Interim report Q2 and H1 2011

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Teleconference

Tryg hosts a teleconference Wednesday 17 August 2011 at 20:00 CET. Financial analysts may participate on telephone +44 207 509 5139 or +45 32 71 47 67 for Q&A. The teleconference will also be broadcasted on tryg.com. A webcast with CEO Morten Hübbe is available on tryg.com.

The teleconference will be held in English and is subsequently available on tryg.com.

This report is unaudited. Unless otherwise stated, all comparisons are relative to the second quarter of 2010.

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This is a translation of the Danish second quarter and half-year report 2011. In case of any discrepancy between the Danish and the English version of the second quarter and half-year report 2011, the Danish version shall apply.

Highlights

With a profit after tax of DKK 362 million and a combined ratio of 91.5, Tryg reported a solid second quater result. Thereby, Tryg took another step towards achieving the medium-term target of a return on equity of 20%, corresponding to a combined ratio of 90.

Second quarter of 2011

- Profit before tax of DKK 487 million against DKK 173 million in the second quarter of 2010. Technical result before tax of DKK 496 million against DKK 394 million in the second quarter of 2010.
- Premium growth of 3.5% in local currency affected by premium increases and organic growth in Sweden and Finland. Total gross earned premiums were DKK 5,145 million.
- Combined ratio of 91.5 against 92.5 in the second quarter of 2010, affected by premium increases, claims initiatives and higher costs for weather damage claims.
- Gross investment return of DKK 456 million, corresponding to a yield of 1.2% (4.8% p.a.).
- New organisation implemented in May 2011 with a view to strengthening the focus on profitability.

First half of 2011

- Profit before tax of DKK 848 million against DKK 60 million in the first half of 2010. Technical result of DKK 772 million against DKK 40 million in the same period of 2010.
- Premium growth of 4.3% in local currency affected by premium increases and organic growth in Sweden and Finland. Total gross earned premiums were DKK 10,183 million.
- Combined ratio of 93.7 against 100.4 in the first half of 2010. The improvement was primarily due to the extraordinarily hard winter in the first quarter of 2010, premium increases and the emerging effect of a number of claims costs and cost reduction initiatives.
- Gross investment return of DKK 616 million, corresponding to a yield of 1.5 % (3.0% p.a.).
- Return on equity of 14.7% after tax in the first half of 2011.

Financial highlights

DKKm	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2010 H1	2011 H1	FY 2010
Gross premiums earned	**4,890**	**4,886**	**5,049**	**5,038**	**5,145**	**9,540**	**10,183**	**19,475**
Gross claims incurred	-3,573	-4,009	-3,900	-3,816	-3,749	-7,708	-7,565	-15,617
Total insurance operating expenses	-848	-796	-871	-829	-870	-1,637	-1,699	-3,304
Profit/loss on gross business	469	81	278	393	526	195	919	554
Profit/loss on ceded business	-102	-41	-56	-180	-83	-216	-263	-313
Technical interest, net of reinsurance	27	34	39	63	53	61	116	134
Technical result	**394**	**74**	**261**	**276**	**496**	**40**	**772**	**375**
Return on investments after technical interest	-208	308	266	105	3	-4	108	570
Other income and expenses	-13	-13	-15	-20	-12	24	-32	-4
Profit/loss before tax	**173**	**369**	**512**	**361**	**487**	**60**	**848**	**941**
Tax	-44	-105	-144	-90	-125	-16	-215	-265
Profit/loss on continuing business	**129**	**264**	**368**	**271**	**362**	**44**	**633**	**676**
Profit/loss on discontinued and divested business after tax	-1	-66	1	0	0	-18	0	-83
Profit/loss for the period	**128**	**198**	**369**	**271**	**362**	**26**	**633**	**593**
Run-off gains/losses, net of reinsurance	169	211	286	182	133	327	315	824
Balance sheet								
Total provisions for insurance contracts	32,810	33,220	32,031	34,309	34,160	32,810	34,160	32,031
Total reinsurers' share of provisions for insurance contracts	1,587	1,586	1,588	1,830	1,713	1,587	1,713	1,588
Total shareholders' equity	8,444	8,411	8,458	8,716	8,801	8,444	8,801	8,458
Total assets	48,530	48,889	50,591	52,648	50,741	48,530	50,741	50,591
Key ratios								
Gross claims ratio	73.1	82.1	77.2	75.7	72.9	80.8	74.3	80.2
Business ceded as % of gross premiums	2.1	0.8	1.1	3.6	1.6	2.3	2.6	1.6
Claims ratio, net of ceded business	75.2	82.9	78.3	79.3	74.5	83.1	76.9	81.8
Gross expense ratio	17.3	16.3	17.2	16.6	17.0	17.3	16.8	17.0
Combined ratio	**92.5**	**99.2**	**95.5**	**95.9**	**91.5**	**100.4**	**93.7**	**98.8**
Operating ratio						99.6	92.5	98.1
Return on equity after tax (%)						0.6	14.7	6.6
Relative run-off gains/losses						3.1	2.7	3.9
Number of full-time employees, end of period						4,281	4,308	4,291
Solvency						161	127	125
Share performance								
Earnings on continuing business per share of DKK 25						0.7	10.5	10.8
Net asset value per share (DKK)						135.0	145.8	139.5
Number of shares, end of period (1,000)						62,544	60,373	60,634

Tryg's results

The result before tax for the second quarter of 2011 was DKK 487 million, against DKK 173 million in the second quarter of 2010. The period's result after tax was DKK 362 million, compared to DKK 128 million for the same period in 2010.

The technical result was DKK 496 million, and the combined ratio was 91.5. This is to be compaired to DKK 394 million and DKK 92.5, respectively, in the same period of 2010, which was the best quarter in 2010. The improvement mainly derives from the effect of the initiatives for improving profitability which have been launched since 2010, but also from the slightly increased cost of weather damage claims.

In the second quarter of 2011, premiums earned accounted for DKK 5,145 million, representing a growth of 5.2% measured in DKK, and 3.5% measured in local currency. Growth was highest in Private Nordic with 6.2%, while Commercial Nordic and Corporate Nordic saw a growth of 0.6% and 0.8% respectively, measured in local currency. Growth was as expected and is mainly due to the implemented premium increases, but was also influenced by growth in business volumes in Sweden and Finland.

The claims ratio improved from 75.2 in the second quarter of 2010 to 74.5. The claims ratio was affected by higher costs for weather damage claims and a slightly lower level of large claims. The cost of weather damage claims, primarily due to floods in Norway in June 2011, totalled DKK 42 million in the second quarter of 2011, against DKK 3 million for the same period in 2010. Additionally, the effect of discounting is slightly higher than in the second quarter of 2010, equivalent to about 0.5 percentage points.

The positive trend in the cost level continued in the second quarter of 2011 as the expense ratio fell from 17.3 in the second quarter of 2010 to 17.0. The expense ratio was extraordinarily affected by severance costs associated with the organisational change.

Initiatives are affecting the development – but continued focus on claims inflation

In 2009-2011, Tryg launched a number of initiatives to improve profitability. The initiatives are progressing as planned, but an increase in claims levels is still evident in some areas.

As part of the regular monitoring of the portfolio, in the second quarter of 2011 it was decided that Tryg would implement minor premium adjustments in selected areas. The adjustments will have a total impact of approximately DKK 400 million in 2012. The overall impact from this and from previously implemented initiatives is expected to be around DKK 1 billion in 2012. In addition, there will be a number of further initiatives in areas such as claims handling. In the second quarter of 2011, the impact of the already launched initiatives continued to improve underlying profitability. The initiatives cover premium increases and initiatives in claims handling in order to reduce claims costs.

As a result of the premium increases, the average premium for house insurance in Denmark rose by 9%, while in Norway it rose by 8%. For commercial customers, the average premium on building insurance in Denmark rose by 10% and by 9% in Norway. This shows that premium increases are reflected in the portfolio, as customers renew their policies during the year. In the second quarter of 2011, the isolated effect of premium increases on the claims ratio was about 5 percentage points, while the total effect in 2011 will amount to approximately DKK 1 billion.

The premium increases were implemented after a period in which the rate of increase in claims expenses in a number of lines was well above general price trends. For a number of claims types this trend continues, and there are still areas where the level of premiums and level of claims expenses are not acceptably proportioned to each other. For example, Denmark continues to experience an increase in costs for house claims, when compared to 2010, and the cost of travel insurance claims increased by over 20% during the same period. Overall, claims inflation in the second quarter of 2011 impacted the claims ratio by about 3 percentage points, compared to the second quarter of 2010.

Since a large part of Tryg's claims expenses cover salaries for builders, auto mechanics etc., the claims ratio is also influenced by wage trends. In Norway, a number of collective agreements were concluded which led to wage increases between 4 and 4.5% in the second quarter of 2011. It is expected that this will continue to affect the claims development in Norway, and, as part of the continuous monitoring of profitability, further premium adjustments will be needed.

Claims initiatives cover a wide range of measures that each improves an area within claims handling. This includes improved utilisation of Tryg's purchasing power in the purchase of repairs and replacements, as well as process improvements in claims handling. The fact that Tryg already has an efficient procurement organisation can be seen in Tryg's costs for car repairs in the Danish market being about 6% below the market average. However, there is undoubtedly still a potential for further efficiency gains in the purchasing area. To exploit this potential, the Next Level Sourcing project was launched in the second quarter of 2011. This aims at optimising Tryg's Nordic purchasing power. In addition, there has been increased focus on a series of process improvements which have led to an organisational change in a number of functions. This has resulted in a higher degree of specialisation in claims handling, so that certain types of claims are handled by fewer, but more specialised employees.

In the second quarter of 2011, Tryg strengthened selected areas and increased the number of specialists in areas such as claims handling and profitability analysis. At the same time, the number of employees in Sweden and Finland grew due to the continued growth in business volume. The total number of employees, at the end of the second quarter of 2011, was 4,308, against 4,268 at the end of the first quarter of 2011.

In the second quarter of 2011, the expense ratio was 17.0; an improvement of 0.3 percentage points compared to the same period of 2010. In the second quarter of 2011, the expense ratio was influenced by a number of one-off costs, such as severance payments. Overall, these costs impacted the expense ratio by approximately 0.3 percentage points.

Tryg continued its tight cost control, which includes restraint restrictions on new employments and initiatives focusing on efficiency. Thus, besides the purchasing of claims handling, the Next Level Sourcing project will also include optimisation of Tryg's own procurements. It is expected that this will contribute positively to the expense ratio in future.

Investment return

Tryg's total investment portfolio of DKK 41.6 billion in the second quarter of 2011 yielded a gross return of DKK 456 million, equivalent to a return of 1.2% (4.8% p.a.) on average invested capital during the period. The majority of the investment portfolio consists of the match portfolio, which matches the technical provisions. The return on the total match portfolio was DKK 340 million in the second quarter of 2011, and the return on the remaining free portfolio was DKK 116 million, equivalent to 1.0% (4% p.a.).

Excluding other financial expenses and the transfer of the match portfolio's return to the insurance business, the net investment result was DKK 3 million in the second quarter of 2011.

Result for the first half of 2011

In the first half of 2011, the result was DKK 848 million before tax, compared to DKK 60 million for the same period in 2010, and the combined ratio was 93.7 against 100.4 in 2010. The improvement is mainly a result of the implemented initiatives and the high cost of winter damage claims in the first quarter of 2010. Premium growth was 4.3% measured in local currency partly covering the impact of the implemented premium increases and partly the continued growth in Sweden and Finland.

Equity

As of 30 June 2011, Tryg's shareholders' equity was DKK 8,801 million, and attributed subordinated loan capital of DKK 1,593 million. Tryg's total capital base amounted to DKK 10,394 million. Among other things, the capital base is compared to Tryg's target of a capital level equivalent to a rating of 'A-' by Standard & Poor's. Benchmarked to this level, Tryg had a buffer of 13% as at 30 June 2011.

Organisational change

In the second quarter of 2011, Tryg again took a number of steps on the path to achieving the medium-term target of an after tax return on equity of 20%. In May, Tryg announced a new, streamlined organisation that will ensure increased focus on profitability. The change involves both a clearer division of responsibilities between Tryg's business areas: Private, Commercial and Corporate, and focus on the growth areas, Sweden and Finland. Among other things, the development of new products, processes and customer segmentation is now located in each area.

Events after 30 June 2011

Cloudburst in the Copenhagen area

That weather damage claims is a growing challenge was underlined a few days after the end of the quarter, when, on Saturday 2 July 2011, the Copenhagen area was hit by a heavy cloudburst, which left large numbers of inner-city basements and commercial premises under water. Within only a few days, Tryg received thousands of claims reports, which obviously led to great pressure on Tryg's claims organisation. Despite the difficult conditions Tryg succeeded in serving many customers, including supplying dehumidification equipment to the many damaged buildings. In earlier cloudbursts private houses were primarily hit, but as central Copenhagen has many shops with inventory in the basements, this time especially commercial insurance was hit. The costs of these types of claims are on average slightly higher than the costs of private damage claims.

In mid-August 2011, 18,500 claims were reported, and it is estimated that Tryg's total claims expenses, before reinsurance, will amount to roughly DKK 1.0 billion. However, the total number of claims and claims expenses before reinsurance may increase as Tryg continues to receive claims reports. Tryg modtager imidlertid fortsat skadeanmeldelser, hvorfor både det endelige skadeantal og skadeudgiften før genforsikring kan blive højere. The claims are covered by Tryg's reinsurance, which limits Tryg's claims expenses to DKK 100 million. In addition to this, costs for the reinstatement of reinsurance for the rest of 2011 will amount to approximately DKK 90 million. The costs of the cloudburst will be included in Tryg's results for the third quarter of 2011.

Rating confirmed

In the second quarter of 2011, Tryg went through the annual rating process with Standard & Poor's. Subsequently, Standard & Poor's confirmed Tryg's 'A-' rating, based on Tryg's strong risk management and position in the Nordic insurance market.

Turmoil in financial markets

The summer of 2011 has been marked by uncertainty in financial markets. Bond markets have been particularly affected by the debt crisis in southern Europe; this has resulted, among other things, in the downgrading of several countries' government bonds. The Danish mortgage system has also been in the spotlight and has been subjected to downgrades. Tryg has not been exposed to the government bonds that have been in the spotlight, and there has been no material impact on earnings due to this uncertainty. As the Danish mortgage bonds are applied when determining the discount curve, Tryg's match portfolio contains a large portfolio of Danish mortgage bonds, especially those with maturities of less than two years.

The equity markets have also been marked by uncertainty and, especially after Standard & Poor's downgrading of the USA's creditworthiness in August, global equity markets have been losing value. Over the years, Tryg has further reduced its limited equity stake and, as at 30 June 2011, has a shareholding of DKK 1,769 million. Tryg's equity investments follow the global MSCI index, which, until 9 August 2011, had fallen by 12% since 30 June 2011, corresponding to a loss for Tryg in this period of approximately DKK 200 million.

Private Nordic

Private Nordic sells insurances to private individuals in Denmark, Norway, Sweden and Finland. Sales are achieved through call centres, the Internet, internal sales agents, franchisees (Norway), business partners, car dealers, real estate agents and Nordea's branches. The business area represents approximately 54% of the Group's total premium income.

Growth in premium income as a result of implemented initiatives

Private Nordics's result in the second quarter of 2011 was primarily affected by the implemented profitability initiatives, but also by the higher costs of weather damage claims. Premiums earned were DKK 2,774 million, representing a growth of 8.3% in DKK and 6.2% measured in local currency. The combined ratio was 91.4, against 91.2 in the same period of 2010.

The growth is primarily due to the implemented premium initiatives. In Denmark, growth was 6.3%, and 4.4% in the Norwegian private business. Sweden and Finland had a combined growth of 8.4%.

The implementation of premium increases in Private Nordic is progressing as expected. By the end of the second quarter of 2011, approximately 90% of Danish private customers, who experienced changes to their house or contents insurance, had been contacted and informed of the new premiums. Tryg's results to date have been impacted by approximately 60% of the premium increases. The rest will be included in the results for the remainder of 2011 and for 2012. As a result of the previously implemented premium changes, the average premium for Danish private customers rose, from the second quarter of 2010 to the second quarter of 2011, by 7%, while Norwegian private customers' premiums increased by 3%.

In Denmark, where increases have been the highest, there was, as expected, a decrease in the retention rate in the period from the second quarter of 2010 to the beginning of 2011. The retention rate increased during the second quarter of 2011 and was 90.1%, in line with the second quarter of 2010. The retention rate especially fell for customers with fewer products, and during the period a shift has taken place so that customers with multiple products now represent a larger share of the overall customer portfolio.

Good underlying claims level – expense ratio affected by one-off costs

The claims ratio in the second quarter of 2011 was 75.4, against 75.7 in the same period of 2010. The effect of the

Profit/loss Private Nordic

DKKm	Q2 2010	Q2 2011	H1 2010	H1 2011	FY 2010
Gross earned premiums	**2,562**	**2,774**	**4,953**	**5,472**	**10,181**
Gross claims incurred	-1,897	-2,056	-4,101	-4,140	-8,223
Gross expenses	-397	-443	-787	-880	-1,627
Profit/loss on gross business	268	275	65	452	331
Profit/loss on ceded business	-43	-35	-26	-80	38
Technical interest, net of reinsurance	15	33	34	67	77
Technical result	**240**	**273**	**73**	**439**	**446**
Run-off gains/losses, net of reinsurance	18	5	69	39	399
Key ratios					
Gross claims ratio	74.0	74.1	82.8	75.7	80.8
Business ceded as percentage of gross premiums	1.7	1.3	0.5	1.5	-0.4
Claims ratio, net of ceded business	75.7	75.4	83.3	77.2	80.4
Gross expense ratio	15.5	16.0	15.9	16.1	16.0
Combined ratio	**91.2**	**91.4**	**99.2**	**93.3**	**96.4**

premium increases in Private Nordic represented, in the second quarter of 2011, approximately 5%, but this is countered by a claims inflation of approximately 3%. The quarter saw further high costs for weather damage claims, mainly due to floods in Norway in June, and an adjustment of claims costs from the first quarter of 2011 as a result of continued claims inflation.

In Denmark, focus is still on the development in house insurances. In the period from early 2010 to 2011, the average claim for building damage, for example, grew by more than 5%, which is significantly above the general level of prices in society. Especially the cost of fire damage claims and damage claims to hidden pipes have increased. The latter because of the many residential properties built in the 1960s and 70s. Another area where claims costs are growing is travel insurance, which, over the last few years, has seen an increase in claims expenses of more than 20%. As part of the regular monitoring of profitability, claims inflation is followed closely in all industries, and it is regularly assessed whether measures need to be taken.

In Norway, wage development is still driving claims inflation. As mentioned, during the second quarter of 2011, several collective agreements were concluded in the Norwegian labour market, which led to wage increases in excess of 4%. Such wage increases will have a spill-over effect on the cost of repairing cars, yachts and houses and thus affect future claims expenses. For example, the average cost of piping repairs, in the period from early 2010 to early 2011, rose by more than 10%. Tryg wishes to counter this trend with a strong focus on procurement and the optimisation of claims handling.

Premium initiatives to improve profitability have been carried out in Sweden and Finland. Sweden has also introduced further restrictions on the use of discounts, which has resulted in an increase in premiums on new insurance policies of approximately 5%, while the average premium on the total private portfolio has increased by about 4%. In Finland, in cooperation with Nordea, work is ongoing to develop new concepts in order to maintain and expand Tryg's position in the Finnish private market.

In the second quarter of 2011, the claims ratio was 16.0, compared to 15.5 in the same period in 2010. The expense ratio was affected by the mentioned one-off costs related to the reorganisation. The expense ratio was also affected by general cost fluctuations, including commissions, between quarters. It is expected that in future, Private Nordic, both in terms of claims and operating expenses, will be positively impacted by the efforts to optimise Tryg's procurement.

Result for the first half of 2011

Private Nordic's combined ratio was 93.3 in the first half of 2011, against 99.2 in 2010. Premium growth was 10.5% in DKK and 7.6% measured in local currency. The improvement is primarily a result of implemented initiatives and the high cost of winter damage claims in the first quarter of 2010.

Overall, the development in Private Nordic is satisfactory. Trends in claims inflation are followed closely, but it is expected that the actions agreed upon, with effect in 2012, will be sufficient to counteract these trends.

Commercial Nordic

Commercial Nordic sells insurances to small and medium-sized enterprises, mainly in Denmark and Norway. In Sweden, most of the commercial business is written through brokers and is a part of Corporate Nordic. The commercial business in Finland is still in a start-up phase. The business area represents approximately 21% of the Group's total premium income.

Continued focus on profitability and efficiency

Similar to Private Nordic, the trend for Commercial Nordic was influenced by the implemented initiatives, which resulted in higher average premiums and a clear improvement in profitability, and also slightly lower customer retention. The combined ratio in the second quarter of 2011 was 96.5, against 105.2 in the same period of 2010. Besides the profitability initiatives, the combined ratio is also positively impacted by fewer large claims and adversely affected by a negative run-off result of DKK 18 million. During the same period of 2010, the run-off result was positive by DKK 35 million. Premiums earned were DKK 1,060 million, against DKK 1,046 million, equivalent to a premium growth of 1.3% in DKK or 0.6% measured in local currency. The result was as expected and reflects that the work initiated to improve profitability is progressing as planned.

As part of the annual review of the profitability of individual lines of business, it was decided in the second quarter of 2011 to launch a series of premium increases and other profitability improvement initiatives. For Commercial Nordic, the initiatives include premium increases on agricultural insurance in Denmark and building insurance in Norway, but also individual measures based on each customer's historical profitability.

Commercial Nordic also launched a series of projects focusing on improving business processes. The initiatives cover, among other things, improved individual risk assessment processes, additional customer segmentation, streamlining of claims procurement and increased use of the Internet. These initiatives are characterised by the fact that they will influence trends more in the longer term than, say, premium increases. The aforementioned reorganisation in May 2011 will affect this work positively as responsibility for implementation is now placed in the business areas closest to the operational units.

Profit/loss Commercial Nordic

DKKm	Q2 2010	Q2 2011	H1 2010	H1 2011	FY 2010
Gross earned premiums	**1,046**	**1,060**	**2,065**	**2,123**	**4,183**
Gross claims incurred	-872	-696	-2,066	-1,559	-3,732
Gross expenses	-271	-260	-505	-495	-1,014
Profit/loss on gross business	-97	104	-506	69	-563
Profit/loss on ceded business	43	-67	68	-88	59
Technical interest, net of reinsurance	7	11	15	26	30
Technical result	**-47**	**48**	**-423**	**7**	**-474**
Run-off gains/losses, net of reinsurance	35	-18	19	-31	99
Key ratios					
Gross claims ratio	83.4	65.7	100.0	73.4	89.2
Business ceded as percentage of gross premiums	-4.1	6.3	-3.3	4.1	-1.4
Claims ratio, net of ceded business	79.3	72.0	96.7	77.5	87.8
Gross expense ratio	25.9	24.5	24.5	23.3	24.2
Combined ratio	**105.2**	**96.5**	**121.2**	**100.8**	**112.0**

Improved claims level and expense ratio

Commercial Nordic's claims ratio constituted 72.0 against 79.3, an improvement of approximately 7 percentage points. The improvement is due to the implemented premium increases and fewer large claims. When adjusted for large claims, changes in interest rates, storms and run-offs, the underlying claims level in Commercial Nordic has been improved as a result of the initiatives.

In the Danish part of Commercial Nordic, general premium increases of 10-15% in buildings and contents insurance were implemented in autumn 2010. The premium increases have been followed up by individual initiatives for customers with a poor claims history. As expected, this has given rise to lower customer retention, and the retention rate has fallen by about 0.5 percentage points after the premium increases were implemented. The level of retention is still high at around 87%, and customers who leave Tryg have higher claims ratios than the portfolio as a whole.

In the Norwegian part of Commercial Nordic, customer retention of 89.2% is still at a very high level. At 60.5%, the gross claims ratio was also low in the second quarter of 2011. Despite the impact of an approximately 5 percentage points' run-off gain on a single claim, a clear improvement in the underlying level can also be seen in Norway.

Commercial Nordic's expense ratio improved from 25.9 in the second quarter of 2010 to 24.5. The improvement occurred despite the expense ratio, as mentioned earlier, being influenced by the reorganisation costs. The cost level of Commercial Nordic is still too high, and focus is on reducing this through process improvements by optimising the use of various distribution channels and increasing customer retention.

Result for the first half of 2011

In the first half of 2011, the combined ratio was 100.8, against 121.2 in 2010, and premium growth was 2.8% in DKK and 1.6% measured in local currency. Commercial Nordic was hit particularly hard by winter claims in the first quarter of 2010, and the significant improvement is mainly due to the milder winter in 2011. The initiatives have also impacted the result, as there has also been an improvement in the underlying claims level.

Overall, the development in Commercial Nordic is positive, and it is expected that the initiatives will improve profitability gradually in the future. A number of initiatives will work in the longer term, and further initiatives will be necessary in order to achieve the target level.

Corporate Nordic

Corporate Nordic sells insurances to corporate customers under the Tryg brand in Denmark and Norway, and under Moderna in Sweden. Corporate products are sold through the internal sales force and insurance brokers. The business area represents approximately 25% of Tryg's total premium income.

Good result but the market is still difficult
In the second quarter of 2011, Corporate Nordic continued to be affected by the tough competition in the corporate insurance market. Premiums earned were DKK 1,317 million, against DKK 1,286 million in the second quarter of 2010, representing a premium growth of 2.4% in DKK and 0.8% measured in local currency. The result reflects a negative growth in the Danish part of Corporate Nordic, while the Norwegian and Swedish business saw a positive growth.

The combined ratio was 87.4, against 84.5 in the same period of 2010, and was partly influenced by a higher level of large claims and better run-off results than in the second quarter of 2010. Parts of the costs for large claims were covered by reinsurance, which was reflected in the reinsurance ratio of -2.9, corresponding to Tryg receiving more from reinsurance in the quarter than was ceded in premiums.

In recent years, the corporate market has been affected by fierce competition, and it has been Tryg's policy to maintain its profitability requirements when making offers. However, in areas which have been particularly profitable over time, Tryg has also had to accept lower premiums. In Denmark and Norway Tryg has also implemented both general and individual premium increases, which has also contributed to a reduction in the total corporate portfolio, especially within workers' compensation.

Similarly to private insurance, corporate insurance has also seen an increase in the costs of property claims. For example, there has been an increase in the cost of medium-sized buildings claims (between DKK 1 million and DKK 10 million). Trends in the underlying claims level are monitored closely to identify areas that require reassessment of the risk scenario.

In connection with the aforementioned general review of the profitability of each branch, further actions were decided for Corporate Nordic, to take effect in 2012. The initiatives will include premium increases for buildings insurance in Norway, a review of major agreements and individual initiatives based on each customer's historical profitability.

Profit/loss Corporate Nordic

DKKm	Q2 2010	Q2 2011	H1 2010	H1 2011	FY 2010
Gross earned premiums	**1,286**	**1,317**	**2,526**	**2,603**	**5,124**
Gross claims incurred	-804	-1,022	-1,541	-1,894	-3,666
Gross expenses	-181	-167	-345	-324	-663
Profit/loss on gross business	301	128	640	385	795
Profit/loss on ceded business	-102	38	-260	-82	-419
Technical interest, net of reinsurance	5	9	12	23	27
Technical result	**204**	**175**	**392**	**326**	**403**
Run-off gains/losses, net of reinsurance	116	146	239	307	326
Key ratios					
Gross claims ratio	62.5	77.6	61.0	72.8	71.5
Business ceded as percentage of gross premiums	7.9	-2.9	10.3	3.2	8.2
Claims ratio, net of ceded business	70.4	74.7	71.3	76.0	79.7
Gross expense ratio	14.1	12.7	13.7	12.4	12.9
Combined ratio	**84.5**	**87.4**	**85.0**	**88.4**	**92.6**

Claims ratio positively influenced by run-off; continued decline in expense ratio
In the second quarter of 2011, the claims ratio was 74.7, compared to 70.4 for the same period in 2010. Run-off positively affected the claims ratio by 11.1 percentage points in the second quarter of 2011, against 8.6 percentage points over the same period in 2010. The run-off result primarily originates from claims, which were finalised with a lower payout than the equivalent provision, and as a result of the overall security level of the provisions the result is affected positively.

In the Danish and Norwegian portfolios, the cost of large claims before reinsurance was DKK 300 million. This was higher than expected and significantly above the DKK 46 million for the same period in 2010. Meanwhile, the volume of medium-sized claims (between DKK 1 million and DKK 10 million) in the Norwegian part of Corporate Nordic has also been at a somewhat higher level than expected.

In the Swedish portfolio the claims level was slightly higher than for the same period in 2010.

The expense ratio was 12.7, against 14.1 for the same period in 2010. The improvement is partly due to efforts to adjust cost levels to business volumes and partly as a result of the general focus on cost control and streamlining in general.

Result for the first half of 2011
Corporate Nordic had a combined ratio of 88.4 in the first half of 2011, against 85.0 in 2010, and a premium growth of 3.0% in DKK and 0.6% measured in local currency. The change is mainly due to a higher level of large claims and a slight increase in the underlying claims level. At the same time, Corporate Nordic was not so influenced by the unusually harsh winter in the first quarter of 2010.

Overall, the trend in Corporate Nordic was dominated by market conditions. Tryg continues its profitability requirement for attracting new business, which is expected to result in relatively low growth in the future. In addition, the claims trend means achieving the targeted level of profitability still requires further cost-effectiveness initiatives.

Investment activities

Tryg's total investment portfolio of DKK 41.6 billion yielded, in the second quarter of 2011, a gross return of DKK 456 million, equivalent to a return of 1.2% (approximately 4.8% p.a.) on average invested capital during the period. After other financial expenses and transfers to technical interest, the net investment return was DKK 3 million.

The match portfolio

The largest part of the investment portfolio consists of the match portfolio, which matches Tryg's technical provisions. The match portfolio amounted to DKK 32.4 billion at the end of the second quarter of 2011, and yielded a profit of DKK 340 million in the period. The return on the match portfolio must cover both rate adjustments on claims provisions and technical interest. Compared to these, the deviation was DKK -26 million in the period, equivalent to DKK 0.08%. As it is impossible to precisely match investments to the regulatory yield curve used to discount the claims provisions, Tryg has defined a tolerance threshold for this deviation of plus/minus DKK 50 million in any quarter, corresponding to around 0.15% of the securities in the match portfolio. The deviation was within this limit by a good margin.

1.0% return on the free investment portfolio

The free investment portfolio consists primarily of equities, property and bonds, and in the second quarter of 2011 yielded a total gross return of DKK 116 million, equivalent to 1.0% (4% p.a.) on average invested capital. In the second quarter of 2011, the equity portfolio, which is globally diversified, gave a return of DKK -29 million. The property portfolio, which consists of Danish and Norwegian properties, gave a return of DKK 61 million, which is as expected. Overall, this means a property yield of DKK 117 million in the first half of 2011. For owner-occupied properties a return is calculated based on market rent for similar buildings. This return is included in the item "Other financial income and expenses", which is deducted from the investment results.

In the second quarter of 2011, the bond portfolio gave a return of DKK 84 million. Bond investments in the free investment portfolio have an average duration of 1.3 years.

Result for the first half of 2011

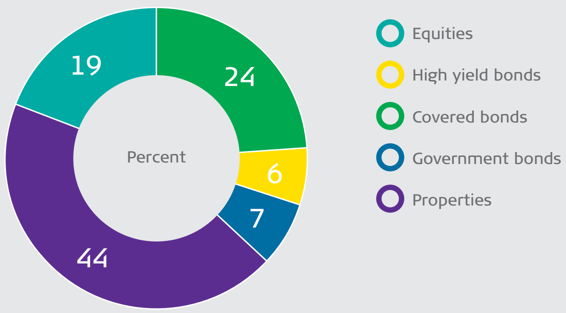
In the first half of 2011, Tryg's total investment portfolio yielded a gross return of DKK 616 million, equivalent to a return of 1.5% (3.0% p.a.) on average invested capital during the period.

Income statement of investment activities

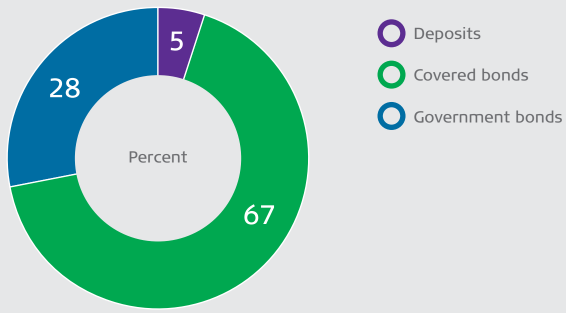
DKKm	Return Q2 2010	Return Q2 2011 Total	Return Q2 2011 Match	Return Q2 2011 Free	Investment assets 30.06.11
Bonds, cash deposits, etc.	365	424	340	84	35,759
Equities [a]	-157	-29		-29	1,925
Real estate [b]	61	61		61	3,923
Total	**269**	**456**	**340**	**116**	**41,607**
Value adjustment, changed discount rate	-266	-130	-130		
Transferred to technical interest	-184	-236	-236		
Total return on investment activities before other finacial items	**-181**	**90**	**-26**	**116**	
Other financial income and expenses, investment	-10	-14			
Total return on investment activities	**-191**	**76**			
Other financial income and expenses, non-investment [c]	-17	-73			
Return on investment activities	**-208**	**3**			

a) DKK -156m sold on futures contracts is an additional exposure to the equity portfolio.
b) Return on properties includes a calculated return on owner-occupied property. The balancing item is recognised in "Other financial income and expenses" to the effect that the total return shown corresponds to the investment return according to the income statement which does not include return on owner-occupied property.
c) The item comprises interest on operating assets, bank debt and reinsurance deposits, exchange rate adjustment of insurance items, costs of investment activities and offsetting of return on owner-occupied property.

The free investment portfolio



The match portfolio



In the first half of 2011, the match portfolio return was DKK 312 million. After the transfer of DKK 334 million to insurance, the match portfolio's total mismatch to the technical provisions was DKK -22 million. The free portfolio gave a gross yield of DKK 304 million, or 3.1% (6.2% p.a.) in return measured solely the free investment portfolio.

After other financial expenses and transfer to technical interest, the net investment return was DKK 108 million.

Income statement of investment activities

DKKm	Return H1 2010	Return H1 2011 Total	Match	Free	Investment assets 31.12.10	30.06.11
Bonds, cash deposits, etc.	940	429	312	117	34,317	35,759
Equities [a]	-70	70		70	2,179	1,925
Real estate [b]	122	117		117	3,897	3,923
Total	**992**	**616**	**312**	**304**	**40,393**	**41,607**
Value adjustment, changed discount rate	-435	140	140			
Transferred to technical interest	-383	-474	-474			
Total return on investment activities before other finacial items	**174**	**282**	**-22**	**304**		
Other financial income and expenses, investment	-21	-33				
Total return on investment activities	**153**	**249**				
Other financial income and expenses, non-investment [c]	-157	-141				
Return on investment activities	**-4**	**108**				

a) DKK -156m sold on futures contracts is an additional exposure to the equity portfolio.

b) Return on properties includes a calculated return on owner-occupied property. The balancing item is recognised in "Other financial income and expenses" to the effect that the total return shown corresponds to the investment return according to the income statement which does not include return on owner-occupied property.

c) The item comprises interest on operating assets, bank debt and reinsurance deposits, exchange rate adjustment of insurance items, costs of investment activities and offsetting of return on owner-occupied property.

Capital position

At the end of the second quarter of 2011, Tryg's shareholders' equity was DKK 8,801 million, and with the addition of subordinated loan capital of DKK 1,593 million amounted to Tryg's total capital base of DKK 10,394 million. Among other things, the capital base is compared to Tryg's target of a capital level equivalent to a rating of 'A-' by Standard & Poor's. In comparison with this, Tryg had a buffer of 13% at 30 June 2011.

In June 2011, Tryg cancelled 2,615,470 shares, which were purchased under the share buy back programme initiated in 2010. The total number of shares, including own shares, now amounts to 61,316,103. Tryg has not initiated a buy back programme in 2011.

In 2013, new regulations for solvency requirements are introduced for insurers, known as Solvency II rules. Compared to previous years, the rules mean increased capital requirements, risk management and reporting. Tryg is well prepared for the new rules and, as mentioned in the Annual Report 2010, has a surplus of DKK 1.8 billion for the expected calculation model of the solvency requirement (SCR). In addition, Tryg is expected to apply to the FSA for approval of Tryg's internal capital model, after which the excess will be greater. In order to ensure correct preparation for the increased reporting requirements imposed by Solvency II, Tryg launched an internal project for this purpose.

Financial outlook

In 2010, Tryg announced a medium-term target of achieving a return on equity after tax of 20%, corresponding to a combined ratio of 90. The result for the second quarter of 2011 shows the effect of the initiatives. thus, the result supports the expectations of achieving this objective. Despite the anticipated costs of the cloudburst in Copenhagen in July, Tryg expects that the technical result for 2011 will be significantly better than in 2010. Tryg plans to take additional actions to ensure that targets are met.

Tryg expects a premium growth in 2011 at the same level as in 2010, comprising a continued growth in business volumes in Sweden and Finland and growth in Denmark and Norway, mainly as a result of the implemented initiatives.

Disclaimer

Certain statements in this report are based on the beliefs of management as well as assumptions made by, and information currently available to, the management. Statements regarding Tryg's future results of operations, financial condition, cash flows, business strategy, plans and future objectives other than statements of historical fact can generally be identified by terminology such as "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "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.

Tryg urges readers to refer to the section on risk management available in the annual report or on tryg.com for a description of some of the factors that could affect the Group's future performance or the insurance industry.

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 as anticipated, believed, estimated or expected in this report. Tryg is not under any duty to update any of the forward-looking statements or to confirm such statements to actual results, except as may be required by law.

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Statement of the Supervisory Board and Executive Management

The Supervisory Board and the Executive Management have today considered and adopted the interim report for the second quarter and first half-year of 2011.

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 OMX Copenhagen for the presentation of financial statements of listed companies.

In our opinion, the report gives a true and fair view of the Group's and parent company's assets, liabilities and financial position at 30 June 2011 and of the results of the Group's and parent company's activities and cash flows for the period. We are furthermore of the opinion that the management's report 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, 17 August 2011.

Executive Management

Morten Hübbe
CEO

Lars Bonde
Group Executive Vice President

Supervisory Board

Mikael Olufsen
Chairman

Torben Nielsen
Deputy chairman

Jørn Wendel Andersen

Paul Bergqvist

Christian Brinch

Jesper Hjulmand

Bill-Owe Johansson

Rune Torgeir Joensen

Lene Skole

Tina Snejbjerg

Jens Bjerg Sørensen

Berit Torm

Income statement

DKKm		H1 2010	H1 2011	FY 2010
Note	**General insurance**			
	Gross premiums written	11,597	12,267	19,939
	Ceded insurance premiums	-676	-690	-1,054
	Change in provisions for unearned premiums	-2,006	-2,011	-382
	Change in reinsurers' share of provisions for unearned premiums	180	229	47
2	**Earned premiums, net of reinsurance**	**9,095**	**9,795**	**18,550**
3	**Technical interest, net of reinsurance**	**61**	**116**	**134**
	Claims paid	-7,363	-7,683	-14,809
	Reinsurance recoveries	203	293	391
	Change in provisions for claims	-345	118	-808
	Change in the reinsurers' share of provisions for claims	41	-140	211
4	**Claims incurred, net of reinsurance**	**-7,464**	**-7,412**	**-15,015**
	Bonus and premium rebates	**-51**	**-73**	**-82**
	Acquisition costs	-1,162	-1,225	-2,406
	Administrative expenses	-475	-474	-898
	Acquisition costs and administrative expenses	-1,637	-1,699	-3,304
	Commission and profit commission from the reinsurers	36	45	92
5	**Insurance operating expenses, net of reinsurance**	**-1,601**	**-1,654**	**-3,212**
9	**Technical result**	**40**	**772**	**375**
	Investment activities			
	Income from associates	-5	0	-5
	Income from investment properties	69	61	128
6	Interest income and dividends	540	592	1,133
7	Value adjustment	-142	36	238
6	Interest expenses	-45	-56	-96
	Investment management charges	-38	-51	-76
	Total return on investment activities	**379**	**582**	**1,322**
3	Interest on insurance provisions	-383	-474	-752
	Total return on investment activities after technical interest	**-4**	**108**	**570**
	Other income	112	62	162
	Other expenses	-88	-94	-166
	Profit/loss before tax	**60**	**848**	**941**
	Tax	-16	-215	-265
	Profit/loss on continuing business	44	633	676
8	Profit/loss on discontinued and divested business	-18	0	-83
	Profit/loss for the year	**26**	**633**	**593**
	Earnings on continuing business per share of DKK 25	0.7	10.5	10.8
	Earnings per share of DKK 25	0.4	10.5	9.5
	Diluted earnings per share of DKK 25	0.4	10.5	9.5

Total comprehensive income

DKKm	H1 2010	H1 2011	FY 2010
Change in equalisation provision	0	0	1
Revaluation of owner-occupied properties for the year	0	0	19
Tax on owner-occupied properties for the year	0	0	-5
Exchange rate adjustment of foreign entities for the year	212	-6	330
Hedging of currency exposure in foreign entities for the year	-206	6	-328
Tax on hedging of currency exposure in foreign entities for the year	52	-1	82
Deferred tax on equalisation provision	0	0	68
Actuarial gains/losses on defined benefit pension plans	-94	29	-228
Tax on actuarial gains/losses on defined benefit pension plans	27	-8	63
Net income/expense recognised in equity	**-9**	**20**	**2**
Profit for the year	26	633	593
Total comprehensive income	**17**	**653**	**595**

Statement of financial position

DKKm		30.06.2010	30.06.2011	31.12.2010
Note	**Assets**			
	Intangible assets	**958**	**938**	**968**
	Operating equipment	102	114	118
	Owner-occupied property	1,367	1,517	1,385
	Assets under construction	257	227	353
	Total property, plant and equipment	**1,726**	**1,858**	**1,856**
	Investment property	**2,300**	**2,179**	**2,158**
	Investments in associates	13	13	13
	Total investments in associates	**13**	**13**	**13**
	Equity investments	188	190	184
	Unit trust units	2,004	2,304	2,268
	Bonds	34,392	35,913	34,643
	Deposits in credit institutions	1,789	1,624	2,755
	Total other financial investment assets	**38,373**	**40,031**	**39,850**
10	**Total investment assets**	**40,686**	**42,223**	**42,021**
	Reinsurers' share of provisions for unearned premiums	350	382	154
11	Reinsurers' share of provisions for claims	1,237	1,331	1,434
	Total reinsurers' share of provisions for insurance contracts	**1,587**	**1,713**	**1,588**
	Receivables from policyholders	1,628	1,652	1,110
	Total receivables in relation to direct insurance contracts	1,628	1,652	1,110
	Receivables from insurance enterprises	202	243	211
	Other receivables	508	174	877
	Total receivables	**2,338**	**2,069**	**2,198**
	Current tax assets	55	176	196
	Deferred tax assets	102	115	104
	Cash in hand and at bank	567	1,160	857
	Other	5	2	21
	Total other assets	**729**	**1,453**	**1,178**
	Accrued interest and rent earned	329	305	609
	Other prepayments and accrued income	177	182	173
	Total prepayments and accrued income	**506**	**487**	**782**
	Total assets	**48,530**	**50,741**	**50,591**

DKKm		30.06.2010	30.06.2011	31.12.2010
Note	**Liabilities**			
	Shareholders' equity	**8,444**	**8,801**	**8,458**
	Subordinated loan capital	**1,589**	**1,593**	**1,591**
	Provisions for unearned premiums	8,408	8,820	6,819
11	Provisions for claims	24,081	25,007	24,883
	Provisions for bonuses and premium rebates	321	333	329
	Total provisions for insurance contracts	**32,810**	**34,160**	**32,031**
	Pensions and similar obligations	569	589	671
	Deferred tax liability	1,299	1,408	1,387
	Other provisions	1	1	1
	Total provisions	**1,869**	**1,998**	**2,059**
	Debt related to direct insurance	365	333	419
	Debt related to reinsurance	293	323	187
	Debt to credit institutions	29	10	30
	Debt to subsidiaries	7	0	0
	Current tax liabilities	99	34	106
	Other debt	2,871	3,148	5,353
	Total debt	**3,664**	**3,848**	**6,095**
	Accruals and deferred income	**154**	**341**	**357**
	Total liabilities and equity	**48,530**	**50,741**	**50,591**

1 **Accounting policies**
12 **Related parties**

Statement of changes in equity

DKKm	Share-capital	Revalu-ation-reserves	Reserve for exchange-rate adj.	Equali-sation-reserve	Other reserves	Retained earnings	Proposed dividends	Total
Shareholders' equity at 31 Dec. 2009	**1,598**	**14**	**-2**	**58**	**950**	**6,022**	**991**	**9,631**
H1 2010								
Profit for the period					79	-53		26
Exchange rate adjustment of foreign entities			212					212
Hedge of foreign currency risk in foreign entities			-206					-206
Actuarial gains and losses on pension obligation						-94		-94
Tax on equity entries			52			27		79
Total comprehensive income	0	0	58	0	79	-120	0	17
Dividend paid							-991	-991
Dividend own shares						14		14
Purchase of own shares						-241		-241
Exercise of share options						6		6
Issue of share options						8		8
Total equity entries in H1 2010	**0**	**0**	**58**	**0**	**79**	**-333**	**-991**	**-1,187**
Shareholders' equity at 30 June 2010	**1,598**	**14**	**56**	**58**	**1,029**	**5,689**	**0**	**8,444**
Shareholders' equity at 31 Dec. 2009	**1,598**	**14**	**-2**	**58**	**950**	**6,022**	**991**	**9,631**
2010								
Profit for the year					128	209	256	593
Change in equalisation provision				1				1
Revaluation of owner-occupied properties		19						19
Exchange rate adjustment of foreign entities			330					330
Hedge of foreign currency risk in foreign entities			-328					-328
Actuarial gains and losses on pension obligation						-228		-228
Tax on equity entries		-5	82			131		208
Total comprehensive income	0	14	84	1	128	112	256	595
Dividend paid							-991	-991
Dividend own shares						14		14
Purchase of own shares						-816		-816
Exercise of share options						9		9
Issue of share options						16		16
Total equity entries in 2010	**0**	**14**	**84**	**1**	**128**	**-665**	**-735**	**-1,173**
Shareholders' equity at 31 Dec. 2010	**1,598**	**28**	**82**	**59**	**1,078**	**5,357**	**256**	**8,458**

DKKm	Share-capital	Revalu-ation-reserves	Reserve for exchange-rate adj.	Equali-sation-reserve	Other reserves	Retained earnings	Proposed dividends	Total
Shareholders' equity at 31 Dec. 2010	**1,598**	**28**	**82**	**59**	**1,078**	**5,357**	**256**	**8,458**
H1 2011								
Profit for the period					22	611		633
Exchange rate adjustment of foreign entities			-2			-4		-6
Hedge of foreign currency risk in foreign entities			6					6
Actuarial gains and losses on pension obligation						29		29
Tax on equity entries			-1			-8		-9
Total comprehensive income	0	0	3	0	22	628	0	653
Nullification of own shares	-65					65		0
Dividend paid							-256	-256
Dividend own shares						14		14
Purchase of own shares						-91		-91
Exercise of share options						15		15
Issue of share options						8		8
Total equity entries in H1 2011	**-65**	**0**	**3**	**0**	**22**	**639**	**-256**	**343**
Shareholders' equity at 30 June 2011	**1,533**	**28**	**85**	**59**	**1,100**	**5,996**	**0**	**8,801**

Cash flow statement

DKKm		H1 2010	H1 2011	FY 2010
Note	**Cash generated from operations**			
	Premiums	10,853	11,626	19,911
	Claims paid	-7,325	-7,645	-14,801
	Ceded business	-255	-248	-552
	Expenses	-1,624	-1,764	-3,172
	Change in other payables and other amounts receivable	-87	-179	-314
	Cash flow from insurance operations	**1,562**	**1,790**	**1,072**
	Interest income	773	979	1,132
	Interest expenses	-45	-56	-96
	Dividend received	6	10	10
	Taxes	-269	-270	-482
	Other items	24	-32	-5
	Cash generated from operations, continuing business	**2,051**	**2,421**	**1,631**
	Cash generated from operations, discontinued and divested business	-4	-123	-20
	Total cash generated from operations	**2,047**	**2,298**	**1,611**
	Investments			
	Acquisition and refurbishment of real property	-92	-20	-210
	Sale of real property	105	0	339
	Acquisition of equity investments and unit trust units (net)	46	-45	441
	Purchase/Sale of bonds (net)	-1,237	-2,690	593
	Deposits in Credit institutions	1,198	1,122	265
	Purchase/sale of operating equipment (net)	-25	4	-31
	Foreign currency hedging	-206	5	-328
	Investments, continuing business	**-211**	**-1,624**	**1,069**
	Total investments	**-211**	**-1,624**	**1,069**
	Funding			
	Purchase of own shares	-235	-91	-807
	Dividend paid	-991	-256	-991
	Change in debt to credit institutions	-586	-20	-581
	Funding, continuing business	**-1,812**	**-367**	**-2,379**
	Total funding	**-1,812**	**-367**	**-2,379**
	Change in cash and cash equivalents, net	**24**	**307**	**301**
	Exchangerate adjustment of cash and cash equivalents, beginning of year	31	-4	44
	Change in cash and cash equivalents, gross	**55**	**303**	**345**
	Cash and cash equivalents, beginning of year	512	857	512
	Cash and cash equivalents, end of period	**567**	**1,160**	**857**

DKKm

1 Accounting policies

Tryg's second quarter and half-year 2011 report is presented in accordance with IAS 34 Interim Financial Reporting and the financial reporting requirements for Danish listed companies of the Danish Financial Business Act and OMX.

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).

From 1 January 2011 the Group implemented the following standards:
• Amendments to IFRS 7 'Financial Instruments: Disclosure'
• Amendments to IAS 1 'Presentation of Financial Statements'
• Amendments to IAS 24 'Related Party Disclosures: Revised definition of related parties'
• Amendments to IAS 27 'Consolidated and separate financial statements'
• Amendments to IAS 34 'Interim Financial Reporting'
• Amendments to IFRIC 13 'Customer Loyalty Programmes', IFRIC 14 'The Limit on a Defined Benefit Asset'
• IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

The implementation of the new standards has not affected recognition and measurement in 2011.

In connection with the capitalisation of software for the group's future common nordic business platform, the maksimum expected useful life and thus the depreciation period for software under intangible assets has been changed from 4 to 8 years. The depreciation period for other assets is unchanged. Apart from this, the accounting policies are unchanged from the annual report 2010. The annual report 2010 contains the full description of the accounting policies.

DKKm		H1 2010	H1 2011	FY 2010
2	**Earned premiums, net of reinsurance**			
	Direct insurance	9,570	10,212	19,627
	Indirect insurance	21	21	36
		9,591	10,233	19,663
	Unexpired risk provision	-1	23	-106
		9,590	10,256	19,557
	Ceded direct insurance	-463	-429	-941
	Ceded indirect insurance	-32	-32	-66
		9,095	**9,795**	**18,550**
3	**Technical interest, net of reinsurance**			
	Interest on insurance provisions	383	474	752
	Transferred from provisions for claims concerning discounting	-322	-358	-618
		61	**116**	**134**
4	**Claims incurred, net of reinsurance**			
	Claims incurred	-8,078	-7,958	-16,500
	Run-off previous years, gross	370	393	883
		-7,708	-7,565	-15,617
	Reinsurance recoveries	287	231	661
	Run-off previous years, reinsurers' share	-43	-78	-59
		-7,464	**-7,412**	**-15,015**
	Under claims incurred, the value adjustment of inflation swaps to hedge the inflation risk concerning annuities on workers' compensation insurance totals DKK 71m (in H1 2010 DKK -47m).			
5	**Insurance operating expenses, net of reinsurance**			
	Commission regarding direct business	-229	-251	-492
	Other acquisition costs	-933	-974	-1,914
	Total acquisition costs	-1,162	-1,225	-2,406
	Administrative expenses	-475	-474	-898
	Insurance operating expenses, gross	-1,637	-1,699	-3,304
	Commission from reinsurers	36	45	92
		-1,601	**-1,654**	**-3,212**

Notes

DKKm		H1 2010	H1 2011	FY 2010
6	**Interest and dividends**			
	Interest income and dividends			
	Dividends	6	10	10
	Interest income cash in hand and at bank	22	32	43
	Interest income bonds	500	541	1,054
	Interest income other	12	9	26
		540	592	1,133
	Interest expenses			
	Interest expenses subordinated loan capital and credit institutions	-44	-42	-88
	Interest expenses others	-1	-14	-8
		-45	-56	-96
		495	**536**	**1,037**
7	**Value adjustment**			
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:			
	Equity investments	-81	43	61
	Unit trust units	79	39	233
	Share derivatives	-21	15	5
	Bonds	212	-122	78
	Interest derivatives	162	-53	3
		351	-78	380
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:			
	Investment property	5	4	74
	Discounting	-435	140	-227
	Other balance sheet items	-63	-30	11
		-493	114	-142
		-142	**36**	**238**
	Value gains	786	412	907
	Value losses	-928	-376	-669
	Value adjustment, net	**-142**	**36**	**238**
	Under value adjustment the adjustment of inflation swaps totals DKK 3m (in H1 2010 DKK -31m).			
8	**Profit/loss on discontinued and divested business**			
	Earned premiums, net of reinsurance	137	7	224
	Claims incurred, net of reinsurance	-142	-6	-291
	Insurance operating expenses, net of reinsurance	-19	-1	-44
	Technical result	-24	0	-111
	Profit/loss before tax	-24	0	-111
	Tax	6	0	28
	Profit/loss on discontinued and divested business	**-18**	**0**	**-83**

DKKm		Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
9	**Operating segments**					
	H1 2011					
	Gross premiums earned	**5,472**	**2,123**	**2,603**	**-15**	**10,183**
	Gross claims	-4,140	-1,559	-1,894	28	-7,565
	Gross operating expenses	-880	-495	-324	0	-1,699
	Profit/loss on business ceded	-80	-88	-82	-13	-263
	Technical interest, net of reinsurance	67	26	23	0	116
	Technical result	**439**	**7**	**326**	**0**	**772**
	Total return on investment activities after technical interest					108
	Other income and expenses					-32
	Profit before tax					**848**
	Tax					-215
	Profit on continuing business					**633**
	Profit					**633**
	Run-off gains/losses, net of reinsurance	39	-31	307	0	315
	Investments in associates				13	13
	Reinsurers' share of provision for unearned premiums	27	43	312	0	382
	Reinsurers' share of provision for claims	98	211	1,022	0	1,331
	Other assets				49,015	49,015
	Total assets					**50,741**
	Provisions for unearned premiums	4,288	2,009	2,523	0	8,820
	Provisions for claims	6,866	6,264	11,877	0	25,007
	Provisions for bonuses and premium rebates	204	17	112	0	333
	Other liabilities				7,780	7,780
	Total liabilities					**41,940**

DKKm		Private Nordic	Commercial Nordic	Corporate Nordic	Other	Group
9	**Operating segments**					
	1. halvår 2010					
	Gross premiums earned	**4,953**	**2,065**	**2,526**	**-4**	**9,540**
	Gross claims	-4,101	-2,066	-1,541	0	-7,708
	Gross operating expenses	-787	-505	-345	0	-1,637
	Profit/loss on business ceded	-26	68	-260	2	-216
	Technical interest, net of reinsurance	34	15	12	0	61
	Technical result	**73**	**-423**	**392**	**-2**	**40**
	Total return on investment activities after technical interest					-4
	Other income and expenses					24
	Profit before tax					**60**
	Tax					-16
	Profit on continuing business					**44**
	Profit/loss on discontinued and divested business					-18
	Profit					**26**
	Run-off gains/losses, net of reinsurance	69	19	239	0	327
	Investments in associates				13	13
	Reinsurers' share of provision for unearned premiums	12	47	291	0	350
	Reinsurers' share of provision for claims	89	264	884	0	1,237
	Other assets				46,930	46,930
	Total assets					**48,530**
	Provisions for unearned premiums	3,957	1,951	2,500	0	8,408
	Provisions for claims	6,543	6,225	11,303	10	24,081
	Provisions for bonuses and premium rebates	186	16	119	0	321
	Other liabilities				7,276	7,276
	Total liabilities					**40,086**

Description of segments
Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'. Other assets and liabilities are managed at Group level and are therefore not allocated to the individual segments.

These amounts are thus included under 'Other'. Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption. The distribution on segments between Commercial and Corporate in Moderna has been altered during Q1 2011. Comparative figures have been restated accordingly.

A presentation of segments broken down by geography is provided in 'Geographical segments.'

DKKm		H1 2010	H1 2011	FY 2010
10	**Sensitivity information**			
	Interest rate increase of 0.7-1.0 pct. point	76	-57	-75
	Interest rate fall of 0.7-1.0 pct. point	-8	9	13
	Equity price fall of 12%	-221	-226	-262
	Fall in property prices of 8%	-333	-314	-334
	Exchange rate risk (VaR 99.5)	-16	-31	-12
	Loss on counterparties of 8%	-324	-199	-315
	Derivative financial instruments			
	Gross			
	Interest derivatives	9,277	38,552	25,373
	Share derivatives	125	250	246
	Inflation derivatives	3,816	3,280	3,248
	Exchange rate derivatives	4,070	13,318	11,972
	Net			
	Interest derivatives	156	-5	13
	Share derivatives	0	0	0
	Inflation derivatives	-47	45	-29
	Exchange rate derivatives	2	20	-62
11	**Provisions for claims**			
	Gross			
	Total at beginning of period	22,017	24,255	22,017
	Market value adjustment of provisions at beginning of period	478	36	703
		22,495	24,291	22,720
	Paid in the financial year in respect of the current year	-3,359	-2,883	-8,273
	Paid in the financial year in respect of prior years	-4,005	-4,618	-6,663
		-7,364	-7,501	-14,936
	Change in claims in the financial year in respect of the current year	8,002	7,605	16,502
	Change in claims in the financial year in respect of prior years	-340	-303	-857
		7,662	7,302	15,645
	Discounting and exchange rate adjustment	770	307	826
	Provisions for claims, period-end [1)]	23,563	24,399	24,255
	Other [2)]	518	608	628
		24,081	**25,007**	**24,883**

DKKm		H1 2010	H1 2011	FY 2010
11	**Sensitivity information (continued)**			
	Ceded business			
	Reinsurers' shares of provisions for claims at beginning of period	1,050	1,333	1,050
	Market value adjustment of provisions at beginning of period	39	-4	62
		1,089	1,329	1,112
	Paid in the financial year in respect of the current year	-34	-16	-195
	Paid in the financial year in respect of prior years	-171	-232	-327
		-205	-248	-522
	Change in claims in the financial year in respect of the current year	271	237	757
	Change in claims in the financial year in respect of prior years	-28	-79	-52
		243	158	705
	Discounting and exchange rate adjustment	30	19	38
	Provisions for claims, period-end [1]	1,157	1,258	1,333
	Other [2]	80	73	101
		1,237	**1,331**	**1,434**
	Net of reinsurance			
	Net at beginning of period	20,967	22,922	20,967
	Market value adjustment of provisions at beginning of period	439	40	641
		21,406	22,962	21,608
	Paid in the financial year in respect of the current year	-3,325	-2,867	-8,078
	Paid in the financial year in respect of prior years	-3,834	-4,386	-6,336
		-7,159	-7,253	-14,414
	Change in claims in the financial year in respect of the current year	7,731	7,368	15,745
	Change in claims in the financial year in respect of prior years	-312	-224	-805
		7,419	7,144	14,940
	Discounting and exchange rate adjustment	740	288	788
	Provisions for claims, period-end [1]	22,406	23,141	22,922
	Other [2]	438	535	527
		22,844	**23,676**	**23,449**

1) The table consists of figures for Tryg Forsikring A/S, Tryg Forsikring, Norwegian branch of Tryg Forsikring A/S and Moderna Försäkringer, branch of Tryg Forsikring A/S. Other companies and branches in the Group are included under "Other".
2) Comprises provisions for claims for Tryg Garantiforsikring A/S and the Finnish branch of Tryg Forsikring A/S.

12 Related parties

In H1 2011 Tryg Forsikring A/S paid Tryg A/S DKK 256m and Tryg A/S paid TryghedsGruppen smba DKK 147m in dividends (in H1 2010 Tryg Forsikring A/S paid Tryg A/S DKK 2,440m and Tryg A/S paid TryghedsGruppen smba DKK 595m in dividends). There have been no other material transactions with related parties.

Geographical segments

DKKm	Q2 2010	Q2 2011	H1 2010	H1 2011	FY 2010
Danish general insurance					
Gross premiums earned	**2,413**	**2,477**	**4,802**	**4,975**	**9,636**
Technical result	223	305	84	545	166
Run-off gains/losses, net of reinsurance	176	130	229	276	615
Key ratios					
Gross claims ratio	73.4	68.9	82.2	71.2	82.0
Business ceded as % of gross premiums	1.3	3.6	1.0	3.8	0.7
Claims ratio, net of ceded business	74.7	72.5	83.2	75.0	82.7
Gross expense ratio	16.4	16.1	15.6	15.1	16.1
Combined ratio	**91.1**	**88.6**	**98.8**	**90.1**	**98.8**
Number of full-time employees, end of period			2,286	2,321	2,342
Norwegian general insurance					
Gross premiums earned	**1,890**	**1,986**	**3,670**	**3,911**	**7,490**
Technical result	210	203	77	268	389
Run-off gains/losses, net of reinsurance	6	31	85	66	177
Key ratios					
Gross claims ratio	70.4	76.4	77.9	76.6	76.7
Business ceded as % of gross premiums	2.6	-2.5	4.2	0.5	3.1
Claims ratio, net of ceded business	73.0	73.9	82.1	77.1	79.8
Gross expense ratio	16.7	16.7	16.6	17.0	15.7
Combined ratio	**89.7**	**90.6**	**98.7**	**94.1**	**95.5**
Number of full-time employees, end of period			1,373	1,347	1,338
Swedish general insurance					
Gross premiums earned	**441**	**523**	**781**	**986**	**1,769**
Technical result	-22	-4	-90	-32	-124
Run-off gains/losses, net of reinsurance	-13	-28	13	-27	32
Key ratios					
Gross claims ratio	80.7	80.5	86.0	80.3	84.6
Business ceded as % of gross premiums	4.8	4.0	1.4	4.3	0.8
Claims ratio, net of ceded business	85.5	84.5	87.4	84.6	85.4
Gross expense ratio	20.4	18.4	24.6	20.7	22.4
Combined ratio	**105.9**	**102.9**	**112.0**	**105.3**	**107.8**
Number of full-time employees, end of period			425	422	414

DKKm	Q2 2010	Q2 2011	H1 2010	H1 2011	FY 2010
Finnish general insurance					
Gross premiums earned	**149**	**165**	**290**	**326**	**593**
Technical result	-14	-8	-29	-9	-56
Run-off gains/losses, net of reinsurance	0	0	0	0	0
Key ratios					
Gross claims ratio	76.5	78.8	80.0	80.4	80.9
Business ceded as % of gross premiums	1.3	1.8	1.0	0.6	0.8
Claims ratio, net of ceded business	77.8	80.6	81.0	81.0	81.7
Gross expense ratio	32.2	26.7	30.3	24.2	29.3
Combined ratio	**110.0**	**107.3**	**111.3**	**105.2**	**111.0**
Number of full-time employees, end of period			197	218	197
Other [a]					
Gross premiums earned	**-3**	**-6**	**-3**	**-15**	**-13**
Technical result	-3	0	-2	0	0
Tryg					
Gross premiums earned	**4,890**	**5,145**	**9,540**	**10,183**	**19,475**
Technical result	394	496	40	772	375
Return on investment activities	-208	3	-4	108	570
Other income and expenses	-13	-12	24	-32	-4
Profit/loss before tax	173	487	60	848	941
Run-off gains/losses, net of reinsurance	169	133	327	315	824
Key ratios					
Gross claims ratio	73.1	72.9	80.8	74.3	80.2
Business ceded as % of gross premiums	2.1	1.6	2.3	2.6	1.6
Claims ratio, net of ceded business	75.2	74.5	83.1	76.9	81.8
Gross expense ratio	17.3	17.0	17.3	16.8	17.0
Combined ratio	**92.5**	**91.5**	**100.4**	**93.7**	**98.8**
Number of full-time employees, end of period			4,281	4,308	4,291

a) Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'.

Quarterly outline

DKKm	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Private Nordic									
Gross premiums earned	**2,261**	**2,376**	**2,338**	**2,391**	**2,562**	**2,574**	**2,654**	**2,698**	**2,774**
Technical result	196	299	99	-167	240	211	162	166	273
Key ratios									
Gross claims ratio	74.3	72.3	78.7	92.2	74.0	80.9	76.9	77.2	74.1
Business ceded as a percentage of gross premiums	0.6	1.0	1.1	-0.7	1.7	-3.5	1.0	1.7	1.3
Claims ratio, net of ceded business	74.9	73.3	79.8	91.5	75.7	77.4	77.9	78.9	75.4
Gross expense ratio	17.2	14.7	17.2	16.3	15.5	15.2	16.9	16.2	16.0
Combined ratio	**92.1**	**88.0**	**97.0**	**107.8**	**91.2**	**92.6**	**94.8**	**95.1**	**91.4**
Commercial Nordic									
Gross premiums earned	**929**	**940**	**947**	**1,019**	**1,046**	**1,052**	**1,066**	**1,063**	**1,060**
Technical result	12	-61	29	-376	-47	-57	5	-41	48
Key ratios									
Gross claims ratio	73.2	81.7	70.9	117.2	83.3	80.7	76.7	81.2	65.7
Business ceded as a percentage of gross premiums	0.9	1.8	2.1	-2.5	-4.0	0.9	0.0	2.0	6.3
Claims ratio, net of ceded business	74.1	83.5	73.0	114.7	79.3	81.6	76.7	83.2	72.0
Gross expense ratio	25.7	23.7	24.6	23.0	25.9	24.6	23.5	22.1	24.5
Combined ratio	**99.8**	**107.2**	**97.6**	**137.7**	**105.2**	**106.2**	**100.2**	**105.3**	**96.5**
Corporate Nordic									
Gross premiums earned	**1,309**	**1,314**	**1,335**	**1,240**	**1,286**	**1,266**	**1,332**	**1,286**	**1,317**
Technical result	211	171	205	188	204	-82	94	151	175
Key ratios									
Gross claims ratio	69.7	63.2	70.3	59.4	62.6	85.3	78.4	67.8	77.6
Business ceded as percentage of gross premiums	2.1	13.0	1.9	12.7	7.9	10.1	2.3	9.3	-2.9
Claims ratio, net of ceded business	71.8	76.2	72.2	72.1	70.5	95.4	80.7	77.1	74.7
Gross expense ratio	12.1	11.3	13.0	13.2	14.1	11.5	13.0	12.2	12.7
Combined ratio	**83.9**	**87.5**	**85.2**	**85.3**	**84.6**	**106.9**	**93.7**	**89.3**	**87.4**

DKKm	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Other*									
Gross premiums earned	**0**	**7**	**-11**	**0**	**-4**	**-6**	**-3**	**-9**	**-6**
Technical result	-8	-12	-16	1	-3	2	0	0	0
Tryg									
Gross premiums earned	**4,499**	**4,637**	**4,609**	**4,650**	**4,890**	**4,886**	**5,049**	**5,038**	**5,145**
Technical result	411	397	317	-354	394	74	261	276	496
Return on investment activities	498	332	210	204	-208	308	266	105	3
Profit/loss before tax	896	717	527	-113	173	369	512	361	487
Profit/loss	710	530	448	-102	128	198	369	271	362
Key ratios									
Gross claims ratio	72.7	71.5	74.5	88.9	73.1	82.1	77.2	75.7	72.9
Business ceded as percentage of gross premiums	1.1	4.7	1.6	2.5	2.1	0.8	1.1	3.6	1.6
Claims ratio, net of ceded business	73.8	76.2	76.1	91.4	75.2	82.9	78.3	79.3	74.5
Gross expense ratio	17.7	15.9	18.0	17.2	17.3	16.3	17.2	16.6	17.0
Combined ratio	91.5	92.1	94.1	108.6	92.5	99.2	95.5	95.9	91.5

A more detailed version of the presentation can be seen at www.tryg.com/en/investor'

a) Amounts relating to Tryg A/S, Tryg Ejendomme A/S and eliminations are included in 'Other'

Income statement (parent company)

DKKm		H1 2010	H1 2011	FY 2010
Note	**Investment activities**			
	Income from subsidiaries	-16	683	475
	Interest income	1	0	2
	Value adjustment	-1	1	-1
	Interest expenses	-2	0	-2
	Investment management charges	-3	-4	-8
	Total return on investment activities	**-21**	**680**	**466**
	Other expenses	-29	-35	-58
	Profit before tax	**-50**	**645**	**408**
	Tax	9	9	17
	Profit on continuing business	**-41**	**654**	**425**
	Profit for the period	**-41**	**654**	**425**

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. The following is a reconciliation of differences in the profit and equity.

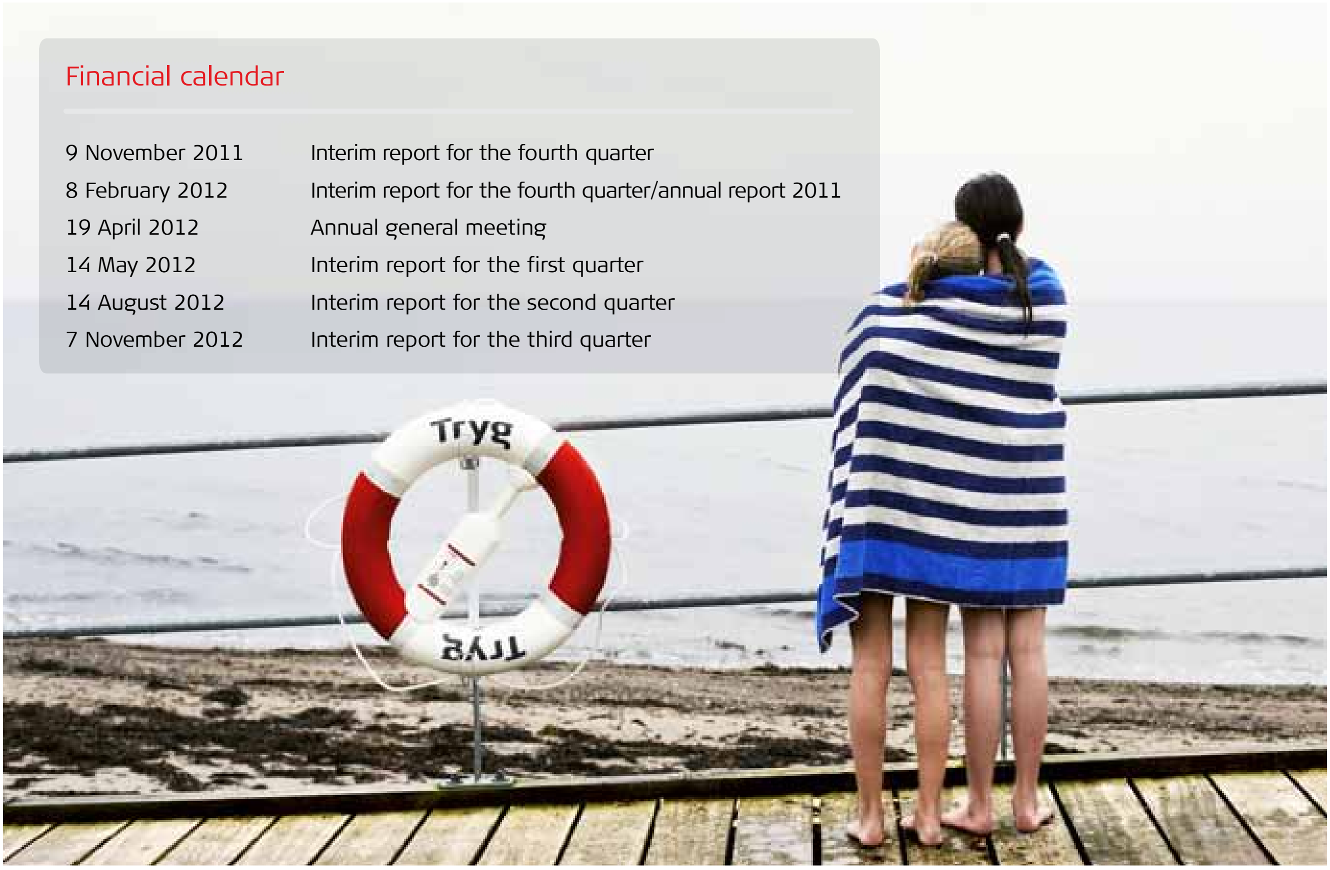
DKKm	H1 2010	H1 2011	FY 2010
Reconciliation of differences in the profit and the shareholders' equity			
Profit reconciliation			
Profit – IFRS	**26**	**633**	**593**
Current periods effect on actuarial gains and losses on pension obligation after tax	-67	21	-164
Change in the period in deferred tax provisions for contingency funds	0	0	-4
Profit – Danish FSA executive order	**-41**	**654**	**425**

DKKm	30.06.2010	30.06.2011	31.12.2010
Equity reconciliation			
Shareholders' equity – IFRS	**8,444**	**8,801**	**8,458**
Deferred tax provisions for contingency funds	21	17	21
Change in the period in deferred tax provisions for contingency funds	0	0	-4
Equity – Danish FSA executive order	**8,465**	**8,818**	**8,475**

Balance sheet (parent company)

DKKm		30.06.2010	30.06.2011	31.12.2010
Note	**Assets**			
	Investments in subsidiaries	7,740	8,764	8,339
	Total investments in subsidiaries	**7,740**	**8,764**	**8,339**
	Total investment assets	**7,740**	**8,764**	**8,339**
	Receivables from subsidiaries	705	29	114
	Other receivables	4	4	4
	Total receivables	**709**	**33**	**118**
	Current tax assets	25	26	17
	Deferred tax assets	1	1	1
	Cash in hand and at bank	2	0	0
	Total other assets	**28**	**27**	**18**
	Total assets	**8,477**	**8,824**	**8,475**
	Liabilities			
	Share capital	1,598	1,533	1,598
	Revaluation reserves	753	1,778	1,352
	Total reserves	753	1,778	1,352
	Proposed dividends	0	0	256
	Retained earnings	6,114	5,507	5,269
	Shareholders' equity	**8,465**	**8,818**	**8,475**
	Debt to credit institutions	0	1	0
	Debt to subsidiaries	12	5	0
	Total debt	**12**	**6**	**0**
	Total liabilities and equity	**8,477**	**8,824**	**8,475**

Further information



Financial calendar

9 November 2011	Interim report for the fourth quarter
8 February 2012	Interim report for the fourth quarter/annual report 2011
19 April 2012	Annual general meeting
14 May 2012	Interim report for the first quarter
14 August 2012	Interim report for the second quarter
7 November 2012	Interim report for the third quarter

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