Annual report 2014

Tryg Forsikring A/S
(CVR-no. 24260666)

Contents

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Ownership
Tryg Forsikring A/S is part of the Tryg Forsikring Group. The company has a share capital of DKK 1,100m and is wholly-owned by Tryg A/S, Ballerup, Denmark.

The annual report is included in the consolidated financial statements of TryghedsGruppen smba, Lyngby Hovedgade 4 2, 2800 Lyngby and Tryg A/S, Ballerup (www.tryghedsgruppen.dk and www.tryg.com)

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Income overview Tryg Forsikring Group

DKKm	2014	2013
Gross premium income	18,652	19,504
Technical result	**3,032**	**2,496**
Investment return after insurance technical interest	367	593
Profit/loss before tax	**3,360**	**3,050**
Profit/loss on continuing business	**2,590**	**2,416**
Profit/loss	**2,600**	**2,412**
Run-off gains/losses, net of reinsurance	1,131	970
Key figures		
Total equity	11,828	11,725
Return on equity after tax (%)	22.1	21.3
Premium growth in local currencies	-1.1	-2.7
Gross claims ratio	67.8	73.9
Net reinsurance ratio	1.8	-1.8
Claims ratio, net of ceded business	69.6	72.1
Gross expense ratio	14.6	15.6
Combined ratio	**84.2**	**87.7**
Combined ratio exclusive of run-off	90.3	92.7
Run-off, net of reinsurance (%)	-6.1	-5.0
Large claims, net of reinsurance (%)	3.1	2.1
Weather claims, net of reinsurance (%)	2.4	3.2
Combined ratio on business areas		
Private	82.5	86.0
Commercial	79.4	85.4
Corporate	89.8	91.7
Sweden	92.0	91.2

Financial outlook and targets

Finacial targets 2015

- Return on equity of 20 % after tax
- Combined ratio ≤90
- Expense ratio <15

Finacial targets 2017

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

With the results for 2014, we are close to having delivered on the 2015 financial targets announced in 2012. We have raised the bar for the period up to 2017, and have presented new and ambitious financial targets and customer targets.

To ensure that we realise these financial targets, Tryg Forsikring is launching a new efficiency programme. The aim is to reduce expenses and claims by a total of DKK 750m, namely DKK 500m related to the procurement of claims services and administration and DKK 250m related to expenses, in the period up to and including 2017.

Tryg Forsikring expects that the development in gross premium income will be slightly negative to unchanged in 2015 and on a par with the growth in GDP in 2016.

Tryg Forsikring has a solid reserve position, which was also confirmed in connection with an external review by KPMG in 2014. This review has strengthened Tryg Forsikring's assessment of its reserve position, and it is therefore deemed likely that the run-off level in the coming years will be higher than that realised in previous years.

The interest rate used for discounting Tryg Forsikring's technical provisions is historically low, and we do not expect any significant interest rate increases in the short term. A higher interest rate level will have a positive effect on Tryg Forsikring's results.

Earnings in 2015

The value of the Norwegian krone fell in 2014, which had a negative impact on Tryg Forsikring's operating profit. The share of equity held in Norwegian kroner and Swedish kroner is continuously hedged in the financial markets.

In 2015, weather claims net of reinsurance and large claims are expected to be unchanged at DKK 500m and DKK 550m, respectively.

The investment portfolio is generally divided into a match portfolio corresponding to the technical provisions and a free portfolio. The objective is for the return on the match portfolio and changes in the technical provisions due to interest changes to be neutral when taken together.

The return on bonds in the free portfolio will vary, but considering the current interest rate level, a low current return is expected. For shares and property, the expectations are a return of 7% and 6%, respectively.

Investment activities include other types of investment income and expenses, especially the costs of managing the investments, gains and losses on foreign currency hedges and interest paid on loans.

Tax rates have gradually been lowered in Denmark, Norway and Sweden in recent years. In Denmark, the tax rate was 24.5% in 2014 and will be reduced to 22% up to 2016. The Norwegian tax rate was 27%, while the Swedish rate was 22%.

When calculating the total tax payable, it should also be taken into account that gains and losses on shareholdings are not taxed in Norway. All in all, this will cause the expected tax payable for an average year to be reduced from around 23-24% to 22-23% for 2015.

Tryg Forsikring's results

With a return on equity of 22.1% and a combined ratio of 84.2, Tryg Forsikring once again delivered a satisfactory result in line with the defined targets of a return on equity of 20% and a combined ratio below 90. This result was achieved despite a slightly higher total level of weather claims and large claims in 2014 than in 2013. The improvement of the technical result was mainly the result of Tryg Forsikring's efficiency programme, but is also attributable to the effect of the many new price differentiated products launched in recent years.

2014 saw intensive work on increasing customer loyalty in the different business areas. Together with the improved products and the targeted selection, this had a positive impact on results.

The efficiency programme affected results positively by DKK 395m, corresponding to an improvement of the combined ratio by approximately 2 percentage points. In 2014, the efficiency programme once again made it possible to avoid any major general price increases, and the prices have largely only been adjusted to take account of claims inflation. If unsatisfactory development of products or segments is identified, selective price measures may of course be taken.

In 2014, many price-differentiated products were developed, primarily for new customers. However, a large part of the portfolio was converted in 2014 to ensure that all customers have the most up-todate products. This conversion is also contributing to making Tryg Forsikring's processes more efficient, as old products may be discontinued. It also ensures that staff will only have one product to consider in their advisory and claims work.

The investment return was DKK 367m, and was especially affected by increasing equity prices, a low interest rate level and domicile impairments in Q4 2014 of DKK 106m. The primary purpose of the investment business is to support the insurance business, and the aim is to have a low risk profile. The investment return for 2014 was thus higher than what was generally expected.

Premiums

Premium income totalled DKK 18,652m (DKK 19,504m), representing a fall of 1.1% when measured in local currencies. The development in premium income was expected in view of the initiatives implemented to improve profitability in recent years. In 2014, Private saw an improved development trend, accounting for about 50% of the Group's premium income. Both the development in the number of customers and the development in sales for the new price differentiated products, in particular, improved in 2014 relative to 2013. The improvements in both 2013 and 2014 were primarily due to efficiency improvements and a strengthened customer focus, which had a significant positive effect on the development in premium income. Commercial's retention rate was improved in 2014, particularly in the Danish part, but there is a general need to boost sales to achieve a positive development of the portfolio. The Swedish business also required significant structural measures within both pricing and distribution, which, in combination with the termination of the distribution agreement with Nordea, caused the premium income to fall in 2014. For Corporate, growth was positive at 1.1% (-2.9%), which is satisfactory. For this business area, Tryg Forsikring is prepared for larger fluctuations in premium income due to the competitive situation and the focus on having a profitable portfolio.

Bank insurance is an important distribution channel, and Tryg Forsikring has a sound agreement with Nordea on bank insurance in Denmark and Norway, while Tryg Forsikring sells to and services Nordea's Liv & Pension customers. In Sweden, Tryg Forsikring has a distribution agreement with Danske Bank, which has distributed insurance for Tryg Forsikring on the Swedish market since the spring of 2014.

In 2014, Tryg Forsikring acquired a number of small companies and portfolios, including Securator, a market-leading provider of additional cover for electronic equipment in Denmark. In addition, Tryg Forsikring acquired the renewal right for Codan's agricultural portfolio, which has been successfully integrated in Tryg Forsikring's agricultural portfolio. Also, Tryg Forsikring acquired a small Swedish portfolio within pet insurance. These acquisitions have shown that Tryg Forsikring is capable of successfully integrating portfolios and achieving synergies that support Tryg Forsikring's objectives and create value for its shareholders. This is also something that Tryg Forsikring will focus on in the coming years.

Claims

The gross claims ratio was 67.8 (73.9), and the claims ratio, net of ceded business, which covers both claims and business ceded as a percentage of gross premiums, was 69.6 (72.1). The claims level is due to a combination of better procurement of claims services and administration of DKK 282m, corresponding to 1.5%, and an overall higher level of weather and large claims of 5.5% (5.3%). The run-off level was slightly higher at 6.1% (5.0%), which reflects a solid level of provisions.

The claims measures implemented have first and foremost included improved agreements with car repair shops, but 2014 also saw initiatives that have improved the procurement of claims services within contents insurance, among other things in the form of the agreement with Scalepoint, which benefits both customers and Tryg Forsikring. Customers are offered freedom of choice among claims products, and Tryg Forsikring has access to favourable purchasing agreements and updated prices for similar products, which is particularly important in the field of electronics claims. Fixedprice agreements were introduced for a number of defined standard house and building repairs. At the end of 2014, Tryg Forsikring started using the IN4MO system for the management of all processes and deliveries in connection with building claims. This system will contribute to reducing claims expenses in the coming years, and allows all stakeholders to follow the progress when damage is being repaired, which will improve customer experience.

The gross claims ratio improved from 73.9 to 67.8, which is especially attributable to better procurement of claims services and administration of DKK 282m, particularly related to purchasing agreements within contents insurance, web auctions for extensive damage repairs and the introduction of fixed-price agreements for a number of house and building repairs.

Tryg Forsikring's focused work on claims prevention bore fruit when Tryg Forsikring received several cloudburst claims in Q3 2014. The extent of damage was considerably lower than in connection with the cloudburst in the Copenhagen area in July 2011. A significant reason for this was the many preventative measures launched after the cloudburst in 2011. After this cloudburst, Tryg Forsikring offered customers an inspection of their homes and required them to place their belongings in basements above floor level. In addition, in case of repeated claims, Tryg Forsikring required customers to install an anti-flooding device. Moreover, the limit of cover for basement rooms was reduced, and a higher excess was introduced.

Tryg Forsikring has concluded a lateral reinsurance agreement running from 1 July 2014 to 30 June 2015. When the total storm and cloudburst claims expenses exceed DKK 300m, the agreement will cover the next DKK 600m. To be covered by the agreement, a claims event must exceed DKK 20m. Storm and cloudburst claims amounted to approximately DKK 220m in the second half of 2014, which means that after another approximately DKK 80m of claims, this agreement will provide cover in the first half of 2015. This is one example of how Tryg Forsikring strives to achieve stability in the results of the insurance business.

Large claims amounted to 3.1% in 2014 (2.1%) and weather claims 2.4% (3.2%). The level of large claims and weather claims was DKK 1,021m, which largely corresponds to the level of DKK 1,050m which is expected for an average year.

The run-off level stood at 6.1% (5.0%), which underlines Tryg Forsikring's solid provisions coverage, as was announced on the Capital Markets Day held by Tryg A/S in November 2014. The run-off gain was highest in Corporate, because the share of long-term business in the form of workers' compensation, in particular, is larger than for the other business areas.

Expenses

The expense ratio was 14.6 (15.6). Adjusted for one-off effects related to the Norwegian pension scheme and the change of IT suppliers in Q2 2014, the expense ratio was 15.3. The improvement of 0.3 percentage points was achieved through the ongoing efficiency programme and should be seen in the light of the expense ratio target of less than 15 in 2015 and 14 or less in 2017.

The efficiency programme contributed DKK 113m in 2014, corresponding to an impact on the expense ratio of 0.6 percentage points. The initiatives comprised a reduction in the number of employees, particularly in the staff functions, but also in the business areas. Tryg Forsikring has generally focused on reducing complexity, just as the number of offices has been reduced. Sourcing has also been an important initiative in 2014, which was demonstrated in particular in the change of IT suppliers from CSC to TCS, while IT development was outsourced to Accenture. Sourcing will continue to contribute to reducing the expense level in the years to come. In 2014, the number of employees was reduced from 3,692 to 3,585.

The expense level is also affected by increases in the payroll tax in Denmark, from 10.9% to 11.4% in 2014. The tax will gradually increase and will stand at 12.3% in 2021. However, this will not affect Tryg Forsikring's target of an expense ratio of less than 15 in 2015 and of 14 or less in 2017.

Profit / loss on discontinued business

The profit on discontinued business was DKK 10m in 2014, and comprised gains on provisions, primarily relating to the marine run-off business.

Investment return

The investment return was DKK 367m (DKK 593m) in 2014. Tryg Forsikring's investment portfolio is divided into a match portfolio and a free portfolio.

The match portfolio totalled DKK 29.5bn, and was made up of bonds which match the insurance provisions so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio is a diversified portfolio of real estate, equities and bonds which largely reflect the company's total equity. At 31 December 2014, the value of the free portfolio totalled DKK 12.4bn. The return on the match portfolio was DKK 181m (DKK 40m) after transfer to insurance technical interest.

The return on the free investment portfolio was DKK 548m (DKK 891m). The return was impacted by price increases for equities, in particular. The return on the equity portfolio was positive at 10.0%. Bonds produced a return of 2.1% and, for high-yield and emerging market bonds in particular, there was a high return in 2014.

Other financial income and expenses were negative (net) by DKK 362m, partly due to the usual interest expenses relating to subordinate loans, foreign currency hedging and expenses for investment activities, and partly due to impairment of owner-occupied property of DKK 106m.

Gains on foreign currency hedges relating to equity and intercompany balances stood at approximately DKK 260m due to a fall in the price of the Norwegian krone and Swedish. Foreign currency hedging is aligned with Tryg Forsikring's objective of having a generally low risk profile.

Tax

Tax on profit for the year totalled DKK 770m, or 23% of the profit before tax. In 2014, Tryg Forsikring paid DKK 527m in income tax as well as various payroll taxes totalling DKK 332m, making the total payment DKK 859m in 2014.

Capital position

Tryg Forsikring Group's equity totalled DKK 11,828m (DKK 11,725m) at the end of 2014. Tryg Forsikring determines the individual solvency requirement according to the Danish Financial Supervisory Authority's guidelines. The individual solvency requirement was DKK 6,560m at the end of 2014, and is measured based on the adequate capital base, which amounted to DKK 9,938m. Tryg Forsikring thus has surplus cover of DKK 3,378m, corresponding to 46%.

In Q2 2014, the Danish Financial Supervisory Authority performed and ordinary inspection. The inspection confirmed its favourable opinion on risk management, reserve and capital position.

On 19 June 2014, the Financial Supervisory Authority of Norway made an announcement concerning issues associated with Solvency II. In the announcement, the Financial Supervisory Authority of Norway estimates that the Norwegian Natural Perils Pool and the Norwegian guarantee scheme in their current form should only to a limited extent be included in the capital adequacy calculation.

Tryg Forsikring's capital adequacy calculation includes about NOK 1.2bn from the Norwegian Natural Perils Pool and the Norwegian guarantee scheme after tax. This matter has not been clarified further in Q4 2014. In relation to Solvency II, final clarification of the expected future profit and the future recognition of subordinate loan capital is still pending; this will have a positive impact on Tryg Forsikring's capital. The final Solvency II rules will take effect from 1 January 2016.

Dividend policy

For 2014, dividend of DKK 2,400m (DKK 2,456m) is proposed.

Events after the statement of financial position date

In the opinion of Management, from the balance sheet date to the present date, no other matters of major significance have arisen that are likely to materially influence the assessment of the company's financial position.

Private

Financial highlights

Financial highlights

- Technical result improved by DKK 277m to DKK 1,612m (DKK 1,335m).
- Combined ratio improved by 3.5 percentage points to 82.5 (86.0).
- Gross premiums in local currencies were unchanged (-2.2%).
- Significant reduction of the expense ratio from 15.1 to 14.5.

Key figures

DKKm	2014	2013
Gross premium income	**9,051**	**9,366**
Gross claims	-6,129	-6,596
Gross expenses	-1,311	-1,418
Profit/loss on gross business	1,611	1,352
Profit/loss on ceded business	-23	-43
Insurance technical interest, net of reinsurance	24	26
Technical result	**1,612**	**1,335**
Run-off gains/losses, net of reinsurance	357	310
Key ratios		
Premium growth in local currencies	0.0	-2.2
Gross claims ratio	67.7	70.4
Net reinsurance ratio	0.3	0.5
Claims ratio, net of ceded business	68.0	70.9
Gross expense ratio	14.5	15.1
Combined ratio	**82.5**	**86.0**
Combined ratio exclusive of run-off	86.4	89.3
Run-off, net of reinsurance (%)	-3.9	-3.3
Large claims, net of reinsurance (%)	0.1	0.1
Weather claims, net of reinsurance (%)	2.5	3.2

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

Results

The technical result for 2014 was DKK 1,612m (DKK 1,335m), with a combined ratio of 82.5 (86.0). The improvement was achieved mainly through Tryg Forsikring's efficiency programme, but there was also a positive impact from the many new price-differentiated products in combination with improved selection. The improved profitability, which resulted from better pricing and selection, meant that only limited extraordinary price increases were implemented in 2014. Also, the claims level was positively affected by a lower level of weather claims and a considerably higher run-off level than in 2013. The expense ratio was reduced considerably from 15.1 to 14.5, which was achieved concurrently with a largely unchanged premium income.

Premiums

The development in gross premium income was significantly improved in 2014. Premium income was maintained, while 2013 saw a reduction of 2.2% The improved development was expected and is the result of many years of focusing on improving profitability. In 2014, significant efforts were directed at improving customers' perception of Tryg Forsikring, and combined with the fact that the prices were only increased in line with inflation, this meant that the retention rate was high. The increased customer focus in combination with improved price-differentiated products and selection had a positive impact on the development in sales in both Denmark and Norway. The improved price-differentiated products in combination with improved selection have made Tryg Forsikring more attractive to profitable customers, which will also result in a slight increase in premiums.

The development in premium income in Denmark is still affected by the sale of small cars which generally have more safety features. This leads to a reduction in both premiums and claims. In addition, competition on the Danish car market in particular was more intense, which resulted in a reduction of the premium level for the market as a whole. In that connection, Tryg Forsikring has been able to capitalise on the enhanced competitiveness achieved through the efficiency programme. The reduction in premium income in Private in Denmark was 1.4% (-3.8%). Developments in Norway were affected by competition from small market players, while the new price-differentiated products and improved selection also had a positive impact. Growth in Private in Norway was 1.5% (-0.3%), and generally developed positively throughout the year.

Claims

The gross claims ratio amounted to 67.7 (70.4), and the claims ratio, net of ceded business, was 68.0 (70.9). The underlying improvement amounted to 1.6 percentage points, and is attributable in particular to the efficiency programme implemented as well as the initial effects of the price differentiation and improved selection. The level of weather claims was largely unchanged with a higher level in the first three quarters and a considerably lower level in Q4 relative to 2013. The expenses for weather claims amounted to 2.5 (3.2). Run-off gains/losses improved the combined ratio by 3.9 (3.3) and were thus slightly higher than in 2013.

Expenses

The expense ratio was 14.5 (15.1) in 2014. The expense level was affected by the one-off effects of the pension scheme and the change of IT suppliers. Adjusted for this, the expense ratio was 15.3. The nominal expenses were considerably reduced as a result of a reduction in staff costs as part of the efficiency programme and continued optimisation of the distribution costs, in particular. The number of employees was reduced from 923 at the end of 2013 to 903 in 2014, reflecting an increase in distribution and a reduction in administration.

Commercial

Financial highlights

Financial highlights

- Technical result of DKK 875m (DKK 654m).
- Combined ratio of 79.4 (85.4).
- Gross premiums reduced by 3.0% (2.9%).
- Significant improvement of the expense ratio to 15.8 (18.6).

Key figures

DKKm	2014	2013
Gross premium income	**4,190**	**4,411**
Gross claims	-2,673	-2,978
Gross expenses	-664	-820
Profit/loss on gross business	853	613
Profit/loss on ceded business	8	29
Insurance technical interest, net of reinsurance	14	12
Technical result	**875**	**654**
Run-off gains/losses, net of reinsurance	310	265
Key ratios		
Premium growth in local currencies	-3.0	-2.9
Gross claims ratio	63.8	67.5
Net reinsurance ratio	-0.2	-0.7
Claims ratio, net of ceded business	63.6	66.8
Gross expense ratio	15.8	18.6
Combined ratio	**79.4**	**85.4**
Combined ratio exclusive of run-off	86.8	91.4
Run-off, net of reinsurance (%)	-7.4	-6.0
Large claims, net of reinsurance (%)	4.3	4.5
Weather claims, net of reinsurance (%)	1.9	4.5

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

Results

In 2014, Commercial continued its positive development and improved results significantly relative to 2013. The technical result was improved to DKK 875m (DKK 654m), with a combined ratio of 79.4 (85.4).

This shows that the efforts to improve the results in Commercial have borne fruit, and that the area contributes positively to achieving the Group's objectives. The improvement in results was achieved through both the efficiency programme and the impact of previous profitability measures. In addition, new price-differentiated products were introduced in Commercial. These increased the rate of sales and reduced the need for discounts to adjust the price based on the risk.

It has been very important to reduce the expense level to improve the competitive situation. Against this background, it is very satisfactory that the expense ratio has been reduced to 15.8 (18.6), which was achieved concurrently with a reduction of the premium level. Adjusted for one-off effects related to the Norwegian pension scheme and the change of IT suppliers, the expense ratio was 16.9.

Premiums

A combined fall in premium income of 3.0% (-2.9%) was realised, when measured in local currencies. The largely unchanged development comprised a reduction in the Danish business of 4.5% and growth in the Norwegian business of 0.6%. The reduction in Denmark is attributable to the important measures implemented in previous years as well as the fact that the smaller Danish companies are still struggling financially.

The growth in the Norwegian business has been achieved through, among other things, a significant increase in sales from the franchise distribution channel, which is attributable to a number of factors, including sales and service training for commercial products. The change in the setup of Commercial and Corporate led to an increase in premiums of approximately DKK 900m. The new additions have now been fully integrated and included in Commercial's service concepts. Similarly, the acquisition of the renewal right for Codan's agricultural portfolio progressed very satisfactorily with considerable positive support and full integration in Commercial.

The retention rate improved significantly to 87.0 (86.1) in 2014 in the Danish part of Commercial, while the Norwegian part saw a small improvement to 87.8 (87.6).

For Commercial, improving sales is thus the most important factor for improving premium development.

Claims

The gross claims ratio amounted to 63.8 (67.5), and the claims ratio, net of ceded business, was 63.6 (66.8). The low level is attributable to both the historic profitability measures, implementation of price-differentiated products and the efficiency programme. The level of weather claims was 1.9 (4.5), and was positively affected by mild winter weather in Q4 in both Denmark and Norway. At 4.3 (4.5), the level of large claims was largely unchanged since 2013, while the run-off level was somewhat higher at 7.4 (6.0).

Expenses

The expense ratio was 15.8 (18.6), and adjusted for one-off effects related to the Norwegian pension scheme and the change of IT suppliers, the expense ratio was 16.9. This development is very satisfactory and was achieved by means of the efficiency programme and structural adjustments in the Commercial organisation. This comprises, among other things, changes in the distribution structure and synergies in connection with the integration of the business transferred from Corporate. Reducing the expense level will continue to be an important focus area for Commercial in the coming years, which will contribute to improving competitiveness and supporting the Group's expense ratio reduction target.

Corporate

Financial highlights

Financial highlights

- Technical result of DKK 427m (DKK 358m).
- Combined ratio of 89.8 (91.7).
- Increase in gross premiums of 1.1% (-2.9%)
- Expense ratio of 11.1 (11.8).

Key figures

DKKm	2014	2013
Gross premium income	**4,033**	**4,158**
Gross claims	-2,872	-3,661
Gross expenses	-446	-490
Profit/loss on gross business	715	7
Profit/loss on ceded business	-304	338
Insurance technical interest, net of reinsurance	16	13
Technical result	**427**	**358**
Run-off gains/losses, net of reinsurance	421	375
Key ratios		
Premium growth in local currencies	1.1	-2.9
Gross claims ratio	71.2	88.0
Net reinsurance ratio	7.5	-8.1
Claims ratio, net of ceded business	78.7	79.9
Gross expense ratio	11.1	11.8
Combined ratio	**89.8**	**91.7**
Combined ratio exclusive of run-off	100.2	100.7
Run-off, net of reinsurance (%)	-10.4	-9.0
Large claims, net of reinsurance (%)	9.4	4.7
Weather claims, net of reinsurance (%)	3.0	2.5

Corporate sells insurance products to corporate customers under the brand 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are effected both via Tryg Forsikring'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.

Results

The technical result improved to DKK 427m (DKK 358m), and the combined ratio amounted to 89.8 (91.7). The result was affected by a significantly higher overall level of large claims and weather claims, more than approximately DKK 200m higher than in 2013 in total. Adjusted for this, the underlying development in results was positive; among other things due to a lower level of medium-sized claims.

The Corporate portfolio comprises a higher share of long-tailed business than the other areas, for which reason the capital requirement is higher. For this reason, Corporate should have a lower combined ratio over time than the other business areas to contribute to Tryg Forsikring's financial targets.

Premiums

As a matter of course, the Corporate market comprises large single customers. As the market is also highly competitive, focus in Corporate will be on maintaining profitability, which means that the premium income will fluctuate more than for the other business areas.

In 2014, premium income increased by 1.1% (-2.9%). This is especially attributable to the Swedish part of Corporate, which is still being built up with a focus on profitability. In Sweden, growth amounted to 8.6%, and growth was positive at 0.8% for the Danish part and negative at 0.8% for the Norwegian part. The development in Denmark and Norway is attributable to normal fluctuations when large customers are added to or removed from the portfolio.

As part of the change in the setup of Corporate and Commercial, small customers with a total premium of approximately DKK 900m were moved. Against this background, Corporate has been able to continue its work on developing focused advisory concepts for large customers in a more focused way.

Claims

The gross claims ratio amounted to 71.2 (88.0), and the claims ratio, net of ceded business, was 78.7 (79.9). Adjusted for run-off level, weather claims and large claims, the claims ratio, net of ceded business, was significantly higher than in 2013, which underlines the profitability focus in Corporate. However, at the same time, it must be concluded that the claims level for the Swedish part was less satisfactory towards the end of the year.

Providing advice on risks is an integral part of Corporate's advisory concept, and this has been extended further in recent years, which has had a positive impact on the claims level.

Expenses

The expense ratio was 11.1 (11.8), and adjusted for one-off effects related to the Norwegian pension scheme and IT operating expenses, the expense ratio was 11.6.

The development in the expense level is satisfactory viewed in the context of the efforts to improve competitiveness and the financial results. The coming years will see a focus on streamlining the handling of large customers even more and reducing the expense level further.

The number of employees was reduced from 365 at the end of 2013 to 279 at the end of 2014. Of this, approximately 60 positions were moved in connection with the new division of Corporate and Commercial.

Sweden

Financial highlights

Financial highlights

- Technical result of DKK 118m (DKK 149m).
- Combined ratio of 92.0 (91.2).
- Gross premiums reduced by 7.4% (-4.9%) as a result of the termination of the agreement with Nordea.
- Expense ratio of 19.2 (17.6).

Key figures

DKKm	2014	2013
Gross premium income	**1,399**	**1,587**
Gross claims	-998	-1,178
Gross expenses	-268	-280
Profit/loss on gross business	133	129
Profit/loss on ceded business	-21	9
Insurance technical interest, net of reinsurance	6	11
Technical result	**118**	**149**
Run-off gains/losses, net of reinsurance	43	20
Key ratios		
Premium growth in local currencies	-7.4	-4.9
Gross claims ratio	71.3	74.2
Net reinsurance ratio	1.5	-0.6
Claims ratio, net of ceded business	72.8	73.6
Gross expense ratio	19.2	17.6
Combined ratio	**92.0**	**91.2**
Combined ratio exclusive of run-off	95.1	92.5
Run-off, net of reinsurance (%)	-3.1	-1.3
Weather claims, net of reinsurance (%)	1.5	1.4

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 are effected via Tryg Forsikring's own salespeople, call centres and the Internet. The business area accounts for 7% of the Group's total premium income.

Results

The results of this business area have improved significantly in recent years. The combined ratio for 2014 was largely at the same level as in 2013 and was achieved in a year which saw an expected gradual reduction of the Nordea portfolio as a result of terminating the partner agreement in Sweden. In 2014, the cooperation with Danske Bank in Sweden was gradually expanded, and new, small portfolios were acquired. In addition, the important agreement with Elkjöp on product insurance distribution has been extended. At the same time, significant structural measures were also implemented in 2014 with regard to distribution, as a result of which the call centre in Luleå was closed, with only one call centre remaining based in Malmö.

The technical result was DKK 118m (DKK 149m). This was achieved through a continued focus on profitability within the broad private market and the usual sound results in the niche areas comprising leisure boats, motorcycles and product insurance.

Premiums

Premium income was reduced by 7.4% (-4.9%). This reduction was primarily due to the mentioned termination of the partner agreement with Nordea, just as the number of partner agreements in general was reduced, including ICA and Villaägerne (the house owners) in Sweden, to ensure profitability. This development was countered through the continued development of the cooperation with Danske Bank and the acquisition of the company Securator, which is a market-leading provider of extended guarantee insurance for electronic equipment in Denmark, as well as the acquisition of a small portfolio within insurance for pets.

Towards the end of the year, it could be concluded that the level of sales was now generally higher than before the agreement with Nordea was terminated. This was achieved through the establishment of one call centre in Malmö.

Claims

The gross claims ratio amounted to 71.3 (74.2), and the claims ratio, net of ceded business, was 72.8 (73.6). The largely unchanged claims ratio, net of ceded business, is satisfactory and positively affected by the gradual reduction of the Nordea portfolio, while it is negatively affected by a few mid-sized claims and an increasing claims frequency within contents insurance. Claims handling in Moderna is characterised by a high degree of efficiency, and the introduction of automatic claims handling without claims handlers continues. The claims handling is determined by the type of claim, the customer's claims history and a number of other factors. Tryg Forsikring sees great potential in this kind of claims handling for the Group as a whole. This is also a very efficient form of claims handling for customers, as a large portion of claims are registered and finalised on the same day, which results in high customer satisfaction and a positive effect on the claims level.

Run-off amounted to 3.1% (1.3%), which reflects that the Swedish part of the business has now also built a solid reserve position.

Expenses

The expense ratio was 19.2 (17.6), or 18.8 excluding one-off effects. The higher expense level is related to the reduction in premium income. It was expected that the expense ratio would increase, as it was not possible to adapt to a considerably lower premium level in the short term. Accordingly, in the coming years, initiatives will be implemented to ensure a reduction in expenses. The centralisation of customer service and telemarketing in Malmö was completed in 2014, which means that the corresponding function in Luleå has now finally been closed.

Investment activities

The purpose of the investment activities is primarily to support the insurance business by minimising the impact of interest and exchange rate fluctuations and by managing the investments in the best possible way while taking account of market risk and capital use.

Key figures - Investments		
DKKm	2014	2013
Free portfolio, gross return	548	891
Match portfolio, regulatory deviation and performanc	181	40
Other financial income and expenses	-362	-338
Total investment return	**367**	**593**

Return - free portfolio	Return	Return (%)	Investment assets	
DKKm	2014	2014	31.12.2014	31.12.2013
Government bonds	15	4.7	279	501
Covered bonds	78	1.6	5,188	4,736
Emerging market bonds	23	5.9	410	387
High-yield bonds	35	5.2	910	802
Other*	17	1.4	1,085	1,944
Interest rate and credit exposure	**168**	**2.1**	**7,872**	**8,370**
Equity exposure	**250**	**10.0**	**2,470**	**2,966**
Investment property	**130**	**6.4**	**2,099**	**2,022**
Total gross return	**548**	**4.4**	**12,441**	**13,358**

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

Return - match portfolio	Return
DKKm	2014
Return, match portfolio	1,336
Value adjustments, changed discount rate	-741
Transferred to insurance technical interest	-414
Match, regulatory deviation and performance	**181**
Hereof:	
Match, regulatory deviation	77
Match, performance	104

At 31 December 2014, the total investment portfolio totalled DKK 41.9bn. The investment portfolio is divided into a match portfolio and a free portfolio of DKK 29.5bn and DKK 12.4bn, respectively. The sole purpose of the match portfolio is to hedge fluctuations in the discounting of insurance provisions and thus reduce the interest rate risk attaching to Tryg Forsikring's claims provisions. In addition to transferring the change in the value of the commitments, the match portfolio will also provide interest on the provisions to transfer insurance technical interest. The free investment portfolio generally corresponds to equity and is invested in bonds, real estate and equities.

Another purpose of the investment activities is to reduce the impact of exchange rate fluctuations. This is done by means of hedging, which in terms of expenses is included under other financial income and expenses.

Hedging covers the currency risk in the Norwegian and Swedish branches, and especially towards the end of 2014, it protected against fluctuations due to a significant drop in the Norwegian krone. Without this hedging, which relates to Tryg Forsikring's equity and intercompany balances, equity in 2014 would be approximately DKK 260m lower.

Financial markets in 2014

Activity in the global economy gradually gained momentum in the course of 2014, especially in the USA and the UK. However, growth in Europe was a little more restrained, while the Chinese and Japanese economies also slowed down. The central banks also had a bearing on the agenda in 2014. While the American central bank cut back its monetary easing by reducing its monthly acquisition of bonds, the European central bank eased its monetary policy on several occasions to boost the economy. In the Nordic countries, the Norwegian central bank's interest rate cut was particularly noteworthy, and was primarily driven by the fall in oil prices. The general impression of 2014 is a global economy a world with historically low inflation, interest rates and commodity prices plus growth which is still low and is primarily driven by America.

The uncertainty in the financial markets has primarily been due to one-off events such as Russia's annexation of the Crimea, the demonstrations in Hong Kong and the new tensions in the Middle East.

Investment return 2014

The investment return was affected by both positive equity and credit markets and falling interest rates as well as good performance. The return on the free portfolio was DKK 548m, while the return on the match portfolio was DKK 181m. After financial income and expenses of DKK -362m, the total investment return amounted to DKK 367m.

The result of the match portfolio comprises performance of DKK 104m and a regulatory deviation of DKK 77m. The positive performance was primarily due to the selected local bonds doing well relative to the local market.

The regulatory deviation is explained by the fact that the commitments are primarily calculated on the basis of euro swaps, while hedging is local. The difference between euro swaps and Norwegian swaps, in particular, explains most of the regulatory deviation. The interest rate difference between, for example, the two-year European and Norwegian swap rates is now only 1 percentage point, which is the lowest level since 2009.

In addition, the development in the financial markets resulted in positive returns on equities, credit exposure and the bond position in the free portfolio. The return was DKK 548m, corresponding to 4.4% on the average invested capital for the period. The return on Tryg Forsikring's equity portfolio was DKK 250m. The reduction of the interest rate level in 2014 combined with the positive return on high-yield bonds and emerging market bonds resulted in a return of DKK 168m, or 2.1%. Real estate investments contributed positively with DKK 130m. The value of the properties in Norway increased slightly, while the situation is largely unchanged in Denmark.

Other financial income and expenses

Other financial income and expenses totalled DKK -362m in 2014. This item comprises a number of elements, of which the largest are the expense relating to Tryg Forsikring's hedging of the currency risk of DKK 95m, as mentioned above, and the expenses relating to Tryg Forsikring's subordinate loan of DKK 90m. The value of Tryg Forsikring's domicile in Ballerup was impaired by DKK 106m.

Capital and risk management

The main concept of insurance is that of spreading risk. By pooling risks from a large number of customers, an insurance company's risks are spread more evenly and are also more predictable, thereby reducing the capital required to cover negative fluctuations. The assessment and management of Tryg Forsikring's aggregate risk and the associated capital requirements therefore constitute a central element in the management of an insurance company.

Risk profile and appetite

Tryg Forsikring's Supervisory Board defines the framework for the company's target risk appetite and thereby also the capital which must be available to cover any losses. The risk appetite is described in Tryg Forsikring's policies via exposure limits for different types of risk.

The fundamental insurance risk is managed via limits for the size of single large commitments and via the use of reinsurance, thereby limiting the maximum cost of large claims, expenses due to a storm, cloudburst or another event which affects a number of insurance customers simultaneously. Moreover, the insurance risk is managed through geographical limitations and by refraining from offering certain types of insurance such as aviation and marine insurance. Operating within these limits, Tryg Forsikring's risk will depend on the company's choice of exposure within different segments and industries in the insurance market.

Another example of the operationalisation of risk appetite is the management of the investment risk via exposure limits within different asset classes (shares and property etc.) and the management of the total interest risk via Tryg Forsikring's match strategy. This prescribes that Tryg Forsikring's investment assets corresponding to the technical provisions must be invested in interestbearing assets, the interest rate sensitivity of which precisely matches and thereby hedges the interest rate sensitivity of the discounted provisions.

Good risk management requires, among other things, the ongoing identification and quantification of risk factors, subsequent reduction of undesired risks and the reporting of the whole risk scenario. The quantification consists, among other things, of a calculation of the capital requirements and, against this background, an annual review is made of the framework for Tryg Forsikring's risk appetite.

To support the work with risk management, the Supervisory Board has appointed a special Risk Committee, whose task is to focus on the Board's responsibility in terms of capital and risk management.

Capital requirement and management

Capital management is based on Tryg Forsikring's internal capital model. The capital model is based on the risk profile, and thus takes account of the composition of the insurance portfolio, the geographical spread, the provision profile, the reinsurance programme, the investment portfolio and Tryg Forsikring's profitability in general. The model calculates the statutory capital requirement (Individual Solvency Requirement) with a 99.5% certainty level, such that Tryg Forsikring would statistically be able to honour claims in 199 out of 200 years.

At the end of 2014, the Individual Solvency Requirement totalled DKK 6,560m (DKK 6,366m in 2013). The capital required to meet the Individual Solvency Requirement is called the adequate capital base. At the end of 2014, this totalled DKK 9,938m after dividend, corresponding to a surplus cover of DKK 3,378m or 46%.

The Supervisory Board regularly assesses the need for capital adjustments. The assessments are made in the company's capital plan, in which the Individual Solvency Requirement is projected on the basis of Tryg Forsikring's budgets. In conjunction with the capital plan, a contingency plan has been prepared which describes specific measures that may be introduced in the short term, should the company's desired capital position be threatened. Both the capital plan and the contingency plan have been approved by Tryg Forsikring's Supervisory Board.

Tryg Forsikring's capital base consists of equity and subordinate loan capital. The relative sizes of these two categories are subject to ongoing assessment with a view to maintaining an optimum structure which takes account of the target return on equity, the capital costs and the desired financial flexibility. In 2015, this will be reassessed in connection with the refinancing of Tryg Forsikring's subordinate loan of EUR 150m. This refinancing will take the future Solvency II rules into account.

At the end of 2014, Tryg Forsikring's total subordinate loan capital amounted to 15% of equity, with total interest expenses of DKK 90m.

Towards Solvency II

The coming European solvency rules, Solvency II, will enter into force on 1 January 2016.

Under Solvency II, a company is allowed to calculate its capital requirement using an internal model approved by the Financial Supervisory Authority. Tryg Forsikring expects its internal model to be approved so that it can continue to be used by the company. If the approval process takes longer than expected, it will be necessary to use the Solvency II standard model for a period, which will result in a lower solvency surplus.

When Solvency II enters into force, the concept of 'adequate capital base' will be replaced by the Solvency II concept of 'own funds'. There are still some unresolved issues as to the interpretation of this capital calculation method, which may have a significant impact on Tryg Forsikring's capital situation. The capital elements still to be clarified are:

- Norwegian Natural Perils Pool, which may have a negative effect of DKK -1 to 0bn. Tryg Forsikring expects that Norwegian Natural Perils Pool will still be available as a tier 2 capital element when Solvency II has entered into force.
- Norwegian warranty provision, which may have a negative effect of DKK -0.2 to 0bn. Tryg Forsikring expects that the warranty provision will still be available as a tier 1 or tier 2 capital element under Solvency II.
- The Solvency II assessment of premium provisions will contribute positively with DKK 0.5 to 0.7bn to the own funds statement (expected future profit).
- An increased possibility for raising subordinate loan capital amounts from DKK 1.5 to 2.5bn.

Tryg Forsikring thus expects an overall positive capital effect in connection with the transition to Solvency II. The Solvency II provisions also introduce a requirement for an Own Risk and Solvency Assessment (ORSA). Tryg Forsikring has for several years prepared ORSA reports, which assess the general risk scenario and propose improvements. In 2014, such a risk assessment was also carried out and considered by the company's day-to-day management and Supervisory Board, which are consequently entering 2015 with a fully updated view of Tryg Forsikring's risk profile.

Standard & Poor's

In 2014, Tryg Forsikring achieved an 'A-' rating from the credit rating agency Standard & Poor's, and aims to maintain this rating.

Corporate governance

Tryg Forsikring focuses on managing the company in accordance with the principles for good corporate governance and generally complies with the recommendations. The Danish recommendations have been prepared by the Committee on Corporate Governance and most recently updated in 2014. The Recommendations on Corporate Governance can be found at corporate governance. dk. At tryg.com[1], Tryg Forsikring has published the statutory corporate governance report based on the 'comply or explain' principle for each individual recommendation. This section on corporate governance is an excerpt of the corporate governance report.

Dialogue between Tryg Forsikring and stakeholders

Tryg Forsikring has adopted an Investor Relations policy which states, among other things, that all company announcements and financial statements are published in English and that Tryg Forsikring publishes interim financial statements half yearly. This material provides all stakeholders with a comprehensive picture of Tryg Forsikring's position and performance. The consolidated financial statements are presented in accordance with IFRS.

Annual general meeting

Tryg Forsikring holds an annual general meeting every year. As required by the Danish Companies Act and the Articles of Association.

Capital structure

The Board ensures that Tryg Forsikring's capital structure is in line with the needs of the Group and that it complies with the requirements applicable to Tryg Forsikring as a financial undertaking. Tryg Forsikring has adopted a capital plan and a contingency capital plan, which are reviewed annually by the Board.

Depending on the development in results, each year the Board proposes a dividend.

Duties, responsibilities and composition of the Supervisory Board

The Board is responsible for the central strategic management and financial control of Tryg Forsikring and for ensuring that the business is organised in a sound way. This is achieved by monitoring targets and framework on the basis of regular and systematic review of the strategy and risks. The Executive Management reports to the Board on strategies and action plans, market developments and group performance, funding issues, capital resources and special risks. The Board holds one annual strategy seminar to decide on and/or adjust the Group's strategy with a view to sustaining value creation in the company. The Executive Management works with the Board to ensure that the Group's strategy is developed and monitored. The Board ensures that the necessary competencies and financial resources are available for Tryg Forsikring to achieve its strategic targets. The Board specifies its activities in a set of rules of procedure and an annual cycle for its work.

[1] Where references are made to the descriptions at tryg.com the same applies to Tryg Forsikring Group

Board members elected by the annual general meeting are up for election each year at the annual general meeting. See pages 31-32 for information on when the individual members joined the Board, were re-elected and when their current election period expires. To ensure the integration of new talent on the Board, members elected by the annual general meeting may hold office for a maximum of nine years. Furthermore, members of the Board must retire at the first annual general meeting following their 70th birthday. The Board has 12 members, five men and seven women (including one male and three female employee representatives). The Board has members from Denmark, Sweden and Norway. Tryg Forsikring's board is thus not underrepresented.

Eight members of the Board are elected by the annual general meeting for a term of one year. Of the eight members elected at the annual general meeting, four are independent persons as stated in recommendation 3.2.1 in Recommendations on Corporate Governance, while the other four members are dependent persons as they are appointed by TryghedsGruppen the majority shareholder of the parent company Tryg A/S. See details about the independent board members in the section Supervisory Board on pages 31-32.

The Board performs an annual evaluation of its work and skills to ensure that it possesses the expertise required to perform its duties in the best possible way. In 2014, external assistance was brought in to contribute to this, which resulted in the recruitment of a new member for the Board in 2015. The Board focuses on the following qualifications and skills: management experience, financial insights, knowledge of insurance, including the organisation of insurance companies, product development of financial services, reinsurance, capital requirements and special accounting principles in insurance law, accounting insights, financial knowledge and experience, M&A experience, market insights and international experience. See CVs and descriptions of the skills in the section Supervisory Board on page 32-33.

Duties and composition of the Executive Management

Each year, the Board reviews and adopts the rules of procedure of the Board and the Executive Management with relevant policies, guidelines and instructions describing reporting requirements and requirements for communication with the Executive Management. Financial legislation also requires the Executive Management to disclose all relevant information to the Board and report on compliance with limits defined by the Board and in legislation.

The Board considers the composition, development, risks and succession plans of the Executive Management in connection with the annual evaluation of the Executive Management, and regularly in connection with board meetings.

Each year, the Board discusses Tryg Forsikring's activities to guarantee diversity at management levels. Tryg Forsikring attaches importance to diversity at all management levels. Tryg Forsikring has prepared an action plan which sets out specific targets to ensure diversity and equal opportunities and access to management positions for qualified men and women. In 2014, the proportion of women at management level was 36,5% against 34.6% in 2013. It is Tryg Forsikring's objective to increase the total proportion of women at management level to 38% in 2015.

Board committees

Tryg Forsikring has an Audit Committee, a Risk Committee, a Nomination Committee and a Remuneration Committee. The framework of the committees' work is defined in their terms of reference. The board committees' terms of reference can be found at tryg.com > Governance > Management > Supervisory Board > Board committees, including descriptions of members, meeting frequency, responsibilities and activities during the year.

Three out of four members of the Audit Committee and the Risk Committee, including the chairman of the committees, are independent persons. Of the four members of the Remuneration Committee, one member is an independent person, while one out of two members of the Nomination Committee is independent. Board committee members are elected primarily based on special skills that are considered important by the Board. Involvement of the employee representatives in the committees is also considered important. The committees exclusively prepare matters for decision by the entire Board. The special skills of all members are also described at tryg.com.

Remuneration of Management

Tryg Forsikring has adopted a remuneration policy for the Board and the Executive Management, including general guidelines for incentive pay. The remuneration policy for 2014 was adopted by the Board in December 2013 and by the annual general meeting on 3 April 2014.

The Chairman of the Board reports on Tryg Forsikring's remuneration policy each year in connection with the consideration of the annual report at the annual general meeting. See the remuneration policy at tryg.com > Governance > Remuneration.

Remuneration of Supervisory Board

Members of Tryg Forsikring's Board receive a fixed fee and are not comprised by any form of incentive or severance programme or pension scheme. Their remuneration is based on trends in peer companies, taking into account board members' required skills, efforts and the scope of the board's work, including the number of meetings. The remuneration received by the Chairman of the Board is triple that received by ordinary members, while the Deputy Chairman's remuneration is double that received by ordinary members of the Board.

Total remuneration of the Supervisory Board in 2014

DKK	Fee	Auidit Commitee	Risk Commitee	Remuneration Commitee	Total
Jørgen Huno Rasmussen	990,000			135,000	1,125,000
Torben Nielsen	660,000	225,000	150,000		1,035,000
Paul Bergqvist	330,000			90,000	420,000
Anya Eskildsen	330,000			90,000	420,000
Vigdis Fossehagen	330,000			90,000	420,000
Ida Sofie Jensen	330,000				330,000
Bill-Owe Johansson	330,000				330,000
Lone Hansen	330,000				330,000
Jesper Hjulmand	330,000	150,000	100,000		580,000
Lene Skole	330,000	150,000	100,000		580,000
Tina Snejbjerg	330,000		100,000		430,000
Mari Thjømøe	330,000	150,000	100,000		580,000

Remuneration of Executive Management

Members of the Executive Management are employed on a contractual basis, and all terms of their remuneration are established by the Board. This is based on the work and results of the individual members of the Executive Management and on the need to attract and retain the most highly qualified members of the Executive Management. The fixed pay element must be competitive and appropriate for the market and provide sufficient motivation for all members of the Executive Management to do their best to achieve the company's defined targets.

The Executive Management's remuneration consists of a fixed pay element, pension and a variable pay element. The variable pay constitutes only a limited part of the overall remuneration. The Board can decide that the fixed pay be supplemented with a variable pay element of up to 10% of the fixed basic pay including pension at the time of allocation. The variable pay element consists of a matching shares programme. Four years after the purchase by a member of the Executive Management of a specified number of shares in the parent company Tryg A/S, such member is allocated a corresponding number of free shares in the parent company Tryg A/S. Read more about the matching shares programme in the remuneration policy at tryg.com > Governance > Remuneration. Some members of the Executive Management still have unexercised share options, which were allocated under a previous programme. See Note 6 on page 62.

Each member of the Executive Management is entitled to 12 months' notice of termination and 12 months' severance pay. However, the Group CEO is entitled to 12 months' notice of termination and 18 months' severance pay.

Each member of the Executive Management has 25% of the basic salary paid into a pension scheme. Up until 31 July 2014, the Group CFO received a defined-benefit pension, disbursed from the retirement date. The benefit is determined by the final salary and how long the Group CFO has been covered by the defined-benefit pension. On 1 August 2014, Tor Magne Lønnum changed to a Danish employment contract with a pension scheme of 25% of his basic salary.

Total remuneration of the Executive Management in 2014

DKK	Basic salary	Pension	Car/ car allowance	Total fixed salary	Value of matching shares [a]	Total fee
Morten Hübbe	8,928,218	2,232,055	255,000	11,415,273	850,000	12,265,273
Tor Magne Lønnum	5,022,283	1,184,610	154,564	6,361,457	550,000	6,911,457
Lars Bonde	4,385,281	1,096,320	255,000	5,736,602	400,000	6,136,602

a) At time of allocation.

Financial reporting, risk management and auditing

Being an insurance business, Tryg Forsikring is subject to the risk management requirements of the Danish Financial Business Act. In its policies, the Board defines Tryg Forsikring's risk management framework as regards insurance risk, investment risk and operational risk, as well as IT security. Guidelines are issued by the Board to the Executive Management.

Risks associated with new financial reporting rules and accounting policies are monitored and considered by the Audit Committee, the finance management and the internal auditors. Material legal and tax-related issues and the financial reporting of such issues are assessed on an ongoing basis. Other risks associated with the financial reporting are described in the section Capital and risk management on pages 22-24 and in Note 1 Risk- and capital management on page 46.

Tryg Forsikring engages in ongoing risk identification, mapping insurance risks and other risks related to realising the Group's strategy or which may have a potentially substantial impact on the Group's financial position. The process involves registering and continually monitoring the risks identified. In 2014, Tryg Forsikring undertook an Own Risk and Solvency Assessment (ORSA). The purpose of the ORSA is to link strategy, risk management and solvency, as the aim of the ORSA is to ensure a sensible correlation between the strategy for assuming risks and the available capital over a period of three to five years.

The Board and the Executive Management approve and monitor the Group's overall policies and guidelines, procedures and controls in important risk areas. They receive reports about developments in these areas and about the ways in which the frameworks are used. The Board checks that the company's risk management and internal controls are effective. Non-compliance with the frameworks and guidelines established by the Board is reported to the Board. The Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the Board.

The Group's internal control systems are based on clear organisational structures and guidelines, general IT controls and segregation of functions, which are supervised by the internal auditors. Tryg Forsikring has a decentralised set-up whereby risk managers in the business areas carry out controlling tasks for the risk management environment and Tryg Forsikring's compliance function.

The Executive Management has established a formal process for the Group comprising monthly reporting, including for example budget and deviation reports.

Risk management is an integral part of Tryg Forsikring's business operations. The Group seeks at all times to minimise the risk of unnecessary losses in order to optimise returns on the company's capital. Read more about Tryg Forsikring's risk management in the section Capital and risk management on pages 22-24 and in Note 1 Risk management on page 46.

Whistle-blowing scheme

Tryg Forsikring has set up an Ethical Hotline, which allows employees, customers or business partners to report any serious wrongdoing or suspected irregularities. Reporting takes place in confidence to the Chairman of the Audit Committee.

Audit

The Board ensures monitoring by competent and independent auditors. The Group's internal auditor attends all board meetings. The independent auditor attends the annual board meeting at which the annual report is presented.

Each year, the annual general meeting appoints an independent auditor recommended by the Board.

At least once a year, the internal and independent auditors meet with the Audit Committee without the presence of the Executive Management. The Chairman of the Audit Committee deals with any matters that need to be reported to the Board.

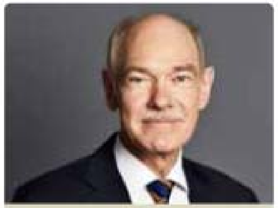
Internal audit

Tryg Forsikring has set up an internal audit department which regularly reviews the quality of the Group's internal control systems and business procedures. It is responsible for planning, performing and reporting the audit work to the Board.

Deviations and explanations

Tryg Forsikring complies with the Recommendations on Corporate Governance with the exception of the recommendation for the number of independent members of the board committees, with which Tryg Forsikring complies partially.

Supervisory Board



Jørgen Huno Rasmussen [a]

Chairman
Born 1952. Joined: 2012.
Nationality: Danish. Professional board member. Adjunct Professor, CBS. Former Group CEO of the FLSmidth Group.

Educational background:
Graduate Diploma in Organisation, Graduate Engineer and Lic.techn.
Chairman: Tryg A/S, Tryg Forsikring A/S, TryghedsGruppen smba, the Lundbeck Foundation and LundbeckFond Invest A/S.
Board member: Rambøll Group A/S, Bladt Industries A/S, Terma A/S, Haldor Topsøe A/S, Otto Mønsted A/S and Thomas B. Thriges Fond.
Committee memberships: Remuneration Committee (Chairman), Nomination Committee (Chairman) in Tryg A/S.
Number of shares held: 366
Change in portfolio in 2014: 0

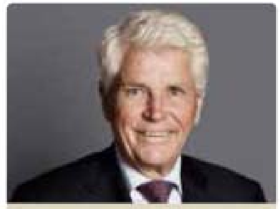
As former CEO of FLSmidth, Jørgen Huno Rasmussen has experience in international management of listed companies and special skills within strategy, business development, communication, risk management and finance.

Torben Nielsen [b]

Deputy Chairman
Born 1947. Joined: 2011.
Nationality: Danish. Professional board member. Adjunct Professor, CBS. Former Governor of Danmarks Nationalbank.

Education: Savings bank educated, Graduate Diplomas in Organisation and Work Sociology, Credit and Financing.
Chairman: Investeringsforeningen Sparinvest, Investeringsforeningen Sparinvest Sicav, Luxembourg, EIK banki p/f, Færøerne, Capital Market Partners and Museum Sydøstdanmark.
Deputy Chairman: Tryg A/S, Tryg forsikring A/S and Sydbank A/S.
Board member: Sampension KP Livsforsikring A/S, Dansk Landbrugs Realkredit and Executive Board of Bombebøssen.
Committee memberships: Audit Committee (Chairman), Risk Committee (Chairman), Nomination Committee in Tryg A/S.
Number of shares held: 3,500
Change in portfolio in 2014: 0

Torben Nielsen has special skills in the fields of management, finance, financial services and risk management as former Governor of Danmarks Nationalbank.



Paul Bergqvist [b]

Born 1946. Joined: 2006.
Nationality: Swedish.
Professional board member. Former CEO of Carlsberg A/S.

Educational background: Economist and engineer.
Chairman: Sverige Bryggerier AB, East Capital Explorer AB, Pleno Zvalgdes AB, Norrköpings Segel Sällskap, Östkinds Häradsallmänning.
Board member: Tryg A/S, Tryg Forsikring A/S and Greencarrier AB.
Committee memberships: Remuneration Committee in Tryg A/S.
Number of shares held: 100
Change in portfolio in 2014: 0

Paul Bergqvist has international management and board experience within M&A, strategic development, marketing, branding and financial management. Being a Swedish citizen, Paul Bergqvist has special knowledge of Swedish market conditions.

Anya Eskildsen [a]

Born 1968. Joined: 2013.
Nationality: Danish.
President of Niels Brock Copenhagen Business College.

Education: MSc in Political Science, the certified IoD Board Program.
Board member: Tryg A/S and Tryg Forsikring A/S, Trygheds-Gruppen smba, California International Business University and Lær for Livet.
Committee memberships: Remuneration Committee in Tryg A/S. Member of the Danish Growth Council, Nykredits Regionsråd, Danish Chinese Business Forum, minister-appointed GS coordinator, VL 21, Copenhagen Rotary and NOCA.
Number of shares held: 0

Anya Eskildsen has experience within financial management, strategic management, communication and marketing, innovation and ideas generation and international system exports.

Vigdis Fossehagen

Employee representative
Born 1955. Joined: 2012.
Nationality: Norwegian.
Chairman of Finansforbundet, Tryg Norway. Employed in 1996.

Education: Educated in the area of agricultural mechanics.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Remuneration Committee in Tryg A/S and Lay Judge in the District Court of Bergen.
Number of shares held: 20
Change in portfolio in 2014: +20

Lone Hansen

Employee representative
Born 1966. Joined: 2012.
Nationality: Danish.
Chairman of the Association for Tied Agents and Key Account Managers in Tryg. Employed in 1990.

Education: Certified commercial insurance agent. Various insurance and sales courses and negotiation training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Other duties: Member of the Insurance Agent Committee of the Financial Services Union Denmark.
Number of shares held: 106
Change in portfolio in 2014: +20

Members of the Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years. The next election of employee representatives will be held in 2016.

a) Dependent member of the Supervisory Board.
b) Independent member of the Supervisory Board, as per the definition in Recommendations on Corporate Governance.

Jesper Hjulmand[a]

Born 1963. Joined: 2010.
Nationality: Danish.
CEO of SEAS-NVE A.m.b.a.

Education: MSc in Economics and Business Administration and Lieutenant-Colonel of the Danish Air Force Reserve.
Chairman: Association of Danish Energy and Distribution Companies (DEA), the energy trading company Energi Danmark A/S, the fibre company Fibia P/S, the wind power company SEAS-NVE Vind AB, the energy trading company SEAS-NVE Strømmen A/S.
Deputy Chairman: TrygHeds-Gruppen smba.
Board member: Tryg A/S, Tryg Forsikring A/S, DI General Council, Dansk Energi and Danish Intelligent Energy Alliance.
Committee memberships: Audit Committee and Risk Committee in Tryg A/S, Executive Director Committee of Dansk Energi (Chairman) and Green Committee, Region Zealan (Chairman).
Number of shares held: 1,750
Change in portfolio in 2014: 0

Jesper Hjulmand has experience within M&A, strategy, organisational and management development, communication and business development.

Ida Sofie Jensen[a]

Born 1958. Joined: 2013.
Nationality: Danish.
Director General of Lif (Danish Association of the Pharmaceutical Industry). Director General of the subsidiary DLI (Dansk Lægemiddel Information A/S).

Education: MSc in Political Science, European Health Leadership Programme INSEAD, Executive Management Programme INSEAD, Executive Program Columbia Business School.
Board member: Tryg A/S and Tryg Forsikring A/S, TrygHeds-Gruppen smba, Plougmann & Vingtoft A/S and Den Erhvervsdrivende Fond Hans Knudsen Instituttet.
Number of shares held: 173
Change in portfolio in 2014: +79

Ida Sofie Jensen has experience from business operations and the health sector as well as management, strategy, politics and finance.

Mari Thjømøe[b]

Born 1962. Joined: 2012.
Nationality: Norwegian.
Professional board member and independent advisor.

Education: Master of Economics and Business Administration, Financial Analyst (CFA). Management programme, London and Harvard Business School.
Chairman: Sellsport Maritimt Forlag AS.
Board member: Tryg A/S, Tryg Forsikring A/S, Argentum Fondsinvesteringer as, Nordic Mining ASA, Forskningskonsernet Sintef, E-CO Energi, Scatec Solar ASA, Avinor, Sevan Marine ASA.
Committee memberships: Audit Committee and Risk Committee, Tryg A/S. Audit Committee, Sevan Marine ASA and E-CO (Chairman), Audit Committee, Scatec Solar ASA and Remuneration Committee, Argentum.
Number of shares held: 300
Change in portfolio in 2014: 0

Mari Thjømøe has experience from international management, strategy, finance, capital management, investor relations, branding and special knowledge of the insurance , and special insights into Norwegian market conditions as a Norwegian citizen.

Lene Skole[b]

Born 1959. Joined: 2010.
Nationality: Danish. CEO of the Lundbeck Foundation.

Education: A.P. Møller Group's international shipping education, Graduate Diploma in Financing and various international management programmes.
Board member: Tryg A/S, Tryg Forsikring A/S and ALK.
Committee memberships: Audit Committee and Risk Committee in Tryg A/S and Audit Committee in ALK.
Number of shares held: 745
Change in portfolio in 2014: 0

Lene Skole has experience from international companies, among other things through her previous work in Coloplast and The Maersk Company Ltd., UK. Lene Skole has skills within strategy, finance, financing and communication.

Tina Snejbjerg

Employee representative
Born 1962. Joined: 2010.
Nationality: Danish.
Head of Section in Tryg's staff association. Employed in 1987.

Education: Insurance training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Risk Committee in Tryg A/S and DFL's General Council.
Number of shares held: 106
Change in portfolio in 2014: +20

Bill-Owe Johansson

Employee representative
Born 1959. Joined: 2010.
Nationality: Swedish.
Claims handler in Moderna (Swedish branch). Employed in 2002.

Education: Insurance training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Number of shares held: 220
Change in portfolio in 2014: +20

Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years. The next election of employee representatives will be held in 2016.

a) Dependent member of the Supervisory Board
b) Independent member of the Supervisory Board, as per the definition in Recommendations on Corporate Governance.

Group Executive Management

Morten Hübbe
CEO/Group CEO

Born 1972. Employed in 2002. Joined the Group Executive Management in 2003. Member of the Executive Management and the Group Executive Management.

Education: BSc in International Business Administration and Modern Languages, MSc in Finance and Accounting and management programme at Wharton.

Board member: Tryg Ejendomme A/S, Ejendomsselskabet af 8. maj 2008 A/S and Tjenestemændenes Forsikring.

Number of shares held: 13,453
Change in portfolio in 2014: +1,693

Tor Magne Lønnum
CFO/Group CFO

Born 1967. Employed in 2011.
Joined the Group Executive Management in 2011. Member of the Executive Management and the Group Executive Management.

Education: State-authorised public accountant, Executive Master of Business and Administration, University of Bristol and Ecole Nationale des Ponts et Chausses.

Board member: Tryg Garantiforsikring A/S, Thermo-pylae AS (Chairman) and Finansnæringens Felles-organisasjon, TGS Nopec ASA and P/f Bakkafrost.

Number of shares held: 6,000
Change in portfolio in 2014: +1,090

Lars Bonde
Group Executive Vice President, Private, Country Manager in Denmark and COO

Born 1965. Employed in 1998.
Joined the Group Executive Management in 2006. Member of the Executive Management and the Group Executive Management.

Education: Insurance training, LL.M.

Board member: The Danish Employers' Association for the Financial Sector, Tjenestemændenes Forsikring, Forsikringsakademiet, the Danish Insurance Association and Cphbusiness.

Number of shares held: 5,411
Change in portfolio in 2014: +806

Per Fornander
Group Executive Vice President, and Country Manager in Sweden

Born 1963. Employed in 2011. Joined the Group Executive Management in 2011.
Education: Marketing DIHM, IHM Business School in Stockholm.

Board member: Tryg Garantiforsikring A/S, Svensk Försäkring, Försäkringsbranschens Arbetsgivarorganisation, Försäkringsbranschens Pensionskassa, Securator A/S (Chairman) and Optimal Djurförsäkring i Norr AB.

Number of shares held: 3,372
Change in portfolio in 2014: + 582

Jesper Joensen
Group Executive Vice President, Claims

Born 1963. Employed in 1992.
Joined the Group Executive Management in 2013.

Education: Agricultural economist, certified insurance agent.

Number of shares held: 1,673
Change in portfolio in 2014: +587

Truls Holm Olsen
Group Executive Vice President, Corporate and Country Manager in Norway

Born 1964. Employed in 1998. Joined the Group Executive Management in 2009.

Education: LL.M.

Board member: Tryg Garantiforsikring A/S, Norsk Naturskadepool and Tryg Almennyttige Stiftelse. Member of the committee of shareholders

Livsforsikringsselskapet Nordea Liv Norge AS.

Number of shares held: 3,305
Change in portfolio in 2014: +598

Trond Bøe Svestad
Group Executive Vice President, Commercial

Born 1967. Employed in 2013. Joined the Group Executive Management in 2013.

Education: Master of Management, Business/ Commerce and Bachelor of Commerce

Number of shares held: 780
Change in portfolio in 2014: +587

Corporate Social Responsibility

Statutory corporate social responsibility report

Tryg Forsikring's ambition is to create peace of mind and value for customers, employees and the shareholder Tryg A/S. Corporate social responsibility therefore constitutes an integral part of our core business and plays a key role in connection with the development and improvement of our products and services as well as the optimisation of our operations and our activities. In Tryg Forsikring, corporate social responsibility is associated primarily with our insurance products, our history and our expertise, and our efforts focus on the climate, claims prevention, inclusion and employee well-being.

Our efforts are based on the principles of the United Nations Global Compact initiative and the United Nations' Guiding Principles for Business and Human Rights; they focus on the possibilities and risks inherent in our business activities with regard to the climate, human rights, labour rights and anticorruption. Tryg Forsikring's CSR policy is approved annually by the Supervisory Board. Download the policy at tryg.com > CSR > CSR strategy > CSR policy.

Climate

For Tryg Forsikring, it is crucial to consistently promote sustainable initiatives which can prevent and address the issue of climate-related damage which we experience in our daily work with customers and suppliers. To provide the best possible solutions, we engage in cooperation and partnerships with public authorities and researchers, and together we develop contingency plans and solutions which can ensure that local areas, buildings and processes are geared to withstanding climate change. Read more at tryg.com > CSR > Thematic areas > Climate.

Preventing water and storm damage

In Tryg Forsikring, we work actively to prevent and minimise the risk of damage and not only help once the damage has happened. Tryg Forsikring focuses on how customers can avoid storm damage, and offers for example to check their basements for free. By being aware of the risk of flooding due to cloudbursts, it is possible to take preventive action and mitigate or avoid damage.

Carbon emissions

Our aim is to reduce Tryg Forsikring's environmental impact, and each year we measure our carbon emissions and waste volumes. Most of the daily carbon emissions are associated with the lighting and heating of our offices, as well as car and plane travel.

Tryg Forsikring has defined carbon emission targets since 2007, and initiatives have been implemented to reduce carbon emissions at our offices in Ballerup and in Bergen. At the same time, focus has been on reducing carbon emissions from travel by plane and car. In 2014, carbon emissions were reduced by 48,1% relative to 2007. The target for 2015 is a reduction of 50% relative to 2007. The reduction was primarily due to the reduced consumption of heating oil, as the office in Bergen started making more use of heat pumps instead of oil boilers for heating, which explains the increase in electricity consumption. Read more about the climate initiatives at tryg.com > CSR > Thematic areas > Climate.

Human rights

In Tryg Forsikring, we respect human rights in all aspects of our work, and we want to improve our preventive efforts to minimise the risk of human rights violations. Also, we focus on the well-being of our employees and their right to a healthy and safe workplace. Tryg Forsikring wants to respect and promote the human rights and labour rights that are relevant to our business and activity areas. This applies both internally and in relations with our customers, suppliers, investors and partners. Our efforts focus primarily on inclusion, equality and labour rights as well as data protection. Read more at tryg.com > CSR > Thematic areas > Well-being > Labour rights.

Inclusion

Tryg Forsikring welcomes diversity, and we ensure non-discrimination through equal treatment of all our employees, regardless of gender, age, disabilities, ethnic origin, sexual orientation and religion. As a workplace characterised by diversity and the representation of different perspectives, we increase the quality of our services by having a better understanding of our customers and their requirements. In 2014, 4% of Tryg Forsikring's employees were of non-Western origin; thus we did not meet our target of 4.2%. We will consistently focus on increasing the share of employees of non-Western origin even though this is not a specific KPI in 2015. With a view to making the most of our employees' linguistic and cultural expertise, in 2014 we launched a new insurance advisory service for our private customers in six languages. The new initiative was welcomed both by our employees and by our customers, of whom 280 made use of the service. Read more about inclusion in Tryg Forsikring at tryg.com > CSR > Thematic area > Inclusion. Read more about guidance in six languages at tryg.dk > Privat > Kontakt os > Other languages

Equal rights

To ensure compliance with section 99b of the Danish Financial Statements Act on equal gender representation at management level, Tryg Forsikring is devoting targeted efforts to ensuring gender equality with regard to pay as well as equal career opportunities. We have an action plan aimed at ensuring the representation of more women in management, and in 2014 the target of a 2% increase relative to 2013 was almost met with 36.5% against 34.6%. The target figure for 2015 is 38% or more women in management. Read more about women in management at tryg.com > CSR > CSR strategy > Plans of action

Everyday peace of mind

In 2014, Tryg Forsikring was the first Danish insurance company to roll out a hotline 'Tryg i Livet' counselling service. The purpose is to ensure peace of mind for our Tryg Plus customers in their daily lives by offering free counselling by psychologists who can help them tackle crises or even prevent a problem from developing into a crisis. Customers have unlimited access to the service, which is anonymous to guarantee confidentiality between counsellor and customer. 'Tryg i Livet' has been welcomed by our customers, and the initiative will continue in 2015.

Active steps to reduce burglaries in Denmark

Tryg Forsikring has introduced a number of initiatives to reduce burglaries. As the first insurance company in Denmark, Tryg Forsikring is offering synthetic DNA marking to customers. Through customers marking their valuable possessions, we are supporting police investigations of burglaries and ensuring that burglars can be linked to the crime scene. In other countries, DNA marking has been shown to be an effective deterrent against burglary. Tryg Forsikring has launched an experiment in Sønderborg, with the aim of documenting the preventive effect of DNA marking in Denmark. The purpose is to raise awareness of the benefits of DNA marking with a view to the long-term crime prevention.

Data protection

As part of our daily work, we handle sensitive information from our customers, and it is crucial that they trust our handling of their personal data. In 2014, we therefore held four workshops about personal data protection.

In the past, Tryg Forsikring used to send all information containing sensitive personal data to our customers by ordinary mail. However, in 2014, Tryg Forsikring implemented an email solution which makes it possible to send encrypted emails. Hence, Tryg Forsikring has further improved our data protection standards, while at the same time ensuring that customers receive our communications as quickly as possible.

Tryg Plus customers are helped in case of theft or abuse of their personal data. In 2014, 240 Danes and 49 Norwegian customers contacted Tryg ID. Read more about data protection in Tryg Forsikring at tryg.com > CSR > Thematic areas > Prevention > Data protection.

Anti-corruption

To create the best possible conditions for providing peace of mind, it is important that we encourage our employees to maintain high moral standards, to conduct themselves in an ethically correct fashion and in compliance with applicable legislation. To make it easier for our employees to observe all relevant rules and instructions, Tryg Forsikring is continuously updating the internal code of conduct which all employees must know and adhere to. Through Tryg Forsikring's ethical hotline (whistleblower) employees and external stakeholders are able to report, in confidentiality, any suspected instances of non-compliance with the guidelines or breaches of the law. The whistleblower was applied four times in 2014. Read more about the ethical hotline at tryg.com > Governance > Ethical hotline.

CSR in sourcing

To ensure that Tryg Forsikring’s values and fundamental desire to run a responsible business are also reflected in the way in which our suppliers go about their business, our suppliers are required to conduct themselves in a socially responsible manner. Among other things, suppliers of automobile services to our customers and services to our business units must report annually on specific initiatives and results in the environmental area and when it comes to human rights, labour rights and anti-corruption. In 2014, 25 caravan workshops reported on their CSR efforts, and in 2015 an additional 400 car repairers will be required to report.

Statement by the Supervisory Board and the Executive Management

The Supervisory Board and the Executive Management have today considered and adopted the annual report for 2014 of Tryg Forsikring A/S and the Tryg Forsikring Group.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and the cash flows of the Group for the financial year 1 January – 31 December 2014.

Furthermore, in our opinion the Management's review gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Ballerup, 28 January 2015

Executive Management:

Morten Hübbe Group CEO	*Tor Magne Lønnum* Group CFO	*Lars Bonde* Group Executive Vice president

Supervisory Board:

Jørgen Huno Rasmussen Chairman	*Torben Nielsen* Deputy chairman	*Paul Bergqvist*
Anya Eskildsen	*Vigdis Fossehagen*	*Lone Hansen*
Jesper Hjulmand	*Ida Sofie Jensen*	*Bill-Owe Johansson*
Lene Skole	*Tina Snejbjerg*	*Mari Thjømøe*

Independent auditor's reports

To the shareholders of Tryg Forsikring A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Tryg Forsikring A/S for the financial year 1 January to 31 December 2014, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes, including the accounting policies, for the Group as well as for the Parent, and the consolidated statement of cash flow. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU as well as for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2014, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU.

Moreover, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2014, and of the results of its operations for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Business Act.

Statement on the management's review

Pursuant to the Danish Financial Business Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management review is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 28 January 2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Jens Ringbæk	Lone Møller Olsen
State Authorised Public Accountant	State Authorised Public Accountant

Tryg Forsikring Group

Financial highlights

DKKm	2014	2013	2012	2011	2010
Gross premium income	**18,652**	**19,504**	**20,314**	**19,948**	**18,894**
Gross claims	-12,650	-14,411	-14,675	-15,783	-15,111
Total insurance operating costs	-2,689	-3,008	-3,295	-3,271	-3,136
Profit/loss on gross business	3,313	2,085	2,344	894	647
Profit/loss on ceded business	-341	349	86	507	-311
Insurance technical interest, net of reinsurance	60	62	62	171	124
Technical result	**3,032**	**2,496**	**2,492**	**1,572**	**460**
Investment return after insurance technical interest	367	593	593	68	559
Other income and costs	-39	-39	7	27	53
Profit/loss before tax	**3,360**	**3,050**	**3,092**	**1,667**	**1,072**
Tax	-770	-634	-855	-470	-281
Profit/loss on continuing business	**2,590**	**2,416**	**2,237**	**1,197**	**791**
Profit/loss on discontinued and divested business after tax *	10	-4	28	-8	-148
Profit/loss for the year	**2,600**	**2,412**	**2,265**	**1,189**	**643**
Run-off gains/losses, net of reinsurance	1,131	970	1,015	944	824
Statement of financial position					
Total provisions for insurance contracts	31,692	32,939	34,355	34,220	32,031
Total reinsurers' share of provisions for insurance contracts	1,938	2,620	2,317	2,067	1,588
Total equity	11,828	11,725	10,872	8,968	8,322
Total assets	52,942	53,985	55,020	53,345	50,514
Key ratios					
Gross claims ratio	67.8	73.9	72.2	79.1	80.0
Net reinsurance ratio	1.8	-1.8	-0.4	-2.5	1.6
Claims ratio, net of ceded business	69.6	72.1	71.8	76.6	81.6
Gross expense ratio	14.6	15.6	16.4	16.6	16.7
Combined ratio	**84.2**	**87.7**	**88.2**	**93.2**	**98.3**
Gross expense ratio without adjustment	14.4	15.4	16.2	16.4	16.6
Operating ratio	83.8	87.2	87.8	92.2	97.6
Relative run-off gains/losses	4.8	3.9	4.1	4.0	3.9
Return on equity after tax (%)	22.1	21.3	22.8	13.8	7.0
Solvency (Solvency I)	2.9	2.8	2.5	2.3	2.2

The gross expense ratio without adjustment is calculated as the ratio of actual gross insurance operating costs to gross premium income.
Other key ratios are calculated in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

The 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, involves the addition of a calculated expense (rent) in recpect of owner-occupied property based on a calculated market rent and the deduction of actual depreciation and operating costs on owner-occupied property.
*Profit/loss on discontinued and divested business after tax includes mainly Marine Hull insurance, which was divested in 2010 and 2014 and the Finnish branch of Tryg Forsikring, which was sold in 2012.

Income statement

Note	DKKm	2014	2013
	General insurance		
	Gross premiums written	18,672	19,820
	Ceded insurance premiums	-1,059	-1,220
	Change in premium provisions	268	36
	Change in reinsurers' share of premium provisions	-57	24
3	**Premium income, net of reinsurance**	**17,824**	**18,660**
4	**Insurance technical interest, net of reinsurance**	**60**	**62**
	Claims paid	-13,695	-14,059
	Reinsurance cover received	1,361	1,034
	Change in claims provisions	1,045	-352
	Change in the reinsurers' share of claims provisions	-688	406
5	**Claims, net of reinsurance**	**-11,977**	**-12,971**
	Bonus and premium discounts	**-288**	**-352**
	Acquisition costs	-1,955	-2,227
	Administration expenses	-734	-781
	Acquisition costs and administration expenses	-2,689	-3,008
	Reinsurance commissions and profit participation from reinsurers	102	105
6	**Insurance operating costs, net of reinsurance**	**-2,587**	**-2,903**
2	**Technical result**	**3,032**	**2,496**
	Investment activities		
14	Income from associates	10	6
	Income from investment property	94	97
7	Interest income and dividends	949	1,029
8	Value adjustments	-95	115
7	Interest expenses	-115	-113
	Administration expenses in connection with investment activities	-62	-58
	Total investment return	**781**	**1,076**
4	Return on insurance provisions	-414	-483
	Total investment return after insurance technical interest	**367**	**593**
	Other income	81	100
	Other costs	-120	-139
	Profit/loss before tax	**3,360**	**3,050**
9	Tax	-770	-634
	Profit/loss on continuing business	**2,590**	**2,416**
10	Profit/loss on discontinued and divested business	10	-4
	Profit/loss for the year	**2,600**	**2,412**

Statement of comprehensive income

DKKm	2014	2013
Profit/loss for the year	**2,600**	**2,412**
Other comprehensive income		
Other comprehensive income which cannot subsequently be reclassified as profit or loss		
Change in equalisation provision and other provisions	26	0
Revaluation of owner-occupied property for the year	2	9
Tax on revaluation of owner-occupied property for the year	-1	-3
Actuarial gains/losses on defined-benefit pension plans	-46	179
Tax on actuarial gains/losses on defined-benefit pension plans	12	-54
	-7	131
Other comprehensive income which can subsequently be reclassified as profit or loss		
Exchange rate adjustments of foreign entities for the year	-178	-325
Hedging of currency risk in foreign entities for the year	191	305
Tax on hedging of currency risk in foreign entities for the year	-47	-76
	-34	-96
Total other comprehensive income	**-41**	**35**
Comprehensive income	**2,559**	**2,447**

Statement of financial position

DKKm		2014	2013
Note			
	Assets		
11	**Intangible assets**	**984**	**758**
	Operating equipment	97	122
	Owner-occupied property	1,153	1,304
	Assets under construction	11	0
12	**Total property, plant and equipment**	**1,261**	**1,426**
13	**Investment property**	**1,828**	**1,831**
14	Equity investments in associates	225	215
	Total investments in associates	**225**	**215**
	Equity investments	128	150
	Unit trust units	3,884	3,741
	Bonds	37,175	36,971
	Deposits with credit institutions	667	1,301
	Derivative financial instruments	1,318	692
	Total other financial investment assets	**43,172**	**42,855**
15	**Total investment assets**	**45,225**	**44,901**
	Reinsurers' share of premium provisions	219	237
18	Reinsurers' share of claims provisions	1,719	2,383
16	**Total reinsurers' share of provisions for insurance contracts**	**1,938**	**2,620**
	Receivables from policyholders	1,232	1,088
	Total receivables in connection with direct insurance contracts	1,232	1,088
	Receivables from insurance enterprises	208	299
	Receivables from Group undertakings	718	629
	Other receivables	223	1,027
15	**Total receivables**	**2,381**	**3,043**
17	Current tax assets	0	131
	Cash at bank and in hand	504	552
	Total other assets	**504**	**683**
	Interest and rent receivable	337	406
	Other prepayments and accrued income	312	148
	Total prepayments and accrued income	**649**	**554**
	Total assets	**52,942**	**53,985**

Statement of financial position

Note	DKKm	2014	2013
	Equity and liabilities		
	Equity	**11,828**	**11,725**
1	**Subordinate loan capital**	**1,768**	**1,818**
18	Premium provisions	5,810	6,212
18	Claims provisions	25,272	26,087
	Provisions for bonuses and premium discounts	610	640
	Total provisions for insurance contracts	**31,692**	**32,939**
19	Pensions and similar obligations	342	791
20	Deferred tax liability	1,022	1,057
21	Other provisions	83	73
	Total provisions	**1,447**	**1,921**
	Debt relating to direct insurance	565	447
	Debt relating to reinsurance	188	330
22	Amounts owed to credit institutions	116	6
23	Debt relating to unsettled funds transactions and repos	2,902	2,821
15	Derivative financial instruments	799	514
17	Current tax liabilities	443	409
	Other debt	1,148	1,029
	Total debt	**6,161**	**5,556**
	Accruals and deferred income	**46**	**26**
	Total equity and liabilities	**52,942**	**53,985**
1	**Risk and capital management**		
24	**Contractual obligations, collateral and contingent liabilities**		
25	**Acquisition of subsidiaries**		
26	**Related parties**		
27	**Financial highlights**		
28	**Accounting policies**		

Statement of changes in equity

DKKm	Share capital	Revaluation reserves	Reserve for exchange rate adjustment	Equali-sation reserve	Other reserves*	Retained earnings	Proposed dividend	Total
Equity at 31 December 2013	**1,100**	**79**	**58**	**61**	**1,538**	**6,433**	**2,456**	**11,725**
2014								
Profit/loss for the year			0	60	-474	614	2,400	2,600
Other comprehensive income	0	1	-34	-15	41	-34	0	-41
Total comprehensive income	0	1	-34	45	-433	580	2,400	2,559
Dividend paid							-2,456	-2,456
Total changes in equity in 2014	**0**	**1**	**-34**	**45**	**-433**	**580**	**-56**	**103**
Equity at 31 December 2014	**1,100**	**80**	**24**	**106**	**1,105**	**7,013**	**2,400**	**11,828**
Equity at 31 December 2012	**1,100**	**73**	**155**	**61**	**1,822**	**6,067**	**1,594**	**10,872**
2013								
Profit/loss for the year					-284	240	2,456	2,412
Other comprehensive income	0	6	-97	0	0	126	0	35
Total comprehensive income	0	6	-97	0	-284	366	2,456	2,447
Dividend paid							-1,594	-1,594
Total changes in equity in 2013	**0**	**6**	**-97**	**0**	**-284**	**366**	**862**	**853**
Equity at 31 December 2013	**1,100**	**79**	**58**	**61**	**1,538**	**6,433**	**2,456**	**11,725**

*Other reserves contains Norwegian Natural Perils Pool

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 2,622m (DKK 3,020m in 2013). 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.

Statement of cash flow

DKKm	2014	2013
Cash from operating activities		
Premiums	18,139	19,610
Claims paid	-13,584	-14,048
Ceded business	229	-63
Expenses	-2,862	-3,032
Change in other payables and other amounts receivable	-299	-1
Cash flow from insurance activities	**1,623**	**2,466**
Interest income	1,001	1,012
Interest expenses	-115	-143
Dividend received	39	19
Taxes	-527	-1,041
Other items	-39	-60
Cash from operating activities, continuing business	**1,982**	**2,253**
Cash from operating activities, discontinued and divested business	-58	25
Total cash from operating activities	**1,924**	**2,278**
Investments		
Acquisition and refurbishment of real property	-14	-18
Sale of real property	7	2
Acquisition of equity investments and unit trust units (net)	291	-128
Purchase/Sale of bonds (net)	-386	657
Deposits with credit institutions	630	-420
Purchase/sale of operating equipment (net)	-17	-6
Acquisition of intangble assets	-228	0
Hedging of currency risk	191	305
Investments, continuing business	**474**	**392**
Investments, discontinued and divested business	**0**	**-584**
Total investments	**474**	**-192**
Financing		
Subordinate loan capital	0	316
Debt and receivables, Group	-89	-713
Dividend paid	-2,456	-1,594
Change in amounts owed to credit institutions	110	-8
Financing, continuing business	**-2,435**	**-1,999**
Financing, discontinued and divested business	0	0
Total financing	**-2,435**	**-1,999**
Change in cash and cash equivalents, net	**-37**	**87**
Additions relating to purchase of subsidiaries	14	0
Exchangerate adjustment of cash and cash equivalents, 1 January	-25	-39
Change in cash and cash equivalents, gross	**-48**	**48**
Cash and cash equivalents, 1 January	552	504
Cash and cash equivalents, 31 December	**504**	**552**

Notes

1 Risk- and capital management

Risk management in Tryg Forsikring

The Supervisory Board defines the company's risk appetite through its business model and strategy, and this is operationalised through the company's policies. The company's risk management forms the basis for the risk profile being in line with the specified risk appetite at all times.

Tryg Forsikring's risk profile is continuously measured, quantified and reported to the management and the Supervisory Board.

Given that the requirements for the Supervisory Board's involvement in the company's capital and risk management are considerable and ever-growing, Tryg Forsikring's Supervisory Board has decided to set up a special Risk Committee to address these topics separately in the course of the year. The Committee meets five times a year for a detailed review of various risk management topics and regularly keeps the entire Supervisory Board up-to-date on the status.

Tryg Forsikring's risk management is organised into three levels of control. The first level of control is handled in the business where the company's policies are implemented, and day-to-day compliance is verified on a regular basis. Risk management at the first level of control is supported by decentralised risk managers affiliated with the individual areas.

At the second level of control, there is the risk management function which ensures consistent risk management across the organisation, among other things. The risk management function measures and assesses risks at group level and prepares continuous reporting to the management and the Supervisory Board. Among other things, this involves an ongoing identification and assessment of the most significant risks in the company. Furthermore, the function prepares specific recommendations in relation to capital management, reinsurance, interest rate risk identification and more. Tryg Forsikring's risk management function is also responsible for determining the company's capital requirements and for assessing whether the calculated solvency requirement is reasonable given the identified risks.

At the second level, there is also Tryg Forsikring's committee environment which deals with and monitors risk topics of a more principal and interdisciplinary nature. The third level consists of the internal audit which performs independent assessments of the entire control environment.

Capital management

Tryg Forsikring's capital management is based on the key business objectives:

• A solid capital base, supporting both the statutory requirements and a continued 'A-' rating from Standard & Poor's.
• Support of a steadily rising nominal dividend per share, where 60-90% of the net profit or loss for the year is paid out in two instalments.
• Return on the average equity of at least 21% after tax.

Viewed in isolation, in order to fulfil the first two objectives, the company's capital buffer must be as large as possible, while the third objective is best achieved by keeping the capital buffer to a minimum or by ensuring that the capital base is mostly made up of subordinate loan capital. The balance between the different objectives and the resulting capital requirement is assessed in the company's capital plan.

The capital base is continuously measured against the individual solvency requirement calculated on the basis of Tryg Forsikring's partial internal model, where insurance risks are modelled using a proprietary model, while other risks are described using the Solvency II standard model. The model calculates Tryg Forsikring's capital requirement with 99.5% certainty with a 1-year horizon, which means that Tryg Forsikring will be able to fulfil its obligations in 199 out of 200 years. The partial internal model has been used for a number of years, and Tryg Forsikring expects that the model will be approved by the Danish Financial Supervisory Authority at the end of 2015 so that the present solvency requirement can be maintained when Solvency II comes into force on 1 January 2016.

The model reflects all significant risks and takes (like the Solvency II standard model) into account the diversification between the different types of risks.

The individual solvency requirement should be kept within the adequate capital base consisting of the company's equity minus intangible assets plus subordinate loan capital. The balance between equity and subordinate loan capital will be assessed in the course of 2015 in connection with the refinancing of the subordinate loan of EUR 150m. This assessment takes into account the future Solvency II term 'own funds' as well as the temporarily increased access to including subordinate loan capital implemented by the Danish Financial Supervisory Authority from 1 January 2015.

Tryg Forsikring's total subordinate debt amounts to DKK 1,768m, corresponding to 16% of equity at the end of 2014.

Given Tryg Forsikring's strong results, Tryg Forsikring decided to announce extraordinary dividend in November 2014 in the form of a share buyback programme of DKK 1,000m. The share buyback programme was launched on 2 January 2015.

Company's own risk assessment 'ORSA' (Own Risk and Solvency Assessment)

ORSA is the company's own risk assessment based on the Solvency II principles, which implies that Tryg Forsikring must assess all material risks that the company is or may be exposed to. The ORSA report also contains an assessment of whether the individual solvency requirement is sensibly calculated in relation to Tryg Forsikring's actual risk profile. Moreover, the capital requirement is also assessed over the company's strategic planning period, and Tryg Forsikring's provisions and reinsurance are also subject to assessment.

Tryg Forsikring's risk activities are underpinned by continuous risk management processes, which are dealt with by the Supervisory Board and the risk committee during the year, while the ORSA report is an annual summary document assessing all these processes and presenting the total risk picture to Tryg Forsikring's Supervisory Board.

Insurance risk

Insurance risk comprises two main types of risks: underwriting risk and provisioning risk.

Underwriting risk

Underwriting risk is the risk of the premium charged in connection with the conclusion of insurance contracts not being sufficient to cover the compensation that the company is obliged to pay once a claim is made.

Underwriting risk is managed first and foremost through the company's insurance policy defined by the Supervisory Board, and administered through business procedures, insurance take out guidelines etc. Underwriting risk is assessed in Tryg Forsikring's capital model, determining the capital impact from various insurance products.

Reinsurance is used as an important tool to reducing underwriting risk where a special need for this exists.

In the event of major events involving damage to buildings and contents, Tryg Forsikring's reinsurance programme provides cover for up to DKK 5.75bn, which statistically is sufficient to cover a 250-year event. Retention for such events is DKK 150m. In the event of a frequency of natural disasters, Tryg Forsikring is covered for up to DKK 600m for all claims above DKK 20m, after total annual retention of DKK 300m.

Tryg Forsikring has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Tryg Forsikring's largest individual building and contents risks are covered by up to DKK 1.7bn. Retention for large claims is DKK 100m, gradually falling to DKK 25m. Single risks exceeding DKK 1.7bn are hedged individually.

Tryg Forsikring has combined the minimum cover of other sectors into a joint cover with retention of DKK 100m for the first claim and DKK 25m for subsequent claims. For the individual sectors, individual cover has subsequently been taken out as needed.

For Tryg Forsikring's subsidiary Tryg Garantiforsikring A/S, the maximum retention is DKK 30m.

The use of reinsurance creates a natural counterparty risk. This risk be handled by applying a wide range of reinsurers with at least an 'A' rating and USD 100m in capital.

Provisioning risk

Provisioning risk relates to the risk of Tryg Forsikring's insurance provisions proving to be inadequate. The Supervisory Board lays down the overall framework for the handling of provisioning risk in the insurance policy, while the overall risk is measured in the capital model. The uncertainty associated with the calculation of claims provisions affects Tryg Forsikring's results through the run-off on provisions.

Long-tail provisions in particular are subject to interest rate and inflation risk. Interest rate risk is hedged by means of Tryg Forsikring's match portfolio which corresponds to the discounted claims provisions. In order to counter the inflation risk of Danish workers' compensation claims provisions, Tryg Forsikring has bought zero coupon inflation swaps.

Tryg Forsikring determines the claims provisions via statistical calculations and individual assessments. At the end of 2014, Tryg Forsikring's claims provisions totalled DKK 25,272m with an average duration of 3.7 years. The duration expresses the average length of time from the provision is determined until the compensation is paid and varies considerably from sector to sector.

Investment risk

The overall framework for managing investment risk is defined by the Supervisory Board in Tryg Forsikring's investment policy. In overall terms, Tryg Forsikring's investment portfolio is divided into a match portfolio and a free portfolio.

The match portfolio corresponds to the value of the discounted claims provisions and is designed to hedge the interest rate sensitivity of these to the widest possible extent. Tryg Forsikring carries out daily monitoring, followup and risk management of the Group's interest rate risk. The swap and bond portfolio is thus adjusted continuously to minimise the net interest rate risk.

In practice, it is not possible or expedient to aim for a complete match. The administration costs alone associated with a complete match mean that, in practice, a certain degree of mismatch is acceptable within an appropriate limit defined in the investment policy. Add to this that the provisions are discounted using a mathematical interest rate curve specified by the Danish Financial Supervisory Authority, which cannot be perfectly replicated in the market, for which reason a certain degree of mismatch must be accepted for regulatory reasons.

In addition, the free portfolio is subject to the framework defined by the Supervisory Board through the investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. Tryg Forsikring's shareholdings constitute the company's largest investment risk. At the end of 2014, the equity portfolio accounted for 5.7% of the total investment assets. This share is expected to be at a similar level in 2015.

Tryg Forsikring's property portfolio mainly comprises owner-occupied and investment properties, the value of which is adjusted based on the conditions on the property market through internal valuations backed by external valuations. At the end of 2014, investment properties accounted for 4.9%, while owner-occupied properties accounted for 2.7% of the total investment assets. Property investments are expected to be at a similar level in 2015.

Tryg Forsikring's does not wish to speculate in foreign currency, but since Tryg Forsikring invests and operates its insurance business in other currencies than Danish kroner, Tryg Forsikring is exposed to currency risk. Tryg Forsikring is primarily exposed to fluctuations in the other Scandinavian currencies due to its ongoing insurance activities. Premiums earned and compensation paid in other currencies create a natural currency hedge, for which reason other risk mitigation measures are not required in this area. However, the part of equity held in other currencies than Danish kroner will be exposed to currency risk. This risk is hedged on an ongoing basis using currency swaps.

In addition to the above-mentioned risks, Tryg Forsikring is exposed to credit, counterparty and concentration risk. These risks primarily relate to exposures in high-yield bonds, emerging market debt exposures as well as Tryg Forsikring's investments in AAA-rated Nordic and European government and mortgage bonds. These risks are also managed through the investment policy and the framework for reinsurance defined in the insurance policy. For an insurance company like Tryg Forsikring, liquidity risk is practically non-existent, as premium payments fall due before claims payments.

NOTES

DKKm		2014	2013
1	**Sensitivity analysis**		
	Insurance risk		
	Effect of 1% change in:		
	Combined ratio (1 percentage point)	+ / -184	+ / -192
	Claim frequency (1 percentage point)	+/- 1,369	+/- 1,437
	Average claim	+/-122	+/-139
	Premium rates	+/- 190	+/- 190
	Provisioning risk		
	1% change in inflation on people related lines of business	+/- 715	+/- 684
	10% error in the assessment of long-tailed lines of business (workers' compensation, motor liability, accident)	+/- 1,752	+/- 1,753
	Investment risk		
	Interest rate market		
	Effect of 1 % increase in interest curve:		
	Impact of interest-bearing securities	-880	-849
	Higher discounting of claims provisions	793	755
	Net effect of interest rate rise	-87	-94
	Impact of Norwegian pension obligation *)	87	282
	Equity market		
	15 % decline in equity market	-393	-398
	Effect of derivatives	-72	-35
	Real estate market		
	15 % decline in real estate markets	-488	-499
	Currrency market		
	Equity:		
	15 % decline in exposed currency (exclusive of EUR) relative to DKK	-835	-1,031
	Impact of derivatives	791	985
	Net effect of decrease in currency rates	-44	-46
	Technical result per year:		
	Effect of 15% change in exchange rates of NOK and SEK relative to DKK	+/- 230	+/- 195

*) additional sensitivity information about pay increase rate and mortality in note 19 'Pensions and similar obligations'

Operational risk

Operational risk relates to errors or failures in internal procedures, fraud, breakdown of infrastructure, IT security and similar factors. As operational risks are mainly internal, Tryg Forsikring focuses on establishing an adequate control environment for its operations. In practice, this work is organised by means of procedures, controls and guidelines covering the various aspects of the Group's operations. Tryg Forsikring has also set up a security and investigation unit to handle internal fraud, IT security, physical security and contingency plans.

The Supervisory Board defines the overall framework for managing operational risk in Tryg Forsikring's IT security policy and operational risk policy. These risks are controlled via the Operational Risk Committee.

Tryg Forsikring has set up a crisis management structure to deal with the eventuality that Tryg Forsikring is hit by major crises.

This comprises a Crisis Management Team at Group level, national contingency teams at country level and finally business contingency in the individual areas. Tryg Forsikring has prepared contingency plans to address the most important areas. In addition, comprehensive IT contingency plans have been established, primarily focusing on the business-critical systems.

Other risks

Strategic risk

The strategic risk is the risk of loss as a result of Tryg Forsikring's chosen strategic position. The strategic position covers both business transactions, IT strategy, choice of business partners and changed market conditions.

Tryg Forsikring's strategic position is determined by Tryg Forsikring's Supervisory Board in close collaboration with the Group Executive Management.

Before determining the strategic position, the strategic decisions are subjected to a risk assessment, explaining the risk of the chosen strategy to Tryg Forsikring's Supervisory Board and Group Executive Management.

Compliance risk

Compliance risk is the risk of loss as a result of lack of compliance with rules and regulations.

The handling of compliance risk is coordinated centrally via the Group's legal department, which, among other things, sits on industry committees in connection with legislative monitoring, ensures implementation in Tryg Forsikring through business procedures and participates in the ongoing training of the organisation.

Certain parts of the operationalisation take place via the decentralised risk manager structure, ensuring additional anchoring in the individual business areas.

Emerging risk

Emerging risk covers new risks or known risks, with changing characteristics.

The management of this type of risk will be handled in the individual business areas, which monitor the market and adapt the products as the conditions change. In the event of a change in insurance terms, it is ensured that Tryg Forsikring's reinsurance cover is consistent with the new conditions.

One example of this is drone insurance, where Tryg Forsikring in 2014 decided to insure commercial purpose drones of up to 25 kg. In this context, there has been an ongoing dialogue with Tryg Forsikring's reinsurers to ensure that Tryg Forsikring does not accept risks without having considered and identified the specific risk at the desired level.

NOTES

Claims provisions – estimated accumulated claims – DKKm

Gross	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Estimated accumulated claims												
End of year	10,443	11,172	10,954	11,879	12,451	13,811	16,056	16,386	13,905	13,754	13,074	
1 year later	10,468	11,065	11,214	12,464	13,775	14,456	16,154	16,783	13,877	14,065		
2 years later	10,334	10,916	10,747	13,017	13,645	14,475	16,103	16,776	13,814			
3 years later	10,224	10,539	10,957	12,994	13,657	14,264	15,982	16,726				
4 years later	9,962	10,666	10,893	12,993	13,616	14,145	15,892					
5 years later	10,035	10,609	10,884	12,898	13,523	14,044						
6 years later	9,814	10,514	10,862	12,771	13,491							
7 years later	9,702	10,526	10,825	12,764								
8 years later	9,666	10,499	10,641									
9 years later	9,625	10,393										
10 years later	9,393											
	9,393	10,393	10,641	12,764	13,491	14,044	15,892	16,726	13,814	14,065	13,074	144,298
Cumulative payments to date	-9,174	-9,898	-9,939	-11,764	-11,900	-12,489	-13,801	-14,331	-10,964	-10,249	-6,214	-120,724
Provisions before discounting, end of year	219	495	702	999	1,592	1,555	2,091	2,395	2,850	3,816	6,860	23,574
Discounting	-10	-48	-68	-89	-130	-123	-133	-129	-138	-144	-156	-1,167
Reserves from 2003 and prior years												2,194
Other												671
Gross claims provisions, end of year												25,272

Claims provisions – estimated accumulated claims – DKKm

Ceded business	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Estimated accumulated claims												
End of year	775	924	278	503	163	287	674	1,465	240	556	262	
1 year later	790	819	278	469	227	357	751	2,171	271	969		
2 years later	828	824	265	482	193	335	745	2,292	311			
3 years later	827	819	296	488	183	290	721	2,334				
4 years later	813	844	297	507	183	293	731					
5 years later	823	840	292	478	170	298						
6 years later	823	825	290	507	176							
7 years later	812	825	292	498								
8 years later	810	817	290									
9 years later	814	829										
10 years later	814											
	814	829	290	498	176	298	731	2,334	311	969	262	7,512
Cumulative payments to date	-757	-797	-282	-484	-162	-288	-562	-2,171	-269	-570	-91	-6,434
Provisions before discounting, end of year	56	32	8	14	14	10	169	163	42	399	170	1,078
Discounting	-3	-1	0	0	-1	0	-2	-3	-1	-4	-2	-18
Reserves from 2003 and prior years												212
Other												447
Reinsurers' share of claims provisions, end of year												1,719

Claims provisions – estimated accumulated claims – DKKm

Net of reinsurance	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Estimated accumulated claims												
End of year	9,668	10,248	10,676	11,377	12,288	13,524	15,381	14,921	13,666	13,198	12,813	
1 year later	9,678	10,246	10,936	11,995	13,548	14,099	15,403	14,612	13,606	13,096		
2 years later	9,506	10,092	10,483	12,535	13,452	14,140	15,359	14,483	13,503			
3 years later	9,397	9,720	10,661	12,506	13,474	13,973	15,260	14,392				
4 years later	9,149	9,822	10,596	12,486	13,433	13,852	15,161					
5 years later	9,212	9,770	10,592	12,420	13,354	13,745						
6 years later	8,991	9,689	10,571	12,264	13,316							
7 years later	8,890	9,702	10,533	12,266								
8 years later	8,856	9,682	10,351									
9 years later	8,811	9,564										
10 years later	8,580											
	8,580	9,564	10,351	12,266	13,316	13,745	15,161	14,392	13,503	13,096	12,813	136,786
Cumulative payments to date	-8,417	-9,101	-9,657	-11,280	-11,737	-12,201	-13,239	-12,160	-10,696	-9,679	-6,124	-114,291
Provisions before discounting, end of year	163	463	694	986	1,578	1,545	1,922	2,232	2,808	3,417	6,690	22,497
Discounting	-8	-47	-68	-89	-129	-123	-130	-126	-137	-140	-153	-1,149
Reserves from 2003 and prior years												1,981
Other												224
Claims provisions, net of reinsurance, end of year												23,553

Other provisions comprise the claims provisions for Tryg Garantiforsikring A/S.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2014 to prevent the impact of exchange rate fluctuations.

DKKm

2014	0-1 year	1-2 years	2-3 years	> 3 years	Other	Total
	Expected cash flow, not discounted					
Premium provisions, gross	5,337	130	124	133	86	5,810
Premium provisions, ceded	-156	0	0	0	-22	-178
Claims provisions, gross	9,041	4,282	2,716	9,945	678	26,662
Claims provisions, ceded	-529	-311	-199	-263	-451	-1,753
	13,693	**4,101**	**2,641**	**9,815**	**291**	**30,541**
2013						
Premium provisions, gross	5,765	136	131	144	36	6,212
Premium provisions, ceded	-219	0	0	0	-18	-237
Claims provisions, gross	9,701	4,513	2,897	10,489	816	28,416
Claims provisions, ceded	-844	-255	-258	-496	-603	-2,456
	14,403	**4,394**	**2,770**	**10,137**	**231**	**31,935**

Other comprises Tryg Garantiforsikring A/S and from 2014 premium provisions in Securator A/S.

Investment risk

Bond portfolio including interest derivatives	2014	2013
Duration 1 year or less	16,622	18,748
Duration 1 year - 5 years	13,925	14,000
Duration 5 - 10 years	4,129	3,188
Duration more than 10 years	2,836	2,403
Total	**37,512**	**38,339**
Duration	**2.2**	**2.3**

The option adjusted duration is used to measure duration. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration-shortening effect of the borrower's option to cause the bond to be redeemed through the mortgage institution at any point in time.

Listed shares	2014	2013
Nordic countries	413	393
United Kingdom	207	141
Rest of Europe	674	793
United States	1,096	892
Asia etc.	563	591
Total	**2,953**	**2,810**
The portfolio of unlisted shares totals	128	150

The share portfolio includes exposure from share derivaties of DKK 477m (DKK 325m in 2013)
Unlisted equity investments are based on an estimated market price.

Exposure to exchange rate risk	2014			2013		
	Assets and debt	Hedge	Exposure	Assets and debt	Hedge	Exposure
USD	1,952	-1,918	34	1,387	-1,335	52
EUR	530	706	1,236	524	664	1,188
GBP	79	-69	10	81	-91	-10
NOK	3,701	-3,507	194	3,226	-2,981	245
SEK	1,076	-998	78	1,306	-1,280	26
Other	541	-474	67	565	-379	186
Total			**1,619**			**1,707**

DKKm

Impact of exchange rate fluctuations in SEK and NOK on technical result	2014	2013	Change	Currency effect	Change excl. currency effect
Gross premium income	**18,652**	**19,504**	**-852**	**-642**	**-210**
Gross claims	-12,650	-14,411	1,761	437	1,324
Total insurance operating costs	-2,689	-3,008	319	86	233
Profit/loss on gross business	3,313	2,085	1,228	-119	1,347
Profit/loss on ceded business	-341	349	-690	10	-700
Insurance technical interest, net of reinsurance	60	62	-2	-3	1
Technical result	**3,032**	**2,496**	**536**	**-112**	**648**

Impact of exchange rate fluctuations in SEK and NOK on technical result	2013	2012	Change	Currency effect	Change excl. currency effect
Gross premium income	**19,504**	**20,314**	**-810**	**-253**	**-557**
Gross claims	-14,411	-14,675	264	161	103
Total insurance operating costs	-3,008	-3,295	287	38	249
Profit/loss on gross business	2,085	2,344	-259	-54	-205
Profit/loss on ceded business	349	86	263	11	252
Insurance technical interest, net of reinsurance	62	62	0	-1	1
Technical result	**2,496**	**2,492**	**4**	**-44**	**48**

Impact of exchange rate fluctuations in SEK and NOK on the statement of financial position	2014	2013	Change	Currency effect	Change excl. currency effect
Assets					
Intangible assets	984	758	226	-30	256
Total property, plant and equipment	1,261	1,426	-165	-36	-129
Investment property	1,828	1,831	-3	-25	22
Investments in associates	225	215	10	-1	11
Other financial investment assets	43,172	42,855	317	-1,391	1,708
Reinsurers' share of provisions for insurance contracts	1,938	2,620	-682	-62	-620
Receivables	2,381	3,043	-662	-65	-597
Other assets	504	683	-179	-19	-160
Prepayments and accrued income	649	554	95	-9	104
Total assets	**52,942**	**53,985**	**-1,043**	**-1,638**	**595**
Equity and liabilities					
Equity	11,828	11,725	103	13	90
Subordinate loan capital	1,768	1,818	-50	-50	0
Provisions for insurance contracts	31,692	32,939	-1,247	-1,062	-185
Total provisions	1,447	1,921	-474	-84	-390
Other debt	6,161	5,556	605	-453	1,058
Accruals and deferred income	46	26	20	-2	22
Total equity and liabilities	**52,942**	**53,985**	**-1,043**	**-1,638**	**595**

DKKm

Credit risk

Bond portfolio by ratings	2014 DKKm	2014 %	2013 DKKm	2013 %
AAA to A	36,930	99.3	36,456	98.6
Other	244	0.7	514	1.4
Not rated	1	-	1	-
Total	**37,175**	**100.0**	**36,971**	**100.0**

Reinsurance balances	2014 DKKm	2014 %	2013 DKKm	2013 %
AAA to A	1,447	90.7	2,268	94.2
Other	1	0.1	1	-
Not rated	147	9.2	140	5.8
Total	**1,595**	**100.0**	**2,409**	**100.0**

Liquidity risk

Maturity of the Group's financial obligations including interest

2014	0-1 year	1-5 years	> 5 years	Total
Subordinate loan capital	87	243	2,209	2,539
Amounts owed to credit institutions	116	0	0	116
Debt relating to unsettled funds transactions and repos	2,902	0	0	2,902
Derivative financial instruments	428	225	189	842
Other debt	2,344	0	0	2,344
	5,877	**468**	**2,398**	**8,743**

2013	0-1 year	1-5 years	> 5 years	Total
Subordinate loan capital	89	356	2,558	3,003
Amounts owed to credit institutions	6	0	0	6
Debt relating to unsettled funds transactions and repos	2,821	0	0	2,821
Derivative financial instruments	219	199	125	543
Other debt	2,215	0	0	2,215
	5,350	**555**	**2,683**	**8,588**

Interest on loans for a perpetual term has been recognised for the first fifteen years.

DKKm

Capital adequacy	2014	2013
Solvency margin	3,348	3,371
Shareholder's equity according to annual report	11,828	11,725
Tier 1 Capital	**11,828**	**11,725**
Subordinate loan capital	1,496	1,551
Proposed dividend	-2,400	-2,456
Value of intangible assets	-984	-757
Deferred tax assets	-1	-6
Discounting	-231	-397
Equalisation reserve	-142	-82
Total basic capital	**9,566**	**9,578**
Total distributable basic capital	**6,218**	**6,207**
Solvency	**2.9**	**2.8**

Subordinate loan capital

	Bond loan EUR 150m		Bond loan NOK 800m	
	2014	2013	2014	2013
The fair value of the loan at the statement of financial position date	1,106	1,127	714	741
The fair value of the loan at the statment of financial position date is based on a price of	99	101	108	105
Total capital losses and costs at the statement of the financial position date	3	5	4	5
Interest expenses for the year	50	50	40	33
Effective interest rate	4.5%	4.1%	3.6%	4.8%
Loan terms:				
Lender		Listed bonds		Listed bonds
Principal		EUR 150m		NOK 800m
Issue price		99.017		100
Issue date		December 2005		March 2013
Maturity year		2025		Perpetual
Loan may be called by lender as from		2015		2023
Repayment profile		Interest-only		Interest-only
Interest structure		4.5% (until 2015) 2.1% above EURIBOR 3M (from 2015)		3.75 % above NIBOR 3M (until 2023) 4.75 % above NIBOR 3M (from 2023)

The share of capital included in the calculation of the capital base total DKK 1,496m (DKK 1,551m in 2013)
The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost.
The loans are taken by Tryg Forsikring A/S. The creditors have no option to call the loans before maturity or otherwise terminate the loan agreements. The loans are automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S.
Prices used for determination of fair value in respect of both loans are based on actual traded prices from Bloomberg.

NOTES

DKKm	Private	Commercial	Corporate	Sweden	Other	Group
2 Operating segments						
2014						
Gross premium income	**9,051**	**4,190**	**4,033**	**1,399**	**-21**	**18,652**
Gross claims	-6,129	-2,673	-2,872	-998	22	-12,650
Gross operating expenses	-1,311	-664	-446	-268	0	-2,689
Profit/loss on ceded business	-23	8	-304	-21	-1	-341
Insurance technical interest, net of reinsurance	24	14	16	6	0	60
Technical result	**1,612**	**875**	**427**	**118**	**0**	**3,032**
Other items						-432
Profit/loss						**2,600**
Run-off gains/losses, net of reinsurance	357	310	421	43	0	1,131
Intangible assets		37		600	347	984
Equity investments in associates					225	225
Reinsurers' share of premium provisions	10	12	197	0	0	219
Reinsurers' share of claims provisions	154	346	1,181	38	0	1,719
Other assets					49,795	49,795
Total assets						**52,942**
Premium provisions	2,423	1,425	1,163	799	0	5,810
Claims provisions	6,062	6,742	10,754	1,714	0	25,272
Provisions for bonuses and premium discounts	488	51	62	9	0	610
Other liabilities					9,422	9,422
Total liabilities						**41,114**

DKKm	Private	Commercial	Corporate	Sweden	Other	Group
2013						
Gross premium income	**9,366**	**4,411**	**4,158**	**1,587**	**-18**	**19,504**
Gross claims	-6,596	-2,978	-3,661	-1,178	2	-14,411
Gross operating expenses	-1,418	-820	-490	-280	0	-3,008
Profit/loss on ceded business	-43	29	338	9	16	349
Insurance technical interest, net of reinsurance	26	12	13	11	0	62
Technical result	**1,335**	**654**	**358**	**149**	**0**	**2,496**
Other items						-84
Profit/loss						**2,412**
Run-off gains/losses, net of reinsurance	310	265	375	20	0	970
Intangible assets				463	295	758
Equity investments in associates					215	215
Reinsurers' share of premium provisions	8	9	219	1	0	237
Reinsurers' share of claims provisions	265	404	1,641	73	0	2,383
Other assets					50,392	50,392
Total assets						**53,985**
Premium provisions	2,727	1,281	1,374	830	0	6,212
Claims provisions	6,377	6,462	11,491	1,757	0	26,087
Provisions for bonuses and premium discounts	507	29	94	10	0	640
Other liabilities					9,321	9,321
Total liabilities						**42,260**

Description of segments

Please refer to the accounting principles for a description of operating segments.
Amounts relating to eliminations are included under 'Other'.
Other assets and liabilities are managed at Group level and are therefore 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.

2 Geographical segments

DKKm	2014	2013	2012	2011	2010
Danish general insurance *					
Gross premium income	**9,361**	**9,534**	**9,910**	**10,019**	**9,648**
Technical result	1,510	1,202	1,441	1,033	195
Run-off gains/losses, net of reinsurance	564	566	571	770	615
Key ratios					
Gross claims ratio	66.9	79.5	71.1	83.3	81.6
Net reinsurance ratio	2.1	-7.0	-0.2	-8.1	0.7
Claims ratio, net of ceded business	69.0	72.5	70.9	75.2	82.3
Gross expense ratio	15.1	15.0	14.5	15.1	16.2
Combined ratio	**84.1**	**87.5**	**85.4**	**90.3**	**98.5**
Number of full-time employees 31 December	1,993	2,035	2,174	2,315	2,349
Norwegian general insurance					
Gross premium income	**7,337**	**7,819**	**8,239**	**7,916**	**7,490**
Technical result	1,478	1,258	1,017	598	389
Run-off gains/losses, net of reinsurance	501	387	465	181	177
Key ratios					
Gross claims ratio	66.5	65.1	72.4	73.2	76.7
Net reinsurance ratio	1.4	4.1	-1.0	3.2	3.1
Claims ratio, net of ceded business	67.9	69.2	71.4	76.4	79.8
Gross expense ratio	12.5	15.3	16.8	17.0	15.7
Combined ratio	**80.4**	**84.5**	**88.2**	**93.4**	**95.5**
Number of full-time employees 31 December	1,167	1,199	1,282	1,338	1,338
Swedish general insurance					
Gross premium income	**1,975**	**2,169**	**2,183**	**2,050**	**1,769**
Technical result	44	36	131	-59	-124
Run-off gains/losses, net of reinsurance	66	17	-21	-7	32
Key ratios					
Gross claims ratio	77.6	80.6	75.3	82.0	84.6
Net reinsurance ratio	2.2	0.7	1.5	2.6	0.8
Claims ratio, net of ceded business	79.8	81.3	76.8	84.6	85.4
Gross expense ratio	18.4	17.6	18.6	20.3	22.4
Combined ratio	**98.2**	**98.9**	**95.4**	**104.9**	**107.8**
Number of full-time employees 31 December	425	458	444	423	414
Other**					
Gross premium income	**-21**	**-18**	**-18**	**-37**	**-13**
Technical result	0	0	-97	0	0
Tryg Forsikring					
Gross premium income	**18,652**	**19,504**	**20,314**	**19,948**	**18,894**
Technical result	3,032	2,496	2,492	1,572	460
Investment return	367	593	593	68	559
Other income and costs	-39	-39	7	27	53
Profit/loss before tax	3,360	3,050	3,092	1,667	1,072
Run-off gains/losses, net of reinsurance	1,131	970	1,015	944	824
Key ratios					
Gross claims ratio	67.8	73.9	72.2	79.1	80.0
Net reinsurance ratio	1.8	-1.8	-0.4	-2.5	1.6
Claims ratio, net of ceded business	69.6	72.1	71.8	76.6	81.6
Gross expense ratio***	14.6	15.6	16.4	16.6	16.7
Combined ratio	**84.2**	**87.7**	**88.2**	**93.2**	**98.3**
Number of full-time employees, continuing business at 31 December	3,585	3,692	3,900	4,076	4,101
Number of full-time employees, discontinued and divested business at 31 December	0	0	189	242	191

* Includes Danish general insurance and Finnish guarantee insurance.
**Amounts relating to eliminations, and in 2012 also restructuring expenses and discontinued and divested business are included under 'Other'.
*** Adjustment of gross expense ratio included only in 'Tryg Forsikring'.
The adjustment is explained in a footnote to Financial highlights.

DKKm	Technical result, net of reinsurance, by line of business	Accident and health 2014	Accident and health 2013	Health care 2014	Health care 2013	Worker's compensation 2014	Worker's compensation 2013	Motor TPL 2014	Motor TPL 2013	Motor comprehensive insurance 2014	Motor comprehensive insurance 2013	Marine, aviation and cargo insurance 2014	Marine, aviation and cargo insurance 2013
2	**Gross premiums written**	**1,692**	**1,798**	**313**	**324**	**951**	**1,039**	**2,098**	**2,322**	**3,747**	**3,986**	**353**	**359**
	Gross premium income	1,663	1,740	314	326	970	1,007	2,134	2,298	3,715	3,884	320	344
	Gross claims	- 1,212	- 1,282	- 223	- 209	- 155	- 394	- 1,556	- 1,728	- 2,295	- 2,532	- 256	- 167
	Gross operating expenses	- 224	- 219	- 37	- 29	- 108	- 128	- 337	- 403	- 555	- 602	- 39	- 39
	Profit/loss on ceded business	- 7	- 3	- 1	0	- 8	- 36	- 51	- 36	16	- 2	21	- 91
	Insurance technical interest, net of reinsurance	5	4	1	1	3	- 6	7	7	11	14	1	1
	Technical result	**225**	**240**	**54**	**89**	**702**	**443**	**197**	**138**	**892**	**762**	**47**	**48**
	Gross claims ratio	72.9	73.7	71.0	64.1	16.0	39.1	72.9	75.2	61.8	65.2	80.0	48.5
	Combined ratio	**86.8**	**86.4**	**83.1**	**73.0**	**27.9**	**55.4**	**91.1**	**94.3**	**76.3**	**80.7**	**85.6**	**86.3**
	Claims frequency*	4.5%	4.4%	128.3%	108.8%	17.4%	16.8%	5.6%	5.7%	18.1%	19.4%	19.8%	21.0%
	Average claims DKK**	33,560	36,905	4,334	4,918	79,102	89,638	22,248	24,059	10,376	10,644	111,361	68,910
	Total claims	37,228	36,480	50,173	45,694	9,463	9,209	72,195	73,973	224,791	238,955	2,470	2,621

	Fire and contents (Private) 2014	Fire and contents (Private) 2013	Fire and contents (Commercial) 2014	Fire and contents (Commercial) 2013	Change of ownership 2014	Change of ownership 2013	Liability insurance 2014	Liability insurance 2013	Credit and guarantee insurance 2014	Credit and guarantee insurance 2013	Tourist assistance insurance 2014	Tourist assistance insurance 2013
Gross premiums written	**4,453**	**4,739**	**2,556**	**2,651**	**62**	**66**	**985**	**986**	**338**	**336**	**573**	**569**
Gross premium income	4,492	4,693	2,535	2,632	65	79	979	978	327	326	568	571
Gross claims	- 3,139	- 3,405	- 1,957	- 1,933	- 63	- 52	- 917	- 848	16	- 888	- 450	- 425
Gross operating expenses	- 671	- 794	- 376	- 419	- 12	- 8	- 148	- 135	- 45	- 47	- 79	- 80
Profit/loss on ceded business	22	- 21	- 113	- 126	0	0	- 10	50	- 188	629	- 2	- 1
Insurance technical interest, net of reinsurance	12	18	7	10	0	0	3	3	1	2	2	2
Technical result	**716**	**491**	**96**	**164**	**- 10**	**19**	**- 93**	**48**	**111**	**22**	**39**	**67**
Gross claims ratio	69.9	72.6	77.2	73.4	96.9	65.8	93.7	86.7	-4.9	272.4	79.2	74.4
Combined ratio	**84.3**	**89.9**	**96.5**	**94.1**	**115.4**	**75.9**	**109.8**	**95.4**	**66.4**	**93.9**	**93.5**	**88.6**
Claims frequency*	7.6%	9.0%	15.8%	23.1%	9.2%	8.1%	11.3%	11.6%	0.1%	0.3%	19.4%	14.0%
Average claims DKK**	9,615	10,508	62,035	56,519	20,263	25,531	81,763	59,246	1,068,663	6,994,362	5,673	8,265
Total claims	333,943	348,296	29,686	38,033	4,255	4,349	10,454	10,566	83	127	79,007	54,848

	Other insurance 2014	Other insurance 2013	Total exclusive of Norwegian Group Life 2014	Total exclusive of Norwegian Group Life 2013	Norwegian Group Life, one-year policies 2014	Norwegian Group Life, one-year policies 2013	Total 2014	Total 2013
Gross premiums written	**75**	**101**	**18,196**	**19,276**	**476**	**544**	**18,672**	**19,820**
Gross premium income	84	102	18,166	18,980	486	524	18,652	19,504
Gross claims	- 14	- 24	- 12,221	- 13,887	- 429	- 524	- 12,650	- 14,411
Gross operating expenses	- 15	- 74	- 2,646	- 2,977	- 43	- 31	- 2,689	- 3,008
Profit/loss on ceded business	- 20	- 12	- 341	351	0	- 2	- 341	349
Insurance technical interest, net of reinsurance	1	0	54	56	6	6	60	62
Technical result	**36**	**- 8**	**3,012**	**2,523**	**20**	**- 27**	**3,032**	**2,496**
Gross claims ratio	16.7	23.5	67.3	73.2	88.3	100.0	67.8	73.9
Combined ratio	**58.3**	**107.8**	**83.7**	**87.2**	**97.1**	**106.3**	**84.2**	**87.7**
Average claims DKK**	59,818	63,990						
Total claims	220	210						

* The claims frequency is calculated as the number of claims incurred in the year in proportion to the average number of insurance contracts in the year.
**Average claims are total claims before run-off in the year relative to the number of claims in the year.

DKKm		2014	2013
3	**Premium income, net of reinsurance**		
	Direct insurance	18,872	19,740
	Indirect insurance	67	83
		18,939	19,823
	Unexpired risk provision	1	33
		18,940	19,856
	Ceded direct insurance	-1,067	-1,161
	Ceded indirect insurance	-49	-35
		17,824	**18,660**

	2014		2013	
Direct insurance, by location of risk	**Gross**	**Ceded**	**Gross**	**Ceded**
Denmark	9,488	-689	9,709	-719
Other EU countries	1,943	-30	2,162	-39
Other countries	7,442	-348	7,902	-403
	18,873	**-1,067**	**19,773**	**-1,161**

		2014	2013
4	**Insurance technical interest, net of reinsurance**		
	Return on insurance provisions	414	483
	Discounting transferred from claims provisions	-354	-421
		60	**62**
5	**Claims, net of reinsurance**		
	Claims	-13,376	-15,273
	Run-off previous years, gross	726	862
		-12,650	-14,411
	Reinsurance cover received	268	1,332
	Run-off previous years, reinsurers' share	405	108
		-11,977	**-12,971**
6	**Insurance operating costs, net of reinsurance**		
	Commissions regarding direct insurance contracts	-395	-379
	Other acquisition costs	-1,560	-1,848
	Total acquisition costs	-1,955	-2,227
	Administration expenses	-734	-781
	Insurance operating costs, gross	-2,689	-3,008
	Commission from reinsurers	102	105
		-2,587	**-2,903**
	Administative expenses include fee to the auditors appointed by the annual general meeting:		
	Deloitte	-11	-12
		-11	**-12**
	The fee is divided into:		
	Statutory audit	-3	-5
	Tax advice	-1	-1
	Other services	-7	-6
		-11	**-12**
	Expenses have been incurred for the Group´s Internal Audit Department.	-10	-11

In the calculation of the expense ratio, costs are stated exclusive of depreciation and operating costs on the owner-occupied property but including a calculated rent concerning the owner-occupied property based on a calculated market rent of DKK 38m. (DKK 41m in 2013)

Insurance operating costs, gross, classified by type	2014	2013
Commissions	-395	-379
Staff expenses	-1,463	-1,802
Other staff expenses	-213	-224
Office expenses, fees and headquarter expenses	-459	-411
IT operating and maintenance costs, software expenses	-272	-237
Depreciation, amortisation and impairment losses and write-downs	-108	-110
Other income	221	155
	-2,689	**-3,008**

Total lease expenses amount to DKK 26m (DKK 30m in 2013)

Insurance operating costs and claims include the following staff expenses:	2014	2013
Salaries and wages	-2,098	-2,122
Commision	-7	-8
Allocated share options and matching shares	-3	-4
Pension plans	143	-362
Other social security costs	-5	-5
Payroll tax	-351	-355
	-2,321	**-2,856**

Remuneration for the Supervisory Board and Executive Management is disclosed in note 26 'Related parties'.

	2014	2013
Average number of full-time employees during the year (continuing business)	**3,626**	**3,789**

6 Share option programmes

Spec. of outstanding options:

	Total				Fair Value			
	Group Executive Manage-ment	**Other senior employees**	**Other employees**	**Total**	**Per option at time of allocation DKK**	**Total fair value Per option at time of allocation DKKm**	**Per option at 31 December DKK**	**Total fair value at 31 December DKKm**
2014								
Allocation 2009-2011								
Allocated in 2009-2011, 1 January	49,041	147,990	32,852	229,883	94/75/72	18	273/262	50
Exercised	-26,351	-119,818	-26,084	-172,253	94/75/72	-13	273/262	-36
Expired	0	-1,600	-2,650	-4,250	94/75/72	0	273/262	0
Outstanding options from 2009-2011 allocation 31 Dec 2014	**22,690**	**26,572**	**4,118**	**53,380**		**5**	**0**	**14**
Number of options exercisable 31 December 2014	22,690	26,572	4,118	53,380				
2013								
Allocation 2008-2011								
Allocated in 2008-2011, 1 January	92,818	391,877	66,580	551,275	69/94/75/72	42	238/226/238	99
Exercised	-43,777	-227,782	-28,201	-299,760	69/94/75/72	-23	238/226/238	-43
Cancelled	0	-7,525	-3,427	-10,952	69/94/75/72	-1	238/226/238	-2
Expired	0	-8,580	-2,100	-10,680	69/94/75/72	-1	238/226/238	-
Outstanding options from 2008-2011 allocation 31 Dec 2013	**49,041**	**147,990**	**32,852**	**229,883**		**17**		**54**
Number of options exercisable 31 December 2013	40,756	53,727	9,046	103,529				

Year of allocation	Years of exercise	1 Jan. 2014	Allocation	Exercised	Cancelled	Expired	31 Dec. 2014
2009	2012-2014	40,908	0	-36,658	0	-4,250	0
2010	2013-2015	62,621	0	-18,577	0	0	44,044
2011	2014-2016	126,354	0	-117,018	0	0	9,336
Outstanding options 31 December 2014		**229,883**	**0**	**-172,253**	**0**	**-4,250**	**53,380**

The assumptions by calculating the marketvalue at time of allocation

Year of allocation	Years of exercise	Average share price at time of allocation	Expected Volatility	Expected maturity	Risk-free interest rate	Average term to maturity 31 Dec. 2014	Average exercise share price 31 Dec. 2014
2009	2012-2014	313.51	37.70%	4 år	2.80%	0.00	0.00
2010	2013-2015	320.04	29.20%	4 år	2.70%	0.08	273.02
2011	2014-2016	295.83	30.00%	4 år	3.00%	0.55	261.90

Tryg Forsikring did not allocate share options in 2014. At 31 December 2014, the share option plan comprised 53.380 share options (229.883 share options at 31 December 2013). Each share option entitles the holder to acquire one existing share of DKK 25 nominal value in the company. The share option plan entitles the holders to buy 0,1 % of the share capital in the parent company Tryg A/S if all share options are exercised.

In 2014, the fair value of share options recognised in the consolidated income statement amounted to DKK 0,2m (DKK 2m in 2013). At 31 December 2014, a total amount of DKK 78m was recognised for share option programmes issued in 2006-2011. Fair values at the time of allocation are based on the Black & Scholes option pricing formula.

There are no resigned Group Executive Managers with outstanding options at 31 December 2014. Risk-takers are included under 'Other senior employees'.

The following assumptions were applied in calculating the market value of outstanding share options at the time of allocation: The expected volatility is based on the average volatility of Tryg A/S shares. The expected term is 4 years, corresponding to the average exercise period of 3 to 5 years.

The risk-free interest rate is based on a bullet loan with the same term as the expected term of the options at the time of allocation. The calculation is based on the strike price as set out in the option agreement and the average share price at the time of allocation.

The dividend payout ratio is not included in the calculation as the strike price is reduced by dividends paid in order to prevent option holders from being placed at a disadvantage in connection with the company's dividend payments. The assumptions for calculating the market value at the 31 December term are based on the same principles as for the market value at the time of allocation.

Matching shares	Total Numbers			Fair Value			
2014	**Group Executive Manage-ment**	**Other senior employees**	**Total**	**Average per matching share at grant date DKK**	**Total fair value Per option at time of allocation DKKm**	**Average per matching share at 31 December DKK**	**Total fair value at 31 December DKKm**
Allocated in 2014	3,471	6,011	9,482	515	5	689	7
Matching shares allocated at 31.12.14	**3,471**	**6,011**	**9,482**	**515**	**5**	**689**	**7**
Allocated in 2011-2013	14,855	12,368	27,223	339	9	689	19
Cancelled	0	-2,644	-2,644	339	0	689	-2
Matching shares allocated at 31.12.14	**14,855**	**9,724**	**24,579**	**339**	**9**	**689**	**17**

2013	**Group Executive Manage-ment**	**Other senior employees**	**Total**	**Average per matching share at grant date DKK**	**Total fair value Per option at time of allocation DKKm**	**Average per matching share at 31 December DKK**	**Total fair value at 31 December DKKm**
Allocated in 2011-2013	14,855	12,368	27,223	339	9	525	14
Cancelled	0	-1,993	-1,993	339	0	525	-1
Matching shares allocated at 31.12.13	**14,855**	**10,375**	**25,230**	**339**	**9**	**525**	**13**

In 2011-2014, Tryg Forsikring A/S entered into an agreement on matching shares for the Executive Management and selected Other senior employees as a consequence of the Group's remuneration policy. The Executive Management and selected risk-takers are allocated one share in Tryg A/S for each share that the Executive Management member or risk-taker acquires in Tryg A/S at market rate for liquid cash at a contractually agreed sum. The shares are reported at market value and are accrued over the 4-year maturation period. In 2014, the reported fair value of matching shares for the Group amounted to DKK 3m (DKK 2m in 2013). At 31 December 2014, a total amount of DKK 7m was recognised for matching shares.

Bonus program

In 2014 Tryg Forsikring A/S has adopted a bonus program based on share-based compensation and awards made in cash. The plan is designed to reward employees for their contribution to the performance of the Group and has conditions related to the financial performance in 2014. Each employee has the opportunity to decide on one of the two compensation elements. The recognition of the bonus program constituting DKK 71m.

DKKm

		2014	2013
7	**Interest and dividends**		
	Interest income and dividends		
	Dividends	39	19
	Interest income, cash at bank and in hand	8	18
	Interest income, bonds	893	984
	Interest income, other	9	8
		949	1,029
	Interest expenses		
	Interest expenses subordinate loan capital and credit institutions	-90	-90
	Interest expenses, other	-25	-23
		-115	-113
		834	**916**
8	**Value adjustments**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	-18	-42
	Unit trust units	354	578
	Share derivatives	17	30
	Bonds	-129	-250
	Interest derivatives	596	-299
	Other loans	2	-5
		822	12
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	23	-18
	Owner-occupied property	-106	-77
	Discounting	-741	298
	Other statement of financial position items	-93	-100
		-917	103
		-95	**115**
	Exchange rate adjustments concerning financial assets or liabilities which cannot be stated at fair value total DKK -179m (DKK -146m in 2013)		
9	**Tax**		
	Tax on accounting profit/loss	-823	-763
	Difference between Danish and foreign tax rates	-58	-58
	Tax adjustment, previous years	-9	-2
	Adjustment of non-taxable income and costs	140	152
	Change in valuation of tax assets	-24	-20
	Change in tax rate	6	58
	Other taxes	-2	-1
		-770	**-634**
	Effective tax rate	%	%
	Tax on accounting profit/loss	24.5	25.0
	Difference between Danish and foreign tax rates	1.5	2.0
	Tax adjustment, previous years	0.5	0.0
	Adjustment of non-taxable income and costs	-4.0	-5.0
	Change in valuation of tax assets	1.0	1.0
	Change in tax rate	-0.5	-2.0
	Other taxes	0.0	0.0
		23.0	**21.0**
10	**Profit/loss on discontinued and divested business**		
	Gross premium income	-3	202
	Gross claims	31	-149
	Total insurance operating costs	-14	-55
	Profit/loss on gross business	14	-2
	Insurance technical interest, net of reinsurance	0	1
	Technical result	14	-1
	Other income and costs	0	1
	Profit/loss before tax	14	0
	Tax	-4	-4
	Profit/loss on discontinued and divested business	**10**	**-4**

DKKm

11 **Intangible assets**

2014	Goodwill	Trademarks and customer relations	Software*	Assets under construction*	Total
Cost					
Cost at 1 January	381	171	936	270	1,758
Exchange rate adjustments	-23	-11	-14	-1	-49
Transferred from assets under construction	0	0	86	-86	0
Additions for the year	188	40	28	107	363
Disposals for the year	0	0	-8	0	-8
Cost at 31 December	546	200	1,028	290	2,064
Amortisation and write-downs					
Amortisation and write-downs at 1 January	0	-89	-819	-92	-1,000
Exchange rate adjustments	0	5	12	0	17
Amortisation for the year	-4	-20	-82	0	-106
Reversed amortisation	0	0	9	0	9
Amortisation and write-downs at 31 December	-4	-104	-880	-92	-1,080
Carrying amount at 31 December	**542**	**96**	**148**	**198**	**984**

2013	Goodwill	Trademarks and customer relations	Software*	Assets under construction*	Total
Cost					
Cost at 1 January	397	178	869	227	1,671
Exchange rate adjustments	-16	-7	-26	-1	-50
Transferred from asset under construction	0	0	77	-77	0
Additions for the year	0	0	16	121	137
Cost at 31 December	381	171	936	270	1,758
Amortisation and write-downs					
Amortisation and write-downs at 1 January	0	-73	-747	-92	-912
Exchange rate adjustments	0	3	22	0	25
Amortisation for the year	0	-19	-81	0	-100
Impairment losses and write-downs for the year	0	0	-13	0	-13
Amortisation and write-downs at 31 December	0	-89	-819	-92	-1,000
Carrying amount at 31 December	**381**	**82**	**117**	**178**	**758**

*Hereof developed in-house DKK 245m (DKK 245m at 31 December 2013)

Impairment test

In 2014, Tryg Forsikring acquired Securator A/S, Optimal Djurförsäkring i Norr AB and Codan's agricultural portfolio. The insurance activities were incorporated into the Tryg Forsikring Group's business structure.

Goodwill

At 31 December 2014, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit, which consists of Moderna and Securator, respectively.

Assumptions for impairment test:
The Value-in-use method is used.

Moderna

In 2009, Tryg Forsikring acquired Moderna Försäkringar Sak AB, Modern Re S.A., Netviq AB and MF Bilsport & MC specialfösäkringar. The insurance activities were incorporated into the Tryg Group's business structure in 2009 and are reported under Sweden. In 2010, the companies, excluding Modern Re S.A., were merged into Tryg Forsikring A/S as Moderna Forsäkringar, a branch of Tryg Forsikring A/S. Modern Re S.A. was discontinued in 2011.

The cash flows appearing from the latest budgets approved by management for the next 3 financial years are used when calculating the value in use of Moderna. The cash flows in the latest budget period have been extrapolated for financial years after the budget periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.
The impairment test shows a calculated value in use of approximately DKK 1.4bn relative to a recognised equity of DKK 0.5bn and does not indicate any impairment.

Securator

The test for Securator A/S is based on the valuation at the time of acquisition due to the short ownership period and the lack of indications of impairment since the acquisition.

The cash flows appearing from the latest budgets approved by management for the next 3 financial years are used when calculating the value in use of Securator. The cash flows in the latest budget period have been extrapolated for financial years after the budget periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.
The impairment test shows a calculated value in use of approximately DKK 238m relative to a recognised equity of DKK 174m and does not indicate any impairment.

2014	Assumed annual growth 0 - 10 years	Assumed annual growth > 10 years	Required return before tax
Moderna	2.0%	1.0%	12.7%
Securator	3,0 - 36,0%	3.0%	10.8%

2013	Assumed annual growth 0 - 10 years	Assumed annual growth > 10 years	Required return before tax
Moderna	2.0%	0.0%	12.5%

Trademarks and customer relations

As at 31 December 2014, management performed a test of the carrying amounts of trademarks and customer relations as an integral part of the goodwill test.
The impairment test of the acquired agricultural portfolio is based on renewal and retention rates of the expected level..
The test did not indicate any impairment.

Software and assets under construction

As at 31 December 2014, management performed a test of the carrying amounts of software and assets under construction.
The impairment test compares the carrying amount with the estimated present value of future cash flows. The test indicated impairment of a small number of projects, resulting in impairment losses. The total impairment of intangible assets amounts to DKK 0m (DKK 13m in 2013).

DKKm

12 **Property, plant and equipment**

2014	Operating equipment	Owner-occupied property	Assets under construction	Total
Cost				
Cost at 1 January	237	1,738	85	2,060
Exchange rate adjustments	-5	-29	-2	-36
Additions for the year	9	2	11	22
Cost at 31 December	241	1,711	94	2,046
Accumulated depreciation and value adjustments				
Accumulated depreciation and value adjustments at 1 January	-115	-434	-85	-634
Exchange rate adjustments	2	-5	2	-1
Depreciation for the year	-31	-15	0	-46
Value adjustments for the year at revalued amount in income statement	0	-106	0	-106
Value adjustments for the year at revalued amount in other comprehensive income	0	2	0	2
Accumulated depreciation and value adjustments at 31 December	-144	-558	-83	-785
Carrying amount at 31 December	**97**	**1,153**	**11**	**1,261**

2013	Operating equipment	Owner-occupied property	Assets under construction	Total
Cost				
Cost at 1 January	228	1,786	101	2,115
Exchange rate adjustments	-8	-60	-6	-74
Transferred from assets under construction	0	10	-10	0
Additions for the year	18	2	0	20
Disposals for the year	-1	0	0	-1
Cost at 31 December	237	1,738	85	2,060
Accumulated depreciation and value adjustments				
Accumulated depreciation and value adjustments at 1 January	-90	-343	-90	-523
Exchange rate adjustments	3	-9	5	-1
Depreciation for the year	-28	-15	0	-43
Value adjustments for the year at revalued amount in income statement	0	-76	0	-76
Value adjustments for the year at revalued amount in other comprehensive income	0	9	0	9
Accumulated depreciation and value adjustments at 31 December	-115	-434	-85	-634
Carrying amount at 31 December	**122**	**1,304**	**0**	**1,426**

External experts were involved in valuing the owner-occupied properties.

Impairment test

Property, plant and equipment

A valuation of the owner-occupied property has been carried out, including the improvements made, and a revaluation of DKK 2m relating to the domicile in Bergen was subsequently included in other comprehensive income (DKK 9m in 2013) and impairment of DKK 106m relating to the domicile in Ballerup in the income statement (DKK 76m in 2013). The impairment test performed for operating equipment did not indicate any impairment.

In determining the fair value of the properties, not only publicly available market data are included, corresponding to the 'non-observable input' in the fair value hierarchy. No reclassifications have been made between this category and other categories in the fair value hierarchy during the year.

The following return percentages have been applied:

Return percentages, weighted average	2014	2013
Office property	6.7	6.7

DKKm		2014	2013
13	**Investment property**		
	Fair value at 1 January	1,831	1,886
	Exchange rate adjustments	-30	-52
	Additions for the year	12	16
	Disposals for the year	-7	-2
	Value adjustments for the year	23	-17
	Reversed on sale	-1	0
	Fair value at 31 December	**1,828**	**1,831**

Total rental income for 2014 is DKK 124m (DKK 126m in 2013).

Total expenses for 2014 are DKK 30m (DKK 29m in 2013). Of this amount, expenses for non-let property total DKK 4m (DKK 2m in 2013), total expenses for the income-generating investment property are DKK 26m (DKK 27m in 2013).

External experts were involved in valuing the majority of the investment property.

In determining the fair value of the properties, not only publicly available market data are included, corresponding to the `non-observable input' in the fair value hierarchy.No reclassifications have been made between this category and other categories in the fair value hierarchy during the year. The following return percentages were used for each property category:

	2014	2013
Return percentages, weighted average		
Business property	7.0	7.0
Office property	6.2	6.5
Residential property	6.0	6.0
Total	6.3	6.5

		2014	2013
14	**Equity investments in associates**		
	Cost		
	Cost at 1 January	201	201
	Cost at 31 December	201	201
	Revaluations at net asset value		
	Revaluations at 1 January	14	19
	Exchange rate adjustments	-1	-3
	Dividend received, this year	0	-8
	Reversed on sale	-1	0
	Value adjustments for the year	12	6
	Revaluations at 31 December	24	14
	Carrying amount at 31 December	**225**	**215**

Shares in associates according to the latest annual report:

Name and registered office	Assets	Liabilities	Equity	Revenue	Profit/loss for the year	Ownership share in %
2014						
Komplementarselskabet af 1. marts 2006 ApS, Denmark	0	0	0	0	0	50
Ejendomsselskabet af 1. marts 2006 P/S, Denmark	936	240	696	47	36	30
AS Eidsvåg Fabrikker, Norway	54	7	47	18	4	28
2013						
Komplementarselskabet af 1. marts 2006 ApS, Denmark	0	0	0	0	0	50
Ejendomsselskabet af 1. marts 2006 P/S, Denmark	394	0	394	26	12	50
AS Eidsvåg Fabrikker, Norway	52	7	45	16	6	28
Bilskadeinstituttet AS, Norge	5	0	5	2	0	30

Individual estimates are made of the degree of influence under the contracts made.

DKKm

15	Financial assets	2014	2013
	Financial assets at fair value with value adjustments in the income statement	43,030	42,855
	Derivative financial instruments at fair value used for hedge accounting with value adjustment in other comprehensive income	142	73
	Receivables measured at amortised cost with value adjustment in the income statement	2,885	3,732
	Total financial assets	**46,057**	**46,660**

Financial assets at amortised cost only deviate to a minor extent from fair value.

Financial liabilities

	2014	2013
Derivative financial instruments at fair value with value adjustments in the income statement	799	514
Financial liabilities at fair value with value adjustment in the income statement	7,129	6,479
Total financial liabilities	**7,928**	**6,993**

Information on valuation of subordinate loan capital at fair value is stated in note 1. Other financial liabilities measured at amortised cost only deviate to a minor extent from fair value.

Fair value hierarchy for financial instruments measured at fair value in the statement of financial position

2014	Quoted market prices	Observable input	Non-observable input	Total
Equity investments	0	0	128	128
Unit trust units	3,884	0	0	3,884
Bonds	22,259	14,915	1	37,175
Deposits with credit institutions	667	0	0	667
Derivative financial instruments, assets	0	1,318	0	1,318
Derivative financial instruments, debt	0	-799	0	-799
	26,810	15,434	129	42,373

2013				
Equity investments	0	0	150	150
Unit trust units	3,741	0	0	3,741
Bonds	25,068	11,903	0	36,971
Deposits with credit institutions	1,301	0	0	1,301
Derivative financial instruments, assets	0	692	0	692
Derivative financial instruments, debt	0	-514	0	-514
	30,110	12,081	150	42,341

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:	2014	2013
Carrying amount at 1 January	150	209
Exchange rate adjustments	-4	-10
Gains/losses in the income statement	-18	-48
Purchases	8	3
Sales	-8	-4
Transfers to/from the group 'non-observable input'	1	0
Carrying amount at 31 December	**129**	**150**
Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments	-18	-42

Bonds measured on the basis of observable inputs consist of Norwegian bonds issued by banks and to some extent Danish semi-liquid bonds, where no quoted prices based on actual trades are available. No significant reclassifications have been made between the categories 'Quoted prices' and 'Observable input' in 2014.

Inflation derivatives are measured at fair value on the basis of non-observable input and are included under claims provisions at a fair value of DKK -438m (DKK -166m in 2013).

Sensitivity information	2014	2013
Impact on equity from the following changes:		
Interest rate increase of 0.7-1.0 percentage point	34	-18
Interest rate fall of 0.7-1.0 percentage point	-95	-41
Equity price fall of 12 %	-371	-349
Fall in property prices of 8 %	-239	-266
Exchange rate risk (VaR 99)	-11	-25
Loss on counterparties of 8 %	-399	-396

The impact on the income statement is similar to the impact on equity.
The statement complies with the disclosure requirements set out in the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds issued by the Danish FSA.

DKKm							2014	2013

15 Derivative financial instruments (continued)

Derivatives with value adjustments in the income statement at fair value:

	2014		2013	
	Nominal	Fair value in statement of financial position	Nominal	Fair value in statement of financial position
Interest derivatives	25,882	434	26,015	88
Share derivatives	477	0	325	3
Exchange rate derivatives	7,790	85	9,352	87
Derivatives according to statement of financial position	34,149	519	35,692	178
Inflation derivatives, recognised in claims provisions	3,221	-438	3,311	-166
	37,370	81	39,003	12
Due after less than 1 year	19,438	86	16,003	-58
Due within 1 to 5 years	9,720	-70	14,169	55
Due after more than 5 years	8,212	65	8,831	15

Derivatives, repos and reverses are used continuously as part of the cash and risk management carried out by Tryg Forsikring and its portfolio managers.

Derivative financial instruments used in connection with hedging of foreign entities for accounting purposes

	2014			2013		
Gains and losses on hedges charged to other comprehensive income	Gains	Losses	Net	Gains	Losses	Net
Gains and losses at 1 January	1,787	-1,988	-201	1,447	-1,953	-506
Reversed hedges in profit/loss						
Value adjustments for the year	365	-174	191	340	-35	305
Gains and losses at 31 December	**2,152**	**-2,162**	**-10**	**1,787**	**-1,988**	**-201**

Value adjustments	2014	2013
Value adjustments of foreign entities recognised in other comprehensive income in the amount of:		
Value adjustments at 1 January	201	527
Value adjustment for the year	-178	-326
Value adjustments at 31 December	**23**	**201**

Total financial assets

Receivables		
Receivables from insurance enterprises	1,439	1,387
Receivables from Group undertakings	718	629
Reverse repos	0	885
Other receivables	224	142
	2,381	**3,043**

Specification of write-downs on receivables from insurance contracts:		
Write-downs at 1 January	112	113
Exchange rate adjustments	-4	-7
and write-downs and reversed write-downs for the year	-1	6
Write-downs at 31 December	**107**	**112**

Receivables are written down in full when submitted for debt collection. The write-down is reversed if payment is subsequently received from debt collection and amounts to DKK 54m (DKK 43m in 2013).

Receivables in connection with insurance contracts include overdue receivables totalling:		
Falling due:		
Within 90 days	164	194
After 90 days	122	108
	286	**302**
Including writedowns of due amounts	107	112
Other receivables do not contain overdue receivables		

16 Reinsurer's share

Reinsurers' share	1,958	2,647
Write-downs after impairment test	-20	-27
	1,938	**2,620**

Impairment test

As at 31 December 2014, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts. The impairment test resulted in impairment charges totalling DKK 20m (DKK 27m in 2013).
Write-downs for the year include reversed write-downs totalling DKK 0m (DKK 0m in 2013).
There is no overdue reinsurers' share other than the share alredy provided for.

17 Current tax

Net current tax at 1 January	-278	-676
Exchange rate adjustments	26	64
Current tax for the year	-646	-645
Current tax on equity entries	-47	-76
Adjustment of current tax in respect of previous years	-25	14
Tax paid for the year	527	1,041
Net current tax at 31 December	**-443**	**-278**
Current tax is recognised in the statement of finansiel position as follows:		
Under assets, current tax	0	131
Under liabilities, current tax	-443	-409
Net current tax	**-443**	**-278**

DKKm		2014	2013
18	**Premium provisions**		
	Premium provision at 1 January	6,176	6,658
	Value adjustments of provisions, beginning of year	-202	-335
	Paid in the financial year	17,692	18,740
	Change in premiums in the financial year	-17,951	-18,881
	Exchange rate adjustments	9	-6
	Premium provisions at 31 December	5,724	6,176
	Other 1)	86	36
		5,810	**6,212**

1) Comprises premium provisions for Tryg Garantiforsikring A/S and Securator A/S.

Claims provisions

2014	Gross	Ceded	Net of reinsurance
Claims provisions at 1 January	25,271	-1,780	23,491
Value adjustments of provisions , beginning of year	-839	58	-781
	24,432	-1,722	22,710
Paid in the financial year in respect of the current year	-6,215	90	-6,125
Paid in the financial year in respect of prior years	-6,917	1,143	-5,774
	-13,132	1,233	-11,899
Change in claims in the financial year in respect of the current year	12,835	-251	12,584
Change in claims in the financial year in respect of prior years	-638	-481	-1,119
	12,197	-732	11,465
Discounting and exchange rate adjustments	1,104	-51	1,053
Claims provisions at 31 December	24,601	-1,272	23,329
Other 1)	671	-447	224
	25,272	**-1,719**	**23,553**
2013			
Total at 1 January	26,842	-1,893	24,949
Value adjustments of provisions, beginning of year	-1,569	126	-1,443
	25,273	-1,767	23,506
Paid in the financial year in respect of the current year	-6,571	43	-6,528
Paid in the financial year in respect of prior years	-6,604	628	-5,976
	-13,175	671	-12,504
Change in claims in the financial year in respect of the current year	13,902	-562	13,340
Change in claims in the financial year in respect of prior years	-854	-103	-957
	13,048	-665	12,383
Discounting and exchange rate adjustment	125	-19	106
Claims provisions at 31 December	25,271	-1,780	23,491
Other 1)	816	-603	213
	26,087	**-2,383**	**23,704**

1) Comprises claims provisions for Tryg Garantiforsikring A/S.

DKKm		2014	2013
19	**Pensions and similar obligations**		
	Jubilees	62	68
	Recognised liability	**62**	**68**
	Defined-benefit pension plans:		
	Present value of pension obligations funded through operations	63	86
	Present value of pension obligations funded through establishment of funds	1,227	1,671
	Pension obligation, gross	1,290	1,757
	Fair value of plan assets	1,010	1,034
	Pension obligation, net	**280**	**723**
	Specification of change in recognised pension obligations:		
	Recognised pension obligation at 1 January	1,756	2,151
	Adjustment regarding plan changes not recognised in the income statement and expected estimate deviation *)	-421	0
	Exchange rate adjustments	-123	-278
	Present value of pensions earned during the year	41	63
	Capital cost of previously earned pensions	38	39
	Acturial gains/losses	58	-157
	Paid during the period	-59	-62
	Recognised pension obligation at 31 December	**1,290**	**1,756**
	Change in carrying amount of plan assets:		
	Carrying amount of plan assets at 1 January	1,033	1,109
	Exchange rate adjustments	-72	-144
	Investments in the year	57	81
	Estimated return on pension funds	32	21
	Acturial gains/losses	4	10
	Paid during the period	-44	-44
	Carrying amount of plan assets at 31 December	**1,010**	**1,033**
	Total pensions and similar obligations at 31 December	**280**	**723**
	Total recognised obligation at 31 December	**342**	**791**
	*) The change of the pension scheme in Norway is carried out in the same way as has been done for other major financial companies in Norway and causes a reduction in the provision.		
	Specification of pension cost for the year:		
	Present value of pensions earned during the year	38	56
	Interest expense on accrued pension obligation	39	42
	Expected return on plan assets	-33	-23
	Accrued employer contributions	6	11
	Effect associated with change in agreement	-421	0
	Total year's cost of defined-benefit plans	**-371**	**86**
	The premium for the following financial years is estimated at:	53	78
	Number of active persons and number of pensioners	1,289	1,376
	Estimated distribution of plan assets:	%	%
	Shares	10	10
	Bonds	73	73
	Property	15	15
	Other	2	2
	Average return on plan assets	2.7	3.3
	Weighted average duration of the defined benefit obligation	18	18
	Assumptions used	%	%
	Discount rate	2.1	3.3
	Estimated return on pension funds	2.1	3.3
	Salary adjustments	3.3	3.8
	Pension adjustments	0.1	3.5
	G adjustments	3.0	3.5
	Turnover	7.0	7.0
	Employer contributions	14.1	14.0
	Mortality table	K2013	K2013

DKKm	2014	2013

19 **Sensitivity information (continued)**

The sensitivity analysis is based on a change in one of the assumptions, assuming that all other assumptions remain constant. In reality, this is rarely the case, and changes to some assumptions may be subject to covariance. The sensitivity analysis has been carried out using the same method as the actuarial calculation of the pension provisions in the statement of financial position.

Impact on equity from the following changes:		
Interest rate increase of 0.3 percentage point	27	80
Interest rate decrease of 0.3 percentage point	-30	-70
Pay increase rate, increase of 1 percentage point	-55	-65
Pay increase rate, decrease of 1 percentage point	45	69
Turnover, increase of 2.0 percentage point	49	66
Turnover, decrease of 2.0 percentage point	-61	-84

Description of the Norwegian plan

In the Norwegian part of the group, about half of the employees have a defined-benefit pension plan. The plans are based on the employees' expected final pay, providing the members of the plan with a guaranteed level of pension benefits throughout their lives. The pension benefits are determined by the employees' term of employment and salary at the time of retiring. Employees having made contributions for a full period of contribution are guaranteed a pension corresponding to 66% of their final pay. As of 2014, pensions being disbursed are no longer regulated in step with the basic amount of old-age pension paid in Norway (G regulation), but are subject to a minimum regulation.
Under the present defined-benefit plan, members earn a free policy entitlement comprising disability cover, spouse and cohabitant cover and children's pension.

The pension funds are managed by Nordea Liv & Pension and regulated by local legislation and practice.

Description of the Swedish plan

Moderna Försäkringar, a branch of Tryg Forsikring A/S, complies with the Swedish industry pension agreement, the FTP plan, which is insured with Försäkringsbranschens Pensionskassa - FPK.

Under the terms of the agreement, the Group's Swedish branch has undertaken, along with the other businesses in the collaboration, to pay the pensions of the individual employees in accordance with the applicable rules.

The FTP plan is primarily a defined-benefit plan in terms of the future pension benefits. FPK is unable to provide sufficient information for the Group to use defined-benefit accounting. For this reason, the Group has accounted for the plan as if it were a defined-contribution plan in accordance with IAS 19.30.

This years premium paid to FPK amounted to DKK 16m, which is about 2 % of the annual premium in FPK (2013).
FPK writes in its interim report for 2014 that it had a collective consolidation ratio of 110 at 30 June 2014 (consolidation ratio of 114 at 30 June 2013).
The collective consolidation ratio is defined as the fair value of the plan assets relative to the total collective pension obligations.

DKKm		2014	2013
20	**Deferred tax**		
	Tax asset		
	Operating equipment	11	14
	Debt and provisions	60	105
	Capitalised tax loss	1	6
		72	**125**
	Tax liability		
	Intangible rights	77	75
	Land and buildings	229	227
	Bonds and loans secured by mortgages	3	45
	Contingency funds	785	835
		1,094	**1,182**
	Deferred tax	**1,022**	**1,057**
	Unaccrued timing differences of statement of financial position items	146	122
	Development in deferred tax		
	Deferred tax at 1 January	1,057	1,143
	Exchange rate adjustments	-62	-119
	Change in deferred tax relating to change in tax rate	-6	-50
	Change in deferred tax previous years	-16	16
	Change in capitalised tax loss	6	5
	Change in deferred tax taken to the income statement	22	-7
	Change in valuation of tax asset	24	20
	Change in deferred tax taken to equity	-3	49
	Deferred tax at 31 December	**1,022**	**1,057**
	Tax value of non-capitalised tax loss		
	Sweden	2	3
	Finland	0	1

Loss determined according to Swedish and Finnish rules can be carried forward indefinitely.

The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to offset the tax loss.

The total current and deferred tax relating to items recognised in equity is recognised in the statement of financial position in the amount of DKK 14m (DKK -133m at 31 December 2013).

		2014	2013
21	**Other provisions**		
	Other provisions at 1 January	73	98
	Change in provisions	10	-25
	Other provisions 31 December	**83**	**73**

Other provisions relate to provisions for the Group's own insurance claims and restructuring costs.
The provision for restructuring costs has been reassessed and amounts to DKK 79m (DKK 23m at 31 December 2013).

		2014	2013
22	**Amounts owed to credit institutions**		
	Overdraft facilities	116	6
		116	**6**
23	**Debt relating to unsettled funds transactions and repos**		
	Unsettled fund transactions	885	148
	Repo debt	2,017	2,673
		2,902	**2,821**

Unsettled fund transactions include debt for bonds purchased in 2013 and 2014; however, with settlement in 2014 and 2015, respectively.

DKKm

24 Contractual obligations, collateral and contingent liabilities

Contractual obligations

2014	<1 year	1-3 years	3-5 years	> 5 years	Total
	Obligations due by period				
Operating leases	62	101	71	67	301
Other contractual obligations	410	83	0	0	493
	472	**184**	**71**	**67**	**794**

2013	<1 year	1-3 years	3-5 years	> 5 years	Total
Operating leases	150	182	75	73	480
Other contractual obligations	298	12	0	0	310
	448	**194**	**75**	**73**	**790**

Tryg Forsikring has signed the following contracts with amounts above DKK 50m:
Outsourcing agreement with TCS for DKK 193m for a 4 year period, which expires in 2017.
Lease contracts on premises for DKK 265m. The contracts expire after 5 years.
Operation of mainframe contract of DKK 62m, which expires in late 2017.
Telephony services contract with Telenor for DKK 84m, which expires in 2015 and 2017 respectively.

Collateral

The Danish companies in the Tryg Forsikring Group are jointly taxed with Tryg A/S and TryghedsGruppen smba. The companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties, dividends and income taxes etc. in respect of the jointly taxed companies.

Tryg Forsikring A/S and Tryg Garantiforsikring A/S have registered the following assets as having been held as security for the insurance provisions:	2014	2013
Equity investments in associates	15	18
Equity investments	128	150
Unit trust units	3,884	3,741
Bonds	34,273	34,867
Deposits with credit institutions	667	1,301
Receivables relating to reinsurance	439	585
Interest and rent receivable	337	403
Equity investments in and receivables from Group undertakings which have been eliminated in the consolidated financial statements	1,730	1,944
Total	**41,473**	**43,009**

Offsetting and collateral in relation to financial assets and obligations

2014	Gross amount before offsetting	Offsetting	According to the statement of financial position	Collateral which is not offset in the statement of financial position: Bonds as collateral for repos/reverse repos	Collateral in cash	Net amount
Assets						
Derivative financial instruments	1,318	0	1,318	0	-1,324	-6
	1,318	**0**	**1,318**	**0**	**-1,324**	**-6**
Liabilities						
Repo debt	2,017	0	2,017	-2,017	-1	-1
Derivative financial instruments	799	0	799	0	-767	32
Inflation derivatives, recognised in claims provisions	438	0	438	0	-448	-10
	3,254	**0**	**3,254**	**-2,017**	**-1,216**	**21**
2013						
Assets						
Reverse repos	885	0	885	-885	0	0
Derivative financial instruments	692	0	692	0	-553	139
	1,577	**0**	**1,577**	**-885**	**-553**	**139**
Liabilities						
Repo debt	2,673	0	2,673	-2,673	0	0
Derivative financial instruments	514	0	514	0	-433	81
Inflation derivatives, recognised in claims provisions	166	0	166	0	-155	11
	3,353	**0**	**3,353**	**-2,673**	**-588**	**92**

Contingent liabilities

Companies in the Tryg Forsikring Group are party to a number of disputes in Denmark, Norway and Sweden.
Management believes that the outcome of these disputes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 31 December 2014.

DKKm

25 Acquisition of subsidiaries

In June 2014 the Tryg Forsikring Group has taken control of Securator A/S and in September 2014 of Optimal Djurförsäkring i Norr AB by acquiring all shares in the companies. Securator A/S is a Danish market leader within the sale and brokering of multi-annual product insurance via dealers in the electronics and telecommunications sector and supermarket chains. The acquisition is expected to increase Tryg Forsikring's market share within product insurance by providing access to Securator A/S's customer portfolio and distribution channels. Optimal Djurförsäkring i Norr AB is a swedish market leader within the sale of pet insurance. Tryg Forsikring also expects to realise cost savings through synergies.

Net assets acquired	**2014**
Equipment	1
Receivables, other assets and accrued income	65
Provisions for insurance contracts	-37
Debt and accruals and deferred income	-40
Net assets acquired	**-11**
Goodwill	188
Purchase price	**177**
hereof cash	14
Purchase price in cash	**163**

The Group has not incurred any significant acquisition costs in connection with the acquisition.
In connection with the acquisitions, a sum was paid which exceeds the fair value of the identifiable acquired assets, liabilities and contingent liabilities. This positive balance is mainly attributable to expected synergies between the activities in the acquired enterprises and the Group's existing activities, future growth opportunities as well as the staff of the acquired enterprises. These synergies have not been recognised separately from goodwill as they are not separately identifiable. Goodwill is not expected to be deductible for tax purposes.
The enterprises are included in premium income and in the results for the year with an insignificant amount due to the short ownership period and the Management believes that these pro forma figures reflect the Group's earnings level after the acquisition of the enterprises and that the amounts may therefore form the basis for comparisons in subsequent financial years.
The determination of the pro forma amounts for premium income and profit for the period is based on the following significant assumptions:

- Premiums and claims have been calculated on the basis of the fair values determined in the pre-acquisition balance sheets for premium and claims provisions, rather than the original carrying amounts.
- Other costs, including depreciation of property, plant and equipment and amortisation of intangible assets, have been calculated on the basis of the fair values determined in the pre-acquisition balance sheets, rather than the original carrying amounts.

DKKm

26 **Related parties**
Tryg Forsikring A/S has no related parties with a decisive influence other than the parent company Tryg A/S, TryghedsGruppen smba and the subsidaries of TryghedsGruppen smba (Other related parties). Related parties with significant influence include the Supervisory board, Group Executive Management and their members families.

	2014	2013
Premium income		
- TryghedsGruppen smba	0.3	0.3
- Key management	0.3	0.4
- Other related parties	2.5	1.9
Claims payments		
- TryghedsGruppen smba	0.1	0.2
- Key management	0.1	0.1
- Other related parties	0.3	0.2

Supervisory Board and Group Executive Management
Specification of remuneration

2014	Number of persons	Basic salary	Variable salary	Pension	Total*
Supervisory Board	12	7	0	0	7
Executive Management	3	19	2	4	25
Risk-takers	10	22	1	5	28
	25	**48**	**3**	**9**	**60**

*) Exclusive of severance pay

Of which retired	Number of persons	Severance pay
Supervisory Board	0	0
Executive Management	0	0
Risk-takers	2	0
	2	**0**

There has not been paid any severance pay of more than DKK 1m.

2013	Number of persons	Basic salary	Variable salary	Pension	Total*
Supervisory Board	14	7	0	0	7
Executive Management	3	18	1	4	23
Risk-takers	10	20	0	5	25
	27	**45**	**1**	**9**	**55**

*) Exclusive of severance pay

Of which retired	Number of persons	Severance pay
Supervisory Board	2	0
Executive Management	0	0
Risk-takers	1	5
	3	**5**

The maximum amount paid in severance pay to an individual is DKK 5m.

Fees are charges incurred during the financial year. Variable salary includes the charges for matching shares, which are recognised over 4 years and share options, which are recognised over 3 years. Reference is made to section 'Corporate governance' of the management's review on the corresponding disbursements.
The Executive Management and risk-takers are included in incentive programmes. Please refer to note 6 for information concerning this.

The members of the Supervisory Board in Tryg Forsikring A/S are paid with a fixed remuneration and are not covered by the incentive schemes.

The Executive Management is paid a fixed remuneration and pension. The variable salary is awarded in the form of a matching share programme, see 'Corporate governance'. Besides this, the directors have free car appropriate to their position as well as other market conformal employee benefits

Each member of the Executive Management is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contribution (Group CEO is entitled to severance pay equal to 18 months' salary). Members of the Executive Management can assert no further claims in this respect, for example claims for compensation pursuant to Sections 2a and/or 2b of the Dansih Salaried Employees Act, as such claims are regarded as being included in the severance pay.

Risk-takers are defined as employees whose activities have a significant influence on the company's risk profile.
The Supervisory Board decides which employees should be considered to be risk-takers.

Tryghedsgruppen smba
TryghedsGruppen smba controls 60% of the shares in Tryg A/S, which is parent company for Tryg Forsikring A/S.

Intra-group trading involved:	2014	2013
- Providing and receiving services	1	0
- Interest expenses	0	6

Transactions between TryghedsGruppen smba and the companies in the Tryg Forsikring group are conducted on an arm's length basis.

Intra-group transactions
Administration fee, etc. is fixed on a cost-recovery basis.
Intra-group accounts are offset and carry interest on market terms.

The companies in the Tryg Forsikring Group have entered into reinsurance contracts on market terms.

Transactions with Group undertakings have been eliminated in the consolidated financial statements in accordance with the accounting policies.

27 **Financial highlights**
Please refer to page 40

Note 28

ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as per adopted by the EU on 31 December 2014 and in accordance with the Danish Statutory Order on Adoption of IFRS.

The annual report of the parent company is prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA. The deviations from the recognition and measurement requirements of IFRS are:

- Investments in subsidiaries are valued according to the equity method, whereas under IFRS valuation is made at cost or fair value. Furthermore the requirements regarding presentation and disclosure are less comprehensive than under IFRS.

- The Danish FSA's executive order does not allow provisions for deferred tax of contingency reserves allocated from untaxed funds. Deferred tax and the other comprehensive income of the parent company have been adjusted accordingly on the transition to IFRS.

Change in accounting policies

A reclassification has been made in respect of other debt of DKK 426m in 2013 from the main item "Accruals and deferred income" to "Total debt".

The distribution on segments between Commercial and Corporate as to medium sized enterprise has been altered during H1 2014.

The comparative figures have been restated to reflect the above changes.
Except as noted above, the accounting policies have been applied consistently with last year.

Accounting regulation

Implementation of changes to accounting standards and interpretation in 2013

The International Accounting Standards Board (ISAB) has issued a number of changes to the international accounting standards, and the International Financial Reporting Interpretations Committee (IFRIC) has also issued a number of interpretations.
No standards or interpretations have been implemented for the first time for the accounting year that began on 1st January 2014 that will have a significant impact on the group.
New or amended standards and interpretations that have been implemented but have not significantly affected the group:

- Amendments to IAS 39 'novations of derivaties'
- IFRS 10 ' Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of interests in Other Entities'
- Amendments to IFRS 10, 11 and 12 'transitional guidedance'
- IAS 27 (as revised in 2011) 'Separate Financial Statements'
- IAS 28 (as revised in 2011) 'Investments in Associates and Joint Ventures'
- IFRIC 21 'Levies'
- Amendments to IAS 19 'Clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periodes of service'
- Amendments to IAS 32 'offsetting of assets and liabilities'
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-financial Assets'

Future orders, standards and interpretations that the group has not implemented and which have still not entered into force:

- IFRS 7 'Deferral of mandatory effective dates'[2]
- Amendments to IFRS 2 'Definition of 'vesting condition''[1]
- Amendments to IFRS 3 'accounting for contingent consideration'[1]
- Amendments to IFRS 3 'scope exception for joint ventures'[1]
- Amendments to IFRS 8 'aggregation of segments, reconciliation of segment assets'[1]
- Amendments to IFRS 13 'scope of the portfolio exception in paragraph 52'[1]
- Amendments to IAS 16 and IAS 38 'proportionate restatement of accumulated depreciation on revaluation'[1]
- Amendments to IAS 24 'management entities'[1]
- Amendments to IAS 40 'interrelationship between IFRS 3 and IAS 40'[1]
- IFRS 14 'Regulatory Deferral Accounts'[3]
- Amendments to IAS 16 'Clarification of acceptable methods of depreciatioon and amotisation'[3]
- Amendments to IAS 19 'Actuarial assumptions: discount rate'[3]
- Amendments to IAS 27 'reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements'[3]
- Amendments to IAS 28 'regarding the sale or contribution of assets between an investor and its associate or joint venture'[3]
- Amendments to IAS 34 'Other disclosures'[3]
- Amendments to IAS 38 'Clarification of acceptable methods of depreciatioon and amotisation'[3]
- IFRS 15 'Revenue from Contracts with Customers'[4]
- IFRS 9 'Financial Instruments'[5]

[1] enters into force for the accounting year commencing 1 July 2014 or later.
[2] enters into force for the accounting year commencing 1 January 2015 or later.
[3] enters into force for the accounting year commencing 1 January 2016 or later.
[4] enters into force for the accounting year commencing 1 January 2017 or later.
[5] enters into force for the accounting year commencing 1 January 2018 or later.

The changes will be implemented going forward from 2015 or later.

As for now the changes will not significantly affect the Group.

Changes to accounting estimates

There have been no changes to the accounting estimates in 2014.

Significant accounting estimates and assessments

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's account- ing policies. The areas involving a higher degree of judgement or com- plexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

- Liabilities under insurance contracts
- Valuation of defined benefit plans
- Fair value of financial assets and liabilities
- Valuation of property
- Measurement of goodwill, Trademarks and Customer relations

Liabilities under insurance contracts

Estimates of provisions for insurance contracts represent the Group's most critical accounting estimates, as these provisions involve a number of uncertainty factors.

Claims provisions are estimated based on actuarial and statistical projections of claims and the administration of claims. The projections are based on Tryg Forsikring's knowledge of historical developments, payment patterns, reporting delays, duration of the claims settlement process and other factors that might influence future developments in the liabilities.

The Group makes claims provisions, in addition to provisions for known claims, which cover estimated compensation for losses that have been incurred, but not yet reported to the Group (known as IBNR reserves) and future developments in claims which are known to the Group but have not been finally settled. Claims provisions also include direct and indirect claims settlement costs or loss adjustment expenses that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to Tryg Forsikring.

The calculation of the claims provisions is therefore inherently uncertain and, by necessity, relies upon the making of certain assumptions as regards factors such as court decisions, amendments to legislation, social inflation and other economic trends, including inflation. The Group's actual liability for losses may therefore be subject to material positive or negative deviations relative to the initially estimated claims provisions.

Claims provisions are discounted. As a result, initial changes in discount rates or changes in the duration of the claims provisions could have positive or negative effects on earnings. Discounting affects the motor third-party liability, general third-party liability, workers' compensation classes, including sickness and personal accident, in particular.

The Financial Supervisory Authority's adjusted discount curve, which is based on euro swap rates, national spreads and Danish swap rates, and also an option-adjusted mortgage interest rate spread, is used to discount Danish claims provisions.

The Norwegian and Swedish provisions are discounted based on euro swap rates, to which a country-specific interest rate spread is added that reflects the difference between Norwegian and Swedish government bonds and the interest rate on German government bonds. Finnish provisions are discounted using the Danish discount curve.

Several assumptions and estimates underlying the calculation of the claims provisions are mutually dependent. This has the greatest impact on assumptions regarding interest rates and inflation.

Defined benefit pension schemes
The Group operates a defined-benefit plan in Norway. A defined-benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, depending on age, years of service and salary.

The net obligation with respect to the defined- benefit plan is based on actuarial calculations involving a number of assumptions. The assumptions include discount interest rate, expected future salary and pension adjustments, turnover, mortality and disability.

Fair value of financial assets and liabilities
Measurements of financial assets and liabilities for which prices are quoted in an active market or which are based on generally accepted models with observable market data are not subject to material estimates. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using a current OTC price of a similar financial instrument or using a model calculation. The valuation models include the discounting of the instrument cash flow using an appropriate market interest rate with due consideration for credit and liquidity premiums.

Valuation of property
Property is divided into owner-occupied property and investment property. Owner-occupied property is assessed at the reassessed value that is equivalent to the fair value at the time of reassessment, with a deduction for depreciation and write-downs. The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return in per cent. Investment property is recognised at fair value. The calculation of fair value is based on market prices, taking into consideration the type of property, location and maintenance standard, and based on a market- determined rental income as well as operating expenses in proportion to the property's required rate of return. Cf. note 12 and 13.

Measurement of goodwill, Trademarks and Customer relations
Goodwill, Trademarks and customer relations was acquired in connection with acquisition of businesses. Goodwill is allocated to the cash-generating units under which management manages the investment. The carrying amount is tested for impairment at least annually. Impairment testing involves estimates of future cash flows and is affected by a number of factors, including discount rates and other circumstances dependent on economic trends, such as customer behaviour and competition. Cf. note 1.

Description of accounting policies

Recognition and measurement

The annual report has been prepared under the historical cost convention, as modified by the revaluation of owner-occupied property, where increases are recognised in other comprehensive income, and revaluation of investment property, financial assets held for trading and financial assets and financial liabilities (including derivative instruments) at fair value in the income statement.

Assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the Group, and the value of such assets can be measured reliably. Liabilities are recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost, with the exception of financial assets, which are recognised at fair value. Measurement subsequent to initial recognition is effected as described below for each item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the statement of financial position date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement unless otherwise described below.

All amounts in the notes are shown in millions of DKK, unless otherwise stated.

Consolidation

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Tryg Forsikring A/S (the parent company) and the enterprises (subsidiaries) controlled by the parent company. The parent company is regarded as controlling an enterprise when it i) exercises a controlling influence over the relevant activities in the enterprise in question, ii) is exposed to or has the right to a variable return on its investment, and iii) can exercise its controlling influence to affect the variable return.

Enterprises in which the Group directly or indirectly holds between 20% and 50% of the voting rights and exercises significant influence but no controlling influence are classified as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Tryg Forsikring A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. The financial statements used for the consolidation are prepared in accordance with the Group’s accounting policies.

On consolidation, intra-group income and costs, intra-group accounts and dividends, and gains and losses arising on transactions between the consolidated enterprises are eliminated.

Items of subsidiaries are fully recognised in the consolidated financial statements.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition and the date of formation, respectively. The date of acquisition is the date on which control of the acquired enterprise actually passes to Tryg Forsikring. Divested or discontinued enterprises are recognised in the consolidated statement of comprehensive income up to the date of disposal or the settlement date. The date of disposal is the date on which control of the divested enterprise actually passes to a third party.

The purchase method is applied for new acquisitions if the Group gains control of the acquired enterprise. Subsequently, identifiable assets, liabilities and contingent liabilities in the acquired enterprises are measured at fair value at the date of acquisition. Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less expected selling costs. Restructuring costs are recognised in the pre-acquisition balance sheet only if they constitute an obligation for the acquired enterprise. The tax effect of revaluations is taken into account. The acquisition price of an enterprise consists of the fair value of the price paid for the acquired enterprise. If the final determination of the price is conditional upon one or more future events, such events are recognised at their fair values at the date of acquisition. Costs relating to the acquisition are recognised in the income statement as incurred.

Any positive balances (goodwill) between the acquisition price of the acquired enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired equity investments, on the one hand, and the fair value of the acquired assets, liabilities and contingent liabilities, on the other hand, are recognised as an asset under intangible assets, and are tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, it is impaired to the lower recoverable amount.

In the event of negative balances (negative goodwill), the calculated fair values, the calculated acquisition price of the enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired equity investments are revalued. If the balance is still negative, the amount is recognised as income in the income statement.

If, at the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the acquisition price, initial recognition is based on a preliminary determination of values. The preliminarily determined values may be adjusted or additional assets or liabilities may be recognised up to 12 months after the acquisition, provided that new information has come to light regarding matters existing at the date of acquisition which would have affected the determination of the values at the date of acquisition, had such information been known.

As a general rule, subsequent changes in estimates of conditional acquisition prices are recognised directly in the income statement.

Currency translation

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency using the exchange rate applicable at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rates applicable at the statement of financial position date. Translation differences are recognised in the income statement under price adjustments.

On consolidation, the assets and liabilities of the Group's foreign operations are translated using the exchange rates applicable at the statement of financial position date. Income and expense items are translated using the average exchange rates for the period. Exchange rate differences arising on translation are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the activities are divested. All other foreign currency translation gains and losses are recognised in the income statement.

The presentation currency in the annual report is DKK.

Segment reporting

Segment information is based on the Group's management and internal financial reporting system and supports the management decisions on allocation of resources and assessment of the Group's results divided into segments.

The operational business segments in the Tryg Forsikring are Private, Commercial, Corporate and Sweden. Private encompasses the sale of insurances to private individuals in Denmark and Norway. Commercial encompasses the sale of insurances to small and medium sized businesses, in Denmark and Norway. Corporate sells insurances to industrial clients primarily in Denmark, Norway and Sweden. In addition, Corporate handles all business involving brokers. Sweden encompasses the sale of insurance products to private individuals in Sweden as well as sale of Product insurances in the nordic region.

Geographical information is presented on the basis of the economic environment in which the Tryg Forsikring Group operates. The geographical areas are Denmark, Norway and Sweden.

Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment and those items that can be allocated to the individual segments on a reliable basis. Unallocated items primarily comprise assets and liabilities concerning investment activity managed at Group level.

Key ratios
Key ratios are calculated in accordance with Recommendations and Ratios 2010 issued by the Danish Society of Financial Analysts and the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds issued by the Danish Financial Supervisory Authority.

Income statement

Premiums
Premium income represents gross premiums written during the year, net of reinsurance premiums and adjusted for changes in premium pro- visions, corresponding to an accrual of premiums to the risk period of the policies, and in the reinsurers' share of the premium provisions.

Premiums are calculated as premium income in accordance with the risk exposure over the cover period, calculated separately for each individual insurance contract. The calculation is generally based on the pro rata method, although this is adjusted for an unevenly divided risk between lines of business with strong seasonal variations or for policies lasting many years.

The portion of premiums received on contracts that relate to unexpired risks at the statement of financial position date is reported under premium provisions.

The portion of premiums paid to reinsurers that relate to unexpired risks at the statement of financial position date is reported as the reinsurers' share of premium provisions.

Technical interest
According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The calculated interest return for grouped classes of risks is calculated as the monthly average provision plus an actual interest from the present yield curve for each individual group of risks. The interest is applied according to the expected run-off pattern of the provisions.

Insurance technical interest is reduced by the portion of the increase in net provisions that relates to unwinding.

Claims
Claims are claims paid during the year and adjusted for changes in claims provisions less the reinsurers' share. In addition, the item includes run-off gains/losses in respect of previous years. The portion of the increase in provisions which can be ascribed to unwinding is transferred to insurance technical interest.

Claims are shown inclusive of direct and indirect claims handling costs, including costs of inspecting and assessing claims, costs to combat and mitigate damage and other direct and indirect costs associated with the handling of claims incurred.

Changes in claims provisions due to changes in yield curve and exchange rates are recognised as a price adjustment.

Tryg Forsikring hedges the risk of changes in future pay and price figures for provisions for workers' compensation. Tryg Forsikring uses zero coupon inflation swaps acquired with a view to hedging the inflation risk. Value adjustments of these swaps are included in claims, thereby reducing the effect of changes to inflation expectations under claims.

Bonus and premium discounts
Bonuses and premium discounts represent anticipated and refunded premiums to policyholders, where the amount refunded depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the insurance was taken out.

Insurance operating expenses
Insurance operating costs represent acquisition costs and administration expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Underwriting commission is recognised when a legal obligation occurs and is accrued over the term of the policy. Administration expenses are all other expenses

attributable to the administration of the insurance portfolio. Administration expenses are accrued to match the financial year.

Leasing

Leases are classified either as operating or finance leases. The assessment of the lease is based on criteria such as ownership, right of purchase when the lease term expires, considerations as to whether the asset is custom- made, the lease term and the present value of the lease payments.

Assets held under operating leases are not recognised in the statement of financial position, but the lease payments are recognised in the income statement over the term of the lease, corresponding to the economic lifetime of the asset. The Group has no assets held under finance leases.

Share-based payment

The Tryg Forsikring Group's incentive programmes comprise share option programmes, employee shares and matching shares settled through the parent company Tryg A/S.

Share option programme

The value of services received as consideration for options granted is measured at the fair value of the options.

Share options are measured at fair value at the time of allocation and recognised under staff expenses over the period from the time of allocation until vesting. The balancing item is recognised in debts.

The options are issued at an exercise price that corresponds to the market price of the Group's shares at the time of allocation plus 10%. No other vesting conditions apply. Special provisions are in place concerning sickness and death and in case of change to the Group's capital position etc.

The share option agreement entitles the employee to the options unless the employee resigns his position or is dismissed due to breach of the contract of employment. In case of termination due to restructuring or retirement, the employee is still entitled to the options.

The share options are exercisable exclusively during a 13-day period, which starts the day after the publication of full-year, half-year and quarterly reports of Tryg A/S and in accordance with Tryg Forsikring's in-house rules on trading in Tryg A/S's shares. The options are settled in shares.

On initial recognition of the share options, the number of options expected to vest for employees and members of the Executive Management is estimated. Subsequently, adjustment is made for changes in the estimated number of vested options to the effect that the total amount recognised is based on the actual number of vested options. The value for retired employees who retain their right to options is reported for the remaining period of the financial year in which the employee retires.

The fair value of the options granted is estimated using the Black & Scholes option model. The calculation takes into account the terms and conditions of the share options granted.

Employee shares

According to established rules, the Group's employees can be granted a bonus in the form of employee shares in Tryg A/S. When the bonus is granted, employees can choose between receiving shares in the parent company Tryg A/S or cash. The expected value of the shares will be expensed over the vesting period. The scheme will be treated as a complex financial instrument, consisting of the right to cash settlement and the right to request delivery of shares. The difference between the value of shares and the cash payment is recognised in equity and is not remeasured. The remainder is treated as a liability and is remeasured until the time of exercise, such that the total recognition is based on the actual number of shares or the actual cash amount.

Matching shares

Members of Executive Management and risk takers have been allocated shares in accordance with the "Matching shares" scheme. Under Matching shares, the individual management member or risk takers is allocated one share in the parent company Tryg A/S for each share the Executive management member or risk taker acquires in the parent company Tryg A/S at the market rate for certain liquid cash at a contractually agreed sum in connection with the Matching share programme.

The holder acquires the shares in the open window following publication of the annual report for the previous year. The shares (matching shares) are provided free of charge, four years after the time of purchase. The holder may not sell the shares until six months after the matching time.

The shares are recognised at market value and are accrued over the four-year maturation period, based on the market price at the time of acquisition. Recognition is from the end of the month of acquisition under staff expenses with a balancing entry in debts. If an Executive Management member or risk-taker retires during the maturation period but remains entitled to shares, the remaining expense is recognised in the current accounting year.

Investment activities
Income from associates includes the Group's share of the associates' net profit.

Income from investment properties before fair value adjustment represents the profit from property operations less property management expenses.

Interest and dividends represent interest earned and dividends received during the financial year. Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of investment property, foreign currency translation adjustments and the effect of movements in the yield curve used for discounting, are recognised as price adjustments.

Investment management charges represent expenses relating to the management of investments including salary and management fees on the investment area.

Other income and expenses
Other income and expenses include income and expenses which cannot be ascribed to the Group´s insurance portfolio or investment assets, including the sale of products for Nordea Liv og Pension.

Discontinued and divested business
Discontinued and divested business is consolidated in one item in the income statement and supplemented with disclosure of the discontinued and divested business in a note to the financial statements. Discontinued and divested business includes gross premiums, gross claims, gross costs, profit/loss on ceded business, insurance technical interest net of reinsurance, investment return after insurance technical interest, other income and costs and tax in respect of the discontinued business. Any reversal of earlier impairment is recognised under other income and costs.

The statement of financial position items concerning discontinued activities are reported unchanged under the respective entries whereas assets and liabilities concerning divested activities are consolidated under one item as assets held for sale and liabilities held for sale.

The comparative figures, including five-year financial highlights and key ratios, have been restated to reflect discontinued business. Discontinued and divested business in the income statement includes the profit/loss after tax of the run-off for the marine hull business and the divested activities in the Finnish branch. Discontinued business also comprises the Tryg Forsikring A/S run-off business.

Statement of financial position

Intangible assets

Goodwill
Goodwill was acquired in connection with acquisition of business. Goodwill is calculated as the difference between the cost of the undertaking and the fair value of acquired identifiable assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is allocated to the cash-generating units under which management manages the investment and is recognised under intangible assets. Goodwill is not amortised but is tested for depreciation at least once per year.

Trademarks and customer relations
Trademarks and customer relations have been identified as intangible assets on acquisition. The intangible assets are recognised at fair value at the time of acquisition and amortised on a straight-line basis over the expected economic lifetime of 5–12 years.

Software
Acquired computer software licences are capitalised on the basis of the costs incidental to acquiring and bringing to use the specific software. The costs are amortised based on an estimated economic lifetime of up to 4 years.

Acquired computer software licences are capitalised on the basis of the costs incidental to acquiring and bringing to use the specific software. The costs are amortised based on an estimated economic lifetime of up to 4 years.

After completion of the development work, the asset is amortised according to the straight-line method over the assessed economic lifetime, though over a maximum of 4 years. The amortisation basis is reduced by any impairment and write-downs.

Assets under construction
Group-developed intangibles are recorded under the entry "Assets under construction" until they are put into use, whereupon they are reclassified as software and are amortized in accordance with the amortization periods stated above.

Fixed assets
Operating equipment
Fixtures and operating equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost encompasses the purchase price and costs directly attributable to the acquisition of the relevant assets until the time when such assets are ready to be brought into use.

Depreciation of operating equipment is calculated using the straight-line method over its estimated economic lifetime as follows:

- IT, 4 - 8 years
- Vehicles, 5 years
- Furniture, fittings and equipment, 5-10 years

Leasehold improvements are depreciated over the expected economic lifetime, however maximally the term of the lease.

Gains and losses on disposals and retired assets are determined by comparing proceeds with carrying amounts. Gains and losses are recognised in the income statement. When revalued assets are sold, the amounts included in the revaluation reserves are transferred to retained earnings.

Land and buildings
Land and buildings are divided into owner-occupied property and investment property. The Group's owner-occupied properties consist of the head office buildings in Ballerup and Bergen and a small number of holiday homes. The remaining properties are classified as investment property.

Owner-occupied property
Owner-occupied property is property that is used in the Group's operations. Owner-occupied properties are measured in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed regularly to avoid material differences between the carrying amounts and fair values of owner-occupied property at the statement of financial position date. The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the coming year. The resulting operating income is divided by the required return on the property in per cent, which is adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity.

Increases in the revalued carrying amounts of owner-occupied property are recognised in the revaluation reserve in equity. Decreases that offset previous revaluations of the same asset are charged against the revaluation reserves directly in equity; all other decreases are charged to the income statement.

Costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. Ordinary repair and maintenance costs are expensed in the income statement when incurred.

Depreciation on owner-occupied property is calculated based on the straight-line method and using an estimated economic lifetime of up to 50 years. Land is not depreciated.

Assets under construction

In connection with the refurbishment of owner-occupied property, costs to be capitalised are recognised at cost under owner-occupied property. On completion of the project, it is reclassified as owner-occupied property, and depreciation is made on a straight-line basis over the expected economic lifetime, up to the number of years stated under the individual categories.

Investment property

Properties held for renting yields that are not occupied by the Group are classified as investment properties.

Investment property is recognised at fair value. Fair value is based on market prices, adjusted for any differences in the nature, location or maintenance condition of specific assets. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections and recent prices in the market.

The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the coming year. The resulting operating income is divided by the required return on the property in per cent, which is adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity. The value is subsequently adjusted with the value in use of the return on prepayments and deposits and adjustments for specific property issues such as vacant premises or special tenant terms and conditions.

Changes in fair values are recorded in the income statement.

Impairment test for intangible assets, property and operating equipment

Operating equipment and intangible assets are assessed at least once per year to ensure that the depreciation method and the depreciation period that is used are connected to the expected economic lifetime. This also applies to the salvage value. Write-down is performed if depreciation has been demonstrated. A continuous assessment of owner-occupied property is performed.

Goodwill is tested annually for impairment, or more often if there are indications of impairment, and impairment testing is performed for each cash-generating unit to which the asset belongs. The present value is normally established using budgeted cash flows based on business plans. The business plans are based on past experience and expected market developments.

Equity investments in Group undertakings

The parent company’s equity investments in subsidiaries are recognised and measured using the equity method. The parent company’s share of the enterprises’ profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement. In the statement of financial position, equity investments are measured at the pro rata share of the enterprises’ equity.

Subsidiaries with a negative net asset value are recognised at zero value. Any receivables from these enterprises are written down by the parent company’s share of such negative net asset value where the receivables are deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of equity investments in subsidiaries is taken to reserve for net revaluation under equity if the carrying amount exceeds cost.

The results of foreign subsidiaries are based on translation of the items in the income statement using average exchange rates for the period unless they deviate significantly from the transaction day exchange rates. Income and costs in domestic enterprises denominated in foreign currencies are translated using the exchange rates applicable on the transaction date.

Statement of financial position items of foreign subsidiaries are translated using the exchange rates applicable at the statement of financial position date.

Equity investments in associates

Associates are enterprises in which the Group has significant influence but not control, generally in the form of an ownership interest of between 20% and 50% of the voting rights. Equity investments in associates are measured using the equity method so that the carrying amount of the investment represents the Group's proportionate share of the enterprises' net assets.

Profit after tax from equity investments in associates is included as a separate line in the income statement. Income is made up after elimination of unrealised intra-group profits and losses.

Associates with a negative net asset value are measured at zero value. If the Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities.

Investments

Investments include financial assets at fair value which are recognised in the income statement. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

Financial assets measured at fair value with recognition of value adjustments in the income statement comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment via the income statement.

Financial assets at fair value recognised in income statement

Financial assets are recognised at fair value on initial recognition if they are entered in a portfolio that is managed in accordance with fair value. Derivative financial instruments are similarly classified as financial assets held for sale, unless they are classified as security.

Realised and unrealised profits and losses that may arise as a result of changes in the fair value for the category financial assets at fair value are recognised in the income statement in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired, or if they have been transferred, and the Group has also transferred substantially all risks and rewards of ownership. Financial assets are recognised and derecognised on a trade date basis, the date on which the Group commits to purchase or sell the asset.

The fair values of quoted securities are based on stock exchange prices at the statement of financial position date. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using valuation techniques. These include the use of similar recent arm's length transactions, reference to other similar instruments or discounted cash flow analysis.

Derivative financial instruments and hedge accounting

The Group's activities expose it to financial risks, including changes in share prices, foreign exchange rates, interest rates and inflation. Forward exchange contracts and currency swaps are used for currency hedging of portfolios of shares, bonds, hedging of foreign entities and insurance statement of financial position items. Interest rate derivatives in the form of futures, forward contracts, repos, swaps and FRAs are used to manage cash flows and interest rate risks related to the portfolio of bonds and insurance provisions. Share derivatives in the form of futures and options are used from time to time to adjust share exposures.

Derivative financial instruments are reported from the trading date and are measured in the statement of financial position at fair value. Positive fair values of derivatives are recognised as derivative financial instruments under assets. Negative fair values of derivatives are recognised under derivative financial instruments under liabilities. Positive and negative values are only offset when the company is entitled or intends to make net settlement of more financial instruments.

Calculation of value is generally performed on the basis of rates supplied by Danske Bank with relevant information providers and is checked by the Group's valuation technicians. Discounting on the basis of market interest rates is applied in the case of derivative financial instruments involving an expected future cash flow.

Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of investments in foreign entities. Changes in the fair value of derivatives that are designated and qualify as net investment hedges in foreign entities and which provide effective currency hedging of the net investment are recognised directly in equity. The net asset value of the foreign entities estimated at the beginning of the financial year is hedged 90-100% by entering into short-term forward exchange contracts according to the requirements of hedge accounting. Changes in the fair value relating to the ineffective portion are recognised in the income statement. Gains and losses accumulated in equity are included in the income statement on disposal of the foreign entity.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurers' share of provisions for insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance con- tracts held are recognised as assets and reported as reinsurers' share of provisions for insurance contracts.

Amounts receivable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Changes due to unwinding are recognised in insurance technical interest. Changes due to changes in the yield curve or foreign exchange rates are recognised as price adjustments.

The Group continuously assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount. Impairment losses are recognised in the income statement.

Receivables

Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable. Other receivables primarily contain accounts receivable in connection with property.

Receivables that arise as a result of insurance contracts are classified in this category and are reviewed for impairment as a part of the impairment test of accounts receivable.

Receivables are recognised initially at fair value and are subsequently assessed at amortised cost. The income statement includes an estimated reservation for expected unobtainable sums when there is a clear indication of asset impairment. The reservation entered is assessed as the difference between the carrying amount of an asset and the present value of expected future cash flows.

Other assets

Other assets include current tax assets and cash at bank and in hand. Current tax assets are receivables concerning tax for the year adjusted for on-account payments and any prior-year adjustments. Cash at bank and in hand is recognised at nominal value at the statement of financial position date.

Prepayments and accrued income

Prepayments include expenses paid in respect of subsequent financial years and interest receivable. Accrued underwriting commission relating to the sale of insurance products is also included.

Equity

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Revaluation reserves

Revaluation of owner-occupied property is recognised in other comprehensive income unless the revaluation offsets a previous impairment loss.

Foreign currency translation reserve

Contingency fund reserves are recognised as part of retained earnings under equity. The reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders. The Norwegian contingency fund reserves include provisions for the Norwegian Natural Perils Pool and security reserve. The Danish and Swedish provisions comprise contingency fund provisions. Deferred tax on the Norwegian and Swedish contingency fund reserves is allocated.

Contingency fund reserves

Contingency fund reserves are recognised as part of retained earnings under equity. The reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders. The Norwegian contingency fund reserves include provisions for the Norwegian Natural Perils Pool and security reserve. The Danish and Swedish provisions comprise contingency fund provisions. Deferred tax on the Norwegian and Swedish contingency fund reserves is allocated.

Dividends

Proposed dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (date of declaration).

Subordinate loan capital

Subordinate loan capital is recognised initially at fair value, net of trans- action costs incurred. Subordinate loan capital is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the borrowing period using the effective interest method.

Provisions for insurance contracts

Premiums written are recognised in the income statement (premium income) proportionally over the period of coverage and, where necessary, adjusted to reflect any time variation of the risk. The portion of premiums received on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as premium provisions. Premium provisions are generally calculated according to a best estimate of expected payments throughout the agreed risk period; however, as a minimum as the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any risk variations. This applies to gross as well as ceded business.

Claims and claims handling costs are expensed in the income statement as incurred based on the estimated liability for compensation owed to policyholders or third parties sustaining losses at the hands of the policy- holders. They include direct and indirect claims handling costs that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to the Group. Claims provisions are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions). The provisions include claims handling costs.

Claims provisions are discounted. Discounting is based on a yield curve reflecting duration applied to the expected future payments from the provision. Discounting affects the motor liability, professional liability, workers' compensation and personal accident and health insurance classes, in particular.

Provisions for bonuses and premium discounts etc. represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

Claims provisions are determined for each line of business based on actuarial methods. Where such business lines encompass more than one business area, short-tailed claims provisions are distributed based on number of claims reported while long-tailed claims provisions are distributed based on premiums earned. The models currently used are Chain-Ladder, Bornhuetter-Ferguson, the Loss Ratio method and De Vylder's credibility method. Chain-Ladder techniques are used for lines of business with a stable run-off pattern. The Bornhuetter-Ferguson method, and sometimes the Loss Ratio method, are used for claims years in which the previous run-off provides insufficient information about the future run-off performance. De Vylder's credibility method is used for areas that are somewhere in between the Chain-Ladder and Bornhuetter-Ferguson/Loss Ratio methods, and may also be used in situations that call for the use of exposure targets other than premium volume, for example the number of insured.

The provision for annuities under workers' compensation insurance is calculated on the basis of a mortality corresponding to the G82 calculation basis (official mortality table).

In some instances, the historic data used in the actuarial models is not necessarily predictive of the expected future development of claims. For example, this is the case with legislative changes where an a priori estimate is used for premium increases related to the expected increase in claims. In connection with legislative changes, the same estimate is used for determining the change in the level of claims. Subsequently, this estimate is maintained until new loss history materialises which can be used for re-estimation.

Several assumptions and estimates underlying the calculation of the claims provisions are mutually dependent. Most importantly, this can be expected to be the case for assumptions relating to interest rates and inflation.

Workers' compensation is an area in which explicit inflation assumptions are used, with annuities for the insured being indexed based on the workers' compensation index. An inflation curve that reflects the market's inflation expectations plus a real wage spread is used as an approximation to the workers' compensation index.

For other lines of business, the inflation assumptions, because present only implicitly in the actuarial models, will cause a certain lag in predicting the level of future losses when a change in inflation occurs. On the other hand, the effect of discounting will show immediately as a consequence of inflation changes to the extent that such changes affect the interest rate.

Other correlations are not deemed to be significant.

Liability adequacy test
Tests are continuously performed to ensure the adequacy of the insurance provisions. In performing these tests, current best estimates of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency results in an increase in the relevant provision, and the adjustment is recognised in the income statement.

Employee benefits
Pension obligations
The Group operates various pension schemes. The schemes are funded through contributions to insurance companies or trustee-administered funds. In Norway, the Group operates a defined-benefit plan. In Denmark, the Group operates a defined-contribution plan. A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. In Sweden, the Group complies with the industry pension agreement, FTP-Planen. FTP-Planen is primarily a defined-benefit plan as regards the future pension benefits. Försäkringsbranschens Pensionskassa (FPK) is unable to provide sufficient information for the Group to use defined-benefit accounting. The plan is therefore accounted for as a defined-contribution plan.

For the defined-benefit plan recognised in the statement of financial position, an annual actuarial calculation is made of the capital value of the future benefits to which employees are entitled as a result of their employment with the group so far and which must be disbursed according to the plan. The capital value is calculated using the Projected Unit Credit Method.
The capital value of the pension obligations less the fair value of any plan assets is recognised in the statement of financial position under pension assets and pension obligations, respectively, depending on whether the net amount is an asset or a liability.

In case of changes to assumptions concerning the discounting factor, inflation, mortality and disability or in case of differences between expected and realised returns on pension assets, actuarial gains or losses ensue. These gains and losses are recognised under other comprehensive income.

In case of changes to the benefits stemming from the employees' employment with the group so far, a change is seen in the actuarially calculated capital value which is considered as pension costs for previous financial years. The change is recognised in the results immediately. Net finance costs for the year are recognised in the investment return. All other costs are recognised under insurance operating costs.

The plan is closed for new business.

Other employee benefits
Employees of the Group are entitled to a fixed payment when they reach retirement and when they have been employed with the Group for 25 and for 40 years. The Group recognises this liability at the time of signing the contract of employment.

In special instances, the employee can enter into a contract with the Group to receive compensation for loss of pension benefits caused by reduced working hours. The Group recognises this liability based on statistical models.

Income tax and deferred tax
The Group expenses current tax according to the tax laws of the jurisdictions in which it operates. Current tax liabilities and current tax receivables are recognised in the statement of financial position as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the statement of financial position liability method on all timing differences between the tax and accounting value of assets and liabilities. Deferred income tax is measured using the tax rules and tax rates that apply in the relevant countries on the statement of financial position date when the deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets, including the tax value of tax losses carried forward, are recognised to the extent that it is probable that future taxable profit will be realised against which the temporary differences can be offset.

Deferred income tax is provided on temporary differences concerning investments, except where Tryg Forsikring controls when the temporary difference will be realised, and it is probable that the temporary difference will not be realised in the foreseeable future.

Other provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of an event prior to or at the statement of financial position date, and it is probable that future economic benefits will flow out of the Group. Provisions are measured at the best estimate by management of the expenditure required to settle the present obligation. The measurement of provisions is based on a discounting of the costs necessary to settle the obligation if this has a significant effect on the measurement of the obligation.

Provisions for restructurings are recognised as obligations when a detailed formal restructuring plan has been announced prior to or at the statement of financial position date at the latest to the persons affected by the plan.

Own insurance is included under other provisions. The provisions apply to the Group's own insurance claims and are reported when the damage occurs according to the same principle as the Group's other claims provisions.

Debt
Debt comprises debt in connection with direct insurance and reinsurance, amounts owed to credit institutions, current tax obligations and other debt. Derivative financial instruments are assessed at fair value according to the same practice that applies to financial assets. Other liabilities are assessed at amortised cost based on the effective interest method.

Cash flow statement
The consolidated cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and end of the financial year. No separate cash flow statement has been prepared for the parent company because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment as well as financial assets and deposits with credit institutions.

Cash flows from financing activities comprise changes in the size or composition of Tryg Forsikring's share capital and related costs as well as the raising of loans, repayments of interest-bearing debt and the payment of dividends.

Cash and cash equivalents comprise cash and demand deposits.

Tryg Forsikring A/S (parent company)

Income statement

Notes	DKKm	2014	2013
	General insurance		
	Gross premiums written	18,314	19,494
	Ceded insurance premiums	-854	-1,009
	Change in premium provisions	285	46
	Change in reinsurers' share of premium provisions	-63	18
2	**Premium income, net of reinsurance**	**17,682**	**18,549**
3	**Insurance technical interest, net of reinsurance**	**59**	**61**
	Claims paid	-13,543	-13,605
	Reinsurance cover received	1,257	693
	Change in claims provisions	893	80
	Change in the reinsurers' share of claims provisions	-526	-18
4	**Claims, net of reinsurance**	**-11,919**	**-12,850**
	Bonus and premium discounts	**-288**	**-352**
	Acquisition costs	-2,005	-2,376
	Administration expenses	-718	-803
	Acquisition costs and Administration expenses	-2,723	-3,179
	Reinsurance commissions and profit participation from reinsurers	31	33
5	**Insurance operating costs, net of reinsurance**	**-2,692**	**-3,146**
6	**Technical result**	**2,842**	**2,262**
	Investment activities		
7	Income from Group undertakings	85	129
	Income from associates	-2	0
	Income from investment property	60	64
8	Interest income and dividends	935	1,013
9	Value adjustments	7	214
8	Interest expenses	-115	-112
	Administration expenses in connection with investment activities	-61	-56
	Total investment return	**909**	**1,252**
3	Return on insurance provisions	-413	-482
	Total Investment return after insurance technical interest	**496**	**770**
	Other income	81	99
	Other costs	-120	-139
	Profit/loss before tax	**3,299**	**2,992**
10	Tax	-710	-579
	Profit/loss on continuing business	**2,589**	**2,413**
11	Profit/loss on discontinued and divested business	10	-4
	Profit/loss for the year	**2,599**	**2,409**
	Proposed distribution for the year:		
	Dividend	2,400	2,456
	Transferred to Other reserves	-392	-284
	Equalisation reserve	60	0
	Transferred to Net revaluation as per equity method	9	35
	Transferred to Retained profits	522	202
		2,599	**2,409**

Statement of comprehensive income

DKKm		
Profit/loss for the year	**2,599**	**2,409**
Other comprehensive income which cannot subsequently be reclassified as profit or loss		
Change in equalisation provision and other provisions	26	0
Revaluation af owner-occupied property for the year	2	9
Tax on revaluation of owner-occupied property for the year	-1	-3
Actuarial gains/losses on defined-benefit pension plans	-46	179
Tax on actuarial gains/losses on defined-benefit pension plans	13	-54
	-6	131
Other comprehensive income which can subsequently be reclassified as profit or loss		
Exchange rate adjustments of foreign entities for the year	-178	-324
Hedging of currency risk in foreign entities for the year	191	305
Tax on hedging of currency risk in foreign entities for the year	-47	-76
	-34	-95
Total other comprehensive income	**-40**	**36**
Comprehensive income	**2,559**	**2,445**

Statement of financial position

DKKm		2014	2013
Notes			
	Assets		
12	**Intangible assets**	**800**	**756**
13	Operating equipment	95	122
	Total property, plant and equipment	**95**	**122**
14	**Investment property**	**1,204**	**1,210**
15	Investments in Group undertakings	2,780	2,612
16	Equity investments in associates	15	18
	Total investments in Group undertakings and associates	**2,795**	**2,630**
	Equity investments	128	150
	Unit trust units	3,884	3,741
	Bonds	36,331	36,210
	Deposits with credit institutions	667	1,301
	Derivative financial instruments	1,318	692
17	**Total other financial investment assets**	**42,328**	**42,094**
	Total investment assets	**46,327**	**45,934**
	Reinsurers' share of premium provisions	197	219
	Reinsurers' share of claims provisions	1,271	1,780
18	**Total reinsurers' share of provisions for insurance contracts**	**1,468**	**1,999**
	Receivables from policyholders	1,185	1,078
	Total receivables in connection with direct insurance contracts	1,185	1,078
	Receivables from insurance enterprises	197	131
	Receivables from Group undertakings	719	884
	Other receivables	215	1,022
17	**Total receivables**	**2,316**	**3,115**
19	Current tax assets	0	161
	Cash at bank and in hand	458	525
	Total other assets	**458**	**686**
	Interest and rent receivable	324	393
	Other prepayments and accrued income	307	147
	Total prepayments and accrued income	**631**	**540**
	Total assets	**52,095**	**53,152**

Statement of financial position

DKKm		2014	2013
Notes			
	Equity and liabilities		
	Equity	**11,843**	**11,740**
1	**Subordinate loan capital**	**1,768**	**1,818**
20	Premium provisions	5,724	6,176
20	Claims provisions	24,601	25,270
	Provisions for bonus and premium discounts	610	640
	Total provisions for insurance contracts	**30,935**	**32,086**
	Pensions and similar liabilities	342	791
21	Deferred tax liability	841	891
22	Other provisions	83	73
	Total provisions	**1,266**	**1,755**
	Debt relating to direct insurance	558	447
	Debt relating to reinsurance	160	330
23	Amounts owed to credit institutions	114	0
24	Debt relating to unsettled funds transactions and repos	2,793	2,793
17	Derivative financial instruments	795	512
	Debt to Group undertakings	317	245
19	Current tax liabilities	421	401
	Other debt	1,080	999
	Total debt	**6,238**	**5,727**
	Accruals and deferred income	**45**	**26**
	Total equity and liabilities	**52,095**	**53,152**
1	**Risk management and Capital management**		
25	**Capital adequacy**		
26	**Contractual obligations, collateral and contingent liabilities**		
27	**Acquisition of subsidiaries**		
28	**Related parties**		
29	**Reconciliation of profit/loss and equity**		
30	**Financial highlights**		
31	**Accounting policies**		

Statement of changes in equity

DKKm	Share capital	Revalua-tion reserves	Revaluation equity method	Equali-sation reserve	Other reserves	Retained earnings	Proposed dividend	Total
Equity at 31 December 2013	**1,100**	**79**	**348**	**61**	**1,538**	**6,158**	**2,456**	**11,740**
2014								
Profit/loss for the year			9	60	-392	522	2,400	2,599
Other comprehensive income	0	1	-34	-15	41	-33	0	-40
Total comprehensive income	0	1	-25	45	-351	489	2,400	2,559
Dividend paid							-2,456	-2,456
Total changes in equity in 2014	**0**	**1**	**-25**	**45**	**-351**	**489**	**-56**	**103**
Equity at 31 December 2014	**1,100**	**80**	**323**	**106**	**1,187**	**6,647**	**2,400**	**11,843**
Equity at 31 December 2012	1,100	73	410	61	1,822	5,829	1,594	10,889
2013								
Profit/loss for the year			35		-284	202	2,456	2,409
Other comprehensive income	0	6	-97	0	0	127	0	36
Total comprehensive income	0	6	-62	0	-284	329	2,456	2,445
Dividend paid							-1,594	-1,594
Total changes in equity in 2013	**0**	**6**	**-62**	**0**	**-284**	**329**	**862**	**851**
Equity at 31 December 2013	**1,100**	**79**	**348**	**61**	**1,538**	**6,158**	**2,456**	**11,740**

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 2,622m (DKK 3,020m in 2013).
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.

DKKm				2014	2013
1	**Risk management and Capital management**				
	Please refer to the note 1 in Tryg Forsikring Group				
2	**Premium income, net of reinsurance**				
	Direct insurance			18,532	19,426
	Indirect insurance			66	81
				18,598	19,507
	Unexpired risk provision			1	33
				18,599	19,540
	Ceded direct insurance			-868	-956
	Ceded indirect insurance			-49	-35
				17,682	**18,549**

Direct insurance, by location of risk	2014		2013	
	Gross	**Ceded**	**Gross**	**Ceded**
Denmark	9,267	-490	9,509	-513
Other EU countries	1,883	-30	2,111	-42
Other countries	7,383	-348	7,839	-401
	18,533	**-868**	**19,459**	**-956**

		2014	2013
3	**Insurance technical interest, net of reinsurance**		
	Return on insurance provisions	413	482
	Discounting transferred from claims provisions	-354	-421
		59	**61**
4	**Claims, net of reinsurance**		
	Claims	-13,292	-14,387
	Run-off previous years, gross	642	862
		-12,650	-13,525
	Reinsurance cover received	240	567
	Run-off previous years, reinsurers' share	491	108
		-11,919	**-12,850**
5	**Insurance operating costs, net of reinsurance**		
	Commission regarding direct insurance business	-396	-379
	Other acquisition costs	-1,609	-1,997
	Total acquisition costs	-2,005	-2,376
	Administration expenses	-718	-803
	Insurance operating costs, gross	-2,723	-3,179
	Commission from reinsurers	31	33
		-2,692	**-3,146**

For specification of audit costs please refer to the note 6 in Tryg Forsikring Group.

Insurance operating costs and claims include the following staff expenses:	2014	2013
Salaries and wages	-2,028	-2,084
Commision	-7	-8
Allocated share options and matching shares	-2	-4
Pension	153	-357
Other social security costs	-4	-5
Payroll tax	-343	-350
	-2,231	**-2,808**

Remuneration for the Supervisory Board and Executive Management is disclosed in note 26 'Related parties'.

Average number of full-time employees during the year (continuing business)	**3,558**	**3,740**

Share option programmes and matching shares

Please refer to the note 6 in Tryg Forsikring Group.

6 Technical result, net of reinsurance, by line of business

DKKm	Accident and health		Healthcare		Workmen's compensation		Motor TPL		Motor comprehensive		Marine, aviation and cargo	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Gross premiums written	**1,692**	**1,798**	**313**	**324**	**951**	**1,039**	**2,098**	**2,322**	**3,747**	**3,986**	**353**	**359**
Gross premium income	1,663	1,740	314	326	970	1,007	2,134	2,298	3,715	3,884	320	344
Gross claims	- 1,212	- 1,282	- 223	- 209	- 155	- 394	- 1,556	- 1,728	- 2,295	- 2,532	- 256	- 167
Gross operating expenses	- 232	- 236	- 38	- 31	- 112	- 139	- 350	- 436	- 575	- 650	- 41	- 42
Profit/loss on ceded business	- 7	- 3	- 1	0	- 8	- 36	- 51	- 36	16	- 2	21	- 91
Insurance technical interest, net of reinsurance	5	4	1	1	3	- 6	7	7	11	14	1	1
Technical result	**217**	**223**	**53**	**87**	**698**	**432**	**184**	**105**	**872**	**714**	**45**	**45**
Gross claims ratio	72.9	73.7	71.0	64.1	16.0	39.1	72.9	75.2	61.8	65.2	80.0	48.5
Combined ratio	**87.3**	**87.4**	**83.4**	**73.6**	**28.4**	**56.5**	**91.7**	**95.7**	**76.8**	**82.0**	**86.3**	**87.2**
Claims frequency*	4.5%	4.4%	128.3%	108.8%	17.4%	16.8%	5.6%	5.7%	18.1%	19.4%	19.8%	21.0%
Average claims DKK**	33,560	36,905	4,334	4,918	79,102	89,638	22,248	24,059	10,376	10,644	111,361	68,910
Total claims	37,228	36,480	50,173	45,694	9,463	9,209	72,195	73,973	224,791	238,955	2,470	2,621

	Fire and contents (Private)		Fire and contents (Commercial)		Change of ownership		Liability		Credit & guarantee insurance		Tourist assistance insurance	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Gross premiums written	**4,424**	**4,739**	**2,555**	**2,651**	**62**	**66**	**985**	**986**	**8**	**9**	**573**	**569**
Gross premium income	4,469	4,693	2,536	2,633	65	79	979	978	9	9	568	571
Gross claims	- 3,120	- 3,405	- 1,957	- 1,933	- 63	- 52	- 917	- 848	- 2	- 1	- 450	- 425
Gross operating expenses	- 691	- 851	- 390	- 453	- 13	- 8	- 154	- 146	- 1	- 1	- 82	- 86
Profit/loss on ceded business	22	- 21	- 113	- 128	0	0	- 10	50	- 1	- 2	- 2	- 1
Insurance technical interest, net of reinsurance	12	18	7	10	0	0	3	3	0	0	2	2
Technical result	**692**	**434**	**83**	**129**	**- 11**	**19**	**- 99**	**37**	**5**	**5**	**36**	**61**
Gross claims ratio	69.8	72.6	77.2	73.4	96.9	65.8	93.7	86.7	22.2	11.1	79.2	74.4
Combined ratio	**84.8**	**91.1**	**97.0**	**95.5**	**116.9**	**75.9**	**110.4**	**96.5**	**44.4**	**44.4**	**94.0**	**89.7**
Claims frequency*	7.7%	9.0%	15.8%	23.1%	9.2%	8.1%	11.3%	11.6%			19.4%	14.0%
Average claims DKK**	9,856	10,508	62,035	56,519	20,263	25,531	81,763	59,246			5,673	8,265
Total claims	325,806	348,296	29,686	38,033	4,255	4,349	10,454	10,566			79,007	54,848

	Other insurance		Total		Norwegian Group Life One-year policies		Total including Group Life	
	2014	2013	2014	2013	2014	2013	2014	2013
Gross premiums written	**77**	**102**	**17,838**	**18,950**	**476**	**544**	**18,314**	**19,494**
Gross premium income	83	102	17,825	18,664	486	524	18,311	19,188
Gross claims	- 15	- 25	- 12,221	- 13,001	- 429	- 524	- 12,650	- 13,525
Gross operating expenses	- 1	- 69	- 2,680	- 3,148	- 43	- 31	- 2,723	- 3,179
Profit/loss on ceded business	- 21	- 11	- 155	- 281	0	- 2	- 155	- 283
Insurance technical interest, net of reinsurance	1	1	53	55	6	6	59	61
Technical result	**47**	**- 2**	**2,822**	**2,289**	**20**	**- 27**	**2,842**	**2,262**
Gross claims ratio	18.1	24.5	68.6	69.7	88.3	100.0	69.1	70.5
Combined ratio	**44.6**	**102.9**	**84.5**	**88.0**	**97.1**	**106.3**	**84.8**	**88.5**
Claims frequency*	0.0%	0.0%						
Average claims DKK**	59,818	63,990						
Total claims	220	210						

* The claims frequency is calculated as the number of claims in the year in proportion to the average number of insurance contracts.
**Average claims are total claims before run-off in the year relative to the number of claims.

DKKm		2014	2013
7	**Income from Group undertakings**		
	Vesta Ejendomme AS	20	21
	Respons Inkasso AS	1	1
	Thunes Vei 2 AS	9	8
	Tryg Garantiforsikring A/S	84	16
	Securator A/S	1	0
	Optimal Djurförsäkring i Norr AB	0	0
	Tryg Ejendomme A/S	34	19
	Ejendomsselskabet af 8. maj 2008 A/S	-64	64
		85	**129**
8	**Interest income and dividends**		
	Interest income and dividends		
	Dividends	39	19
	Interest income cash at bank and in hand	7	17
	Interest income bonds	880	968
	Interest income other	9	9
		935	1,013
	Interest expenses		
	Interest expenses subordinate loan capital and credit institutions	-90	-89
	Interest expenses others	-25	-23
		-115	-112
		820	**901**
9	**Value adjustments**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	-17	-42
	Unit trust units	353	578
	Share derivatives	17	30
	Bonds	-119	-232
	Interest derivatives	596	-299
	Other loans	2	-5
		832	30
	Value adjustmentss concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	9	-6
	Discounting	-738	298
	Other statement of financial position items	-96	-108
		-825	184
		7	**214**

Exchange rate adjustments concerning financial assets or liabilities which cannot be stated to fair value total DKK 184m (in 2013 DKK -154m).

		2014	2013
10	**Tax**		
	Tax on accounting profit/loss	788	-716
	Difference between Danish and foreign tax rates	56	-57
	Tax adjustment, previous years	9	-1
	Change in tax rate	-4	44
	Change in valuation of tax loss carried forward	-1	0
	Adjustment non-taxable income and expenses	-140	152
	Other taxes	2	-1
		710	**-579**
	Effective tax rate	%	%
	Tax on Profit/loss for the year	24.5	25.0
	Difference between Danish and foreign tax rate	1.5	2.0
	Tax adjustment, previous year	0.5	0.0
	Change in tax rate	0.0	-2.0
	Adjustment non-taxable income and costs	-4.5	-5.0
		22.0	**20.0**

Tax on the Profit/loss for the year in the parent company is calculated exclusive of profit/loss and tax in Group undertakings.

DKKm		2014	2013
11	**Profit/loss on discontinued and divested business**		
	Gross premium income	-3	202
	Gross claims	31	-149
	Total insurance operating costs	-14	-55
	Profit/loss on gross business	14	-2
	Insurance technical interest, net of reinsurance	0	1
	Technical result	14	-1
	Other income and costs	0	1
	Profit/loss before tax	14	0
	Tax	-4	-4
	Profit/loss on discontinued and divested business	**10**	**-4**

12 Intangible assets

2014	Goodwill	Trademarks and customer relations	Software	Assets under construction	Total
Cost					
Cost at 1 January	381	171	916	270	1,738
Exchange rate adjustments	-22	-11	-15	-1	-49
Transferred to assets held for sale	0	40	0	0	40
Transferred from asset under construction	0	0	86	-86	0
Additions for the year	0	0	28	107	135
Disposals for the year	0	0	-8	0	-8
Cost at 31 December	359	200	1,007	290	1,856
Amortisation and write-downs					
Amortisation and write-downs at 1 January	0	-89	-801	-92	-982
Exchange rate adjustments	0	5	12	0	17
Amortisation for the year	0	-20	-80	0	-100
Reversed amortisation	0	0	9	0	9
Amortisation and write-downs at 31 December	0	-104	-860	-92	-1,056
Carrying amount at 31 December	**359**	**96**	**147**	**198**	**800**

*In cost 31 December 2014 is included developed in-house DKK 245m (DKK 244m at 31 December 2013)

2013	Goodwill	Trademarks and customer relations	Software	Assets under construction	Total
Cost					
Cost at 1 January	397	178	849	227	1,651
Exchange rate adjustments	-16	-7	-25	-1	-49
Transferred from asset under construction	0	0	77	-77	0
Additions for the year	0	0	15	121	136
Disposals for the year	0	0	0	0	0
Cost at 31 December	381	171	916	270	1,738
Amortisation and write-downs					
Amortisation and write-downs at 1 January	0	-73	-730	-92	-895
Exchange rate adjustments	0	3	22	0	25
Amortisation for the year	0	-19	-80	0	-99
Impairment losses and write-downs for the year	0	0	-13	0	-13
Amortisation and write-downs at 31 December	0	-89	-801	-92	-982
Carrying amount at 31 December	**381**	**82**	**115**	**178**	**756**

DKKm

12 Intangible assets (continued)

Impairment test

Goodwill

At 31 December 2014, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit of Moderna

Moderna

In 2009, Tryg acquired Moderna Försäkringar Sak AB, Modern Re S.A., Netviq AB and MF Bilsport & MC Specialförsäkringar. The insurance activities were incorporated into the Tryg Group's business structure in 2009 and are reported under Sweden. In 2010, the companies, excluding Modern Re S.A., were merged into Tryg Forsikring A/S as Moderna Försäkringar, a branch of Tryg Forsikring A/S. Modern Re S.A. was discontinued in 2011.
Assumptions for impairment test:
The Value-in-use method is used.

The cash flows appearing from the latest budgets approved by management for the next 3 financial years are used when calculating the value in use of Moderna. The cash flows in the latest budget period have been extrapolated for financial years after the budget periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.
The impairment test shows a calculated value in use of approximately DKK 1.4bn relative to a recognised equity of DKK 0.5bn and does not indicate any impairment.

In 2014, Tryg Forsikring acquired Codan's agricultural portfolio. The insurance activities were incorporated into the Tryg Forsikring Group's business structure.

2014	Assumed annual growth 0-10 years	Assumed annual growth > 10 years	Required return before tax
Moderna	2.0%	1,0%	12.7%

2013	Assumed annual growth 0-10 years	Assumed annual growth > 10 years	Required return before tax
Moderna	2.0%	0.0%	12.5%

Trademarks and customer relations

As at 31 December 2014, management performed a test of the carrying amounts of trademarks and customer relations as an integral part of the goodwill test.
The test did not indicate any impairment.

Software and assets under construction

As at 31 December 2014, management performed a test of the carrying amounts of software and assets under construction.
The impairment test compares the carrying amount with the estimated present value of future cash flows.
The test indicated impairment of a small number of projects, resulting in impairment losses. The total impairment of intangible assets amounts to DKK 0m (DKK 13m in 2013).

13 Operating equipment

Cost	2014	2013
Cost at 1 January	237	228
Exchange rate adjustments	-5	-8
Additions for the year	6	18
Disposals for the year	0	-1
Cost at 31 December	238	237
Amortisations and impairment write-downs		
Amortisation and write-downs at 1 January	-115	-90
Exchange rate adjustments	2	3
Amortisation for the year	-30	-28
Amortisation and write-downs at 31 December	-143	-115
Carrying amount 31 December	**95**	**122**

The impairment test performed for operating equipment did not indicate any impairment.

DKKm	2014	2013
14 Investment property		
Fair value at 1 January	1,210	1,248
Exchange rate adjustments	-15	-33
Additions for the year	8	3
Disposals for the year	-7	-2
Value adjustments for the year	5	-6
Reversed on sale	3	0
Fair value at 31 December	**1,204**	**1,210**

Total rental income for 2014 is DKK 82m (DKK 83m in 2013).

Total expenses for 2014 are DKK 24m (DKK 19m in 2013). Of this amount, not-hired property is DKK 3m (DKK 2m in 2013).
The total expenses at the income leading investment property are DKK 21m (DKK 17m in 2013).

External experts were involved in valuing the majority of the investment property.

In determining the fair value of the properties, not only publicly available market data are included, corresponding to the 'non-observable input' in the fair-value hierarchy.
No reclassifications have been made between this category and other categories in the fair-value hierarchy during the year.

The following return percentages were used for each property category:

Return percentages, weighted average	2014	2013
Business property	6.9	6.9
Office property	6.2	6.5
Residential property	6.0	6.0
	6.3	**6.5**

15 Investments in Group undertakings	2014	2013
Cost		
Cost at 1 January	2,986	3,046
Adjustment beginning of year	0	-22
Exchange rate adjustments	-17	-38
Additions for the year	173	0
Cost at 31 December	3,142	2,986
Revaluations to equity value		
Revaluations at 1 January	348	410
Adjustment beginning of year	0	22
Exchange rate adjustments	-23	-53
Revaluations during the year	29	35
Dividend paid	-31	-66
Revaluations at 31 December	323	348
Write downs		
Write downs at 1 January	-722	-769
Exchange rate adjustments	-2	-2
Dividend paid	0	-50
Reversel of write-downs made in the previous year (profit for the year)	54	99
Disposals for the year	-15	0
Write downs at 31 December	-685	-722
Carrying amount at 31 December	**2,780**	**2,612**

Name and registered office	**Ownership share in %**		**Profit/loss for the year**		**Shareholders equity**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Vesta Ejendomme AS, Bergen	100	100	20	21	456	496
Respons Inkasso AS, Bergen	100	100	1	1	5	6
Thunes Vei 2 AS, Bergen	100	100	8	8	99	103
Optimal Djurförsäkring i Norr AB	100	0	0	0	0	0
Securator A/S	100	0	1	0	174	0
Tryg Garantiforsikring A/S, Ballerup	100	100	84	16	487	419
Tryg Ejendomme A/S, Ballerup	100	100	34	19	709	674
Ejendomsselskabet af 8. maj 2008 A/S, Ballerup	100	100	-65	64	850	914

In June 2014 the Tryg Forsikring Group has taken control of Securator A/S and in September 2014 of Optimal Djurförsäkring i Norr AB by acquiring all shares in the companies
Please refer to the Note 27.

DKKm		2014	2013
16	**Equity investments in associates**		
	Cost		
	Cost at 1 January	0	0
	Cost at 31 December	0	0
	Revaluations at net asset value		
	Revaluations at 1 January	18	21
	Exchange rate adjustments	-3	-3
	Revaluations at 31 December	15	18
	Carrying amount at 31 December	**15**	**18**

Shares in associates according to the latest annual report:

2014 Name and registered office	Assets	Liabilities	Equity	Revenue	Profit/Loss of the year	Ownership share in %
AS Eidsvåg Fabrikker, Norway	54	7	47	18	4	28

2013 Name and registered office	Assets	Liabilities	Equity	Revenue	Profit/Loss of the year	Ownership share in %
Bilskadeinstituttet AS, Norway	5	0	5	2	0	30
AS Eidsvåg Fabrikker, Norway	52	7	45	16	6	28

Individual estimates are made of the degree of influence under the contracts made.

		2014	2013
17	**Other financial investment assets**		
	Sensitivity information		
	Impact on equity from the following changes:		
	Interest rate increase of 0.7-1.0 percentage point	38	-13
	Interest rate fall of 0.7-1.0 percentage point	-100	-45
	Equity price fall of 12 %	-371	-349
	Fall in property prices of 8 %	-239	-266
	Exchange rate risk (VaR 99)	-11	-25
	Loss on counterparties of 8 %	-395	-391
	Risk on subsidaries	-1	-10

The impact on the income statement is similar to the impact on equity.
The statement complies with the disclosure requirements set out in the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds issued by the Danish FSA.

Please refer to the Note 15 Financial Investment assets in Tryg Forsikring Group.

	2014	2013
Receivables		
Receivables from insurance enterprises	1,382	1,209
Receivables from Group undertakings	719	884
Reverse repos	0	885
Other receivables	215	137
	2,316	**3,115**
Specification of write-downs on receivables from insurance contracts		
Write-downs at 1 January	115	115
Exchange rate adjustments	-5	-7
Transferred to assets held for sale and write-downs and reversed write-downs for the year	-1	7
Write-downs at 31 December	**109**	**115**

Receivables are written down in full when submitted for debt collection. The write-down is reversed if payment is subsequently received from debt collection and amounts to DKK 54m in 2014 (DKK 43m in 2013).

DKKm		2014	2013
18	**Reinsurer's share**		
	Reinsurers' share	1,484	2,018
	Write-downs after impairment test	-16	-19
		1,468	**1,999**

Impairment test
As at 31 December 2014, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts. The impairment test resulted in impairment charges totalling DKK 16m (DKK 19m in 2013).
Write-downs for the year include reversed write-downs totalling DKK 0m (DKK 0m i 2013).
There is no overdue reinsurers' share other than the share alredy provided for.

		2014	2013
19	**Current tax**		
	Net current tax, 1 January	-239	-655
	Exchange rate adjustments	28	62
	Current tax for the year	-592	-579
	Current tax on equity entries	-47	-76
	Adjustment of current tax in respect of previous years	-25	14
	Tax paid for the year	454	994
	Net current tax at 31 December	**-421**	**-240**
	Current tax is recognised in the statement of financial position as follows:		
	Under assets, current tax	0	161
	Under liabilities, current tax	-421	-401
	Net current tax	**-421**	**-240**

20 Premium provisions and claims provisions
Please refer to the Note 1 and Note 18 in Tryg Forsikring Group

		2014	2013
21	**Deferred tax**		
	Tax asset		
	Operating equipment	11	14
	Debt and provisions	60	105
		71	**119**
	Tax liability		
	Intangible rights	77	75
	Land and buildings	93	88
	Bonds and loans secured by mortgages	3	45
	Contingency funds	739	802
		912	**1,010**
	Deferred tax	**841**	**891**
	Development in deferred tax		
	Deferred tax at 1 January	891	1,025
	Exchange rate adjustments	-58	-179
	Change in deferred tax relating to change in tax rate	-4	-34
	Change in deferred tax previous years	-16	15
	Change in deferred tax taken to the income statement	46	17
	Change in deferred tax taken to equity	-18	47
	Deferred tax at 31 December	**841**	**891**

The total current and deferred tax relating to items recognised in equity is recognised in the statement of financial position in the amount of DKK -1m. (DKK -133m in 2013).

DKKm		2014	2013
22	**Other provisions**		
	Other provisions 1 January	73	148
	Change in provisions	10	-75
	Other provisions 31 December	**83**	**73**

Other provisions relate to provisions for the Group's own insurance claims and restructuring costs.
The provision for restructuring costs has been reassessed and amounts to DKK 79m (DKK 23m at 31 December 2013).

		2014	2013
23	**Amounts owed to credit institutions**		
	Overdraft facilities	114	0
		114	**0**
24	**Debt relating to unsettled funds transactions and repos**		
	Unsettled fund trading	776	120
	Repo debt	2,017	2,673
		2,793	**2,793**

Unsettled fund transactions include debt for bonds purchased in 2013 and 2014; however, with settlement in 2014 and 2015 respectively.

		2014	2013
25	**Capital adequacy**		
	Solvency margin	3,295	3,318
	Shareholder's equity according to annual report	11,843	11,740
	Deduction regarding subsidaries*	-145	-91
	Tier 1 capital	11,698	11,649
	Subordinate loan capital	1,482	1,538
	Proposed dividend	-2,400	-2,456
	Value of intangible assets	-984	-756
	Discounting	-228	-395
	Capital adequancy subsidiary undertaking	-53	-53
	Total capital base	**9,515**	**9,527**
	Total distributable capital base	**6,220**	**6,209**

* Including tax assets, equalisation reserve, discounting and intangible assets

26 Contractual obligations, collateral and contingent liabilities

	Obligations due by period				
2014	**0-1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**
Operating leases	61	100	71	67	299
Other contractual obligations	372	83	0	0	455
	433	**183**	**71**	**67**	**754**

Contractual obligations

	Obligations due by period				
2013	**0-1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**
Operating leases	150	182	75	73	480
Other contractual obligations	272	12	0	0	284
	422	**194**	**75**	**73**	**764**

Tryg has signed the following contracts with amounts above DKK 50m:
Outsourcing agreement with TCS for DKK 193m for a 4 year period, which expires in 2017.
Lease contracts on premises for DKK 265m. The contracts expire after 5 years.
Operation of mainframe contract of DKK 62m, which expires in late 2017.
Telephony services contract with Telenor for DKK 84m, which expires in 2015 and 2017 respectively.
In addition, Tryg Forsikring A/S has an intra-group lease contract obligation on owner-occupied properties in Ballerup and Bergen which amounts to DKK 1,6 bn

Collateral

The Danish companies in the Tryg Forsikring Group are jointly taxed with TryghedsGruppen smba. As of 1. july 2012, the companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties and dividends in respect of the jointly taxed companies.

	2014	2013
Tryg Forsikring A/S has registered the following assets as having been held as security for the insurance provisions:		
Equity investments in associates	15	18
Equity investments	128	150
Unit trust units	3,884	3,741
Bonds	33,538	34,302
Deposits with credit institutions	667	1,301
Interest and rent receivable	324	393
Equity investments in and receivables from Group undertakings	1,730	1,944
Total	**40,286**	**41,849**

Please find offsetting and collateral in relation to financial assets and obligations in Tryg Forsikring Group note 24.

Contingent liabilities
Companies in the Tryg Forsikring Group are party to a number of disputes.
Management believes that the outcome of disputes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 31 December 2014.

DKKm

27 Acquisition of subsidiaries
Please refer to the Note 25 Acquisition of subsidiaries in Tryg Forsikring Group.

28 Related parties
Tryg Forsikring A/S has no related parties with a decisive influence other than the parent company Tryg A/S, TryghedsGruppen smba and the subsidaries of TryghedsGruppen smba (Other related parties). Related parties with significant influence include the Supervisory board, Group Executive Management and their families.

Premium income		
- TryghedsGruppen smba	0.3	0.3
- Key management	0.3	0.4
- Other related parties	2.5	1.9
Claims paid		
- TryghedsGruppen smba	0.1	0.2
- Key management	0.1	0.1
- Other related parties	0.3	0.2

Supervisory Board and Group Executive Management
Specification of remuneration

2014	Number of persons	Basic wage	Variable wage	Pension	Total*
Supervisory Board	12	7	0	0	7
Executive Management	3	19	2	4	25
Risk-takers	10	22	1	5	28
	25	**48**	**3**	**9**	**60**

*) Exclusive severance pay

Of which retired	Number of persons	Severance pay
Supervisory Board	0	0
Executive Management	0	0
Risk-takers	2	0
	2	**0**

There has not been paid any severance pay of more than DKK 1m.

2013	Number of persons	Basic wage	Variable wage	Pension	Total*
Supervisory Board	14	7	0	0	7
Executive Management	3	18	1	4	23
Risk-takers	10	20	1	5	26
	27	**45**	**2**	**9**	**56**

*) Exclusive severance pay

Of which retired	Number of persons	Severance pay
Supervisory Board	2	0
Executive Management	0	0
Risk-takers	1	5
	3	**5**

The maximum amount paid in severance pay to an individual is DKK 5m

Fees are charges incurred during the financial year. Variable salary includes the charges for matching shares, which are recognised over 4 years, and share options, which are recognised over 3 years. Reference is made to section 'Corporate governance' of the management's review on the corresponding disbursements. The Executive Management and risk-takers are included in incentive programmes. Please refer to Note 6 in Tryg Forsikring Group for information concerning this.

The members of the Supervisory Board in Tryg Forsikring A/S are paid a fixed remuneration and are not covered by the incentive schemes.

The Executive Management is paid a fixed remuneration and pension. The variable salary is awarded in the form of a matching share programme, see 'Corporate governance'. Besides this, the directors have free car appropriate to their position as well as other market conformal employee benefits.

Each member of the Executive Management is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contributions. (Group CEO is entitled to severance pay equal to 18 months' salary). Members of the Executive Management can assert no further claims in this respect, for example claims for compensation pursuant to sections 2a and/or 2b of the Danish Salaried Employees Act, as such claims are regarded as being included in the severance pay.

Risk-takers are defined as employees whose activities have a significant influence on the company's risk profile. The Supervisory Board decides which employees should be considered to be risk-takers.

Intra-group transactions

	Tryg A/S	Group undertakings
Providing and receiving services	15	11
Intra-group account	719	-317

Insurance products are purchased and sold on market terms
Assets are transferred on market terms
Administration fee, etc. is fixed on a cost-recovery basis.
Intra-group accounts are offset and carry interest on market terms.

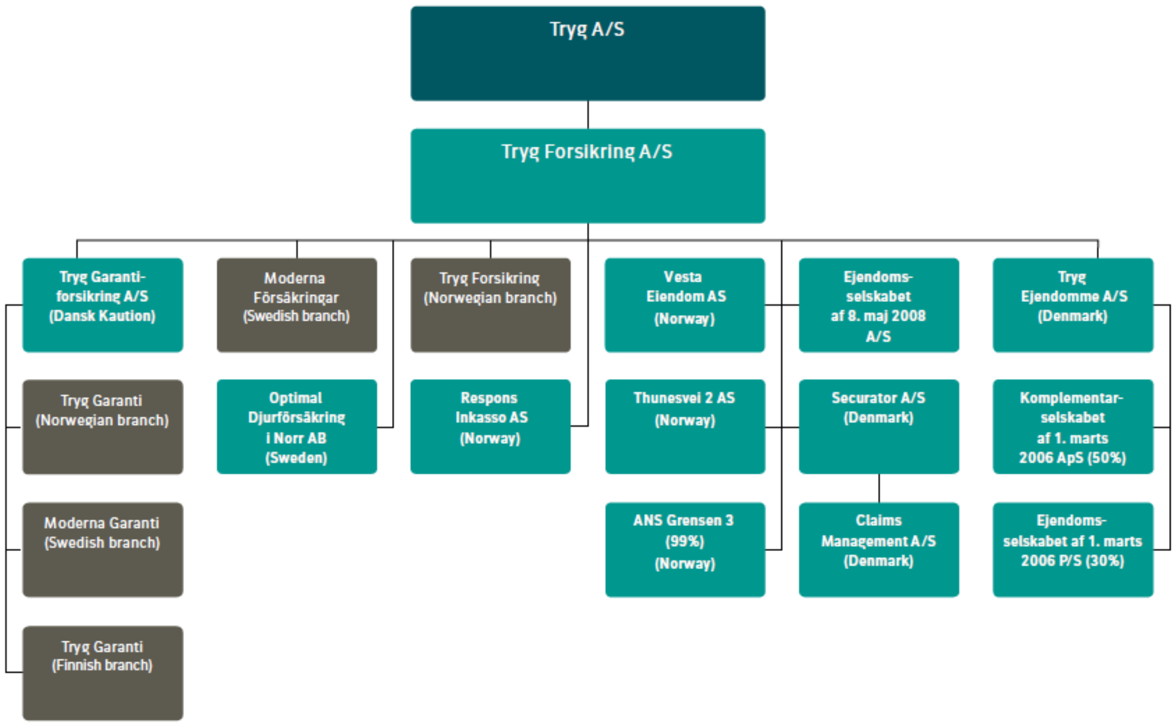
DKKm		2014	2013
29	**Reconciliation of profit/loss and equity**		
	Profit/loss reconciliation		
	Profit/loss - IFRS	2,599	2,411
	Change during the year of deferred tax provisions for contingency funds	0	-2
	Profit/loss - Danish FSA executive order	**2,599**	**2,409**
	Equity reconciliation		
	Equity - IFRS	11,828	11,725
	Deferred tax provisions for contingency funds	15	17
	Change during the year of deferred tax provisions for contingency funds	0	-2
	Equity - Danish FSA executive order	**11,843**	**11,740**
30	**Financial highlights**		
	Please refer to next page		
31	**Accounting policies**		
	Please refer to the Note 28 Accounting policies in Tryg Forsikring Group.		

30 Financial highlights of Tryg Forsikring A/S (parent company)

DKKm	2014	2013	2012	2011	2010
Gross premium income	**18,311**	**19,188**	**20,035**	**19,735**	**18,705**
Gross claims	-12,650	-13,525	-14,479	-15,663	-15,052
Total insurance operating costs	-2,723	-3,179	-3,320	-3,285	-3,344
Profit/loss on gross business	2,938	2,484	2,236	787	309
Profit/loss on ceded business	-155	-283	98	543	-299
Insurance technical interest, net of reinsurance	59	61	59	169	123
Technical result	**2,842**	**2,262**	**2,393**	**1,499**	**133**
Investment return after insurance technical interest	496	770	632	66	584
Other income	81	99	105	136	162
Other costs	-120	-139	-99	-108	-107
Profit/loss for the year before tax	**3,299**	**2,992**	**3,031**	**1,593**	**772**
Tax	-710	-579	-794	-395	-151
Profit/loss for the year, continuing business	**2,589**	**2,413**	**2,237**	**1,198**	**621**
Profit/loss on discontinued and divested business after tax *	10	-4	28	-9	-148
Profit/loss for the year	**2,599**	**2,409**	**2,265**	**1,189**	**473**
Run-off gains/losses, net of reinsurance	1,133	970	1,010	941	805
Relative run-off gains/losses	4.8	3.9	4.1	4.0	3.9
Statement of financial position					
Total provisions for insurance contracts	30,935	32,086	33,926	33,928	31,770
Total reinsurers' share of provisions for insurance contracts	1,468	1,999	2,116	1,938	1,841
Total equity	11,843	11,740	10,889	8,985	8,339
Total assets	52,095	53,152	54,496	53,244	50,236
Key ratios					
Gross claims ratio	69.1	70.5	72.3	79.4	80.5
Business ceded as a percentage of gross premiums	0.8	1.5	-0.5	-2.8	1.6
Claims ratio, net of ceded business	69.9	72.0	71.8	76.6	82.1
Gross expense ratio	14.9	16.6	16.6	16.6	17.9
Combined ratio	**84.8**	**88.6**	**88.4**	**93.2**	**100.0**
Operating ratio	84.5	88.2	88.1	92.5	99.3
Return on equity after tax and before discontinued and divested business (%)	22.0	21.3	22.5	13.8	6.0
Return on equity after tax and discontinued and divested business (%)	22.0	21.3	22.8	13.7	5.1
Solvency ratio (Solvency I)	2.9	2.9	2.5	2.3	2.0

* Profit/loss on discontinued and divested business after tax includes Marine Hull insurance, which was sold in 2010 and 2014. The finnish branch of Tryg Forsikring wich were sold in 2012.

Organisation chart



Group chart at 1 January 2015. Companies and branches are wholly owned by Danish owners and domiciled in Denmark, unless otherwise stated.

Company Branch

Glossary

The financial highlights and key ratios of Tryg Forsikring have been prepared in accordance with the Executive Order issued by the Danish Financial Supervisory Authority on the Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds and also comply with 'Recommendations & Financial Ratios 2010' issued by the Danish Society of Financial Analysts.

Gross premium income
Calculated as gross premium income adjusted for change in gross premium provisions, less bonuses and premium discounts.

Gross claims ratio

$$\frac{\text{Gross claims x 100}}{\text{Gross premium income}}$$

Net reinsurance ratio

$$\frac{\text{Profit or loss from reinsurance x 100}}{\text{Gross premium income}}$$

Gross expense ratio
Calculated as the ratio of gross insurance operating expenses, including adjustment and gross premium income. The adjustment involves the deduction of depreciation and operating costs on the owner-occupied property and the addition of a calculated cost (rent) concerning the owner-occupied property based on a calculated market rent.

$$\frac{\text{Gross insurance operating costs w. adjustment x 100}}{\text{Gross earned premiums}}$$

Gross expense ratio without adjustment

$$\frac{\text{Gross insurance operating costs x 100}}{\text{Gross premium income}}$$

Combined ratio
The sum of the gross claims ratio, the net reinsurance ratio and the gross expense ratio.

Operating ratio
Calculated as the combined ratio plus insurance technical interest in the denominator.

$$\frac{\text{Claims + insurance operating costs + profit or loss from reinsurance x 100}}{\text{Gross premium income + insurance technical interest}}$$

Relative run-off gains/losses
Run-off gains/losses net of reinsurance relative to claims provisions net of reinsurance, beginning of year.

Discounting
Expresses recognition in the financial statements of expected future payments at a value below the nominal amount, as the recognised amount carries interest until payment. The size of the discount depends on the market-based discount rate applied and the expected time to

Claims ratio, net of ceded business
Gross claims ratio + net reinsurance ratio payment.

Tier 1
Equity less proposed dividend and share of capital claims in subsidiaries.

Unwinding
Unwinding of discounting takes place with the passage of time as the expected time to payment is reduced. The closer the time of payment, the smaller the discount. This gradual increase of the provision is not recognised under claims, but under technical interest in the income statement.

Percentage return on equity after tax

$$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$$

Danish general insurance
Comprises the legal entities Tryg Forsikring A/S (excluding the Norwegian and Swedish branches), Tryg Garantiforsikring A/S (including Finnish branch), and Securator A/S.

Norwegian general insurance
Comprises Tryg Forsikring A/S, Norwegian branch, and the Norwegian branch of Tryg Garantiforsikring A/S.

Swedish general insurance
Comprises Tryg Forsikring A/S, Swedish branch, and the Swedish branch of Tryg Garantiforsikring A/S.

Individual Solvency
New Danish solvency requirements for insurance companies comprising the companies' own determination of their capital requirements calculated using their own methods. The rules entered into force on 1 January 2008, and the figures must be reported to the Danish Financial Supervisory Authority four times a year.

Solvency II
New solvency requirements for insurance companies issued by the EU Commission. The new rules are expected to come into force in 2016, at the earliest.

Run-off gains/losses
The difference between the claims provisions at the beginning of the financial year (adjusted for foreign currency translation adjustments and discounting effects) and the sum of the claims paid during the financial year and that part of the claims provisions at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

Capital base
Equity plus share of subordinate loan capital and less intangible assets, tax asset, discounting, equalisation reserve and proposed dividend.

Solvency ratio
Ratio between capital base and the capital requirement

Disclaimer

Certain statements in this annual report are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Such statements may constitute forward-looking statements. These forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives can generally be identified by terminology such as "targets," "believes," "expects," "aims," "intends," "plans," "seeks," "will," "may," "anticipates," "would," "could," "continues" or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

Tryg Forsikring urges readers to refer to the section on risk management available on the Group's website for a description of some of the factors that could affect the company's future performance and the industry in which it operates.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, the Tryg Forsikring Group's actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected. Tryg Forsikring Group 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.