Solvency & Financial Condition Report (SFCR) **2017**

Tryg A/S · Klausdalsbrovej 601, 2750 Ballerup, Denmark · CVR no. 26460212

Contents

3 Summary

4 A. Business and performance

4 A.1 Business

6 A.2 Underwriting performance

8 A.3 Investment performance

10 A.4 Performance of other activities

10 A.5 Any other information

11 B. System of governance

11 B.1 General information on system of governance

14 B.2 Fit-and-proper requirements

14 B.3 Risk management system

17 B.4 Internal control system

18 B.5 Internal audit function

18 B.6 The actuarial function

19 B.7 Outsourcing

19 B.8 Any other information

20 C. Risk profile

20 C.1 Underwriting risk

23 C.2 Market risk

25 C.3 Credit risk/counter-party risk

26 C.4 Liquidity risk

26 C.5 Operational risk

27 C.6 Any other material risk

27 C.7 Any other information

28 D. Valuation for solvency purposes

29 D.1 Assets

30 D.2 Technical provisions

31 D.3 Other liabilities

32 D.4 Alternative methods for valuation

32 D.5 Any other information

33 E. Capital management

33 E.1 Own funds

35 E.2 Solvency Capital Requirement and Minimum Capital Requirement

36 E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

36 E.4 Differences between the standard formula and any internal model used

37 E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

37 E.6 Any other information

38 APPENDIX

Tryg A/S Klausdalsbrovej 601, 2750 Ballerup, Denmark | **CVR no.** 26460212 | **Publication** 4. maj 2018 | **Layout** amo design

Summary

The Solvency & Financial Condition Report contains a description of Tryg Group's activities at the end of 2017, based on EU legislation for Solvency II and the executive order issued by the Danish FSA. The SFCR is published only for Tryg Group and not for the legeal entities seperatly, as approved by the Danish FSA.

Tryg Group has insurance operations in Denmark Norway and Sweden through branches. Tryg Group is partly owned (60%) by TryghedsGruppen smba. In December 2017, Tryg concluded an agreement to acquire Alka Forsikring. The Danish FSA approved the aquistion in mid-March, while approval by the competition authorities is pending.

Tryg is one of the largest non-life insurance companies in the Nordic region. In Denmark, Tryg Forsikring is the largest player with a market share of 18.0%. In Norway and Sweden, Tryg's market shares are 13.3% and 3.4%, respectively.

Tryg reports its business in four areas: Private, Commercial, Corporate and Sweden, and the main lines of business are Fire and other damage to property insurance, accounting for 34% of gross premium income, and Motor vehicle insurance accounting for 30%.

Result

In 2017, the technical result was DKK 2,789m (DKK 2,390m), which together with a high investment return yielded a total profit before tax of DKK 3,239m (DKK 3,220m), corresponding to a return on equity of 28.8% after tax (26.2%). Premium income totalled DKK 17,963m (DKK 17,707m), representing 1.7% growth in local currencies, driven primarily by the Private business in Denmark and small bolt-on acquisitions. The combined ratio was 84.4 (86.7), driven by a claims ratio of 70.4 (71.0) and an expense ratio of 14.0 (15.7).

The investment return totalled DKK 527m (DKK 987m, or DKK 487m when adjusted for the capital gain on the sale of properties). The overall result for the investment activities in 2017 was more than three times higher than the expected normalised level. The total market value of Tryg's investment portfolio was DKK 43bn at the end of 2017. The investment portfolio consists of a match portfolio of DKK 32bn and a free portfolio of DKK 11bn.

Capital management

Tryg's capital and risk management policy prescribes that Tryg must aim for a conservative and stable risk profile on an overall level. This includes a solid capital position, which at the same time must support Tryg's strategic return on equity target and dividend policy. Own funds are primarily impacted by the net profit and the payout of dividends, while the solvency capital requirement (all else being equal) is primarily impacted by the growth of the business and changes in the business mix.

Tryg's own funds consist of Tier 1 and 2 capital, such as shareholders' equity and subordinated loans. At the end of 2017, Tryg's solvency capital requirement (SCR) was DKK 4,684m (DKK 5,077m). The reduction was driven primarily by a generally reduced market risk (including reduced property exposure), the inclusion of Danish Workers' Compensation in the partial internal model and currency movements. At the end of the year, own funds were DKK 13,162m (DKK 9,850m), and the solvency ratio was 281, or 196 when adjusted for DKK 4bn raised for the Alka acquisition.

Tryg's Solvency Capital Requirement is calculated on the basis of a partial internal model, which means that insurance risks are modelled using an internal model, while other risks are described using the Solvency II standard model. The partial internal model has been applied for a number of years and was approved by the Danish FSA in November 2015. During 2017, a model regarding Danish Workers' compensation, which decreased the SCR by roughly DKK 100m, was approved by the Danish FSA.

Governance

Tryg is governed by a two-tier system, in which the Supervisory Board and the Executive Board manage Tryg's affairs. The Executive Board appoints those responsible for the key functions Risk Management, Compliance and the Actuarial function. The Supervisory Board appoints the person responsible for the Internal Audit function. The Supervisory Board is responsible for the central strategic management and financial control of Tryg and for ensuring that the business is organised in a sound way. In 2017, Tryg launched a new strategy for 2018-2020. Tryg has defined four strategic initiatives that support both its financial targets and its customer targets for 2020.

Tryg has adopted a remuneration policy which comprises specific schemes for members of the Supervisory Board, the Executive Board and other employees in Tryg whose activities have a material impact on the risk profile of the company. The remuneration policy for 2017 was adopted by the Supervisory Board in January 2017 and approved by the annual general meeting on 18 March 2017.

Tryg's business model is focused on producing high and stable insurance technical results, while the primary purpose of the investment activities is to support insurance operations and display low volatility. At the same time, reinsurance is used to limit catastrophe risk, large risk, reduce capital requirements and ensure stable results. Tryg's own risk and solvency Assessment (ORSA) is based on Solvency II principles, which implies that Tryg must assess all material risks that the company is or may be exposed to. Tryg's risk activities are implemented via continuous risk management processes, where main results are reported to the Supervisory Board during the year.

A. Business and performance

A.1 Business

Tryg Group
Tryg A/S is partly owned by TryghedsGruppen smba with an ownership of 60%. No other owner holds 5% or more of the capital or the voting rights.

In 2017, Tryg acquired FDM's insurance portfolio in Denmark which comprises well over 20,000 members/insurance customers and began selling insurance products to FDM's customers. By 1 January 2018, all existing FDM customers was transferred to Tryg. In Norway, Tryg acquired OBOS Forsikring with a portfolio of 10,000 insurance customers. OBOS Forsikring insurance activities were incorporated into Tryg Group's business structure in Q2 2017. In December 2017, Tryg concluded an agreement to acquire Alka Forsikring, the eighth-largest non-life insurance company in Denmark with a market share of approximately 4%. The Danish FSA approved the aquistion in mid-March, while approval by the competition authorities is pending.

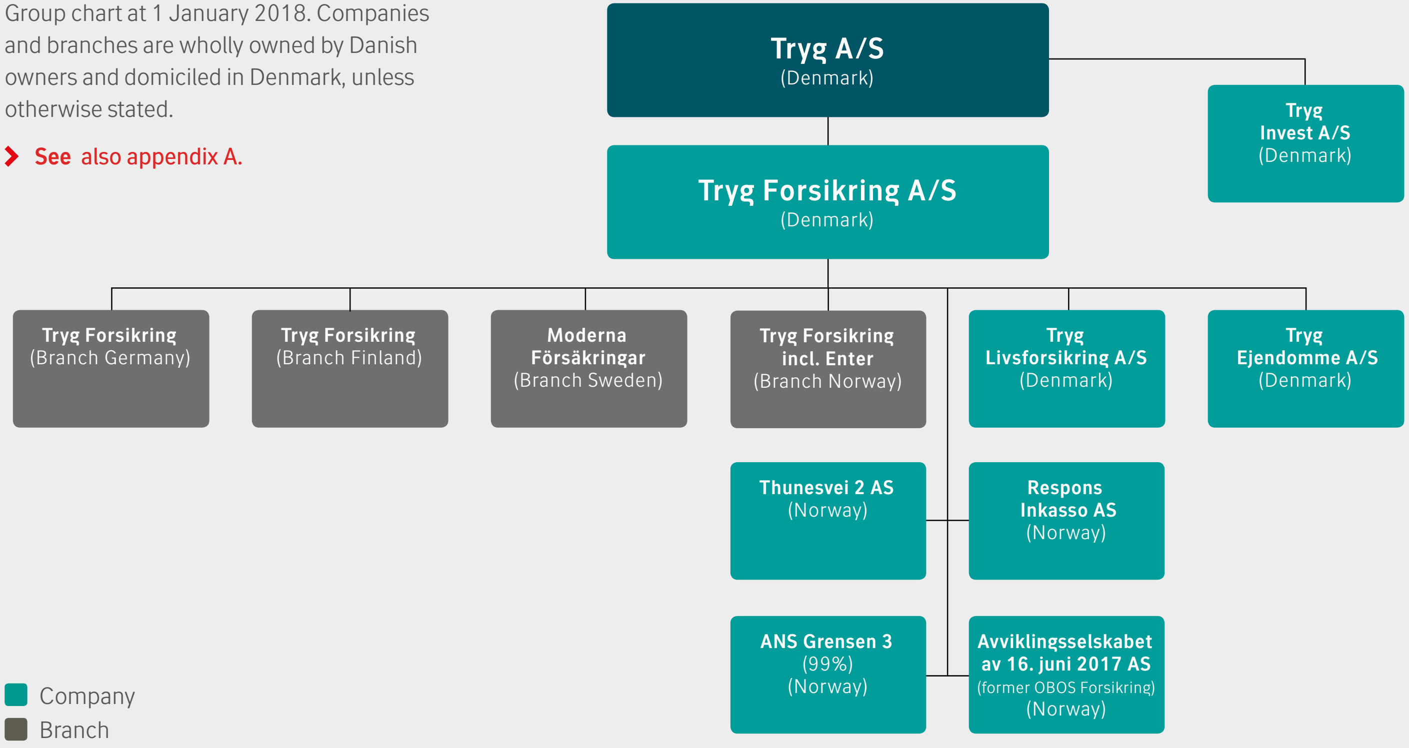
Supervisory authority
The Danish Financial Supervisory Authority
Århusgade 110 , 2100 Copenhagen Ø,
Telephone: +45 33 55 82 82

External auditor
Deloitte, Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6, 2300 Copenhagen S

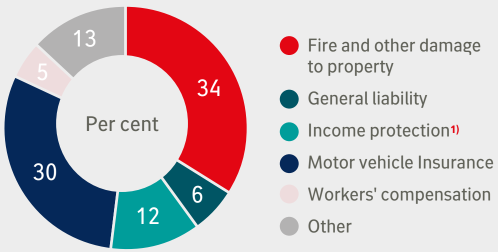
Group legal structure

Group chart at 1 January 2018. Companies and branches are wholly owned by Danish owners and domiciled in Denmark, unless otherwise stated.

See also appendix A.



Lines of business



1) Corresponds to Tryg's accident insurance

The line of business definition in this report is according to Solvency II. Line of business definition in Tryg's annual report is according to the Danish FSA.

Business segments

Tryg has four business areas:

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

Commercial encompasses the sale of insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected by Tryg's own sales force, brokers, franchisees (Norway), customer centres as well as group agreements. The business area accounts for 22% of the Group's total premium income.

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti' which specializes in surety and credit insurance. Tryg distributes through own sales channels and though 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.

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 Barnforsakringar and Moderna Djurförsäkringar. Sales take place through Tryg's own sales force, call centres, partners and online. The business area accounts for 8% of the Group's total premium income.

Geographical areas

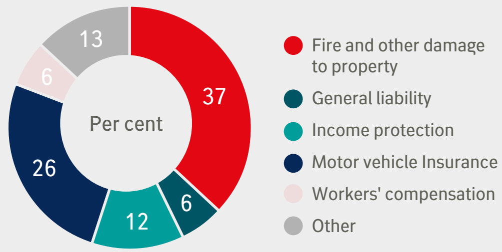
Tryg is one of the largest non-life insurance companies in the Nordic region. In Denmark, Tryg Forsikring is the largest player with a market share of 18.0%. In Norway and Sweden, Tryg's market shares are 13.3% and 3.4%, respectively. In Denmark and Norway, Tryg operates in the areas: Private, Commercial and Corporate. In Sweden, Tryg is represented in the segments: Private and Corporate. Credit and surety insurance is offered in Denmark, Norway, Sweden, Finland and Germany.

Lines of business

Tryg's major line of business is Fire and other damage to property insurance for private and commercial customers, which represents 34% of total premium income. Motor vehicle insurance accounts for 30% of total premium income. Income protection corresponds to Tryg's accident insurance.

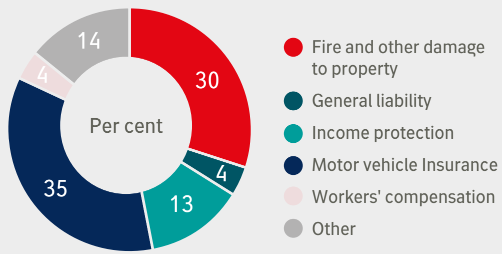
Furthermore, the premium split by country and by Solvency II lines of business is shown.

Denmark: Gross premium 2017



By SII lines of business

Norway: Gross premium 2017



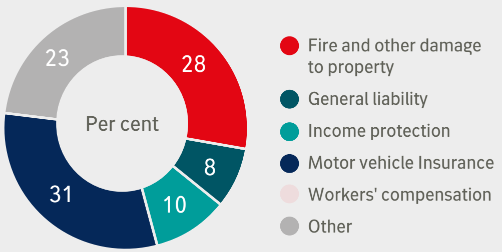
By SII lines of business

Compared to Tryg's largest lines of business, Fire and other damage to property accounts for the largest percentage in Denmark (37%), whereas Motor vehicle insurance accounts for the largest percentages in Norway and Sweden (35% and 31%, respectively).

Number of full-time employees

The Group has 3,373 full-time employees in the Nordic countries Denmark (1,933), Norway (1,042) and Sweden (398).

Sweden: Gross premium 2017



By SII lines of business

A.2 Underwriting Performance

The Group's statutory financial statements are prepared in accordance with IFRS and with the Danish Statutory Order on Adoption of IFRS.

There are differences in the presentation in the income statement between the statutory financial statement and the solvency II value:

1) **Bonus and premium discounts**, the value of bonus and premium discounts is deducted in gross premium in the statutory accounts. In Solvency II, bonus and premium discounts are recognised as claims.

2) **Claims**, the value of claims management expenses including overhead expenses are recognised as claims in the statutory accounts. In Solvency II, claims management expenses including overhead expenses are recognised as expenses.

Tryg's total underwriting performance 2017

DKKm	Statutory accounts	Revaluation	Solvency II	2016 Solvency II
Premiums earned				
Gross - Direct business[1)]	17,963	250	18,213	17,993
Reinsurers' share	-1,239	0	-1,239	-1,197
Premium net of reinsurance, before deduction of bonus and premium rebates	**16,724**	**250**	**16,974**	**16,796**
Claims incurred				
Gross - Direct business[2)]	-11,865	1,558	-10,307	-10,227
Reinsurers' share[2)]	300	0	300	246
Claims, net of reinsurance	**-11,565**	**1,558**	**-10,007**	**-9,981**
Changes in other technical provision[1)]		**-250**	**-250**	**-286**
Expenses incurred[2)]	**-2,356**	**-1,558**	**-3,914**	**-4,129**
Underwriting performance	**2,803**	**0**	**2,803**	**2,400**
Technical interest, net of reinsurance	-14			
Technical result, statutory accounts	**2,789**			
Profit/loss	2,517			
Run-off gains/losses, net of reinsurance	972			
Key ratios				
Claims ratio, net of ceded business	70.4			
Expense ratio	14.0			
Combined ratio	**84.4**			

The 2017 technical result was DKK 2,789m (DKK 2,390), which together with a high investment return yielded a total profit before tax of DKK 3,239m (DKK 3,220), corresponding to a return on equity of 28.8% after tax (26.2%). Premium income totalled DKK 17,963m (DKK 17,707m), representing 1.7% growth in local currencies, driven primarily by the Private business in Denmark and small bolt-on acquisitions.

The combined ratio was 84.4 (86.7), driven by a claims ratio of 70.4 and an expense ratio of 14.0. The overall impact of large claims, weather claims and run-offs was close to 2016.

The expense ratio was 14.0 (adjusted for one-off costs relating to Tryg's efficiency programme; the expense ratio was 14.8 in 2016).

Download Tryg's Annual report 2017 for a more detailed description of Tryg's results for 2017.

Underwriting performance by geographical areas

See appendix B.

Tryg's total underwriting performance by geographical areas 2017

DKKm	Denmark	Norway	Sweden	Other	Statutory accounts	Revaluation	Solvency II	2016 Solvency II
Premiums earned								
Gross - Direct business [1]	9,606	6,272	2,121	-36	17,963	250	18,213	17,993
Reinsurers' share	-563	-534	-178	36	-1,239	0	-1,239	-1,197
Premium net of reinsurance, before deduction of bonus and premium rebates	**9,043**	**5,738**	**1,943**	**0**	**16,724**	**250**	**16,974**	**16,996**
Claims incurred								
Gross - Direct business [2]	-6,166	-4,261	-1,464	26	-11,865	1,558	-10,307	-10,227
Reinsurers' share [2]	113	155	58	-26	300	0	300	246
Claims, net of reinsurance	**-6,053**	**-4,106**	**-1,406**	**0**	**-11,565**	**1,558**	**-10,007**	**-9,981**
Changes in other technical provisions [1]					**0**	**-250**	**-250**	**-286**
Expenses incurred [2]	**-1,188**	**-874**	**-294**	**0**	**-2,356**	**-1,558**	**-3,914**	**-4,129**
Underwriting performance	**1,802**	**758**	**243**	**0**	**2,803**	**0**	**2,803**	**2,400**
Technical interest, net of reinsurance	-19	12	-7		-14			
Technical result, statutory accounts	**1,783**	**770**	**236**	**0**	**2,789**			
Profit/loss					2,517			
Run-off gains/losses, net of reinsurance	449	422	101		972			
Key ratios								
Claims ratio, net of ceded business	67.9	73.2	74		70.4			
Expense ratio	13.4	14.7	14.5		14.0			
Combined ratio	**81.3**	**87.9**	**88.5**		**84.4**			

1) The value of bonus and premium discounts is deducted in gross premium in the statutory account. In Solvency II, bonus and premium discounts are recognised as claims.
2) The value of claims management expenses including overhead expenses are recognised as claims in the statutory accounts. In Solvency II, claims management expenses including overhead expenses are recognised as expenses.

Tryg's underwriting performance by lines of business 2017

DKKm	Premium earned, gross [1] 2017	Premium earned, gross [1] 2016	Underwriting performance 2017	Underwriting performance 2016	Combined ratio 2017	Combined ratio 2016
Income protection	2,206	2,061	477	464	78.4	77.5
Workers' compensation	850	858	117	560	86.2	34.7
Motor vehicle liability	1,766	1,858	357	312	79.8	83.2
Other motor	3,557	3,537	601	572	83.1	83.8
Fire and other damage to property	6,044	6,038	1,007	391	83.3	93.5
General liability	1,020	984	-27	137	102.6	86.0
Other	2,520	2,371	271	-35	89.4	101.5
Total	**17,963**	**17,707**	**2,803**	**2,400**	**84.4**	**86.7**

1) Gross premiun earned according to statutory accounts. Lines of business according to Solvency II.

Denmark
The underwriting performance was DKK 1,802m for 2017 (DKK 1,603m), with a combined ratio of 81.3 (83.1). The development was attributable to a combination of a positive impact from the efficiency programme and a lower level of large claims and weather claims. Premiums increased by 1.5% in Denmark, mainly due to an increase in Private. Premiums decreased in Commercial, which is characterised by sales levels that are too low to neutralise the churn in the portfolio.

Norway
The underwriting performance was DKK 758m for 2017 (DKK 1,000m), with a combined ratio of 87.9 (84.2). The development was attributable to a combination of a positive impact from the efficiency programme and a lower level of large claims and weather claims. The expense ratio increased by 0.5 percentage points.

The development in premiums in local currencies was -1.4%, mainly due to the loss of a number of large customers in the Corporate business and the weakened Norwegian economy. However, an improved trend was seen during Q4.

Sweden
Sweden's result improved significantly to DKK 243m in 2017 (DKK 47m). The result for 2017 was impacted by profitability initiatives to improve the extended warranty insurance for electronics. The combined ratio was 88.5 (97.5), impacted by higher run-off but also a lower level of large claims. Premiums increased by 13.9%. The increase was mainly due to the acquisition of the Skandia child insurance portfolio, which is highly profitable and characterised by high retention levels.

Underwriting performance by line of business
The combined ratio for 2017 improved compared to 2016. The improvement was driven by a positive development in the Fire and other damage to property line of business, which was partly offset by a negative development in Workers' compensation driven by lower run-offs.

See appendix C.

A.3 Investment performance

The investment return totalled DKK 527m (DKK 987m, or DKK 487m when adjusted for the capital gain on the sale of properties in 2016). The overall result for the investment activities in 2017 was more than three times higher than the expected normalised level.

Investment income and expenses split by asset classes 2017

	2017			2016		
DKKm	Interest, dividend and direct result from property	Value adjustments	Total	Interest, dividend and direct result from property	Value adjustments	Total
Real estate	69	9	78	105	524	629
Equity - unlisted	1	-32	-31	10	120	130
government bonds	5	-	5	1	-	1
Corporate bonds	596	-148	448	641	-83	558
Collective investments Undertakings	18	460	478	15	190	205
Derivatives	-	-104	-104	-	62	62
Deposits and cash equivalents	4		4	4		4
Gross result	**693**	**185**	**878**	**776**	**813**	**1,589**
Subordinated loan capital	-89		-89	-88		-88
Other expenses	-120	-81	-201	-112	-65	-177
Total investment return	**484**	**104**	**588**	**576**	**748**	**1,324**
Return on insurance provisions	-184	123	-61	-149	-188	-337
Total investment return after return on insurance provisions	**300**	**227**	**527**	**427**	**560**	**987**

Investment performance in match portfolio and free portfolio

Tryg's total investment portfolio is divided into two portfolios – a match portfolio and a free portfolio – to optimise risk management and solvency and to achieve the highest possible risk-adjusted return.

The total market value of Tryg's investment portfolio was DKK 43bn at the end of 2017. The investment portfolio consists of a match portfolio of DKK 32bn and a free portfolio of DKK 11bn. The match portfolio is composed of fixed-income assets that match the insurance liabilities, so that fluctuations in market values of discounted liabilities and fixed-income assets resulting from interest rate changes are offset to the greatest extent possible. The free portfolio is predominantly invested in fixed-income securities with a short duration, but also in equities and properties. The strategy for the free portfolio is to achieve the highest possible risk-adjusted return considering, among other things, risk, liquidity and capital consumption.

The return on the free portfolio was DKK 598m (DKK 939m), and the return on the match portfolio less the amount transferred to the insurance business was DKK 227m (DKK 210m).

Return – free portfolio

DKKm	2017	2017 (%)	2016	2016 (%)	Investment assets 31.12.2017	Investment assets 31.12.2016
Government bonds	5	1.3	1	0.4	327	322
Covered bonds	30	0.4	69	1.8	4,111	4,464
Inflation linked bonds	8	1.5	41	8.1	547	539
Investment grade credit	29	4.0	-14	-0.9	935	546
Emerging market bonds	47	9.1	41	9.5	595	447
High-yield bonds	22	2.8	81	10.6	791	730
Other [1]	12		-23		159	220
Interest rate and credit exposure	**153**	**1.8**	**196**	**2.8**	**7,465**	**7,268**
Equity exposure [2]	**353**	**15.9**	**194**	**8.4**	**2,185**	**2,187**
Investment property	**92**	**5.6**	**549**	**26.1**	**1,715**	**2,540**
Total gross return	**598**	**5.0**	**939**	**8.0**	**11,365**	**11,995**

1) Senior/Bank deposits less than 1 year and derivative financial instruments hedging interest rate risk and credit risk.
2) In addition to the equity portfolio exposure is derivative contracts of DKK -135m.

Return – match portfolio 2017

DKKm	2017	2016
Return, match portfolio	289	547
Value adjustments, changed discount rate	122	-188
Transferred to insurance technical interest	-184	-149
Match, regulatory deviation and performance	**227**	**210**
Hereof:		
Match, regulatory deviation	98	47
Match, performance	129	163

The net result of the match portfolio is the difference between the return on the portfolio and the amount transferred to the technical result. Since the beginning of 2016, Tryg has been hedging the interest rate risk of its Danish liabilities, partly using Danish swaps and partly also Euro swaps.

When the yield difference between Danish and Euro swap rates narrows, the regulatory deviation should produce a positive result; however, when the yield difference widens, the result is likely to be negative. In 2017, the spread narrowed, driving a regulatory deviation of DKK 98m. The most important driver of the 'performance' is the difference in yields between Danish, Norwegian and Swedish covered bonds and equivalent swap rates. The performance result in 2017 made a positive contribution of DKK 129m (DKK 163m) as Nordic covered-bond spreads narrowed against the swap curve.

Investment gains and losses recognised directly in equity

The net assets of the branches in Norway and Sweden are adjusted for changes in exchange rates by DKK -137m during the year (DKK 51m). According to IFRS, these value adjustments are recognised in other comprehensive income together with the result of the hedging of the same items of DKK 135m (DKK -50m).

A.4 Performance of other activities

Other income and expenses of DKK 117m and DKK -194m (DKK 104 and DKK -261m) include income and expenses which cannot be ascribed to the Group's insurance portfolio or investment assets.

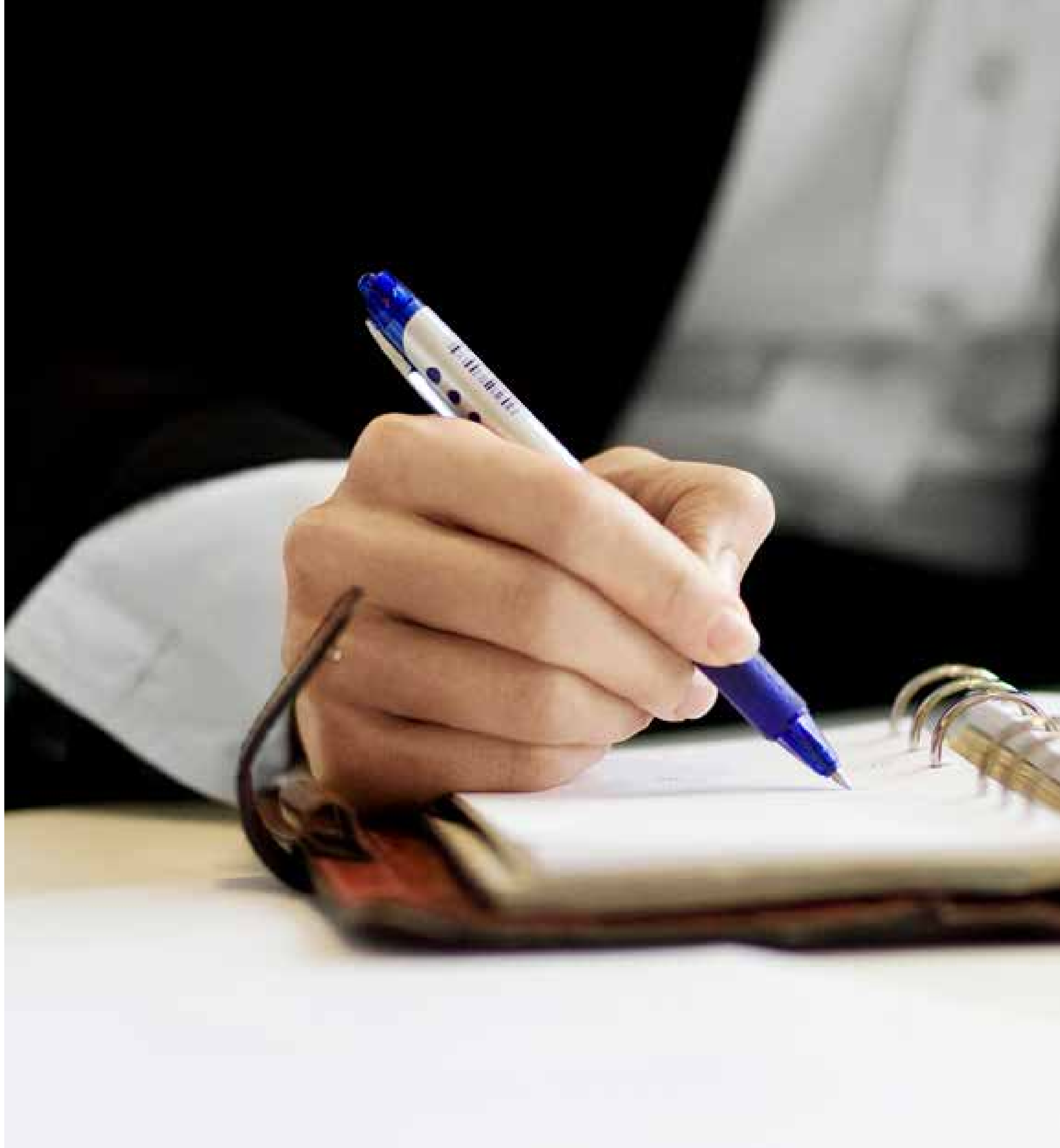
Operating and financial leasing

Tryg has operating leasing arrangements related to the renting of offices and cars. Tryg had no financial leasing arrangements in 2017.

IFRS 16 'Leases' has been applied from 1 January 2018. The implementation of IFRS 16 is not expected to significantly change the Group's financial position. However, IFRS 16 will change the composition of the statement of financial position, but without adding new risks. Implementing IFRS 16, Tryg will recognise assets and liabilities in the statement of financial position but it is not expected to have a significant impact on either profit or loss or equity.

A.5 Any other information

No other information.



Operating leases 2017

DKKm	Obligations due by period				
	<1 year	1-3 years	3-5 years	> 5 years	Total
2017	120	197	134	552	1,003
2016	140	246	299	260	945

B. System of governance

B.1 General information on system of governance

Management
Tryg is governed by a two-tier system, in which the Supervisory Board and the Executive Board manage Tryg's affairs. The Supervisory Board is responsible for the overall management of Tryg (including the appointment of the Executive Board and the internal auditor), for ensuring the responsible organisation of Tryg's business, for its corporate strategy and for evaluating the applicability of the capital contingency programme.

The Supervisory Board has 13 members. Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years. Of the nine members elected at the annual general meeting, five are independent persons, whereas the other four members are appointed by the majority shareholder, TryghedsGruppen. In 2018 the Supervisory Board will have 12 members whereas tree members will be appointed by TryghedsGruppen.

The Supervisory Board is responsible for the central strategic management and financial control of Tryg and for ensuring that the business is organised in a sound way. This is achieved by monitoring targets and frameworks through regular and systematic reviews of strategy and risks. The Executive Board reports to the Supervisory Board on strategy and action plans, market developments and Group performance, funding issues, capital resources and special risks. The Supervisory Board holds an annual strategy seminar to decide on and/or adjust the Group's strategy with a view to sustaining value creation in the company.

In 2017, Tryg launched a new strategy for 2018-2020. Tryg has defined four strategic initiatives that support both its financial targets and its customer targets for 2020.

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.

Committees
Tryg has an Audit Committee, a Risk Committee, a Nomination Committee and a Remuneration Committee. Tryg has set up a temporary IT Committee to allow the Supervisory Board to work more closely with Tryg's IT strategy. The committees exclusively prepare matters for decision by the entire Supervisory Board.

Audit Committee
The Audit Committee has four members, of whom three are independent, and is chaired by the Deputy Chairman of the Supervisory Board. The main responsibilities of the Audit Committee are:

- Review the Group's technical provisions.
- Review the methodology for and calculations of the Group's Solvency Capital Requirement.
- Review the efficiency of the Group's contingency plans.
- Assess the Group's internal control procedures to prevent fraud.
- Supervise the audit work performed by the external auditors.
- Review and discuss the results of the work of the internal and external auditors and supervise management's follow-up on the recommendations reported by the internal and external auditors.
- Ensure that the Group is being monitored by independent auditors and by internal auditors.

The Audit Committee has knowledge of, and experience in, financial matters as well as accounting and audit matters in listed companies.

Risk Committee
The Risk Committee has five members, of whom three are independent, and is chaired by the Deputy Chairman of the Supervisory Board. The main responsibilities of the Risk Committee are to monitor the company's risk management systems, review the Group's risk assessment and assess and monitor the efficiency of the risk management environment. The Risk Committee also reviews the calculation of capital requirements and the internal process for calibration and operation of Tryg's partial internal model. The Risk Committee monitors the capital and risk management on an ongoing basis and reports quarterly to the Supervisory Board.

Nomination Committee
Tryg's Nomination Committee has three members, of whom two are independent, and is chaired by the Chairman of the Supervisory Board. The main responsibilities of the Nomination Committee are:

- Define the qualifications required of the Supervisory Board and the Executive Board.
- Outline the structure, size, composition and results of the Supervisory Board and Executive Board.
- Outline the competencies, skills, knowledge and experience of each member of the Supervisory Board and the Executive Board.
- Consider suggestions from relevant persons, including shareholders and members of the Supervisory Board and the Executive Board, concerning candidates for management positions.

- Propose an action plan to the Supervisory Board on the future composition of the Supervisory Board, including proposals for specific changes.

In 2018, the Nomination Committee will have two members.

Remuneration Committee
Tryg's Remuneration Committee consists of five members, of whom two are independent, and is chaired by the Chairman of the Supervisory Board. The main responsibilities of the Remuneration Committee are:

- Recommend the remuneration policy (including general guidelines for incentive pay) to the Supervisory Board for approval prior to approval by the shareholders.
- Prepare recommendations to the Supervisory Board as to which employees are considered risk-takers.
- Prepare recommendations to the Supervisory Board on elements that should be included in the remuneration of the Supervisory Board and the Executive Board as well as the amount of the specific remuneration.
- Ensure compliance with the adopted remuneration policy (including guidelines for incentive pay).
- Monitor that the information in the annual report on remuneration of the Supervisory Board, the Executive Board and risk-takers is correct, true and adequate.
- Ensure that the Supervisory Board is kept informed of the market level of remuneration paid to the supervisory boards and executive boards of the company's peers, and, on behalf of the Supervisory Board, follow practice in the area to ensure that any new forms of remuneration are discussed and considered by the Supervisory Board.

In 2018, the remuneration Committee will consist of four members.

Executive Board
Tryg's organisational structure is based on national business areas. The members of the Executive Board are the CEO, the CFO and the COO. As of 23 January 2018, the CCO is also a member of Tryg's Executive Board. The Executive Board is responsible for the day-to-day running of Tryg, observing the guidelines and recommendations issued by the Supervisory Board.

Each year, the Supervisory Board reviews and adopts the rules of procedure of the Supervisory Board and the Executive Board comprising 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.

Four key functions – Risk Management, Compliance, Actuarial function and Internal Audit
The Executive Board appoints those responsible for the key functions Risk Management, Compliance and the Actuarial function. The Supervisory Board appoints the person responsible for the Internal Audit function. The persons responsible for the four functions have all been fit-and-proper-approved by the Danish Financial Supervisory Authority.

The functions Appointed actuary, Compliance and Risk Management all report to the Executive Board and the Supervisory Board's Risk Committee. Internal Audit reports to the Audit Committee and the Supervisory Board.

Tryg's risk management environment is based on the principle of 'three lines of defence' in order to ensure a robust system of governance and effective communication between the business areas, key functions and the Internal Audit function as well as reporting to the Supervisory Board and the Supervisory Board committees.

Material changes in the system of governance
At Tryg's annual general meeting in March 2017, Article 19 in the Articles of Association was amended to the effect that the number of members appointed to the Supervisory Board may vary between six and nine. Also, the requirement that the post of Chairman of the Supervisory Board is filled by the Chairman of the Supervisory Board of TryghedsGruppen was omitted following a transitional period. Consequently, in March 2017, Tryg had an extra Supervisory Board member, two Deputy Chairmen and an extra member of the Remuneration Committee and the Nomination Committee compared to 2016.

At Tryg's annual general meeting in March 2018, Article 19 in the Articles of Association was amended concerning election period and composition of the Supervisory Board, thus (i) a board member must resign after having been a member for 12 years, (ii) the requirement that the position as Chairman of the Supervisory Board is filled with the Chairman of the Supervisory Board in TryghedsGruppen smba after a transitional period, is removed and (iii) the Supervisory Board appoints one Deputy Chairman instead of two.

Remuneration

1.c.1. Remuneration of management

Tryg has adopted a remuneration policy for Tryg in general, which contains specific schemes for the Supervisory Board, the Executive Board and other employees in Tryg whose activities have a material impact on the risk profile of the company. The remuneration policy for 2017 was adopted by the Supervisory Board in January 2017 and approved by the annual general meeting on 8 March 2017. The Board's proposal for the remuneration of the Supervisory Board for the current financial year was approved by the shareholders at the annual general meeting.

The remuneration policy for 2018 was adopted by the Supervisory Board in January 2018 and approved by the annual general meeting on 16 March 2018.

1.c.2. Remuneration of Supervisory Board

Members of Tryg's Supervisory 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 the required skills, efforts and the scope of the Supervisory Board's work, including the number of meetings held. The remuneration received by the Chairman of the Supervisory Board is three times that received by ordinary members, while the Deputy Chairman's remuneration is twice that received by ordinary members of the Supervisory Board.

1.c.3. 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 wants to strike an appropriate balance between management remuneration, predictable risk and value creation for shareholders in the short and long term.

The Executive Board's remuneration consists of a base salary, a pension contribution of 25% of the base salary and other benefits. The base salary 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 Supervisory Board can decide that the base salary should be supplemented with a variable pay element of up to 50% of the fixed base salary including pension.

The variable pay element consists of a Matching Shares Programme. Members of the Executive Board may, using taxed funds, buy shares (so-called investment shares) in Tryg A/S at the market price for a predefined amount. Four years after such purchase, Tryg will grant one matching share per investment share free of charge. Matching is conditional upon the fulfilment of additional conditions such as continued employment and back testing (testing prior to matching, to ensure that the criteria forming the basis of the calculation of the variable salary are still met at the time of matching). The purpose of the Matching Shares Programme is to ensure the alignment of interests between the Executive Board and the company's shareholders.

The Supervisory Board evaluates the performance of the Executive Board against the targets set by the Supervisory Board for the financial year. The overall fulfilment of the weighted targets determines the number of investment shares offered to each member of the Executive Board.

Material transactions

The Group has no related parties with a decisive influence other than its parent company, TryghedsGruppen smba, and the subsidiaries of TryghedsGruppen smba (other related parties). Related parties with significant influence include the members of the Supervisory Board and the Executive Board. TryghedsGruppen smba controls 60% of the shares in Tryg A/S. Transactions between TryghedsGruppen smba and Tryg A/S are conducted on an arm's-length basis. Intra-group transactions including administration fees etc. are fixed on a cost-recovery basis. Intra-group accounts are offset and carry interest on market terms.

The members of the Executive Board receive a fixed remuneration and pension. A variable salary element is awarded in the form of a Matching Shares Programme. Besides this, the members of the Executive Board have free cars appropriate to their position as well as other market-conforming employee benefits. Each member of the Executive Board is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contributions. The Group CEO is entitled to severance pay equal to 18 months' salary. If a change of control clause is actioned, the CEO and COO are instead entitled to severance pay equal to 36 months' salary, and the CFO to 24 months' salary and a notice period of 6 months.

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. The risk-takers are remunerated in accordance with Tryg's remuneration policy.

B.2 Fit-and-proper requirements

Requirements concerning skills, knowledge and expertise – persons who run the company
The Supervisory Board has identified the following qualifications and skills which the Supervisory Board wishes to be present among the Board members:

- Knowledge about insurance issues, including insight into the organisation of insurance companies, product development of financial services, reinsurance, capital requirements and special insurance-legal accounting principles.
- In addition, managerial experience, financial insight, insight into accounting, IT/digitalisation knowledge, financial knowledge and experience, M&A experience, market insight and international experience.

As a financial business, Tryg is under an obligation to observe Section 64 of the Danish Financial Business Act concerning members of the Supervisory Board and the Executive Board. This means that Tryg must ensure that members of the Supervisory Board and the Executive Board at all times possess the necessary knowledge, professional competence and experience to exercise their functions and perform their jobs.

Tryg has appointed four key functions and, in this connection, prepared function descriptions for each of these four functions. These functional descriptions state the requirements to be met by the persons in these key functions, and common to these key functions is that they must be independent from one another.

Process for accessing the fitness and propriety of the persons who effectively run the company or have other key functions
When hiring new persons, an assessment is made as to whether they are fit and proper. The assessment must be based on the concrete position which is being filled. As regards members of the Supervisory Board and the Executive Board, it is ensured, in particular, that both the Supervisory Board and the Executive Board as entities possess the necessary knowledge but also adequate diversity in terms of the qualifications, knowledge and experience of their members.

Moreover, it is ensured that the requirements set out in the rules of procedure of the Supervisory Board and the Executive Board are observed. The above-mentioned assessment of the Tryg management also applies to the subsidiaries of the Group. Where individual board members, the Nomination Committee or the Executive Board of Tryg (as regards directorships in Group subsidiaries) find that a Board member, a member of one of the Supervisory Board committees or the whole of the Supervisory Board is in need of new knowledge or new competence, the Supervisory Board may decide to initiate education, either using Tryg's own resources or external teachers. New Board members are educated in pursuance of statutory requirements relating hereto.

The Supervisory Board regularly, and at least once a year, decides which persons – in addition to the members of management reported to the Danish Business Authority and the four persons responsible for the key functions – must be understood to participate in managing the company. The Supervisory Board secretariat keeps a list of these.

B.3 Risk management system

Risk management system
Tryg has adopted a number of policies, guidelines and business procedures contributing to the management of risk activities such as underwriting and reinsurance, claims handling, investments, IT security etc. These guidelines are also supported by a power of attorney structure which defines who may take various actions. Altogether, these policies, guidelines and business procedures constitute the internal framework within which the business must act. In Tryg, a general risk management policy constitutes the framework for a number of underlying risk policies, which reflect the Supervisory Board's guidelines for specific risk areas in more detail.

Risk appetite is also part of the internal risk framework, and it is defined as the risk Tryg is willing to take in order to meet the company's strategic targets. This means that the risk appetite is the instrument for connecting the strategic targets with the operational plans. The risk appetite sums up the considerations and decisions behind the framework set out in the policies, whereas the risk strategy describes how this is implemented in practice.

Organisation
The overall responsibility for Tryg's risk management is organisationally anchored with the CRO in Group Risk in the business area Group Finance, whereas the business areas are responsible for implementing adequate risk management processes within their own area. To ensure adequate risk management processes in all parts of Tryg and in order to keep risk management as close to the business as possible, a matrix organisation has been established comprising decentralised risk managers in all business areas.

The decentralised risk managers facilitate the risk management within their own business area. They report, however, to a central risk manager in Risk Management, who ensures coordination and standardisation of risk management processes across business areas and countries. The decentralised risk managers form an essential part of Tryg's second line of defence.

The decentralised risk managers assist, advise and instruct the business management in questions relating to risk management and compliance and ensure the implementation of processes, controls and reports planned by the Risk management and Compliance functions. The decentralised risk managers have full access to independently report to the manager of their own business area as well as the Risk management and Compliance functions.

Risk management in Tryg is divided into 'three lines of defence', with the business areas constituting the first line of defence, Risk Management, the Actuarial function and Compliance monitoring the business as the second line of defence, and the Internal Audit auditing all of Tryg in the third line of defence and reporting directly to the Supervisory Board, cf. the 'Lines of defence' figure.

Risk policies

Overall risk management policy

- Risk management
- Internal controls
- Capital structure
- Reporting to the Danish Financial Supervisory Authority
- Adequate information in the Solvency and Financial Condition Report (SFCR)
- Own risk and solvency assessment (ORSA)

The underlying risk policies

Insurance risks
- Underwriting
- Technical provisions
- Reinsurance

Operational risk[1] and IT security

Outsourcing

Investments
- Management of assets and liabilities
- Liquidity
- Concentration

Partial internal model
- Validation (policy)
- Model changes (policy)

1) Includes operational risks which are not covered by any of the other underlying policies. Consequently, operational risks associated with, e.g., investments are comprised by the investment policy etc.

Key functions
Tryg's Executive Board has appointed three key persons, one for each of the Compliance, Actuarial and Risk management functions. The Internal Audit function is handled by Internal Audit, and the key person is appointed by the Supervisory Board.

With the implementation of the four key functions comes a requirement for independence, which Tryg has ensured by placing the Risk Management function under Management Support, the Compliance function under Group Legal & Compliance Nordic, the Actuarial function under Pricing & modelling and the Internal Audit function under Internal Audit.

In addition, Tryg's Executive Board has formed a Risk Committee, the purpose of which is:

- to ensure an overall overview of Tryg's insurance, market, model and operations-related risks
- to ensure the adequate involvement of key persons

The Executive Board and the key persons for the Risk management function, the Actuarial function and the Compliance function are members of the Risk Committee chaired by the CRO.

The subcommittees handle risk management within their own risk area.

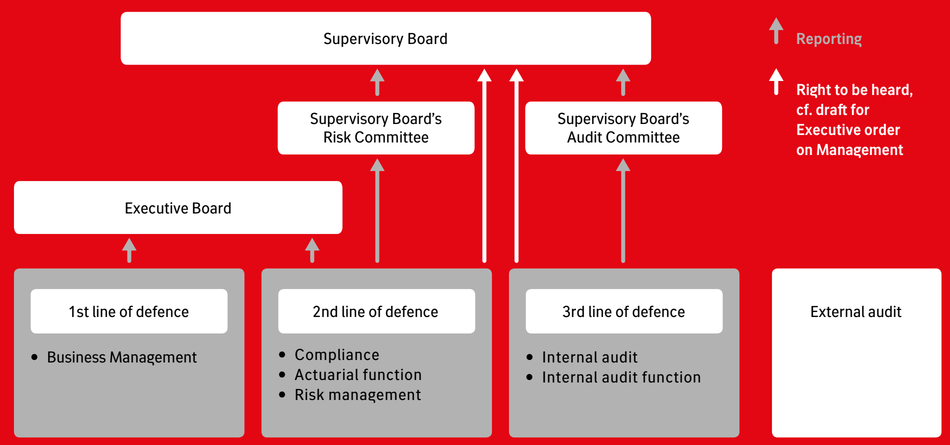
Internal Risk Committees
The Model Risk Committee is a technical committee whose main purpose is to maintain and oversee the model governance associated with the approved partial internal model, including the handling of validation reports and model changes.

The Insurance Risk Committee facilitates discussions of portfolio and risk in relation to risk taking, and initiates and participates in work groups on new products to be recommended to the Executive Board's Risk Committee as well as the implementation of the insurance risk policy.

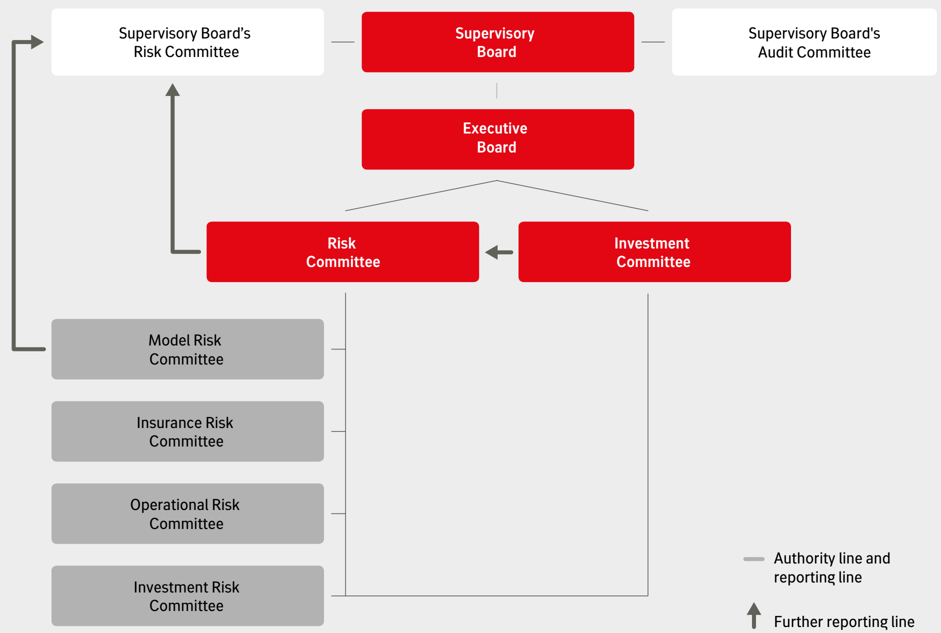
The Operational Risk Committee advises on the handling of and decisions concerning operational risks in the business areas, creates the framework of preparedness in Tryg, monitors operational risks falling outside the risk areas of the other committees and implements the policy on operational risks and IT security.

The Investment Risk Committee monitors risk taking in investments and ensures that this is in accordance with the investment policy.

Lines of defence



Tryg's risk management environment



Own risk and solvency assessment (ORSA) process
ORSA is the company's own risk and solvency assessment based on the Solvency II principles, which implies that Tryg must assess all material risks to which the company is or may be exposed. The ORSA report also contains an assessment of whether the calculation of the solvency capital requirement is reasonable and reflects Tryg's actual risk profile. Moreover, the projected capital requirement is also assessed over the company's strategic planning period. Tryg's risk activities are implemented via continuous risk management processes, where the main results are reported to the Supervisory Board and the Supervisory Board's Risk Committee during the year.

The ORSA report is an annual summary document assessing all these processes and presenting the total risk picture to Tryg's Supervisory Board.

It is the Supervisory Board's responsibility to have the overview of risks associated with Tryg's business model, and to assess whether the processes used to determine the accurate risk profile of Tryg are adequate.

The result of Tryg's substantial risk management processes constitutes the scope of the Supervisory Board's own risk and solvency assessment. The information is delivered by Risk Management.

The solvency capital requirement is calculated on the basis of Tryg's partial internal model, where insurance risks are modelled using an internal model, while other risks are described using the standard formula. In addition, Tryg's partial internal model is used to assess the risk-taking limits set out in the investment policy, taking into account the savings achieved in the solvency capital requirement.

› See further description in section E.

B.4 Internal control system

Tryg's internal control system
The business areas (first line) carry out internal controls in Tryg to such an extent that significant risks are detected/monitored and creating reasonable certainty of:

- Operational efficiency and quality (fraud controls, UW, sales and claims controls etc.)
- Reliability of data and reporting
- Compliance with internal and external regulations

The respective persons responsible for Risk Management, for Compliance and for the Actuarial department ensure that adequate controls are carried out in the second line of defence, whereas the Internal Audit function provides the Executive Board with its assessment of the adequacy and efficiency of the internal control system.

The internal controls in Tryg have been designed to be efficient and risk-based. This means that activities posing risks with the highest probability and consequence are subject to frequent controls, whereas other activities may be subject to ad-hoc controls based on a concrete risk assessment of the area of activity.

All controls are independent. In the first line of defence, the controls are carried out as self- regulation in the department in which the controlled activities are carried out. The second and third lines of defence are subject to a strict independency requirement. Where the requirement for separation of functions cannot be observed in the second or third line of defence for practical reasons, or where conflicts of interest indicate that the controls cannot be carried out in an adequate way, an independent party participates or reviews the controls.

The business areas support the internal control environment by providing access to the systems, reports, resources and tools needed to carry out the controls. The completion of internal controls is documented, and the results are reported to the managers of the controlled business units, who are responsible for follow-up on essential errors and risks detected by the controls, and who must prepare necessary action plans to mitigate these going forward. The action plans set out the planned follow-up. The decentralised risk managers oversee that necessary follow-up is carried out in time and that significant risks which have been identified by the controls are included in the risk identification process. Lack of follow-up on controls is reported to the relevant second-line function.

Description of how the compliance function is implemented
Tryg's Compliance function is responsible for controlling and assessing whether Tryg's methods and procedures for detecting and mitigating the risk of violating the law are effective.

The Compliance function advises Tryg, including Tryg's Executive Board, on observance of the financial legislation applying to the company, assesses the consequences of legislative changes and identifies and assesses the risk of non-observance of the financial legislation or internal set of rules.

The person responsible for Compliance receives reporting on reports to Tryg's whistleblower line and is responsible for reporting to both Tryg's Audit Committee and Tryg's Risk Committee.

Compliance work is planned in consideration of materiality and risk, including the risk of influencing Tryg's reputation and potential risks of fines due to violations of the law.

The Compliance function ensures that a risk analysis is prepared, covering the significant compliance risks of the company and which forms the basis of the work of this function.

Every year, the Compliance function drafts a compliance plan, which is sent to Tryg's Risk Committee and the Risk Committee of the Supervisory Board. The person responsible for Compliance may choose to take action not included in the plan based on a concrete consideration of risk.

Subject to approval by the Executive Board, the compliance tasks may be left to organisational units outside the Compliance function. The Executive Board has decided that the Compliance function may instruct the decentralised risk managers to carry out compliance controls, for example establishing the framework for compliance controls carried out decentrally.

B.5 Internal Audit function

How Tryg's Internal Audit function is implemented

Tryg has established an Internal Audit function, which is managed by the Head of Internal Audit. The internal Audit function is appointed by the Supervisory Board.

Tryg's Supervisory Board has adopted a policy and functional description for the Internal Audit department. The functional description and the policy establish the basis, powers and tasks of the Internal Audit function, including guidelines on cooperation with the other key functions: Risk Management, Compliance and the Actuarial function.

In order to ensure the independence and objectivity of the Head of Internal Audit, this person may only be hired and fired by the Supervisory Board, to which this person is responsible. The Head of Internal Audit must live up to the fit-and-proper requirements set out by the Danish Financial Supervisory Authority as well as a number of further requirements such as requirements concerning the prohibition of speculative transactions, protection against conflicts of interest and specific requirements for education and competence.

In order to ensure that the Head of Internal Audit and the employees performing internal audits maintain their independence from Tryg, including the areas being audited, the Supervisory Board has imposed a number of restrictions on the employees of the Internal Audit function, including prohibition against loans etc. from Tryg, bonus schemes, insider rules and a duty of confidentiality.

Each year, Internal Audit prepares a plan for its tasks, which must be approved by the Supervisory Board. The plan is based on a risk analysis. The tasks are organised on the basis of materiality and risk. Consequently, the plan is based on a risk analysis, making sure that the most material and risk-related areas are audited according to a three-year plan. The results and conclusions of the work of the Internal Audit are reported to Tryg's Audit Committee on a quarterly basis, and at least once a year to the Supervisory Board.

How Tryg's Internal Audit function maintains its independence and objectivity from the activities reviewed

Internal Audit is organised independently of the rest of the Tryg organisation and reports directly to the Audit Committee. The Head of Internal Audit is employed by the Supervisory Board.

The Head of the Internal Audit department receives a fixed salary and pension but no variable pay elements.

B.6 The Actuarial function

The Executive Board appoints the person responsible for the function ('the actuarial responsible'). The person responsible for Tryg's actuarial function is Tryg's Chief Actuary. The person responsible for the Actuarial function must meet with the requirements of the Danish Financial Supervisory Authority for the key functions, i.e. be fit and proper and have adequate knowledge about Tryg's insurance operations and extensive professional knowledge about actuarial mathematics and financial mathematics.

For the subsidiary Tryg Livsforsikring A/S, the Executive Board has appointed a separate actuary responsible for meeting the requirements of the Danish Financial Supervisory Authority.

The Executive Board must ensure that the Actuarial function is provided with adequate resources and, in consultation with the person responsible for the Actuarial function, decide on the staffing of the Actuarial function. The function is not to be considered an organisational unit in Tryg, but may consist of employees from more than one department.

The person responsible for the Actuarial function is responsible for maintaining an updated list of employees in the function and for ensuring that the employees in the Actuarial function have the right education and necessary knowledge about the professional standards and technical provisions to ensure that the tasks are handled according to the functional description.

The Executive Board must ensure that the person responsible for the Actuarial function receives all information necessary to perform the work with technical provisions.

In order to ensure that the Actuarial function is able to perform its duties, all essential decisions involving an aspect of the technical provisions, including decisions on new and significantly changed products, reinsurance and M&A, must be presented to the Actuarial function for an assessment. This must be done in a sufficiently timely manner to allow the Actuarial function to offer an opinion on the impact of such decisions in relation to insurance provisions, before making a final decision.

B.7 Outsourcing

Tryg continuously assesses whether any Group activities should be outsourced. This is based on an overall assessment of possible quality improvements and cost savings.

All outsourcing decisions are made by Tryg's Supervisory Board subject to a recommendation from the Executive Board. Prior to any decision being made, an analysis is made of whether the activities are suitable for outsourcing, the possible risks for Tryg and how these risks may be mitigated adequately, including transitional and operational as well as exit risks.

When choosing a supplier, it is considered how the identified risks can be overcome/mitigated adequately by choosing a specific supplier. A description is made of the needs of the outsourcing company and the requirements which are to be met by the supplier.

The selection of a supplier is based on a meticulous selection procedure, which, among other things, emphasises the supplier's background, experience, reputation and solidity, experience with the contracting party in question from previous cooperation, the supplier's organisation and employees, the service offered, the price and the non-existence of any conflicts of interest. In connection with the selection, it is ensured that the supplier has the necessary ability and capacity and such permissions as are required pursuant to applicable legislation in order to be able to handle the outsourced tasks satisfactorily.

Assessment of the adequacy of the system
Tryg's management system is deemed to be adequate given the nature, scope and complexity of the risks associated with the company's operations.

B.8 Any other information

No other information.

C. Risk profile

Changes in Tryg's risk profile
During 2017, mergers and acquisitions (M&As) impacted Tryg's risk profile (see section A). Below are listed the M&As that refer to 2017 as well as a short description of their impact.

OBOS
In 2017, Tryg acquired the OBOS insurance portfolio. The insurance activities were incorporated into the Tryg Group's business structure. The portfolio amounts to approx. NOK 170m, contains private and commercial customers and does not differ from Tryg's Norwegian risk profile. The SCR effect from OBOS is negligible compared to the overall solvency ratio of Tryg and does not imply changes to Tryg's overall risk profile.

FDM
In 2017, Tryg acquired FDM's insurance portfolio in Denmark which comprises well over 20,000 members/insurance customers and began selling insurance products to FDM's customers. By 1 January 2018, all existing customers has been transferred to Tryg. The SCR effect from FDM is negligible compared to the overall solvency ratio of Tryg and does not imply changes to Tryg's overall risk profile.

ALKA
In December 2017 Tryg concluded an agreement to acquire Alka Forsikring. The Danish FSA approved the aquistion in mid-March, while approval by the competition authorities is pending. Alka is expected to be fully included in Tryg's portfolio in H2 2018. Alka's impact on the solvency ratio is estimated to 9 percentage points in Q3 2017. Alka's insurance portfolio consists primarily of private customers, and their risk profile is on the same level as Tryg's risk profile regarding the Private segment in Denmark. Therefore, there will be no significant changes to Tryg's risk profile when Alka is fully acquired.

Following these transactions, Tryg has increased its exposure to the Private segment, especially in Denmark. The acquisition of Alka has been funded primarily by a capital increase (new shares issue) while Tryg is also planning a Tier 1 bond issue during H1 2018.

› See section E for further information.

Tryg Garanti (Germany)
At Tryg's Capital Market Day in November 2017, it was announced that Tryg Garanti will increase its exposure to the German market, increasing Tryg's total exposure towards credit and suretyship insurance. Therefore, Tryg has changed the corresponding reinsurance programme, to ensure that the total exposure is kept at an acceptable level.

C.1 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 as defined by the Supervisory Board, and administered through business procedures, underwriting guidelines etc. Underwriting risk is assessed in Tryg's capital model, determining the capital impact from insurance products.

Reinsurance is used to reduce the underwriting risk in situations where this cannot be achieved to a sufficient degree via ordinary diversification.

› See 'Main factors affecting underwriting risk' table

Reserving risk
Reserving risk relates to the risk of Tryg'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

Main factors affecting underwriting risk

Risk factor	Risk description
Premium rates	The risk that market competition affect the premium rates adversely, or that the internal pricing process (models) produce inadequate risk premiums.
Claim severity	Average claim severities may vary due to changing technology or claims mix. The risk associated with individual large claims is reasonably well controlled by use of reinsurance, but the potential frequency of large losses will represent a risk factor for the underwriting risk.
Claim frequency	Claims frequency may be subject to unpredicted variations e.g. due to changes in product conditions, technology, macroeconomic conditions.
Risk accumulation	Risk accumulation is when an event, e.g. a storm, causes several claims within the same geographical area.

calculation of claims reserves affects Tryg's results through the run-off on reserves. Long-tailed reserves, in particular, are subject to interest rate and inflation risks. Interest rate risk is hedged by means of Tryg's match portfolio which corresponds to the discounted claims reserves. In order to manage the inflation risk of Danish workers' compensation claims reserves, Tryg has bought zero coupon inflation swaps. Tryg determines the claims reserves via statistical methods as well as individual assessments. The Actuarial function conducts an internal actuarial review of the adequacy of reserves on a quarterly basis. The result of this review is reported to the Supervisory Board on a semi-annual basis.

See 'Main factors affecting reserve risk' table

At the end of 2017, Tryg's claims provisions after reinsurance totalled DKK 22,804m with an average duration of approximately 4 years.

Business model and exposure

See section A.1 for a description of Tryg's business model.

Assessments of Tryg's actual risk profile are performed on an ongoing basis throughout the year. Prior to the acceptance of an insurance risk, the exposure is quantified via technical underwriting based on tariffs, and for larger risks also an individual risk assessment. Individual large risk exposures are managed through the use of reinsurance, and the aggregate risk profile taking into account the degree of risk diversification is again further managed through reinsurance programmes for particular risk types or lines of business.

The resulting risk profile is quantified in Tryg's partial internal capital model, which is also applied in the allocation of capital to the individual business areas and lines of business in accordance with the risk associated with these entities. The allocated capital in per cent of premium (capital charge) is shown for geographical segments in the 'Capital charge' figure. The capital charge is used to determine the risk premium required to support a certain return on equity. Sweden has a somewhat higher capital charge compared to Denmark and Norway as some lines of business (for example Motor third-party liability) have a longer tail as claims are paid out as annuities as opposed to lump sums.

In Tryg's partial internal model, Denmark and Norway are modelled internally, while Sweden is currently subject to the standard formula.

The quantified risk profile is assessed on a quarterly basis, and is supplemented by a risk identification process, whereby each business area reports foreseeable risks that may affect their business in both a short and long-term perspective.

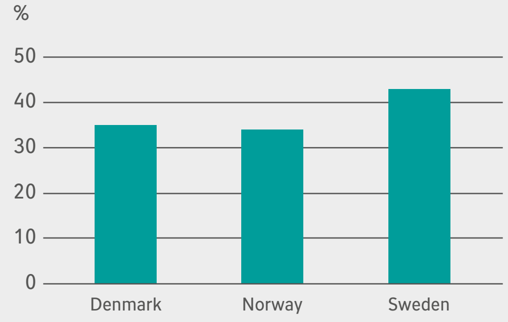
Tryg's Supervisory Board's insurance risk policy and guidelines specify underwriting limits and conditions, which serves to limit the risk profile. The fundamental processes of evaluating, quantifying and controlling the insurance risks are:

- Tryg's price and tariff analysis, which ensures that price properly reflects the risk taken
- The internal capital model, which quantifies the remaining risk after reinsurance and diversification, and determines the earnings margin targets
- Technical provision analysis to evaluate the development in accident years within all lines of business

Main factors affecting reserve risk

Risk factor	Risk description
Changes in claims handling procedures	Tryg sets uo case reserves for larger claims on a case-by-case basis. Changes in the practise for case reserving may introduce uncertain in the total level of reserves.
Changes in legislation and court practise	Legislative changes may affect the level of insurance compensation for past accident periods, and hence the required level of claims reserves.
Claims inflation	Unexpected change in the claims inflation can affect long-tailed business like liability insurances and Danish workers compensation.

Capital charge



Furthermore, the insurance risk is evaluated as part of the risk identification process – a process undertaken semi-annually to identify the development of new risks. In addition, reviews of the technical provisions are performed quarterly, evaluating the appropriateness of Tryg's reserving methods.

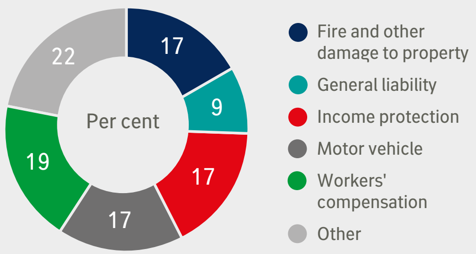
Risk concentrations – underwriting risk
Risk concentrations for insurance risk can broadly be split into two types (i) concentration by events and (ii) concentration by location. Concentration by events can occur for the property area, where the main perils are windstorms, cloudbursts and flooding, and similarly for the liability areas serial claims can cause a concentration of losses.

Concentration by location occurs where a single risk or a number of different risks represent a large loss potential in the case of physical damage to a particular area (fire, terror etc.). Tryg's reinsurance programme covers concentration by events up to approximately 250-year events, and for weather-related events additional cover is arranged to limit the annual net loss in the case of multiple events. For the concentration by location, reinsurance cover is established on an individual basis to cover the estimated maximum loss (EML) of the risk, and additional cover is established to cover any EML breakthroughs. For selected top risks, additional protection is provided (only) to avoid any additional capital charge from the Solvency II man-made CAT scenario, which considers the total sum insured within a 200-metre radius, without regard for risk-preventing measures and loss probabilities.

In general, Tryg has a well-diversified insurance portfolio due to its large customer base in the Nordic countries. The premium split by geographical areas can be seen in the 'Premium split' figure in section A.1.

The 'Claims reserve split' figure shows the total gross claims reserve split according to Solvency II lines of business.

Claims reserve split 2017



By SII lines of business

Risk mitigation – underwriting risk
Tryg uses risk mitigation within all significant areas. The effect of these steps is measured and reported continuously and when relevant included in the calculation of Tryg's solvency capital requirement. The most significant types of mitigation for underwriting risk are:

Reinsurance: Proportional reinsurance is used in special areas (guarantee, fish farming) to balance the portfolio mix to a level where diversification ensures optimum effect. Tryg's reinsurance programme and facultative reinsurance are used to reduce the risk associated with large claims for both portfolios and individual large risks.

Inflation risk on workers' compensation: Workers' compensation claims are regulated by a workers' compensation index, which is linked to inflation. This risk is covered by inflation swaps. In general, Tryg's insurance policy contains limits which ensure that Tryg does not accept risks that are not within the Supervisory Board's risk appetite. Continuous follow-up is performed to ensure compliance with the limits set out in the insurance policy.

In case of major events involving damage to buildings and contents, Tryg'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 160m. In the event of a frequency of natural disasters, Tryg is covered for up to DKK 600m, after total annual retention of DKK 300m. Tryg has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Tryg'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 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. The use of reinsurance creates a natural counterparty risk. This risk is handled by using a wide range of reinsurers with at least an 'A' rating and DKK 750m in capital.

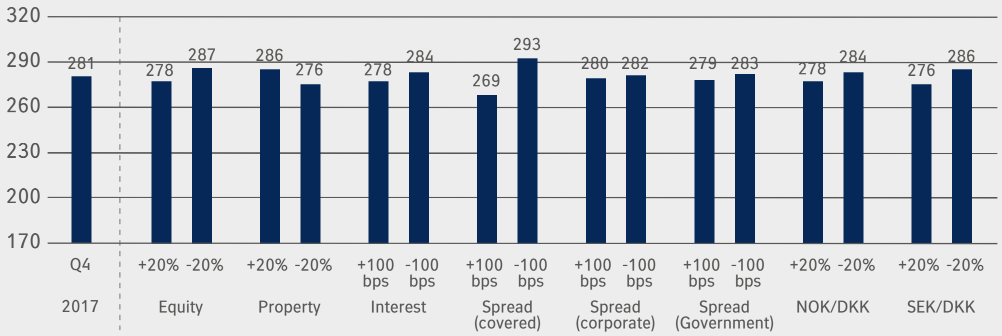
Stress test and sensitivity analysis – underwriting risk
Tryg performs stress tests of insurance risks based on the scenarios illustrated in the'Sensitivity analysis' table. The scenarios reflect the change in Tryg's result in case of a 1 percentage point change in combined ratio. In addition, the table illustrates the effect of a 1% change in inflation and the effect of a 10% shock to the technical provisions for long tailed lines of business.

Sensitivity analysis

DKKm	2017	2016
Insurance risk		
Effect of 1% change in:		
Combined ratio (1 percentage point)	+/- 180	+/- 175
Major events	- 100	- 100
Catastrophe event up to DKK 5.75bn	- 160	- 150
Reserving risk		
1% change in inflation on person-related lines of business [a)]	+/- 408	+/- 436
10% error in the assessment of long-tailed lines of business (workers' compensation, motor liability, liability, accident)	+/- 1,706	+/- 1,800

a) Including the effect of the zero coupon inflation swap.

Solvency II ratio sensitivities



Additional stress and sensitivity of the solvency ratio to changes in market values are shown in the 'Solvency II ratio sensitivities' graph.

Finally, the capital plan and projections (updated quarterly, see section E) illustrate the long-term sensitivity of the solvency ratio to various strategic decisions and potential negative deviations in profitability.

C.2 Market risk

Composition and exposure
Market risk is defined as the risk of loss as a consequence of financial markets volatility.

See 'Main factors affecting market risk' table page 24.

Tryg'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 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 company's investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. Tryg's equity portfolio constitutes the company's largest investment risk. At the end of 2017, the equity portfolio accounted for 5.0% of the total investment assets.

Tryg's property portfolio comprises investment properties, the value of which is adjusted based on property market conditions through internal valuations backed by external valuations. At the end of 2017, investment properties accounted for 3.9% (including property funds). Tryg does not wish to speculate in foreign currency, but since Tryg invests and operates its insurance business in currencies other than Danish kroner, Tryg is exposed to currency risk. Tryg is primarily exposed to fluctuations in the other Scandinavian currencies due to its ongoing insurance activities.

Premiums earned and claims 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 currencies other 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 is exposed to credit, counterparty and concentration risks.

These risks primarily relate to exposures in high-yield bonds, emerging-market debt exposures as well as Tryg's investments in AAA-rated Nordic and European government and mortgage bonds. These risks are also managed through the company's investment policy and the reinsurance framework defined in its insurance policy.

The 'Splitting up the portfolio 'risk-wise" figures illustrate the split of Tryg's assets between the free portfolio and the match portfolio.

Risk concentration – market risk
The overall framework for managing investment risk is defined by the Supervisory Board in Tryg's investment policy. In this policy, predefined limits are defined for investment assets and counterparties, which means that the risk concentration is limited.

The investment risk is managed by looking at total exposure and capital consumption by asset class (bonds, shares, properties etc.). A very important element in managing Tryg's investment risk is the company's matching strategy, according to which invested assets corresponding to the technical provisions must be invested in interest-bearing assets, where the interest rate sensitivity of these assets matches and thereby hedges the interest rate sensitivity of the discounted provisions as closely as possible. The so-called match portfolio represents approximately 75% of total group investments, while the free portfolio (the capital of the company) represents the remaining 25%.

The 'Fixed income portfolio credit rating' and 'Different asset classes geographical exposure' figures show the geographical exposure and the rating of the match portfolio and the free portfolio.

Risk mitigation – market risk
Significant areas in which Tryg mitigates market risk are:

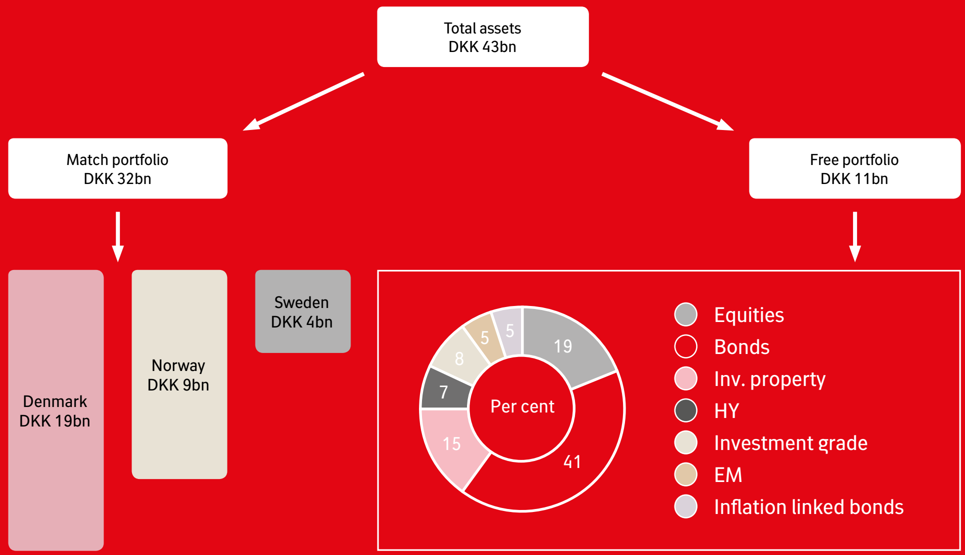
Investment The match portfolio must be invested in interest-bearing instruments with the same interest sensitivity as the discounted technical provisions, given any point on the interest rate curve. This means that Tryg's total interest rate sensitivity is minimised. The match portfolio represents approximately 75% of total investment assets.

Currency risk is mitigated through the use of currency swaps, with the net exposure against the most significant currencies being rebalanced to 0 on at least a monthly basis. The currency sensitivity corresponding to Tryg's solvency level is mitigated by placing subordinated loans in the same currencies

Main factors affecting market risk

Risk factor	Risk description
Monetary policy and interest rates	Monetary policies affect the interest rate environment. These have currently changed from relaxation to tightenings. The US has increased interest rates, whereas the EU is buying less bonds. Tryg is to a lower degree exposed to interest rate risk due to the matching strategy.
Equity markets	Volatility in equity exposure may in certain periods be higher than normal. Following longer periods with high returns, equity markets will frequently see sudden corrections. Periods with more significant losses (financial crises) are known to occur, but less frequently.
Real estate markets	Volatility in real estate exposure may in certain periods be higher than normal. The real estate market in Norway has decreased within the last year and likewise Sweden has experienced price reductions. House prices in Denmark has stagnated. This is due to the new retrictive legislation applied in Norway, Sweden and Denmark, impacting debtors.
Political risk factors	Political events can impact the general economic environment and investment yields.

Splitting up the portfolio 'risk-wise'



which are included in the solvency capital requirement. The size of the subordinated loans is determined by minimising the net currency sensitivity.

The free portfolio does not contain risk-mitigating elements. The purpose of the free portfolio is to maximise the investment return within the accepted investment risk as defined by the Supervisory Board in the investment policy.

The total risk associated with the free portfolio represents approximately 25% of Tryg's total risks. The development in the free portfolio, including compliance with the investment policy limits, is monitored and reported on a regular basis.

Stress test and sensitivity analysis – market risk

Tryg carries out stress tests of market risks based on scenarios illustrated in the 'Investment risk' table. The scenarios show how much Tryg's result will change in case of the following events:

- A 1 percentage point change in the interest rate curve
- A 15 % drop in the equity market
- A 15 % drop in the real estate market
- A 15 % drop in the value of currencies to which Tryg is exposed

C.3 Credit risk/counterparty risk

The credit risk associated with reinsurance is managed under Tryg's policies and guidelines. The policy includes a minimum rating for reinsurers, ensuring that the credit risk will be kept at an acceptable level. Among other things, Tryg's insurance policy states that reinsurers must have a high rating to ensure a strong level of solvency.

The 'Credit risk' table shows counterparties by rating – including counterparties for reinsurance and investment.

It can be seen that the majority of Tryg's counterparties have a rating of 'A' or higher. Furthermore, the counterparty risk is addressed by the solvency capital requirement, since the counterparty risk module in the standard formula takes this into consideration.

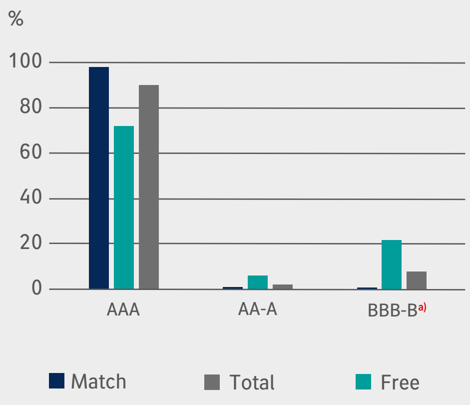
Credit risk in the investment area is also addressed by the investment policy. This policy lists the ratings which must be maintained by Tryg's counterparties under specific asset classes.

Concentration of counterparties

Counterparties within market risk are mentioned in section C.2.

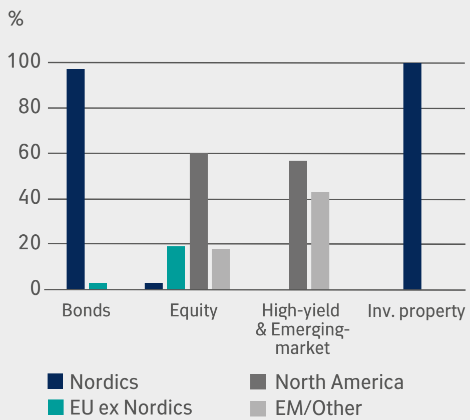
Risk concentration – market risk

Fixed income portfolio credit rating



a) 22% in BBB-B category, of which 12% are investment-grade and 10% high-yield.

Different asset classes geographical exposure



Investment risk

DKKm	2017	2016
Interest rate market		
Effect of 1% increase in interest curve:		
Impact of interest-bearing securities	-1,118	-1,131
Higher discounting of claims provisions	1,014	1,061
Net effect of interest rate rise	-104	-70
Impact of Norwegian pension obligation	153	173
Equity market		
15 % decline in equity market	-285	-365
Impact of derivatives related thereto	20	-15
Real estate market		
15 % decline in real estate markets	-257	-229
Currency market		
Equity:		
15 % decline in exposed currency (exclusive of EUR) relative to DKK	-975	-763
Impact of derivatives	946	728
Net impact of exchange rate decline	-29	-35
Technical result per year:		
Impact of 15% change in NOK and SEK exchange rates relative to DKK	+/- 151	+/- 158

Stress test and sensitivity analysis
In Tryg, credit risk is calculated using the standard formula, which indicates the effect of a counterparty with a certain rating being unable to fulfil its obligations.

At the end of Q4 2017, the calculated credit risk was DKK 262m before diversification. The solvency capital requirement and the accuracy of the solvency capital requirement are further discussed in section E.

C.4 Liquidity risk

For a non-life insurance company like Tryg, liquidity risk is practically non-existent, as premium payments fall due before claims payments. The only significant asset class in Tryg's statement of financial position which by nature is somewhat illiquid is the property portfolio.

Through the monitoring of excess liquidity defined in Tryg's policies and procedures established for measuring expected and realised net cash flows, including potential M&A business, the total liquidity needs in both the short and medium term are covered.

C.5 Operational risk

The role of operational risk management is to support the profitability of Tryg's business, which is done by minimising potential financial losses and reputational damage. These operational risks relate to errors or failures in internal procedures, fraud, the breakdown of infrastructure, IT security and similar factors.

The treatment of information and data is an additional risk of relevance to Tryg. An EU regulation on the protection of personal data could increase the regulation of the treatment of information and data, of which Tryg needs to be aware. In this context, the leaking of customer data, cyber-attacks and insider information constitute operational risks.

As operational risks are mainly internal, Tryg focuses on ensuring 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 risks in Tryg's IT security policy and operational risk policy. These risks are controlled via the Operational Risk Committee.

Credit risk

Bond portfolio by ratings	2017 DKKm	%	2016 DKKm	%
AAA to A	36,831	99.1	35,233	99.9
Other	208	0.6	20	0.1
Not rated	112	0.3	1	0.0
Total	**37,151**	**100.0**	**35,254**	**100.0**

Reinsurance balances				
AAA to A	953	92.3	1,536	90.7
Other	0	0.0	0	0.0
Not rated	80	7.7	157	9.3
Total	**1,033**	**100.0**	**1,693**	**100.0**

Liquidity risk

Maturity of the Group's financial obligations including interest

2017	0-1 year	1-5 years	> 5 years	Total
Subordinate loan capital	92	369	3,334	3,795
Amounts owed to credit institutions	306	0	0	306
Debt relating to unsettled funds transactions and repos	1,711	0	0	1,711
Derivative financial instruments	576	49	153	778
Other debt	2,458	0	0	2,458
	5,143	**418**	**3,487**	**9,048**

2016	0-1 year	1-5 years	> 5 years	Total
Subordinate loan capital	98	392	3,547	4,037
Amounts owed to credit institutions	178	0	0	178
Debt relating to unsettled funds transactions and repos	1,732	0	0	1,732
Derivative financial instruments	650	112	-53	709
Other debt	2,501	0	0	2,501
	5,159	**504**	**3,494**	**9,157**

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

A special crisis management structure has been set up to deal with the eventuality that Tryg is hit by a major crisis. This comprises a Crisis Management Team at Group level, national contingency teams at country level and finally business contingency teams in the individual areas. Tryg has prepared contingency plans for the most important areas. In addition, comprehensive IT contingency plans have been established, focusing primarily on business-critical systems.

Furthermore, to improve the protection of information, assets and profitability, the internal IT security procedures and contingency plans implemented by Tryg follow normal market conditions. This is done by ensuring that documents are compliant with the ISO standards.

To mitigate its operational risks, Tryg has established automatic data controls. In addition, Tryg regularly performs internal controls to detect any compliance breaches and to detect potential internal or external fraud.

In the areas of investment and IT, outsourcing poses a material risk. Outsourcing actualises several risks in the areas of data security, fraud, treatment of information and compliance. Even though internal controls and assessments of compliance are performed for outsourced activities, experience shows that the need for systemic follow-up grows as the number of sourced partners in Tryg increases.

C.6 Any other material risks

Strategic risk

The strategic risk is the risk of loss as a result of Tryg's chosen strategic position. The strategic position covers business transactions as well as IT strategy, choice of business partners and changed market conditions. Tryg's strategic position is determined by Tryg's Supervisory Board in close collaboration with the Executive Board. Before determining the strategic position, the strategic decisions are subject to a risk assessment, which involves explaining the risk of the chosen strategy to Tryg's Supervisory Board and Executive Board.

Compliance risk

Compliance risk is the risk of loss as a result of non-compliance with rules, regulations, market standards or internal guidelines. The handling of compliance risk is coordinated centrally via the Group's Compliance & Legal department, which, among other things, sits on industry committees in connection with legislative monitoring, ensures implementation of regulation in Tryg through business procedures, provides ongoing training in compliance matters and performs compliance controls within the organisation. Compliance risks and the result of the performed compliance controls are reported to the Supervisory Board's Risk Committee.

Emerging risk

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

C.7 Any other information

No other information.

D. Valuation for solvency purposes

The Solvency II statement of financial position is prepared in accordance with EU legislation on Solvency II and a Danish executive order (Executive Order no. 593 of 31 May 2017).

See appendix D.

Fair value of assets and liabilities

As a base rule measurements of assets and liabilities are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction. In the following mentioned as fair value.

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.

The Group's statutory financial statements are prepared in accordance with IFRS and with the Danish Statutory Order on Adoption on IFRS. The main differences between the statutory financial statements and the Solvency II statement of financial position are:

Recognition and measurement

1) **Intangible assets** are not recognised in the solvency balance sheet unless reliable evidence exists that the intangible assets could be sold and at what price. In the statutory financial statements intangible assets are recognised.
2) **Total provisions for insurance contracts,** Profit margin is not included in the provisions in the Solvency II statement of financial position. In the statutory financial statements, profit margin is recognised.
3) **Tax**, related to Solvency II adjustments in 1) and 2).

Presentation

4) **Bonds**, The value of bonds includes accrued interests in the Solvency II statement of financial position. In the statutory financial statements, interests are presented as prepayments and accrued income.
5) **Norwegian Natural Perils Pool,** The value of the Norwegian Natural Perils Pool is presented together with subordinated loan capital. In the statutory financial statements, the Norwegian Natural Perils Pool is recognised as equity.
6) **Own shares**, The value of own shares is presented as assets in the Solvency II statement of financial position. In the statutory financial statements, own shares are recognised directly in retained earnings under equity.

Statement of financial position 2017

DKKm	Statutory accounts value	Revaluation	Solvency II value
Assets			
Intangible assets [1]	**1,105**	**-1,105**	**0**
Total property, plant and equipment	**67**		**67**
Investment property	**1,324**		**1,324**
Total investments in associates	**225**		**225**
Equity investments	179		179
Unit trust units	4,852		4,852
Bonds [4]	37,151	798	37,949
Deposits with credit institutions	250		250
Derivative financial instruments	1,079		1,079
Total other financial investment assets	**43,511**	**798**	**44,309**
Total investment assets	**45,060**	**798**	**45,858**
Total reinsurers' share of provisions for insurance contracts [2]	**1,366**	**-145**	**1,221**
Total receivables in connection with direct insurance contracts	1,471		1,471
Receivables from insurance enterprises	300		300
Own shares [6]	0	28	28
Other receivables	957	-602	355
Total receivables	**2,728**	**-574**	**2,154**
Total other assets	**509**		**509**
Total prepayments and accrued income [4]	**532**	**-196**	**336**
Total assets	**51,367**	**-1,222**	**50,145**
Equity and liabilities			
Equity	**12,616**	**-891**	**11,725**
Subordinated loan capital [5]	**2,412**	**783**	**3,195**
Total provisions for insurance contracts [2]	**30,018**	**-1,187**	**28,831**
Deferred tax liability	656		656
Pensions and similar liabilities and other provision	401		401
Total provisions	**1,057**	**0**	**1,057**
Debt relating to direct insurance and reinsurance	952		952
Amounts owed to credit institutions	306		306
Debt relating to unsettled funds transactions and repos	1,711		1,711
Derivative financial instruments	746		746
Other debt [3]	1,506	1	1,507
Total debt	**5,221**	**1**	**5,222**
Accruals and deferred income [3]	**43**	**72**	**115**
Total equity and liabilities	**51,367**	**-1,222**	**50,145**

D.1 Assets

Intangible assets
Intangible assets, such as Goodwill, trademarks, customer relations and software, are not recognised in the statement of financial position as a base rule, unless there is reliable evidence and price that the intangible assets could be sold. Goodwill will never be recognised in the statement of financial position.

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. The cost value less accumulated depreciation is used as a proxy for fair value, which is considered a true and fair view of the value.

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

Investment properties are 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 obtained 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 of leases.

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. The value of bonds includes accrued interests.

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
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.

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

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 which 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.

Receivables
Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable. Other receivables primarily comprise 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 part of the impairment testing 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. The cost value is used as a proxy for fair value, which is considered a true and fair view of the recognised value.

Own shares
The purchase and sale sums of own shares are recognised as assets. Own shares include shares acquired for incentive programmes and share buy back programmes.

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 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.

D.2 Technical provisions

Provisions for insurance contracts
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 management's best estimate based on actuarial and statistical projections of claims and administration of claims including a margin incorporating the uncertainty related to the range of actuarial scenarios and other short and long-term risks not reflected in standard actuarial models. The projections are based on Tryg'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.

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 and workers' compensation classes, including sickness and personal accident, in particular.

The Financial Supervisory Authority's discount curve, which is based on EIOPA's yield curves, is used to discount Danish, Norwegian and Swedish claims provisions in relation to the relevant functional currencies.

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.

Premium provisions are generally calculated according to a best estimate of expected payments throughout the agreed risk period; however, at least 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 provisions. 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. The models currently used are Chain-Ladder, Bornhuetter-Ferguson, Loss Ratio methods. 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 the most recent claims years.

The provision for annuities under workers' compensation insurance is calculated on the basis of mortalities 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. This is, for example, the case with legislative changes where an a priori estimate is used for premium increases related to any 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 interest rates.

Quarterly reviews are 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.

D.3 Other liabilities

Subordinated loan capital
Subordinated loan capital is recognised initially at fair value, net of transaction costs incurred. Subordinate loan capital is subsequently stated at amortised cost; and the redemption value is recognised in the income statement over the borrowing period using the effective interest method. The Norwegian Natural Perils Pool is presented together with subordinated loan capital.

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

For the defined-benefit plan recognised in the statement of financial position, an annual actuarial calculation is made of the capital value of the future benefits to which employees are entitled as a result of their employment with the Group so far and which must be disbursed according to the plan. The capital value is calculated using the Projected Unit Credit Method.

The capital value of the pension obligations less the fair value of any plan assets is recognised in the statement of financial position under pension assets and pension obligations, respectively, depending on whether the net amount is an asset or a liability.

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

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 or 40 years. The Group recognises this liability at the time of signing the contract of employment.

In special instances, employees 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 values of assets and liabilities. Deferred income tax is measured using the tax rules and tax rates applicable 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 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 as a reasonable proxy for fair value.

D.4 Alternative methods for valuation

The Group does not use alternative methods for valuation except those mentioned in D.1.

D.5 Any other information

No other information.

E. Capital management

E.1 Own funds

Tryg's capital and risk management policy prescribes that Tryg must aim for a conservative and stable risk profile on an overall level. This includes a solid capital position, which at the same time supports Tryg's strategic return on equity target and dividend policy.

The dividend policy prescribes to aim for a stable and nominally increasing dividend corresponding to a payout ratio between 60% and 90%. Any excess capital is paid out as extraordinary dividend. The ordinary dividend is paid out on a quarterly basis.

The aim of a stable dividend means that Tryg's solvency ratio will absorb any earnings fluctuations. This also means that Tryg does not operate with a fixed minimum solvency level. According to the policy, the solvency ratio must be kept at a level where it can absorb predictable shocks on a long-term basis without the solvency of Tryg being at risk.

The capital plan, which is approved annually by the Supervisory Board, shows the expected development in Tryg's Solvency Capital Requirement and capital buffer over a multi-year period, taking into account the chosen strategy, the dividend policy and the latest income forecasts. The capital plan establishes that the chosen strategy and business plan can be realised with a reasonable development in the solvency ratio, and that realistic negative deviations from current prognoses can be absorbed. The capital contingency plan addresses the eventuality that the assumptions underlying the capital plan do not hold.

The Supervisory Board and its Risk Committee consider the development of Tryg's Solvency Capital Requirement and capital buffer on a quarterly basis.

Composition of own funds
Tryg's own funds consist of Tier 1 and 2 capital, of which some of the Tier 1 capital is restricted.

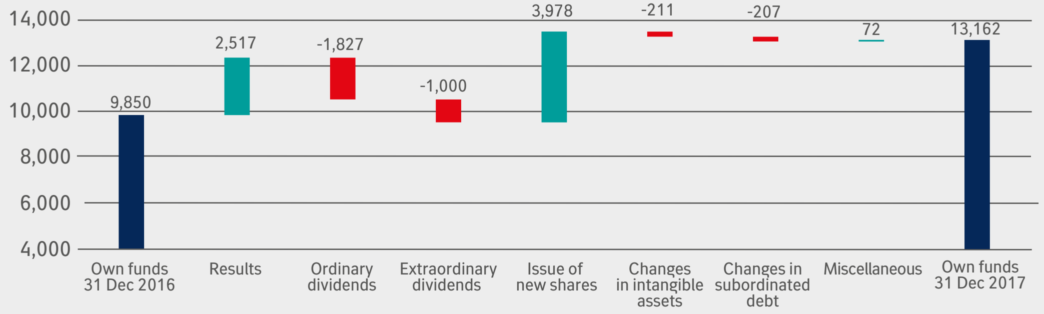
› See appendix E.

Tier 1 unrestricted own funds consist of share capital, surplus funds (primarily retained earnings and expected profits included in future premiums), and reconciliation reserves. During 2017, the Tier 1 unrestricted own funds changed due to the distribution of total dividend of DKK 2,827m and an issue of new shares of roughly DKK 4,000m, used to fund the Alka acquisition.

Tier 1 restricted own funds consist of a subordinated loan of NOK 800m with perpetual maturity.

Own funds

DKKm



Own funds

DKKm	Total Own funds	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2
Ordinary share capital (gross of own shares)	1,511	1,511		
Surplus funds	8,838	8,838		
Reconciliation reserve	-135	-135		
Subordinated liabilities	3,195		606	2,590
Total basic own funds	**13,409**	**10,214**	**606**	**2,590**
Total basic own funds to meet SCR	**13,162**	**10,214**	**606**	**2,342**
Total basic own funds to meet MCR	**11,345**	**10,214**	**606**	**525**

The only changes during the reporting period are due to currency effects. Furthermore, in connection with the Alka acquisition, Tryg has issued a Tier 1 loan of DKK 500m in April 2018.

Tier 2 own funds consist of subordinated loans, described in further detail below, and capital held for the Norwegian Natural Perils Pool. The only changes during the reporting period are due to currency effects. Due to the restrictions on eligible Tier 2 capital, only some of the loan is considered as eligible own funds.

Differences between Tryg's equity and own funds
The main differences between equity in the group's financial statements and own funds are:

- Dividends are deducted from own funds upfront when they are declared, but treated as equity in the financial statements until distributed: DKK 1,483m (DKK 2,017m).
- Expected profits included in future premiums are not part of equity but eligible in own funds: DKK 970m (DKK 970m).
- Intangible assets are deducted from own funds, but included in equity: DKK 1,105m (DKK 884m).
- Tax elements related to valuation differences. Expected profits and intangible assets: DKK 0m (DKK -27m).
- Subordinated loans are not included in equity, but partly eligible in own funds as restricted Tier 1 and Tier 2 capital: DKK 2,412m (DKK 2,567m) before cap, see below.

Additional information on Tryg's own funds
The original intention was for the loan of NOK 800m (March 2013) to be classified as eligible Tier 2 own funds under Solvency II, and the terms therefore contain a clause that the loan can be repaid if regulations are changed in such a way that the loan is no longer classified as Tier 2 own funds. However, EIOPA has subsequently specified in its guidelines that this type of repayment within the first five years is inconsistent with the delegated acts, and therefore the loan cannot be classified as Tier 2 own funds. Due to transitional regulations, the loan is, however, to be classified as Tier 1 own funds. See section 16 of the Danish Executive Order on Calculation of Capital Base (Danish Executive Order no. 1724).

Tryg has no ancillary own funds and does not deduct any elements from its own funds except for Tier 2 own funds based on eligibility, as mentioned earlier. Tryg Livsforsikring A/S has own funds of DKK 123m (DKK 146m) corresponding to a solvency ratio of 200 (287). As a legal entity,

Tryg Livsforsikring A/S has its own capital plan. The dividend policy states that all excess capital is distributed to Tryg Forsikring A/S, and the capital contingency plan also states that any capital inadequacy will be covered by a capital infusion from Tryg Forsikring A/S since Tryg Livsforsikring A/S is a wholly owned subsidiary and capital management is performed on a group basis.

Eligibilty of Tier 2 capital

DKKm	
Tier 2, NOK 1.400m	1,060
Tier 2, SEK 1.000m	757
Tier 2, Norwegian NPP	783
Costs from taking out the loans	-10
Total Tier 2 capital	**2,590**
Cap on 50% for Tier 2 and 3 capital	**-248**
Total Eligible Tier 2 capital	**2,342**

Loan terms

	Bond loan NOK 800m	**Bond loan NOK 1,400m**	**Bond loan SEK 1,000m**
Lender	Listed bonds	Listed bonds	Listed bonds
Principal	NOK 800m	NOK 1,400m	SEK 1,000m
Issue price	100	100	100
Issue date	March 2013	November 2015	May 2016
Maturity year	Perpetual	2045	2046
Loan may be called by lender as from	2023	2025	2021
Repayment profile	Interest-only	Interest-only	Interest-only
Interest structure	3.75 % above NIBOR 3M (until 2023) 4.75 % above NIBOR 3M (from 2023)	2.75 % above NIBOR 3M (until 2025) 3.75 % above NIBOR 3M (from 2025)	2.75% above STIBOR 3M (until 2026) 3.75% above STIBOR 3M (from 2026)

Terms for Tryg's subordinated loans
At year-end 2017, Tryg had three subordinated loans fulfilling the Tier 1 or Tier 2 requirements. These are:

- Tier 1, from March 2013 (call 2023), NOK 800m
- Tier 2, from November 2015 (call 2025), NOK 1,400m
- Tier 2, from May 2016 (call 2021), SEK 1,000m

The terms of the loans are listed in the annual report and are shown in the 'Loan terms' table. The creditors have no option of calling the loans before maturity or otherwise terminating the loan agreements. The loans are automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S. First possible calls of the above-mentioned loans are in 2021, 2023 and 2025.

As regards the eligibility of the Tier 2 own funds, Tryg's Tier 2 own funds are capped as shown in the 'Eligibility of Tier 2 capital' table.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Tryg's Solvency Capital Requirement is calculated on the basis of a 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's capital requirement for a 99.5% solvency level with a 1-year horizon, which means that Tryg will be able to fulfil its obligations in 199 out of 200 years. The partial internal model has been applied for a number of years and was approved by the Danish Financial Supervisory Authority in November 2015.

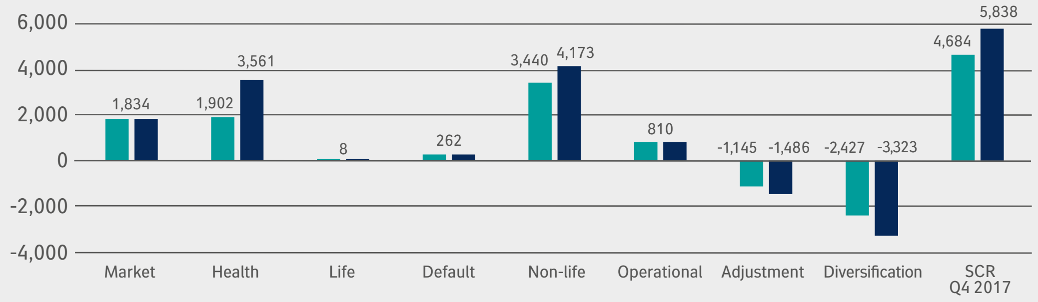
The Solvency Capital Requirement (SCR) on 31 December 2017 was DKK 4,684m (DKK 5,077m) and the Minimum Capital Requirement was DKK 2,627m (DKK 2,285m). The figure below shows the total SCR and the marginal SCR's for the BSCR split into submodules together with the adjustment module and the operational risk module for both the partial internal model and the standard formula.

See appendix F and G.

Tryg only applies an internal model on the insurance risks, and hence there will only be a difference on the Health and Non-life modules, and consequently also the adjustment module (deferred tax).

SCR components

DKKm



The capital requirement in the Life underwriting module stems from Tryg Livsforsikring A/S. This subsidiary has very little effect on Tryg's overall SCR. The stand-alone SCR for Tryg Livsforsikring A/S is DKK 62m (DKK 51m).

Input for the calculation of the Minimum Capital Requirement
The Minimum Capital Requirement is calculated according to Articles 248-253 in the Solvency II delegated acts. This means that the calculation takes the Solvency Capital Requirement, the Absolute Minimum Capital Requirement, the best estimate technical provisions, and the net premiums written during the last 12 months as input.

Changes to the Solvency Capital Requirement
Only one event changed the SCR significantly during 2017. During the year, a model regarding Danish Workers' compensation, which decreased the SCR by roughly DKK 100m, was approved by the Danish Financial Supervisory Authority.

In 2017, Tryg acquired OBOS, FDM's insurance portfolio, and agreed to acquire Alka, see section A.1. OBOS and FDM had no material effect on the SCR. The Alka acquisition is expected to be closed in Q2 2018 upon approval by the authorities. Tryg has disclosed a solvency ratio of approximately 170 when the Alka acquisition is finalised.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not relevant for Tryg.

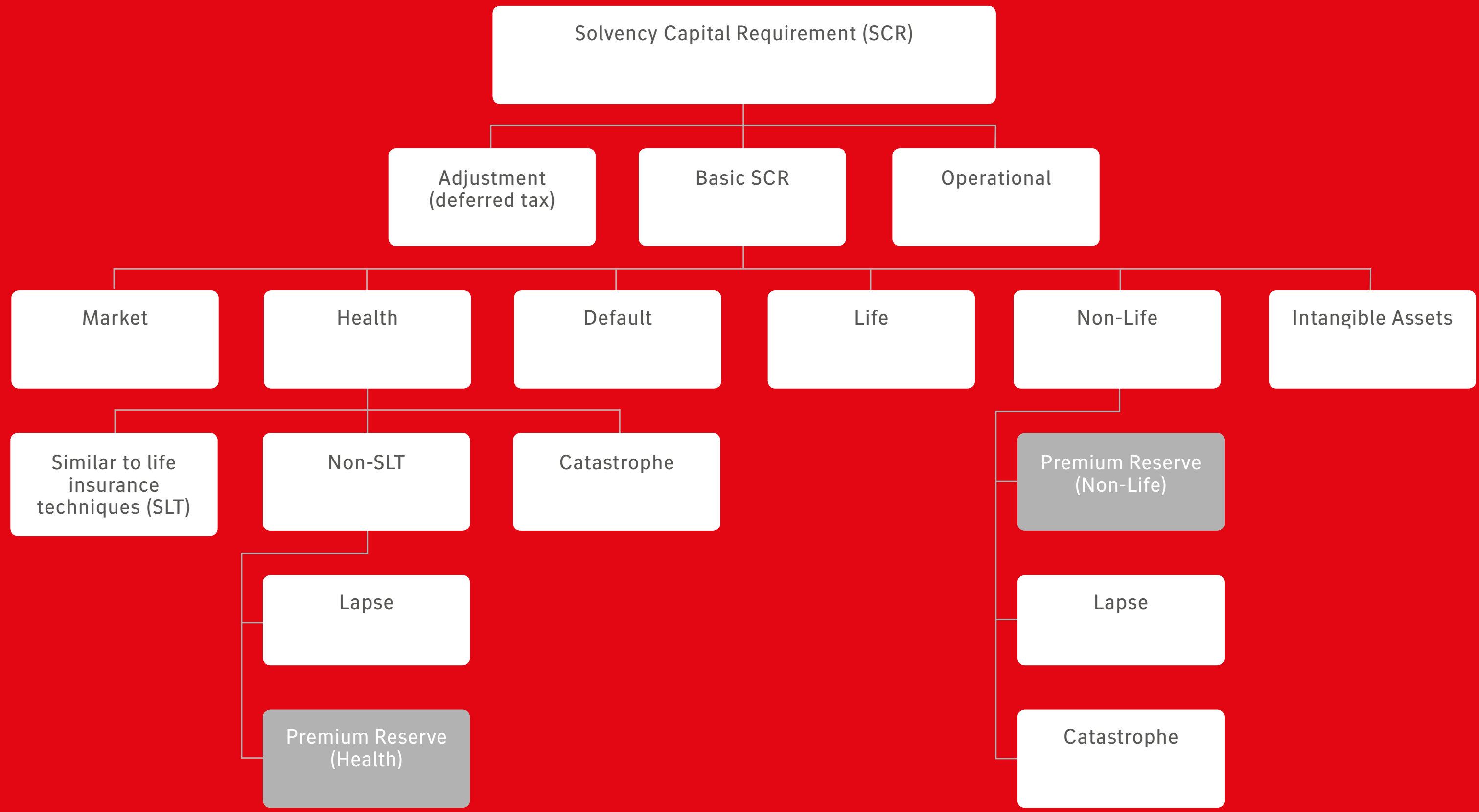
E.4 Differences between the standard formula and any internal model used

Tryg's use of the partial internal model
The partial internal model is widely used within Tryg and has a significant impact on decision-making processes in different areas of the organisation:

- SCR calculation
- Capital allocation
- Reinsurance
- Dividends and capital planning
- Other ad hoc uses

The SCR calculation is the quarterly assessment of Tryg's capital requirement, approved by the Supervisory Board and reported to the supervisors. Internally, the SCR calculations are updated monthly to support a more frequent update of risk taking in Tryg.

Structure of the partial internal model



The grey boxes are modelled internally

One of the main uses of the partial internal model is for capital allocation. Based on marginal SCRs, Tryg allocates its equity to business units and individual products. This allows the business to use the allocated capital as part of decision-making processes and follow-up on strategic measures, e.g. return on equity performance and product gap analysis to underwriting of large clients and affinity groups. The allocated capital also serves as input for risk reports, where each business unit's material risks are described.

The SCR is calculated net of reinsurance, and hence Tryg's reinsurance programme has a substantial impact on the SCR calculation. In the process of buying reinsurance, Tryg considers the effects on capital through the internal model and its capital allocation to measure the effects on the SCR and the expected return on equity.

As a part of Tryg's risk management process, the capital plan and capital contingency plan are updated. In this process, multi-year projections of the SCR are calculated and stressed. The capital plan assesses alternative business scenarios, which among other things serve as a base for assessing potential ordinary and extraordinary cash dividends.

Additional uses of the internal model include:

- Strategic considerations related to the portfolio mix
- Underwriting support
- Setting the risk appetite for the Investment Department
- M&A
- Capital calculator for investment decisions

Methods used in the internal model

In Tryg's partial internal model, the insurance risks for material parts of the portfolios in Denmark and Norway are modelled using an internal model, while other risks are described using the Solvency II standard model.

The standard formula calculates marginal capital requirements using predetermined charges and then correlates the marginal requirements into an overall capital requirement. The internal model has the same structure as the standard formula, but the marginal capital requirements are estimated differently. For the underwriting risk, Tryg uses conventional statistical methods to fit a distribution. For the reserve risk, Tryg has developed a stochastic model around the methods used in the reserving unit. Thus, Tryg models the distribution of the reserves and estimated ultimate losses based on the company's reserving models and infers the distribution of future run-off from this.

The modules covered by the partial internal model replace the equivalent modules in the standard formula. Thus, the integration of the insurance risks into the standard formula is done in such a way that the structure of the solvency capital requirement follows the structure of the standard formula. For the integration of the internal model with the standard formula to make sense, the internal model is based on the same risk measure and time horizon as the standard formula, i.e. the SCR is calculated as a 99.5% Value-at-Risk with a one-year horizon.

Data used in the internal model

The data used in the internal model goes through a process of controls and quality assessments in order to reflect the risk profile of Tryg in the best possible way. This process is well-described in the documentation of the internal model.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Tryg A/S, Tryg Forsikring A/S, and Tryg Livsforsikring A/S are compliant with the Minimum Capital Requirement and the Solvency Capital Requirement and have not previously been non-compliant with any of these.

E.6 Any other information

As an overall part of Tryg's capital management, Tryg regularly monitors the impact of paying out ordinary and extraordinary dividends.

Tryg wants to be seen as an attractive investment case. Therefore, Tryg's dividend policy states the ambition to grow the annual nominal dividend paid out to shareholders while maintaining a solid solvency position based on Tryg's partial internal capital model.

Tryg aims to offer a nominally stable and increasing ordinary dividend on an annual basis. The targeted pay-out ratio of 60-90% is secondary to the aim of increasing the annual dividend. Dividends are paid quarterly. Additional capital repatriation at year-end is also paid up as extraordinary dividends.

Since the introduction of the new dividend policy in 2012, the dividend per share moved from 5.2 in 2012 to 6.4 in 2017. Additionally, Tryg has paid out DKK5.8bn in extraordinary capital repatriation (extraordinary buy backs until year-end 2016 and extraordinary dividends in 2016 and 2017).

Contents – Appendix

39 Appendix A
Undertakings in the scope of Tryg Group

40 Appendix B
Premiums, claims and expenses by country, Tryg Group

42 Appendix C
Premiums, claims and expenses by line of business, Tryg Group

46 Appendix D
46 Statutory financial statement, Tryg Group
47 Life and health SLT technical provisions, Tryg Group
49 Non-life technical provisions, Tryg Group

52 Appendix E
Own funds, Tryg Group

54 Appendix F
Solvency Capital Requirement – standard formula, Tryg Group

55 Appendix G
Solvency Capital Requirement – partial internal model, Tryg Group

Appendix A Undertakings in the scope of Tryg Group

Appendix I: Quantitative reporting templates | Undertakings in the scope of the Group | S.32.01.g

Country, DKKm	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authorit
Denmark	213800BIA5L8OPBER229	1	Tryg Forsikring A/S	2	Private limited company	2	The Danish Financial Supervisory Authority
Denmark	213800MTLASYEWYVJC68	1	Tryg livsforsikring A/S	1	Private limited company	2	The Danish Financial Supervisory Authority
Denmark	31369878	2	Tryg Ejendomme A/S	10	private limited company	2	Erhvervsstyrelsen
Norway	956331013	2	Respons Inkasso AS	10	private limited company	2	Brønnøysundregistrene
Norway	946919845	2	Thunesvei AS	10	private limited company	2	Brønnøysundregistrene
Norway	982422205	2	Avviklingsselskapet av 16. juni 2017 AS	10	private limited company	2	Brønnøysundregistrene

	Ranking criteria (in the group currency)								
Country, DKKm	Total balance sheet (for EEA (re)insurance undertakings)	Total balance sheet (for other regulated undertakings)	Total balance sheet (non-regulated undertakings)	Written premiums net of reinsurance ceded under IFRS or local GAAP for (re)insurance undertakings	Turn over defined as the gross revenue under IFRS or local GAAP for other types of undertakings or insurance holding companies	Underwriting performance	Investment performance	Total performance	Accounting standard
Denmark	51,531	0	0	17,029	0	2,847	431	2,576	2
Denmark	1,076	0	0	74	0	-22	-8	-23	2
Denmark	0	0	2,253	0	70	0	0	18	2
Norway	6	0	0	0	1	0	0	1	2
Norway	0	0	105	0	-7	0	0	-4	2
Norway	0	0	161	0	-5	0	0	-4	2

	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country, DKKm	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art, 214 is applied	Method used and under method 1, treatment of the undertaking
Denmark	100%	100%	100%		1	100%	1		1
Denmark	100%	100%	100%		1	100%	1		1
Denmark	100%	100%	100%		1	0%	1		1
Norway	100%	100%	100%		1	0%	1		1
Norway	100%	100%	100%		1	0%	1		1
Norway	100%	100%	100%		1	0%	1		1

Appendix B Premiums, claims and expenses by country, Tryg Group

Appendix I: Quantitative reporting templates | Premiums, claims and expenses by country | S.05.02.g

		Top 5 countries (by amount of gross premiums written			
Non-life obligations, DKKm	**Home contry**	**Finland**	**Norway**	**Sweden**	**Total Top 5 and home country**
Premiums written					
Gross – Direct Business	9,709	41	6,339	2,195	18,284
Gross – Proportional reinsurance accepted	0	0	0	0	0
Gross – Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	528	25	515	187	1,255
Net	9,181	16	5,824	2,007	17,029
Premiums earned					
Gross – Direct Business	9,663	39	6,323	2,127	18,152
Gross – Proportional reinsurance accepted	0	0	0	0	0
Gross – Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	503	24	533	178	1,239
Net	9,159	15	5,790	1,949	16,913
Claims incurred					
Gross – Direct Business	5,174	8	3,729	1,322	10,233
Gross – Proportional reinsurance accepted	0	0	0	0	0
Gross – Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	82	4	156	58	300
Net	5,092	4	3,573	1,264	9,933
Changes in other technical provisions					
Gross – Direct Business	191	0	52	6	250
Gross – Proportional reinsurance accepted	0	0	0	0	0
Gross – Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	0	0	0	0	0
Net	191	0	52	6	250
Expenses incurred	**2,062**	**-5**	**1,406**	**436**	**3,899**
Other expenses					**0**
Total expenses					**3,899**

Appendix B Premiums, claims and expenses by country, Tryg Group

Appendix I: Quantitative reporting templates | Premiums, claims and expenses by country | S.05.02.g

Life obligations, DKKm [1]	Top 5 countries (by amount of gross premiums written) Home contry	Total Top 5 and home country
Premiums written		
Gross	74	74
Reinsurers' share	0	0
Net	74	74
Premiums earned		
Gross	61	61
Reinsurers' share	0	0
Net	61	61
Claims incurred		
Gross	76	76
Reinsurers' share	0	0
Net	76	76
Changes in other technical provisions		
Gross	0	0
Reinsurers' share	0	0
Net	0	0
Expenses incurred	**14**	**14**
Other expenses		**0**
Total expenses		**14**

1) In 2016, Tryg established the life insurance company Tryg Livsforsikring A/S. The activity of Tryg Livsforsikring is child and adult accident insurance, which is part of the portfolio Tryg acquired from Skandia. For this part of the portfolio, there are no renewals. The portfolio integrated in Moderna Försäkringar is renewed.

Appendix C Premiums, claims and expenses by line of business, Tryg Group

Appendix I: Quantitative reporting templates | Premiums, claims and expenses by line of business | S.05.01.g

DKKm	Non-life direct business and accepted proportional reinsurance												Non-life accepted non-proportional reinsurance				
	Medical expense insurance	Income protection insurance	Workers' com-pensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire & other damage to property insurance	General liability insurance	Credit & suretyship insurance	Legal expenses insurance	Assistance	Mis-cellaneous financial loss	Non-pro-portional health re-insurance	Non-pro-portional casualty reinsurance	Non-pro-portional marine, aviation & transport reinsurance	Non-pro-portional property reinsurance	Total Non-Life obligation
Premiums written																	
Gross - Direct business	386	2,266	846	1,800	3,700	408	6,151	1,018	445	0	695	571					18,284
Gross - Proportional reinsurance accepted0	0	0	0	0	0	0	0	0	0	0	0					0	
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	1	11	7	37	101	49	624	78	282	0	3	63	0	0	0	0	1,255
Net	385	2,254	839	1,763	3,599	359	5,527	940	163	0	692	507	0	0	0	0	17,029
Premiums earned																	
Gross - Direct business	377	2,233	857	1,801	3,644	415	6,107	973	437	0	684	623					18,152
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	1	11	7	37	100	62	606	74	277	0	3	62	0	0	0	0	1,239
Net	377	2,222	850	1,764	3,545	353	5,501	899	160	0	681	561	0	0	0	0	16,913
Claims incurred																	
Gross - Direct business	265	1,303	44	889	2,135	203	3,116	720	121	0	398	559					9,754
Gross - Proportional reinsurance accepted0	0	0	0	0	0	0	0	0	0	0	0					0	
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	4	-14	1	68	-11	83	5	63	0	1	100	0	0	0	0	300
Net	265	1,299	58	888	2,067	214	3,033	716	58	0	397	459	0	0	0	0	9,454
Changes in other technical provisions																	
Gross - Direct business	2	27	7	35	87	6	90	-20	0	0	5	12					250
Gross - Proportional reinsurance accepted0	0	0	0	0	0	0	0	0	0	0	0					0	
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	2	27	7	35	87	6	90	-20	0	0	5	12	0	0	0	0	250
Expenses incurred	**90**	**418**	**189**	**485**	**790**	**88**	**1,371**	**248**	**-76**	**0**	**183**	**113**	**0**	**0**	**0**	**0**	**3,899**

Appendix C Premiums, claims and expenses by line of business, Tryg Group

Appendix I: Quantitative reporting templates | Premiums, claims and expenses by line of business | S.05.01.g

	Non-life direct business and accepted proportional reinsurance												Non-life accepted non-proportional reinsurance				
DKKm	Medical expense insurance	Income protection insurance	Workers' com-pensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire & other damage to property insurance	General liability insurance	Credit & suretyship insurance	Legal expenses insurance	Assistance	Mis-cellaneous financial loss	Non-pro-portional health re-insurance	Non-pro-portional casualty reinsurance	Non-pro-portional marine, aviation & transport reinsurance	Non-pro-portional property reinsurance	Total Non-Life obligation
Administrative expenses																	
Gross - Direct business	6	40	14	41	68	11	120	22	-122	0	8	-6					201
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	6	40	14	41	68	11	120	22	-122	0	8	-6	0	0	0	0	201
Investment management expenses																	
Gross - Direct business	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted0	0	0	0	0	0	0	0	0	0	0	0					0	
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims management expenses																	
Gross - Direct business	30	80	56	115	172	18	312	69	10	0	59	41					963
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	30	80	56	115	172	18	312	69	10	0	59	41	0	0	0	0	963

Appendix C Premiums, claims and expenses by line of business, Tryg Group

Appendix I: Quantitative reporting templates | Premiums, claims and expenses by line of business | S.05.01.g

	Non-life direct business and accepted proportional reinsurance												Non-life accepted non-proportional reinsurance				
DKKm	**Medical expense insurance**	**Income protection insurance**	**Workers' com-pensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire & other damage to property insurance**	**General liability insurance**	**Credit & suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Mis-cellaneous financial loss**	**Non-pro-portional health re-insurance**	**Non-pro-portional casualty reinsurance**	**Non-pro-portional marine, aviation & transport reinsurance**	**Non-pro-portional property reinsurance**	**Total Non-Life obligation**
Acquisition expenses																	
Gross - Direct business	20	140	47	144	248	25	417	62	13	0	46	28					1,191
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	20	140	47	144	248	25	417	62	13	0	46	28	0	0	0	0	1,191
Overhead expenses																	
Gross - Direct business	34	159	72	184	300	34	522	95	23	0	70	50					1,543
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted												0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	34	159	72	184	300	34	522	95	23	0	70	50	0	0	0	0	1,543
Other expenses																	**0**
Total expenses																	**3,899**

Appendix C Premiums, claims and expenses by line of business, Tryg Group

Appendix I: Quantitative reporting templates | Premiums, claims and expenses by line of business | S.05.01.g

	Life insurance						Life reinsurance		
DKKm	**Health insurance**	**Insurance with profit participation**	**Index-linked and unit-linked insurance**	**Other life insurance**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations**	**Health reinsurance**	**Life reinsurance**	**Total Life obligation**
Premiums written									
Gross	74	0	0	0	0	0	0	0	74
Reinsurers' share	0	0	0	0	0	0	0	0	0
Net	74	0	0	0	0	0	0	0	74
Premiums earned									
Gross	61	0	0	0	0	0	0	0	61
Reinsurers' share	0	0	0	0	0	0	0	0	0
Net	61	0	0	0	0	0	0	0	61
Claims incurred									
Gross	76	0	0	0	0	479	0	0	554
Reinsurers' share	0	0	0	0	0	0	0	0	0
Net	76	0	0	0	0	479	0	0	554
Changes in other technical provisions									
Gross	0	0	0	0	0	0	0	0	0
Reinsurers' share	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0
Expenses incurred	**14**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**14**
Other expenses									**0**
Total expenses									**14**
Total amount of surrenders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Appendix D Statutory financial statement, Tryg Group

Appendix I: Quantitative reporting templates | Balance sheet | S.02.01.g

DKKm	Solvency II value	Statutory accounts value
Assets		
Goodwill		1,105
Deferred acquisition costs		0
Intangible assets	0	0
Deferred tax assets	0	0
Pension benefit surplus	0	0
Property, plant & equipement held for own use	67	67
Investments (other than assets held for index-linked and unit-linked funds)	45,858	45,059
Property (other than for own use)	1,324	1,324
Participations	225	225
Equities	179	179
Equities - listed	0	0
Equities - unlisted	179	179
Bonds	37,950	37,151
Government Bonds	869	869
Corporate Bonds	37,080	36,282
Structured notes	0	0
Collateralised securities	0	0
Investment funds	4,852	4,852
Derivatives	1,079	1,079
Deposits other than cash equivalents	250	250
Other investments	0	0
Assets held for index-linked and unit-linked funds	0	0
Loans & mortgages	0	0
Loans on policies	0	0
Loans & mortgages to individuals	0	0
Other loans & mortgages	0	0
Reinsurance recoverables from:	1,221	1,366
Non-life and health similar to non-life	1,221	1,366
Non-life excluding health	1,086	1,366
Health similar to non-life	135	0
Life and health similar to life, excluding health and index-linked and unit-linked	0	0
Health similar to life	0	0
Life excluding health and index-linked and unit-linked	0	0
Life index-linked and unit-linked	0	0
Deposits to cedants	0	0
Insurance & intermediaries receivables	1,759	1,772
Reinsurance receivables	0	0
Receivables (trade, not insurance)	355	957
Own shares	28	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	0
Cash and cash equivalents	509	509
Any other assets, not elsewhere shown	335	532
Total assets	**50,133**	**51,367**

DKKm	Solvency II value	Statutory accounts value
Liabilities		
Technical provisions – non-life	24,937	30,018
Technical provisions – non-life (excluding health)	14,391	30,018
TP calculated as a whole	0	
Best Estimate	14,042	
Risk margin	349	
Technical provisions - health (similar to non-life)	10,546	0
TP calculated as a whole	0	
Best Estimate	9,826	
Risk margin	719	
Technical provisions - life (excluding index-linked and unit-linked)	3,894	0
Technical provisions - health (similar to life)	2,996	0
TP calculated as a whole	0	
Best Estimate	2,866	
Risk margin	130	
Technical provisions – life (excluding health and index-linked and unit-linked)	898	0
TP calculated as a whole	0	
Best Estimate	880	
Risk margin	18	
Technical provisions – index-linked and unit-linked	0	0
TP calculated as a whole	0	
Best Estimate	0	
Risk margin	0	
Other technical provisions		0
Contingent liabilities	0	
Provisions other than technical provisions	111	111
Pension benefit obligations	290	290
Deposits from reinsurers	0	0
Deferred tax liabilities	656	656
Derivatives	746	746
Debts owed to credit institutions	306	306
Financial liabilities other than debts owed to credit institutions	1,710	1,711
Insurance & intermediaries payables	498	498
Reinsurance payables	455	455
Payables (trade, not insurance)	1,495	1,507
Subordinated liabilities	3,195	2,412
Subordinated liabilities not in BOF	0	0
Subordinated liabilities in BOF	3,195	2,412
Any other liabilities, not elsewhere shown	115	43
Total liabilities	**38,408**	**38,751**
Excess of assets over liabilities	**11,725**	**12,616**

Appendix D Life and Health SLT Technical Provisions, Tryg Group

Appendix I: Quantitative reporting templates | Life and Health SLT Technical Provisions | S.12.01.g

	Health insurance					
DKKm	**Total**	**Contracts without options and guarantees**	**Contracts with options and guarantees**	**Annuities stemming from non-life insurance contracts and relating to health insurance obligations**	**Health reinsurance**	**Total (Health similar to life insurance)**
Technical provisions calculated as a whole	0			0	0	**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0			0	0	**0**
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best estimate		880	0	2,866	0	**3,746**
Total recoverables from reinsurance and SPV before the adjustment for expected losses due to counterparty default		0	0	0	0	**0**
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses		0	0	0	0	**0**
Recoverables from SPV before adjustment for expected losses		0	0	0	0	**0**
Recoverables from Finite Reinsurance before adjustment for expected losses		0	0	0	0	**0**
Total Recoverables from reinsurance and SPV after the adjustment for expected losses due to counterparty default		0	0	0	0	**0**
Best estimate minus recoverables from reinsurance and SPV – total		880	0	2,866	0	**3,746**
Risk Margin	18			130	0	**148**
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	0			0	0	**0**
Best estimate		0	0	0	0	**0**
Risk margin	0			0	0	**0**
Technical provisions - total	**898**			**2,996**	**0**	**3,894**
Technical provisions minus recoverables from reinsurance and SPV – total	**898**			**2,996**	**0**	**3,894**
Best Estimate of products with a surrender option	**0**			**0**		**0**

Appendix D Life and Health SLT Technical Provisions, Tryg Group

Appendix I: Quantitative reporting templates | Life and Health SLT Technical Provisions | S.12.01.g

DKKm	Health insurance					
	Total	Contracts without options and guarantees	Contracts with options and guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance	Total (Health similar to life insurance)
Gross BE for Cash flow						
Cash out-flows						
Future guaranteed and discretionary benefits	834			2,866		
Future guaranteed benefits						
Future discretionary benefits						
Future expenses and other cash out-flows	47				0	**47**
Cash in-flows						
Future premiums	0			0	0	**0**
Other cash in-flows	0			0	0	**0**
Percentage of gross TP calculated using simplified methods	0%			0%	0%	
Surrender value	0			0	0	**0**
TP subject to transitional of the RFR	0			0	0	**0**
Best Estimate without transitional of the RFR	0			0	0	**0**
TP subject to volatility adjustment	0			0	0	**0**
BE without volatility ajustment	0			0	0	**0**
TP subject to matching adjustment	0			0	0	**0**
BE without matching ajustment	0			0	0	**0**

Appendix D Non-life Technical Provisions, Tryg Group

Appendix I: Quantitative reporting templates | Non-life Technical Provisions | S.17.01.g

DKKm	Direct business and accepted proportional reinsurance											
	Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, avi-ation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Miscell-aneous financial loss	Total Non-Life obligation
Technical provisions calculated as a whole	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Direct business	0	0	0	0	0	0	0	0	0	0	0	**0**
Accepted proportional reinsurance business	0	0	0	0	0	0	0	0	0	0	0	**0**
Accepted non-proportional reinsurance												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Technical provisions calculated as a sum of BE and RM												
Best estimate												
Premium provisions												
Gross – Total	61	359	192	429	677	83	1,582	391	35	119	692	**4,620**
Gross – direct business	61	359	192	429	677	83	1,582	391	35	119	692	**4,620**
Gross – accepted proportional reinsurance business	0	0	0	0	0	0	0	0	0	0	0	**0**
Gross – accepted non-proportional reinsurance business												
Total recoverable from reinsurance/SPV before the adjustment for expected losses due to counterparty default	0	0	2	0	0	20	67	10	18	0	0	**118**
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	0	0	2	0	0	20	67	10	18	0	0	**118**
Recoverables from SPV before adjustment for expected losses	0	0	0	0	0	0	0	0	0	0	0	**0**
Recoverables from Finite Reinsurance before adjustment for expected losses	0	0	0	0	0	0	0	0	0	0	0	**0**
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	0	0	2	0	0	20	67	10	18	0	0	**118**
Net Best Estimate of Premium Provisions	**61**	**359**	**190**	**429**	**677**	**63**	**1,515**	**381**	**17**	**119**	**692**	**4,502**

Appendix D Non-life Technical Provisions, Tryg Group

Appendix I: Quantitative reporting templates | Non-life Technical Provisions | S.17.01.g

DKKm	Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, avi-ation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Miscell-aneous financial loss	Total Non-Life obligation
	Direct business and accepted proportional reinsurance											
Claims provisions												
Gross – Total	176	4,308	4,730	3,258	291	157	3,162	2,215	393	184	376	19,249
Gross – direct business	176	4,308	4,730	3,258	291	157	3,162	2,215	393	184	376	19,249
Gross – accepted proportional reinsurance business	0	0	0	0	0	0	0	0	0	0	0	0
Gross – accepted non-proportional reinsurance business												
Total recoverable from reinsurance/SPV before the adjustment for expected losses due to counterparty default	0	10	123	66	33	5	589	59	135	0	83	1,103
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	0	10	123	66	33	5	589	59	135	0	83	1,103
Recoverables from SPV before adjustment for expected losses	0	0	0	0	0	0	0	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	0	0	0	0	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	0	10	123	66	33	5	589	59	135	0	83	1,103
Net Best Estimate of Claims Provisions	176	4,298	4,607	3,192	258	151	2,573	2,157	257	183	293	18,146
Total Best estimate – gross	**238**	**4,667**	**4,922**	**3,687**	**968**	**239**	**4,744**	**2,606**	**428**	**302**	**1,068**	**23,868**
Total Best estimate - net	**238**	**4,657**	**4,797**	**3,620**	**935**	**214**	**4,088**	**2,537**	**274**	**302**	**985**	**22,647**
Risk margin	**8**	**216**	**496**	**131**	**16**	**8**	**69**	**77**	**12**	**7**	**29**	**1,069**
Amount of the transitional on Technical Provisions												
TP as a whole	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Best estimate	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Risk margin	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Technical provisions – total												
Technical provisions – total	245	4,883	5,418	3,818	983	248	4,813	2,683	440	309	1,097	24,937
Recoverable from reinsurance contract/SPV after the adjustment for expected losses due to counterparty default - total	0	10	125	66	33	25	656	69	154	0	83	1,221
Technical provisions minus recoverables from reinsurance and SPV - total	**245**	**4,873**	**5,293**	**3,751**	**950**	**223**	**4,157**	**2,615**	**286**	**309**	**1,014**	**23,716**

Appendix D Non-life Technical Provisions, Tryg Group

Appendix I: Quantitative reporting templates | Non-life Technical Provisions | S.17.01.g

	Direct business and accepted proportional reinsurance											
DKKm	**Medical expense insurance**	**Income protection insurance**	**Workers' compen-sation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, avi-ation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Assistance**	**Miscell-aneous financial loss**	**Total Non-Life obligation**
Line of Business: further segmentation (Homogeneous Risk Groups - HRG)												
Premium provisions - Total number of homogeneous risk groups (HRGs)	0	0	0	0	0	0	0	0	0	0	0	
Claims provisions - Total number of homogeneous risk groups (HRGs)	0	0	0	0	0	0	0	0	0	0	0	
Cash-flows of the Best estimate of Premium Provisions (Gross)												
Cash out-flows												
Future benefits and claims	189	1,299	551	1,113	2,811	194	3,510	771	31	390	661	**11,519**
Future expenses and other cash-out flows	58	225	119	229	461	42	742	185	5	94	162	**2,322**
Cash in-flows												
Future premiums	181	1,118	476	794	1,527	124	2,321	447	0	334	111	**7,432**
Other cash-in flows (incl. Recoverable from salvages and subrogations)	4	47	3	120	1,069	29	349	118	0	30	20	**1,789**
Cash-flows of the Best estimate of Claims Provisions (Gross)												
Cash out-flows												
Future benefits and claims	143	4,206	4,453	3,302	575	194	3,366	2,282	381	159	362	**19,424**
Future expenses and other cash-out flows	37	205	284	170	75	18	293	139	11	41	27	**1,299**
Cash in-flows												
Future premiums	0	0	0	0	0	0	0	0	0	0	0	**0**
Other cash-in flows (incl. Recoverable from salvages and subrogations)	4	104	7	214	359	55	498	206	0	16	12	**1,474**
Percentage of gross TP calculated using simplified methods												
TP subject to transitional of the RFR	0	0	0	0	0	0	0	0	0	0	0	**0**
Best Estimate without transitional of the RFR	0	0	0	0	0	0	0	0	0	0	0	**0**
TP subject to volatility adjustment	0	0	0	0	0	0	0	0	0	0	0	**0**
Best Estimate without volatility ajustment	0	0	0	0	0	0	0	0	0	0	0	**0**

Appendix E Own funds, Tryg Group

Appendix I: Quantitative reporting templates | Own funds | S.23.01.g

Basic own funds, DKKm	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	1,511	1,511	-	0	-
Non-available called but not paid in ordinary share capital at group level	0	0	-	0	-
Share premium account related to ordinary share capital	0	0	-	0	-
Iinitial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	0	0	-	0	-
Subordinated mutual member accounts	0	-	0	0	0
Non-available subordinated mutual member accounts at group level	0	-	0	0	0
Surplus funds	8,838	8,838	-	-	-
Non-available surplus funds at group level	0	0	-	-	-
Preference shares	0	-	0	0	0
Non-available preference shares at group level	0	-	0	0	0
Share premium account related to preference shares	0	-	0	0	0
Non-available share premium account related to preference shares at group level	0	-	0	0	0
Reconciliation reserve	-135	-135	-	-	-
Subordinated liabilities	3,195	-	606	2,590	0
Non-available subordinated liabilities at group level	0	-	0	0	0
An amount equal to the value of net deferred tax assets	0	-	-	-	0
The amount equal to the value of net deferred tax assets not available at the group level	0	-	-	-	0
Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
Non-available minority interests at group level	0	0	0	0	0

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0

Deductions	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Deductions for participations in financial and credit institutions	0	0	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
Total of non-available own fund items	0	0	0	0	0
Total deductions	0	0	0	0	0

Total basic own funds after deductions	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Total basic own funds after deductions	13,409	10,214	606	2,590	0

Ancillary own funds, DKKm	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Framework Directive	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Framework Directive	0			0	0
Supplementary members calls under Article 96(3) of the Framework Directive	0			0	
Supplementary members calls - other than under Article 96(3) of the Framework Directive	0			0	0
Non available ancillary own funds at group level	0			0	0
Other ancillary own funds	0			0	0
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	0	0	0	0	
Institutions for occupational retirement provision	0	0	0	0	
Non regulated entities carrying out financial activities	0	0	0	0	
Total own funds of other financial sectors	0	0	0	0	
Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	13,409	10,214	606	2,590	0
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	13,162	10,214	606	2,342	0
Total eligible own funds to meet the minimum consolidated group SCR	11,345	10,214	606	525	
Total ancillary own funds	0			0	0
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	13,162	10,214	606	2,342	0

Consolidated Group SCR	**4,684**
Minimum consolidated Group SCR (Article 230)	**2,627**
Ratio of Eligible own funds to the consolidated Group SCR	**281,0%**
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**431,84%**
SCR for entities included with D&A method	**0**
Group SCR	**4,684**
Ratio of Eligible own funds to group SCR	**281,0%**

Reconciliation reserve	Total
Excess of assets over liabilities	11,725
Own shares (included as assets on the balance sheet)	28
Forseeable dividends and distributions	1,483
Other basic own fund items	10,349
Restricted own fund items due to ring fencing	0
Other non available own funds	0
Reconciliation reserve	-135
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	0
Expected profits included in future premiums (EPIFP) - Non- life business	970
Total EPIFP	**970**

Appendix F Solvency Capital Requirement – standard formula, Tryg Group

Appendix I: Quantitative reporting templates | Solvency Capital Requirement – for undertakings on standard formula or partial internal models | S.25.01.g

Solvency Capital Requirement calculated using standard formula, DKKm		**Net solvency capital requirement**	**Gross solvency capital requirement**	**Allocation from adjustments due to RFF and solvency capital requirement**
Market risk	1,834	1,834	0	
Counterparty default risk	262	262	0	
Life underwriting risk	8	8	0	
Health underwriting risk	3,561	3,561	0	
Non-life underwriting risk	4,173	4,173	0	
Diversification	-3,323	-3,323		
Intangible asset risk	0	0		
Basic Solvency Capital Requirement	**6,514**	**6,514**		
Calculation of Solvency Capital Requirement				
Adjustment due to RFF/MAP nSCR aggregation	0			
Operational risk	810			
Loss-absorbing capacity of technical provisions	0			
Loss-absorbing capacity of deferred taxes	-1,486			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0			
Solvency Capital Requirement excluding capital add-on	**5,838**			
Capital add-on already set	0			
Solvency capital requirement for undertakings under consolidated method	**5,838**			
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	0			
Total amount of Notional Solvency Capital Requirements for remaining part	0			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	0			
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0			
Diversification effects due to RFF nSCR aggregation for article 304	0			
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation				
Net future discretionary benefits	0			
Minimum consolidated group solvency capital requirement	2,627			
Information on other entities				
Capital requirement for other financial sectors (Non-insurance capital requirements)	0			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	0			
Capital requirement for non-controlled participation requirements	0			
Capital requirement for residual undertakings	0			
Overall SCR				
SCR for undertakings included via D and A	0			
Solvency capital requirement	**5,838**			

Appendix G Solvency Capital Requirement – partial internal model, Tryg Group

Appendix I: Quantitative reporting templates | Solvency Capital Requirement – for undertakings using the standard formula and partial internal model | S.25.02.g

DKKm Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Allocation from adjustments due to RFF and matching adjustments portfolios	Consideration of the future management actions regarding technical provisions and/or deferred taxes	Amount modelled
1	Market risk	1,834	0		0
2	Counterparty default risk	262	0		0
3	Life underwriting risk	8	0		0
4	Health underwriting risk	1,902	0		1,580
5	Non-life underwriting risk	3,440	0		2,327
6	Intangible asset risk	0	0		0
7	Operational risk	810	0		0
8	LAC Technical Provisions	0	0		0
9	LAC Deferred Taxes	-1,145	0		0

Calculation of Solvency Capital Requirement	
Total undiversified components	7,111
Diversification	-2,427
Adjustment due to RFF/MAP nSCR aggregation	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement excluding capital add-on	**4,684**
Capital add-ons already set	0
Solvency capital requirement for undertakings under consolidated method	**4,684**
Other information on SCR	
Amount/estimate of the overall loss-absorbing capacity of technical provisions	0
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	0
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	0
Total amount of Notional Solvency Capital Requirement for ring fenced funds	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	
Net future discretionary benefits	0
Minimum consolidated group solvency capital requirement	2,627
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non- regulated entities carrying out financial activities	0
Capital requirement for non-controlled participation requirements	0
Capital requirement for residual undertakings	0
Overall SCR	
SCR for undertakings included via D and A	0
Solvency capital requirement	**4,684**