Interim report **Q2 and H1 2017**

Contents – Management's review

Financial calendar 2017

12 July 2017	Tryg shares are traded ex-dividend
14 July 2017	Payment of dividend
10 Oct. 2017	Interim report Q1-Q3 2017
11 Oct. 2017	Tryg shares are traded ex-dividend
13 Oct. 2017	Payment of dividend
20 Nov. 2017	Capital Markets Day

Teleconference

Tryg is hosting a teleconference on 11 July 2017 at 10.00 CET. View the audio webcast at tryg.com. Financial analysts and investors may participate on tel. +44 (0) 203 194 0545 or +45 35 44 55 83, where questions can be asked. The teleconference will be held in English and can subsequently be viewed at tryg.com.

Contact details

Visit tryg.com and follow us at twitter.com/TrygIR

Tryg A/S
Klausdalsbrovej 601
2750 Ballerup, Denmark
+45 70 11 20 20
CVR no. 26460212

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

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

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

This report constitutes Tryg A/S' consolidated and parent financial statements and has not been audited. Unless otherwise indicated, all comparisons are made to Q2 2016. Comparative figures for Q2 2016 are generally given in brackets.

Editor Investor Relations | **Publication** 11 July 2017 | **Layout** amo design

Highlights

Technical result of DKK 810m, approximately 5% above Q2 2016. Premium growth of 2.0% mainly driven by positive development in Private Denmark. H1 profit before tax more than 10% above the corresponding period 2016 driven both by the technical result and investment income. Solvency ratio of 209 and quarterly dividend of DKK 1.60 per share benefit shareholders and support TryghedsGruppen's 8% members' bonus in 2017.

Financial highlights Q2 2017

- Profit before tax of DKK 915m (DKK 934m) and after tax of DKK 714m (DKK 734m)
- Technical result of DKK 810m (DKK 770m)
- Combined ratio of 81.7 (82.6) – large claims below Q2 2016 and weather claims approximately at the same level. DKK 85m savings from efficiency programme
- Underlying claims ratio improved in both Private and for the Group compared to Q2 2016
- Expense ratio of 14.3 (15.0) driven by lower operating expenses and positive top line growth
- Premium growth of 2.0% in local currencies, including the Skandia child insurance portfolio
- Investment return of DKK 131m, boosted primarily by positive equity markets
- Q2 dividend of DKK 1.60 per share and solvency ratio of 209

Financial highlights H1 2017

- Profit before tax of DKK 1,694m (DKK 1,497m) and after tax of DKK 1,319m (DKK 1,179m)
- Technical result of DKK 1,378m (DKK 1,332m)
- Combined ratio of 84.4 (84.9) – large claims and weather claims below H1 2016 and an increase in the corporate underlying claims ratio
- Expense ratio of 14.3 (15.1) driven by a reduction in nominal expenses and higher top line growth
- Premium growth of 1.8% driven mostly by Private Denmark
- Investment return of DKK 354m, boosted primarily by strong equity markets
- H1 dividend of DKK 3.20 per share (DKK 1.60 paid in April. DKK 1.60 to be paid on 14 July)

Customer highlights Q2 2017

- NPS of 22 (23)
- Retention rate of 87.6 (88.1)
- Share of customers with three or more products of 58.1% (56.9%)

New initiatives Q2 2017

- Tryg Drive – new car insurance for young drivers
- Medical hotline launched in Denmark and Norway
- Integrated customer service and claims handling now in all countries
- OBOS Insurance integrated into the Norwegian business from 1 June
- Cyber insurance product very well received, especially by small and medium-sized enterprises. 3,500 insurance policies sold in H1 2017

Financial targets 2017

- Return on equity of ≥21% after tax
- Combined ratio ≤87
- Expense ratio ≤14

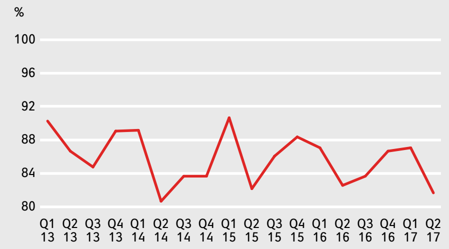
Customer targets 2017

- NPS +100% ~ 22
- Retention rate +1 pp ~ 88.9
- Customers ≥3 products +5 pp ~ 61.3%

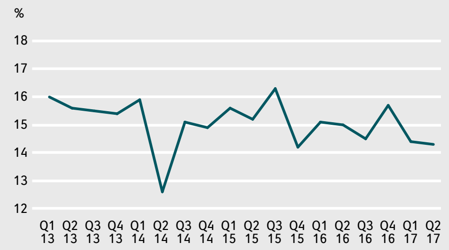
Income overview

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Gross premium income	**4,441**	**4,379**	**8,899**	**8,689**	**17,707**
Gross claims	-2,816	-2,823	-5,841	-5,681	-11,619
Total insurance operating costs	-634	-649	-1,277	-1,291	-2,737
Profit/loss on gross business	991	907	1,781	1,717	3,351
Profit/loss on ceded business	-177	-135	-398	-381	-951
Insurance technical interest, net of reinsurance	-4	-2	-5	-4	-10
Technical result	**810**	**770**	**1,378**	**1,332**	**2,390**
Investment return after insurance technical interest	131	181	354	198	987
Other income and costs	-26	-17	-38	-33	-157
Profit/loss before tax	**915**	**934**	**1,694**	**1,497**	**3,220**
Tax	-202	-200	-373	-318	-748
Profit/loss on continuing business	713	734	1,321	1,179	2,472
Profit/loss on discontinued and divested business after tax	1	0	-2	0	-1
Profit/loss	**714**	**734**	**1,319**	**1,179**	**2,471**
Run-off gains/losses, net of reinsurance	220	280	506	649	1,239
Key figures					
Total equity	8,363	9,534	8,363	9,534	9,437
Return on equity after tax (%)	33.6	31.5	30.2	24.5	26.2
Number of shares, end of period (1,000)	274,604	279,786	274,604	279,786	274,595
Earnings per share	2.60	2.61	4.80	4.18	8.84
Ordinary dividend per share (DKK)	1.60	0.00	3.20	2.60	6.20
Extraordinary dividend per share (DKK)	0.00	0.00	0.00	0.00	3.54
Premium growth in local currencies	2.0	-0.6	1.8	-0.5	0.1
Gross claims ratio	63.4	64.5	65.6	65.4	65.6
Net reinsurance ratio	4.0	3.1	4.5	4.4	5.4
Claims ratio, net of reinsurance	67.4	67.6	70.1	69.8	71.0
Gross expense ratio	14.3	15.0	14.3	15.1	15.7
Combined ratio	**81.7**	**82.6**	**84.4**	**84.9**	**86.7**
Run-off, net of reinsurance (%)	-5.0	-6.4	-5.7	-7.5	-7.0
Large claims, net of reinsurance (%)	1.3	2.5	1.2	1.8	2.2
Weather claims, net of reinsurance (%)	0.9	0.8	1.6	2.1	2.0
Combined ratio on business areas					
Private	79.7	81.6	83.9	86.2	83.8
Commercial	81.9	82.4	81.5	80.0	82.1
Corporate	83.6	83.1	87.8	83.9	88.8
Sweden	88.3	85.2	88.2	90.3	90.7

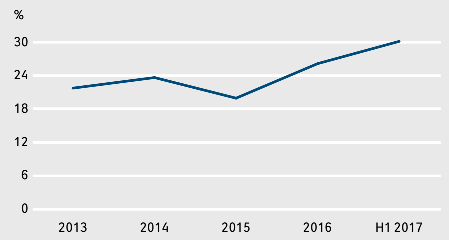
Combined ratio



Expense ratio



Return on equity



Tryg's results

Tryg reported a profit before tax of DKK 915m (DKK 934m). The result was primarily driven by a technical result of DKK 810m (DKK 770m) and a net investment income of DKK 131m (DKK 181m). The technical result was positively impacted by a lower level of large claims compared to Q2 2016 while weather claims were at a similar level and the internal efficiency programme delivered savings of DKK 85m. Premium growth of 2.0% in local currencies against a decline in Q2 2016. The underlying claims ratio for Private improved by 0.5% while the underlying claims ratio for the Group improved by 0.1%. The investment return was DKK 131m (DKK 181m), driven primarily by favourable equity markets. Tryg will pay out a quarterly dividend of DKK 1.60 per share based on the overall results, Tryg's dividend policy and a strong solvency ratio of 209.

The combined ratio was 81.7 (82.6). Large claims and weather claims experience was favourable while run-offs were lower than in Q2 2016. The private underlying claims ratio, adjusted for weather claims and large claims, run-off and discount rate (to discount the claims provision) was 0.5% better than in Q2 2016, showing that profitability is improving. The group underlying claims ratio was 0.1% better than in Q2 2016 although profitability in Corporate remains under pressure. Tryg is actively reducing exposure to unprofitable segments and continues to expect an improvement in the underlying claims ratio for the full year 2017.

The Net Promoter Score (NPS) fell slightly to 22 (23), a development driven by a drop in Norway for both Private and Commercial, whereas there was an improvement in the Danish business. The share of private customers with three or more products went up to 58.1% (56.9%) with a positive development in both Denmark and Norway. For Denmark, the number of customers with three or more products was 59.5% – an improvement of almost 3 percentage points since Tryg started reporting on this figure in the beginning of 2015.

Looking at the customer targets, Tryg believes the NPS target will be met, while it is unlikely that the retention target will be achieved. For the target of customers with three or more products, Tryg is now experiencing good momentum where it is realistic to achieve the target for Denmark but not for the Group as a whole.

TryghedsGruppen, Tryg's majority shareholder, announced a member bonus in 2017 equivalent to 8% of premiums paid for 2016. The bonus should be seen in connection with Tryg's dividend, and will be paid to Tryg's Danish customers in September. There are ongoing discussions with the tax authorities to seek a more favourable treatment of the member bonus. Tryg continues to believe that the bonus scheme will be a competitive advantage in the long term.

The investment return totalled DKK 131m (DKK 181m) which was below the Q2 2016 level but well above normal expectations. The free portfolio generated a high return of DKK 124m, driven mainly by equity investments, while the match portfolio also produced a good result of DKK 78m driven primarily by narrowing Nordic covered bond spreads ('performance' component). The process of re-investing the proceeds from the properties sale in more diversified property exposure continues. Properties represented 13% of the free portfolio at the end of Q2 against a targeted property allocation of 20% which is likely to be reached towards year-end. Apart from that, asset allocation has remained broadly unchanged as Tryg continues to pursue a low-risk investment strategy.

Premiums

Gross premium income amounted to DKK 4,441m (DKK 4,379m), corresponding to a growth of 2.0% in local currencies.

Private lines grew by 1.4% with the Danish business growing more than 3%, while the Norwegian business developed negatively.

Commercial lines declined by 2.8% driven by a more pronounced fall in the Danish segment which reflected price initiatives introduced to improve profitability, but also the fact that Commercial still has to work on striking a better balance between the inflow and outflow of customers. The fall was less pronounced in Norway, helped, among other things, by the inclusion of the commercial part of the OBOS portfolio for the month of June. The underlying growth trend for both Denmark and Norway, however, has been more positive in Q2 compared to previous quarters.

Customer targets

	Q2 2017	Q2 2016	Target 2017
Net Promoter Score (NPS)	22	23	22
Retention rate	87.6	88.1	88.9
Customers with ≥3 products (%)	58.1	56.9	61.3

Corporate lines were up 3.2%. The growth was driven by a positive renewal season in Denmark and a positive development in the guarantee business, a slight reduction in Norway and a new fronting agreement in Sweden. The underlying growth trend is lower than the reported growth for Q2.

In Private Sweden, premiums were up some 18%, including the acquisition of the Skandia child insurance portfolio. Premiums were virtually flat excluding the acquisition.

The underlying claims ratio for Private improved 0.5% and for the Group 0.1% in Q2 2017

Claims

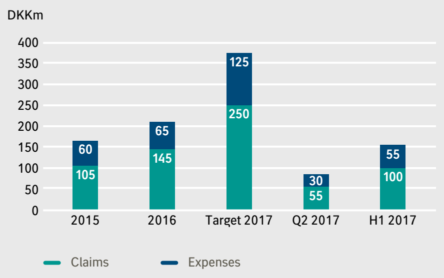
The claims ratio, net of ceded business, was 67.4% (67.6%). The private underlying claims ratio excluding run-offs, large claims, weather claims and discounting was 68.5%, some 0.5% better than the corresponding quarter in 2016. The group underlying claims ratio was 71.3%, 0.1% better than the corresponding quarter in 2016. Tryg has announced price adjustments of 3% for 2017 following a similar move in 2016. These are expected to produce an improvement in the underlying claims ratio for the full year 2017.

Tryg remains focused on developments in the motor insurance portfolio and more specifically an increase in the number of accidents seen in 2015 and 2016. This development is continuing in 2017 (January to May) although monthly statistics are very volatile. Motor insurance remains a profitable business for Tryg, but recent negative developments need to be monitored closely to ensure a close balance between claims inflation and pricing trends.

In Scandinavia, the spring weather was generally mild, apart from a few heavy rain showers. Weather claims accounted for 0.9% of the claims ratio which is slightly below normal expectations for the quarter. Large claims weighed negatively at 1.3% (2.5%) of the claims ratio. The level of large claims was lower compared to an average quarter.

The claims-related part of the efficiency programme is progressing according to plan, and Q2 saw the realisation of efficiency increases of DKK 55m out of a target figure of DKK 250m for 2017. Initiatives include new agreements with the largest suppliers of building and damage control in Norway, and in Denmark, all customers with a car glass claim will be referred directly to the company responsible for handling this type of claims.

Efficiency programme of DKK 750m 2015-2017



Expenses

The expense ratio was 14.3 (15.0). Insurance operating expenses were down slightly, and an improved top line drove the overall positive development. The efficiency programme is progressing according to plan and improved results by DKK 30m in Q2 out of a target of DKK 125m for 2017.

Tryg is strongly focused on achieving its expense ratio target of 14.0 in 2017. Many initiatives were planned and implemented in 2016 and despite some headwind, like the introduction of a new finance tax in Norway, Tryg remains confident about achieving the target.

The number of employees was 3,320 at the end of Q2 against 3,264 at the end of 2016. The acquisition of OBOS impacted the figure by 24 employees in Q2. In 2017, the number of employees is likely to increase slightly driven by the hiring of new trainees in the integrated customer and claims handling functions.

Investment return

The investment income was DKK 131m (DKK 181m), boosted primarily by positive equity markets. Both the free portfolio and the match portfolio generated overall good returns. The free portfolio produced a result of DKK 124m based on a return on equities of just below 3%, while investment-grade corporate bonds (a small asset class for Tryg) also produced good returns.

The match portfolio realised a result of DKK 78m driven by a slightly negative 'regulatory deviation' and pretty robust 'performance'. The positive performance was driven by narrowing Nordic covered bond spreads.

Profit before and after tax

The profit before tax was DKK 915m (DKK 934m), and the profit after tax and discontinued business was DKK 714m (DKK 734m). The overall tax item was DKK 202m (DKK 200m), resulting in a tax rate of 22%.

Tryg pays out a Q2 dividend of DKK 1.60 per share on 14 July 2017

Dividend and capital

Tryg will pay a quarterly dividend of DKK 1.60 per share corresponding to DKK 452m. The dividend is supported by the overall results, our ambition to grow the annual nominal dividend and a robust solvency ratio of 209 after deducting the Q2 2017 dividend. Tryg reported a solvency ratio of 202 at the end of Q1. The difference between the Q2 net profit and the dividend is the primary driver of the slightly higher own funds, while the solvency capital requirement fell by approximately DKK 150m driven primarily by a lower market risk following a reduced equity exposure. Actual property exposure in the free portfolio is still below target which has a positive impact on the solvency capital requirement (SCR) of approximately DKK 100m.

Tryg's solvency ratio displays low sensitivities to capital market movements. The highest sensitivity is towards spread risk, where a widening/tightening of 100 basis points would impact the solvency ratio by approximately 14 percentage points. It is important to note that the spread risk sensitivity assumes a widening of 100 basis points across the entire fixed income book. Lower sensitivities are seen towards equity markets and interest rate movements. In April, EIOPA (European Insurance and Occupational Pension Authority) announced a new ultimate forward rate (UFR) level at 3.45% compared to previously 4.20%. The cumulative negative impact for Tryg's own funds (in 2022) will be approximately DKK 40m, hence very limited.

SFCR publication

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

Download the SFCR on tryg.com

Update on pension obligations in Norway

In May 2016, Tryg received notice of an action from Finansforbundet in Norway (Finance Sector Union of Norway) on behalf of a group of pensioners. The action concerned an adjustment in the pension schemes of Norwegian employees made in 2014. Tryg has now received the actual lawsuit. According to Tryg's calculation which is unchanged from previous communication in the company announcement of 19 May 2016, the claim will not exceed a maximum of approximately DKK 300m after tax for the persons affected by the adjustment. As previously communicated, Tryg does not agree that the adjustment was wrongful. Consequently, Tryg expects the action to be resolved in court and does not expect a ruling to be made for the next two years.

H1 2017 results

Tryg reported a profit before tax of DKK 1,694m (DKK 1,497m) and a profit after tax of DKK 1,319m (1,179m). The H1 technical result was better than in the corresponding period last year, while the investment return was higher driven primarily by a positive development in equity markets. The underlying claims ratio for Private improved 0.25%, while the group underlying claims ratio improved modestly as profitability in Corporate remains under pressure. The expense ratio improved to 14.3 (15.1) driven by lower nominal costs and better top line growth. Premium growth was 1.8% driven primarily by Private.

In Q2, Private Denmark launched a new car insurance product for young drivers under the age of 30. The driver may be rewarded with a cheaper insurance price of up to 30% depending on his/her driving style and behaviour.

Business initiatives

New car insurance for young drivers in Denmark
On 15 June, Private Denmark launched a new car insurance product for young drivers under the age of 30. The driver may be rewarded with a cheaper insurance price of up to 30% depending on his/her driving style and behaviour.

A dongle is installed in the car and wirelessly connected to an app which analyses the driving based on approximately 20 parameters. The driver is given a score between 1 and 15, 1 being the best, after each drive. If the score is below 11, a bonus is earned. The app shows the driving behaviour and earned bonus. The bonus will be paid once per year.

Insurance solution for disabled people
Commercial launched a new insurance solution for disabled citizens and their assistants priced according to the pay-per-use principle. The solution is offered in cooperation with a company specialised within this field. The company's customers, the disabled, each month receive an invoice including both salaries and insurance for the disabled and the assistant. This solution makes it cheaper and easier for the disabled to administer salaries and insurance.

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

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

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

Digitalisation
In Q1, Tryg's first fully digitalised travel insurance claim was processed in Norway. In Q2, approximately 20% of all travel claims in Norway were processed as fully automated claims.

In Q2, new digital solutions have been developed for motor and contents products in Norway. It is now possible for customers to extend or reduce coverage as well as cancel their insurance online. In Denmark, improved online solutions for a big affinity agreement were developed. In Denmark, Tryg also launched a robot which handles the majority of all windscreen payments. We are working on developing similar solutions for other products and introducing the use of robotics in some processes.

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

In Q2, TryghedsGruppen contacted 850,000 of Tryg's Danish customers who will receive the member bonus in September. The bonus amounts to 8% of premiums paid for 2016.

Private

Financial highlights Q2 2017

- Technical result of DKK 440m (DKK 393m)
- Combined ratio of 79.7 (81.6)
- Premium growth of 1.4 (0.3)

Results

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

Premiums

Gross premium income rose by 1.4% (0.3%) when measured in local currencies. The positive development continued in the Danish part of Private with premium growth of more than 3% due to a combination of price adjustments, an increasing number of customers with three or more products, a high sales level of especially packages and continued high retention levels, but also a low level of sales from the banking channel. In the Norwegian part of Private, premiums were down 1.2%, an improvement from Q1 2017. The main explanation is still a reduced portfolio throughout 2016 and somewhat higher churn in the quarter. In Q2, TryghedsGruppen communicated to the Danish customers that they will receive a bonus, which is expected to have a positive impact on customer loyalty. The retention rate was 89.8 (90.0) for the Danish part of the business. In Norway, the retention rate was 85.5 (86.5), which both reflects a market trend and implemented price adjustments in 2017.

Claims

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

Expenses

The expense ratio was 13.9 (14.5) representing a satisfactory development and supporting Tryg's target of an expense ratio at or below 14 in 2017. The development was supported by the efficiency initiatives in Norway in 2016.

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

H1 2017 results

The technical result was DKK 708m (DKK 591m). The combined ratio was 83.9 (86.2) with a lower claims level and expense level. Premium growth was 1.0 (0.6) in local currencies, an improvement of 0.4 percentage points compared to H1 2016 due to the positive development in Private Denmark.

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

Private encompasses the sale of insurance products to private customers in Denmark and Norway. Sales are effected via call centres, the Internet, Tryg's own agents, franchisees (Norway), interest organisations, car dealers, estate agents and Nordea branches. The business area accounts for 49% of the Group's total premium income.

Key figures – Private

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

Commercial

Financial highlights Q2 2017

- Technical result of DKK 171m (DKK 172m)
- Combined ratio of 81.9 (82.4)
- Premium growth of -2.8 (0.4)

Results

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

Premiums

Gross premium income totalled DKK 949m (DKK 977m), a 2.8% decline in local currencies. Commercial Denmark reported a decline of 3.3% against an increase of 1.9% in Q2 2016, which, however, was due to regulations on some larger affinity agreements. In Norway, premiums dropped by 1.7% against -3.2% in Q2 2016. This improved development reflects the fact that the acquisition of OBOS was implemented from June with a premium income of NOK 10m for the month. In general, the underlying premium growth trend was more positive in Q2 compared to previous quarters. The retention rate for Denmark was more or less unchanged, while there was a drop in Norway from 87.5 to 86.8. Sales were slightly higher in both Denmark and Norway. In Denmark, the higher sales level was mainly related to the Commercial customer centre. The higher level in Norway was due to the increase in distribution power, especially in the franchise channel due to the restructuring of Commercial Norway in 2016, but also a high sales level in the Commercial customer centre.

Claims

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

Expenses

The expense ratio was 17.6 (17.6), which is too high. The expense ratio is composed of expense initiatives, especially in the Norwegian part of Commercial, but also reflects the drop in top line growth. In Denmark, focus is on developing straight through processes for the main products, similar to most private products, which is expected to have a positive impact. Commercial had 490 employees, up from 474 at the end of 2016, primarily due to five employees from the acquisition of OBOS and employment of trainees in Commercial Denmark.

H1 2017 results

The technical result was DKK 354m (DKK 387m). The combined ratio was 81.5 (80.0) with a higher claims level and a slightly higher expense level. Premium growth dropped by 2.3 (-0.5) in local currencies, due to a lower retention level which was not compensated by a higher sales level. In general, the level between sales and the churn level is not satisfactory. The claims ratio, net of ceded business, was 63.8 (62.5) representing a higher level of weather claims and large claims, a positive effect from claims initiatives and price adjustments and a higher level of medium-sized claims.

Commercial encompasses the sale of insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected by Tryg's own sales force, brokers, franchisees (Norway) and customer centres, and under group agreements. The business area accounts for 23% of the Group's total premium income.

Key figures – Commercial

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

Corporate

Financial highlights Q2 2017

- Technical result of DKK 156m (DKK 156m)
- Combined ratio of 83.6 (83.1)
- Premium growth of 3.2 (-3.7)

Results

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

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

Premiums

Gross premium income totalled DKK 942m (DKK 921m), an increase of 3.2% when measured in local currencies. The development is attributable to a good renewal process in Denmark, where customers have come to appreciate Trygheds-Gruppen's bonus model and, as mentioned, also a continued good development for the guarantee business. In Norway, there was a drop in premiums, reflecting an increase in prices and the loss of a number of large customers due to the price increases. In Sweden, growth was 20%, mainly due to a continued increase in the number of fronting agreements with very low risk. In general, the underlying premium trend, excluding the guarantee business, is negative due to implemented initiatives and the current market environment combined with Tryg's focus on profitability.

Claims

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

Expenses

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

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

H1 2017 results

The technical result was DKK 235m (DKK 295m). The combined ratio was 87.8 (83.9), and the higher level was primarily due to a lower run-off level. Premiums increased by 3.3 (-2.9) in local currencies, mainly due to the positive development for the guarantee business and fronting business in Sweden. In Denmark and Norway, there was a slight net increase in the portfolio based on price adjustments and loss of customers. The claims ratio, net of ceded business, was 77.5 (72.7), and the higher level was, as mentioned above, primarily due to a lower run-off level.

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are effected both via Tryg'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 21% of the Group's total premium income.

Key figures – Corporate

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

Sweden

Financial highlights Q2 2017

- Technical result of DKK 43m (DKK 49m)
- Combined ratio of 88.3 (85.2)
- Premium growth of 18.1 (-1.8)

Results

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

Premiums

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

Claims

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

Expenses

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

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

H1 2017 results

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

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

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

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

Key figures – Sweden

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

Investment activities

Financial highlights Q2 2017

- Strong investment return of DKK 131m (DKK 181m)
- Free portfolio benefitted from positive equity markets, but emerging-market debt and high-yield bonds (small asset classes for Tryg) also posted strong returns
- Match portfolio result boosted by a good performance result driven by narrowing covered bond spreads

Q2 2017 was a strong quarter for Tryg's investment activities. The investment result totalled DKK 131m (DKK 181m), which was the result of a return of DKK 124m (DKK 122m) on the free portfolio, a return of DKK 78m (DKK 125m) on the match portfolio and other financial income and expenses of DKK -71m (DKK -66m).

The total market value of Tryg's investment portfolio was DKK 41bn (DKK 40.6bn) at the end of June 2017. The investment portfolio consists of a match portfolio of DKK 29bn and a free portfolio of DKK 12.0bn. The match portfolio is composed of fixed-income assets that match the Group's insurance liabilities, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio represents the Group's net asset value, which is predominantly invested in fixed-income securities with a short duration, but also in equities and properties.

Free portfolio

In Q2, financial markets continued the positive trend seen after the US presidential election. The prolonged level of very low interest rates supported equities as an asset class and policy ideas such as a US fiscal stimulus, and a cut to US corporate tax has been supporting market developments in general. At the other end, it is noteworthy that the CBOE Volatility Index (VIX), a key measure of market expectations of near-term volatility in equity markets, hit the lowest level of the last ten years during June 2017. Tryg's equity portfolio posted a return of DKK 65m (DKK 6m) or just below 3%, while overall the free portfolio was also helped by good returns on investment grade corporate bonds (2.2% in the quarter) and, to a smaller extent, emerging-market debt (a small asset class for Tryg). Emerging-market debt (sovereign debt of emerging-market countries) and high-yield corporate bonds totalled approximately DKK 1.4bn of investments at the end of Q2, equating to around 3% of total investments. The return on the investment property portfolio was DKK 11m (DKK 24m) or 0.7%. Tryg is still in the process of reinvesting the proceeds from the property sales announced in December 2016. The targeted property allocation is not likely to be reached until Q4 2017. All in all, the return on the free portfolio was DKK 124m or 1.0% in Q2.

Return – investments

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Free portfolio, gross return	124	122	336	187	939
Match portfolio, regulatory deviation and performance	78	125	176	127	210
Other financial income and expenses	-71	-66	-158	-116	-162
Total investment return	**131**	**181**	**354**	**198**	**987**

Return – match portfolio

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
Return, match portfolio	63	277	156	704	547
Value adjustments, changed discount rate	72	-114	114	-497	-188
Transferred to insurance technical interest	-57	-38	-94	-80	-149
Match, regulatory deviation and performance	**78**	**125**	**176**	**127**	**210**
Hereof:					
Match, regulatory deviation	29	69	60	30	47
Match, performance	49	56	116	97	163

Match portfolio

The result of the match portfolio is the difference between the return on the match portfolio and the amount transferred to the insurance business. The result can be split into a 'regulatory deviation' and a 'performance result'. The 'performance' result was strong at DKK 49m (DKK 56m) as Nordic covered bond spreads – mostly Swedish and Norwegian covered bonds – narrowed against the swap curve. During Q2, covered bond spreads narrowed approximately 10 basis points in Norway and Sweden and a more modest 5 basis points in Denmark. The 'regulatory' deviation also posted a positive result of DKK 29m (DKK 69m) as the yield difference between Danish and Euro swap rates decreased by around 2 basis points and boosted the overall return. Tryg's IR team published a newsletter in August 2016 focusing on how to model the investment income line. The newsletter is available at Tryg.com

Other financial income and expenses

Other financial income and expenses totalled DKK -71m (DKK -66m). This item consists of a number of elements, the largest being the expenses from hedging the foreign currency exposure of Tryg's equity, as well as expenses associated with Tryg's subordinated debt.

H1 2017 results

The return on Tryg's investment activities totalled DKK 354m in H1 2017. The result is composed of a return of DKK 336m on the free portfolio, a return of DKK 176m on the match portfolio and other income and expenses of DKK -158m. Key drivers of the performance were a strong development in equity markets (equities returned 8.3% in H1) but also a good performance of emerging-market debt and corporate bonds.

Tryg was among the first companies to develop cyber insurance for small and medium-sized companies and interest has been considerable. At the end of Q2, Tryg had sold approximately 3,500 insurance policies.

Return – free portfolio

DKKm	Q2 2017	Q2 2017 (%)	Q2 2016	Q2 2016 (%)	H1 2017	H1 2017 (%)	H1 2016	H1 2016 (%)	Investment assets 30.06.2017	Investment assets 31.12.2016
Government bonds	0	0	0	0.0	1	0.5	2	0.8	230	322
Covered bonds	13	0.3	29	0.7	31	0.6	46	1.2	5,111	4,464
Inflation-linked bonds	-3	-0.7	19	3.8	-2	-0.4	39	7.7	537	539
Investment grade credit	16	2.2	4	1.9	22	3.1	4	1.9	748	546
Emerging-market bonds	9	1.5	19	4.3	29	5.5	36	8.4	577	447
High-yield bonds	7	0.9	23	2.8	14	1.9	35	4.2	823	730
Other [a)]	6		-2		10		-13		300	220
Interest rate and credit exposure	**48**	**0.6**	**92**	**1.3**	**105**	**1.3**	**149**	**2.1**	**8,326**	**7,268**
Equity exposure	**65**	**2.8**	**6**	**0.3**	**193**	**8.3**	**-16**	**-0.6**	**2,166**	**2,187**
Investment property	**11**	**0.7**	**24**	**1.1**	**38**	**2.4**	**54**	**2.6**	**1,517**	**2,540**
Total gross return	**124**	**1.0**	**122**	**1.1**	**336**	**2.7**	**187**	**1.5**	**12,009**	**11,995**

a) Bank deposits and derivative financial instruments hedging interest rate risk and credit risk.

Capital

The solvency ratio (based on Tryg's partial internal model) was 209 at the end of Q2, an increased level compared to the 202 reported at the end of Q1. Own funds were boosted primarily by the difference in the reported net profit of DKK 714m and the announced dividend of DKK 452m (DKK 1.6 per share). The OBOS acquisition was included in the solvency figures with an overall impact of just above DKK 100m. Property allocation in the free portfolio remains slightly below the targeted level which has a positive impact on the solvency ratio (via a reduced market risk). This situation is temporary and will be fully reversed in the next few quarters. Finally, equity exposure was reduced and this has a positive impact on the solvency capital requirement (SCR) via a reduced market risk.

Own funds

Own funds totalled DKK 10,058m at the end of Q2 2017 against DKK 10,037m at the end of Q1. Own funds were positively impacted by the net profit for the quarter and negatively impacted by the announced quarterly dividend. Tryg's own funds are predominantly made up of shareholders' equity and subordinated loans.

Solvency capital requirement

Tryg calculates the individual solvency 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 is using an internal model to evaluate insurance risks, while other risks are calculated using the standard model components.

The solvency capital requirement calculated using the partial internal model was DKK 4,821m in Q2 2017 compared to DKK 4,975m in Q1 2017. The fall was driven primarily by a lower market risk following a reduced equity exposure. The solvency capital requirement based on the standard formula was DKK 5,887m in Q2 2017 compared to DKK 6,181m in Q1 2017.

Ultimate forward rate (UFR) change

During the spring, EIOPA (European Insurance and Occupational Pension Authority) announced the revised ultimate forward rate (UFR) that insurance companies must use to discount their liabilities. As mentioned previously, this is an issue primarily for life insurers with very long-term liabilities, while it is not a significant issue for non-life insurers. The expected UFR will move from the current 4.20% level to 3.45% in 2022. There will be a gradual annual change. The aggregated (in 2022) negative impact for Tryg's own funds is approximately DKK 40m, hence very limited.

Solvency financial condition report (SFCR)

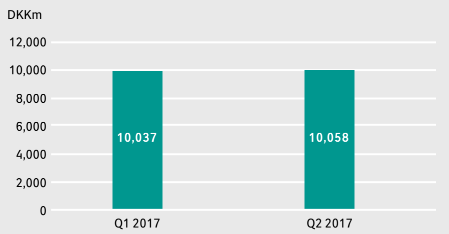
Tryg was among the first European insurers to publish its Solvency Financial Condition Report on 16 May. The SFCR contained only limited additional information, including capital charges by geography, balance sheet according to Solvency II versus IFRS (statutory financial statements) and SCR components as at Q4 2016. There was a lot of industry attention around the publication of the SFCR with a clear focus on capital quality, including the use of transitional measures and the impact of long-term guarantee measures.

Tryg's solvency position does not include any benefit from the measures above as the company is a pure non-life insurer with a relatively short duration of the liabilities (less than four years).

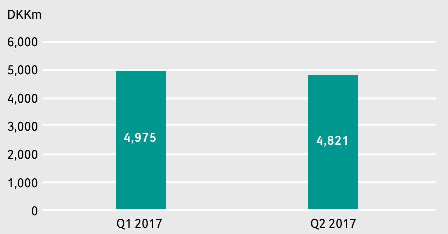
Rating

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.

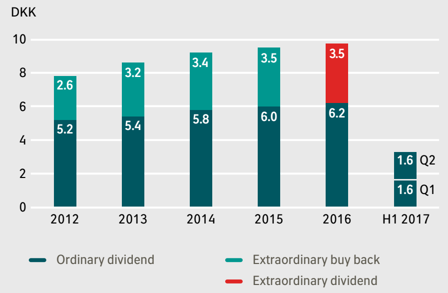
Own funds



Solvency capital requirement



Shareholder remuneration



Outlook

Financial targets 2017

- Return on equity of ≥21% after tax
- Combined ratio ≤87
- Expense ratio ≤14

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

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

In the annual report 2016, Tryg communicated an expected growth in premium income between 0% and 2% for 2017. On 14 February 2017, Tryg announced the acquisition of OBOS Forsikring in Norway, which has a portfolio of approximately NOK 170m (approximately DKK 140m). OBOS Forsikring was included by one month in Tryg's Q2 report. TryghedsGruppen's member bonus scheme (to be paid in September) is also expected to support the long-term development in premium income.

Tryg has a solid reserving position underpinned by positive run-off results since 2005. At the Capital Markets Day in November 2014, Tryg announced that the run-off level in the period between 2015 and 2017 was likely to be higher than in the previous period. Tryg expects this to be the case until the end of 2017, after which we expect a gradual fall in the level of the run-off results towards a long-term level of 2.5-3.0%.

In 2017, weather claims and large claims, net of reinsurance, are expected to be DKK 500m and DKK 550m, respectively, which is unchanged relative to 2016.

At the Capital Markets Day in November 2014, Tryg announced the following 2017 financial targets: a return on equity of 21% or above after tax, a combined ratio at or below 87 and an expense ratio at or below 14. Tryg has therefore launched an efficiency programme aimed at realising savings of DKK 750m, with DKK 500m relating to the procurement of claims services and administration, and DKK 250m relating to expenses. Half of the targeted savings or DKK 375m pertain to 2017.

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

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

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

a) The economic figures for Denmark and Norway are based on Economic Outlook, Nordea Markets
b) The figures for car sales are based statistics from the Danish Car Importers Association
c) The figures for car sales are based on statistics from the Norwegian Information Council for Road Traffic

Contents – Financial statements Q2 and H1 2017

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 2017 for Tryg A/S and Tryg Group.

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 the 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 Authority's 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 2017 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, 11 July 2017

Executive Board

Morten Hübbe
Group CEO

Christian Baltzer
Group CFO

Lars Bonde
Group COO

Supervisory Board

Jørgen Huno Rasmussen
Chairman

Torben Nielsen
Deputy Chairman

Jukka Pertola
Deputy Chairman

Elias Bakk

Tom Eileng

Lone Hansen

Anders Hjulmand

Jesper Hjulmand

Ida Sofie Jensen

Lene Skole

Tina Snejbjerg

Mari Thjømøe

Carl-Viggo Östlund

Financial highlights

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
NOK/DKK, average rate for the period	79.90	79.91	81.52	79.09	80.09
SEK/DKK, average rate for the period	77.08	80.67	77.59	80.52	78.93
Gross premium income	**4,441**	**4,379**	**8,899**	**8,689**	**17,707**
Gross claims	-2,816	-2,823	-5,841	-5,681	-11,619
Total insurance operating costs	-634	-649	-1,277	-1,291	-2,737
Profit/loss on gross business	991	907	1,781	1,717	3,351
Profit/loss on ceded business	-177	-135	-398	-381	-951
Insurance technical interest, net of reinsurance	-4	-2	-5	-4	-10
Technical result	**810**	**770**	**1,378**	**1,332**	**2,390**
Investment return after insurance technical interest	131	181	354	198	987
Other income and costs	-26	-17	-38	-33	-157
Profit/loss before tax	**915**	**934**	**1,694**	**1,497**	**3,220**
Tax	-202	-200	-373	-318	-748
Profit/loss, continuing business	**713**	**734**	**1,321**	**1,179**	**2,472**
Profit/loss on discontinued and divested business after tax	1	0	-2	0	-1
Profit/loss for the period	**714**	**734**	**1,319**	**1,179**	**2,471**
Other comprehensive income					
Other comprehensive income which cannot subsequently be reclassified as profit or loss	-12	16	32	17	20
Other comprehensive income which can subsequently be reclassified as profit or loss	-29	-2	-26	5	12
Other comprehensive income	**-41**	**14**	**6**	**22**	**32**
Comprehensive income	**673**	**748**	**1,325**	**1,201**	**2,503**
Run-off gains/losses, net of reinsurance	220	280	506	649	1,239
Statement of financial position					
Total provisions for insurance contracts	31,792	32,908	31,792	32,908	31,527
Total reinsurers' share of provisions for insurance contracts	1,637	2,732	1,637	2,732	2,034
Total equity	8,363	9,534	8,363	9,534	9,437
Total assets	47,916	51,967	47,916	51,967	49,861
Key ratios					
Gross claims ratio	63.4	64.5	65.6	65.4	65.6
Net reinsurance ratio	4.0	3.1	4.5	4.4	5.4
Claims ratio, net of reinsurance	67.4	67.6	70.1	69.8	71.0
Gross expense ratio [a)]	14.3	15.0	14.3	15.1	15.7
Combined ratio	**81.7**	**82.6**	**84.4**	**84.9**	**86.7**

a) The gross expense ratio is calculated as the ratio of actual gross insurance operating costs to gross premium income. Up till 2017 the gross expense ratio is inclusive adjustment, which is made pursuant to the Danish Financial Supervisory Authority's and the Danish Society of Financial Analysts' definitions of expense ratio and combined ratio. After the sale of the owner-cccupied property end of 2016 market rent is already part of the gross expense ratio.

Other key ratios are calculated in accordance with 'Recommendations & Financial Ratios 2015' issued by the Danish Society of Financial Analysts.

Income statement

DKKm		H1 2017	H1 2016	2016
Notes	**General insurance**			
	Gross premiums written	10,562	10,360	17,842
	Ceded insurance premiums	-708	-655	-1,210
	Change in premium provisions	-1,514	-1,514	151
	Change in reinsurers' share of premium provisions	143	132	13
2	**Premium income, net of reinsurance**	**8,483**	**8,323**	**16,796**
3	**Insurance technical interest, net of reinsurance**	**-5**	**-4**	**-10**
	Claims paid	-6,539	-6,750	-13,947
	Reinsurance cover received	700	667	1,260
	Change in claims provisions	698	1,069	2,328
	Change in the reinsurers' share of claims provisions	-597	-578	-1,164
4	**Claims, net of reinsurance**	**-5,738**	**-5,592**	**-11,523**
	Bonus and premium discounts	**-149**	**-157**	**-286**
	Acquisition costs	-963	-963	-2,029
	Administration expenses	-314	-328	-708
	Acquisition costs and administration expenses	-1,277	-1,291	-2,737
	Reinsurance commissions and profit participation from reinsurers	64	53	150
	Insurance operating costs, net of reinsurance	**-1,213**	**-1,238**	**-2,587**
1	**Technical result**	**1,378**	**1,332**	**2,390**

DKKm		H1 2017	H1 2016	2016
Notes	**Investment activities**			
	Income from associates	7	6	42
	Income from investment property	37	48	105
	Interest income and dividends	315	354	671
5	Value adjustments	202	-46	518
	Interest expenses	-53	-49	-113
	Administration expenses in connection with investment activities	-59	-35	-87
	Total investment return	**449**	**278**	**1,136**
3	Return on insurance provisions	-95	-80	-149
	Total Investment return after insurance technical interest	**354**	**198**	**987**
	Other income	55	53	104
	Other costs	-93	-86	-261
	Profit/loss before tax	**1,694**	**1,497**	**3,220**
	Tax	-373	-318	-748
	Profit/loss on continuing business	**1,321**	**1,179**	**2,472**
	Profit/loss on discontinued and divested business	-2	0	-1
	Profit/loss for the period	**1,319**	**1,179**	**2,471**
	Earnings/diluted earnings per share - continuing business	4.81	4.18	8.84
	Earnings/ diluted earnings per share	4.80	4.18	8.84

Statement of comprehensive income

DKKm	H1 2017	H1 2016	2016
Profit/loss for the period	**1,319**	**1,179**	**2,471**
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Change in equalisation reserve	0	15	15
Sale of owner-occupied property	0	0	215
Revaluation of owner-occupied property and other adjustments	13	2	-115
Tax on sale of owner-occupied property	0	0	-53
Tax on revaluation of owner-occupied property	0	0	29
Actuarial gains/losses on defined-benefit pension plans	25	0	-95
Tax on actuarial gains/losses on defined-benefit pension plans	-6	0	24
	32	17	20
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-96	35	51
Hedging of currency risk in foreign entities	90	-38	-50
Tax on hedging of currency risk in foreign entities	-20	8	11
	-26	5	12
Total other comprehensive income	**6**	**22**	**32**
Comprehensive income	**1,325**	**1,201**	**2,503**

Statement of financial position

DKKm	30.06.2017	30.06.2016	31.12.2016
Notes			
Assets			
Intangible assets	**1,054**	**1,028**	**884**
Operating equipment	55	56	49
Owner-occupied property	0	1,155	0
Total property, plant and equipment	**55**	**1,211**	**49**
Investment property	**1,293**	**1,862**	**2,323**
Equity investments in associates	225	236	218
Total investments in associates	**225**	**236**	**218**
Equity investments	15	101	48
Unit trust units	4,237	3,732	3,950
Bonds	35,075	35,528	35,254
Deposits with credit institutions	59	300	0
Derivative financial instruments	997	1,403	1,000
Total other financial investment assets	**40,383**	**41,064**	**40,252**
Total investment assets	**41,901**	**43,162**	**42,793**
Reinsurers' share of premium provisions	370	305	214
Reinsurers' share of claims provisions	1,267	2,427	1,820
Total reinsurers' share of provisions for insurance contracts	**1,637**	**2,732**	**2,034**
Receivables from policyholders	1,858	1,790	1,108
Total receivables in connection with direct insurance contracts	1,858	1,790	1,108
Receivables from insurance enterprises	403	311	183
Other receivables	267	539	1,646
Total receivables	**2,528**	**2,640**	**2,937**
Current tax assets	0	125	0
Cash at bank and in hand	333	586	475
Total other assets	**333**	**711**	**475**
Interest and rent receivable	148	162	224
Other prepayments and accrued income	260	321	465
Total prepayments and accrued income	**408**	**483**	**689**
Total assets	**47,916**	**51,967**	**49,861**

DKKm	30.06.2017	30.06.2016	31.12.2016
Notes			
Equity and liabilities			
Equity	**8,363**	**9,534**	**9,437**
Subordinated loan capital	**2,464**	**2,539**	**2,567**
Premium provisions	6,974	6,999	5,487
Claims provisions	24,325	25,411	25,452
Provisions for bonuses and premium discounts	493	498	588
Total provisions for insurance contracts	**31,792**	**32,908**	**31,527**
Pensions and similar liabilities	274	241	345
Deferred tax liability	705	597	702
Other provisions	94	108	125
Total provisions	**1,073**	**946**	**1,172**
Debt relating to direct insurance	558	443	555
Debt relating to reinsurance	408	350	426
Amounts owed to credit institutions	356	290	178
Debt relating to unsettled funds transactions and repos	780	2,799	1,732
Derivative financial instruments	617	795	702
Current tax liabilities	390	314	317
Other debt	1,086	1,019	1,203
Total debt	**4,195**	**6,010**	**5,113**
Accruals and deferred income	**29**	**30**	**45**
Total equity and liabilities	**47,916**	**51,967**	**49,861**

6 **Acquisition of activities**

7 **Related parties**

8 **Contingent Liabilities**

9 **Accounting policies**

Statement of changes in equity

DKKm	Share capital	Revaluation reserves	Reserve for exchange rate adjustment	Equalisation reserve	Other reserves [a]	Retained earnings	Proposed dividend	Total
Equity at 31 December 2016	**1,413**	**0**	**3**	**0**	**822**	**5,182**	**2,017**	**9,437**
H1 2017								
Profit/loss for the period					-1	416	904	1,319
Other comprehensive income			-26			32		6
Total comprehensive income	0	0	-26	0	-1	448	904	1,325
Dividend paid							-2,469	-2,469
Dividend, treasury shares						69		69
Purchase and sale of treasury shares						-2		-2
Issue of matching shares						3		3
Total changes in equity in H1 2017	**0**	**0**	**-26**	**0**	**-1**	**518**	**-1,565**	**-1,074**
Equity at 30 June 2017	**1,413**	**0**	**-23**	**0**	**821**	**5,700**	**452**	**8,363**
The possible payment of dividend is influenced by contingency fund provisions of DKK 1,611m (DKK 1,774m as at 31 December 2016). The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.								
Equity at 31 December 2015	**1,448**	**86**	**-9**	**127**	**766**	**6,213**	**1,013**	**9,644**
H1 2016								
Adjustment 1.1.2016 [b]				-127		127		0
Profit/loss for the period					12	414	753	1,179
Other comprehensive income		2	5			15		22
Total comprehensive income	0	2	5	-127	12	556	753	1,201
Dividend paid							-1,013	-1,013
Dividend, treasury shares						25		25
Purchase and sale of treasury shares						-326		-326
Exercise of share options						1		1
Issue of share options and matching shares						2		2
Total changes in equity in H1 2016	**0**	**2**	**5**	**-127**	**12**	**258**	**-260**	**-110**
Equity at 30 June 2016	**1,448**	**88**	**-4**	**0**	**778**	**6,471**	**753**	**9,534**

Statement of changes in equity

DKKm	Share capital	Revaluation reserves	Reserve for exchange rate adjustment	Equalisation reserve	Other reserves [a]	Retained earnings	Proposed dividend	Total
Equity at 31 December 2015	**1,448**	**86**	**-9**	**127**	**766**	**6,213**	**1,013**	**9,644**
2016								
Adjustment 1.1.2016 [b]				-127		127		0
Profit/loss for the year					56	-355	2,770	2,471
Other comprehensive income		-86	12			106		32
Total comprehensive income	0	-86	12	-127	56	-122	2,770	2,503
Nullification of treasury shares	-35					35		0
Dividend paid							-1,766	-1,766
Dividend, treasury shares						52		52
Purchase and sale of treasury shares						-1,000		-1,000
Exercise of share options						1		1
Issue of share options and matching shares						3		3
Total changes in equity in 2016	**-35**	**-86**	**12**	**-127**	**56**	**-1,031**	**1,004**	**-207**
Equity at 31 December 2016	**1,413**	**0**	**3**	**0**	**822**	**5,182**	**2,017**	**9,437**

a) Other reserves contains Norwegian Natural Perils Pool.

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

Cash flow statement

DKKm	H1 2017	H1 2016	2016
Cash from operating activities			
Premiums	9,530	9,479	17,729
Claims	-6,467	-6,662	-13,744
Ceded business	-188	-15	340
Costs	-1,295	-1,290	-2,699
Change in other debt and other amounts receivable	-202	-92	-129
Cash flow from insurance activities	**1,378**	**1,420**	**1,497**
Interest income	358	467	723
Interest expenses	-53	-50	-113
Dividend received	11	19	25
Taxes	-226	-261	-529
Other income and costs	-39	-33	-56
Cash from operating activities, continuing business	**1,429**	**1,562**	**1,547**
Cash from operating activities, discontinued and divested business	-1	0	-1
Total cash flow from operating activities	**1,428**	**1,562**	**1,546**
Investments			
Acquisition and refurbishment of real property	0	-14	-122
Sale of real property	2,307	0	6
Acquisition and sale of equity investments and unit trust units (net)	-252	-43	147
Purchase/sale of bonds (net)	-1,350	-758	413
Deposits with credit institutions	-59	-300	0
Purchase/sale of operating equipment (net)	12	-5	-1
Acquisition of intangible assets	-102	0	-135
Hedging of currency risk	90	-38	-50
Total investments	**646**	**-1,158**	**258**

DKKm	H1 2017	H1 2016	2016
Financing			
Exercise of share options/purchase of treasury shares (net)	-2	-325	-999
Subordinated loan capital	0	800	800
Dividend paid	-2,400	-988	-1,714
Change in amounts owed to credit institutions	178	227	115
Total financing	**-2,224**	**-286**	**-1,798**
Change in cash and cash equivalents, net	**-150**	**118**	**6**
Additions relating to purchase of subsidiary	13	0	0
Exchange rate adjustment of cash and cash equivalents beginning of year	-5	-2	-2
Change in cash and cash equivalents, gross	**-142**	**116**	**4**
Cash and cash equivalents, beginning of year	475	470	471
Cash and cash equivalents, end of period	**333**	**586**	**475**

DKKm	Private	Commercial	Corporate	Sweden	Other [a]	Group
1 Operating segments						
H1 2017						
Gross premium income	**4,384**	**1,914**	**1,912**	**712**	**-23**	**8,899**
Gross claims	-2,972	-1,182	-1,210	-499	22	-5,841
Gross operating expenses	-616	-338	-197	-126		-1,277
Profit/loss on ceded business	-86	-39	-271	-3	1	-398
Insurance technical interest, net of reinsurance	-2	-1	1	-3		-5
Technical result	**708**	**354**	**235**	**81**		**1,378**
Other items						-59
Profit						**1,319**
Run-off gains/losses, net of reinsurance	178	140	142	46		506
Intangible assets	16	112		597	329	1,054
Equity investments in associates					225	225
Reinsurers' share of premium provisions	77	56	236	1		370
Reinsurers' share of claims provisions	61	207	970	29		1,267
Other assets					45,000	45,000
Total assets						**47,916**
Premium provisions	2,547	1,794	1,668	965		6,974
Claims provisions	5,450	6,502	9,497	2,876		24,325
Provisions for bonuses and premium discounts	398	39	49	7		493
Other liabilities					7,761	7,761
Total liabilities						**39,553**

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.

DKKm		Private	Commercial	Corporate	Sweden	Other [a]	Group
1	**Operating segments**						
	H1 2016						
	Gross premium income	**4,285**	**1,944**	**1,841**	**627**	**-8**	**8,689**
	Gross claims	-3,002	-1,173	-1,066	-439	-1	-5,681
	Gross operating expenses	-617	-341	-207	-126		-1,291
	Profit/loss on ceded business	-73	-43	-273	-1	9	-381
	Insurance technical interest, net of reinsurance	-2			-2		-4
	Technical result	**591**	**387**	**295**	**59**		**1,332**
	Other items						-153
	Profit						**1,179**
	Run-off gains/losses, net of reinsurance	143	142	285	79		649
	Intangible assets		31		577	420	1,028
	Equity investments in associates					236	236
	Reinsurers' share of premium provisions	53	52	199	1		305
	Reinsurers' share of claims provisions	71	374	1,951	31		2,427
	Other assets					47,971	47,971
	Total assets						**51,967**
	Premium provisions	2,700	1,755	1,672	872		6,999
	Claims provisions	5,737	6,804	11,209	1,661		25,411
	Provisions for bonuses and premium discounts	399	45	52	2		498
	Other liabilities					9,525	9,525
	Total liabilities						**42,433**

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						
2016						
Gross premium income	**8,710**	**3,893**	**3,775**	**1,348**	**-19**	**17,707**
Gross claims	-5,904	-2,380	-2,295	-964	-76	-11,619
Gross operating expenses	-1,240	-663	-416	-256	-162	-2,737
Profit/loss on ceded business	-158	-154	-643	-3	7	-951
Insurance technical interest, net of reinsurance	-4	-1		-5		-10
Technical result	**1,404**	**695**	**421**	**120**	**-250**	**2,390**
Other items						81
Profit						**2,471**
Run-off gains/losses, net of reinsurance	312	304	506	117		1,239
Intangible assets		29		596	259	884
Equity investments in associates					218	218
Reinsurers' share of premium provisions	16	24	174			214
Reinsurers' share of claims provisions	67	247	1,476	30		1,820
Other assets					46,725	46,725
Total assets						**49,861**
Premium provisions	2,236	1,292	1,092	867		5,487
Claims provisions	5,655	6,637	10,255	2,905		25,452
Provisions for bonuses and premium discounts	461	61	53	13		588
Other liabilities					8,897	8,897
Total liabilities						**40,424**

a) Amounts relating to eliminations and one-off items are included under 'Other'. In 2016 costs and claims were negatively affected by DKK 162m and DKK 88m respectively, mainly due to impairment of software. Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

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

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
1 Geographical segments					
Danish general insurance[a)]					
Gross premium income	**2,372**	**2,337**	**4,754**	**4,671**	**9,467**
Technical result	457	393	806	780	1,587
Run-off gains/losses, net of reinsurance	121	44	225	249	509
Key ratios					
Gross claims ratio	61.9	66.1	65.1	65.2	63.7
Net reinsurance ratio	4.6	2.9	4.1	4.2	6.0
Claims ratio, net of reinsurance	66.5	69.0	69.2	69.4	69.7
Gross expense ratio	14.0	14.0	13.6	13.7	13.4
Combined ratio	**80.5**	**83.0**	**82.8**	**83.1**	**83.1**
Run-off, net of reinsurance (%)	-5.1	-1.9	-4.7	-5.3	-5.4
Number of full-time employees, end of period	1,883	1,819	1,883	1,819	1,839
Norwegian general insurance					
Gross premium income	**1,542**	**1,569**	**3,148**	**3,119**	**6,371**
Technical result	291	356	443	507	1,013
Run-off gains/losses, net of reinsurance	62	192	192	326	678
Key ratios					
Gross claims ratio	62.6	58.8	65.8	63.4	63.9
Net reinsurance ratio	4.3	3.8	5.4	5.2	5.1
Claims ratio, net of reinsurance	66.9	62.6	71.2	68.6	69.0
Gross expense ratio	14.5	14.9	15.0	15.4	15.2
Combined ratio	81.4	77.5	**86.2**	**84.0**	**84.2**
Run-off, net of reinsurance (%)	-4.0	-12.2	-6.1	-10.5	-10.6
Number of full-time employees, end of period	1,049	1,098	1,049	1,098	1,040

a) Comprises Danish general insurance and Finnish guarantee insurance.

Notes

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016	2016
1 Geographical segments					
Swedish general insurance					
Gross premium income	**538**	**478**	**1,020**	**907**	**1,888**
Technical result	62	21	129	45	40
Run-off gains/losses, net of reinsurance	37	44	89	74	52
Key ratios					
Gross claims ratio	70.8	74.1	68.3	72.3	76.4
Net reinsurance ratio	2.8	2.9	3.2	3.5	3.3
Claims ratio, net of reinsurance	73.6	77.0	71.5	75.8	79.7
Gross expense ratio	14.5	18.2	15.4	18.9	17.8
Combined ratio	**88.1**	**95.2**	**86.9**	**94.7**	**97.5**
Run-off, net of reinsurance (%)	-6.9	-9.2	-8.7	-8.2	-2.8
Number of full-time employees, end of period	388	382	388	382	385
Other [a]					
Gross premium income	**-11**	**-5**	**-23**	**-8**	**-19**
Technical result	0	0	0	0	-250
Tryg					
Gross premium income	**4,441**	**4,379**	**8,899**	**8,689**	**17,707**
Technical result	810	770	1,378	1,332	2,390
Investment return activities	131	181	354	198	987
Other income and costs	-26	-17	-38	-33	-157
Profit/loss before tax	915	934	1,694	1,497	3,220
Run-off gains/losses, net of reinsurance	220	280	506	649	1,239
Key ratios					
Gross claims ratio	63.4	64.5	65.6	65.4	65.6
Net reinsurance ratio	4.0	3.1	4.5	4.4	5.4
Claims ratio, net of reinsurance	67.4	67.6	70.1	69.8	71.0
Gross expense ratio [b]	14.3	15.0	14.3	15.1	15.7
Combined ratio	**81.7**	**82.6**	**84.4**	**84.9**	**86.7**
Run-off, net of reinsurance (%)	-5.0	-6.4	-5.7	-7.5	-7.0
Number of full-time employees, end of period	3,320	3,299	3,320	3,299	3,264

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

In 2016 costs and claims were negatively affected by DKK 162m and DKK 88m respectively, mainly due to impairment of software.

b) The gross expense ratio is calculated as the ratio of actual gross insurance operating costs to gross premium income. Up till 2017 the gross expense ratio is inclusive adjustment, which is made pursuant to the Danish Financial Supervisory Authority's and the Danish Society of Financial Analysts' definitions of expense ratio and combined ratio. After the sale of the owner-cccupied property end of 2016 market rent is already part of the gross expense.

Notes

DKKm	H1 2017	H1 2016	2016
2 Premium income, net of reinsurance			
Direct insurance	9,026	8,820	17,949
Indirect insurance	21	24	43
	9,047	8,844	17,992
Unexpired risk provision	1	2	1
	9,048	8,846	17,993
Ceded direct insurance	-556	-513	-1,178
Ceded indirect insurance	-9	-10	-19
	8,483	**8,323**	**16,796**
3 Insurance technical interest, net of reinsurance			
Return on insurance provisions	95	80	149
Discounting transferred from claims provisions	-100	-84	-159
	-5	**-4**	**-10**
4 Claims, net of reinsurance			
Claims	-6,299	-6,286	-13,048
Run-off gains/losses, gross	458	605	1,429
	-5,841	-5,681	-11,619
Reinsurance cover received	55	45	286
Run-off gains/losses, reinsurers' share	48	44	-190
	-5,738	**-5,592**	**-11,523**

DKKm	H1 2017	H1 2016	2016
5 Value adjustments			
Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:			
Equity investments	-43	24	78
Unit trust units	266	53	190
Share derivatives	2	-32	-19
Bonds	-16	68	-83
Interest derivatives	-78	368	81
Other loans	0	4	0
	131	485	247
Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:			
Investment property	-4	0	431
Owner-occupied property	0	0	93
Discounting	115	-498	-188
Other statement of financial position items	-40	-33	-65
	71	-531	271
	202	**-46**	**518**

DKKm	H1 2017	H1 2016	2016

6 Acquisition of activities

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

The acquisition affects the financial statement from 1 June 2017:

Net assets acquired			
Assets			
Intangible assets	51		
Financial assets	121		
Total reinsurance of provisions	49		
Receivables, other assets and accrued income	113		
Liabilities			
Provisions for insurance contracts	143		
Debt, accruals and deferred income	74		
Net assets acquired	**117**		
hereof cash	13		
Puchase price	168		
Purchase price in cash	155		
Goodwill	**51**		

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

7 Related parties

In H1 2017 Tryg Forsikring A/S paid Tryg A/S DKK 2,700m and Tryg A/S paid TryghedsGruppen smba DKK 1,440m in dividends (H1 2016 Tryg Forsikring A/S paid Tryg A/S DKK 1,450m and Tryg A/S paid TryghedsGruppen smba DKK 593m in dividends).

There have been no other material transactions with related parties.

8 Contingent Liabilities

In May 2016, Tryg received notice of an action from Finansforbundet in Norway (the Finance Sector Union of Norway) on behalf of a group of pensioners. The action concerned the adjustment in the pension schemes of Norwegian employees made in 2014.

Tryg has now received the actual lawsuit. According to Tryg's preliminary calculations, the claim will not exceed a maximum of approximately DKK 0.3bn after tax for the persons affected by the adjustment.

Tryg and its legal advisor do not agree that the adjustment was wrongful and consider the claim uncertain. Consequently, Tryg expects an action to be resolved in court and does not expect a ruling to be made for the next 2 years.

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

9 Accounting policies

Tryg's interim report for H1 2017 report 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 interim report of the parent company has been prepared in accordance with the executive order issued by the Danish FSA on the presentation of financial reports by insurance companies and profession-specific pension funds.

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

Changes in accounting policies

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

Quarterly outline

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

DKKm	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Private									
Gross premium income	**2,178**	**2,206**	**2,235**	**2,190**	**2,148**	**2,137**	**2,172**	**2,211**	**2,226**
Technical result	440	268	366	447	393	198	285	398	434
Key ratios									
Gross claims ratio	63.8	71.8	67.9	63.2	65.9	74.2	71.3	65.1	63.3
Net reinsurance ratio	2.0	1.9	1.8	2.1	1.2	2.2	2.3	2.3	2.1
Claims ratio, net of reinsurance	65.8	73.7	69.7	65.3	67.1	76.4	73.6	67.4	65.4
Gross expense ratio	13.9	14.2	13.9	14.3	14.5	14.3	13.4	14.7	15.3
Combined ratio	**79.7**	**87.9**	**83.6**	**79.6**	**81.6**	**90.7**	**87.0**	**82.1**	**80.7**
Combined ratio exclusive of run-off	83.3	92.4	86.3	84.5	84.9	94.1	89.3	86.5	83.7
Commercial									
Gross premium income	**949**	**965**	**972**	**977**	**977**	**967**	**970**	**1,022**	**997**
Technical result	171	183	166	142	172	215	147	136	220
Key ratios									
Gross claims ratio	62.9	60.6	58.3	65.5	64.1	56.6	62.3	77.1	55.7
Net reinsurance ratio	1.4	2.7	8.0	3.4	0.7	3.7	5.5	-6.8	5.2
Claims ratio, net of reinsurance	64.3	63.3	66.3	68.9	64.8	60.3	67.8	70.3	60.9
Gross expense ratio	17.6	17.7	16.5	16.6	17.6	17.5	17.2	16.6	17.2
Combined ratio	**81.9**	**81.0**	**82.8**	**85.5**	**82.4**	**77.8**	**85.0**	**86.9**	**78.1**
Combined ratio exclusive of run-off	88.0	89.5	92.2	92.8	84.7	90.2	91.3	98.6	84.5
Corporate									
Gross premium income	**942**	**970**	**966**	**968**	**921**	**920**	**949**	**984**	**993**
Technical result	156	79	9	117	156	139	5	195	99
Key ratios									
Gross claims ratio	59.2	67.2	84.3	42.9	60.6	55.2	69.2	99.9	170.5
Net reinsurance ratio	13.9	14.4	4.2	34.0	11.6	18.0	20.5	-30.1	-91.2
Claims ratio, net of reinsurance	73.1	81.6	88.5	76.9	72.2	73.2	89.7	69.8	79.3
Gross expense ratio	10.5	10.1	10.6	11.1	10.9	11.6	9.7	10.6	11.0
Combined ratio	**83.6**	**91.7**	**99.1**	**88.0**	**83.1**	**84.8**	**99.4**	**80.4**	**90.3**
Combined ratio exclusive of run-off	91.5	98.7	111.6	98.3	98.0	100.9	106.2	98.1	94.5

Quarterly outline

DKKm	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Sweden									
Gross premium income	**383**	**329**	**337**	**384**	**338**	**289**	**313**	**373**	**342**
Technical result	43	38	23	38	49	10	85	38	72
Key ratios									
Gross claims ratio	70.5	69.6	72.7	72.9	65.7	75.1	51.8	73.2	61.1
Net reinsurance ratio	0.8	0.0	0.0	0.5	0.3	0.0	0.3	0.5	0.0
Claims ratio, net of reinsurance	71.3	69.6	72.7	73.4	66.0	75.1	52.1	73.7	61.1
Gross expense ratio	17.0	18.5	20.2	16.1	19.2	21.1	21.1	15.8	17.8
Combined ratio	**88.3**	**88.1**	**92.9**	**89.5**	**85.2**	**96.2**	**73.2**	**89.5**	**78.9**
Combined ratio exclusive of run-off	90.6	99.3	101.2	92.1	100.3	105.9	94.3	92.4	93.2
Other [a]									
Gross premium income	**-11**	**-12**	**-6**	**-5**	**-5**	**-3**	**-11**	**-7**	**-8**
Technical result	0	0	-250	0	0	0	0	-120	0
Tryg									
Gross premium income	**4,441**	**4,458**	**4,504**	**4,514**	**4,379**	**4,310**	**4,393**	**4,583**	**4,550**
Technical result	810	568	314	744	770	562	522	647	825
Investment return	131	223	598	191	181	17	242	-441	-84
Profit/loss before tax	915	779	800	923	934	563	745	186	714
Profit/loss	714	605	560	732	734	445	754	110	580
Key ratios									
Gross claims ratio	63.4	67.9	72.0	59.7	64.5	66.3	68.0	76.6	84.8
Net reinsurance ratio	4.0	5.0	3.1	9.5	3.1	5.7	6.2	-6.8	-17.8
Claims ratio, net of reinsurance	67.4	72.9	75.1	69.2	67.6	72.0	74.2	69.8	67.0
Gross expense ratio	14.3	14.4	18.0	14.5	15.0	15.1	14.2	16.3	15.2
Combined ratio	**81.7**	**87.3**	**93.1**	**83.7**	**82.6**	**87.1**	**88.4**	**86.1**	**82.2**
Combined ratio exclusive of run-off	86.7	93.7	99.8	90.1	89.0	95.7	93.9	94.9	87.1

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

Income statement for Tryg A/S (parent company)

Notes	DKKm	H1 2017	H1 2016	2016
Notes	**Investment activities**			
	Income from subsidiaries	1,347	1,211	2,525
	Investment management charges	-4	-4	-6
	Total return on investment activities	**1,343**	**1,207**	**2,519**
	Other expenses	-32	-36	-63
	Profit before tax	**1,311**	**1,171**	**2,456**
	Tax	8	8	15
	Profit on continuing business	**1,319**	**1,179**	**2,471**
	Profit for the period	**1,319**	**1,179**	**2,471**

DKKm	H1 2017	H1 2016	2016
Statement of comprehensive income			
Profit/loss for the period	**1,319**	**1,179**	**2,471**
Sale of owner-occupied property	0	0	215
Revaluation of owner-occupied property and other adjustments	13	2	-115
Tax on sale of owner-occupied property	0	0	-53
Tax on revaluation of owner-occupied property	0	0	29
Actuarial gains/losses on defined-benefit pension plans	25	0	-95
Tax on actuarial gains/losses on defined-benefit pension plans	-6	0	24
	32	2	5
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-96	35	51
Hedging of currency risk in foreign entities	90	-38	-50
Tax on hedging of currency risk in foreign entities	-20	8	11
	-26	5	12
Total other comprehensive income	**6**	**7**	**17**
Comprehensive income	**1,325**	**1,186**	**2,488**

Statement of financial position (parent company)

Notes	DKKm	30.06.2017	30.06.2016	31.12.2016
	Assets			
	Investments in subsidiaries	8,780	9,903	10,127
	Total investments in subsidiaries	**8,780**	**9,903**	**10,127**
	Total investment assets	**8,780**	**9,903**	**10,127**
	Other receivables	1	1	1
	Total receivables	1	1	1
	Current tax assets	23	26	15
	Total other assets	**23**	**26**	**15**
	Total assets	**8,804**	**9,930**	**10,143**
	Liabilities			
	Share capital	1,413	1,448	1,413
	Revaluation reserves	1,793	2,916	3,140
	Total reserves	1,793	2,916	3,140
	Proposed dividends	904	753	2,017
	Retained earnings	4,253	4,417	2,867
	Shareholders' equity	**8,363**	**9,534**	**9,437**
	Debt to subsidiaries	435	388	701
	Other debt	6	8	5
	Total debt	**441**	**396**	**706**
	Total liabilities and equity	**8,804**	**9,930**	**10,143**

DKKm

1 **Related parties**
Please refer to note 7 in Tryg Group

2 **Contingent Liabilities**
Please refer to note 8 in Tryg Group

3 **Accounting policies**
Please refer to note 9 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 2017 and 2016.

Disclaimer

Certain statements in this 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 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 underlying 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. Read more in the chapter Capital and risk management in the annual report on page 25-26, and in Note 1 on page 50, for a description of some of the factors which may affect the Group's performance or the insurance industry.