Annual report 2015

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

Contents

Company details

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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 Forsikring 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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Management's review

Income overview Tryg Forsikring Group

DKKm	2015	2014
Gross premium income	**17,977**	**18,652**
Gross claims	-13,562	-12,650
Total insurance operating costs	-2,720	-2,689
Profit/loss on gross business	1,695	3,313
Profit/loss on ceded business	710	-341
Insurance technical interest, net of reinsurance	18	60
Technical result	**2,423**	**3,032**
Investment return after insurance technical interest	2	367
Other income and costs	-16	-39
Profit/loss before tax	**2,409**	**3,360**
Tax	-414	-770
Profit/loss on continuing business	**1,995**	**2,590**
Profit/loss on discontinued and divested business after tax	49	10
Profit/loss	**2,044**	**2,600**
Run-off gains/losses, net of reinsurance	1,212	1,131
Key figures		
Total equity	10,307	11,828
Return on equity after tax (%)	18.5	22.1
Premium growth in local currencies	-0.8	-1.1
Gross claims ratio	75.4	67.8
Net reinsurance ratio	-3.9	1.8
Claims ratio, net of ceded business	71.5	69.6
Gross expense ratio	15.3	14.6
Combined ratio	**86.8**	**84.2**
Run-off, net of reinsurance (%)	-6.7	-6.1
Large claims, net of reinsurance (%)	3.4	3.1
Weather claims, net of reinsurance (%)	3.4	2.4
Combined ratio on business areas		
Private	85.4	82.5
Commercial	83.6	79.4
Corporate	90.7	89.8
Sweden	83.5	92.0

Financial targets and outlook

The return on equity for 2015 was below target due to very low investment income and one-off costs. Tryg Forsikring met the combined ratio and expense ratio targets for 2015 and is well positioned for meeting the targets for 2017.

Tryg Forsikring expects growth in gross premium income of 0-2% in 2016. From 2017, we expect premium growth to be in line with GDP. The size of the motor market will generally be negatively impacted by technological developments, and Tryg Forsikring has therefore announced that we will be taking a more active approach to acquiring smaller portfolios and developing the market for products which are expected to see higher growth rates such as pet insurance and child insurance. In general, acquisitions should support value creation through integration into Tryg Forsikring's efficient and highly skilled organisation.

In 2016, weather claims net of reinsurance and large claims are expected to be DKK 500m and DKK 550m, respectively, which is unchanged relative to 2015.

The interest rate used to discount Tryg Forsikring’s technical provisions is historically low. An interest rate increase will have a positive effect on Tryg Forsikring’s results. Generally speaking, an interest rate increase of 1 percentage point will increase the pre-tax result by around DKK 300m and vice versa.

For the purpose of realising the financial targets, Tryg Forsikring launched an efficiency programme aimed at realising savings of DKK 750m, with DKK 500m relating to the procurement of claims services and administration and DKK 250m relating to expenses. The target is DKK 225m for 2016 and DKK 375m in 2017.

The investment portfolio is divided into a match portfolio corresponding to the technical provisions and a free portfolio. The objective is for the return on the match portfolio and changes in the technical provisions due to interest rate changes to be neutral when taken together. From 2016, the curve used for discounting technical provisions will change due to the implementation of the Solvency II directive, and this might result in slightly more volatile match portfolio net results. The new curve increases the interest rate risk of the technical provisions, thereby introducing a larger difference between the match return and the changes in the technical provisions. Moreover, the curve introduces a component, 'Credit Risk Adjustment – or CRA', which cannot be hedged, and the impact from this component can only be negative.

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

There has been a gradual lowering of tax rates in Denmark, Norway and Sweden in recent years. In Denmark, the tax rate was 23.5% in 2015 and will be reduced to 22% in 2016. The Norwegian tax rate was 27% in 2015 and will be reduced to 25% in 2016, while the Swedish rate was 22%. When calculating the total tax payable, account should also be taken of the fact that gains and losses on shareholdings are not taxed in Norway. All in all, this causes the expected tax payable for an average year to be reduced from around 22-23% to around 21% in 2016.

The value of the NOK fell in 2015, which had a negative impact on Tryg Forsikring's operating profit. The share of equity held in NOK and SEK is continuously hedged in the financial markets.

Tryg Forsikring's results

Reporting a return on equity of 18.5%, a combined ratio of 86.8 and an expense ratio of 15.3, Tryg Forsikring met its combined ratio and expense ratio targets. The target was a combined ratio below 90 and an expense ratio below 15, and adjusted for one-off costs of DKK 120m relating to the ongoing efficiency programme, an expense ratio of 14.9 was realised. Due to the above-mentioned one-off costs and the very low investment result, Tryg Forsikring did not meet the target of the return on equity of 20%.

Profit after tax was DKK 2,044m (DKK 2,600m), positively affected by the ongoing efficiency programme, which contributed savings of DKK 165m in 2015 against a target of DKK 150m. Profit after tax was adversely impacted by a low level of investment income and one-off costs relating to the efficiency programme. The total effect of weather claims, large claims and run-off was somewhat higher than in 2014. A slightly negative development was observed during the year, especially for the property lines across the different business areas, and this will be mitigated through price increases to the tune of 3% and new targeted claims assessment initiatives in 2016.

In 2015, Tryg Forsikring maintained a strong focus on the customer targets for 2017. The Net Promoter Score (NPS) improved from 11 to 22 by the end of 2015. Improving in all business areas in the course of the year, the NPS has proven to be a strong driver for improving customer loyalty. In 2015, the score improved very significantly, especially for Tryg Forsikring's Norwegian business. At the end of 2015, the NPS was also implemented by Corporate with very high scores, with a particularly high score of 63 being achieved by our Guarantee business.
At 88.1, the retention rate was up from 87.9. In 2015, we saw a significant improvement in Commercial Denmark from 86.6 87.9 in Q4 2015.

The share of customer with three or more products increased from 56.3% to 56.7%. Increasing the number of products per customer is an effective way of improving customer loyalty and has been a focus area in all parts of the organisation.

In August, the Danish Business Authority approved the members' bonus scheme of TryghedsGruppen, Tryg's majority shareholder. Tryg Forsikring expects the bonus scheme and the expected disbursement of bonus corresponding to 5-8% of the prior-year premium to support our customer targets and especially customer retention. The first bonus will be disbursed in spring 2016.

As part of Tryg Forsikring's customer focus, Commercial radically changed its structure in 2015 through increased empowerment of the front-line organisation and a reduction in back-office functions. This change will support first-contact resolution by removing a lot of unnecessary stops in connection with the selling of insurance. In Q4, Commercial also introduced Tryg Plus for commercial customers with many customer advantages.

Within Private, many new initiatives were introduced to improve first-contact resolution through new customer centre workflows. In Denmark, a significant improvement was achieved, with a first-contact resolution rate of 83% being realised, which is close to the target of 90%. In Private Norway, first-contact resolution stood at 75%, and with many initiatives in the pipeline for 2016.

In 2015, Tryg Forsikring also had a strong focus on claims prevention. In 2014, Tryg Forsikring was the first insurance company to start offering synthetic DNA marking in Denmark. The scheme was further rolled out in both Denmark and Norway in 2015 with good results, leading to a significant drop in break-ins in the targeted areas and also very positive customer responses, which attracted new customers to Tryg Forsikring.

The development of price-differentiated products continued in 2015, and in March Tryg Forsikring launched a new car insurance product in Denmark. This was the most important product launch since the start of Tryg Forsikring's strategic initiative to develop price-differentiated products in 2012. The new product improved Tryg Forsikring's competitive position in this very important market, and the Danish Consumer Council recommended Tryg Forsikring's new car insurance product as being 'Best in Test'. Tryg Forsikring also launched new house insurance, travel insurance, accident insurance and pet insurance products in Norway, while in Denmark we launched a new accident insurance product along with many products for our largest affinity agreement, including house, pet and motorcycle insurance.

In Q4 2015, Moderna launched the Moderna Smart motor app, which from the start has received much attention from customers and generated very strong sales. The app records the driver's driving style, and the car insurance price is then differentiated accordingly.

In 2015, a number of old products were converted to new and more up-to-date products. The conversion process was generally successful with a high hit rate. In 2016, the conversion of products will be a very important focus area. Tryg Forsikring will convert almost 1 million insurance policies in 2016 primarily within the main areas of activity – motor, house and accident. This will contribute to increasing efficiency as old products can then be phased out. It also ensures that employees will only have one product to consider in their advisory and claims handling functions.

Digitalisation is a key strategic initiative for Tryg Forsikring. In 2015, Tryg Forsikring further increased the number of customers we contact digitally, both in our daily dealings with customers, but also as part of preparing for the customer bonus scheme. Tryg Forsikring has digitalised 80% of its Danish and more than 60% of its Norwegian customers. We know that many customers prefer self-service solutions, and we have therefore developed a self- service solution for our most important product, motor, in both Denmark and Norway, which allows customers to register their current kilometre readings and yearly mileages.

Claims reporting is one of the most important parameters for customers, and in Q4 a solution for the digital reporting of private contents claims was launched in Denmark. Tryg Forsikring will continue to develop user-friendly solutions in 2016. To increase the number of products per customer, Tryg Forsikring will also, as part of the digitalisation programme, encourage customers to buy new products through Tryg Forsikring's 'My page' online solution in both Denmark and Norway.

Premiums

Premium income totalled DKK 17,977m (DKK 18,652m), representing a fall of 0.8% (-1.1%) when measured in local currencies. The development in premium income improved for Private and Sweden, but was somewhat lower for Commercial and Corporate. In 2015, Private saw an improved development trend, and the development in both customer numbers and sales improved in 2015 relative to 2014. The improvements were primarily due to a strengthened customer focus and new price-differentiated products with improved coverage, which had a positive effect on the development in premium income. Premium income in Commercial was down by 2.9% (-3.0%). In 2015, the Commercial retention rate improved in Denmark, but dropped in Norway. There is a general need to improve the balance between sales and retention rates in Commercial to achieve a positive development in the portfolio. Corporate posted premium growth of 0.0% (1.1%). For this business area, Tryg Forsikring is prepared for more substantial fluctuations in premium income due to the competitive situation and the focus on having a profitable portfolio. The Swedish business saw a 3.1% (-7.4%) drop in premium income. After the implementation of significant structural changes in recent years, the Swedish business generated higher-level sales in 2015 compared to sales levels under the distribution agreement with Nordea.

In Norway, Tryg Forsikring's child insurance was acclaimed as Best in Test by the Norwegian Family Economy (Norsk Familieøkonomi). In 2015, Tryg Forsikring made an agreement to acquire Skandia's child insurance portfolio. The portfolio is worth around SEK 250m, and the transaction is expected to take effect in H1 2016. Tryg Forsikring generally views child insurance as a future growth area.

Claims

The gross claims ratio was 75.4 (67.8), with a claims ratio, net of ceded business, which covers both claims and business ceded as a percentage of gross premiums, of 71.5 (69.6). The claims level was positively impacted by the efficiency programme in the amount of DKK 105m due to combination of the improved procurement of claims services and claims administration. The net impact from weather claims, large claims and run-off impacted the claims ratio negatively by 0.1 percentage points. Apart from this, an increase was seen in the level of medium-sized claims as well as a higher claims level especially for the property lines across the different areas. The development in property insurance claims will be offset by minor price adjustments, but also through improved quality control for certain types of claims such as, for example, claims relating to pipes. Tryg Forsikring saw an increase in such claims in 2015. We also saw an increase in the level of travel insurance claims, highlighting the fact that the price increases introduced in August 2014 in connection with the extension of cover for health-related issues no longer covered under the public health insurance schemes were too low. This development will be mitigated through price adjustments.

The claims-related measures implemented in 2015 included improved agreements on the procurement of claims services within contents insurance, including an agreement with Scalepoint and the gradual implementation of the IN4MO system for the management of all processes and deliveries in connection with building claims. Most agreements with claims service companies are based on a general model of fixed prices for specific tasks. This approach is easy to manage and encourages the swift handling of reported claims.

Tryg Forsikring renewed a horizontal reinsurance agreement for the period from 1 July 2015 to 30 June 2016. In the event of total storm and cloudburst claims expenses in excess of DKK 300m, the agreement will cover the next DKK 600m. Only claims events in excess of DKK 20m are covered by the agreement.

In H2 2015, storm and cloudburst claims totalled approximately DKK 190m, which means that after claims for another approximately DKK 110m, the agreement will provide cover in H1 2016.

Large claims amounted to 3.4% (3.1%) in 2015 and weather claims to 3.4% (2.4%). Large claims and weather claims totalled DKK 1,227m, which is somewhat higher than the average level of DKK 1,050m a year. The run-off level stood at 6.7% (6.1%), which underlines Tryg Forsikring's solid provisions.

Expenses

The expense ratio was 15.3 (14.6). Adjusted for one-off costs of DKK 120m relating to the efficiency programme, the expense ratio was 14.9 and in line with the target of an expense ratio below 15 in 2015.

The efficiency programme contributed DKK 60m in 2015, corresponding to an impact on the expense ratio of 0.3 percentage points. The initiatives comprised cuts in Finance and IT as part of the outsourcing programme, but the changed Commercial structure also had a positive impact. Going forward, outsourcing in the various business areas will play an important role in meeting the DKK 250m target for the period up until 2017.

Investment return

The investment return was DKK 2m (DKK 367m) in 2015. The match portfolio totalled DKK 28.1bn and is made up of bonds which match the insurance provisions so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. At 31 December 2015, the value of the free portfolio totalled DKK 10.7bn. The return on the match portfolio was DKK 1m (DKK 181m) after transfer to insurance technical interest. The return on the free investment portfolio was DKK 232m (DKK 548m). The return on the equity portfolio was positive at 3.4%, which was significantly lower than in 2014, which saw a return of 10% and was impacted by a volatile development for equities especially in Q3, which saw a significant drop leading to a negative return of 10.3%. Bonds produced a negative return of 0.1% (2.1%), with the total return being impacted especially by a negative return of 0.6% on covered bonds.

Profit/loss on discontinued business

A profit of DKK 49m (DKK 10m) was realised on discontinued business, comprising gains on provisions, primarily relating to the marine run-off business.

Tax

Tax on profit for the year totalled DKK 414m, or 17% of the profit before tax. The relatively low tax rate was due to a lower Norwegian tax rate and a merger of Tryg Forsikring's property companies, which meant that a tax deficit in one of Tryg Forsikring's properties could be utilised. In 2015, Tryg Forsikring paid DKK 779m in income tax as well as various payroll taxes totalling DKK 358m, resulting in total tax payments of DKK 1.137m in 2015.

Capital position

Tryg Forsikring's equity totalled DKK 10,307m (DKK 11,828m) at the end of 2015. Tryg Forsikring determines the individual solvency requirement according to the Danish Financial Supervisory Authority's guidelines. The individual solvency requirement was DKK 6,193m at the end of 2015, and is measured based on the adequate capital base, which amounted to DKK 9,525m.

Tryg Forsikring's capital adequacy calculation includes approximately NOK 1.2bn after tax from the Norwegian Natural Perils Pool and the Norwegian guarantee scheme. On 26 August 2015, the Norwegian Ministry of Justice and Public Security started a consultation in relation to the use of the Norwegian Natural Perils Pool (NNP) as an Own Funds item under the Solvency II scheme. The most important message in the consultation material is that the classification of the Natural Perils Pool will be allowed as a Tier 2 capital item. Tryg Forsikring expects a final solution to be announced in Q1 2016. The inclusion of the Natural Perils Pool as Tier 2 capital will lead to a potential for issuing future subordinated debt of approximately DKK 1bn.

As earlier mentioned, Tryg Forsikring has acquired Skandia's child insurance portfolio. This will lead to a capital impact of DKK 400-500m, both due to the price paid for the portfolio and the capital requirement relating to the portfolio.

Tryg Forsikring's overriding priority is to acquire small portfolios which can be integrated in an effective way and support Tryg Forsikring's financial targets over a three-year horizon.

The transition to Solvency II from 1 January 2016 will have a positive impact on Tryg Forsikring's capital position.

Dividend policy

For 2015, a dividend of DKK 1,450m (DKK 2,400m) is proposed.

Events after balance sheet date

The introduction of Solvency II will have a significant impact on Tryg Forsikring's capital position in various areas and will be taken in to account as of 1 January 2016.

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 2015

- Technical result of DKK 1,298m (DKK 1,612m)
- Combined ratio of 85.4 (82.5)
- Gross premiums in local currencies increased by 0.3% (0.0%)
- Expense ratio of 14.7 (14.5)

Key figures

DKKm	2015	2014
Gross premium income	**8,803**	**9,051**
Gross claims	-6,074	-6,129
Gross expenses	-1,291	-1,311
Profit/loss on gross business	1,438	1,611
Profit/loss on ceded business	-148	-23
Insurance technical interest, net of reinsurance	8	24
Technical result	**1,298**	**1,612**
Run-off gains/losses, net of reinsurance	324	357
Key ratios		
Premium growth in local currencies	0.3	0.0
Gross claims ratio	69.0	67.7
Net reinsurance ratio	1.7	0.3
Claims ratio, net of ceded business	70.7	68.0
Gross expense ratio	14.7	14.5
Combined ratio	**85.4**	**82.5**
Run-off, net of reinsurance (%)	-3.7	-3.9
Large claims, net of reinsurance (%)	0.3	0.1
Weather claims, net of reinsurance (%)	4.5	2.5

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 2015 was DKK 1,298m (DKK 1,612m), with a combined ratio of 85.4 (82.5). The development was attributable to a combination of a positive impact from the efficiency programme, a higher level of weather claims and a higher level of claims especially from the property lines of business. The development in premiums was slightly positive and improved compared to 2014. Adjusted for the one-off effects in 2014 of Norwegian pension and IT costs, the expense ratio improved by 0.6 percentage points.

Premiums

The development in gross premium income improved in 2015, growing by 0.3% against an unchanged level in 2014 and a 2.2% drop in 2013. Premiums increased by 0.4% in Denmark, which was very satisfactory given also that the average price of the motor product fell by a further 2.6 percentage points due to higher sales of smaller and safer cars. In Norway, premium income increased by 0.3%, which was acceptable, considering the competitive market situation and the weakened Norwegian economy.

The improved premium development can be ascribed to a strong customer focus, which has resulted in a significant improvement in the Net Promoter Score (NPS) from 21 in 2014 to 26 in 2015. The development was significant in both Denmark and Norway. In Denmark, the NPS improved from 25 to 29, while an improvement from 15 to 22 was seen in Norway. The development in the NPS also supported a posi- tive development in the retention rate in Denmark, which improved from 89.6 to 89.9. In Norway, the retention rate dropped from 87.0 to 86.4 due to the above-mentioned developments in the Norwegian economy and the competitive market situation.

Sales and customer numbers developed positively in 2015, which can also be ascribed to the increased customer focus. Sales in Denmark were 7% higher than in 2014, and Norwegian sales were also slightly higher, especially due to strong sales via the franchise sales channel.

Claims

The gross claims ratio amounted to 69.0 (67.7), with a claims ratio, net of ceded business, of 70.7 (68.0). The increase was ascribable to the efficiency programme and a higher level of weather claims related to the storm Gorm in Denmark but also flooding in Norway and higher claims levels for some lines of business.

House insurance saw a particularly negative development in claims, as did some minor lines of business such as travel insurance. Tryg Forsikring constantly monitors developments in claims, and steps are taken to counter any consistently negative trends. Initiatives will often be a combination of minor price adjustments and claims prevention.

Expenses

The expense ratio was 14.7 (14.5). Adjusted for the one-off effects of the Norwegian pension scheme and the change of IT suppliers in 2014, the expense ratio improved by 0.6 percentage points. This development was the result of a consistent focus on improving expense levels, and in 2015 outsourcing initiatives were implemented in Private. The initiatives centred on reducing expense levels in the back-office functions and improving sales efficiency through improved management and training.

The number of employees was reduced from 903 at the end of 2014 to 837 in 2015, mainly through job cuts in the administration.

Commercial

Financial highlights

Financial highlights 2015

- Technical result of DKK 658m (DKK 875m)
- Combined ratio of 83.6 (79.4)
- Gross premiums reduced by 2.9% (-3.0%)
- Expense ratio of 17.1 (15.8)

Key figures

DKKm	2015	2014
Gross premium income	**3,992**	**4,190**
Gross claims	-2,612	-2,673
Gross expenses	-683	-664
Profit/loss on gross business	697	853
Profit/loss on ceded business	-44	8
Insurance technical interest, net of reinsurance	5	14
Technical result	**658**	**875**
Run-off gains/losses, net of reinsurance	388	310
Key ratios		
Premium growth in local currencies	-2.9	-3.0
Gross claims ratio	65.4	63.8
Net reinsurance ratio	1.1	-0.2
Claims ratio, net of ceded business	66.5	63.6
Gross expense ratio	17.1	15.8
Combined ratio	**83.6**	**79.4**
Run-off, net of reinsurance (%)	-9.7	-7.4
Large claims, net of reinsurance (%)	6.7	4.3
Weather claims, net of reinsurance (%)	2.8	1.9

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 22% of the Group's total premium income.

Results

The technical result for 2015 was DKK 658m (DKK 875m), with a combined ratio of 83.6 (79.4).
The combined ratio was negatively affected by a higher level of weather and large claims and a higher level of claims from especially property lines of business. The development in premiums was negative with a reduction of 2.9% (-3.0%) and was more or less in line with the development in 2014.
Adjusted for the one-off effects of the Norwegian pension and IT costs in 2014, the expense ratio was at a slightly higher level.

Premiums

The development in gross premium income was negative in 2015 by 2.9%, which was in line with the development in 2014, but at the same time an unsatisfactory development. Premiums decreased by around 2.6% in Denmark, due to a generally competitive market situation and selective price hikes. In Norway, premium income declined by 3.6% due to the competitive market situation and the weakened Norwegian economy.

The Net Promoter Score (NPS) improved from 0 in 2014 to 12 in 2015. The development in the NPS was significant in both Denmark and Norway. In Denmark, the NPS improved from 5 to 18, and in Norway an improvement from -11 to -1 was seen.

The development in the NPS also supported a positive development in the retention rate in Denmark, which improved from 87.0 to 87.9. In Norway, the retention rate fell slightly due to the above-mentioned development in the Norwegian economy and a competitive market situation.

The development in sales improved in 2015, which can also be ascribed to the increased customer focus during the year. Sales in Denmark were 2 percentage points higher than in 2014, and in Norway sales were also at a slightly higher level, especially due to strong sales via the franchise sales channel. Overall, the sales level was, however, too low to secure stable premium growth through the year.

Claims

The gross claims ratio amounted to 65.4 (63.8), with a claims ratio, net of ceded business, of 66.5 (63.6). The higher level was ascribable to a combination of higher weather and large claims and a higher claims level, especially for the property lines of business. The very high level of large claims related to fires in both Denmark and Norway.

The high level of property claims was, among other things, also due to an increase in fire-related claims, especially in Denmark and Norway. The agriculture segment also saw a high level of claims. Based on the development in property, selective price adjustments will be initiated.

Expenses

The expense ratio was 17.1 (15.8). Adjusted for the one-off effects of the Norwegian pension scheme and the change of IT suppliers in 2014, the expense ratio increased slightly by 0.2 percentage points.
This development was a result of a consistent focus on improving expense levels, which, however, could not fully make up for the drop in premium income.

The number of employees was reduced from 559 at the end of 2014 to 527 in 2015 following a restructuring move seeing greater empowerment of front-line staff and job cuts among the administrative personnel.

Corporate

Financial highlights

Financial highlights 2015

- Technical result of DKK 369m (DKK 427m)
- Combined ratio of 90.7 (89.8)
- Gross premiums unchanged (1.1%)
- Expense ratio of 10.8 (11.1)

Key figures

DKKm	2015	2014
Gross premium income	**3,894**	**4,033**
Gross claims	-3,987	-2,872
Gross expenses	-420	-446
Profit/loss on gross business	-513	715
Profit/loss on ceded business	877	-304
Insurance technical interest, net of reinsurance	5	16
Technical result	**369**	**427**
Run-off gains/losses, net of reinsurance	351	421
Key ratios		
Premium growth in local currencies	0.0	1.1
Gross claims ratio	102.4	71.2
Net reinsurance ratio	-22.5	7.5
Claims ratio, net of ceded business	79.9	78.7
Gross expense ratio	10.8	11.1
Combined ratio	**90.7**	**89.8**
Run-off, net of reinsurance (%)	-9.0	-10.4
Large claims, net of reinsurance (%)	8.2	9.4
Weather claims, net of reinsurance (%)	2.2	3.0

Corporate sells insurance products to corporate customers under the brand 'Tryg Forsikring' 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 22% of the Group's total premium income.

Results

The technical result for 2015 was DKK 369m (DKK 427m), with a combined ratio of 90.7 (89.8). The result was negatively affected by a high level of large claims and a lower level of run-off. With a higher proportion of long-tailed business than the other business areas, Corporate is characterised by somewhat higher capital requirements. To contribute to Tryg Forsikring's overall ambition of a return of equity of 21%, Corporate must therefore realise a lower combined ratio than the Tryg Forsikring Group. In that respect, the results are not satisfactory.

The moderate development in premiums seen in recent years continued in 2015 at an unchanged level (1.1%), measured in local currencies. This was an acceptable development in a year impacted, among other things, by the weakened Norwegian economy.
Adjusted for the one-off effects of the Norwegian pension and IT costs in 2014, the expense ratio was at a significantly lower level.

Premiums
The development in gross premium income was unchanged compared to 2014. Premiums increased by around 1.6% in Denmark, whereas in Norway premium income declined by 3.3% due to the competitive market situation, especially for the broker channel, and the weakened Norwegian economy. In Sweden, which accounts for only 20% of the total Corporate business, continued growth of 6.2% was posted.

The Net Promoter Score (NPS) was also implemented in Corporate in 2015 and generally with good results. In Denmark, the NPS was 15, and in Norway 20. In Sweden, the NPS has not been implemented, but for the third year running, Swedish brokers ranked Corporate Sweden as the best company.

Corporate had a particular focus on international customers in 2015 and made arrangements with some large international customers in cooperation with both the AXA network and some large European reinsurance groups. The international business accounts for around 15% of Corporate premium income.

Claims
The gross claims ratio amounted to 102.4 (71.2), with a claims ratio, net of ceded business, of 79.9 (78.7). The high claims level was due to a high level of large claims, and claims relating to business interruption were generally at a high level. Because of this development, Corporate will be implement- ing price adjustments for the property business.

In Denmark, the motor line of business developed negatively, with a high claims frequency, which will also lead to the introduction of targeted initiatives such as higher excess and price increases.
In the Swedish business, profitability was improved through a number of initiatives. In 2015, a negative development was, however, also seen in the motor lines in Sweden where the portfolio of large trucks, in particular, showed an increasing claims trend. Substantial selected price hikes will therefore be introduced in this segment.

Expenses
The expense ratio was 10.8 (11.1). Adjusted for the one-off effects of the Norwegian pension scheme and the change of IT suppliers in 2014, the expense ratio improved by 0.8 percentage points. This was achieved through a continued focus on improving expense levels, and in 2015 Corporate also started a number of outsourcing initiatives aimed reducing expense levels in the back-office functions.

The number of employees was reduced from 279 at the end of 2014 to 265 in 2015.

Sweden

Financial highlights

Financial highlights 2015

- Technical result of DKK 218m (DKK118m)
- Combined ratio of 83.5 (92.0)
- Gross premiums reduced by 3.1% (-7.4%)
- Expense ratio of 18.7 (19.2)

Key figures

DKKm	2015	2014
Gross premium income	**1,317**	**1,399**
Gross claims	-852	-998
Gross expenses	-246	-268
Profit/loss on gross business	219	133
Profit/loss on ceded business	-1	-21
Insurance technical interest, net of reinsurance	0	6
Technical result	**218**	**118**
Run-off gains/losses, net of reinsurance	149	43
Key ratios		
Premium growth in local currencies	-3.1	-7.4
Gross claims ratio	64.7	71.3
Net reinsurance ratio	0.1	1.5
Claims ratio, net of ceded business	64.8	72.8
Gross expense ratio	18.7	19.2
Combined ratio	**83.5**	**92.0**
Run-off, net of reinsurance (%)	-11.3	-3.1
Weather claims, net of reinsurance (%)	1.7	1.5

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

Sweden's results have improved significantly in recent years, and a strong result of DKK 218m was posted for 2015. The combined ratio was 83.5 (92.0) and was impacted by a very high level of run-off gains of DKK 149m due to the harmonisation of the reserving models across Tryg Forsikring. Premium income dropped by 3.1% (-7.4%), which was a significant improvement compared with 2014.

In 2015, the new structure with only one call centre in Malmö was fully implemented, and the acquired company Securator, which insures electrical goods, and the pet insurance portfolio, which was also acquired in 2014, were fully integrated.

Premiums

Premium income declined by 3.1% (-7.4%). The improved development was due to high sales, which were even higher than when Tryg Forsikring had the partner agreement with Nordea. There was a strong performance by all sales channels – inbound, web, aggregator and the niche sales channels. The strong sales performance has mitigated the effects of the reduction in the portfolio following the termination of the agreement with Nordea and Villaägerne. In Q4 2015, the portfolio was further impacted by the termination of the agreement with the ICA supermarket chain. Sales of pet insurance were at a high level in 2015, this being a significant growth segment.

In Q4 2015, Moderna launched an app, Moderna Smart, which from the start has received much attention from customers and generated very high sales.

Claims

The gross claims ratio amounted to 64.7 (71.3), with a claims ratio, net of ceded business, of 64.8 (72.8). The significant improvement can be ascribed to the harmonisation of the claims reserving model, which led to a high level of run-off gains in 2015. Weather claims were at a slightly higher level. In general, the claims ratio improved due to the termination of the agreements with both Nordea and Villaägerne, where profitability was not satisfactory.

Expenses

The expense ratio was 18.7 (19.2) or 18.8 in 2014 excluding one-off effects. The lower expense level can be ascribed to a more efficient sales set-up and the restructuring of the business to include one call centre as well as a generally strong focus on efficiency.

The number of employees was 333 at the end of 2015, down 49 from 382 at the end of 2014.

Investment activities

The purpose of Tryg Forsikring's investment activities is primarily to support its insurance business by creating an optimum and robust return on its capital in the long term. Through a relatively conservative and diversified approach to risk, the overall strategy is to minimise and match the impact from interest and exchange rate fluctuations on the balance sheet.

Key figures - Investments

DKKm	2015	2014
Free portfolio, gross return	232	548
Match portfolio, regulatory deviation and performanc	1	181
Other financial income and expenses	-231	-362
Total investment return	**2**	**367**

Return - free portfolio

					Investment assets	
DKKm	2015	2015 (%)	2014	2014 (%)	31.12.2015	31.12.2014
Government bonds	4	1.4	15	4.7	265	279
Covered bonds	-26	-0.6	78	1.6	3,602	5,188
Inflation linked bonds	-1	-0.2	-	-	484	0
Emerging market bonds	2	0.5	23	5.9	412	410
High-yield bonds	-8	-0.8	35	5.2	837	910
Other*	19	2.1	17	1.4	712	1,085
Interest rate and credit exposure	**-10**	**-0.1**	**168**	**2.1**	**6,312**	**7,872**
Equity exposure **	**91**	**3.4**	**250**	**10.0**	**2,374**	**2,470**
Investment property	**151**	**7.2**	**130**	**6.4**	**2,052**	**2,099**
Total gross return	**232**	**1.9**	**548**	**4.4**	**10,738**	**12,441**

*) Senior/Bank deposits less than 1 year and derivative financial instruments hedging interest rate risk and credit risk.

**) In addition to the equity portfolio exposure is futures contracts of DKK 47m.

Return - match portfolio

DKKm	2015	2014
Return, match portfolio	140	1,336
Value adjustments, changed discount rate	120	-741
Transferred to insurance technical interest	-259	-414
Match, regulatory deviation and performance	**1**	**181**
Hereof:		
Match, regulatory deviation	29	77
Match, performance	-28	104

The total market value of Tryg Forsikring's investment portfolio was DKK 38.8bn as of 31 December 2015. The investment portfolio consists of a match portfolio of DKK 28.1bn and a free portfolio of DKK 10.7bn. The match portfolio is composed of fixed income assets that match the insurance liabilities, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio is primarily the Group's shareholders' equity, which is invested in fixed income securities with a short duration, properties, equities and some high-yield bonds.

Financial markets in 2015

In 2015, the financial markets were characterised by a considerable degree of volatility. Worries about a Greek exit from the Euro zone in the first half of the year, as well as Chinese devaluation and falling growth expectations in emerging-market nations in Q3 led to the highest level of volatility in equity markets in four to five years. This increase in market uncertainty led to substantial fluctuations in equity prices and interest rates. One driver behind this was the expected divergence of the monetary policies of the European and American central banks, the ECB and the FED.

These worries became a reality in December when the FED increased its policy rate by 0.25 percentage points, while the ECB lowered rates by 0.10 percentage points in December.

From a Scandinavian point of view, 2015 was also an eventful year. The Danish, Swedish and Norwegian central banks lowered their lending rates by 0.15 percentage points, 0.35 percentage points and 0.50 percentage points, respectively.

The reduction in the Danish lending rate took place concurrently with a reduction in the deposit rate of 0.75 percentage points, which still has not been normalised, even though the foreign reserve has been brought down to the normal level. While short interest rates decreased during 2015, longer interest rates in Denmark and Euroland went up. Furthermore, the FSA yields increased more than local swap rates in Denmark. The Danish 10-year FSA yield increased by 0.33 percentage points, while the 10-year swap rate increased by 0.19 percentage points. The reduction of the Norwegian lending rate followed significant drops in the oil price, which has led to bleaker expectations for the Norwegian economy. Despite the falling lending rate, Norwegian covered bonds experienced significant yield increases.

Investment return 2015

The total investment return in 2015 was DKK 2m. The return on the free portfolio was DKK 232m, and the return on the match portfolio less the amount transferred to the insurance business was DKK 1m. Deducting financial income and expenses of DKK -231m, the return on investment activities was DKK 2m.

The return of the match portfolio consists of a regulatory deviation of DKK 29m and a performance of DKK -28m. The positive regulatory deviation was caused by the previously discussed yield difference between the FSA and local swap rates. The negative performance was due to the stressed covered bond market in Norway in Q3.

The state of the financial markets resulted in close to zero returns on the equity and bond index MSCI World All Countries and the 1-year Mortgage Bond Index by Nordea, of -0.7% and 0.3%, respectively. The BofA Merrill Lynch US High Yield index – DKK-hedged saw a return of -5.6%. By comparison, the free portfolio generated an equity return of DKK 91m (3.4 %) and an interest and credit exposure return of DKK -10m (-0.1%). Investment properties provided a net return of DKK 151m (7.2%).

Other financial income and expenses

Other financial income and expenses amounted to DKK -231m in 2015, comprising a number of elements, the main ones being the expenses from the hedging of the foreign currency exposure on Tryg Forsikring's equity, consisting of DKK -60m in 2015, and expenses regarding Tryg Forsikring's subordinated loans of DKK -86m.

Capital and risk management

The main purpose of insurance is the spreading of risk. By pooling risks from large numbers of customers, an insurance company's risks are spread more evenly, and its results should become more predictable. The assessment and management of Tryg Forsikring's aggregated risk and the associated capital requirements therefore constitute a central element in the management of the company.

Risk profile, appetite and management

Tryg Forsikring's Supervisory Board defines the framework for the company's target risk appetite and thereby the capital which must be available to cover any losses. The risk appetite is set out in Tryg Forsikring's policies in the form of a qualitative risk strategy and quantitative exposure limits for different types of risk.

The insurance risk is managed through limits for the size of single large commitments and via the use of reinsurance, thus curtailing the maximum cost of large claims. Furthermore, the insurance risk is managed through geographical limitations and by refraining from offering certain types of insurance such as aviation and marine hull insurance. Operating within these boundaries, Tryg Forsikring's risk will depend on the company's choice of exposure within different segments and industries in the insurance market. The impact from large claims and adverse weather events is mitigated through reinsurance.

The investment risk appetite is managed by means of exposure and capital consumption limits for different asset classes (shares, property etc.) combined with 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 interest- bearing assets, the interest rate sensitivity of which matches and thereby hedges the interest rate sensitivity of the discounted provisions as closely as possible.

The Solvency II regime emphasises the need for sound risk management and introduces additional requirements concerning risk governance, consistency across the Group and top management reporting and involvement.
Tryg Forsikring has worked towards the principles of Solvency II for years and has, among other things, carried out risk identification routines, written ORSA (Own Risk and Solvency Assessment) reports, acted in a setup comprising three lines of defence and appointed a special Risk Committee under the Supervisory Board which focuses on capital and risk management.

Capital requirement and management

Capital management is based on Tryg Forsikring's internal capital model, which was approved by the supervisory authorities in November 2015 for use going forward as Solvency II came into force as of 1 January 2016. The capital model is based on the risk profile, and thus takes account of the composition of Tryg Forsikring's insurance portfolio, geographical spread, provisions profile, reinsurance programme, investment portfolio and Tryg Forsikring's profitability in general. The model calculates the statutory capital requirement (Individual Solvency Requirement/Solvency capital requirement going forward) with a certainty of 99.5%, such that Tryg Forsikring would statistically be able to honour its obligations in

199 out of 200 years.

At the end of 2015, the Individual Solvency Requirement totalled DKK 6,193m (DKK 6,560m in 2014). For 2015, this is measured against the adequate capital base. At the end of 2015, this totalled DKK 9,525m after dividend, corresponding to a surplus cover of DKK 3,332m or 54%.The introduction of Solvency II will have a major influence on Tryg Forsikring's capital position in various areas and is taken into account as of 1 January 2016. The Solvency capital requirement will decrease by approximately DKK 1,200m due to the inclusion of the loss absorbency capacity of deferred tax. The capital base will increase by approximately DKK 400m due to the inclusion of expected future profits (DKK 600m) and the transition to a new discounting curve (DKK -200m). The net effect from these new elements will result in a relative large increase in the capital buffer, but at the same time the core equity will constitute a smaller part of the capital base.

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 target return on equity, capital costs and maintaining the desired financial flexibility. In connection with this assessment, Tryg Forsikring's subordinate loan of EUR 150m was refinanced with a new subordinated loan of NOK 1,400m. By structuring the terms of the subordinated loan in accordance with the Solvency II principles, Tryg Forsikring has ensured that the loan will be eligible as a Tier II capital element. The NOK 800m subordinate loan which was issued in 2013 will be grandfathered according to Solvency II and treated as Tier 1. At the end of 2015, Tryg Forsikring's total subordinate loan capital amounted to 17% of equity, with total interest expenses of DKK 86m.

The Supervisory Board regularly assesses the need for capital adjustments. In practice, extraordinary adjustments are made through share buy backs assessed in the company's capital plan, in which the Individual Solvency Requirement is projected on the basis of Tryg Forsikring's forecasts. The projections are based partly on the need to accommodate the initiatives set out in the company's strategy for the coming years, and also on the most significant risks identified by the company. The adequacy is measured in relation to Tryg Forsikring's strategic targets, including return on equity, capital buffer and dividend policy.

At the annual general meeting to be held on 16 March 2016, Tryg Forsikring's Supervisory Board will propose a dividend of DKK 1,450m.
In 2015, Tryg Forsikring paid out its first semi-annual dividend of DKK 1,300m. Thus, the aggregated annual dividend pay-out for 2015 will be DKK 2,750m.

In conjunction with the capital plan, a contingency plan is made. It describes specific measures that may be introduced in the near term, should the company's desired capital position be threatened. Tryg Forsikring's Supervisory Board has approved both the capital plan and the contingency plan.

Standard & Poor's

In 2015, Tryg Forsikring's 'A-' rating from the credit rating agency Standard & Poor's was confirmed, and Tryg Forsikring aims to maintain this rating.

Corporate governance

Tryg Forsikring focuses on managing the company in accordance with the principles of good corporate governance and generally complies with the Danish recommendations prepared by the Committee on Corporate Governance and most recently updated in 2014. The Recommendations on Corporate Governance are available at corporategovernance.dk. At tryg.com, Tryg forsikring has published its 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.

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 Supervisory Board is responsible for the central strategic management and financial control of Tryg Forsikring and for ensuring that the business is organized in a sound way. This is achieved by monitoring targets and frameworks on the basis of regular and systematic reviews of the strategy and risks. The Executive Board reports to the Supervisory Board on strategies and action plans, market developments and Group performance, funding issues, capital resources and special risks. The Supervisory 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 Board works with the Supervisory Board to ensure that the Group's strategy is developed and monitored. The Supervisory Board ensures that the necessary skills and financial resources are available for Tryg to achieve its strategic targets. The Supervisory Board specifies its activities in a set of rules of procedure and an annual cycle for its work.

Eight members of the Supervisory 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 the majority shareholder TryghedsGruppen. See pages 29-30 for information on when the individual members joined the Supervisory Board, were re-elected and when their current election period ends. To ensure the integration of new talent on the Supervisory Board, members elected by the annual general meeting may hold office for a maximum of nine years. Furthermore, members of the Supervisory Board must retire at the first annual general meeting following their 70th birthday. The Supervisory Board has 12 members, five men and seven women (including one male and three female employee representatives). Women are thus not underrepresented on Tryg Forsikring's Supervisory Board. The Supervisory Board has members from Denmark, Sweden and Norway.

The Supervisory 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. The Supervisory Board focuses primarily on the following qualifications and skills: management experience, financial insight, organisation, IT, product development, communication, market insight, international experience, knowledge of insurance, reinsurance, capital requirements, general accounting insight and accounting principles (GAAP), including regulations and principles designed for the insurance industry and M&A experience.

Duties and composition of the Executive Management

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

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

Each year, the Supervisory 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 2015, the proportion of women at management level was 35.4% against 36.4% in 2014. The target for 2015 of 38% or more women at management level was therefore not met. Tryg Forsikring maintains the target to increase the total proportion of women at management level to 38% or more in 2016.

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 supervisory 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 Supervisory Board and the Executive Board, including general guidelines for incentive pay. The remuneration policy for 2015 was adopted by the

Supervisory Board in December 2014 and by the annual general meeting on 25 March 2015.

The Chairman of the Supervisory Board reports on Tryg Forsikring's remuneration policy each year in connection with the consideration of the annual report at the annual general meeting. The Board's proposal for the remuneration of the Supervisory Board for the current financial year is also submitted for approval by the shareholders at the annual general meeting.

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 2015

DKK	Fee	Audit Committee	Risk Committee	Remuneration Committee	Total
Jørgen Huno Rasmussen	990,000			135,000	1,125,000
Torben Nielsen	660,000	225,000	150,000		1,035,000
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
Carl Viggo Östlund[a]	258,145			68,952	327,097
Paul Bergqvist[b]	71,855			21,048	92,903

a) Joined the Supervisory Board in March 2015 b) Resigned from the Supervisory Board in March 2015

Remuneration of Executive Board

Members of the Executive Board are employed on a contractual basis, and all terms of their remuneration are established by the Supervisory Board within the framework of the approved remuneration policy. Tryg Forsikring wants to ensure an appropriate and balanced combination between management remuneration, predictable risk and value creation for the shareholders in the short and long term.

The Executive Board's remuneration consists of a fixed pay element, a pension and a variable pay element. The fixed pay element must be competitive and appropriate for the market and provide sufficient motivation for all members of the Executive Board to do their best to achieve the company's defined targets. The variable pay element constitutes only a limited part of the overall remuneration. The Supervisory Board can decide that the fixed pay be supplemented with a variable pay element of up to 12.5% 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 Board of a specified number of shares, such member is granted a corresponding number of free shares in Tryg Forsikring. The purpose of the matching shares programme is both to retain members of the Executive Board, and to create a joint financial interest between the Executive Board and the shareholders.

Each member of the Executive Board 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 Board has 25% of the basic salary paid into a pension scheme.

Total remuneration of the Executive Management in 2015

DKK	Basic salary	Pension	Car/ car allowance	Total fixed salary	Value of matching shares[a]	Total fee
Morten Hübbe	9,419,270	2,354,817	255,000	12,029,087	1,100,000	13,129,087
Tor Magne Lønnum	6,026,452[b]	1,342,553	154,564	7,523,569	650,000	8,173,569
Lars Bonde	4,538,766	1,134,691	255,000	5,928,457	500,000	6,428,457

a) At time of allocation b) Tor Lønnum's basic salery includes a non-pensionable relocation allowance of DKK 656,239.

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 and Solvency II. In its policies, the Supervisory Board defines Tryg Forsikring's risk management framework as regards insurance risk, investment risk and operational risk, as well as IT security. The Supervisory Board issues guidelines to the Executive Board. 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.

Tryg Forsikring engages in ongoing risk identification, mapping insurance risks and other risks which may endanger the realisation of the Group's strategy or which may have a potentially substantial impact on the Group's financial position. The process involves identifying and continually monitoring the risks identified. As in previous years, Tryg Forsikring undertook an Own Risk and Solvency Assessment (ORSA) in 2015. The purpose of the ORSA is to link strategy, risk management and appetite 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 the business planning period.

The Supervisory Board and the Executive Board 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 applied. The Supervisory Board checks that the company's risk management and internal controls are effective. The Board receives reports on non-compliance with the frameworks and guidelines established by the Supervisory Board. The Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the Supervisory 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.

As part of the internal control system, Tryg Forsikring has established independent risk management, compliance and actuarial functions. The functions report to the Executive Board and the Supervisory

Board's Risk Committee. Tryg Forsikring has a decentralised setup whereby risk managers in the business areas carry out controlling tasks for the risk management environment and Tryg Forsikring's compliance function.

The Executive Board 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.

Whistle-blowing scheme

Tryg Forsikring has a whistleblower line, which allows employees, customers and business partners to report any serious wrongdoing or suspected irregularities. Reporting takes place in confidence to the Chairman of the Audit Committee and the Head of Compliance.

Independent and internal audit

The Supervisory 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.

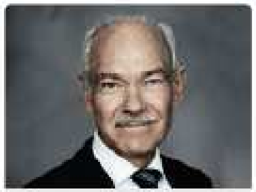
The annual general meeting annually appoints an independent auditor recommended by the Supervisory Board. The internal and independent auditors attend the Audit Committee meetings and at least once a year, the auditors meet with the Audit Committee without the presence of the Executive Board. The Chairman of the Audit Committee deals with any matters that need to be reported to the Supervisory Board.

Tryg Forsikring's internal audit department 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 Supervisory Board.

Deviations and explanations

Tryg Forsikring complies with the Recommendations on Corporate Governance with the exception of the recommendation concerning the number of independent members of the board committees, with which Tryg Forsikring complies partially; see item 3.4.2 of the Recommendations on Corporate Governance.

Supervisory Board



Jørgen Huno Rasmussen [a]

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

Education: Graduate Diploma in Organisation, MSc (Civ. Eng.) and PhD.
Chairman: Tryg A/S, Tryg Forsikring A/S, TryghedsGruppen smba, Lundbeckfonden and LundbeckFond Invest A/S.
Deputy Chairman: Terma A/S, Rambøll Group A/S and Haldor Topsøe A/S.
Board member: Bladt Industries A/S, Otto Mønsted A/S and Thomas B. Thriges Fond.
Committee memberships: Chairman of Remuneration Committee, Nomination Committee and the Remuneration Committee in Haldor Topsøe A/S.
Number of shares held: 1,830
Change in portfolio 2015: 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 in 1947. Joined: 2011. Danish citizen. Professional board member, Adjunct Professor, CBS. Former Governor of Danmarks Nationalbank (Danish Central Bank).

Education: Savings bank training, Graduate Diplomas in Organisation, Work Sociology, Credit and Financing.
Chairman: Sydbank A/S, Investeringsforeningen Sparinvest, Investeringsforeningen Sparinvest Sicav, Luxembourg, EIK banki p/f, Capital Market Partners and Museum South East Denmark.
Deputy Chairman: Tryg A/S and Tryg Forsikring A/S.
Board member: Sampension KP Livsforsikring A/S, Dansk Landbrugs Realkredit and a member of the Executive Management of Bombebøssen.
Committee memberships: Audit Committee (Chairman), Risk Committee (Chairman) and Remuneration Committee.
Number of shares held: 19,000
Change in portfolio 2015: +1,500

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

Anya Eskildsen [a]

Born 1968. Joined: 2013. Danish citizen. CEO at Niels Brock Copenhagen Business College

Education: MSc in political Science, business college teaching degree, certified IoD Board Programme.
Board member: Tryg A/S and Tryg Forsikring A/S, Trygheds-Gruppen smba, California International Business University (CIBU), USA and Learn for Life (Egmont Fonden).
Committee memberships: Remuneration Committee, member of Nykredits Regionsråd, Danish Chinese Business Forum, GSK coordinator apointed by minister and NOCA.
Number of shares held: 250
Change in portfolio 2015: +250

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 in 1955. Joined: 2012. Norwegian citizen. Employed since 1996.

Education: Educated in the area of agricultural mechanics.
Chairman: Finansforbundet Tryg, Norway.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Remuneration Committee and lay judge in the District Court of Bergen.
Number of shares held: 265
Change in portfolio 2015: +165

Lone Hansen

Employee representative
Born in 1966. Joined: 2012. Danish citizen. Employed since 1990.

Education: Certified commercial insurance agent. Various insurance and sales courses and negotiation training.
Chairman: The Association for Tied Agents and Key Account Managers in Tryg.
Board member: Tryg A/S and Tryg Forsikring A/S.
Member of the Tied Agents' District Board of the Financial Services Union Denmark.
Number of shares held: 695
Change in portfolio 2015: +165

Bill-Owe Johansson

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

Education: Insurance training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Number of shares held: 1,265
Change in portfolio 2015: +165

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.

Jesper Hjulmand[a]

Born in 1963. Joined: 2010. Danish citizen. CEO of SEAS-NVE A.m.b.A.

Education: MSc in Economics and Business Administration, Lieutenant-Colonel Royal in the Danish Air Force Reserve, pathfinder.
Chairman: Association of Danish Energy and Distribution Companies (DEA), Energi Danmark A/S, Fibia P/S, and SEAS-NVE Net A/S.
Deputy Chairman: Trygheds-Gruppen smba.
Board member: Tryg A/S, Tryg Forsikring A/S, DI General Council and Dansk Energi.
Committee memberships: Audit Committee and Risk Committee, Executive Director Committee of Dansk Energi (Chairman), Green Committee in Region Zealand (Chairman) and member of the Board of Representatives of TrygheadsGruppen.
Number of shares held: 8,750
Change in portfolio 2015: 0

From his positions with SEAS-NVE, Jesper Hjulmand has experience within M&A, strategy, organisational and management development, communication and business development.

Lene Skole[b]

Born in 1959. Joined: 2010. Danish citizen. CEO of the Lundbeck Foundation and Lundbeckfond Invest A/S.

Education: The A.P. Møller Group's international shipping education, Graduate Diploma in Financing and various international management programmes.
Deputy Chairman: Dong Energy A/S, H. Lundbeck A/S, ALK-Abelló A/S and Falck A/S (Falck Holding A/S, Falck Danmark A/S).
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Audit Committee and Risk Committee, the Audit Committee in ALK-Abelló A/S and H. Lundbeck A/S.
Number of shares held: 5,525
Change in portfolio 2015: +1,800

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.

Mari Thjømøe[b]

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

Education: Master of Economics and Business Administration, Financial Analyst (CFA) and executive programmes, London Business School 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 Member of Audit Committee in Sevan Marine ASA and E-CO (Chairman), Scatec Solar ASA and Remuneration Committee in Argentum.
Number of shares held: 1,800
Change in portfolio 2015: +300

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

Carl-Viggo Östlund[b]

Born in 1955. Joined: 2015. Swedish citizen. Professional board member and independent advisor. Former CEO of the Swedish banks SBAB and Nordnet as well as the insurance company SalusAnsvar.

Education: Bachelor of Science, education in International Business and Finance & Accounting.
Chairman: Beyond Clean Water AB, Creador AB, Plus Boliån/MA 2 AB, SFM Stockholm AB, PAUSE Foundation
Board member: Tryg A/S, Tryg Forsikring A/S, Culture Vision and Organisation Sweden AB,
Committee memberships: Remuneration Committee.
Number of shares held: 0

From a number of leading positions in listed as well as privately held companies, Carl-Viggo Östlund has experience from the packaging industry, logistics, insurance, finance and banking. As a Swedish citizen, Carl-Viggo Östlund has special knowledge of Swedish market conditions.

Ida Sofie Jensen[a]

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

Education: MSc in Political Science, European Health Leadership Programme INSEAD, Executive Management Programme INSEAD, Executive Programme Columbia Business School.
Board member: Tryg A/S and Tryg Forsikring A/S, TrygHeds-Gruppen smba, Plougmann & Vingtoft A/S and Hans Knudsen Instituttet (business trust).
Number of shares held: 1,175
Change in portfolio 2015: +310

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

Tina Snejbjerg

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

Education: Insurance training.
Board member: Tryg A/S and Tryg Forsikring A/S.
Committee memberships: Audit Committee and Central Board of DFL.
Number of shares held: 695
Change in portfolio 2015: +165

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 Board

On 1 January 2016, Tryg Forsikring changed the daily management structure. The Nordic business areas are transferred to national business areas with new directors heading the areas. The new structure replaces the Group Executive Management, and the top management is constituted by an Executive Board comprising CEO, CFO and COO.

The former Group Executive Vice Presidents either continue as directors of one of the newly established business areas or in other positions within the organisation. Trond Bøe Svestad, former Group Executive Vice President of Commercial, left Tryg in connection with the organisational change.

Morten Hübbe

Group CEO

Born in 1972. Joined Tryg in 2002.
Joined the Executive Board in 2003.

Education: BSc in International Business Administration and Modern Languages, MSc in Finance and Accounting and management programme at Wharton.
Board member: Tjenestemændenes Forsikring, KMD A/S and KMD Holding A/S.

Number of shares held: 85,740
Change in portfolio in 2015: +18,475

Tor Magne Lønnum

Group CFO

Born in 1967. Joined Tryg in 2011.
Joined the Executive Board in 2011.

Education: State-authorised public accountant, Executive Master of Business and Administration from University of Bristol and Ecole Nationale des Ponts et Chaussées.
Board member: Tryg Garantiforsikring A/S, Thermopylae AS (Chairman) and Finansnæringens Fellesorganisasjon, TGS Nopec ASA and P/f Bakkafrost.

Number of shares held: 34,150
Change in portfolio in 2015: +4.150

Lars Bonde

Group COO

Born in 1965. Joined Tryg in 1998.
Joined the Executive Board in 2006.

Education: Insurance training, LL.M.
Board member: Danish Employers' Association for the Financial Sector, Tjenestemændenes Forsikring, Forsikringsakademiet, the Danish Insurance Association and Cphbusiness.

Number of shares held: 38,845
Change in portfolio in 2015: +9.790

Corporate Social Responsibility

Statutory corporate social responsibility report

Tryg Forsikring's ambition is to be the world's best insurance company. Realising this ambition means operating in a responsible manner and taking care of society. For this purpose steps have been taken to link Corporate Social Responsibility (CSR) more closely to Tryg Forsikring's core business. Thus, the ambition for 2016 is for the CSR department to work closer with Tryg Forsikring's Claims Prevention department to introduce new activities equally beneficial to society and to our customers.

Our efforts focus on climate, people, business ethics and peace of mind. We comply with all aspects of Danish legislation, but our efforts are also based on the principles of the UN Global Compact, UN Guiding Principles on Business and Human Rights, and Global Reporting Initiative. The Supervisory Board approves Tryg Forsikring's CSR policy annually. Read more at Tryg.com > CSR.

Climate

The global climate is changing, and we are seeing an increase in climate-related claims. In 2014-2015, an increase of 103.2% was seen in the number of weather property insurance claims compared to 2012-2013 (excluding storm claims). Because of the more extreme weather, we want to devise solutions which prevent damage in the first place.

SMS pilot to prevent storm claims

In 2015, Tryg Forsikring launched an SMS pilot which sent 10,000 text messages to customers living in areas in which cloudbursts were forecast. Customer feedback was extremely positive with 77% rating the service 9 or 10 on a scale of 0-10. In 2016, we will investigate the possibility of introducing a more permanent SMS solution.

Carbon emissions

Our carbon emissions are mainly associated with heating and electricity use at our offices, as well as car and air travel. We have already introduced a variety of climate-friendly initiatives. These include the installation of 82 video conference rooms in order to minimise travel between offices as well as replacing traditional light bulbs with LED light. We also work to minimise other greenhouse gas emissions. In 2015, we replaced our old Freon 22-based cooling system with a new and more effective sys- tem running on ammonia. In 2016, our ambition is to introduce even more climate-friendly solutions in our daily operations.

In 2015, we reduced our carbon emissions by 48.8% compared to 2007. Thus, we did not achieve our goal of a 50% reduction. This was to be expected as an increased level of travel activity was necessary to en- sure the smooth transition of tasks to our offshoring partners in Asia. However, emissions were reduced by 0.48% compared to 2014. Our target for 2016 is a 1% reduction compared to 2015.

People

At Tryg Forsikring, we focus on the well-being of our employees and their right to a healthy and safe workplace. We welcome diversity and ensure non-discrimination through equal treatment of all our employees regardless of gender, age, disabilities, ethnic origin, sexual orientation and religion. We see our different perspectives as an asset that increases the quality of our services through a better understanding of our customer needs.

In collaboration with the Municipality of Ballerup, Tryg Forsikring helps prepare refugees for entering the Danish labour market. In 2016, we hope to be able to offer an introductory course for refugees.

In Tryg Forsikring, we attach importance to striking a healthy work/life balance and support our employees by offering flexible working hours and the option of working from home. Each year, we conduct an internal employee satisfaction survey. The result was index 74 in 2015 compared to 71 in 2014.

Equal opportunities

In Tryg Forsikring, processes are in place to ensure that men and women enjoy equal treatment in terms of pay levels and career opportunities. To comply with section 99b of the Danish Financial Statements Act on equal gender representation at management level, our initiatives include an action plan aimed at ensuring the recruitment and promotion of more women in management roles. Internal recruiters as well as external agencies are instructed to work actively to present qualified candidates of both genders.

In 2015, our ambitious target of 38% or more women at management level was not achieved as the share of women in management positions stood at 35.4%. Not meeting our target can be ascribed to the fact that even though we want both genders to be represented in the recruitment process, we are at the same time interested in appoint- ing the person best qualified for the job, whether a man or a woman. The result shows that we were not able to attract enough of the qualified women in 2015, an issue which we will strive to address in 2016. To qualify and motivate more women to apply for management jobs, we are maintaining our focus on the issue in 2016, and planning a number of events targeted at high-potential women in Tryg Forsikring. The target for 2016 is 38% or more women in management position.

Business ethics

In Tryg Forsikring, we respect human rights in everything we do, and we want to improve our preventive efforts to minimise the risk of human rights violations. To ensure that Tryg Forsikring’s values are part of our suppliers’ mindset, all our suppliers have to comply with our CSR reporting guidelines. Therefore, we have introduced a new reporting system. Trialling the new system, 124 automobile suppliers reported on their CSR efforts in 2015.

As a part of Tryg Forsikring's anti-corruption setup, we have a code of ethics which all employees must know and adhere to. At the same time, our employees are obliged to report any activities that do not comply with our code of ethics or applicable legislation. For this purpose, Tryg Forsikring has set up a whistleblower line, where it is possible for employees and external stakeholders to report such instances in confidentiality. The whistleblower line was used once in 2015. In 2016, we will work to further increase awareness of the code of ethics among our employees.

Taxes

Tryg Forsikring’s tax policy is adopted by the Supervisory Board once a year and anchored in the Audit Committee. The tax policy includes guidelines ensuring that Tryg Forsikring pays all relevant taxes.

Responsible offshoring

In 2015, Tryg Forsikring extended its offshoring programme to include accounting. In its choice of partners, Tryg Forsikring has paid much attention to working conditions, wanting to ensure that our partners respect human and labour rights. At the same time, a risk analysis of each partner is performed before signing the contract. Tryg Forsikring also wants to make sure that workers receive the necessary training, which is why our partners' employees have been visiting Tryg Forsikring to learn about our systems and processes. Tryg Forsikring employees have also visited our partners to get a better understanding of their operations and to support them during the first few weeks after taking over the new processes. Partners are asked to submit an annual CSR report.

The offshoring programme has resulted in redundancies. Tryg Forsikring has made a new-placement agreement with the stated objective that at least 90% of the affected employees must have found a new job, started studying or in some other way clarified their career path within 12 months of leaving Tryg Forsikring. Preliminary results show that in Denmark 94% of those made redundant in February 2015 have found new opportunities.

Peace of mind

In Tryg Forsikring, we want to help create peace of mind in society. This is our reason for engaging in a number of activities to prevent claims. One initiative is to offer synthetic DNA marking as a way of preventing breakins. The initiative started in 2014 in Sønderborg, Denmark. In 2015, Tryg Forsikring distributed 280 marking kits in Sandefjord, Norway. In October 2015, preliminary results from Sønderborg showed a 50% decline in the number of break-ins for the 90 properties using DNA marking compared to a 26% decline in the area in general. In 2016, we will be able to conclude on the long-term preventive effect of synthetic DNA marking in Sønderborg.

Engagement with the local community

To create peace of mind and share our knowledge about prevention, we invited 120 students from the local community in Ballerup to participate in two workshops. One focused on bicycle safety and the other one on prevention of fire. Both workshops received positive feedback, and we are planning to host at least one workshop in 2016. To increase our engagement with the local community, we will also relaunch a financial training course in 2016 aimed at enabling young people to assume responsibility for their finances.

Night Ravens

In 2015, Tryg Forsikring celebrated the 20th anniversary collaboration with the Night Ravens in Norway. The Night Ravens are volunteers who walk the streets at night to prevent violence and crime. To mark the anniversary, a conference was held in Bergen which was attended by the Norwegian Prime Minister Erna Solbjerg. At the conference, Tryg Forsikring's CEO Morten Hübbe donated NOK 1m to enable the Night Ravens to continue their valuable work. At the end of 2015, there were approximately 370 active groups of Night Ravens in Norway.

Lifebuoys

The red-and-white lifebuoy has become a symbol of safety along the coastlines in Denmark, Norway and Sweden. Since 1952, more than 39,000 lifebuoys have been installed in Norway alone, and every year they help prevent drownings. In 2015, the demand for more lifebuoys increased as Tryg Forsikring distributed over 2,000 compared to around 1,000 in 2014. In 2016, Tryg Forsikring will continue to donate lifebuoys to enhance safety at the seaside.

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 2015 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 2015 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 2015.

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, 29 January 2016

Executive Management:

Morten Hübbe Group CEO	*Tor Magne Lønnum* Group CFO	*Lars Bonde* Group COO

Supervisory Board:

Jørgen Huno Rasmussen Chairman	*Torben Nielsen* Deputy chairman	*Carl-Viggo Östlund*
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 2015, 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 2015, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2015 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 2015, and of the results of its operations for the financial year 1 January to 31 December 2015 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 commentary is consistent with the consolidated financial statements and parent financial statements.

Ballerup, 29 January 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 96 35 56

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

Tryg Forsikring Group

Financial highlights

DKKm	2015	2014	2013	2012	2011
Gross premium income	**17,977**	**18,652**	**19,504**	**20,314**	**19,948**
Gross claims	-13,562	-12,650	-14,411	-14,675	-15,783
Total insurance operating costs	-2,720	-2,689	-3,008	-3,295	-3,271
Profit/loss on gross business	1,695	3,313	2,085	2,344	894
Profit/loss on ceded business	710	-341	349	86	507
Insurance technical interest, net of reinsurance	18	60	62	62	171
Technical result	**2,423**	**3,032**	**2,496**	**2,492**	**1,572**
Investment return after insurance technical interest	2	367	593	593	68
Other income and costs	-16	-39	-39	7	27
Profit/loss before tax	**2,409**	**3,360**	**3,050**	**3,092**	**1,667**
Tax	-414	-770	-634	-855	-470
Profit/loss on continuing business	**1,995**	**2,590**	**2,416**	**2,237**	**1,197**
Profit/loss on discontinued and divested business after tax *	49	10	-4	28	-8
Profit/loss	**2,044**	**2,600**	**2,412**	**2,265**	**1,189**
Run-off gains/losses, net of reinsurance	1,212	1,131	970	1,015	944
Statement of financial position					
Total provisions for insurance contracts	31,571	31,692	32,939	34,355	34,220
Total reinsurers' share of provisions for insurance contracts	3,176	1,938	2,620	2,317	2,067
Total equity	10,307	11,828	11,725	10,872	8,968
Total assets	51,749	52,942	53,985	55,020	53,345
Key ratios					
Gross claims ratio	75.4	67.8	73.9	72.2	79.1
Net reinsurance ratio	-3.9	1.8	-1.8	-0.4	-2.5
Claims ratio, net of ceded business	71.5	69.6	72.1	71.8	76.6
Gross expense ratio	15.3	14.6	15.6	16.4	16.6
Combined ratio	**86.8**	**84.2**	**87.7**	**88.2**	**93.2**
Gross expense ratio without adjustment	15.1	14.4	15.4	16.2	16.4
Operating ratio	86.5	83.8	87.2	87.8	92.2
Relative run-off gains/losses	4.8	4.8	3.9	4.1	4.0
Return on equity after tax (%)	18.5	22.1	21.3	22.8	13.8
Solvency (Solvency I)	2.8	2.9	2.8	2.5	2.3

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 2015" 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 and the Finnish branch of Tryg Forsikring, which was sold in 2012.

Income statement

Note	DKKm	2015	2014
	General insurance		
	Gross premiums written	18,150	18,672
	Ceded insurance premiums	-1,165	-1,059
	Change in premium provisions	61	268
	Change in reinsurers' share of premium provisions	1	-57
3	**Premium income, net of reinsurance**	**17,047**	**17,824**
4	**Insurance technical interest, net of reinsurance**	**18**	**60**
	Claims paid	-13,095	-13,695
	Reinsurance cover received	471	1,361
	Change in claims provisions	-467	1,045
	Change in the reinsurers' share of claims provisions	1,301	-688
5	**Claims, net of reinsurance**	**-11,790**	**-11,977**
	Bonus and premium discounts	**-234**	**-288**
	Acquisition costs	-2,042	-1,955
	Administration expenses	-678	-734
	Acquisition costs and administration expenses	-2,720	-2,689
	Reinsurance commissions and profit participation from reinsurers	102	102
6	**Insurance operating costs, net of reinsurance**	**-2,618**	**-2,587**
2	**Technical result**	**2,423**	**3,032**
	Investment activities		
14	Income from associates	42	10
	Income from investment property	94	94
7	Interest income and dividends	794	949
8	Value adjustments	-493	-95
7	Interest expenses	-96	-115
	Administration expenses in connection with investment activities	-80	-62
	Total investment return	**261**	**781**
4	Return on insurance provisions	-259	-414
	Total investment return after insurance technical interest	**2**	**367**
	Other income	81	81
	Other costs	-97	-120
	Profit/loss before tax	**2,409**	**3,360**
9	Tax	-414	-770
	Profit/loss on continuing business	**1,995**	**2,590**
10	Profit/loss on discontinued and divested business	49	10
	Profit/loss for the year	**2,044**	**2,600**

Statement of comprehensive income

DKKm		
Profit/loss for the year	**2,044**	**2,600**
Other comprehensive income		
Other comprehensive income which cannot subsequently be reclassified as profit or loss		
Change in equalisation provision and other provisions	21	26
Change in taxrates on security provisions	141	0
Revaluation of owner-occupied property for the year	4	2
Tax on revaluation of owner-occupied property for the year	2	-1
Actuarial gains/losses on defined-benefit pension plans	-12	-46
Tax on actuarial gains/losses on defined-benefit pension plans	3	12
	159	-7
Other comprehensive income which can subsequently be reclassified as profit or loss		
Exchange rate adjustments of foreign entities for the year	-89	-178
Hedging of currency risk in foreign entities for the year	86	191
Tax on hedging of currency risk in foreign entities for the year	-21	-47
	-24	-34
Total other comprehensive income	**135**	**-41**
Comprehensive income	**2,179**	**2,559**

Statement of financial position

Note	DKKm	2015	2014
	Assets		
11	**Intangible assets**	**1,038**	**984**
	Operating equipment	62	97
	Owner-occupied property	1,144	1,153
	Assets under construction	2	11
12	**Total property, plant and equipment**	**1,208**	**1,261**
13	**Investment property**	**1,838**	**1,828**
14	Equity investments in associates	229	225
	Total investments in associates	**229**	**225**
	Equity investments	138	128
	Unit trust units	3,589	3,884
	Bonds	35,705	37,175
	Deposits with credit institutions	0	667
	Derivative financial instruments	843	1,318
	Total other financial investment assets	**40,275**	**43,172**
15	**Total investment assets**	**42,342**	**45,225**
	Reinsurers' share of premium provisions	173	219
18	Reinsurers' share of claims provisions	3,003	1,719
16	**Total reinsurers' share of provisions for insurance contracts**	**3,176**	**1,938**
	Receivables from policyholders	1,261	1,232
	Total receivables in connection with direct insurance contracts	1,261	1,232
	Receivables from insurance enterprises	199	208
	Receivables from Group undertakings	494	718
	Other receivables	865	223
15	**Total receivables**	**2,819**	**2,381**
17	Current tax assets	100	0
	Cash at bank and in hand	470	504
	Total other assets	**570**	**504**
	Interest and rent receivable	280	337
	Other prepayments and accrued income	316	312
	Total prepayments and accrued income	**596**	**649**
	Total assets	**51,749**	**52,942**

Statement of financial position

DKKm		2015	2014
Note			
	Equity and liabilities		
	Equity	**10,307**	**11,828**
1	**Subordinate loan capital**	**1,698**	**1,768**
18	Premium provisions	5,571	5,810
18	Claims provisions	25,427	25,272
	Provisions for bonuses and premium discounts	573	610
	Total provisions for insurance contracts	**31,571**	**31,692**
19	Pensions and similar obligations	264	342
20	Deferred tax liability	702	1,022
21	Other provisions	132	83
	Total provisions	**1,098**	**1,447**
	Debt relating to direct insurance	603	565
	Debt relating to reinsurance	330	188
22	Amounts owed to credit institutions	64	116
23	Debt relating to unsettled funds transactions and repos	4,074	2,902
15	Derivative financial instruments	612	799
17	Current tax liabilities	357	443
	Other debt	993	1,148
	Total debt	**7,033**	**6,161**
	Accruals and deferred income	**42**	**46**
	Total equity and liabilities	**51,749**	**52,942**
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 2014	**1,100**	**80**	**15**	**106**	**848**	**7,279**	**2,400**	**11,828**
2015								
Profit/loss for the year			0	22	-104	676	1,450	2,044
Other comprehensive income	0	6	-24	-1	22	132	0	135
Total comprehensive income	0	6	-24	21	-82	808	1,450	2,179
Dividend paid							-3,700	-3,700
Total changes in equity in 2015	**0**	**6**	**-24**	**21**	**-82**	**808**	**-2,250**	**-1,521**
Equity at 31 December 2015	**1,100**	**86**	**-9**	**127**	**766**	**8,087**	**150**	**10,307**
Equity at 31 December 2013	**1,100**	**79**	**49**	**61**	**888**	**7,092**	**2,456**	**11,725**
2014								
Profit/loss for the year			0	60	-81	221	2,400	2,600
Other comprehensive income	0	1	-34	-15	41	-34	0	-41
Total comprehensive income	0	1	-34	45	-40	187	2,400	2,559
Dividend paid							-2,456	-2,456
Total changes in equity in 2014	**0**	**1**	**-34**	**45**	**-40**	**187**	**-56**	**103**
Equity at 31 December 2014	**1,100**	**80**	**15**	**106**	**848**	**7,279**	**2,400**	**11,828**

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 2,516m (DKK 2,622m in 2014). 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.

*Other reserves contains Norwegian Natural Perils Pool.

Statement of cash flow

DKKm	2015	2014
Cash from operating activities		
Premiums	17,721	18,139
Claims paid	-13,040	-13,584
Ceded business	-412	229
Expenses	-2,771	-2,862
Change in other payables and other amounts receivable	54	-299
Cash flow from insurance activities	**1,552**	**1,623**
Interest income	814	1,001
Interest expenses	-96	-115
Dividend received	47	39
Taxes	-779	-527
Other items	-16	-39
Cash from operating activities, continuing business	**1,522**	**1,982**
Cash from operating activities, discontinued and divested business	-32	-58
Total cash from operating activities	**1,490**	**1,924**
Investments		
Acquisition and refurbishment of real property	-46	-14
Sale of real property	10	7
Acquisition of equity investments and unit trust units (net)	480	291
Purchase/Sale of bonds (net)	1,070	-386
Deposits with credit institutions	641	630
Purchase/sale of operating equipment (net)	0	-17
Acquisition of intangble assets	0	-228
Hedging of currency risk	86	191
Investments, continuing business	**2,241**	**474**
Investments, discontinued and divested business	**-37**	**0**
Total investments	**2,204**	**474**
Financing		
Subordinate loan capital	12	0
Debt and receivables, Group	9	-89
Dividend paid	-3,700	-2,456
Change in amounts owed to credit institutions	-52	110
Financing, continuing business	**-3,731**	**-2,435**
Financing, discontinued and divested business	0	0
Total financing	**-3,731**	**-2,435**
Change in cash and cash equivalents, net	**-37**	**-37**
Cash and cash equivalents discontinued business, 1 January	0	0
Additions relating to purchase of subsidiaries	0	14
Exchangerate adjustment of cash and cash equivalents, 1 January	3	-25
Change in cash and cash equivalents, gross	**-34**	**-48**
Cash and cash equivalents, 1 January	504	552
Cash and cash equivalents, 31 December	**470**	**504**

Notes

1 Risk- and capital management

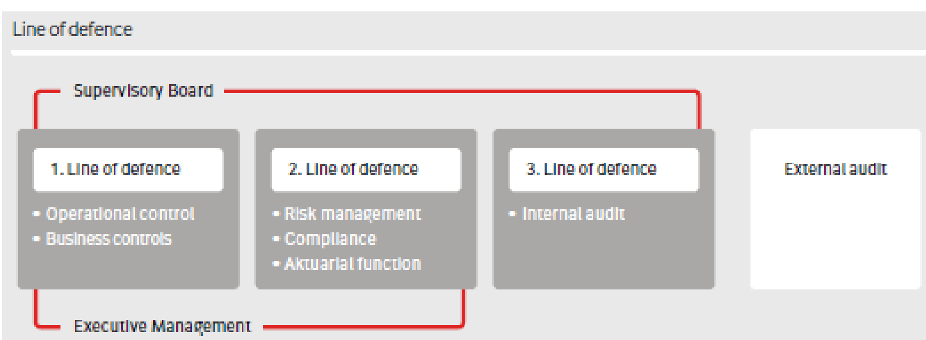
Risk management in Tryg Forsikring

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 the extensive requirements for the Supervisory Board's involvement in capital and risk management, Tryg Forsikring's Supervisory Board has decided to set up a special Risk Committee to address these topics separately during 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. This is supported by decentralised risk managers affiliated with the individual areas. The risk management function is the second level of control, and ensures a consistent approach across the organization, risk assessment at group level and reporting to the management and the Supervisory Board. 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, investment risk management and more. Tryg Forsikring's risk management function is also responsible for determining the company's capital.

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 20% after tax. However 21% from 2017.

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 mainly 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 an internal model, while other risks are described using the Solvency II standard model.

The model calculates Tryg Forsikring's capital requirement with 99.5% solvency level 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 was approved by the Danish Financial Supervisory Authority in 2015 which means that the present solvency requirement will be maintained as Solvency II has come into force as of 1 January 2016.

The introduction of Solvency II will have a major influence on Tryg Forsikring's capital position in various areas from 1 January 2016. The Solvency capital requirement will decrease by approximately DKK 1.200m due to the inclusion of the loss absorbency capacity of deferred tax. The capital base will increase by approximately DKK 400m due to the inclusion of expected future profits (DKK 600m) and the transition to a new Solvency II discounting curve (DKK -200m). The net effect form these new elements will result in a relative large increase in the capital buffer, where the core equity will constitute a lesser part of the capital base.

Tryg Forsikring has two subordinated loans that amount to DKK 1,707m. The first is a NOK 1,400m loan that was issued in November 2015 and is classified as a Tier 2 element under Solvency II. The second is a NOK 800m loan that was issued in March 2013 and is accordingly to the grandfathering rules treated as a Tier 1 element under Solvency II.

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 calculation of solvency capital requirement is reasonable and is reflecting Tryg Forsikring's actual risk profile. Moreover, the projected capital requirement is also assessed over the company's strategic planning period. Tryg Forsikring's risk activities are implemented via continuous risk management processes, where the main results are reported to 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 that insurance premiums will not be sufficient to cover the compensations and other costs associated with the insurance business. Underwriting risk is managed primarily through the company's insurance policy defined by the Supervisory Board, and administered through business procedures, underwriting guidelines etc. Underwriting risk is assessed in Tryg Forsikring's capital model, determining the capital impact from insurance products.

Reinsurance is used to reduce the underwriting risk in situations where this can not be achieved to a sufficient degree via ordinary diversification. In case of major events involving damage to buildings and contents, Tryg Forsikring's reinsurance programme provides protection for up to DKK 5.75bn, which statistically is sufficient to cover at least 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, 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 2bn. Retention for large claims is DKK 100m, gradually dropping to DKK 25m. Single risks exceeding DKK 2bn are covered 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.

Reserving risk

Reserving risk relates to the risk of Tryg Forsikring's insurance provisions being inadequate. The Supervisory Board lays down the overall framework for the handling of reserving risk in the insurance policy, while the overall risk is measured in the capital model. The uncertainty associated with the calculation of claims reserves affects Tryg Forsikring's results through the run-off on reserves. Long-tailed reserves 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 reserves. In order to manage the inflation risk of Danish workers' compensation claims reserves, Tryg Forsikring has bought zero coupon inflation swaps. Tryg Forsikring determines the claims reserves via statistical methods as well as individual assessments. At the end of 2015, Tryg Forsikring's claims reserves totalled DKK 25,427m with an average duration of 4,0 years.

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 reserves and is designed to hedge the interest rate sensitivity of these as closely as possible. Tryg Forsikring carries out daily monitoring, follow-up 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.

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 equity portfolio constitutes the company's largest investment risk. At the end of 2015, the equity portfolio accounted for 5.9% of the total investment assets. This share is expected to be at a similar level in 2016. 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 2015, investment properties accounted for 5.1%, while owner-occupied properties accounted for 3.0% of the total investment assets.

Property investments are expected to be at a similar level in 2016. 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. The only significant assets on Tryg Forsikring's balance sheet, which by nature is somewhat illiquid, are the property portfolio.

Note

DKKm		2015	2014
1	**Sensitivity analysis**		
	Insurance risk		
	DKKm		
	Effect of 1% change in:		
	Combined ratio (1 percentage point)	+/- 177	+ / -184
	Claim frequency (1 percentage point)	+/- 1,450	+/- 1,369
	Average claim	+/- 132	+/-122
	Premium rates	+/-175	+/- 190
	Provisioning risk		
	1% change in inflation on person-related lines of business *)	+/- 476	+/-300
	10% error in the assessment of long-tailed lines of business		
	(workers' compensation, motor liability, liability, accident)	+/- 1,671	+/- 1,752
	Investment risk		
	Interest rate market		
	Effect of 1 % increase in interest curve:		
	Impact of interest-bearing securities	-940	-880
	Higher discounting of claims provisions	947	793
	Net effect of interest rate rise	7	-87
	Impact of Norwegian pension obligation **)	153	87
	Equity market		
	15 % decline in equity market	-341	-393
	Impact of derivatives	-7	-72
	Real estate market		
	15 % decline in real estate markets	-480	-488
	Currrency market		
	Equity:		
	15 % decline in exposed currency (exclusive of EUR) relative to DKK	-647	-835
	Impact of derivatives	614	791
	Net impact of exchange rate decline	-33	-44
	Technical result per year:		
	Impact of 15% change in NOK and SEK exchange rates relative to DKK	+/- 176	+/- 230

*) Including the effect of the zero coupon inflation swap
**) 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 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. 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. A special crisis management structure is set up 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 Executive Board. 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 Executive Board.

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.

Emerging risk

Emerging risk cover 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.

NOTES

Claims provisions - estimated accumulated claims - DKKm												
Gross	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	
Estimated accumulated claims												
End of year	10,935	10,711	11,629	12,162	13,534	15,782	16,126	13,659	13,532	12,841	14,853	
1 year later	10,825	10,972	12,199	13,500	14,189	15,884	16,516	13,644	13,845	13,188		
2 year later	10,685	10,515	12,773	13,383	14,204	15,836	16,515	13,581	13,682			
3 year later	10,315	10,743	12,752	13,396	14,002	15,718	16,466	13,431				
4 year later	10,460	10,679	12,755	13,357	13,884	15,631	16,304					
5 year later	10,405	10,671	12,661	13,262	13,787	15,567						
6 year later	10,311	10,649	12,535	13,231	13,770							
7 year later	10,323	10,612	12,529	12,981								
8 year later	10,294	10,428	12,461									
9 year later	10,189	10,361										
10 year later	10,020											
	10,020	10,361	12,461	12,981	13,770	15,567	16,304	13,431	13,682	13,188	14,853	146,618
Cumulative payments to date	-9,746	-9,771	-11,610	-11,796	-12,386	-13,967	-14,383	-11,187	-11,048	-9,504	-6,714	-122,112
Provisions before discounting, end of year	273	589	851	1,185	1,384	1,600	1,921	2,245	2,634	3,685	8,139	24,506
Discounting	-41	-68	-99	-138	-156	-161	-159	-174	-167	-205	-193	-1,561
Reserves from 2004 and prior years												2,127
Other reserves												355
Gross provisions for claims, end of year												25,427
Ceded business	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	
Estimated accumulated claims												
End of year	915	272	498	155	284	668	1,449	228	550	250	2,068	
1 year later	811	272	465	220	354	748	2,145	259	961	302		
2 year later	816	259	480	189	332	738	2,267	297	942			
3 year later	811	292	485	179	289	714	2,307	304				
4 year later	840	293	505	179	292	723	2,271					
5 year later	836	288	476	166	297	744						
6 year later	822	287	505	171	292							
7 year later	822	288	496	165								
8 year later	814	286	496									
9 year later	826	286										
10 year later	823											
	823	286	496	165	292	744	2,271	304	942	302	2,068	8,695
Cumulative payments to date	-811	-278	-483	-159	-283	-685	-2,176	-264	-642	-213	-41	-6,034
Provisions before discounting, end of year	12	8	14	7	10	60	95	40	300	88	2,027	2,660
Discounting	-1	-1	-1	0	0	-1	-1	-1	-3	-2	-7	-17
Reserves from 2004 and prior years												210
Other reserves												151
Provisions for claims, end of year												3,003
Net of reinsurance	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	
Estimated accumulated claims												
End of year	10,020	10,439	11,131	12,007	13,250	15,115	14,677	13,432	12,982	12,591	12,786	
1 year later	10,014	10,700	11,734	13,280	13,835	15,137	14,370	13,386	12,884	12,886		
2 year later	9,869	10,256	12,293	13,194	13,872	15,098	14,248	13,284	12,740			
3 year later	9,504	10,450	12,267	13,217	13,713	15,004	14,160	13,127				
4 year later	9,619	10,386	12,250	13,178	13,592	14,907	14,033					
5 year later	9,569	10,383	12,186	13,096	13,491	14,823						
6 year later	9,489	10,362	12,030	13,059	13,477							
7 year later	9,502	10,323	12,033	12,816								
8 year later	9,481	10,142	11,965									
9 year later	9,363	10,075										
10 year later	9,196											
	9,196	10,075	11,965	12,816	13,477	14,823	14,033	13,127	12,740	12,886	12,786	137,924
Cumulative payments to date	-8,935	-9,493	-11,128	-11,637	-12,103	-13,282	-12,206	-10,923	-10,406	-9,290	-6,675	-116,079
Provisions before discounting, end of year	261	582	837	1,179	1,374	1,540	1,826	2,204	2,334	3,596	6,112	21,846
Discounting	-40	-68	-98	-138	-156	-160	-157	-173	-164	-204	-186	-1,543
Reserves from 2004 and prior years												1,917
Other reserves												204
Provisions for claims, net of reinsurance, end of the year												22,424

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 2015 to prevent the impact of exchange rate fluctuations.

Note

DKKm

2015	0-1 year	1-2 years	2-3 years	> 3 years	Other	Total
	Expected cash flow, not discounted					
Premium provisions, gross	5,149	126	67	87	142	5,571
Premium provisions, ceded	-146	0	0	0	-28	-174
Claims provisions, gross	9,045	4,029	2,646	11,150	357	27,227
Claims provisions, ceded	-1,959	-395	-213	-311	-151	-3,029
	12,089	**3,760**	**2,500**	**10,926**	**320**	**29,595**

2014	0-1 year	1-2 years	2-3 years	> 3 years	Other	Total
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**

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

Investment risk

Bond portfolio including interest derivatives	2015	2014
Duration 1 year or less	14,856	16,622
Duration 1 year - 5 years	13,011	13,925
Duration 5 - 10 years	4,175	4,129
Duration more than 10 years	2,363	2,836
Total	**34,405**	**37,512**
Duration	**2.5**	**2.2**

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	2015	2014
Nordic countries	52	413
United Kingdom	90	207
Rest of Europe	501	674
United States	1,165	1,096
Asia etc.	516	563
Total	**2,324**	**2,953**
The portfolio of unlisted shares totals	138	128

The share portfolio includes exposure from share derivatives of DKK 47m (DKK 477m in 2014)
Unlisted equity investments are based on an estimated market price.

Exposure to exchange rate risk	2015			2014		
	Assets and debt	Hedge	Exposure	Assets and debt	Hedge	Exposure
USD	2,355	-2,313	42	1,952	-1,918	34
EUR	633	-524	109	530	706	1,236
GBP	197	-189	8	79	-69	10
NOK	1,991	-1,867	124	3,701	-3,507	194
SEK	1,114	-1,007	107	1,076	-998	78
Other	477	-429	48	541	-474	67
Total			**438**			**1,619**

Note

DKKm

Impact of exchange rate fluctuations in SEK and NOK on technical result

	2015	2014	Change	Currency effect	Change excl. currency effect
Gross premium income	**17,977**	**18,652**	**-675**	**-534**	**-141**
Gross claims	-13,562	-12,650	-912	374	-1,286
Total insurance operating costs	-2,720	-2,689	-31	81	-112
Profit/loss on gross business	1,695	3,313	-1,618	-79	-1,539
Profit/loss on ceded business	710	-341	1,051	11	1,040
Insurance technical interest, net of reinsurance	18	60	-42	-2	-40
Technical result	**2,423**	**3,032**	**-609**	**-70**	**-539**

	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 the statement of financial position

	2015	2014	Change	Currency effect	Change excl. currency effect
Assets					
Intangible assets	1,038	984	54	12	42
Total property, plant and equipment	1,208	1,261	-53	-26	-27
Investment property	1,838	1,828	10	-20	30
Investments in associates	229	225	4	-1	5
Other financial investment assets	40,275	43,172	-2,897	-704	-2,193
Reinsurers' share of provisions for insurance contracts	3,176	1,938	1,238	-45	1,283
Receivables	2,819	2,381	438	-19	457
Other assets	570	504	66	0	66
Prepayments and accrued income	596	649	-53	-3	-50
Total assets	**51,749**	**52,942**	**-1,193**	**-806**	**-387**
Equity and liabilities					
Equity	10,307	11,828	-1,521	0	-1,521
Subordinate loan capital	1,698	1,768	-70	-82	12
Provisions for insurance contracts	31,571	31,692	-121	-518	397
Total provisions	1,098	1,447	-349	-43	-306
Other debt	7,033	6,161	872	-163	1,035
Accruals and deferred income	42	46	-4	0	-4
Total equity and liabilities	**51,749**	**52,942**	**-1,193**	**-806**	**-387**

Credit risk

	2015		2014	
Bond portfolio by ratings	DKKm	%	DKKm	%
AAA to A	35,181	98.5	36,930	99.3
Other	523	1.5	244	0.7
Not rated	1	-	1	-
Total	**35,705**	**100.0**	**37,175**	**100.0**

Reinsurance balances				
AAA to A	2,772	95.9	1,447	90.7
Other	0	-	1	0.1
Not rated	120	4.1	147	9.2
Total	**2,892**	**100.0**	**1,595**	**100.0**

Liquidity risk

Maturity of the Group's financial obligations including interest

2015	0-1 year	1-5 years	> 5 years	Total
Subordinate loan capital	66	263	3,362	3,691
Amounts owed to credit institutions	64	0	0	64
Debt relating to unsettled funds transactions and repos	4,074	0	0	4,074
Derivative financial instruments	181	219	259	659
Other debt	2,283	0	0	2,283
	6,668	**482**	**3,621**	**10,771**

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**

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

DKKm

Capital adequacy	**2015**	**2014**
Solvency margin	3,187	3,348
Shareholder's equity according to annual report	10,307	11,828
Tier 1 Capital	**10,307**	**11,828**
Subordinate loan capital	1,707	1,496
Proposed dividend	-1,450	-2,400
Value of intangible assets	-1,038	-984
Deferred tax assets	-1	-1
Discounting	-341	-231
Equalisation reserve	-163	-142
Total basic capital	**9,021**	**9,566**
Total distributable basic capital	**5,834**	**6,218**
Solvency	**2.8**	**2.9**

Subordinate loan capital

	Bond loan EUR 150m		**Bond loan NOK 800m**		**Bond loan NOK 1,400m**
	2015	**2014**	**2015**	**2014**	**2015**
The fair value of the loan at the statement of financial position date	-	1,106	671	714	1,086
The fair value of the loan at the statment of financial position date is based on a price of	-	99	108	108	100
Total capital losses and costs at the statement of the financial position date	-	3	4	4	6
Interest expenses for the year	49	50	34	40	3
Effective interest rate	-	4.5%	3.6%	3.6%	3.9%

Loan terms:			
Lender	Listed bonds	Listed bonds	Listed bonds
Principal	EUR 150m	NOK 800m	NOK 1,400m
Issue price	99.017	100	100
Issue date	December 2005	March 2013	November 2015
Maturity year	2025	Perpetual	2045
Loan may be called by lender as from	Called by Tryg in December	2023	2025
Repayment profile	Interest-only	Interest-only	Interest-only
Interest structure	4.5% (until 2015)	3.75 % above NIBOR 3M (until 2023)	2.75 % above NIBOR 3M (until 2025)
	2.1% above EURIBOR 3M (from 2015)	4.75 % above NIBOR 3M (from 2023)	3.75 % above NIBOR 3M (from 2025)

The share of capital included in the calculation of the capital base total DKK 1,707m (DKK 1,496m in 2014)
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.

NOTE

DKKm

2 Operating segments

2015	Private	Commercial	Corporate	Sweden	Other *	Group
Gross premium income	**8,803**	**3,992**	**3,894**	**1,317**	**-29**	**17,977**
Gross claims	-6,074	-2,612	-3,987	-852	-37	-13,562
Gross operating expenses	-1,291	-683	-420	-246	-80	-2,720
Profit/loss on ceded business	-148	-44	877	-1	26	710
Insurance technical interest, net of reinsurance	8	5	5	0	0	18
Technical result	**1,298**	**658**	**369**	**218**	**-120**	**2,423**
Other items						-379
Profit/loss						**2,044**
Run-off gains/losses, net of reinsurance	324	388	351	149	0	1,212
Intangible assets		33		597	408	1,038
Equity investments in associates					229	229
Reinsurers' share of premium provisions	17	16	140	0	0	173
Reinsurers' share of claims provisions	141	408	2,422	32	0	3,003
Other assets					47,306	47,306
Total assets						**51,749**
Premium provisions	2,342	1,318	1,062	849	0	5,571
Claims provisions	5,791	6,566	11,357	1,713	0	25,427
Provisions for bonuses and premium discounts	457	54	50	12	0	573
Other liabilities					9,871	9,871
Total liabilities						**41,442**

2014	**Private**	**Commercial**	**Corporate**	**Sweden**	**Other ***	**Group**
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**

Description of segments

Please refer to the accounting principles for a description of operating segments.
Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption.
*Amounts relating to eliminations and in 2015 also restructuring expenses are included under 'Other'. Details of amounts in note 2 Geographical segments.
Other assets and liabilities are managed at Group level and are therefore not allocated to the individual segments but are included under 'Other'.

Note

2 Geographical segments

DKKm	2015	2014	2013	2012	2011
Danish general insurance *					
Gross premium income	**9,346**	**9,361**	**9,534**	**9,910**	**10,019**
Technical result	1,371	1,510	1,202	1,441	1,033
Run-off gains/losses, net of reinsurance	512	564	566	571	770
Key ratios					
Gross claims ratio	80.5	66.9	79.5	71.1	83.3
Net reinsurance ratio	-9.2	2.1	-7.0	-0.2	-8.1
Claims ratio, net of ceded business	71.3	69.0	72.5	70.9	75.2
Gross expense ratio	13.9	15.1	15.0	14.5	15.1
Combined ratio	**85.2**	**84.1**	**87.5**	**85.4**	**90.3**
Number of full-time employees 31 December	1,845	1,993	2,035	2,174	2,315
Norwegian general insurance					
Gross premium income	**6,766**	**7,337**	**7,819**	**8,239**	**7,916**
Technical result	844	1,478	1,258	1,017	598
Run-off gains/losses, net of reinsurance	492	501	387	465	181
Key ratios					
Gross claims ratio	70.9	66.5	65.1	72.4	73.2
Net reinsurance ratio	2.1	1.4	4.1	-1.0	3.2
Claims ratio, net of ceded business	73.0	67.9	69.2	71.4	76.4
Gross expense ratio	14.9	12.5	15.3	16.8	17.0
Combined ratio	**87.9**	**80.4**	**84.5**	**88.2**	**93.4**
Number of full-time employees 31 December	1,113	1,167	1,199	1,282	1,338
Swedish general insurance					
Gross premium income	**1,894**	**1,975**	**2,169**	**2,183**	**2,050**
Technical result	328	44	36	131	-59
Run-off gains/losses, net of reinsurance	208	66	17	-21	-7
Key ratios					
Gross claims ratio	63.5	77.6	80.6	75.3	82.0
Net reinsurance ratio	1.7	2.2	0.7	1.5	2.6
Claims ratio, net of ceded business	65.2	79.8	81.3	76.8	84.6
Gross expense ratio	17.5	18.4	17.6	18.6	20.3
Combined ratio	**82.7**	**98.2**	**98.9**	**95.4**	**104.9**
Number of full-time employees 31 December	387	425	458	444	423
Other**					
Gross premium income	**-29**	**-21**	**-18**	**-18**	**-37**
Technical result	-120	0	0	-97	0
Tryg Forsikring					
Gross premium income	**17,977**	**18,652**	**19,504**	**20,314**	**19,948**
Technical result	2,423	3,032	2,496	2,492	1,572
Investment return	2	367	593	593	68
Other income and costs	-16	-39	-39	7	27
Profit/loss before tax	2,409	3,360	3,050	3,092	1,667
Run-off gains/losses, net of reinsurance	1,212	1,131	970	1,015	944
Key ratios					
Gross claims ratio	75.4	67.8	73.9	72.2	79.1
Net reinsurance ratio	-3.9	1.8	-1.8	-0.4	-2.5
Claims ratio, net of ceded business	71.5	69.6	72.1	71.8	76.6
Gross expense ratio***	15.3	14.6	15.6	16.4	16.6
Combined ratio	**86.8**	**84.2**	**87.7**	**88.2**	**93.2**
Number of full-time employees, continuing business at 31 December	3,345	3,585	3,692	3,900	4,076
Number of full-time employees, discontinued and divested business at 31 December	0	0	0	189	242

* Includes Danish general insurance and Finnish guarantee insurance.

**Amounts relating to eliminations. In 2012 discontinued business and restructuring expenses were included under 'Other'. In 2014 the costs were positively affected by a one-time effect regarding changed pension terms in Norway and they were negatively affected by a provision in connection with the transfer to the new it-supplier. The joint effect was approx DKK 135m. In 2015 costs and claims were negatively effected by DKK 80m and DKK 40m respectively due to provsioning for the efficiency programme.

*** Adjustment of gross expense ratio included only in 'Tryg Forsikring'. The adjustment is explained in a footnote to Financial highlights.

Note

DKKm		Accident and health		Health care		Worker's compensation		Motor TPL		Motor comprehensive insurance		Marine, aviation and cargo insurance	
2	**Technical result, net of reinsurance, by line of business**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	Gross premiums written	**1,652**	**1,692**	**321**	**313**	**890**	**951**	**1,980**	**2,098**	**3,680**	**3,747**	**332**	**353**
	Gross premium income	1,629	1,663	316	314	893	970	1,963	2,134	3,573	3,715	337	320
	Gross claims	- 1,026	- 1,212	- 255	- 223	- 85	- 155	- 1,164	- 1,556	- 2,446	- 2,295	- 218	- 256
	Gross operating expenses	- 219	- 224	- 32	- 37	- 103	- 108	- 339	- 337	- 542	- 555	- 41	- 39
	Profit/loss on ceded business	- 4	- 7	- 1	- 1	- 10	- 8	- 33	- 51	- 2	16	- 53	21
	Insurance technical interest, net of reinsurance	2	5	0	1	1	3	2	7	3	11	1	1
	Technical result	**382**	**225**	**28**	**54**	**696**	**702**	**429**	**197**	**586**	**892**	**26**	**47**
	Gross claims ratio	63.0	72.9	80.7	71.0	9.5	16.0	59.3	72.9	68.5	61.8	64.7	80.0
	Combined ratio	**76.7**	**86.8**	**91.1**	**83.1**	**22.2**	**27.9**	**78.2**	**91.1**	**83.7**	**76.3**	**92.6**	**85.6**
	Claims frequency*	4.4%	4.5%	130.3%	128.3%	17.6%	17.4%	5.5%	5.6%	17.9%	18.1%	21.2%	19.8%
	Average claims DKK**	29,968	33,560	3,905	4,334	65,254	79,102	17,846	22,248	10,110	10,376	75,653	111,361
	Total claims	40,135	37,228	56,697	50,173	10,469	9,463	77,164	72,195	241,311	224,791	2,871	2,470

	Fire and contents (Private)		Fire and contents (Commercial)		Change of ownership		Liability insurance		Credit and guarantee insurance		Tourist assistance insurance	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Gross premiums written	**4,363**	**4,453**	**2,427**	**2,556**	**62**	**62**	**962**	**985**	**352**	**338**	**610**	**573**
Gross premium income	4,328	4,492	2,442	2,535	64	65	958	979	347	327	607	568
Gross claims	- 3,130	- 3,139	- 3,750	- 1,957	- 118	- 63	- 612	- 917	247	16	- 580	- 450
Gross operating expenses	- 647	- 671	- 363	- 376	- 10	- 12	- 153	- 148	- 45	- 45	- 81	- 79
Profit/loss on ceded business	- 117	22	1,438	- 113	0	0	- 67	- 10	- 392	- 188	- 2	- 2
Insurance technical interest, net of reinsurance	2	12	2	7	0	0	1	3	0	1	1	2
Technical result	**436**	**716**	**- 231**	**96**	**- 64**	**- 10**	**127**	**- 93**	**157**	**111**	**- 55**	**39**
Gross claims ratio	72.3	69.9	153.6	77.2	184.4	96.9	63.9	93.7	-71.2	-4.9	95.6	79.2
Combined ratio	**90.0**	**84.3**	**109.5**	**96.5**	**200.0**	**115.4**	**86.8**	**109.8**	**54.8**	**66.4**	**109.2**	**93.5**
Claims frequency*	7.9%	7.6%	16.1%	15.8%	9.9%	9.2%	10.2%	11.3%	0.1%	0.1%	19.6%	19.4%
Average claims DKK**	8,742	9,615	116,003	62,035	26,008	20,263	68,006	81,763	790,685	1,068,663	5,893	5,673
Total claims	370,685	333,943	32,331	29,686	4,275	4,255	10,454	10,454	111	83	96,774	79,007

	Other insurance***)		Total exclusive of Norwegian Group Life		Norwegian Group Life, one-year policies		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Gross premiums written	**59**	**75**	**17,690**	**18,196**	**460**	**476**	**18,150**	**18,672**
Gross premium income	60	84	17,517	18,166	460	486	17,977	18,652
Gross claims	- 46	- 14	- 13,183	- 12,221	- 379	- 429	- 13,562	- 12,650
Gross operating expenses	- 95	- 15	- 2,670	- 2,646	- 50	- 43	- 2,720	- 2,689
Profit/loss on ceded business	- 46	- 20	711	- 341	- 1	0	710	- 341
Insurance technical interest, net of reinsurance	1	1	16	54	2	6	18	60
Technical result	**- 126**	**36**	**2,391**	**3,012**	**32**	**20**	**2,423**	**3,032**
Gross claims ratio	76.7	16.7	75.3	67.3	82.4	88.3	75.4	67.8
Combined ratio	**311.7**	**58.3**	**86.4**	**83.7**	**93.5**	**97.1**	**86.8**	**84.2**
Average claims DKK**	392,147	59,818						
Total claims	34	220						

* 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.
***) Other insurance, gross claims and gross operating expenses include restructuring costs of DKK 40m and DKK 80m, respectively, in 2015.

DKKm		2015	2014
3	**Premium income, net of reinsurance**		
	Direct insurance	18,166	18,872
	Indirect insurance	44	67
		18,210	18,939
	Unexpired risk provision	1	1
		18,211	18,940
	Ceded direct insurance	-1,103	-1,067
	Ceded indirect insurance	-61	-49
		17,047	**17,824**

	2015		2014	
Direct insurance, by location of risk	**Gross**	**Ceded**	**Gross**	**Ceded**
Denmark	9,419	-625	9,488	-689
Other EU countries	1,893	-46	1,943	-30
Other countries *)	6,855	-432	7,442	-348
	18,167	**-1,103**	**18,873**	**-1,067**

*Mainly Norway

		2015	2014
4	**Insurance technical interest, net of reinsurance**		
	Return on insurance provisions	259	414
	Discounting transferred from claims provisions	-241	-354
		18	**60**
5	**Claims, net of reinsurance**		
	Claims	-15,063	-13,376
	Run-off previous years, gross	1,500	726
		-13,563	-12,650
	Reinsurance cover received	2,061	268
	Run-off previous years, reinsurers' share	-288	405
		-11,790	**-11,977**
6	**Insurance operating costs, net of reinsurance**		
	Commissions regarding direct insurance contracts	-368	-395
	Other acquisition costs	-1,674	-1,560
	Total acquisition costs	-2,042	-1,955
	Administration expenses	-678	-734
	Insurance operating costs, gross	-2,720	-2,689
	Commission from reinsurers	102	102
		-2,618	**-2,587**
	Administative expenses include fee to the auditors appointed by the annual general meeting:		
	Deloitte	-7	-11
		-7	**-11**
	The fee is divided into:		
	Statutory audit	-3	-3
	Tax advice	-2	-1
	Other services	-2	-7
		-7	**-11**
	Expenses have been incurred for the Group´s Internal Audit Department.	-9	-10

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 36m. (DKK38m in 2014)

Insurance operating costs, gross, classified by type	2015	2014
Commissions	-368	-395
Staff expenses	-1,680	-1,463
Other staff expenses	-179	-213
Office expenses, fees and headquarter expenses	-364	-459
IT operating and maintenance costs, software expenses	-261	-272
Depreciation, amortisation and impairment losses and write-downs	-102	-108
Other income	234	221
	-2,720	**-2,689**

Total lease expenses amount to DKK 27m (DKK 26m in 2014)

Insurance operating costs and claims include the following staff expenses:	2015	2014
Salaries and wages	-2,108	-2,098
Commision	-6	-7
Allocated share options and matching shares	-5	-3
Pension plans*)	-300	143
Other social security costs	-4	-5
Payroll tax	-371	-351
	-2,794	**-2,321**

*)In 2015 defined benefit plans were included with DKK 40m.
Remuneration for the Supervisory Board and Executive Management is disclosed in note 26 'Related parties'.

	2015	2014
Average number of full-time employees during the year (continuing business)	**3,457**	**3,626**

Note

DKKm

6 Share options and matching shares

Spec. of outstanding options:

2015	Group Executive Management	Other senior employees	Other employees	Total	Per option at time of allocation DKK	Total value at time of allocation DKKm	Per option at 31 Dec. DKK	Total fair value at 31 December DKKm
	Total Numbers a)				Fair Value			
Allocation 2010-2011								
Allocated in 2010-2011, 1 January	113,450	132,860	20,590	266,900	15/14	4	55/44	14
Exercised	-113,450	-120,775	-13,570	-247,795	15/14	-4	55/44	-13
Expired	0	0	-3,335	-3,335	15/14	0	55/44	0
Outstanding options from 2010-2011 allocation 31 Dec. 2015	**0**	**12,085**	**3,685**	**15,770**		**0**		**1**
Number of options exercisable 31 Dec. 2015	0	12,085	3,685	15,770				
2014								
Allocation 2009-2011 a)								
Allocated in 2009-2011, 1 January	245,205	739,950	164,260	1,149,415	19/15/14	18	55/52	50
Exercised	-131,755	-599,090	-130,420	-861,265	19/15/14	-13	55/52	-36
Expired	0	-1,600	-2,650	-4,250	19/15/14	0	55/52	0
Outstanding options from 2009-2011 allocation 31 Dec. 2014	**113,450**	**132,860**	**20,590**	**266,900**	**0**	**5**	**0**	**14**
Number of options exercisable 31 Dec. 2014	113,450	132,860	20,590	266,900	0	0	0	0

a) In May 2015 each share with a nominal value of DKK 25 was replaced by five new shares with a nominal value of DKK 5. The share split does not changethe Group's share capital. Comparative figures have been restated to reflect the change in trading unit.

Year of allocation	Years of exercise	1 Jan. 2015	Allocation	Exercised	Cancelled	Expired	31 Dec. 2015
2010	2013-2015	220,220	0	-216,885	-3,335	0	0
2011	2014-2016	46,680	0	-30,910	0	0	15,770
Outstanding options 31 December 2015		**266,900**	**0**	**-247,795**	**-3,335**	**0**	**15,770**

The assumptions by calculating the marketvalue at time of allocation

Year of allocation	Years of exercise	Average share price at time of allocation (DKK)	Expected Volatility	Expected maturity	Risk-free interest rate	Average term to maturity 31 Dec. 2015	Average exercise share price 31 Dec. 2015
2010	2013-2015	64.01	29.20%	4 years	2.70%	0.00	0.00
2011	2014-2016	59.17	30.00%	4 years	3.00%	0.05	44.08

Tryg Forsikring did not allocate share options in 2015. At 31 December 2015, the share option plan comprised 15,770 share options (266,900 share options at 31 December 2014). Each share option entitles the holder to acquire one existing share of DKK 5 nominal value in the company.
The share option plan entitles the holders to buy 0.01 % of the share capital in the parent company Tryg A/S if all share options are exercised.

In 2015, the fair value of share options recognised in the consolidated income statement amounted to DKK 0m (DKK 0.2m in 2014).
At 31 December 2015, 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 2015. 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.

6 Matching shares

2015	Group Executive Manage-ment	Other senior employees	Total	Average per matching share at grant date DKK	Total value at time of allocation DKKm	Average per matching share at 31 December DKK	Total fair value at 31 December DKKm
	Total Numbers a)				Fair Value		
Allocated in 2015	14,415	33,740	48,155	88	4	137	7
Matching shares allocated in 2015 at 31.12.15	**14,415**	**33,740**	**48,155**	**88**	**4**	**137**	**7**
Allocated in 2011-2014	91,630	78,675	170,305	77	14	137	23
Cancelled	0	-5,780	-5,780	77	0	137	-1
Exercised	-18,000	-19,540	-37,540	77	-3	137	-5
Matching shares allocated in 2011-2014 at 31.12.15	**73,630**	**53,355**	**126,985**	**77**	**10**	**137**	**17**
Number of Matching shares exercisable 31 Dec. 2015	**6,895**	**5,500**	**12,395**				

2014	Group Executive Manage-ment	Other senior employees	Total	Average per matching share at grant date DKK	Total value at time of allocation DKKm	Average per matching share at 31 December DKK	Total fair value at 31 December DKKm
Allocated in 2014	17,355	30,055	47,410	103	5	138	1
Matching shares allocated in 2014 at 31.12.14	**17,355**	**30,055**	**47,410**	**103**	**5**	**138**	**1**
Allocated in 2011-2013	74,275	61,840	136,115	68	9	138	19
Cancelled	0	-13,220	-13,220	68	0	138	-2
Matching shares allocated in 2011-2013 at 31.12.14	**74,275**	**48,620**	**122,895**	**0**	**9**	**138**	**17**

a) In May 2015 each share with a nominal value of DKK 25 was replaced by five new shares with a nominal value of DKK 5. The share split does not changethe Group's share capital. Comparative figures have been restated to reflect the change in trading unit.

In 2011-2015, 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 2015, the reported fair value of matching shares for the Group amounted to DKK 5m (DKK 3m in 2014). At 31 December 2015, a total amount of DKK 12m was recognised for matching shares.

DKKm

		2015	2014
7	**Interest and dividends**		
	Interest income and dividends		
	Dividends	47	39
	Interest income, cash at bank and in hand	2	8
	Interest income, bonds	742	893
	Interest income, other	3	9
		794	949
	Interest expenses		
	Interest expenses subordinate loan capital and credit institutions	-90	-90
	Interest expenses, other	-6	-25
		-96	-115
		698	**834**
8	**Value adjustments**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	13	-18
	Unit trust units	57	354
	Share derivatives	14	17
	Bonds	-608	-129
	Interest derivatives	-42	596
	Other loans	0	2
		-566	822
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	17	23
	Owner-occupied property	0	-106
	Discounting	120	-741
	Other statement of financial position items	-64	-93
		73	-917
		-493	**-95**
	Exchange rate adjustments concerning financial assets or liabilities which cannot be stated at fair value total DKK 58m (DKK -179m in 2014)		
9	**Tax**		
	Tax on accounting profit/loss	-568	-823
	Difference between Danish and foreign tax rates	-26	-58
	Tax adjustment, previous years	0	-9
	Adjustment of non-taxable income and costs	-14	140
	Change in valuation of tax assets	129	-24
	Change in tax rate	65	6
	Other taxes	0	-2
		-414	**-770**
	Effective tax rate	%	%
	Tax on accounting profit/loss	23.5	24.5
	Difference between Danish and foreign tax rates	1.0	1.5
	Tax adjustment, previous years	0.0	0.5
	Adjustment of non-taxable income and costs	1.0	-4.0
	Change in valuation of tax assets	-5.5	1.0
	Change in tax rate	-3.0	-0.5
		17.0	**23.0**
10	**Profit/loss on discontinued and divested business**		
	Gross premium income	3	-3
	Gross claims	54	31
	Total insurance operating costs	7	-14
	Profit/loss before tax	64	14
	Tax	-15	-4
	Profit/loss on discontinued and divested business	**49**	**10**

Profit/loss on discontinued and divested business primarily relates to Marine Hull insurance.

DKKm

11 **Intangible assets**

2015	**Goodwill**	**Trademarks and customer relations**	**Software***	**Assets under construction***	**Total**
Cost					
Cost at 1 January	546	200	1,028	290	2,064
Exchange rate adjustments	12	5	-9	0	8
Transferred from assets under construction	0	0	127	-127	0
Additions for the year	0	0	7	134	141
Disposals for the year	0	0	0	0	0
Cost at 31 December	558	205	1,153	297	2,213
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-4	-104	-880	-92	-1,080
Exchange rate adjustments	0	-3	8	0	5
Amortisation for the year	0	-22	-78	0	-100
Amortisation and write-downs at 31 December	-4	-129	-950	-92	-1,175
Carrying amount at 31 December	**554**	**76**	**203**	**205**	**1,038**

2014					
Cost					
Cost at 1 January	381	171	936	270	1,758
Exchange rate adjustments	-23	-11	-14	-1	-49
Transferred from asset 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**

*Hereof proprietary software DKK 317m (DKK 245m at 31 December 2014)

Impairment test

Goodwill

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 and merged into Tryg Forsikring in 2015.
At 31 December 2015, 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.

The Value-in-use method is used.
Primary assumptions for impairment test:
When assessing the cash flow management has based its estimates of premiums earned on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development from past experiences. The portfolio is indexed with the wage and salary index.
Claims incurred are based on expected claims ratios, which corresponds to current levels. Moderna is adjusted for weather and large-scale claims as well.
Reinsurance is taken into account when looking at the overall technical result together with the expected cost ratio.
Required returns are based on management's own requirements for returns of the individual cash generation units and are not expected to change significantly in the near future.

Moderna

Comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres and online.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters 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 1.3bn (1.4 bn) relative to a recognised goodwill of DKK 368m (358m) and Equity of DKK 0.6bn (0.5bn) and does not indicate any impairment in 2015.

	2015	**2014**
- Earned premium assumed CAGR 0 - 10 years	2%	2%
- Earned premium assumed CAGR > 10 years	1%	1%
- Required return before tax	13%	12%
- Expected level of Combined ratio	93%	93%

Sensitivity information

Impact on equity from the following changes:

CAGR +1.0 percentage point (0 - 10 years)	25	15
CAGR -1.0 percentage point (0 - 10 years)	-24	-12
Required return +1.0 percentage point	-161	-172
Required return -1.0 percentage point	189	202
Combined ratio +1.0 percentage point	-24	-27
Combined ratio -1.0 percentage point	25	27

DKKm

Securator

In 2014, Tryg Forsikring acquired Securator A/S. The insurance activities were incorporated into the Tryg Forsikring Group's business structure in 2014 and are reporte
In 2015, Securator was merged into Tryg Forsikring A/S and is reported as part of the Swedish affinity portfolio.
Securator 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 cash flows appearing from the latest prognosis approved by management for the next 6 quarters 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 184m (238m)relative to a recognised Goodwill of DKK 184m (184m) and equity of DKK 174m (174m) and does not indicate any impairment in 2015.

	2015	2014
- Earned premium assumed CAGR 0 - 10 years	13%	12%
- Earned premium assumed CAGR > 10 years	3%	3%
- Required return before tax	11%	11%
- Expected level of Combined ratio	83 - 91%	79 - 91 %

Sensitivity information		
Impact on equity from the following changes:		
CAGR +1.0 percentage point (0 - 10 years)	6	9
CAGR -1.0 percentage point (0 - 10 years)	-5	-9
Required return +1.0 percentage point	-35	-49
Required return -1.0 percentage point	48	70
Combined ratio +1.0 percentage point	-16	-18
Combined ratio -1.0 percentage point	17	18

A decline in the growth rate of more than 1% per cent will result in a write-down of the goodwill associated with Securator. We do not expect a decline in the growth rate due to an expected expansion of the Securator business to Norway and Sweden.

Correction

During a partial supervisory review the Danish Financial Supervisory Authority (DFSA) has found that the consolidated financial statements for 2014 for Tryg A/S were insufficient as these statements do not provide sufficient information on goodwill and the impairment test made for this purpose.

It has no effect on profit for the year, total assets, liabilities or shareholders' equity in the 2014 Annual Report nor in the 2015 interim and annual reports.

The lack of information required in accordance with IAS 36, Impairment of assets, covers all primary assumptions to which the calculation of the future cash flow is most sensitive, the method used to set these assumptions and information on the growth rate used in the terminal period.

On the basis of the DFSA's partial supervisory review, Tryg has chosen to include the required information for 2015 and 2014 in the note on intangible asset, including goodwill, in the 2015 Annual Report.

Trademarks and customer relations

As at 31 December 2015 management performed a test of the carrying amounts of trademarks and customer relations as an integral part of the Moderna goodwill tes
The impairment test of the acquired agricultural portfolio is based on renewal and retention rates, which are on the expected level.
The test did not indicate any impairment.

Software and assets under construction

As at 31 December 2015 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 did not indicate any impairment.
Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value.
Software with a limited useful lifetime is amortised over 4 years using the straight-line method. Amortised software is assessed for impairment at the balance sheet date or when there are indications that the future cash flow cannot justify the carrying amount.
In the event that the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.
The recoverable amount is the higher of fair value less sales costs and value in use.

DKKm

12 **Property, plant and equipment**

2015	Operating equipment	Owner-occupied property	Assets under construction	Total
Cost				
Cost at 1 January	241	1,711	94	2,046
Exchange rate adjustments	-2	-22	-2	-26
Transferred from assets under construction	0	11	-11	0
Additions for the year	0	15	2	17
Disposals for the year	-4	0	0	-4
Cost at 31 December	235	1,715	83	2,033
Accumulated depreciation and value adjustments				
Accumulated depreciation and value adjustments at 1 January	-144	-558	-83	-785
Exchange rate adjustments	1	-3	2	0
Depreciation for the year	-34	-14	0	-48
Value adjustments for the year at revalued amount in other comprehensive income	0	4	0	4
Reversed depreciation	4	0	0	4
Accumulated depreciation and value adjustments at 31 December	-173	-571	-81	-825
Carrying amount at 31 December	**62**	**1,144**	**2**	**1,208**

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**

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 4m relating to the domicile in Bergen was subsequently included in other comprehensive income (DKK 2m in 2014). The value of the domicile in Ballerup was not changed in 2015 (DKK -106m in 2014). 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	2015	2014
Klausdalsbrovej 601, Ballerup	6.8	6.8
Folke Bernadottesvei 50, Bergen	6.5	6.5
Office property, weighted average	6.7	6.7

Sensitivity

Tryg Forsikring's property valuations are based on the market-based rental income and operating expenses of the individual property relative to the required rate of return. The most important factors impacting the valuations are the applied rates of return, annual net rental income and occupancy rates. The average rates of return applied are stated above.

Impacts on the fair value of properties:		
Increase in applied rate of return of 0.25%	-41	-46
Decrease in applied rate of return of 0.25%	45	42
Decrease in net rental income of 3%	-35	-36
Decrease in occupancy rate of 3%	-8	-8

DKKm		2015	2014
13	**Investment property**		
	Fair value at 1 January	1,828	1,831
	Exchange rate adjustments	-19	-30
	Additions for the year	31	12
	Disposals for the year	-17	-7
	Value adjustments for the year	8	23
	Reversed on sale	7	-1
	Fair value at 31 December	**1,838**	**1,828**

Total rental income for 2015 is DKK 120m (DKK 124m in 2014).

Total expenses for 2015 are DKK 31m (DKK 30m in 2014).Of this amount, expenses for non-let property total DKK 0m (DKK 4m in 2014), total expenses for the income-generating investment property are DKK 31m (DKK 26m in 2014).

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	2015	2014
Business property	7.0	7.0
Office property	6.5	6.5
Residential property	6.0	6.0
Total	6.5	6.5

Sensitivity

Tryg Forsikring's property valuations are based on the market-based rental income and operating expenses of the individual property relative to the required rate of return. The most important factors impacting the valuations are the applied rates of return, annual net rental income and occupancy rates. The average rates of return applied are stated above.

Impacts on the fair value of properties:	2015	2014
Increase in applied rate of return of 0.25%	-77	-81
Decrease in applied rate of return of 0.25%	82	85
Decrease in net rental income of 3%	-50	-61
Decrease in occupancy rate of 3%	-9	-11

		2015	2014
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	24	14
	Exchange rate adjustments	-2	-1
	Dividend received, this year	-32	0
	Reversed on sale	-4	-1
	Value adjustments for the year	42	12
	Revaluations at 31 December	28	24
	Carrying amount at 31 December	**229**	**225**

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 %
2015						
Komplementarselskabet af 1. marts 2006 ApS, Denmark	0	0	0	0	0	50
Ejendomsselskabet af 1. marts 2006 P/S, Denmark	1,107	248	859	60	150	25
AS Eidsvåg Fabrikker, Norway	47	7	40	16	5	28
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	44	6	39	15	3	28

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

DKKm

15 Financial assets	2015	2014
Financial assets at fair value with value adjustments in the income statement	40,220	43,030
Derivative financial instruments at fair value used for hedge accounting with value adjustment in other comprehensive income	55	142
Receivables measured at amortised cost with value adjustment in the income statement	3,389	2,885
Total financial assets	**43,664**	**46,057**

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

Financial liabilities

Derivative financial instruments at fair value with value adjustments in the income statement	598	799
Derivative financial instruments at fair value with value adjustments in other comprehensive income	14	0
Financial liabilities at amortised cost with value adjustment in the income statement	8,119	7,129
Total financial liabilities	**8,731**	**7,928**

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

2015	Quoted market prices	Observable input	Non-observable input	Total
Equity investments	0	0	138	138
Unit trust units	3,589	0	0	3,589
Bonds	18,254	17,450	1	35,705
Deposits with credit institutions	0	0	0	0
Derivative financial instruments, assets	0	843	0	843
Derivative financial instruments, debt	0	-612	0	-612
	21,843	17,681	139	39,663

2014				
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

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:	2015	2014
Carrying amount at 1 January	129	150
Exchange rate adjustments	-1	-4
Gains/losses in the income statement	3	-18
Purchases	11	8
Sales	-3	-8
Transfers to/from the group 'non-observable input'	0	1
Carrying amount at 31 December	**139**	**129**
Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments	2	-18

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 2015.

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-417m (DKK -438m in 2014).

DKKm

15 **Total financial assets (continued)**

Sensitivity information	**2015**	**2014**
Impact on equity from the following changes:		
Interest rate increase of 0.7-1.0 percentage point	-153	34
Interest rate fall of 0.7-1.0 percentage point	-161	-95
Equity price fall of 12 %	-297	-371
Fall in property prices of 8 %	-239	-239
Exchange rate risk (VaR 99)	-14	-11
Loss on counterparties of 8 %	-372	-399

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.

Derivative financial instruments (continued)

Derivatives with value adjustments in the income statement at fair value:	**2015**		**2014**	
	Nominal	**Fair value in statement of financial position**	**Nominal**	**Fair value in statement of financial position**
Interest derivatives	27,415	283	25,882	434
Share derivatives	47	0	477	0
Exchange rate derivatives	8	-52	7,790	85
Derivatives according to statement of financial position	27,470	231	34,149	519
Inflation derivatives, recognised in claims provisions	5,366	-417	3,221	-438
	32,836	-186	37,370	81
Due after less than 1 year	9,210	-56	16,592	86
Due within 1 to 5 years	10,638	-106	11,121	-70
Due after more than 5 years	12,988	-24	9,657	65

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		**2015**			**2014**	
income	**Gains**	**Losses**	**Net**	**Gains**	**Losses**	**Net**
Gains and losses at 1 January	2,152	-2,162	-10	1,787	-1,988	-201
Reversed hedges in profit/loss						
Value adjustments for the year	344	-258	86	365	-174	191
Gains and losses at 31 December	**2,496**	**-2,420**	**76**	**2,152**	**-2,162**	**-10**

Value adjustments	**2015**	**2014**
Value adjustments of foreign entities recognised in other comprehensive income in the amount of:		
Value adjustments at 1 January	23	201
Value adjustment for the year	-89	-178
Value adjustments at 31 December	**-66**	**23**

Total financial assets

Receivables		
Total receivables in connection with direct insurance contracts	1,261	1,231
Receivables from insurance enterprises	199	208
Receivables from Group undertakings	494	718
Unsettled transactions	120	0
Reverse repos	370	0
Other receivables	375	224
	2,819	**2,381**
Specification of write-downs on receivables from insurance contracts:		
Write-downs at 1 January	107	112
Exchange rate adjustments	-3	-4
Write-downs and reversed write-downs for the year	12	-1
Write-downs at 31 December	**116**	**107**

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 53m (DKK 54m in 2014).

Receivables in connection with insurance contracts include overdue receivables totalling:		
Falling due:		
Within 90 days	116	164
After 90 days	135	122
	251	**286**

Other receivables do not contain overdue receivables

16 **Reinsurer's share**

Reinsurers' share	3,179	1,958
Write-downs after impairment test	-3	-20
	3,176	**1,938**

Impairment test
As at 31 December 2015, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts and receivables. The impairment test resulted in impairment charges totalling DKK 3m (DKK 20m in 2014).
Write-downs for the year include reversed write-downs totalling DKK 30m (DKK 0m in 2014).
There is no overdue reinsurers' share other than the share alredy provided for.

17 **Current tax**

Net current tax at 1 January	-443	-278
Exchange rate adjustments	16	26
Current tax for the year	-513	-646
Current tax on equity entries	-96	-47
Adjustment of current tax in respect of previous years	0	-25
Tax paid for the year	779	527
Net current tax at 31 December	**-257**	**-443**
Current tax is recognised in the statement of finansiel position as follows:		
Under assets, current tax	100	0
Under liabilities, current tax	-357	-443
Net current tax	**-257**	**-443**

DKKm		2015	2014
18	**Premium provisions**		
	Premium provision at 1 January	5,767	6,176
	Adjustment regarding Norwegian Group life beginning of year	-124	0
	Value adjustments of provisions, beginning of year	-53	-202
	Paid in the financial year	17,311	17,692
	Change in premiums in the financial year	-17,372	-17,908
	Exchange rate adjustments	-13	9
	Premium provisions at 31 December	5,516	5,767
	Other 1)	57	43
		5,571	**5,810**

1) Comprises premium provisions for Tryg Garantiforsikring A/S

Claims provisions

2015	Gross	Ceded	Net of reinsurance
Claims provisions at 1 January	24,601	-1,272	23,329
Adjustment regarding Norwegian Group life beginning of year	124	0	124
Value adjustments of provisions , beginning of year	-464	32	-432
	24,261	-1,240	23,021
Paid in the financial year in respect of the current year	-6,676	37	-6,639
Paid in the financial year in respect of prior years	-6,011	414	-5,597
	-12,687	451	-12,236
Change in claims in the financial year in respect of the current year	14,606	-2,021	12,585
Change in claims in the financial year in respect of prior years	-1,232	15	-1,217
	13,374	-2,006	11,368
Discounting and exchange rate adjustments	124	-57	67
Claims provisions at 31 December	25,072	-2,852	22,220
Other 1)	355	-151	204
	25,427	**-3,003**	**22,424**
2014			
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 adjustment	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**

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

DKKm		2015	2014
19	**Pensions and similar obligations**		
	Jubilees	50	62
	Recognised liability	**50**	**62**
	Defined-benefit pension plans:		
	Present value of pension obligations funded through operations	62	63
	Present value of pension obligations funded through establishment of funds	1,130	1,227
	Pension obligation, gross	1,192	1,290
	Fair value of plan assets	978	1,010
	Pension obligation, net	**214**	**280**
	Specification of change in recognised pension obligations:		
	Recognised pension obligation at 1 January	1,290	1,756
	Adjustment regarding plan changes not recognised in the income statement and expected estimate deviation *)	-10	-421
	Exchange rate adjustments	-74	-123
	Present value of pensions earned during the year	35	41
	Capital cost of previously earned pensions	29	38
	Acturial gains/losses	-23	58
	Paid during the period	-55	-59
	Recognised pension obligation at 31 December	**1,192**	**1,290**
	Change in carrying amount of plan assets:		
	Carrying amount of plan assets at 1 January	1,010	1,033
	Exchange rate adjustments	-58	-72
	Investments in the year	91	57
	Estimated return on pension funds	25	32
	Acturial gains/losses	-49	4
	Paid during the period	-41	-44
	Carrying amount of plan assets at 31 December	**978**	**1,010**
	Total pensions and similar obligations at 31 December	**214**	**280**
	Total recognised obligation at 31 December	**264**	**342**
	*) 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	31	38
	Interest expense on accrued pension obligation	30	39
	Expected return on plan assets	-26	-33
	Accrued employer contributions	5	6
	Effect associated with change in agreement	0	-421
	Total year's cost of defined-benefit plans	**40**	**-371**
	The premium for the following financial years is estimated at	53	53
	Number of active persons	595	714
	Number of pensioners	586	575
	Average expected remaining service time (years)	7.81	8.09
	Estimated distribution of plan assets:	%	%
	Shares	10	10
	Bonds	73	73
	Property	15	15
	Other	2	2
	Average return on plan assets	2.6	2.7
	Weighted average duration of the defined benefit obligation (years)	18	18
	Assumptions used	%	%
	Discount rate	1.9	2.1
	Estimated return on pension funds	1.9	2.1
	Salary adjustments	2.5	3.3
	Pension adjustments	0.0	0.1
	G adjustments	2.3	3.0
	Turnover	7.0	7.0
	Employer contributions	14.1	14.1
	Mortality table	K2013	K2013

DKKm		2015	2014
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	46	27
	Interest rate decrease of 0.3 percentage point	-49	-30
	Pay increase rate, increase of 1 percentage point	-99	-55
	Pay increase rate, decrease of 1 percentage point	83	45
	Turnover, increase of 2 percentage point	25	49
	Turnover, decrease of 2 percentage point	-29	-61

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 18m, which is about 4 % of the annual premium in FPK (2014).
FPK writes in its interim report for 2015 that it had a collective consolidation ratio of 114 at 30 June 2015 (consolidation ratio of 110 at 30 June 2014).
The collective consolidation ratio is defined as the fair value of the plan assets relative to the total collective pension obligations.

DKKm		2015	2014
20	**Deferred tax**		
	Tax asset		
	Operating equipment	8	11
	Debt and provisions	35	60
	Capitalised tax loss	1	1
		44	**72**
	Tax liability		
	Intangible rights	77	77
	Land and buildings	96	229
	Bonds	-39	3
	Contingency funds	612	785
		746	**1,094**
	Deferred tax	**702**	**1,022**
	Unaccrued timing differences of statement of financial position items	20	146
	Development in deferred tax		
	Deferred tax at 1 January	1,022	1,057
	Exchange rate adjustments	-115	-62
	Change in deferred tax relating to change in tax rate	13	-6
	Change in deferred tax previous years	0	-16
	Change in capitalised tax loss	0	6
	Change in deferred tax taken to the income statement	-58	22
	Change in valuation of tax asset	-128	24
	Change in deferred tax taken to equity	-32	-3
	Deferred tax at 31 December	**702**	**1,022**
	Tax value of non-capitalised tax loss		
	Sweden	0	2

Loss determined according to Swedish 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 63m (DKK14m at 31 December 2014).

		2015	2014
21	**Other provisions**		
	Other provisions at 1 January	83	73
	Change in provisions	49	10
	Other provisions 31 December	**132**	**83**

Other provisions relate to provisions for the Group's own insurance claims and restructuring costs.
Additions to the provision for restructuring costs during the year amounts to DKK 120m and reassesment of the beginning of year balance amounts to DKK -69m. The balance as at 31 December 2015 amounts to DKK 130m (DKK 79m at 31 December 2014).

		2015	2014
22	**Amounts owed to credit institutions**		
	Overdraft facilities	64	116
		64	**116**
23	**Debt relating to unsettled funds transactions and repos**		
	Unsettled fund transactions	290	885
	Repo debt	3,784	2,017
		4,074	**2,902**

Unsettled fund transactions include debt for bonds purchased in 2014 and 2015; however, with settlement in 2015 and 2016, respectively.

DKKm

24 **Contractual obligations, collateral and contingent liabilities**

Contractual obligations — **Obligations due by period**

2015	**<1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**
Operating leases	66	110	76	56	308
Other contractual obligations	282	103	0	0	385
	348	**213**	**76**	**56**	**693**

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

In august 2015 Tryg Forsikring and Skandia have signed an agreement whereby Tryg will acquire Skandia's activities within child and adult accident insurance and integrate them into its Swedish business, Moderna Forsäkringar. The transaction is subject to regulatory approvals and the parties expect it to be completed in second half 2016. Hereafter Tryg will take over the control of the portfolios. The acquisition has no effect on the financial statement for 2015.

Tryg Forsikring has signed the following contracts with amounts above DKK 50m:
Outsourcing agreement with TCS for DKK 156m for a 4 year period, which expires in 2017.
Lease contracts on premises for DKK 265m. The contracts expire after 5 years.

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:	**2015**	**2014**
Equity investments in associates	14	15
Equity investments	138	128
Unit trust units	3,589	3,884
Bonds	32,121	34,273
Deposits with credit institutions	0	667
Receivables relating to reinsurance	0	439
Interest and rent receivable	281	337
Equity investments in and receivables from Group undertakings which have been eliminated in the consolidated financial statements	2,706	1,730
Total	**38,849**	**41,473**

Offsetting and collateral in relation to financial assets and obligations

				Collateral which is not offset in the statement of financial position		
2015	Gross amount before offsetting	Offsetting	According to the statement of financial position	Bonds as collateral for repos/reverse repos	Collateral in cash	Net amount
Assets						
Reverse repos	370	0	370	-370	0	0
Derivative financial instruments	843	0	843	0	-940	-97
	1,213	**0**	**1,213**	**-370**	**-940**	**-97**
Liabilities						
Repo debt	3,784	0	3,784	-3,784	-1	-1
Derivative financial instruments	612	0	612	0	-641	-29
Inflation derivatives, recognised in claims provisions	417	0	417	0	-421	-4
	4,813	**0**	**4,813**	**-3,784**	**-1,063**	**-34**
2014						
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**

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 2015.

DKKm

25 **Acquisition of subsidiaries**

2015

In august 2015 Tryg Forsikring and Skandia have signed an agreement whereby Tryg will acquire Skandia's activities within child and adult accident insurance. See note 24 for further information.

2014

In 2014 the Tryg Forsikring Group has taken control of Securator A/S and 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'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**
Intangible assets	0
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. The purchase price is final.
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.

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.

	2015	**2014**
Premium income		
- TryghedsGruppen smba	0.3	0.3
- Key management	0.3	0.3
- Other related parties	1.9	2.5
Claims payments		
- TryghedsGruppen smba	0.1	0.1
- Key management	0.0	0.1
- Other related parties	0.5	0.3

Specification of remuneration

2015	**Number of persons**	**Basis salary**	**Variable salary**	**Pension**	**Total***
Supervisory Board	13	6	0	0	6
Executive Management	3	21	2	5	28
Risk-takers	8	19	1	5	25
	24	**46**	**3**	**10**	**59**

*) Exclusive of severance pay

Of which retired	**Number of persons**	**Severance pay**
Supervisory Board	1	0
Risk-takers	2	14
	3	**14**

The maximum amount paid in severance pay to an individual is DKK 7m.

2014	**Number of persons**	**Basis 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**
Risk-takers	2	0
	2	**0**

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

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 Danish Salaried Employees Act, as such claims are regarded as being included in the severance pay

DKKm

26 **Related parties (continued)**

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.

	2015	2014
Intra-group trading involved:		
- Providing and receiving services	0	1

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 39

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 2015 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:

- 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.

The accounting policies have been applied consistently with last year.

Accounting regulation
Implementation of changes to accounting standards and interpretation in 2015
The International Accounting Standards Board (IASB) 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 2015 that will have a significant impact on the group.

There has not been implemented any new or amended standards and interpretations that have affected the group significantly.

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

- Executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA[1]
- IFRS 15 'Revenue from Contracts with Customers'[2]
- IFRS 9 'Financial Instruments'[2]

[1] enters into force for the accounting year commencing 1 January 2016.
[2] enters into force for the accounting year commencing 1 January 2018 or later.

The changes will be implemented going forward from 2015

The new executive order will affect recognition and measurement in the Parent and Group's financial reporting in the following areas.

- Premium provisions, section 69 of the executive order.
  - Under the general rules, a profit margin must be calculated showing the expected earnings on the Group's insurance portfolio. The profit margin must be specified in the income statement and statement of financial position. Under the exemptions, premium provisions with a risk period of up to one year may be calculated applying the current principles.

- Claims provisions, section 70 of the executive order.
  - Claims provisions are calculated according to the same principle as is the case today; however, the provisions must be divided into claims provisions and risk margin. The risk margin equates to the amount which a third party would require to take over the obligation. The claims provisions are expected to change following the transition to a new interest curve.

- Discounting
  - The executive order prescribes a change from applying a yield curve issued by the Danish Financial Supervisory Authority to applying a new yield curve published by EIOPA – the new yield curve is expected to be at a lower level.
- Balance sheet and income statement format – new line items including profit margin and risk margin

- The presentation of the income statement and the statement of financial position will change slightly as the Group's expected profit margin and risk margin must be stated – the changed presentation is not expected to affect the Group's earnings or financial position.

- It is Tryg Forsikring's assessment that the amendments to the Executive Order from 2016 can be accommodated within IFRS, therefore it is not expected that any differences between the Parent Company and the consolidated financial statements as a result of the new accounting regulation.

Changes to accounting estimates
There have been no changes to the accounting estimates in 2015

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 accounting policies. The areas involving a higher degree of judgement or complexity, 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 11.*

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 2015 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. 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.

Share option programme
The share option programme was closed in 2012

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

Equity-settled 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 debt to group undertakings.

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 and in accordance with Tryg Forsikring's in-house rules on trading in the Group's shares. The options are settled in shares.

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. When the bonus is granted, employees can choose between receiving shares 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 Tryg A/S for each share the Executive management member or risk taker acquires in 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 debt to group undertakings. 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 & 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.

Costs for group developed software that are directly connected with the production of identifiable and unique software products, where there is sufficient certainty that future earnings will exceed the costs in more than one year, are reported as intangible assets. Direct costs include personnel costs for software development and directly attributable relevant fixed costs. All other costs connected with the development or maintenance of software are continuously charged as expenses.

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 contracts 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
Assets and liabilities of foreign entities are recognised using the exchange rate applicable at the statement of financial position date. Income and expense items are recognised using the average monthly exchange rates for the period. Any resulting differences are recognised in Other comprehensive income. When an entity is wound up, the balance is transferred to the income statement. The hedging of the currency risk in respect of foreign entities is also offset in other comprehensive income in respect of the part that concerns the hedge.

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 transaction 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, which are based on input Cf. note 20.

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.
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	2015	2014
	General insurance		
	Gross premiums written	17,800	18,343
	Ceded insurance premiums	-946	-854
	Change in premium provisions	72	280
	Change in reinsurers' share of premium provisions	-5	-63
2	**Premium income, net of reinsurance**	**16,921**	**17,706**
3	**Insurance technical interest, net of reinsurance**	**18**	**59**
	Claims paid	-13,023	-13,561
	Reinsurance cover received	427	1,257
	Change in claims provisions	-785	893
	Change in the reinsurers' share of claims provisions	1,600	-526
4	**Claims, net of reinsurance**	**-11,781**	**-11,937**
	Bonus and premium discounts	**-234**	**-288**
	Acquisition costs	-2,099	-2,009
	Administration expenses	-666	-719
	Acquisition costs and Administration expenses	-2,765	-2,728
	Reinsurance commissions and profit participation from reinsurers	24	31
5	**Insurance operating costs, net of reinsurance**	**-2,741**	**-2,697**
6	**Technical result**	**2,183**	**2,843**
	Investment activities		
7	Income from Group undertakings	434	84
	Income from associates	2	-2
	Income from investment property	10	60
8	Interest income and dividends	782	935
9	Value adjustments	-506	7
8	Interest expenses	-96	-115
	Administration expenses in connection with investment activities	-79	-61
	Total investment return	**547**	**908**
3	Return on insurance provisions	-258	-412
	Total Investment return after insurance technical interest	**289**	**496**
	Other income	81	81
	Other costs	-97	-120
	Profit/loss before tax	**2,456**	**3,300**
10	Tax	-461	-710
	Profit/loss on continuing business	**1,995**	**2,590**
11	Profit/loss on discontinued and divested business	49	10
	Profit/loss for the year	**2,044**	**2,600**
	Proposed distribution for the year:		
	Dividend	2,750	2,400
	Transferred to Other reserves	-104	-392
	Equalisation reserve	22	60
	Transferred to Net revaluation as per equity method	8	9
	Transferred to Retained profits	-632	523
		2,044	**2,600**

Statement of comprehensive income

DKKm	2015	2014
Profit/loss for the year	**2,044**	**2,600**
Other comprehensive income which cannot subsequently be reclassified as profit or loss		
Change in equalisation provision and other provisions	21	26
Change in taxrates on security provisions	141	0
Revaluation af owner-occupied property for the year	4	2
Tax on revaluation of owner-occupied property for the year	2	-1
Actuarial gains/losses on defined-benefit pension plans	-12	-46
Tax on actuarial gains/losses on defined-benefit pension plans	3	12
	159	-7
Other comprehensive income which can subsequently be reclassified as profit or loss		
Exchange rate adjustments of foreign entities for the year	-89	-178
Hedging of currency risk in foreign entities for the year	86	191
Tax on hedging of currency risk in foreign entities for the year	-21	-47
	-24	-34
Total other comprehensive income	**135**	**-41**
Comprehensive income	**2,179**	**2,559**

Statement of financial position

DKKm		2015	2014
Notes			
	Assets		
12	**Intangible assets**	**1,037**	**984**
13	Operating equipment	62	96
	Total property, plant and equipment	**62**	**96**
14	**Investment property**	**224**	**1,204**
15	Investments in Group undertakings	3,695	2,606
16	Equity investments in associates	14	15
	Total investments in Group undertakings and associates	**3,709**	**2,621**
	Equity investments	138	128
	Unit trust units	3,589	3,884
	Bonds	35,063	36,331
	Deposits with credit institutions	0	667
	Derivative financial instruments	843	1,318
17	**Total other financial investment assets**	**39,633**	**42,328**
	Total investment assets	**43,566**	**46,153**
	Reinsurers' share of premium provisions	146	197
	Reinsurers' share of claims provisions	2,852	1,272
18	**Total reinsurers' share of provisions for insurance contracts**	**2,998**	**1,469**
	Receivables from policyholders	1,250	1,225
	Total receivables in connection with direct insurance contracts	1,250	1,225
	Receivables from insurance enterprises	199	208
	Receivables from Group undertakings	523	729
	Other receivables	828	216
17	**Total receivables**	**2,800**	**2,378**
19	Current tax assets	100	0
	Cash at bank and in hand	364	467
	Total other assets	**464**	**467**
	Interest and rent receivable	274	324
	Other prepayments and accrued income	314	308
	Total prepayments and accrued income	**588**	**632**
	Total assets	**51,515**	**52,179**

Statement of financial position

DKKm		2015	2014
Notes			
	Equity and liabilities		
	Equity	**10,322**	**11,843**
1	**Subordinate loan capital**	**1,698**	**1,768**
20	Premium provisions	5,516	5,767
20	Claims provisions	25,072	24,601
	Provisions for bonus and premium discounts	573	610
	Total provisions for insurance contracts	**31,161**	**30,978**
	Pensions and similar liabilities	264	342
21	Deferred tax liability	574	841
22	Other provisions	131	83
	Total provisions	**969**	**1,266**
	Debt relating to direct insurance	600	562
	Debt relating to reinsurance	314	160
23	Amounts owed to credit institutions	56	114
24	Debt relating to unsettled funds transactions and repos	4,049	2,793
17	Derivative financial instruments	611	795
	Debt to Group undertakings	483	317
19	Current tax liabilities	283	423
	Other debt	927	1,115
	Total debt	**7,323**	**6,279**
	Accruals and deferred income	**42**	**45**
	Total equity and liabilities	**51,515**	**52,179**
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 2014	**1,100**	**80**	**323**	**106**	**848**	**6,986**	**2,400**	**11,843**
2015								
Profit/loss for the year			8	22	-104	-632	2,750	2,044
Other comprehensive income	0	6	-24	-1	22	132	0	135
Total comprehensive income	0	6	-16	21	-82	-500	2,750	2,179
Dividend paid							-3,700	-3,700
Total changes in equity in 2015	**0**	**6**	**-16**	**21**	**-82**	**-500**	**-950**	**-1,521**
Equity at 31 December 2015	**1,100**	**86**	**307**	**127**	**766**	**6,486**	**1,450**	**10,322**
Equity at 31 December 2013	**1,100**	**79**	**348**	**61**	**888**	**6,808**	**2,456**	**11,740**
2014								
Profit/loss for the year			9	60	-81	212	2,400	2,600
Other comprehensive income	0	1	-34	-15	41	-34	0	-41
Total comprehensive income	0	1	-25	45	-40	178	2,400	2,559
Dividend paid			5				-2,456	-2,456
Total changes in equity in 2014	**0**	**1**	**-25**	**45**	**-351**	**178**	**-56**	**103**
Equity at 31 December 2014	**1,100**	**80**	**323**	**106**	**848**	**6,986**	**2,400**	**11,843**

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 2,516m (DKK 2,622m in 2014).
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.

Notes

DKKm				2015	2014
1	**Risk management and Capital management**				
	Please refer to the note 1 in Tryg Forsikring Group				
2	**Premium income, net of reinsurance**				
	Direct insurance			17,828	18,556
	Indirect insurance			43	66
				17,871	18,622
	Unexpired risk provision			1	1
				17,872	18,623
	Ceded direct insurance			-890	-868
	Ceded indirect insurance			-61	-49
				16,921	**17,706**

	Direct insurance, by location of risk	2015		2014	
		Gross	**Ceded**	**Gross**	**Ceded**
	Denmark	9,208	-480	9,291	-490
	Other EU countries	1,825	-16	1,883	-30
	Other countries*	6,796	-394	7,383	-348
		17,829	**-890**	**18,557**	**-868**
	*Mainly Norway				

		2015	2014
3	**Insurance technical interest, net of reinsurance**		
	Return on insurance provisions	258	413
	Discounting transferred from claims provisions	-240	-354
		18	**59**
4	**Claims, net of reinsurance**		
	Claims	-15,015	-13,310
	Run-off previous years, gross	1,207	642
		-13,808	-12,668
	Reinsurance cover received	2,041	240
	Run-off previous years, reinsurers' share	-14	491
		-11,781	**-11,937**
5	**Insurance operating costs, net of reinsurance**		
	Commission regarding direct insurance business	-368	-396
	Other acquisition costs	-1,731	-1,613
	Total acquisition costs	-2,099	-2,009
	Administration expenses	-666	-719
	Insurance operating costs, gross	-2,765	-2,728
	Commission from reinsurers	24	31
		-2,741	**-2,697**
	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:		
	Salaries and wages	-2,044	-2,032
	Commision	-6	-7
	Allocated share options and matching shares	-3	-2
	Pension	-290	153
	Other social security costs	-4	-4
	Payroll tax	-360	-343
		-2,707	**-2,235**
	Remuneration for the Supervisory Board and Executive Management is disclosed in note 28 'Related parties'.		
	Average number of full-time employees during the year (continuing business)	**3,409**	**3,577**
	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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross premiums written	**1,652**	**1,692**	**321**	**313**	**890**	**951**	**1,980**	**2,098**	**3,680**	**3,747**	**332**	**353**
Gross premium income	1,629	1,663	316	314	893	970	1,963	2,134	3,573	3,715	337	320
Gross claims	- 1,026	- 1,212	- 255	- 223	- 85	- 155	- 1,164	- 1,556	- 2,446	- 2,295	- 218	- 256
Gross operating expenses	- 228	- 232	- 33	- 38	- 107	- 112	- 353	- 350	- 564	- 575	- 43	- 41
Profit/loss on ceded business	- 4	- 7	- 1	- 1	- 10	- 8	- 33	- 51	- 2	16	- 53	21
Insurance technical interest, net of reinsurance	2	5	0	1	1	3	2	7	3	11	1	1
Technical result	**373**	**217**	**27**	**53**	**692**	**698**	**415**	**184**	**564**	**872**	**24**	**45**
Gross claims ratio	63.0	72.9	80.7	71.0	9.5	16.0	59.3	72.9	68.5	61.8	64.7	80.0
Combined ratio	**77.2**	**87.3**	**91.5**	**83.4**	**22.6**	**28.4**	**79.0**	**91.7**	**84.3**	**76.8**	**93.2**	**86.3**
Claims frequency a)	4.4%	4.5%	130.3%	128.3%	17.6%	17.4%	5.5%	5.6%	17.9%	18.1%	21.2%	19.8%
Average claims DKK b)	29,968	33,560	3,905	4,334	65,254	79,102	17,846	22,248	10,110	10,376	75,653	111,361
Total claims	40,135	37,228	56,697	50,173	10,469	9,463	77,164	72,195	241,311	224,791	2,871	2,470

	Fire and contents (Private)		Fire and contents (Commercial)		Change of ownership		Liability		Credit & guarantee insurance		Tourist assistance insurance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross premiums written	**4,362**	**4,453**	**2,428**	**2,555**	**62**	**62**	**962**	**985**	**2**	**8**	**610**	**573**
Gross premium income	4,328	4,493	2,443	2,536	64	65	958	979	7	9	607	568
Gross claims	- 3,130	- 3,138	- 3,750	- 1,957	- 118	- 63	- 612	- 917	0	- 2	- 580	- 450
Gross operating expenses	- 673	- 696	- 378	- 390	- 10	- 13	- 159	- 154	- 1	- 1	- 84	- 82
Profit/loss on ceded business	- 117	22	1,437	- 113	0	0	- 68	- 10	- 1	- 1	- 2	- 2
Insurance technical interest, net of reinsurance	2	12	2	7	0	0	1	3	0	0	1	2
Technical result	**410**	**693**	**- 246**	**83**	**- 64**	**- 11**	**120**	**- 99**	**5**	**5**	**- 58**	**36**
Gross claims ratio	72.3	69.8	153.5	77.2	184.4	96.9	63.9	93.7	0.0	22.2	95.6	79.2
Combined ratio	**90.6**	**84.8**	**110.2**	**97.0**	**200.0**	**116.9**	**87.6**	**110.4**	**28.6**	**44.4**	**109.7**	**94.0**
Claims frequency a)	7.9%	7.7%	16.1%	15.8%	9.9%	9.2%	10.2%	11.3%			19.6%	19.4%
Average claims DKK b)	8,742	9,856	116,003	62,035	26,008	20,263	68,006	81,763			5,893	5,673
Total claims	370,685	325,806	32,331	29,686	4,275	4,255	10,454	10,454			96,774	79,007

	Other insurance c)		Total		Norwegian Group Life One-year policies		Total including Group Life	
	2015	2014	2015	2014	2015	2014	2015	2014
Gross premiums written	**58**	**77**	**17,339**	**17,867**	**461**	**476**	**17,800**	**18,343**
Gross premium income	58	83	17,176	17,849	462	486	17,638	18,335
Gross claims	- 45	- 15	- 13,429	- 12,239	- 379	- 429	- 13,808	- 12,668
Gross operating expenses	- 82	- 1	- 2,715	- 2,685	- 50	- 43	- 2,765	- 2,728
Profit/loss on ceded business	- 43	- 21	1,103	- 155	- 3	0	1,100	- 155
Insurance technical interest, net of reinsurance	1	1	16	53	2	6	18	59
Technical result	**- 111**	**47**	**2,151**	**2,823**	**32**	**20**	**2,183**	**2,843**
Gross claims ratio	77.6	18.1	78.2	68.6	82.4	88.3	78.3	69.1
Combined ratio	**293.1**	**44.6**	**87.6**	**84.5**	**93.5**	**97.1**	**87.7**	**84.8**
Claims frequency*								
Average claims DKK**	392,147	59,818						
Total claims	34	220						

a) 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.
b) Average claims are total claims before run-off in the year relative to the number of claims in the year.
c) Other insurance, gross claims and gross operating expenses include restructuring costs of DKK 40m and DKK 80m, respectively, in 2015.

DKKm		2015	2014
7	**Income from Group undertakings**		
	Vesta Ejendomme AS	24	20
	Respons Inkasso AS	1	1
	Thunes Vei 2 AS	5	9
	Tryg Garantiforsikring A/S	108	84
	Tryg Ejendomme A/S*	296	-30
		434	**84**
	*Tryg Ejendomme A/S and Ejendomsselskabet af 8. maj 2008 A/S was merged at 1.1.2015 with Tryg Ejendomme as the continuing company		
	Securator A/S and Optimal Djurförsäkring i Norr AB was merged into Tryg forsikring A/S at 1.1.2015		
8	**Interest income and dividends**		
	Interest income and dividends		
	Dividends	47	39
	Interest income cash at bank and in hand	2	7
	Interest income bonds	730	880
	Interest income other	3	9
		782	935
	Interest expenses		
	Interest expenses subordinate loan capital and credit institutions	-90	-90
	Interest expenses others	-6	-25
		-96	-115
		686	**820**
9	**Value adjustments**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	13	-17
	Unit trust units	57	353
	Share derivatives	15	17
	Bonds	-604	-119
	Interest derivatives	-42	596
	Other loans	0	2
		-561	832
	Value adjustmentss concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	0	9
	Discounting	120	-738
	Other statement of financial position items	-65	-96
		55	-825
		-506	**7**
	Exchange rate adjustments concerning financial assets or liabilities which cannot be stated to fair value total DKK 53m (in 2013 DKK 184m).		
10	**Tax**		
	Tax on accounting profit/loss	-478	-788
	Difference between Danish and foreign tax rates	-23	-56
	Tax adjustment, previous years	0	-9
	Change in tax rate	54	4
	Change in valuation of tax loss carried forward	0	1
	Adjustment non-taxable income and expenses	-14	140
	Other taxes	0	-2
		-461	**-710**
	Effective tax rate	%	%
	Tax on Profit/loss for the year	23.5	24.5
	Difference between Danish and foreign tax rate	1.0	1.5
	Tax adjustment, previous year	0.0	0.5
	Change in tax rate	-2.5	0.0
	Adjustment non-taxable income and costs	0.5	-4.5
		22.5	**22.0**

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

DKKm		2015	2014
11	**Profit/loss on discontinued and divested business**		
	Gross premium income	3	-3
	Gross claims	54	31
	Total insurance operating costs	7	-14
	Profit/loss on gross business	64	14
	Technical result	64	14
	Profit/loss before tax	64	14
	Tax	-15	-4
	Profit/loss on discontinued and divested business	**49**	**10**

Profit/loss on discontinued and divested business primarily relates to Marine Hull insurance

12 Intangible assets

2015	Goodwill	Trademarks and customer relations	Software*	Assets under construction*	Total
Cost					
Cost at 1 January	546	201	1,007	290	2,044
Exchange rate adjustments	12	4	-8	-1	7
Transferred to assets held for sale	0	0	0	0	0
Transferred from asset under construction	0	0	127	-127	0
Additions for the year	0	0	7	134	141
Disposals for the year	0	0	0	0	0
Cost at 31 December	558	205	1,133	296	2,192
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-4	-104	-860	-92	-1,060
Exchange rate adjustments	0	-3	8	0	5
Amortisation for the year	0	0	-78	0	-78
Impairment losses and write-downs for the year	0	-22	0	0	-22
Amortisation and write-downs at 31 December	-4	-129	-930	-92	-1,155
Carrying amount at 31 December	**554**	**76**	**203**	**204**	**1,037**

*Hereof proprietary software DKK 317m (DKK 245m at 31 December 2014)

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	-23	-10	-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	188	0	28	107	323
Disposals for the year	0	0	-8	0	-8
Cost at 31 December	546	201	1,007	290	2,044
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	-4	-20	-80	0	-104
Reversed amortisation	0	0	9	0	9
Amortisation and write-downs at 31 December	-4	-104	-860	-92	-1,060
Carrying amount at 31 December	**542**	**97**	**147**	**198**	**984**

DKKm

12 Intangible assets (continued)

Impairment test

Goodwill

In 2014, Tryg acquired Securator A/S, Optimal Djurförsäkring i Norr AB and Codan's agricultural portfolio. The insurance activities were incorporated into the Tryg Group's business structure and merged into Tryg in 2015.
At 31 December 2015, 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.

The Value-in-use method is used.
Primary assumptions for impairment test:
When assessing the cash flow management has based its estimates of premiums earned on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development from past experiences. The portfolio is indexed with the wage and salary index.
Claims incurred are based on expected claims ratios, which corresponds to current levels. Moderna is adjusted for weather and large-scale claims as well.
Reinsurance is taken into account when looking at the overall technical result together with the expected cost ratio.
Required returns are based on management's own requirements for returns of the individual cash generation units and are not expected to change significantly in the near future.

Moderna

Comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres and online.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters 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 1.3bn (1.4 bn) relative to a recognised goodwill of DKK 368m (358m) and Equity of DKK 0.6bn (0.5bn) and does not indicate any impairment in 2015.

	2015	2014
- Earned premium assumed CAGR 0 - 10 years	2%	2%
- Earned premium assumed CAGR > 10 years	1%	1%
- Required return before tax	13%	12%
- Expected level of Combined ratio	93%	93%

Sensitivity information

Impact on equity from the following changes:		
CAGR +1.0 percentage point (0 - 10 years)	25	15
CAGR -1.0 percentage point (0 - 10 years)	-24	-12
Required return +1.0 percentage point	-161	-172
Required return -1.0 percentage point	189	202
Combined ratio +1.0 percentage point	-24	-27
Combined ratio -1.0 percentage point	25	27

Securator

In 2014, Tryg acquired Securator A/S. The insurance activities were incorporated into the Tryg Group's business structure in 2014 and are reported under Sweden.
In 2015, Securator was merged into Tryg Forsikring A/S and is reported as part of the Swedish affinity portfolio.
Securator 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 cash flows appearing from the latest prognosis approved by management for the next 6 quarters 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 184m (238m)relative to a recognised Goodwill of DKK 184m (184m) and equity of DKK 174m (174m) and does not indicate any impairment in 2015.

	2015	2014
- Earned premium assumed CAGR 0 - 10 years	13%	12%
- Earned premium assumed CAGR > 10 years	3%	3%
- Required return before tax	11%	11%
- Expected level of Combined ratio	83 - 91%	79 - 91 %

Sensitivity information

Impact on equity from the following changes:		
CAGR +1.0 percentage point (0 - 10 years)	6	9
CAGR -1.0 percentage point (0 - 10 years)	-5	-9
Required return +1.0 percentage point	-35	-49
Required return -1.0 percentage point	48	70
Combined ratio +1.0 percentage point	-16	-18
Combined ratio -1.0 percentage point	17	18

A decline in the growth rate of more than 1% per cent will result in a write-down of the goodwill associated with Securator. We do not expect a decline in the growht rate due to an expected expansion of the Securator business to Norway and Sweden.

Trademarks and customer relations

As at 31 December 2015, management performed a test of the carrying amounts of trademarks and customer relations as an integral part of the Moderna goodwill test.
The impairment test of the acquired agricultural portfolio is based on renewal and retention rates, which are on the expected level..
The test did not indicate any impairment.

Software and assets under construction

As at 31 December 2015 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 did not indicate any impairment.
Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value.
Software with a limited useful lifetime is amortised over 4 years using the straight-line method. Amortised software is assessed for impairment at the balance sheet date or when there are indications that the future cash flow cannot justify the carrying amount.
In the event that the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.
The recoverable amount is the higher of fair value less sales costs and value in use.

DKKm		2015	2014
13	**Operating equipment**		
	Cost		
	Cost at 1 January	239	237
	Exchange rate adjustments	-2	-5
	Additions for the year	0	7
	Disposals for the year	-3	0
	Cost at 31 December	234	239
	Amortisations and impairment write-downs		
	Amortisation and write-downs at 1 January	-143	-115
	Exchange rate adjustments	1	2
	Amortisation for the year	-32	-30
	Amortisation and write-downs at 31 December	-172	-143
	Carrying amount 31 December	**62**	**96**

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

		2015	2014
14	**Investment property**		
	Fair value at 1 January	1,204	1,210
	Exchange rate adjustments	-12	-15
	Additions for the year	15	8
	Disposals for the year	-983	-7
	Value adjustments for the year	0	5
	Reversed on sale	0	3
	Fair value at 31 December	**224**	**1,204**

Total rental income for 2015 is DKK 14m (DKK 82m in 2014).

Total expenses for 2015 are DKK 3m (DKK 24m in 2014). Of this amount, not-hired property is DKK 0.4m (DKK 3m in 2014).
The total expenses at the income leading investment property are DKK 2.6m (DKK 21m in 2014).

External experts were involved in valuing some 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:

	2015	2014
Return percentages, weighted average		
Business property	6.4	6.9
Office property	6.4	6.2
Residential property	6.0	6.0
	6.4	**6.3**

		2015	2014
15	**Investments in Group undertakings**		
	Cost		
	Cost at 1 January	2,969	2,986
	Exchange rate adjustments	-13	-17
	Additions for the year	876	0
	Cost at 31 December	3,832	2,969
	Revaluations to equity value		
	Revaluations at 1 January	322	348
	Exchange rate adjustments	-18	-23
	Revaluations during the year	31	28
	Dividend paid	-28	-31
	Revaluations at 31 December	307	322
	Write downs		
	Write downs at 1 January	-685	-722
	Exchange rate adjustments	-1	-2
	Dividend paid	-175	0
	Reversel of write-downs made in the previous year (profit for the year)	417	54
	Disposals for the year	0	-15
	Write downs at 31 December	-444	-685
	Carrying amount at 31 December	**3,695**	**2,606**

Name and registered office	**Ownership share in %**		**Profit/loss for the year**		**Shareholders equity**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Vesta Ejendomme AS, Bergen	100	100	24	21	432	456
Respons Inkasso AS, Bergen	100	100	1	1	6	5
Thunes Vei 2 AS, Bergen	100	100	5	8	94	99
Tryg Garantiforsikring A/S, Ballerup	100	100	108	84	432	487
Tryg Ejendomme A/S, Ballerup*	100	100	296	-30	2,731	1,559

*Tryg Ejendomme A/S and Ejendomsselskabet af 8. maj 2008 A/S was merged at 1.1.2015 with Tryg Ejendomme as the continuing company
Securator A/S and Optimal Djurförsäkring i Norr AB was merged into Tryg forsikring A/S at 1.1.2015

DKKm							2015	2014
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						15	18
	Exchange rate adjustments						-1	-3
	Revaluations at 31 December						14	15
	Carrying amount at 31 December						**14**	**15**

Shares in associates according to the latest annual report:

2015 **Name and registered office**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit/Loss of the year**	**Ownership share in %**
AS Eidsvåg Fabrikker, Norway	47	7	40	16	5	28

2014 **Name and registered office**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit/Loss of the year**	**Ownership share in %**
AS Eidsvåg Fabrikker, Norway	44	6	39	15	3	28

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

		2015	2014
17	**Other financial investment assets**		
	Sensitivity information		
	Impact on equity from the following changes:		
	Interest rate increase of 0.7-1.0 percentage point	-149	38
	Interest rate fall of 0.7-1.0 percentage point	-165	-100
	Equity price fall of 12 %	-297	-371
	Fall in property prices of 8 %	-239	-239
	Exchange rate risk (VaR 99)	-14	-11
	Loss on counterparties of 8 %	-368	-395
	Risk on subsidaries	-1	-1

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.

	2015	2014
Receivables		
Receivables from insurance	1,449	1,433
Receivables from Group undertakings	523	729
Other receivables	828	216
	2,800	**2,378**
Specification of write-downs on receivables from insurance contracts		
Write-downs at 1 January	109	115
Exchange rate adjustments	-4	-5
Transferred to assets held for sale and write-downs and reversed write-downs for the year	0	-1
Reversed writedowns	**12**	**0**
Write-downs at 31 December	**117**	**109**

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 53m in 2015 (DKK 54m in 2014).

DKKm		2015	2014
18	**Reinsurer's share**		
	Reinsurers' share	3,001	1,484
	Write-downs after impairment test	-3	-15
		2,998	**1,469**

Impairment test
As at 31 December 2015, 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 3m (DKK 16m in 2014).
Write-downs for the year include reversed write-downs totalling DKK 25m (DKK 0m i 2014).
There is no overdue reinsurers' share other than the share alredy provided for.

		2015	2014
19	**Current tax**		
	Net current tax, 1 January	-423	-239
	Exchange rate adjustments	17	28
	Current tax for the year	-442	-594
	Current tax on equity entries	-96	-47
	Adjustment of current tax in respect of previous years	0	-25
	Tax paid for the year	761	454
	Net current tax at 31 December	**-183**	**-423**
	Current tax is recognised in the statement of financial position as follows:		
	Under assets, current tax	100	0
	Under liabilities, current tax	-283	-423
	Net current tax	**-183**	**-423**

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

		2015	2014
21	**Deferred tax**		
	Tax asset		
	Operating equipment	9	11
	Debt and provisions	34	60
		43	**71**
	Tax liability		
	Intangible rights	77	77
	Land and buildings	17	93
	Bonds and loans secured by mortgages	-38	3
	Contingency funds	561	739
		617	**912**
	Deferred tax	**574**	**841**
	Development in deferred tax		
	Deferred tax at 1 January	-841	891
	Exchange rate adjustments	112	-58
	Change in deferred tax relating to change in tax rate	49	-4
	Change in deferred tax previous years	0	-16
	Change in deferred tax taken to the income statement	74	46
	Change in deferred tax taken to equity	32	-18
	Deferred tax at 31 December	**-574**	**841**

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 -63m. (DKK -1m in 2014).

DKKm		2015	2014
22	**Other provisions**		
	Other provisions 1 January	83	73
	Change in provisions	48	10
	Other provisions 31 December	**131**	**83**

Other provisions relate to provisions for the Group's own insurance claims and restructuring costs.
Additions to the provision for restructuring costs during the year amounts to DKK 120m and reassesment of the beginning of year balance amounts to DKK -69m. The balance as at 31 December 2015 amounts to DKK 130m (DKK 79m at 31 December 2014).

		2015	2014
23	**Amounts owed to credit institutions**		
	Overdraft facilities	56	114
		56	**114**
24	**Debt relating to unsettled funds transactions and repos**		
	Unsettled fund trading	264	776
	Repo debt	3,785	2,017
		4,049	**2,793**

Unsettled fund transactions include debt for bonds purchased in 2014 and 2015; however, with settlement in 2015 and 2016 respectively.

		2015	2014
25	**Capital adequacy**		
	Solvency margin	3,138	3,295
	Shareholder's equity according to annual report	10,322	11,843
	Deduction regarding subsidaries*	-166	-145
	Tier 1 capital	10,156	11,698
	Subordinate loan capital	1,707	1,482
	Proposed dividend	-1,450	-2,400
	Value of intangible assets	-1,037	-984
	Discounting	-339	-228
	Capital adequancy subsidiary undertaking, Individual Solvency Requirement is applied in 2015	-231	-53
	Total capital base	**8,806**	**9,515**
	Total distributable capital base	**5,668**	**6,220**

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

26 Contractual obligations, collateral and contingent liabilities

	Obligations due by period				
2015	**0-1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**
Operating leases	66	110	76	56	308
Other contractual obligations	239	104	0	0	343
	305	**214**	**76**	**56**	**651**

Contractual obligations	Obligations due by period				
2014	**0-1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**
Operating leases	62	101	71	67	301
Other contractual obligations	372	83	0	0	455
	434	**184**	**71**	**67**	**756**

In august 2015 Tryg forsikring and Skandia have signed an agreement whereby Tryg forsikring will acquire Skandia's activities within child and adult accident insurance integrate them into its Swedish business, Moderna Försäkringar. The transaction is subject to regulatory approvals and the parties expect it to be completed in second half 2016. Hereafter Tryg forsikring will take over the control of the portfolios. The acquisition has no effect on the financial statement for 2015.

Tryg has signed the following contracts with amounts above DKK 50m:
Outsourcing agreement with TCS for DKK 156m for a 4 year period, which expires in 2017.
Lease contracts on premises for DKK 265m. The contracts expire after 5 years.
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 1,5bn.

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.

	2015	2014
Tryg Forsikring A/S has registered the following assets as having been held as security for the insurance provisions:		
Equity investments in associates	14	15
Equity investments	138	128
Unit trust units	3,589	3,884
Bonds	31,504	33,538
Deposits with credit institutions	0	667
Interest and rent receivable	274	324
Equity investments in and receivables from Group undertakings	2,706	1,730
Total	**38,225**	**40,286**

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 2015.

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	0.3
- Other related parties	1.9	2.5
Claims paid		
- TryghedsGruppen smba	0.1	0.1
- Key management	0.0	0.1
- Other related parties	0.5	0.3

Specification of remuneration

2015	Number of persons	Basic wage	Variable wage	Pension	Total*
Supervisory Board	13	6	0	0	6
Executive Management	3	21	2	5	28
Risk-takers	8	19	1	5	25
	24	**46**	**3**	**10**	**59**

*) Exclusive severance pay

Of which retired	Number of persons	Severance pay
Supervisory Board	1	0
Risk-takers	2	14
	3	**14**

There has not been paid any severance pay to an individual of more than DKK 7m.

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.

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 Forsrikring group 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 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	13	9
Intra-group account	488	-448

Transactions between Tryg Forsikring A/S, Tryg A/S and group undertakings are conducted on an arm's length basis.
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.

DKKm		2015	2014
29	**Reconciliation of profit/loss and equity**		
	Profit/loss reconciliation		
	Profit/loss - IFRS	2,044	2,600
	Profit/loss - Danish FSA executive order	**2,044**	**2,600**
	Equity reconciliation		
	Equity - IFRS	10,307	11,828
	Deferred tax provisions for contingency funds	15	15
	Equity - Danish FSA executive order	**10,322**	**11,843**
30	**Financial highlights**		
	Please refer to next page		
31	**Accounting policies**		
	Please refer to the Note 28 Accounting policies in Tryg Forsikring Group.		

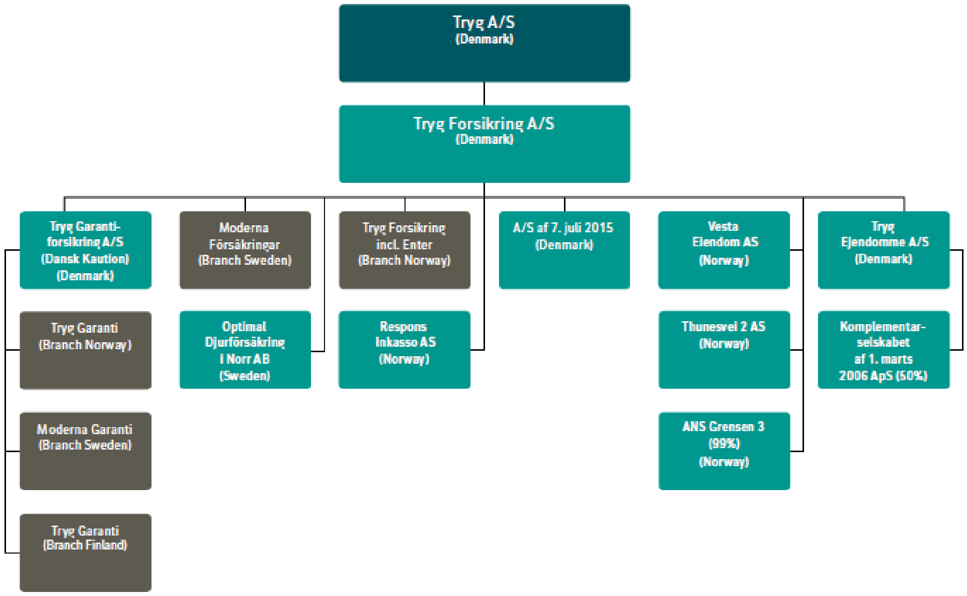
NOTES

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

DKKm	2015	2014	2013	2012	2011
Gross premium income	**17,638**	**18,335**	**19,188**	**20,035**	**19,735**
Gross claims	-13,808	-12,668	-13,525	-14,479	-15,663
Total insurance operating costs	-2,765	-2,728	-3,179	-3,320	-3,285
Profit/loss on gross business	1,065	2,939	2,484	2,236	787
Profit/loss on ceded business	1,100	-155	-283	98	543
Insurance technical interest, net of reinsurance	18	59	61	59	169
Technical result	**2,183**	**2,843**	**2,262**	**2,393**	**1,499**
Investment return after insurance technical interest	289	496	770	632	66
Other income	81	81	99	105	136
Other costs	-97	-120	-139	-99	-108
Profit/loss for the year before tax	**2,456**	**3,300**	**2,992**	**3,031**	**1,593**
Tax	-461	-710	-579	-794	-395
Profit/loss for the year, continuing business	**1,995**	**2,590**	**2,413**	**2,237**	**1,198**
Profit/loss on discontinued and divested business after tax *	49	10	-4	28	-9
Profit/loss for the year	**2,044**	**2,600**	**2,409**	**2,265**	**1,189**
Run-off gains/losses, net of reinsurance	1,193	1,133	970	1,010	941
Relative run-off gains/losses	5.1	4.8	3.9	4.1	4.0
Statement of financial position					
Total provisions for insurance contracts	31,161	30,978	32,086	33,926	33,928
Total reinsurers' share of provisions for insurance contracts	2,998	1,469	1,999	2,116	1,938
Total equity	10,322	11,843	11,740	10,889	8,985
Total assets	51,515	52,179	53,152	54,496	53,244
Key ratios					
Gross claims ratio	78.3	69.1	70.5	72.3	79.4
Business ceded as a percentage of gross premiums	-6.2	0.8	1.5	-0.5	-2.8
Claims ratio, net of ceded business	72.1	69.9	72.0	71.8	76.6
Gross expense ratio	15.7	14.9	16.6	16.6	16.6
Combined ratio	**87.8**	**84.8**	**88.6**	**88.4**	**93.2**
Operating ratio	87.6	84.5	88.2	88.1	92.5
Return on equity after tax and before discontinued and divested business (%)	18.0	22.0	21.3	22.5	13.8
Return on equity after tax and discontinued and divested business (%)	18.4	22.0	21.3	22.8	13.7
Solvency ratio (Solvency I)	2.8	2.9	2.9	2.5	2.3

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

Organisation chart



Group chart at 1 January 2016. 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 Forsikring 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 Forsikring Garantiforsikring A/S.

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