio of 193 was reported at the end of the quarter.

Results

Group premiums growth was 7.0% in Q2, impacted primarily by particularly good growth in the Private lines segment both in Denmark and Norway. The combined ratio was 80.9 (82.1), driving a technical result of DKK 1,063m (DKK 979m). The outbreak of COVID-19 had a gross (and net) impact on the technical result of DKK 95m in Q2 2020. In Denmark and Norway, since mid-April, governments have reopened large parts of the societies and businesses and therefore COVID-19 financial impact is stabilising, and Tryg's core business is normalising. Weather claims and large claims were below the normal level. The run-off result was 3.6% (5.3%). The underlying claims ratio for Private, adjusted for weather claims, large claims, run-offs, discount rate (to discount the claims provisions) and COVID-19 impact, was 0.2 percentage points better than in Q2 2019. The Group's underlying claims ratio improved by 0.6 percentage points compared to Q2 2019. New business normally displays a somewhat lower profitability than the 'old' business because of structural higher frequencies and higher distribution costs. The underlying claims ratio for Private is expected to show a slightly lower improvement at a time of very robust growth. Tryg is offsetting this trend by improvements particular in the Corporate segment and is actively re-pricing the Corporate book and reducing exposure to unprofitable segments. The underlying claims ratio is expected to improve in 2020.

Synergies from the Alka transaction amounted to DKK 43m (DKK 21m) of which DKK 15m derived from lower costs, DKK 18m from claims and DKK 10m from revenue initiatives.

The Transactional Net Promoter Score (TNPS) improved in the period from 67 in Q2 2019 to 70 in Q2 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 will pay a member bonus. The bonus for 2020 is DKK 1,015m, equivalent of 8% premiums paid for 2019. The bonus should be seen in conjunction with Tryg's dividend and will be paid to Tryg's and Alka's customers in Denmark later this year. Awareness of the member bonus continues to increase, especially for non-customers, and reached 29% in Q2 2020 (25%).

The investment return amounted to DKK 541m (DKK 57m) following a strong capital markets rebound after the steep losses in March driven by the COVID-19 outbreak and related macroeconomics worried. The free portfolio reported a positive result of DKK 519m (DKK 161m), driven primarily by positive equity markets (Tryg's equity portfolio approximately 12% in Q2 as opposed to 2% in Q2 2019), a high performance of corporate bonds and in general positive returns from all asset classes.

COVID-19 financial impact ^{a)}

DKKm	Q1 2020	Q2 2020	H1 2020
Group			
Travel	-255	10	-245
Motor	35	33	68
Property	15	11	26
Accident	15	19	34
Other	10	21	31
Gross Insurance impact	-180	95	-85
Reinsurance			
Travel	140	-	140
Net technical result impact	-40	95	55
COVID-19 related expenses	-20	-18	-38
Investment result ^{b)}	-980	541	-439
Total impact from COVID-19	-1,040	618	-422

^{a)} The impact is calculated by comparing to a normalised level of frequency and average claims level for specific lines of business.

^{b)} The investment results in Q1 2020 and Q2 2020 were primarily impacted by financial markets' reactions to COVID-19.

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

Customer targets (excluding Alka)

	Q2 2019	Q2 2020	Target 2020
Transactional Net Promoter Score (TNPS)	67	70	70
Products per customer	3.8	3.9	4 (+10%)

The match portfolio also developed positively, driven primarily by narrowing covered bonds spreads. The overall result was DKK 127m (DKK -43m). Other financial income and expenses were DKK -105m (DKK -61m). 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). It should be remembered 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 towards shareholders' equity most of the asset moves. The asset allocation remained broadly unchanged in the period.

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

Premiums

Gross premiums income was DKK 5,595m (DKK 5,451m) corresponding to a 7.0% growth in local currencies. The Private segment continued the trend from the first quarter with growth of 10.0%. In general, the sales development for Private continued to be strong even in a quarter impacted by the COVID-19 lock-down. In Denmark, growth

continued to be a combination of cross-selling to existing customers, new customers from partner agreements, like FDM and Danske Bank, and continued strong sales from newest sales channel – Tryg's independent agents. As expected, there was a reduction in the Nordea portfolio as a natural consequence of the termination of the Nordea agreement, which also impacted the retention rate negatively. Private Norway also continued with strong sales from partner agreements with OBOS and NITO, but also again recorded strong sales in the car channel Enter, even in the COVID-19 lock-down period. Commercial showed an increase in premiums of 4.4% with continued growth in Denmark of 3.7%, and a net inflow of customers and a more robust growth in Commercial Norway, partly due to acceptance of price hikes by larger commercial customers. The Corporate segment continued its effort in improving profitability by increasing prices, top line development was flat. In Norway, Tryg saw a top-line fall of more than 8% following significant price hikes of approximately 12% year to date. Corporate Denmark saw high growth of 3.2% as a combination of good acceptance of price hikes of approximately 10% and growth in Tryg Garanti. Private Sweden saw growth of 7.4%, partly driven by price adjustments for motor insurance where profitability has been under pressure.

Claims

The claims ratio net of ceded business was 66.6 (67.9). The underlying claims ratio for Private, excluding large claims and weather claims, run-offs, discounting and COVID-19, was 68.1 (68.3), which was 0.2% better than the corresponding quarter in 2019. The Group's underlying claims ratio improved to 69.9 (70.5). As mentioned previously, the outbreak of COVID-19 had a gross (and net) impact of DKK 95m in Q2. In the second quarter, the travel insurance segment benefited from lower activity after having recorded steep losses in Q1. In general, the biggest impact of the lower frequencies, relates to lower economic activity due to COVID-19, was reported in the Private segment. This impact has been excluded from the calculation of the underlying claims ratio. It should be noted that claims frequencies, especially towards the end of the quarter, were normalising for most lines of businesses following full societies re-opening in Denmark and Norway, Tryg's largest markets.

The current strong level of growth in the Private segment is likely to somewhat impact the underlying claims ratio, as the new business does not initially have the same profitability as the old one. Claims ratio for new business is approximately 3% higher than existing business, primarily because new customers in general have higher propensity

to use their insurances more frequently 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 continues to expect an improvement of the underlying claims ratio for FY 2020.

In Scandinavia, the weather during spring has been relatively mild. In May, there was a flooding risk in Norway, driven by rapidly rising temperatures, but that did not materialise. Weather claims amounted to DKK 49m (DKK 50m), or 0.9% (0.9%) of the claims ratio. Large claims impacted the claims ratio negatively by 1.3% (2.4%), which is below the quarterly average 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 14.3 (14.2), partly influenced by emergency costs related to COVID-19. 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 15m from the Alka transaction helped the expense ratio slightly.

Investment return

Investment income was DKK 541m (DKK 57m). The free portfolio benefitted primarily from good returns from equities and corporate bonds but in general positive returns were recorded on all asset classes. Equities were up 12% in Q2 2020, while fixed-income returns benefitted from narrowing credit spreads. The match portfolio returned a positive DKK 127m (DKK -43m) driven primarily by narrowing spreads on covered bonds. Other financial income and expenses were DKK -105m (DKK -61m).

Profit before and after tax

Profit before tax was DKK 1,539m (DKK 979m), while the profit after tax and discontinued activities was DKK 1,246m (DKK 782m). The total tax bill was DKK 293m (DKK 197m), equating to a tax rate of 19%, the tax rate was slightly lower than normal, primarily driven by tax-free capital gains on equities.

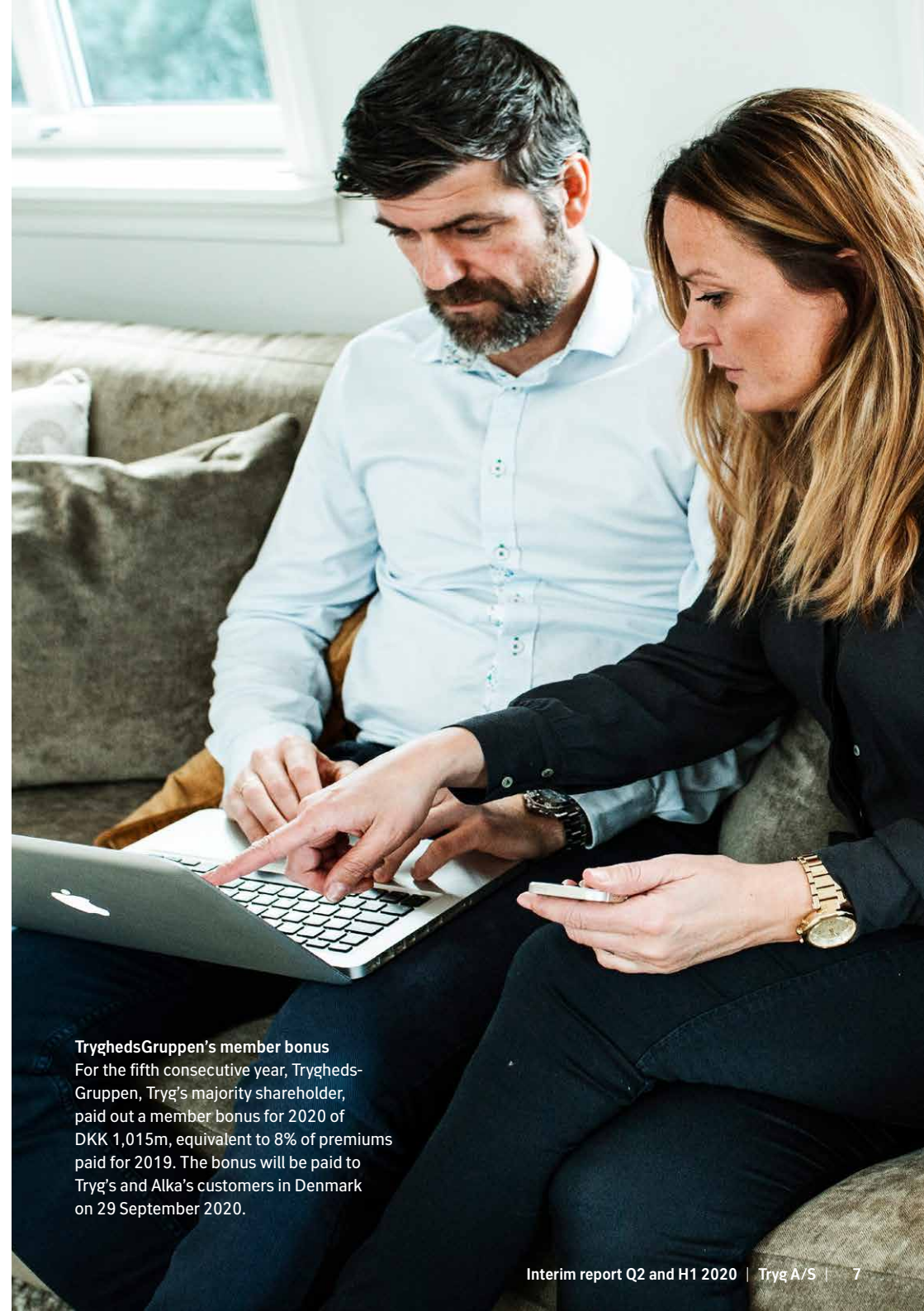
Dividend and solvency

As mentioned in an announcement on 27 March, 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 local Financial Supervisory Authorities (FSA), have expressed worries about financial institutions considering adverse capital markets movements and a very challenging

macroeconomic scenario as a consequence of the outbreak of COVID-19. The Danish FSA has made clear that dividend payments were not seen favourably in the current climate and therefore Tryg has decided to move to a full-year dividend decision for 2020. Tryg does not accrue any dividend in the Own funds, which means that the reported net profit for the quarter improves the solvency position substantially. Own funds were DKK 8,800m at the end of Q2. The solvency capital requirement (SCR) was down by approximately DKK 400m in the quarter, driven by the FSA approval of the new partial internal model (already disclosed in the Q1 report), at the same time the strong rally in equity markets increased the market risk cap and currencies (NOK and SEK) moves increased the insurance risk. The SCR was 4,553m at the end of Q2. The reported solvency ratio was 193 at the end of the quarter.

H1 2020 results

Premium growth of 7.9% when measured in local currencies was primarily driven by solid growth in the Private segment of 10.2%. The H1 2020 technical result was better than the prior-year period, while the investment return was sharply lower at DKK -439m (DKK 410m), driven by the unprecedented capital markets developments in March following the COVID-19 outbreak. Tryg reported a profit before tax of DKK 1,167m (DKK 1,909m) and a profit after tax of DKK 804m (DKK 1,539m).



TryghedsGruppen's member bonus

For the fifth consecutive year, TryghedsGruppen, Tryg's majority shareholder, paid out a member bonus for 2020 of DKK 1,015m, equivalent to 8% of premiums paid for 2019. The bonus will be paid to Tryg's and Alka's customers in Denmark on 29 September 2020.

Follow-up on strategic initiatives

supporting the CMD targets for 2020

Tryg has defined four strategic initiatives for reaching 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

Claims excellence continues to be an important driver for reaching the financial targets for 2020. The initiative is focusing on bringing down claims costs by leveraging Tryg's procurement power to negotiate better supplier contracts, improving the claims process and reducing the fraud occurrences. The claim excellence initiative is on track and in H1 2020 it has realised cost savings of DKK 125m, bringing the total savings from this initiative to DKK 475m in the strategy period.

In H1 2020, there has been particular focus across Tryg on improving fraud detection capabilities. The result of this effort is fraud avoidance of an additional DKK 20m compared to H1 2019.

In Denmark, the initiative 'Tryg Tilbage' has been expanded from workers injury to personal liability. Tryg Tilbage aims to increase the security for the customers by ensuring a personal action plan

developed by a multidisciplinary team of experts, which focuses on fast transition for injured people to return to the labour market.

Tryg continuously pushes for repair of wind-shields over replacement, as repairing represents a substantially lower cost, a reduced environmental impact and often a better customer experience. In H1 2020, this initiative has generated cost savings of approximately DKK 16m in Norway alone.

Digital empowerment of customers

Tryg has a strong focus on digital empowerment of customers, underpinned by the fact that most customers prefer digital communication. The digital offerings provide the customer with a wide range of self-service options; assessment of which products and coverage the customer needs, buying insurance products, making changes to products and reporting claims.

The financial target for digital empowerment of customers is an impact of DKK 100m on the technical result in the strategy period. In H1 2020, approximately DKK 20m has been realised, resulting in a total effect of DKK 80m from digital initiatives until now.

In H1 2020, more than 2 million customers in Denmark and Norway have logged in using the digital self-service offerings. However, due to a substantial increase in calls related to COVID-19, the relative number of digital contacts has decreased to 60% (61% in 2019).

Online reported claims were approximately 55%, and 37% of these were processed fully automatic. The target for the strategy period is to reach 50%, and it is expected that this target will be met. The fully automated claims handling is partly enabled by the use of RPA's, and partly by the new claims handling system that is being implemented.

Product & service innovation

Tryg has strong focus on developing and selling new products and services, and has launched more than 50 new products since 2018. The purpose is to offer customers innovative products and services that create more security. The economic target is DKK 1bn in gross written premium from new products and services launched in the strategy period. In H1 2020, the gross written premium grew by DKK 200m to approximately DKK 850m for the entire strategy period.

An example of the innovative work Tryg does make customers more secure, are the new elements in the travel insurance which was launched in Denmark in H1 2020. One of the elements is a vaccine included for each member of the household. A second element is a medical hotline providing the customer with instant access to a Danish speaking doctor when on vacation. Finally, the travel insurance ensures the customer a quick compensation when flights are cancelled or delayed. This final element is based on a partnership with flyhjælp.dk, a third-party provider who handles the recourse process.

Distribution efficiency

The initiative is aimed at making the distribution in Tryg more efficient, with a targeted effect of DKK 150m at the end of 2020. The focus continues to be on optimisation of the channel mix to ensure the most optimal customer experience, while ensuring distribution efficiency. In H1 2020, a further DKK 37m has been realised, bringing total savings in the strategy period up to DKK 127m. In particular, the Private business units in Denmark and Norway and the Commercial business unit in Denmark have succeeded in improving the distribution efficiency.

The use of agents is a major driver in this initiative across the different business units and will continue to be so throughout 2020. During the COVID-19 pandemic, physical meetings have not been possible, which has challenged distribution via agents and other channels selling via physical meetings. However, customers and Tryg have quickly adapted to virtual meetings, and overall distribution efficiency has been improved also during the COVID-19 pandemic.

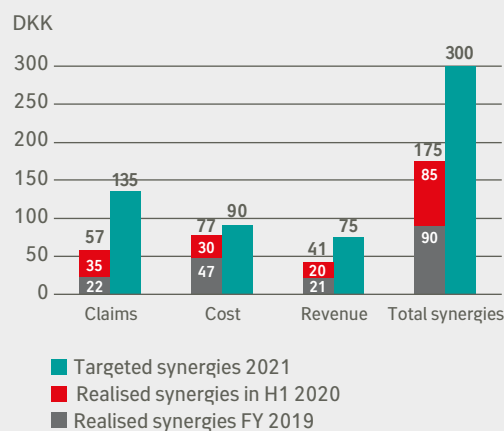
Another driver for improving the distribution efficiency is partnerships. Tryg has formed several new partnerships in the past years, which gradually are beginning to have a positive impact on distribution efficiency.

Alka synergies

In connection with the acquisition of Alka, Tryg communicated synergies of DKK 300m at the end of 2021. The realisation of synergies is developing as expected with total realised synergies in 2019 exceeding DKK 75m. The target for 2020 is DKK 150m which is expected to be met. Most of the synergies are derived from increased efficiency in the private market segment and from procurement initiatives.

In Q2 2020, Tryg realised synergies of DKK 18m from claims, DKK 15m from cost savings and DKK 10m from revenue optimisation. Tryg will provide regular updates on the synergies achieved throughout the year.

Follow-up on Alka synergies



eProtect

Tryg Commercial decided to offer Tryg's cyber insurance eProtect to customers with up to 20 employees for three months without any extra costs. This is an example of how Tryg is dedicated to improving its corporate responsibility and help customers as the cyber threat level is higher due to COVID-19.

Customer highlights

Member bonus

For the fifth year running, Tryg's majority shareholder, TryghedsGruppen, announced a member bonus to be paid out. For 2020, the amount is DKK 1,015m, equivalent to 8% of premiums paid for 2019 to Tryg and Alka's customers in Denmark. Awareness of the member bonus increased significantly among non-customers from 25% in Q2 2019 to 29% in Q2 2020.

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 Q2 2019 to 70 in Q2 2020 and thereby the CMD target for 2020 has already been reached. Also, the number of products per customer increased to 3.9 (3.8), which was a satisfactory development.

In H1 2020, the number of customer interactions increased significantly due to the outbreak of COVID-19. Throughout this period, it has been a key priority in Tryg to maintain high customer satisfaction and it was therefore very satisfactory to see an increase in the overall TNPS score which was a result of using insights and experience to ensure a historically high customer service. In Sweden, new customer feedback and TNPS tools have been implemented in inbound, outbound and claims to

improve the quality of customer feedback. This has resulted in a positive increase in TNPS in both sales and claims teams.

Tryg provides free cyber insurance

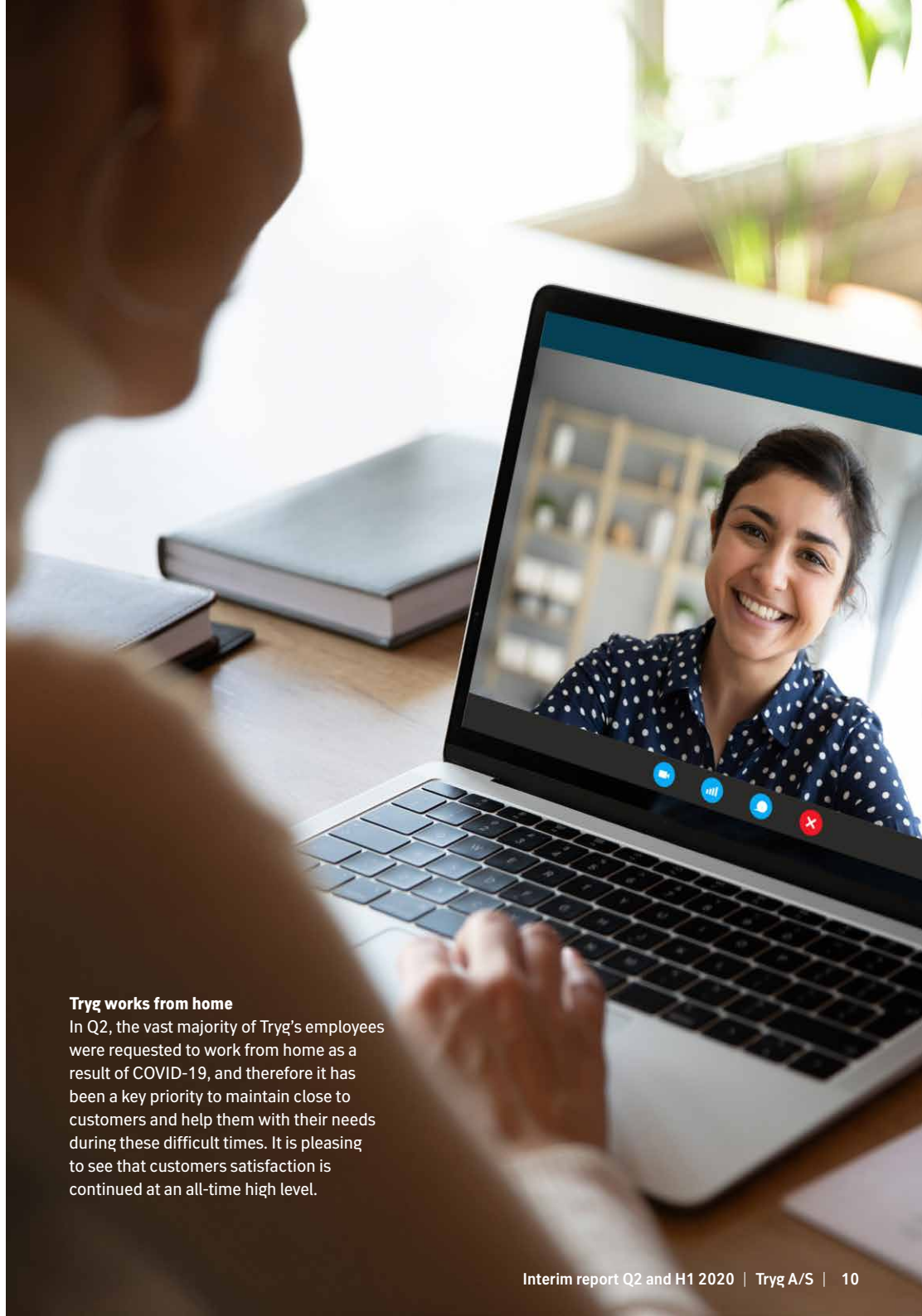
In the weeks following the COVID-19 outbreak, Tryg Commercial decided to offer Commercial customers with up to 20 employees Tryg's cyber insurance eProtect for three months without any extra costs. With eProtect, customers can draw on professional assistance 24/7 to limit any computer virus or hacker attacks, and if damage happens, any financial loss in the business are covered. So far, around 300 cyber insurances have been given away to customers. This is an example of how Tryg is dedicated to improving its corporate responsibility and help customers, as the cyber threat level is higher due to COVID-19.

Improvement in partnerships

Q2 2020 was marked by improvements in the car channel in Denmark and Norway. Commercial Denmark launched a new partner initiative, called Partner Auto, with a large number of car dealers to further strengthen the cooperation and customer service, while Private Norway developed a new concept for cross-selling to customers that have bought a motor insurance through the car channel (Enter).

Tryg works from home

In Q2, the vast majority of Tryg's employees were requested to work from home as a result of COVID-19, and therefore it has been a key priority to maintain close to customers and help them with their needs during these difficult times. It is pleasing to see that customers satisfaction is continued at an all-time high level.



Private

Results

Private posted a technical result of DKK 607m (DKK 593m) and a combined ratio of 80.8 (80.3). The result is positively impacted by the higher premium level and an underlying improvement of 0.2 percentage points, and negatively impacted by a lower level of run-offs, higher level of weather claims and currency impact from the Norwegian kroner which was approximately 13% lower compared to twelve months ago. The net impact from COVID-19 in the Private segment was positive with 1.3% (0.2% in H1) of the combined ratio.

Premiums

Gross premium income increased by 10.0% (33.6%) building up on highly positive trends shown in previous quarters. The positive development continued in the Danish part of Private with premium growth of 9.4% based on high sales levels for partner agreements (FDM and Danske Bank), cross-selling to existing customers, high level of sales from independent sales agents as well as high retention levels supported by TryghedsGruppen's member bonus. Private Norway reported a growth of 11.3% in local currencies, which was positively impacted by the continuing strong sales from OBOS and NITO customers continued but also from the car sales channel Enter. The retention rate was reduced to 90.9 (91.6) for the Danish part of the business because of drop in the Nordea portfolio

as a consequence of cancellation of this agreement. The drop in the Nordea portfolio was more than outweighed through sales to Danske Bank customers. In Norway, the retention rate developed favourably, reaching 87.8 (87.2).

Claims

The claims ratio, net of ceded business, was 67.1 (66.5) and was influenced by a lower level of run-off gains and a higher level of weather claims due to flooding in northern part of Norway. The Natural perils pool will ensure that large weather events are distributed accordingly between the Norwegian insurers, the market share for the property segment is the relevant one in these cases. The underlying claims ratio improved by 0.2 percentage points, driven primarily by claims reduction initiatives, price adjustments broadly in line with inflation and slightly negatively impacted by inflow of a high level of new business in both Denmark and Norway. New business in the short term has a higher claims level due to customers' higher propensity to use insurance and it may also include some initial discount. As mentioned, the net impact from COVID-19 in the Private segment was positive with 1.3% (0.2% in H1) of the combined ratio, primarily driven by travel claims on the negative side and by lower frequencies for motor, accident and private property on the positive side.

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 56% of the Group's total premium income.

Financial highlights Q2 2020

Technical result
DKK 607
(DKK 593m)

Combined ratio
80.8
(80.3)

Premium growth
(local currencies)
10%
(7.9% excluding
Alka in Q2 2019)

Key figures – Private

DKKkm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Gross premium income	3,169	3,010	6,331	5,907	12,021
Gross claims	-2,058	-1,949	-4,558	-3,996	-8,185
Gross expenses	-434	-415	-867	-815	-1,650
Profit/loss on gross business	677	646	905	1,096	2,185
Profit/loss on ceded business	-67	-53	18	-98	-231
Insurance technical interest, net of reinsurance	-3	0	-4	1	-3
Technical result	607	593	920	999	1,951
Run-off gains/losses, net of reinsurance	45	84	77	191	238
Key ratios					
Premium growth in local currency (%)	10.0	33.6	10.2	32.2	28.0
Gross claims ratio	65.0	64.7	72.0	67.6	68.1
Net reinsurance ratio	2.1	1.8	-0.3	1.7	1.9
Claims ratio, net of reinsurance	67.1	66.5	71.7	69.3	70.0
Gross expense ratio	13.7	13.8	13.7	13.8	13.7
Combined ratio	80.8	80.3	85.4	83.0	83.7
Combined ratio exclusive of run-off	82.2	83.1	86.6	86.3	85.7
Run-off, net of reinsurance (%)	-1.4	-2.8	-1.2	-3.2	-2.0
Large claims, net of reinsurance (%)	0.3	0.3	0.4	0.1	0.1
Weather claims, net of reinsurance (%)	1.4	1.0	1.8	1.5	2.0

Expenses

The expense ratio was 13.7 (13.8) and in line with the overall guidance of a broadly unchanged expense level in 2020. The number of employees was 1,333 at the end of the quarter against 1,317 at the end of 2019. The increase in headcounts is mainly driven by an increase in customer center employees, closely linked to the higher premium income level.

H1 2020 results

The technical result was DKK 920m (DKK 999m). The combined ratio was 85.4 (83.1) with a higher claims level mainly due to lower level of run-off gains and higher level of weather claims, but was also positively impacted by an improved underlying claims level. Premium growth was 10.2 (7.5 excluding Alka in H1 2019) due to strong sales to the partner agreements and high performance in general from all sales channels. The claims ratio, net of ceded business, was 71.7 (69.3), primarily impacted by a lower level of run-off gains, while the underlying claims ratio improved, primarily driven by claims initiatives. The net impact from COVID-19 in the Private segment was positive with 0.2 percentage points of the combined ratio, primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and private property on the positive side.

Medical hotline

From H1 2020, it is now possible for Tryg customers to consult with a Danish doctor via a medical video hotline, when travelling in foreign countries. This will enhance the sense of security for the customer.



Commercial

Results

Commercial posted a technical result of DKK 212m (DKK 196m) and a combined ratio of 80.0 (81.7). The results are positively impacted by an underlying improvement, a lower level of large and weather claims, but also a lower level of run-offs. The net positive impact from COVID-19 on the combined ratio was 2.7 (1.2 year to date).

Premiums

Gross premium income totalled DKK 1,068m (DKK 1,062m), which represents a 4.4% increase measured in local currencies. Tryg saw a good development in premium growth which in Denmark was driven by new customers and in Norway primarily the impact of increasing prices with a high level of acceptance. The retention rate for Commercial Denmark was 88.5 (88.5), which can be ascribed both to an improved service concept and the member bonus from TryghedsGruppen. In Norway, the retention rate increased to 89.3 (88.4), driven by a continued strengthening of the customer focus.

Claims

The claims ratio, net of ceded business, was 63.5 (64.2). The improved level was due to slightly improved underlying claims levels, a lower level of large claims, but was also impacted by a lower run-off level. The claims level was also positively

affected by profitability initiatives, particularly in Norway, and the general claims efficiency programme leading to an improved underlying claims level. The net positive impact from COVID-19 on the combined ratio was 2.7 (1.2 in H1), primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and workers' compensation on the positive side.

Expenses

The expense ratio was 16.5 (17.5). Tryg continues to see good results from the new initiative of recruiting independent sales agents selling exclusively for Tryg at lower costs than the traditional sales agents. At the end of the quarter, Commercial had 487 employees down from 495 at the end of 2019, primarily due to a decrease in the number of employees in the direct distribution in Denmark.

H1 2020 results

The technical result was DKK 388m (DKK 307m). The combined ratio was 82.1 (85.5) with a lower large claims level, improved underlying claims ratio, but also a lower run-off level. Premium growth was 5.6% (9.5%) driven by a strong organic growth. The net positive impact from COVID-19 on the combined ratio was 1.2, primarily driven by travel claims on the negative side and by lower frequencies for motor, accident and workers' compensation on the positive side.

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 19% of the Group's total premium income.

Financial highlights Q2 2020

Technical result
DKK 212m
(DKK 196m)

Combined ratio
80.0
(81.7)

Premium growth
(local currencies)
4.4%
(3.4% excluding
Alka in Q2 2019)

Key figures – Commercial

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Gross premium income	1,068	1,062	2,180	2,112	4,274
Gross claims	-642	-646	-1,360	-1,356	-2,867
Gross expenses	-176	-186	-367	-373	-749
Profit/loss on gross business	250	230	453	383	658
Profit/loss on ceded business	-36	-36	-63	-78	-94
Insurance technical interest, net of reinsurance	-1	1	-2	1	1
Technical result	212	196	388	307	566
Run-off gains/losses, net of reinsurance	36	86	132	181	310
Key ratios					
Premium growth in local currency (%)	4.4	8.6	5.6	9.5	8.3
Gross claims ratio	60.1	60.8	62.4	64.2	67.1
Net reinsurance ratio	3.4	3.4	2.9	3.7	2.2
Claims ratio, net of reinsurance	63.5	64.2	65.3	67.9	69.3
Gross expense ratio	16.5	17.5	16.9	17.6	17.5
Combined ratio	80.0	81.7	82.1	85.5	86.8
Combined ratio exclusive of run-off	83.4	89.7	88.2	94.1	94.0
Run-off, net of reinsurance (%)	-3.4	-8.1	-6.1	-8.6	-7.2
Large claims, net of reinsurance (%)	0.6	4.3	0.8	4.9	3.3
Weather claims, net of reinsurance (%)	0.1	0.9	1.8	2.5	2.2

Corporate

Results

The technical result amounted to DKK 195m (DKK 130m) with a combined ratio of 79.3 (87.2). The higher technical result is due to an underlying improvement in the claims ratio due to continued profitability initiatives primarily in Norway, but also helped by a slightly lower level of large claims and a slightly higher level of run-offs. The net positive impact from COVID-19 on the combined ratio was 1.6 (0.7 in H1).

Premiums

Gross premium income totalled DKK 945m (DKK 994m), representing an unchanged level of 0.0% (1.9%) compared to prior year period when measured in local currencies. Premiums was impacted by profitability initiatives in Norway which led to a net reduction in premium income of 8.1%. In Denmark, growth was approximately 3.2%, partly due to price initiatives of approximately 10% increase and partly due to the expansion of the Tryg Garanti business. In Sweden, profitability initiatives have also been implemented of approximately 8%, which was the main explanation for growth around 6%.

Claims

The claims ratio, net of ceded business, was 68.3 (76.1). The total level of large claims and weather claims was slightly lower than last year, and the run-off level was slightly higher. The underlying claims level improved, primarily due to profitability

initiatives in Norway, but improved underlying claims level is also expected going forward in the Danish and Swedish portfolio due to profitability initiatives. The net positive impact from COVID-19 on the combined ratio was 1.6 (0.7 in H1), primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and workers' compensation on the positive side.

Expenses

The expense ratio was in line with the level of last year with 11.0 (11.0). At the end of the quarter, the number of employees in Corporate was 288 against 290 at the end of 2019.

H1 2020 results

The technical result was DKK 340m (DKK 219m), while the combined ratio was 82.2 (88.9). The significantly improved combined ratio was a combination of underlying improvement in the claims ratio, lower level of large claims and a somewhat higher level of run-off. Premiums increased by 2.4% (1.2%) when measured in local currencies, mainly due to a loss of business in the Norwegian part, profitability initiatives and growth in Tryg Garanti. The net positive impact from COVID-19 on the combined ratio was 0.7, primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and workers' compensation on the positive side.

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 Q2 2020

Technical result
DKK 195m
(DKK 130m)

Combined ratio
79.3
(87.2)

Premium growth
(local currencies)
0.0%
(1.9%)

Key figures – Corporate

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Gross premium income	945	994	1,912	1,960	3,979
Gross claims	-561	-616	-1,398	-1,350	-2,816
Gross expenses	-104	-110	-207	-203	-415
Profit/loss on gross business	279	268	308	407	748
Profit/loss on ceded business	-84	-141	33	-191	-255
Insurance technical interest, net of reinsurance	-1	2	0	2	2
Technical result	195	130	340	219	496
Run-off gains/losses, net of reinsurance	73	63	250	203	407
Key ratios					
Premium growth in local currency (%)	0.0	1.9	2.4	1.2	2.0
Gross claims ratio	59.4	62.0	73.1	68.9	70.8
Net reinsurance ratio	8.9	14.2	-1.7	9.7	6.4
Claims ratio, net of reinsurance	68.3	76.1	71.4	78.6	77.2
Gross expense ratio	11.0	11.0	10.8	10.3	10.4
Combined ratio	79.3	87.2	82.2	88.9	87.6
Combined ratio exclusive of run-off	87.1	93.5	95.3	99.3	97.8
Run-off, net of reinsurance (%)	-7.8	-6.4	-13.1	-10.4	-10.2
Large claims, net of reinsurance (%)	5.8	7.6	8.6	10.2	7.7
Weather claims, net of reinsurance (%)	0.2	0.9	0.4	1.5	1.8

Sweden

Results

Sweden posted a technical result of DKK 67m (DKK 61m) and a combined ratio of 83.7 (84.4). The higher technical result is impacted positively by profitability initiatives leading to an improved underlying claims level. The net positive impact from COVID-19 on the combined ratio was 1.8 (0.3 in H1), primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and private property on the positive side.

Premiums

Premium income totalled DKK 415m (DKK 392m), representing an increase of 7.4% (6.4%) when measured in local currencies, primarily due to price initiatives to improve profitability. A new market offer to Danske Bank customers within home insurance has been launched successfully, resulting in high sales for this channel.

Claims

The claims ratio, net of ceded business, was 65.1 (67.8). The lower claims level was primarily due to price initiatives, especially for motor, leading to an improved underlying claims ratio. The net positive

impact from COVID-19 on the combined ratio was 1.8 (positive impact of 0.3 year to date), primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and private property on the positive side.

Expenses

The expense ratio was somewhat higher with 18.6 (16.6), which did not reflect a new trend, but merely seasonal volatility. At the end of the quarter, the number of employees was 412, which is 26 higher than the number of employees at the end of 2019.

H1 2020 results

The technical result was DKK 103m (DKK 87m), while the combined ratio was 86.6 (88.1). The deterioration in the result was due to a somewhat higher expense level but was also positively impacted by the improved underlying profitability due to the price initiatives implemented. The net positive impact from COVID-19 on the combined ratio was 0.3, primarily driven by travel claims on the negative side and by lower frequencies for primarily motor, accident and private property on the positive side.

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 2020

Technical result
DKK 67m
(DKK 61m)

Combined ratio
83.7
(84.4)

Premium growth
(local currencies)
7.4%
(6.4%)

Key figures – Sweden

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Gross premium income	415	392	768	735	1,521
Gross claims	-265	-261	-525	-523	-1,014
Gross expenses	-77	-65	-141	-119	-267
Profit/loss on gross business	72	66	102	93	241
Profit/loss on ceded business	-4	-5	1	-6	-10
Insurance technical interest, net of reinsurance	0	0	0	0	0
Technical result	67	61	103	87	231
Run-off gains/losses, net of reinsurance	57	54	110	90	246
Key ratios					
Premium growth in local currency (%)	7.4	6.4	6.2	8.2	6.1
Gross claims ratio	64.0	66.5	68.4	71.1	66.6
Net reinsurance ratio	1.0	1.3	-0.2	0.8	0.7
Claims ratio, net of reinsurance	65.1	67.8	68.2	71.9	67.3
Gross expense ratio	18.6	16.6	18.4	16.2	17.5
Combined ratio	83.7	84.4	86.6	88.1	84.8
Combined ratio exclusive of run-off	97.4	98.2	100.9	100.4	101.0
Run-off, net of reinsurance (%)	-13.6	-13.8	-14.3	-12.3	-16.2
Weather claims, net of reinsurance (%)	0.0	0.4	0.1	1.4	0.7

Investment activities

Investment income totalled DKK 541m (DKK 57m) in Q2 2020, driven by a return of DKK 519m (DKK 161m) on the free portfolio, a return of DKK 127m (DKK -43m) on the match portfolio and other financial income and expenses of DKK -105m (DKK -61m).

The total market value of Tryg's investment portfolio was DKK 40.2bn at 30 June 2020. The investment portfolio consists of a match portfolio of DKK 29.3bn and a free portfolio of DKK 10.9bn. 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 recovered partly the losses booked in the first three months. Macroeconomic forecasts have deteriorated further since April, but at the same

time societies in many countries have re-opened and economic activities (partly or fully) have re-started. Equity markets tend to anticipate some of these trends and produced a strong rally in Q2 after an abysmal performance in Q1. Tryg's free portfolio was up 4.9% (1.5%) in Q2 2020 with equities returning approximately 12% (2%) while credit bonds posted a return of almost 10% in the quarter. In general, all asset classes posted positive returns showing an opposite trend compared to Q1 2020.

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 a positive contribution of DKK 27m (DKK -39m), driven by narrowing EUR-DKK yield spreads, as an example the 10 year spread narrowed 4 basis points in Q2 after widening 16 basis points in Q1. The "performance" result represented a positive contribution of DKK 100m (DKK -4m) as Nordic covered-bond spreads narrowed against the swap curve.

Financial highlights Q2 2020

Investment return
DKK 541m
(DKK 57m)

Free portfolio result
DKK 519m
(DKK 161m)

Match portfolio
DKK 127m
(DKK -43m)

Key figures – investments

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Free portfolio, gross return	519	161	-194	534	857
Match portfolio, regulatory deviation and performance	127	-43	-76	8	-42
Other financial income and expenses	-105	-61	-169	-132	-236
Total investment return	541	57	-439	410	579

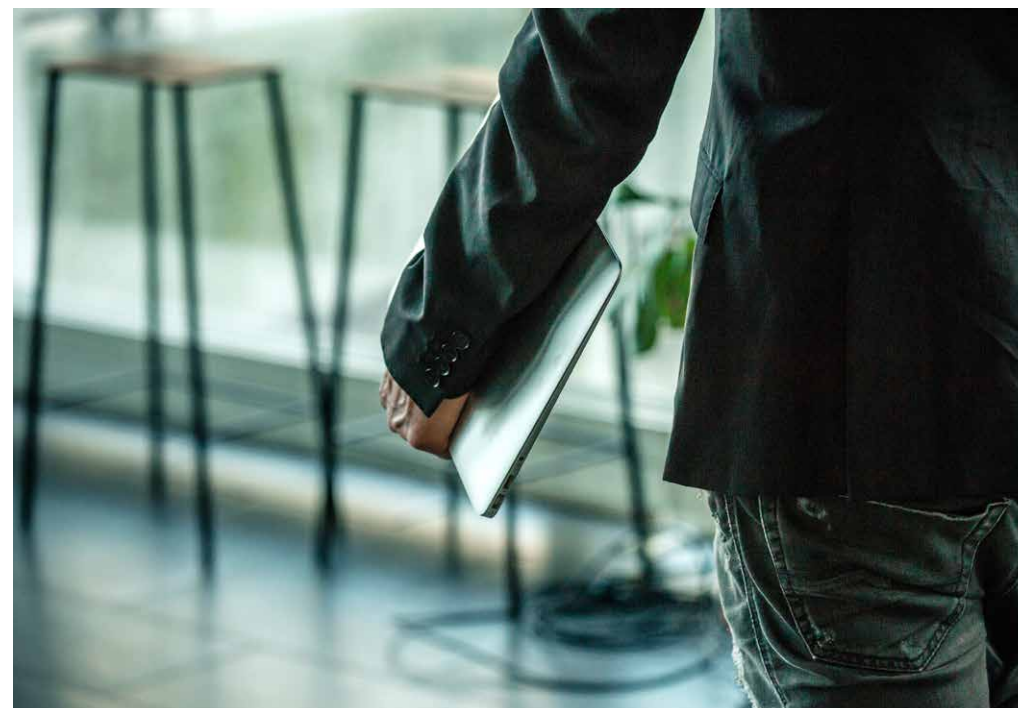
Return – match portfolio

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Return, match portfolio	260	223	495	528	475
Value adjustments, changed discount rate	-127	-218	-533	-420	-351
Transferred to insurance technical interest	-6	-48	-38	-100	-166
Match, regulatory deviation and performance	127	-43	-76	8	-42
Hereof:					
Match, regulatory deviation	27	-39	-63	-40	-73
Match, performance	100	-4	-13	48	31

Other financial income and expenses

Other financial income and expenses totalled DKK -105m (DKK -61m). 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, this has been impacting the overall Q2 amount of "other financial income and expenses". Long-term expectations for this line are unchanged at slightly more than DKK -60m on a quarterly basis.



Return – free portfolio

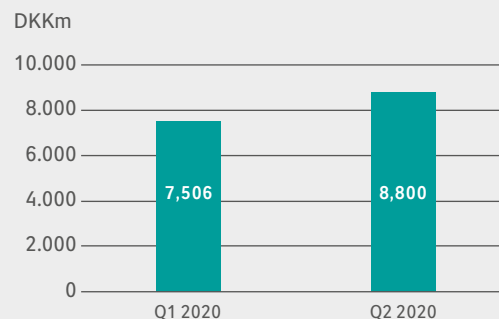
DKKm	Q2 2020	Q2 2020(%)	Q2 2019	Q2 2019(%)	H1 2020	H1 2020(%)	H1 2019	H1 2019 (%)	Investment assets	
									30.06.2020	31.12.2019
Bonds	56	1.5	36	0.8	63	1.6	84	2.0	3,768	4,314
Credit bonds	194	9.8	61	2.9	-31	-1.4	158	7.7	2,249	2,173
Investment grade credit	84	8.9	32	3.7	37	3.8	75	8.8	1,036	1,016
Emerging market bonds	63	13.3	20	3.5	-22	-4.0	41	7.1	515	545
High-yield bonds	47	8.5	9	1.4	-46	-7.8	43	6.7	698	612
Diversifying Alternatives ^{a)}	2	0.3	0	0.1	-6	-1.0	2	0.3	637	645
Equity ^{b)}	234	12.2	35	1.9	-167	-8.3	244	13.4	1,964	2,164
Real Estate	32	1.4	28	1.2	-53	-2.2	45	2.0	2,306	2,141
Total	519	4.9	161	1.5	-194	-1.7	534	4.9	10,924	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 136m.

Solvency and dividend

Own funds



The solvency ratio (based on Tryg's partial internal model) was 193 at the end of Q2 compared to 159 at the end of Q1 2020. Announcing the Q1 results, Tryg disclosed that the FSA had approved a revised partial internal model which was reducing the company's SCR by approximately DKK 400m, this is the key driver of the lower SCR at Q2. Additionally, the move to a full-year dividend decision for 2020 means that the strong Q2 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 8,800m at the end of Q2 (DKK 7,506m at the end of Q1). Own funds were positively impacted by the strong Q2 organic capital generation and by the move to a full-year dividend decision for 2020, meaning that no quarterly dividend was announced. Tryg's Own funds consist predominantly 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 FSA'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 4,553m (DKK 4,719m at the end of Q1). The decrease compared to the end of Q1 is primarily driven by the FSA approval of the company's revised partial internal model which reduced the SCR

by approximately DKK 400m. The reduction in the SCR was driven by the inclusion of Sweden in the model, thereby increasing the diversification benefit, while some marginally lower capital charges for the non-life risks were also included. At the same time, the strong equity markets in Q2 and the currencies (NOK & SEK) upward moves have increased the SCR by some DKK 230m. The SCR ended up at 4,553m at the end of Q2.

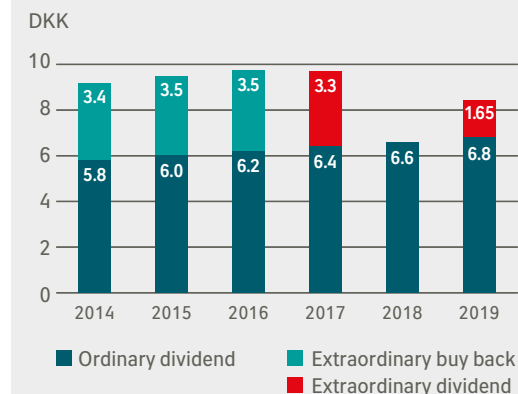
The solvency capital requirement based on the standard formula was DKK 6,291m in Q2 2020 against DKK 6,026m at the end of Q1.

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.

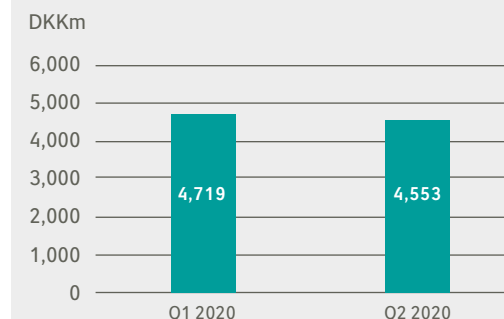
All ratings were confirmed following the announcement of the Alka acquisition.

Shareholder remuneration



Tryg moves to FY dividend decision for 2020.

Solvency capital requirement



Financial outlook

The outbreak of COVID-19 is likely to have serious repercussions on the global economies and political developments. First, health authorities around the world are under immense pressure, battling something never experienced before. Second, governments are trying to push liquidity into businesses and societies to partly offset a complete halt to the global economies and a likely sharp increase in unemployment levels. Macroeconomic forecasts for 2020 have been cut sharply by different economic observers although currently, a rebound in economic activity is expected to drive a positive GDP growth in 2021.

Tryg's underlying business has continued to perform in line with expectations even in these extremely difficult economic conditions. The travel insurance segment (DKK 886m premiums at end of 2019) has been impacted by many travel cancellations in Q1 while very low frequencies were recorded in Q2. Tryg Garanti (credit & surety business) is likely to see some impact from adverse macroeconomic developments. Other lines of business such as group life (death coverage for employees) and business interruption are expected to see some adverse develop-

ments. At the same time, a lower economic activity is likely to improve the performance of other lines of businesses such as motor insurance (lower claims frequencies), accident insurance and contents insurance (lower level of burglaries). In general, Tryg's reinsurance programme protects the business well in these turbulent periods. It is important to note that the lock-downs in Denmark and Norway were very different to what was observed in most large European countries, restrictions were softer, and the 'closing'-period was shorter as schools re-opened in mid-April and businesses during May. At the time of writing, all businesses have re-opened and societies are virtually back to normal, Tryg therefore sees signs of normalisation of the underlying business already in Q2 and going forward.

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 per cent has been suspended for 2020 (see stock exchange announcement on March 27)

considering the mark-to-market investment losses in Q1 2020. It should be noted that Tryg reported an average ROE for the last five years (2015-2019) of almost 23 per cent. Tryg has also announced on March 27 that it is moving to a full year dividend decision for 2020 (as opposed to the normal quarterly dividend) after the investment loss following unprecedented capital markets turbulence in Q1. The overall dividend policy remains unchanged.

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

The overall premiums growth for H2 2020 and beyond are likely to be influenced negatively by the outbreak of COVID-19. It is extremely difficult to make precise assessment of the top-line development as this is very much linked to general economic development, especially in the Commercial and Corporate segments, less

Financial targets 2020



Earnings

Technical result
DKK 3.3bn

Combined ratio
≤86

Expense ratio
~14

so in the Private segment. Nevertheless, some negative developments following very challenging economic conditions and a likely increase in bankruptcies have to 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 targeted an expense ratio for 2020 ~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 calendar

Interim report Q3 and Q1-Q3	9 October 2020
Annual report 2020	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 Q3 and 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 Q2 and H1 2020 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 and parent company's assets, liabilities and financial position at 30 June 2020 and of the results of the Group's and parent company'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, 9 July 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 Snejbjerg

Mari Thjømmø

Carl-Viggo Östlund

Financial highlights

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
NOK/DKK, average rate for the period	66.90	77.00	70.31	76.62	75.80
SEK/DKK, average rate for the period	69.52	70.60	70.02	71.27	70.62
Gross premium income	5,595	5,451	11,190	10,679	21,741
Gross claims	-3,534	-3,466	-7,850	-7,221	-14,857
Total insurance operating costs	-802	-775	-1,589	-1,509	-3,081
Profit/loss on gross business	1,260	1,210	1,752	1,949	3,803
Profit/loss on ceded business	-192	-234	-11	-348	-566
Insurance technical interest, net of reinsurance	-5	4	-6	5	1
Technical result	1,063	979	1,735	1,605	3,237
Investment return after insurance technical interest	541	57	-439	410	579
Other income and costs	-64	-57	-129	-106	-188
Profit/loss before tax	1,539	979	1,167	1,909	3,628
Tax	-293	-197	-363	-370	-783
Profit/loss for the period	1,246	782	804	1,539	2,845
Other comprehensive income					
Other comprehensive income which cannot subsequently be reclassified as profit or loss	0	-26	-22	-40	-57
Other comprehensive income which can subsequently be reclassified as profit or loss	50	-1	4	17	18
Other comprehensive income	50	-27	-19	-23	-39
Comprehensive income	1,296	755	785	1,516	2,806
Run-off gains/losses, net of reinsurance	204	287	561	659	1,194
Statement of financial position					
Total provisions for insurance contracts	34,163	34,441	34,163	34,441	32,224
Total reinsurers' share of provisions for insurance contracts	1,837	1,540	1,837	1,540	1,501
Total equity	11,854	11,882	11,854	11,882	12,085
Total assets	60,252	57,919	60,252	57,919	59,059
Key ratios					
Gross claims ratio	63.2	63.6	70.1	67.6	68.3
Net reinsurance ratio	3.4	4.3	0.1	3.3	2.6
Claims ratio, net of reinsurance	66.6	67.9	70.2	70.9	70.9
Gross expense ratio	14.3	14.2	14.2	14.1	14.2
Combined ratio	80.9	82.1	84.4	85.0	85.1

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

Income statement

DKKm		H1 2020	H1 2019	2019
Notes	General insurance			
	Gross premiums written	13,721	13,046	22,563
	Ceded insurance premiums	-933	-785	-1,259
	Change in premium provisions	-2,187	-2,069	-143
	Change in reinsurers' share of premium provisions	275	203	38
2	Premium income, net of reinsurance	10,876	10,395	21,198
3	Insurance technical interest, net of reinsurance	-6	5	1
	Claims paid	-7,865	-7,392	-15,419
	Reinsurance cover received	464	249	388
	Change in claims provisions	15	171	562
	Change in the reinsurers' share of claims provisions	107	-91	40
4	Claims, net of reinsurance	-7,278	-7,063	-14,429
	Bonus and premium discounts	-344	-299	-679
	Acquisition costs	-1,305	-1,192	-2,458
	Administration expenses	-284	-317	-623
	Acquisition costs and administration expenses	-1,589	-1,509	-3,081
	Reinsurance commissions and profit participation from reinsurers	76	77	227
	Insurance operating costs, net of reinsurance	-1,513	-1,433	-2,854
1	Technical result	1,735	1,605	3,237

DKKm		H1 2020	H1 2019	2019
Notes	Investment activities			
	Income from associates	-28	-20	-10
	Income from investment property	23	22	58
	Interest income and dividends	265	271	534
5	Value adjustments	-554	363	454
	Interest expenses	-56	-81	-178
	Administration expenses in connection with investment activities	-52	-46	-114
	Total investment return	-401	510	744
3	Return on insurance provisions	-38	-100	-166
	Total Investment return after insurance technical interest	-439	410	579
	Other income	42	70	168
	Other costs	-171	-176	-356
	Profit/loss before tax	1,167	1,909	3,628
	Tax	-363	-370	-783
	Profit/loss on continuing business	804	1,539	2,845
	Profit/loss on discontinued and divested business	0	0	-2
	Profit/loss for the period	804	1,539	2,843
	Earnings/ diluted earnings per share	2.67	5.10	9.42

Statement of comprehensive income

DKKm	H1 2020	H1 2019	2019
Profit/loss for the period	804	1,539	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	-53	-76
Tax on actuarial gains/losses on defined-benefit pension plans	7	13	19
	-22	-40	-57
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-156	48	32
Hedging of currency risk in foreign entities	204	-40	-19
Tax on hedging of currency risk in foreign entities	-45	9	4
	4	17	18
Total other comprehensive income	-19	-23	-39
Comprehensive income	785	1,516	2,804

Statement of financial position

DKKm	30.06.2020	30.06.2019	31.12.2019
Notes			
Assets			
6 Intangible assets	7,208	7,271	7,364
Operating equipment	143	131	155
Group-occupied property	664	792	730
Total property, plant and equipment	807	923	885
Investment property	1,081	849	1,151
Equity investments in associates	7	0	0
Total investments in associates	7	0	0
Equity investments	2,466	1,531	1,223
Unit trust units	6,196	5,467	6,916
Bonds	33,802	34,728	34,896
Other lending	75	0	75
Derivative financial instruments	1,312	1,100	1,128
Total other financial investment assets	43,851	42,825	44,239
7 Total investment assets	44,940	43,675	45,390
Reinsurers' share of premium provisions	469	384	216
Reinsurers' share of claims provisions	1,368	1,156	1,285
Total reinsurers' share of provisions for insurance contracts	1,837	1,540	1,501
Receivables from policyholders	2,972	2,348	1,727
Total receivables in connection with direct insurance contracts	2,972	2,348	1,727
Receivables from insurance enterprises	405	245	240
Other receivables	670	645	588
Total receivables	4,048	3,238	2,555
Current tax assets	116	183	52
Deferred tax assets	0	24	0
Cash at bank and in hand	843	610	868
Other	4	0	1
Total other assets	963	817	921
7 Interest and rent receivable	93	104	147
Other prepayments and accrued income	357	352	296
Total prepayments and accrued income	450	456	443
Total assets	60,252	57,919	59,059

DKKm	30.06.2020	30.06.2019	31.12.2019
Notes			
Equity and liabilities			
Equity	11,854	11,882	12,085
Subordinated loan capital	2,702	2,885	2,875
Premium provisions	7,939	7,969	5,996
Claims provisions	24,677	25,342	24,859
Provisions for bonuses and premium discounts	1,547	1,130	1,370
Total provisions for insurance contracts	34,163	34,441	32,224
8 Pensions and similar liabilities	157	273	303
Deferred tax liability	904	917	911
Other provisions	78	106	86
Total provisions	1,139	1,296	1,300
Debt relating to direct insurance	470	517	577
Debt relating to reinsurance	538	407	252
Amounts owed to credit institutions	1,201	412	711
7 Debt relating to repos	1,540	844	2,601
7 Derivative financial instruments	707	651	800
Debt to Group undertakings	289	295	300
Current tax liabilities	278	312	125
Other debt	5,342	3,947	5,178
Total debt	10,365	7,384	10,543
Accruals and deferred income	29	30	33
Total equity and liabilities	60,252	57,919	59,059
9 Related parties			
10 Contingent Liabilities			
11 Accounting policies			
12 The impact of the outbreak of COVID-19			

Statement of changes in equity

DKKmn	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
H1 2020							
Profit/loss for the period			-72	876			804
Other comprehensive income		4		-22			-19
Total comprehensive income	0	4	-72	854	0	0	785
Dividend paid					-1,013		-1,013
Dividend, own shares				1			1
Purchase and sale of own shares				-13			-13
Issue of conditional shares and matching shares				8			8
Total changes in equity in H1 2020	0	4	-72	850	-1,013	0	-231
Equity at 30 June 2020	1,511	-19	1,605	8,756	0	1	11,854
Equity at 31 December 2018	1,511	-41	1,617	7,748	499	0	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	0	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	0	548
Equity at 30 June 2019	1,511	-24	1,659	8,222	514	0	11,882

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

DKKmn	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

DKKkm	H1 2020	H1 2019	2019
Cash from operating activities			
Premiums	12,038	11,791	21,736
Claims	-8,182	-7,134	-15,557
Ceded business	-201	-328	-651
Costs	-1,432	-1,545	-3,210
Change in other debt and other amounts receivable	402	746	1,849
Cash flow from insurance activities	2,624	3,531	4,167
Interest income	253	304	467
Interest expenses	-56	-81	-169
Dividend received	36	8	24
Taxes	-258	-245	-827
Other income and costs	-59	-104	-31
Total cash flow from operating activities	2,540	3,413	3,631
Investments			
Sale of real property	0	0	357
Acquisition and sale of equity investments and unit trust units (net)	-4,784	-120	49
Purchase/sale of bonds (net)	2,832	-2,173	-1,978
Purchase/sale of operating equipment (net)	-12	12	-69
Sale of associated	0	0	246
Hedging of currency risk	4	-23	18
Total investments	-1,960	-2,304	-1,376

DKKkm	H1 2020	H1 2019	2019
Financing			
Exercise of share options/purchase of treasury shares (net)	-13	31	-43
Dividend paid	-1,013	-1,012	-2,040
Change in lease liabilities	-70	-61	-147
Change in amounts owed to credit institutions	490	-83	217
Total financing	-605	-1,126	-2,013
Change in cash and cash equivalents, net	-26	-17	241
Exchange rate adjustment of cash and cash equivalents, 1 January	1	0	-1
Change in cash and cash equivalents, gross	-25	-17	241
Cash and cash equivalents, beginning of year	868	627	627
Cash and cash equivalents, end of period	843	610	868

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other ^{a)}	Group
1 Operating segments						
H1 2020						
Gross premium income	6,331	2,180	1,912	768		11,190
Gross claims	-4,558	-1,360	-1,398	-525	-9	-7,850
Gross operating expenses	-867	-367	-207	-141	-7	-1,589
Profit/loss on ceded business	18	-63	33	1		-11
Insurance technical interest, net of reinsurance	-4	-2				-6
Technical result	920	388	340	103	-16	1,734
Other items					-931	-931
Profit/loss						804
Run-off gains/losses, net of reinsurance	77	132	250	110	-9	561
Intangible assets	1,499	59		531	5,119	7,208
Reinsurers' share of premium provisions	89	50	328	1		469
Reinsurers' share of claims provisions	143	155	1,060	10		1,368
Other assets					51,208	51,208
Total assets						60,252
Premium provisions	3,279	1,926	1,779	956		7,939
Claims provisions	6,263	6,768	8,845	2,800		24,677
Provisions for bonuses and premium discounts	1,360	125	20	42		1,547
Other liabilities					14,235	14,235
Total liabilities						48,398

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						
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/loss						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						
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

DKKmn	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
1 Geographical segments					
Danish general insurance^{a)}					
Gross premium income	3,534	3,301	6,986	6,513	13,204
Technical result	763	763	1,375	1,492	2,606
Run-off gains/losses, net of reinsurance	79	180	285	471	712
Key ratios					
Gross claims ratio	61.2	59.5	66.9	61.1	64.7
Net reinsurance ratio	2.8	3.3	-0.6	1.8	1.7
Claims ratio, net of reinsurance	64.0	62.8	66.3	62.9	66.4
Gross expense ratio	14.3	14.0	13.9	14.1	13.7
Combined ratio	78.3	76.8	80.1	77.0	80.1
Run-off, net of reinsurance (%)	-2.2	-5.5	-4.1	-7.2	-5.4
Number of full-time employees, end of period	2,721	2,665	2,721	2,665	2,650
Norwegian general insurance					
Gross premium income	1,484	1,611	3,135	3,168	6,472
Technical result	216	180	199	115	469
Run-off gains/losses, net of reinsurance	67	68	109	138	283
Key ratios					
Gross claims ratio	69.1	69.7	80.5	77.1	73.7
Net reinsurance ratio	2.7	5.8	-0.7	5.8	5.1
Claims ratio, net of reinsurance	71.9	75.5	79.8	82.9	78.8
Gross expense ratio	13.6	13.8	14.1	13.9	14.4
Combined ratio	85.5	89.3	93.9	96.8	93.1
Run-off, net of reinsurance (%)	-4.5	-4.2	-3.5	-4.4	-4.4
Number of full-time employees, end of period	1,070	1,092	1,070	1,092	1,083

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

Notes

DKKmn	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
1 Geographical segments					
Swedish general insurance					
Gross premium income	577	545	1,070	1,032	2,120
Technical result	101	37	176	5	169
Run-off gains/losses, net of reinsurance	66	39	176	56	205
Key ratios					
Gross claims ratio	58.3	70.3	60.6	77.5	74.0
Net reinsurance ratio	9.3	6.3	7.0	7.1	2.0
Claims ratio, net of reinsurance	67.6	76.6	67.5	84.6	75.9
Gross expense ratio	14.8	16.5	16.0	14.8	16.1
Combined ratio	82.4	93.1	83.5	99.5	92.0
Run-off, net of reinsurance (%)	-11.5	-7.2	-16.4	-5.4	-9.7
Number of full-time employees, end of period	441	417	441	417	419
Other ^{a)}					
Gross premium income	0	-6	0	-34	-54
Technical result	-18	0	-16	-6	-6
Tryg					
Gross premium income	5,595	5,451	11,190	10,679	21,741
Technical result	1,063	979	1,735	1,605	3,237
Investment return activities	541	57	-439	410	579
Other income and costs	-64	-57	-129	-106	-188
Profit/loss before tax	1,539	979	1,167	1,909	3,628
Run-off gains/losses, net of reinsurance	204	287	561	659	1,194
Key ratios					
Gross claims ratio	63.2	63.6	70.1	67.6	68.3
Net reinsurance ratio	3.4	4.3	0.1	3.3	2.6
Claims ratio, net of reinsurance	66.6	67.9	70.2	70.9	70.9
Gross expense ratio	14.3	14.2	14.2	14.1	14.2
Combined ratio	80.9	82.1	84.4	85.0	85.1
Run-off, net of reinsurance (%)	-3.6	-5.3	-5.0	-6.2	-5.5
Number of full-time employees, end of period	4,232	4,174	4,232	4,174	4,151

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

Notes

DKKm	H1 2020	H1 2019	2019
2 Premium income, net of reinsurance			
Direct insurance	11,482	10,944	22,353
Indirect insurance	28	26	52
	11,510	10,970	22,405
Unexpired risk provision	24	8	15
	11,534	10,978	22,420
Ceded direct insurance	-658	-582	-1,221
	10,876	10,395	21,198
3 Insurance technical interest, net of reinsurance			
Return on insurance provisions	38	100	166
Discounting transferred from claims provisions	-44	-95	-165
	-6	5	1
4 Claims, net of reinsurance			
Claims	-8,400	-7,844	-16,031
Run-off gains/losses, gross	551	624	1,173
	-7,850	-7,221	-14,857
Reinsurance cover received	562	122	408
Run-off gains/losses, reinsurers' share	10	35	20
	-7,278	-7,063	-14,429

DKKm	H1 2020	H1 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	153	24	463
Unit trust units	-786	420	114
Bonds	-208	30	120
Derivatives (Equity, Interest, Currency)	857	313	-103
	15	788	594
<i>Value adjustments related to assets or liabilities that cannot be attributed to IAS 39:</i>			
Investment property	-16	8	62
Owner-occupied property	0	0	-10
Discounting	-533	-420	-351
Other statement of financial position items	-21	-12	159
	-569	-424	-140
	-554	363	454

6 Intangible assets

Certain intangible assets (software) have been written down at the amount of DKK 107m due to uncertainty about future use.

Notes

DKK m	H1 2020	H1 2019	2019
7 Tryg's investment portfolio			
Total investment assets	44,940	43,675	45,390
Other, hereof financial instrument in liabilities*	-2,376	-1,105	-3,257
External customers	-2,296	-1,411	-2,493
Tryg's investment portfolio**	40,268	41,158	39,639
Hereof match portfolio	29,344	30,304	28,203
Hereof free portfolio	10,924	10,854	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 H1 2020 dividend of DKK 1,013m to shareholders of which 60% has been paid to TryghedsGruppen SMBA. In H1 2020 dividend of DKK 1,013m has been paid from Tryg Forsikring A/S to Tryg A/S.			
There has 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 June 2020.

11 Accounting policies

Tryg's interim report for H1 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).

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

There have been no changes to the accounting policies or accounting estimates in H1 2020.

Other

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

DKK m

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 is affecting 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 June 2020, the value amounts to DKK 1,353m (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 in 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	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Private									
Gross premium income	3,169	3,162	3,059	3,055	3,010	2,897	2,679	2,309	2,257
Technical result	607	313	494	458	593	406	531	467	483
Key ratios									
Gross claims ratio	65.0	79.1	67.9	69.2	64.8	70.7	64.2	63.5	62.2
Net reinsurance ratio	2.1	-2.7	2.5	1.8	1.8	1.6	2.4	2.2	2.5
Claims ratio, net of reinsurance	67.1	76.4	70.4	71.0	66.5	72.3	66.6	65.7	64.7
Gross expense ratio	13.7	13.7	13.4	13.9	13.8	13.8	13.5	13.9	13.9
Combined ratio	80.8	90.1	83.8	84.9	80.3	86.1	80.1	79.6	78.6
Combined ratio exclusive of run-off	82.2	91.1	84.9	85.4	83.1	89.8	83.0	84.9	83.5
Commercial									
Gross premium income	1,068	1,112	1,079	1,083	1,062	1,050	1,044	994	978
Technical result	212	176	105	154	196	111	270	174	169
Key ratios									
Gross claims ratio	60.1	64.6	69.1	70.6	60.8	67.6	52.2	61.0	59.7
Net reinsurance ratio	3.4	2.4	3.8	-2.3	3.4	4.0	4.5	4.3	4.2
Claims ratio, net of reinsurance	63.5	67.0	72.8	68.3	64.2	71.6	56.7	65.3	63.9
Gross expense ratio	16.5	17.2	17.4	17.4	17.5	17.8	17.5	17.2	18.8
Combined ratio	80.0	84.1	90.3	85.7	81.7	89.4	74.2	82.5	82.7
Combined ratio exclusive of run-off	83.4	92.8	93.6	94.3	89.7	98.4	89.6	93.3	92.3
Corporate									
Gross premium income	945	968	987	1,032	994	966	987	991	977
Technical result	195	145	73	204	130	89	-117	63	109
Key ratios									
Gross claims ratio	59.4	86.5	86.1	59.7	62.0	76.0	92.7	96.8	58.8
Net reinsurance ratio	8.9	-12.1	-5.7	11.6	14.2	5.2	8.8	-12.3	20.5
Claims ratio, net of reinsurance	68.3	74.4	80.4	71.3	76.1	81.2	101.5	84.5	79.3
Gross expense ratio	11.0	10.6	12.1	8.9	11.0	9.6	10.3	9.3	9.6
Combined ratio	79.3	85.0	92.6	80.2	87.2	90.8	111.8	93.8	88.9
Combined ratio exclusive of run-off	87.1	103.3	100.7	92.1	93.5	105.3	106.3	108.2	95.0

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

Quarterly outline

DKKm	Q2 2020	Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Sweden									
Gross premium income	415	353	364	422	392	343	361	411	375
Technical result	67	35	90	54	61	26	38	57	85
Key ratios									
Gross claims ratio	64.0	73.5	53.1	70.5	66.5	76.4	71.7	69.6	61.6
Net reinsurance ratio	1.0	-1.6	0.8	0.3	1.3	0.3	0.3	0.2	0.3
Claims ratio, net of reinsurance	65.1	71.9	53.8	70.8	67.8	76.7	72.0	69.8	61.9
Gross expense ratio	18.6	18.1	21.5	16.5	16.6	15.7	17.2	16.1	14.7
Combined ratio	83.7	90.0	75.3	87.3	84.4	92.4	89.2	85.9	76.6
Combined ratio exclusive of run-off	97.4	105.1	104.8	98.8	98.2	102.9	95.3	94.7	89.7
Other ^{a)}									
Gross premium income	0	0	-11	-9	-6	-28	-18	-9	-16
Technical result	-18	2	0	0	0	-6	-126	0	0
Tryg									
Gross premium income	5,595	5,595	5,479	5,583	5,451	5,228	5,053	4,696	4,571
Technical result	1,063	672	762	870	979	626	596	761	846
Investment return	541	-980	198	-29	57	353	-330	79	-90
Profit/loss before tax	1,539	-372	940	779	979	930	149	825	735
Profit/loss	1,246	-442	705	599	782	757	110	627	568
Key ratios									
Gross claims ratio	63.2	77.1	70.3	67.8	63.6	71.8	69.0	69.9	61.3
Net reinsurance ratio	3.4	-3.2	1.2	2.7	4.3	2.2	3.6	0.0	6.0
Claims ratio, net of reinsurance	66.6	73.9	71.5	70.5	67.9	74.0	72.6	69.9	67.3
Gross expense ratio	14.3	14.1	14.6	13.9	14.2	14.0	15.6	13.9	14.1
Combined ratio	80.9	88.0	86.1	84.4	82.1	88.0	88.2	83.8	81.4
Combined ratio exclusive of run-off	84.6	94.4	90.7	89.4	87.4	95.1	92.3	92.5	88.2

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

Income statement for Tryg A/S

(parent company)

DKKkM	H1 2020	H1 2019	2019
Notes			
Investment activities			
Income from subsidiaries	838	1,572	2,903
Value adjustment	0	1	0
Investment management charges	0	-3	-5
Total return on investment activities	838	1,570	2,899
Other expenses	-43	-40	-74
Profit before tax	795	1,531	2,825
Tax	10	9	18
Profit on continuing business	804	1,540	2,843
Profit for the period	804	1,540	2,843

DKKkM	H1 2020	H1 2019	2019
Statement of comprehensive income			
Profit/loss for the period	804	1,540	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	-53	-76
Tax on actuarial gains/losses on defined-benefit pension plans	7	13	19
	-22	-40	-57
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-156	48	32
Hedging of currency risk in foreign entities	204	-40	-19
Tax on hedging of currency risk in foreign entities	-45	9	4
	4	17	18
Total other comprehensive income	-19	-23	-39
Comprehensive income	786	1,517	2,804

Statement of financial position for Tryg A/S

(parent company)

DKK	30.06.2020	30.06.2019	31.12.2019
Notes			
Assets			
Intangible assets	1	1	1
Investments in subsidiaries	12,041	11,946	12,234
Total investments in subsidiaries	12,041	11,946	12,234
Total investment assets	12,041	11,946	12,234
Current tax assets	27	23	17
Other	1	0	1
Total other assets	28	23	18
Total prepayments and accrued income	0	0	2
Total assets	12,071	11,969	12,255
Liabilities			
Share capital	1,511	1,511	1,511
Revaluation reserves	3,046	2,939	3,238
Total reserves	3,046	2,939	3,238
Proposed dividends	0	1,027	1,013
Retained earnings	7,297	6,405	6,323
Non-controlling interest	1	0	1
Shareholders' equity	11,854	11,882	12,085
Debt to subsidiaries	209	80	163
Other debt	7	7	7
Total debt	216	87	170
Total liabilities and equity	12,071	11,969	12,255

DKK

1 Related parties

Please refer to note 9 in Tryg Group

2 Contingent Liabilities

Please refer to note 10 in Tryg Group

3 Accounting policies

Please refer to note 11 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 the interim report for H1 2020

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.

