

Half-year report 2016

Tryg Forsikring A/S

(CVR-no. 24260666)

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Company details

Supervisory Board

Jørgen Huno Rasmussen, chairman

Torben Nielsen, deputy chairman

Tom Eileng

Anders Hjulmand

Lene Skole

Jesper Hjulmand

Tina Snejbjerg

Bill-Owe Johansson

Mari Thjømøe

Lone Hansen

Ida Sofie Jensen

Carl-Viggo Östlund

Executive Board

Morten Hübbe

Christian Baltzer

Lars Bonde

Internal audit

Jens Galsgaard

Independent auditors

Deloitte, Statsautoriseret Revisionspartnerselskab

Ownership

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

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Management's report

Income overview Tryg Forsikring Group

DKKm	H1	H1	
	2016	2015	2015
Gross premium income	8,689	9,001	17,977
Gross claims	-5,681	-7,062	-13,562
Total insurance operating costs	-1,291	-1,366	-2,720
Profit/loss on gross business	1,717	573	1,695
Profit/loss on ceded business	-381	672	710
Insurance technical interest, net of reinsurance	-4	9	18
Technical result	1,332	1,254	2,423
Investment return after insurance technical interest	201	180	-15
Other income and costs	3	-21	-16
Profit/loss before tax	1,536	1,413	2,392
Tax	-325	-325	-409
Profit/loss on continuing business	1,211	1,088	1,983
Profit/loss on discontinued and divested business after tax	0	43	49
Profit/loss *	1,211	1,131	2,032
Run-off gains/losses, net of reinsurance	649	568	1,212
Key figures			
Total equity	9,903	10,432	10,120
Return on equity after tax (%) *	24.4	20.4	19.5
Premium growth in local currencies	-0.5	-0.9	-0.8
Gross claims ratio	65.4	78.5	75.4
Net reinsurance ratio	4.4	-7.5	-3.9
Claims ratio, net of reinsurance	69.8	71.0	71.5
Gross expense ratio	15.1	15.4	15.3
Combined ratio	84.9	86.4	86.8
Run-off, net of reinsurance (%)	-7.5	-6.3	-6.7
Large claims, net of reinsurance (%)	1.8	3.1	3.4
Weather claims, net of reinsurance (%)	2.1	3.0	3.4
Combined ratio on business areas			
Private	86.2	86.2	85.4
Commercial	80.0	81.4	83.6
Corporate	83.9	91.5	90.7
Sweden	90.3	85.0	83.5

*) From 1 January 2016 Tryg has implemented Executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA, which prescribes applying a new yield curve and a new way of calculating Return on equity after tax (%). Comparative figures have been restated accordingly. See details of the new yield curve in note 6 Accounting policies.

Tryg Forsikring's results

Results H1 2016

Profit after tax was DKK 1,211m (DKK 1,131m). The combined ratio was 84.9 (86.4), primarily due to a lower level of large claims and weather claims. The investment income was DKK 201m (DKK 180m), mainly due to a high return on the match portfolio. The claims ratio, net of ceded business, was 69.8 (71.0) due to the below-mentioned lower level of large claims and weather claims, but also a higher underlying claims level. As mentioned below, Tryg Forsikring has initiated price and claims initiatives to improve profitability.

Capital

In Q2 2016, own funds totalled DKK 11,145m, which means that Tryg Forsikring has a solvency ratio of 219 and 182 based on the partial internal model and the standard formula, respectively.

On 29 April 2016, Tryg Forsikring was assigned an 'A2' financial strength rating with a positive outlook from Moody's. Additionally, Moody's has assigned a Baa1 rating to the subordinated debt issued by Tryg Forsikring. At the same time, Tryg Forsikring decided to terminate the rating agreement with Standard & Poor's (S&P).

On 19 May 2016, Tryg Forsikring issued Solvency II-compliant Tier 2 capital in the form of a subordinated callable bond issue of SEK 1,000m. This issue utilises the full Tier 2 capacity of 50% of the solvency capital requirement.

Other events in H1 2016

In H1 2016, Tryg Forsikring A/S was notified of proceedings instituted by the Finance Sector Union of Norway (Finansforbundet) on behalf of a group of pensioners. The action concerns an adjustment made to the pension schemes of Norwegian employees in 2014. The Finance Sector Union of Norway has not yet quantified its claim, but according to Tryg Forsikring's preliminary calculations, the claim will not exceed a maximum of approximately DKK 0.3bn after tax for the persons affected by the adjustment. Tryg Forsikring does not agree that the adjustment was wrongful. Consequently, Tryg Forsikring expects an action to be resolved in court and does not expect a ruling to be made for the next eighteen months to two years.

Private

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 branches. The business area accounts for 49% of the Group's total premium income.

Key figures - Private

	Q2	Q2	H1	H1	2015
DKKm	2016	2015	2016	2015	2015
Gross premium income	2,148	2,226	4,285	4,420	8,803
Gross claims	-1,416	-1,408	-3,002	-3,087	-6,074
Gross expenses	-312	-340	-617	-675	-1,291
Profit/loss on gross business	420	478	666	658	1,438
Profit/loss on ceded business	-26	-47	-73	-47	-148
Insurance technical interest, net of reinsurance	-1	3	-2	4	8
Technical result	393	434	591	615	1,298
Run-off gains/losses, net of reinsurance	70	67	143	177	324
Key ratios					
Premium growth in local currency (%)	0.3	-0.3	0.6	0.0	0.3
Gross claims ratio	65.9	63.3	70.1	69.8	69.0
Net reinsurance ratio	1.2	2.1	1.7	1.1	1.7
Claims ratio, net of reinsurance	67.1	65.4	71.8	70.9	70.7
Gross expense ratio	14.5	15.3	14.4	15.3	14.7
Combined ratio	81.6	80.7	86.2	86.2	85.4
Combined ratio exclusive of run-off	84.9	83.7	89.5	90.2	89.1
Run-off, net of reinsurance (%)	-3.3	-3.0	-3.3	-4.0	-3.7
Large claims, net of reinsurance (%)	0.4	0.0	0.2	0.0	0.3
Weather claims, net of reinsurance (%)	1.4	0.5	3.0	3.9	4.5

Results H1 2016

The technical result was DKK 591m (DKK 615m). The combined ratio was 86.2 (86.2) with a higher claims level and a lower expense level.

Premium growth in local currencies was 0.6 (0.0), which represented an improvement of 0.6 percentage points compared to H1 2015, primarily due to the development in the Danish part of Private.

The claims ratio, net of ceded business, was 71.8 (70.9), which represented a slightly higher underlying level of 0.9 percentage points, primarily due to developments in house and travel insurance.

Results for Q2

Private had a technical result of DKK 393m (DKK 434m) and a combined ratio of 81.6 (80.7). The results are positively affected by Tryg Forsikring's efficiency programme and still a slightly higher underlying claims ratio of 0.7. The initiatives for improving profitability, especially for house and travel insurance, continue and have led to a slight underlying improvement compared to Q1 2016.

Premiums

Gross premium income rose by 0.3% (-0.3%) when measured in local currencies. The positive development continued in the Danish part of Private with premium growth of 1.4% as a combination of consistently high sales levels and a high retention ratio. The member bonus paid to Danish customers on 1 June 2016 impacted premium developments positively in Q2 2016. In the Norwegian part of Private, premiums were down 0.9%, which was mainly due to a lower level of sales. The retention rate was 90.0

(89.7) for the Danish part of the business and 86.5 (86.5) in Norway. The development in premiums was generally satisfactory, when taking account of the fact that car sales are still dominated by very small cars in the Danish part of Private, which is leading to a lower average premium for the motor portfolio, as well as the conversion of products for approximately 200,000 customers in Denmark during the quarter.

Claims

The gross claims ratio was 65.9 (63.3). The claims ratio, net of ceded business, stood at 67.1 (65.4) and was influenced by a slightly higher level of weather claims, but also a higher level of run-off gains of 3.3 (3.0). The underlying claims level was 0.7 percentage points higher in Q2 2016 compared to Q2 2015. The primary reason is a consistently higher level of travel and house insurance claims, especially in the Danish part of Private. A combination of minor price adjustments and claims initiatives has been initiated, but the conversion to the newest house insurance product is also expected to improve profitability due to a more risk-adjusted price. To reduce the number of pipe claims, in particular, a number of loss adjusters with expertise in this area have been employed.

Expenses

The expense ratio for Private was 14.5 (15.3), which represents a satisfactory development that to some extent was also impacted by fluctuations in commission-related expenses. In the Norwegian part of the Private business, a comprehensive restructuring process was initiated in Q2. This will lead to job cuts in the administration, which will not impact results in 2016, but which will have a significant impact in 2017.

The number of employees totalled 917 at the end of the quarter against 933 at the end of 2015.

Commercial

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

Key figures - Commercial

DKKm	Q2	Q2	H1	H1	2015
	2016	2015	2016	2015	
Gross premium income	977	997	1,944	2,000	3,992
Gross claims	-626	-555	-1,173	-1,220	-2,612
Gross expenses	-172	-171	-341	-346	-683
Profit/loss on gross business	179	271	430	434	697
Profit/loss on ceded business	-7	-52	-43	-61	-44
Insurance technical interest, net of reinsurance	0	1	0	2	5
Technical result	172	220	387	375	658
Run-off gains/losses, net of reinsurance	22	64	142	207	388
Key ratios					
Premium growth in local currency (%)	0.4	-4.3	-0.5	-3.3	-2.9
Gross claims ratio	64.1	55.7	60.3	61.0	65.4
Net reinsurance ratio	0.7	5.2	2.2	3.1	1.1
Claims ratio, net of reinsurance	64.8	60.9	62.5	64.1	66.5
Gross expense ratio	17.6	17.2	17.5	17.3	17.1
Combined ratio	82.4	78.1	80.0	81.4	83.6
Combined ratio exclusive of run-off	84.7	84.5	87.3	91.8	93.3
Run-off, net of reinsurance (%)	-2.3	-6.4	-7.3	-10.4	-9.7
Large claims, net of reinsurance (%)	2.1	4.5	2.0	8.1	6.7
Weather claims, net of reinsurance (%)	0.3	0.2	1.1	2.1	2.8

Results H1 2016

The technical result was DKK 387m (DKK 375m). The combined ratio was 80.0 (81.4). The lower level was primarily due to a lower level of large claims.

Premium in local currencies dropped by 0.5% (-3.3%), representing an improvement of 2.5 percentage points compared to H1 2015 when taking into account the higher level from bonus and premium rebates.

The claims ratio, net of ceded business, was 62.5 (64.1), which represented a slightly higher underlying level of 2.4 percentage points partly due to a higher level of medium-sized claims.

Results for Q2

Premiums

Gross premium income totalled DKK 977m (DKK 997m), representing a growth of 0.4% when measured in local currencies (-4.3%). The quarter was positively impacted by a lower level of premium discounts corresponding to approximately 1%.

The retention ratio was 87.2 (87.5) for Denmark and 87.5 (87.6) for Norway. The development in Denmark is primarily a reflection of customers' reaction to the price initiatives introduced to improve profitability.

The customer bonus for Commercial customers in Denmark is expected to positively impact retention rates going forward.

Claims

The gross claims ratio was 64.1 (55.7), and the claims ratio, net of ceded business, was 64.8 (60.9). The development in the claims ratio, net of ceded business, is attributable to a lower run-off level, a lower level of large claims and a higher underlying claims level partly due to a higher number of medium-sized claims. The higher underlying claims level was primarily due to a consistently higher level of property claims, which has been mitigated through a combination of repricing and pruning of the portfolio.

Expenses

The expense ratio was 17.6 (17.2), reflecting a too high expense ratio level. In the Norwegian part of Commercial, a restructuring initiative was implemented in Q2 2016. This will lead to lower expense ratio level in 2017, but will not have any significant impact in 2016.

At the end of Q2 2016, Commercial had 497 employees, down from 527 employees at the end of Q4 2015.

Corporate

Corporate sells insurance products to corporate customers under the brands 'Tryg Forsikring' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti Forsikring'. Sales are effected both via Tryg Forsikring's own sales force and via insurance brokers. Moreover, customers with international insurance needs are served by Corporate through its cooperation with the AXA Group. The business area accounts for 21% of the Group's total premium income.

Key figures - Corporate

DKK m	Q2	Q2	H1	H1	
	2016	2015	2016	2015	2015
Gross premium income	921	993	1,841	1,961	3,894
Gross claims	-558	-1,693	-1,066	-2,347	-3,987
Gross expenses	-100	-109	-207	-224	-420
Profit/loss on gross business	263	-809	568	-610	-513
Profit/loss on ceded business	-107	906	-273	776	877
Insurance technical interest, net of reinsurance	0	2	0	3	5
Technical result	156	99	295	169	369
Run-off gains/losses, net of reinsurance	137	42	285	112	351
Key ratios					
Premium growth in local currency (%)	-3.7	-1.4	-2.9	-0.2	0.0
Gross claims ratio	60.6	170.5	57.9	119.7	102.4
Net reinsurance ratio	11.6	-91.2	14.8	-39.6	-22.5
Claims ratio, net of reinsurance	72.2	79.3	72.7	80.1	79.9
Gross expense ratio	10.9	11.0	11.2	11.4	10.8
Combined ratio	83.1	90.3	83.9	91.5	90.7
Combined ratio exclusive of run-off	98.0	94.5	99.4	97.2	99.7
Run-off, net of reinsurance (%)	-14.9	-4.2	-15.5	-5.7	-9.0
Large claims, net of reinsurance (%)	8.9	8.3	5.8	6.1	8.2
Weather claims, net of reinsurance (%)	0.1	0.9	1.2	1.8	2.2

Results H1 2016

The technical result was DKK 295m (DKK 169m). The combined ratio was 83.9 (91.5), and the lower level was primarily due to a higher run-off level.

Premium in local currencies dropped 2.9 (-0.2), down 2.7 percentage points compared to H1 2015.

The claims ratio, net of ceded business, was 72.7 (80.1), and the lower level was, as mentioned above, primarily due to a higher run-off level.

Results for Q2

The technical result amounted to DKK 156m (DKK 99m), and the combined ratio stood at 83.1 (90.3). The higher technical result is due to a higher run-off level.

Premiums

Gross premium income totalled DKK 921m (DKK 993m), down 3.7% when measured in local currencies. The development reflects the loss of a number of large customers, especially in Norway, and a consistently competitive environment, where the brokers in Norway are particularly active. In Norway, the low oil price is also leading to a more competitive environment, especially in the western areas where the oil-related industries are very important. In Sweden, premium developments were positive. A 4% increase in premium income also reflected the company's very strong position in the broker channel, where brokers appreciate the service and knowledge offered by the Moderna Corporate organisation.

Premium developments in Denmark were more or less unchanged compared to Q2 2015. This was attributable to a positive customer reaction to the payment of customer dividend, especially for the direct distribution, which outweighed a more competitive broker sales channel.

Claims

The gross claims ratio stood at 60.6 (170.5), while the claims ratio, net of ceded business, was 72.2 (79.3). The very high gross claims level in Q2 2015 was due to one very large claim, which was, however, largely covered by Tryg Forsikring's reinsurance agreements. The level of large claims and weather claims was slightly lower than in 2015. The underlying claims level was somewhat higher, but this was mainly due to a higher level of medium-sized claims, especially in Sweden, which saw a number of fire claims.

Expenses

The expense ratio was 10.9 (11.0), which represents a satisfactory improvement. Like the other business areas in Norway, Corporate also reduced the number of employees in the quarter, which will have a positive impact on the expense ratio in 2017.

The number of employees in Corporate stood at 260, down from 265 at the end of 2015.

Sweden

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, Moderna Barnförsäkringar and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres, partners and online. The business area accounts for 7% of the Group's total premium income.

Key figures - Sweden

DKKm	Q2	Q2	H1	H1	2015
	2016	2015	2016	2015	
Gross premium income	338	342	627	631	1,317
Gross claims	-222	-209	-439	-417	-852
Gross expenses	-65	-61	-126	-121	-246
Profit/loss on gross business	51	72	62	93	219
Profit/loss on ceded business	-1	0	-1	2	-1
Insurance technical interest, net of reinsurance	-1	0	-2	0	0
Technical result	49	72	59	95	218
Run-off gains/losses, net of reinsurance	51	49	79	72	149
Key ratios					
Premium growth in local currency (%)	-1.8	-1.8	-1.6	-2.6	-3.1
Gross claims ratio	65.7	61.1	70.0	66.1	64.7
Net reinsurance ratio	0.3	0.0	0.2	-0.3	0.1
Claims ratio, net of reinsurance	66.0	61.1	70.2	65.8	64.8
Gross expense ratio	19.2	17.8	20.1	19.2	18.7
Combined ratio	85.2	78.9	90.3	85.0	83.5
Combined ratio exclusive of run-off	100.3	93.2	102.9	96.4	94.8
Run-off, net of reinsurance (%)	-15.1	-14.3	-12.6	-11.4	-11.3
Large claims, net of reinsurance (%)	0.0	0.0	0.0	0.0	0.0
Weather claims, net of reinsurance (%)	0.3	0.3	1.3	2.5	1.7

Results H1 2016

The technical result was DKK 59m (DKK 95m). The combined ratio was 90.3 (85.0). The higher level was primarily ascribable to profit sharing, fire claims and the development in claims from extended warranty insurance of electronic goods.

Premium in local currencies dropped by 1.6% (-2.6%), which – given the termination of a number of large agreements – was a satisfactory development.

The claims ratio, net of ceded business, was 70.2 (65.8), which was affected by a higher underlying claims level and profit sharing.

Results

Sweden posted a technical result of DKK 49m (DKK 72m) and a combined ratio of 85.2 (78.9). The weaker result can be ascribed to the fact that the claims level relating to the extended warranty insurance for electronics remains high. The result is, however, also impacted by profit sharing based on previous years' results corresponding to approximately SEK 7m. In Q2, the results were impacted by a number of fire claims, which stood out due to the size of the portfolio.

Premiums

Premium income totalled DKK 338m (DKK 342m), equating to a fall of 1.8% (-1.8%) when measured in local currencies. Adjusting for the profit-sharing agreement, premium growth was slightly negative. The development in premium income was influenced by the cancellation of the affinity agreements with

ICA and a generally competitive market. The development in premium income was positively affected by a continued positive development in sales via Moderna's digital solution as well as a positive development in the retention rate.

Claims

The gross claims ratio totalled 65.7 (61.1). The increase was due to, the above-mentioned profit-sharing agreement, a number of fire claims in Q2 2016 and a higher level of extended warranty insurance claims. Initiatives to mitigate the higher level of extended warranty insurance claims have been implemented and encompass price hikes, increased excess levels and the re-negotiation of repair workshop contracts.

Expenses

The expense ratio was 19.2 (17.8), which primarily reflects the development in premium income and the profit-sharing agreement, but which also illustrates the need to cut costs.

The number of employees was 333 at the end of the quarter, down 5 from 338 at the end of 2015.

Investment activities

Return - Investments				Investment assets					
DKKm	H1 2016	H1 2015	2015	H1 2016	H1 2016(%)	H1 2015	H1 2015(%)	30.06.2016	31.12.2015
Free portfolio, gross return	187	323	232	2	0.8	1	0.4	258	265
Match portfolio, regulatory deviation and performance	127	1	-16	46	1.2	-34	-0.7	4,411	3,602
Other financial income and expenses	-113	-144	-231	39	7.7	3	1.4	537	484
Total investment return	201	180	-15	4	1.9	0	0.0	203	0
				36	8.4	4	1.0	447	412
				35	4.2	21	2.1	734	837
				-13	0.0	33	3.0	569	712
Interest rate and credit exposure	149	2.1	28	0.4	7,159	6,312			
Equity exposure	-16	-0.6	242	8.7	2,446	2,374			
Investment property	54	2.6	53	2.5	2,082	2,052			
Total gross return	187	1.5	323	2.6	11,687	10,738			

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

Return - match portfolio

DKKm	H1 2016	H1 2015	2015
Return, match portfolio	704	-55	140
Value adjustments, changed discount rate	-497	180	103
Transferred to insurance technical interest	-80	-124	-259
Match, regulatory deviation and performance	127	1	-16
Hereof:			
Match, regulatory deviation	30	-14	12
Match, performance	97	15	-28

Investment return in H1 2016

The return of Tryg Forsikring's investment activities totalled DKK 201m in H1 2016. The result is composed of a return of DKK 187m on the free portfolio, a net return of DKK 127m on the match portfolio and other financial income and expenses of DKK -113m.

Outlook

The market situation in Denmark is more or less unchanged compared to the end of 2015. Unemployment in Denmark is expected to fall slightly in 2016 from 4.8% in 2015 to 4.6% in 2016, and car sales continue to be dominated by small cars. In Denmark, total car sales for April and May were 20.5% higher than in the prior-year period. The Norwegian economy is still impacted by very low oil prices and a weakened Norwegian currency. Tryg Forsikring is only to a very limited extent exposed to the oil sector – both directly and indirectly, but of course Tryg Forsikring has also seen some impact from companies related to the oil industry, for example in the seismic industry. Unemployment in Norway is expected to increase further from 4.1% in 2015 to 4.4% in 2016. Car sales in Norway in April and May were 8.7% higher than in the prior-year period.

For 2016, Tryg Forsikring has communicated an expected growth in premium income of between 0% and 2%. This includes the acquisition of Skandia's Child insurance, which is expected to be included in Q3 2016 and to have a positive impact of approximately 0.5%. Based on the development in Q2 and especially renewals in Corporate, premium growth for 2016 will, as mentioned in the interim report for Q1 2016, probably be at the low end of the previously communicated premium growth outlook. The approval of a customer bonus scheme by the representatives of TryghedsGruppen is also expected to support the long-term development in premium income.

In 2016, weather claims and large claims, net of reinsurance, 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.

The curve used to discount technical provisions has changed 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 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.

Statement by the Supervisory Board and the Executive Management

The Supervisory Board and the Executive Management have today considered and adopted the interim report for the first half-year of 2016 of Tryg Forsikring A/S and the Tryg Forsikring Group.

The report, which is unaudited and has not been reviewed by the company's auditors, is presented in accordance with IAS 34 Interim Financial Reporting and the Danish Financial Business Act. The report for the parent company is presented in accordance with the Danish Financial Supervisory Authority's regulations on financial reports for insurance companies and transverse pension funds.

In our opinion, the report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2016 and of the results of the Group's and the parent company's activities and the cash flows of the period of the Group.

We are furthermore of the opinion that the Management's report includes a fair review of the developments in the activities and financial position of the Group and the parent company, the results for the period and of the Group's and the parent company's financial position in general and describes the principal risks and uncertainties that the Group and parent company face.

Ballerup, 12.07.2016

Executive Management:

Morten Hübbe
Group CEO

Christian Baltzer
Group CFO

Lars Bonde
Group Executive Vice President

Supervisory Board:

Jørgen Huno Rasmussen
Chairman

Torben Nielsen
Deputy chairman

Carl-Viggo Östlund

Tom Eileng

Anders Hjulmand

Lone Hansen

Jesper Hjulmand

Ida Sofie Jensen

Bill-Owe Johansson

Lene Skole

Tina Snejbjerg

Mari Thjømøe

Tryg Forsikring Group

Income statement

DKKm	H1 2016	H1 2015	2015
Notes			
General insurance			
Gross premiums written	10,360	10,731	18,150
Ceded insurance premiums	-655	-735	-1,165
Change in premium provisions	-1,514	-1,594	61
Change in reinsurers' share of premium provisions	132	157	1
Premium income, net of reinsurance	8,323	8,559	17,047
Insurance technical interest, net of reinsurance	-4	9	18
Claims paid	-6,750	-6,781	-13,095
Reinsurance cover received	667	318	471
Change in claims provisions	1,069	-281	-467
Change in the reinsurers' share of claims provisions	-578	883	1,301
Claims, net of reinsurance	-5,592	-5,861	-11,790
Bonus and premium discounts	-157	-136	-234
Acquisition costs	-963	-1,048	-2,042
Administration expenses	-328	-318	-678
Acquisition costs and administration expenses	-1,291	-1,366	-2,720
Reinsurance commissions and profit participation from reinsurers	53	49	102
Insurance operating costs, net of reinsurance	-1,238	-1,317	-2,618
1 Technical result	1,332	1,254	2,423
Investment activities			
Income from associates	6	5	42
Income from investment property	48	46	94
Interest income and dividends	354	427	794
Value adjustments	-46	-87	-510
Interest expenses	-49	-55	-96
Administration expenses in connection with investment activities	-32	-32	-80
Total investment return	281	304	244
Return on insurance provisions	-80	-124	-259
Total investment return after insurance technical interest	201	180	-15
Other income	53	41	81
Other costs	-50	-62	-97
Profit/loss before tax	1,536	1,413	2,392
Tax	-325	-325	-409
Profit/loss on continuing business	1,211	1,088	1,983
Profit/loss on discontinued and divested business	0	43	49
Profit/loss for the period	1,211	1,131	2,032

Statement of comprehensive income

DKKm	H1 2016	H1 2015	2015
Profit/loss for the period	1,211	1,131	2,032
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Adjustment to equity 1.1.2015 *	0	-175	-175
Change in equalisation provision and other provisions	15	0	21
Change in taxrates on security provisions	0	0	141
Revaluation of owner-occupied property	2	0	4
Tax on revaluation of owner-occupied property	0	0	2
Actuarial gains/losses on defined-benefit pension plans	0	53	-12
Tax on actuarial gains/losses on defined-benefit pension plans	0	-14	3
	17	-136	-16
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	35	66	-89
Hedging of currency risk in foreign entities	-38	-74	86
Tax on hedging of currency risk in foreign entities	8	17	-21
	5	9	-24
Total other comprehensive income	22	-127	-40
Comprehensive income	1,233	1,004	1,992

*) New executive order from the Danish FSA on yield curves. Please refer to note 6 Accounting policies.

Statement of financial position

DKKm	30.06.2016	30.06.2015	31.12.2015
Notes			
Assets			
Intangible assets	1,028	1,010	1,038
Operating equipment	56	82	62
Owner-occupied property	1,155	1,166	1,144
Assets under construction	0	12	2
Total property, plant and equipment	1,211	1,260	1,208
Investment property	1,862	1,852	1,838
Equity investments in associates	236	227	229
Total investments in associates	236	227	229
Equity investments	101	147	138
Unit trust units	3,732	4,005	3,589
Bonds	35,528	37,295	35,705
Deposits with credit institutions	300	0	0
Derivative financial instruments	1,403	998	843
Total other financial investment assets	41,064	42,445	40,275
Total investment assets	43,162	44,524	42,342
Reinsurers' share of premium provisions	305	342	173
Reinsurers' share of claims provisions	2,427	2,621	3,003
Total reinsurers' share of provisions for insurance contracts	2,732	2,963	3,176
Receivables from policyholders	1,790	1,723	1,261
Total receivables in connection with direct insurance contracts	1,790	1,723	1,261
Receivables from insurance enterprises	311	168	199
Receivables from Group undertakings	388	592	494
Other receivables	538	222	865
Total receivables	3,027	2,705	2,819
Current tax assets	100	0	100
Cash at bank and in hand	586	624	470
Total other assets	686	624	570
Interest and rent receivable	162	208	280
Other prepayments and accrued income	320	369	316
Total prepayments and accrued income	482	577	596
Total assets	52,328	53,663	51,749

Statement of financial position

DKKm		30.06.2016	30.06.2015	31.12.2015
Notes				
	Equity and liabilities			
	Equity	9,903	10,432	10,120
2	Subordinated loan capital	2,539	1,793	1,698
	Premium provisions	6,999	7,397	5,571
	Claims provisions	25,411	26,133	25,670
	Provisions for bonuses and premium discounts	498	504	573
	Total provisions for insurance contracts	32,908	34,034	31,814
	Pensions and similar liabilities	241	265	264
	Deferred tax liability	597	1,052	646
	Other provisions	108	61	132
	Total provisions	946	1,378	1,042
	Debt relating to direct insurance	443	544	603
	Debt relating to reinsurance	350	285	330
	Amounts owed to credit institutions	290	429	64
	Debt relating to unsettled funds transactions and repos	2,799	2,631	4,074
	Derivative financial instruments	795	561	612
	Current tax liabilities	314	328	357
	Other debt	1,011	1,226	993
	Total debt	6,002	6,004	7,033
	Accruals and deferred income	30	22	42
	Total equity and liabilities	52,328	53,663	51,749
3	Acquisition of activities			
4	Related parties			
5	Contingent liabilities			
6	Accounting policies			

Statement of changes in equity

DKKm	Share capital	Revaluation reserves	Reserve for exchange rate adjustment	Equalisation reserve	Other reserves	Retained earnings	Proposed dividend	Total
Equity at 31 December 2015	1,100	86	-9	127	766	7,900	150	10,120
H1 2016								
Adjustment 1.1.2016 *				-127		127		0
Profit/loss for the period					12	99	1,100	1,211
Other comprehensive income		2	5			15		22
Total comprehensive income	0	2	5	-127	12	241	1,100	1,233
Dividend paid							-1,450	-1,450
Total changes in equity in H1 2016	0	2	5	-127	12	241	-350	-217
Equity at 30 June 2016	1,100	88	-4	0	778	8,141	-200	9,903
Equity at 31 December 2014	1,100	80	15	106	848	7,279	2,400	11,828
H1 2015								
Adjustment 1.1.2015 **						-175		-175
Profit/loss for the period					-40	-129	1,300	1,131
Other comprehensive income			9			39		48
Total comprehensive income	0	0	9	0	-40	-265	1,300	1,004
Dividend paid							-2,400	-2,400
Total changes in equity in H1 2015	0	0	9	0	-40	-265	-1,100	-1,396
Equity at 30 June 2015	1,100	80	24	106	808	7,014	1,300	10,432
Equity at 31 December 2014	1,100	80	15	106	848	7,279	2,400	11,828
2015								
Adjustment 1.1.2015 **						-175		-175
Profit/loss for the year			0	22	-104	664	1,450	2,032
Other comprehensive income	0	6	-24	-1	22	132	0	135
Total comprehensive income	0	6	-24	21	-82	621	1,450	1,992
Dividend paid							-3,700	-3,700
Total changes in equity in 2015	0	6	-24	21	-82	621	-2,250	-1,708
Equity at 31 December 2015	1,100	86	-9	127	766	7,900	150	10,120

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

**) New executive order from the Danish FSA on yield curves. Please refer to note 6 Accounting policies.

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,732m (DKK 2,516m as at 31 December 2015). The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

Statement of cash flow

DKKm	H1 2016	H1 2015	2015
Cash from operating activities			
Premiums	9,479	9,898	17,721
Claims	-6,662	-6,852	-13,040
Ceded business	-15	-184	-412
Costs	-1,290	-1,379	-2,771
Change in other debt and other amounts receivable	-93	20	54
Cash flow from insurance activities	1,419	1,503	1,552
Interest income	470	533	814
Interest expenses	-50	-55	-96
Dividend received	19	40	47
Taxes	-261	-210	-779
Other income and costs	3	-21	-16
Cash from operating activities, continuing business	1,600	1,790	1,522
Cash from operating activities, discontinued and divested business	0	-38	-32
Total cash flow from operating activities	1,600	1,752	1,490
Investments			
Acquisition and refurbishment of real property	-14	-13	-46
Sale of real property	0	0	10
Acquisition and sale of equity investments and unit trust units (net)	-43	246	480
Purchase/sale of bonds (net)	-758	-223	1,070
Deposits with credit institutions	-300	660	641
Purchase/sale of operating equipment (net)	-5	13	0
Hedging of currency risk	-38	-74	86
Investments, continuing business	-1,158	609	2,241
Investments, discontinued and divested business	0	-37	-37
Total investments	-1,158	572	2,204
Financing			
Subordinated loan capital	800	0	12
Loans, group	99	-126	9
Dividend paid	-1,450	-2,400	-3,700
Change in amounts owed to credit institutions	227	313	-52
Financing, continuing business	-324	-2,213	-3,731
Total financing	-324	-2,213	-3,731
Change in cash and cash equivalents, net	118	111	-37
Exchange rate adjustment of cash and cash equivalents beginning of year	-2	9	3
Change in cash and cash equivalents, gross	116	120	-34
Cash and cash equivalents, beginning of year	470	504	504
Cash and cash equivalents, end of period	586	624	470

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other	Group
1 Operating segments						
H1 2016						
Gross premium income	4,285	1,944	1,841	627	-8	8,689
Gross claims	-3,002	-1,173	-1,066	-439	-1	-5,681
Gross operating expenses	-617	-341	-207	-126	0	-1,291
Profit/loss on ceded business	-73	-43	-273	-1	9	-381
Insurance technical interest, net of reinsurance	-2	0	0	-2	0	-4
Technical result	591	387	295	59	0	1,332
Other items						-121
Profit						1,211
Run-off gains/losses, net of reinsurance	143	142	285	79		649
Intangible assets		31		577	420	1,028
Equity investments in associates					236	236
Reinsurers' share of premium provisions	53	52	199	1	0	305
Reinsurers' share of claims provisions	71	374	1,951	31	0	2,427
Other assets					48,332	48,332
Total assets						52,328
Premium provisions	2,700	1,755	1,672	872	0	6,999
Claims provisions	5,737	6,804	11,209	1,661	0	25,411
Provisions for bonuses and premium discounts	399	45	52	2	0	498
Other liabilities					9,517	9,517
Total liabilities						42,425

	Private	Commercial	Corporate	Sweden	Other	Group
1 Operating segments						
H1 2015						
Gross premium income	4,420	2,000	1,961	631	-11	9,001
Gross claims	-3,087	-1,220	-2,347	-417	9	-7,062
Gross operating expenses	-675	-346	-224	-121	0	-1,366
Profit/loss on ceded business	-47	-61	776	2	2	672
Insurance technical interest, net of reinsurance	4	2	3	0	0	9
Technical result	615	375	169	95	0	1,254
Other items						-123
Profit						1,131
Run-off gains/losses, net of reinsurance	177	207	112	72	0	568
Intangible assets		36		604	370	1,010
Equity investments in associates					227	227
Reinsurers' share of premium provisions	58	62	221	1	0	342
Reinsurers' share of claims provisions	151	297	2,132	41	0	2,621
Other assets					49,463	49,463
Total assets						53,663
Premium provisions	2,852	1,821	1,836	888	0	7,397
Claims provisions	6,026	6,651	11,710	1,746	0	26,133
Provisions for bonuses and premium discounts	406	34	52	12	0	504
Other liabilities					9,197	9,197
Total liabilities						43,231

DKKm	Private	Commercial	Corporate	Sweden	Other *	Group
1 Operating segments						
2015						
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						-391
Profit						2,032
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	5,827	6,688	11,505	1,650	0	25,670
Provisions for bonuses and premium discounts	457	54	50	12	0	573
Other liabilities					9,815	9,815
Total liabilities						41,629

Amounts relating to eliminations are included under 'Other'. Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

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

*) In 2015 costs and claims were negatively effected by DKK 80m and DKK 40m respectively due to provisioning for the efficiency programme.

2 Subordinated loan capital

In Q2 2016 Tryg Forsikring A/S has entered into an agreement to issue Solvency II compliant Tier 2 capital in the form of a subordinated callable bond issue of SEK 1bn (DKK 789m). The bond issue has a maturity of 30 years. The interest rate is 3 months STIBOR plus a margin of 2.75% during the first 10 years. The margin after 10 years is 3.75%. After 5 years Tryg Forsikring A/S has the option to redeem the bond issue at par.

3 Acquisition of activities

In august 2015 Tryg and Skandia signed an agreement whereby Tryg acquires Skandia's activities within child and adult accident insurance and integrates them into its Swedish business, Moderna Forsäkringar. The transaction is expected to be approved by the Danish FSA and implemented in H2 2016. The acquisition has no effect on the Financial statement for H1 2016.

4 Related parties

In H1 2016 Tryg Forsikring A/S paid Tryg A/S DKK 1,450m in dividends (in H1 2015 Tryg Forsikring A/S paid Tryg A/S DKK 2,400m in dividends). In H1 2016 Thunesvei 2 AS, Vesta Eiendom AS, Respons Inkasso AS, Tryg Ejendomme A/S and Tryg Garantiforsikring A/S paid DKK 5m, DKK 23m, DKK 1m, DKK 290m and DKK 80m in dividends to Tryg Forsikring A/S. (In H1 2015 Thunesvei 2 AS, Vesta Eiendom AS, Respons Inkasso AS and Tryg Garantiforsikring A/S paid DKK 5m, DKK 26m, DKK 2m and DKK 80m in dividends to Tryg Forsikring A/S. In H1 2015 Ejendomsselskabet af 8. maj 2008 A/S received investment property from Tryg Forsikring A/S of DKK 876m and had a capital increase of the same amount.)

As at 1 January 2015, assets totalling DKK 258m and the activities operated by the former Securator A/S were transferred to Tryg Forsikring A/S. The result for H1 is included in the result of Tryg Forsikring A/S for the same period.

There have been no other material transactions with related parties.

5 Contingent liabilities

In May 2016, pursuant to the governing Norwegian law on disputes, Tryg Forsikring A/S has received notice of an action from Finansforbundet in Norway (the Finance Sector Union of Norway) on behalf of a group of pensioners. According to Tryg's preliminary calculations, the claim will not exceed a maximum of approximately DKK 0.3bn after tax for the persons affected by the adjustment. Tryg does not agree that the adjustment was wrongful. Consequently, Tryg expects an action to be resolved in court and does not expect a ruling to be made for the next 1.5 - 2 years.

In addition, companies in the Tryg Group are party to a number of other disputes in Denmark, Norway and Sweden, which management believes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 30 June 2016.

Notes

6 Accounting policies

Tryg Forsikring's half-year 2016 report is presented in accordance with IAS 34 Interim Financial Reporting and the financial reporting Financial Business Act.

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

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

The Danish Executive Order on Financial Statements for insurance companies and pension funds has been adapted to the new EU solvency rules, Solvency II from 2016. The new rules took effect on 1 January 2016.

Solvency II sets down the basic principles for calculation of insurance provisions:

- Best estimate of the present value of expected future cash flows for incurred insurance
 - A risk margin to cover the risk of deviation between best estimate and final execution of future cash flows
 - An interest rate curve laid down for Solvency II. Tryg Forsikring uses the interest rate curve without adjustment.
- Solvency II incorporates the expected profit in the capital base at the time when insurance is incurred.

Change in accounting policies

Tryg Forsikring has implemented the amendments which prescribes applying a new yield curve from the Executive order on financial reports by insurance companies and lateral pension funds issued by the Danish FSA from 1 January 2016. 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.

For Tryg Forsikring, this means applying a yield curve at a lower level. The comparative figures for 2015 are restated accordingly. Figures for previous years have not been restated as this is impracticable due to the non existence of the new yield curve published by EIOPA before 01.01.2015. Q1 2015 and Q2 2015 are only affected with the changes as of 01.01.2015 regarding equity and insurance provisions due to insignificant changes to the income statement.

Previously, profit margin and risk margin have not been separate provision items in the financial statement.

Premium provisions are calculated at present value of best estimate of expected payment of future claims, covered by incurred insurance.

Profit margin is the expected profit of the remaining period of cover for written insurance. Profit margin is calculated as the difference between premiums for future periods of cover for written insurance, and the expected payments included in premium provision.

Claims provisions are calculated at present value of best estimate of incurred claims, covered by incurred insurance.

Risk margin is the amount a business will have to pay any acquirer of an insurance portfolio for taking over the risk that the actual expenses in connection with settlement of insurance provisions deviate from best estimate.

At Tryg Forsikring, the risk margin is calculated using the Solvency II model Cost of Capital.

The comparative figures have been restated for 2015 with the following amounts:

Income statement	1H 2015	2015
Total Investment return after insurance technical interest	0	-17
Tax	0	5
Profit and loss for the period	0	-12

Statement of financial position	1.1.2015	30.06.15	31.12.15
Equity	-175	-175	-187
Insurance provisions	226	226	243
Deferred tax liabilities	-51	-51	-56

It is Tryg's assessment that the amendments to the Executive Order from 2016 can be accommodated within IFRS. Except as noted above, the accounting policies have been applied consistently with last year.

For a full description of the accounting policies, please refer to the annual accounts of the Tryg Forsikring A/S 2015.

Changes in accounting estimates

There have been no changes to the accounting estimates in H1 2016.

Tryg Forsikring A/S (parent company)

Income statement

DKKm	H1 2016	H1 2015	FY 2015
Notes			
General insurance			
Gross premiums written	10,174	10,571	17,800
Ceded insurance premiums	-540	-636	-946
Change in premium provisions	-1,433	-1,807	-208
Change in profit margin and risk margin	-75	219	280
Change in reinsurers' share of premium provisions	128	153	-5
Premium income, net of reinsurance	8,254	8,500	16,921
Claims paid	-6,720	-6,769	-13,023
Reinsurance cover received	643	321	427
Change in claims provisions	1,045	-436	-791
Change in risk margin	16	-11	6
Change in the reinsurers' share of claims provisions	-554	1,036	1,600
Claims, net of reinsurance	-5,570	-5,859	-11,781
Bonus and premium discounts	-158	-136	-234
Acquisition costs	-1,000	-1,079	-2,099
Administration expenses	-318	-309	-666
Acquisition costs and Administration expenses	-1,318	-1,388	-2,765
Reinsurance commissions and profit participation from reinsurers	12	14	24
Insurance operating costs, net of reinsurance	-1,306	-1,374	-2,741
Technical result	1,220	1,131	2,165
Investment activities			
Income from Group undertakings	122	127	434
Income from associates	0	0	2
Income from investment property	12	5	10
Interest income and dividends	350	420	782
Value adjustments	458	-267	-626
Interest expenses	-50	-55	-96
Administration expenses in connection with investment activities	-31	-32	-79
Total investment return	861	198	427
Return and value adjustment on insurance provisions	-581	65	-137
Total Investment return after return and value adjustment on insurance provisions	280	263	290
Other income	54	41	81
Other costs	-50	-62	-97
Profit/loss before tax	1,504	1,373	2,439
Tax	-293	-285	-456
Profit/loss on continuing business	1,211	1,088	1,983
Profit/loss on discontinued and divested business	0	43	49
Profit/loss for the period	1,211	1,131	2,032

Statement of comprehensive income

DKKm	H1 2016	H1 2015	FY 2015
Profit/loss for the period	1,211	1,131	2,032
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Adjustment to equity 1.1.2015	0	-175	-175
Change in equalisation provision and other provisions	0	0	21
Change in taxrates on security provisions	0	0	141
Revaluation af owner-occupied property for the year	2	0	4
Tax on revaluation of owner-occupied property for the year	0	0	2
Actuarial gains/losses on defined-benefit pension plans	0	53	-12
Tax on actuarial gains/losses on defined-benefit pension plans	0	-14	3
	2	-136	-16
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities for the year	35	66	-89
Hedging of currency risk in foreign entities for the year	-38	-74	86
Tax on hedging of currency risk in foreign entities for the year	8	17	-21
	5	9	-24
Total other comprehensive income	7	-127	-40
Comprehensive income	1,218	1,004	1,992

Statement of financial position

DKK m	H1 2016	H1 2015	FY 2015
Notes			
Assets			
Intangible assets	1,027	1,009	1,037
Operating equipment	55	82	62
Total property, plant and equipment	55	82	62
Investment property	242	238	224
Investments in Group undertakings	3,437	3,421	3,695
Equity investments in associates	14	15	14
Total investments in Group undertakings and associates	3,451	3,436	3,709
Equity investments	101	146	138
Unit trust units	3,732	4,005	3,589
Bonds	34,834	36,610	35,063
Deposits with credit institutions	300	0	0
Derivative financial instruments	1,403	998	843
Total other financial investment assets	40,370	41,759	39,633
Total investment assets	44,063	45,433	43,566
Reinsurers' share of premium provisions	275	316	146
Reinsurers' share of claims provisions	2,301	2,340	2,852
Total reinsurers' share of provisions for insurance contracts	2,576	2,656	2,998
Receivables from policyholders	1,765	1,699	1,250
Total receivables in connection with direct insurance contracts	1,765	1,699	1,250
Receivables from insurance enterprises	311	168	199
Receivables from Group undertakings	477	609	523
Other receivables	499	195	828
Total receivables	3,052	2,671	2,800
Current tax assets	100	0	100
Cash at bank and in hand	467	583	364
Total other assets	567	583	464
Interest and rent receivable	159	204	274
Other prepayments and accrued income	319	368	314
Total prepayments and accrued income	478	572	588
Total assets	51,818	53,006	51,515

Statement of financial position

DKKm	H1 2016	H1 2015	FY 2015
Notes			
Equity and liabilities			
Shareholders' equity	9,903	10,447	10,135
1 Subordinate loan capital	2,539	1,793	1,698
Premium provisions	5,738	5,997	4,228
Profit margin - Non-life contracts	955	1,091	1,035
Claims provisions	24,184	24,726	24,420
Risk margin - Non-life contracts	1,127	1,171	1,148
Provisions for bonus and premium discounts	498	504	573
Total provisions for insurance contracts	32,502	33,489	31,404
Pensions and similar liabilities	241	265	264
Deferred tax liability	483	786	518
Other provisions	108	61	131
Total provisions	832	1,112	913
Debt relating to direct insurance	441	542	600
Debt relating to reinsurance	325	260	314
Amounts owed to credit institutions	278	415	56
Debt relating to unsettled funds transactions and repos	2,799	2,624	4,049
Derivative financial instruments	795	559	611
Debt to Group undertakings	257	297	483
Current tax liabilities	212	288	283
Other debt	905	1,158	927
Total debt	6,012	6,143	7,323
Accruals and deferred income	30	22	42
Total equity and liabilities	51,818	53,006	51,515
1 Subordinate loan capital			
2 Acquisition of activities			
3 Related parties			
4 Reconciliation of profit/loss and equity			
5 Contingent liabilities			
6 Accounting policies			
7 Key ratios			

Statement of changes in equity

DKKm	Share capital	Revaluation reserves	Revaluation equity method	Equalisation reserve	Other reserves	Retained earnings	Proposed dividend	Total
Equity at 31 December 2015	1,100	86	307	127	766	6,299	1,450	10,135
H1 2016								
Adjustment 1.1.2016*				-127		127		0
Profit/loss for the year			-12	0	12	111	1,100	1,211
Other comprehensive income	0	2	5	0		0	0	7
Total comprehensive income	0	2	-7	-127	12	238	1,100	1,218
Dividend paid							-1,450	-1,450
Total changes in equity in Q1 2016	0	2	-7	-127	12	238	-350	-232
Equity at 30 June 2016	1,100	88	300	0	778	6,537	1,100	9,903
Equity at 31 December 2014	1,100	80	323	106	848	6,986	2,400	11,843
H1 2015								
Adjustment 1.1.2015						-175		-175
Profit/loss for the year			-18	0	-40	-111	1,300	1,131
Other comprehensive income	0	0	9	0		39	0	48
Total comprehensive income	0	0	-9	0	-40	-247	1,300	1,004
Dividend paid							-2,400	-2,400
Total changes in equity in 2015	0	0	-9	0	-40	-247	-1,100	-1,396
Equity at 30 June 2015	1,100	80	314	106	808	6,739	1,300	10,447
Equity at 31 December 2014	1,100	80	323	106	848	6,986	2,400	11,843
2015								
Adjustment 1.1.2015						-175		-175
Profit/loss for the year			8	22	-104	-644	2,750	2,032
Other comprehensive income	0	6	-24	-1	22	132	0	135
Total comprehensive income	0	6	-16	21	-82	-687	2,750	1,992
Dividend paid							-3,700	-3,700
Total changes in equity in 2015	0	6	-16	21	-82	-687	-950	-1,708
Equity at 31 December 2015	1,100	86	307	127	766	6,299	1,450	10,135

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

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,732m (DKK 2,516m as at 31 December 2015). 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

1 **Subordinate loan capital**
Please refer to the Note 2 "Subordinated loan capital" in Tryg Forsikring Group

2 **Acquisition of activities**
Please refer to Note 3 "Acquisition of activities" in Tryg Forsikring Group

3 **Related parties**
Please refer to Note 4 "Related parties" in Tryg Forsikring Group

4 **Reconciliation of profit/loss and equity**
The executive order on application of international financial reporting standards for companies subject to the Danish Financial Business Act issued by the Danish FSA requires disclosure of differences between the format of the annual report under international financial reporting standards and the rules issued by the Danish FSA. The following is a reconciliation of differences in the profit and equity.

Profit reconciliation	H1 2016	H1 2015	FY 2015
Profit - IFRS	1,211	1,131	2,032
Change during the year of deferred tax provisions for contingency funds	0	0	0
Profit - Danish FSA executive order	1,211	1,131	2,032
Equity reconciliation			
Shareholders' equity - IFRS	9,903	10,432	10,120
Deferred tax provisions for contingency funds	15	15	15
Change during the year of deferred tax provisions for contingency funds	-15	0	0
Equity - Danish FSA executive order	9,903	10,447	10,135

5 **Contingent liabilities**
Please refer to Note 5 "Contingent liabilities" in Tryg Forsikring Group

6 **Accounting policies**
Please refer to the Note 6 "Accounting policies" in Tryg Forsikring Group.

7 **Key ratios**

Gross claims ratio	66.5	81.6	78.3
Net reinsurance ratio	3.7	-10.0	-6.2
Claims ratio, net of reinsurance	70.2	71.6	72.1
Gross expense ratio	15.5	15.7	15.7
Combined ratio	85.7	87.3	87.8
Run-off gains/losses, net of reinsurance	640	555	1,193

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.