



Annual report 2018

1 January – 31 December 2018

Tryg Forsikring A/S

(CVR-no. 24260666)

Klausdalsbrovej 601

2750 Ballerup

The Annual report is presented and approved
at the company's ordinary annual general meeting
10 April 2019

A handwritten signature in blue ink, appearing to read "B. Andersen", written over a horizontal line.

Chairman of the annual general meeting

Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the annual report for 2018 of Tryg Forsikring A/S and the Tryg Forsikring Group.

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

In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the parent company's operations and the cash flows of the Group for the financial year 1 January – 31 December 2018.

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

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

Ballerup, 10 April 2019

Executive Board




Morten Hübbe
Group CEO



Barbara Plucnar Jensen
Group CFO



Lars Bonde
Group COO



Johan Kirstein Brammer
Group CCO

Supervisory Board



Jukka Pertola
Chairman



Torben Henning Nielsen
Deputy Chairman



Karen Bladt



Carl-Viggo Østlund



Mari Thjørmøe



Tom Eileng



Elias Bakk



Lene Skole



Claus Wistoft



Ida Sofie Jensen



Tina Snejbjerg



Lone Hansen

Independent auditor's report

To the shareholder of Tryg Forsikring A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Tryg Forsikring A/S for the financial year 1 January to 31 December 2018, pages 52-118, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the summary of significant accounting policies, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2018 and of its financial performance and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for issuers of listed bonds.

Also, in our opinion, the parent financial statements give a true and fair view of the financial position of the Parent at 31 December 2018 and of its financial performance for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the IESBA Code of Ethics for Professional Accountants and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Tryg A/S for the first time on 29 December 1997 for the financial year 1997 as part of the formation of the Company. However, we have been the appointed auditors of the companies merged with Tryg Forsikring A/S since before 1995. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of more than 22 years up to and including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Claims provisions	How the matter was addressed in the audit
<p>Management's estimates of the claims provisions are based on actuarial methods and involve complex statistical methods as well as estimates of future events. Changes in methods and assumptions may result in a material impact on the size of the claims provisions. Consequently, the audit of the claims provisions is considered a key audit matter.</p> <p>The claims provisions amount to DKK 24,847m at 31 December 2018 (2017: DKK 23,925m).</p> <p>Management has specified the risks etc. related to the estimates of the claims provisions in note 1 "Risk and capital management" on pages 59-60 and in "Accounting policies", note 30 on pages 88-89. The principles of estimating the claims provisions have been specified in "Accounting policies", note 30 on page 99, and further specified in note 1 on pages 63-64 and in note 18 on page 78.</p> <p>The estimates of the claims provisions depend on accurate and complete insurance data of current and historical claims, including the development in claims and payment patterns, as these data are used to establish the expectations for future claims for the purpose of the statistical models.</p> <p>The most important assessments and assumptions of future events relate to:</p> <ul style="list-style-type: none"> • Estimated future claims payments, which are based on the completeness and the accuracy of historical claims and payment patterns, among other matters. 	<ul style="list-style-type: none"> • Assessment and test of controls related to the processes of claims handling and the recognition and measurement of provisions for known claims. • In cooperation with our own internationally qualified actuaries, we have tested controls related to the actuarial estimates of the claims provisions of selected lines of business. • We have tested the accuracy and the completeness of the data that are included in the actuarial estimates of the claims provisions. • In cooperation with our own internationally qualified actuaries and based on our knowledge of the industry, experience and historical observations, we have assessed the statistical models applied to estimate the claims provisions and we have tested significant estimates and assumptions focusing on consistency and possible changes. • Based on the actuarial estimates of the claims provisions and analyses, and in cooperation with our own internationally qualified actuaries, we have assessed the development in the claims provisions, including run-off gains/losses and the development in the size of the margin included in Management's estimate of the claims provisions.

<ul style="list-style-type: none"> • Expectations for future inflation. • Determination of the margin included in Management's estimate of the claims provisions to address the uncertainty related to the actuarial estimates. 	
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Accounting for business combinations – Acquisition of Forsikrings-Aktieselskabet Alka	How the matter was addressed in the audit
<p>On 8 November 2018, Tryg Forsikring A/S has taken over Forsikrings-Aktieselskabet Alka at a total purchase price of DKK 8,477m, resulting in the recognition of goodwill of DKK 4,241m and other intangible assets of DKK 1,429m.</p> <p>The allocation of the purchase price to assets and liabilities acquired relies on assumptions and estimates made by Management. Due to the significance of these assumptions and estimates and the size of the acquired business, the audit of the acquisition of Forsikrings-Aktieselskabet Alka is considered a key audit matter.</p> <p>Management has specified the purchase price allocation in "Acquisition of subsidiaries", note 27 on page 83 and the risks etc. related to the assumptions and judgements in "Accounting policies", note 30 on page 89. The principles of accounting for business combinations have been specified in "Accounting policies", note 30 on pages 90-91.</p> <p>In accordance with the requirements of IFRS 3 "Business Combinations", Management has prepared a purchase price allocation where they have valued the identified acquired assets and liabilities at fair value.</p> <p>The most important assumptions and estimates relate to:</p> <ul style="list-style-type: none"> • Identification of acquired assets and liabilities. • Future cash flow anticipated from the acquired customer relationship and brand value. • Discount rate applied. 	<ul style="list-style-type: none"> • We have tested the purchase price allocation prepared by Management and the identification of acquired assets and liabilities. • We have assessed and challenged Management's assumptions and estimates used in its fair value models for identifying and measuring customer relationship and brand value. • We have assessed and challenged Management's assumptions and estimates for future cash flow projections. • We have consulted with Deloitte's subject matter experts regarding the valuation methodologies and assumptions applied. • We have obtained supporting documentation of Management's estimates and key assumptions and corroborated certain information – including the applied discount rates – with third party sources. • We have tested the mathematical accuracy of the calculations in the models. • We have considered the impact of reasonably possible changes in key assumptions and performed sensitivity calculations to quantify the impact of potential downside changes to Management's models.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management's review.

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other mat-

ters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 10. April 2019

Deloitte

Statsautoriseret Revisionspartnerselskab

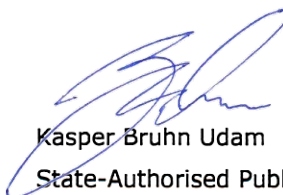
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Jens Ringbæk

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